



● Eugenia Chough

06/01/99 01:29:03 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: Comments on DD speaker letter

Hi Melinda,

Attached below is a redline/strikeout version of the developmental disabilities speaker letter which reflects comments that address unnecessary level of detail and wordiness. Please let me know if you have questions. Thank you.

Genie Chough
x65372



SPK521.W

The Honorable J. Dennis Hastert
 Speaker of the House of Representatives
 Washington, D.C. 20515

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is the Administration's draft bill entitled the "Developmental Disabilities Assistance Amendments of 1999". The bill amends programs for individuals with developmental disabilities (DD) under the Developmental Disabilities Assistance and Bill of Rights Act (the Act), and extends authorizations for these programs through FY 2004. Key changes made by the bill are summarized below. The provisions of the bill are detailed in the enclosed section-by-section summary.

The bill provides authorizations of appropriations of about \$120 million for FY 2000. Of this amount, \$64,803,000 for programs of will support State DD Councils, \$26,718,000 for will fund State Protection and Advocacy systems (P&As); \$17,461,000 for will go to University Affiliated Programs (UAPs); and \$10,250,000 for will fund Projects of National Significance (PNS), with such sums as necessary authorized for FYs 2001-2004.

The bill replaces the current set of four Federal priority areas activities (relating to community living, employment, child development, and system coordination and community education) with a set of six life goal activities that are closely coordinated with standards and reporting requirements already being put in place to comply with the existing Government Performance and Results Act (GPRA) reporting requirements. These life goal activities include: activities to support and maximize achievement of key life goals of individuals with DD including education, employment, health, housing, community support, and self-determination. These life goal activities The outcome measures were developed in collaboration with consumer and program representatives, and are intended to will promote the mission and vision of independence, productivity, and integration and inclusion in the community of individuals with DD.

Amendments throughout the DD Act make an emphasis on the life goal activities central to the objectives and implementation of the programs supported under the Act, in a manner designed to enhance coherence and coordination within and among these programs and with the GPRA requirements. Among other amendments, the annual reporting requirements for State DD Councils and P&As are restated with reference to life goal activities, in such a manner that a single report can be tailored to meet the requirements of both the DD Act and GPRA. Further, the information in those reports on life goal activity outcomes (information that States have already begun to report) can be used to compare State performance for purposes of determining eligibility for the incentive funding under the revised allotment formulas proposed in the bill for

State DD Councils and P&As.

The bill substantially revises the formula for allotting appropriations among State DD Councils and P&As. Current law provides that requires the formula must to take into account "the extent of need for services for persons with DD". This requirement has proved impossible to implement in a manner consistent with the legislative intent, because difficult to administer. The only data available on numbers and location of persons with DD are incomplete and ill-suited to the DD Act's purposes. The best available data (on numbers of children receiving supplemental security income (SSI)) are problematic when used for distribution of DD funding for a number of reasons: the data are unavailable for the territories; changes in the SSI eligibility standards or definition of disability can affect DD Act funding distribution in unpredictable ways; and use of means-tested SSI numbers effectively disregards persons above SSI eligibility levels (and may even penalize States that have been most effective in placing individuals with DD in employment). Using SSI data as a factor in determining allocations results in these weaknesses result in unpredictable, fluctuations in State funding under the DD Act and in arbitrary and inequitable differences in funding levels among States.

The revised allotment formula, applicable to both State DD Council and P&A funding, omits numbers of individuals with DD as a factor is based on general population instead of using imperfect data (e.g. SSI) as a proxy for individuals with DD. It further simplifies application of the formula by replacing the minimum allotment guarantee for small States with an equivalent base allotment for all States. If The formula includes a limited hold-harmless, under which each State is guaranteed, for each of FYs 2000 to 2002, an allotment not less than 95 percent of its allotment for the preceding fiscal year. Finally, for FY 2003 and succeeding fiscal years, it reserves but gradually phases in a new incentive allotment to replace the hold harmless by FY 2003. The incentive allotment, equal to the final 5 percent of amounts available for incentive allotments of an allotment, would be awarded to States that achieve have achieved or exceeded benchmarks established by the Secretary in regulations with respect to outcomes related to life goal activities under their plans.

The bill also amends part D of the Act (UAPs) in its entirety. UAPS have moved beyond the need for expansion, as there are now 61 UAPs, with at least one in every State. Therefore this bill amends the UAP authority to provide for a single grant to each UAP, combining by consolidating into a single UAP grant what are currently separate amounts for the basic grant and for training initiative projects. Other amendments incorporate the life goal activities, in order to foster collaborative efforts with other DD Act programs and responsiveness to GPRA requirements. Finally, these These amendments reorganize and streamline the part, in an effort to make program organization, purposes, and requirements easier to understand more easily understandable, and eliminate redundant and obsolete provisions.

Finally, the bill amends part E of the Act (PNS) to provide authority for the Secretary to enter into interagency agreements with other Federal agencies to carry out PNS activities or to jointly carry out activities of common interest related to the purposes of part E. For such purposes the

Secretary is authorized to transfer funds appropriated under this part to such other agencies, and to receive and use funds from such agencies. This authority, modeled on current authority of the Department of Education (DoED), will substantially enhance HHS's ability to collaborate with other Federal agencies, including DoED, on joint initiatives ~~meeting the statutory objectives and requirements of both agencies that address the needs of individuals with DD and their families.~~

We urge the Congress to give the draft bill its prompt and favorable consideration. The Office of Management and Budget has advised that there is no objection to the submission of this draft bill to the Congress and that its enactment would be in accord with the Administration's program.

Sincerely,

Donna E. Shalala

Enclosures



Cynthia A. Rice

05/27/99 06:54:30 PM

Record Type: Record

To: Christopher C. Jennings/OPD/EOP, Jeanne Lambrew/OPD/EOP, Devorah R. Adler/OPD/EOP

cc: J. Eric Gould/OPD/EOP, Eugenia Chough/OPD/EOP

Subject: Developmntl Disability Reauth lang/may be added to Jeffords-Kennedy?

Attached is a summary Genie prepared of HHS's proposed reauthorization of the developmental disabilities programs which, among other things, fund the protection and advocacy programs. It is in clearance at OMB (also being reviewed by Education and Labor); HHS wants to get it up to the Hill ASAP because Kennedy and Jeffords staff tell them they might want to add it to the Work Incentives bill (may be too late for that if the bill is moving as we hope it is!)

Based on recommendations from an outside analyst, HHS is recommending changing the state funding formula and some of the outcome measures (including adding health as one). They've consulted with groups in the process.

Bottom line: this looks OK to me to go up, but it's not something I think we need to have White House involvement in.



DD0527.W

Developmental Disabilities Assistance Amendments of 1999

HHS has sent a draft bill to reauthorize developmental disabilities programs to OMB, requesting expedited clearance. According to HHS, Senators Kennedy and Jeffords have conveyed a strong interest in attaching the reauthorization to the Work Incentives Bill. The following is background on ADD programs, and key points of the proposed legislation.

BACKGROUND

Nationwide, ADD estimates that there are 43 million individuals with disabilities, and about 4 million of these individuals have developmental disabilities (DD), including mental retardation or autism. Comprising 1.8% of the nation, the distribution of the DD population is assumed to reflect the general populace. The Administration's FY 2000 budget requests about \$120 million for the following state programs.

- **Developmental Disabilities Councils:** About \$65 million in state formula grants will fund state DD Councils to develop and support local and statewide approaches enabling individuals with DD to achieve maximum potential and participation in communities. To qualify for funds, states must establish a DD Council and submit a plan. Council membership includes state agencies, nongovernment agencies, and persons with DD, their parents or guardians. Activities include training, demonstration projects, community support, interagency collaboration, public education, and prevention.
- **Protection and Advocacy Systems (P&As):** Almost \$27 million in state formula grants to establish and maintain a state protection and advocacy system to protect the rights of individuals with DD. P&As have the authority to investigate incidents of abuse and neglect, primarily in institutional settings.
- **University Affiliated Programs (UAPs):** More than \$17 million in discretionary grants for schools that engage in program activities such as preparation and training, community service, information dissemination, and research.
- **Projects of National Significance (PNS):** Just over \$10 million to fund discretionary research projects that support the needs of families of children with DD.

KEY POINTS OF DRAFT REAUTHORIZATION BILL

- **Proposal to change the allotment formula for DD Councils and P&As.** The draft bill substantially revises the state formula for allotting appropriations for state DD Councils and P&As. Current law provides that the formula must take into account "the extent of need for services for persons with DD." This requirement has proved difficult to administer. The only data available on numbers and location of persons with DD are incomplete and ill-suited to the DD Act's purposes. The best available data (SSI children) are problematic when used for distribution of DD funding for several reasons: the data are unavailable for the territories; changes in the SSI eligibility standards or definition of disability can affect DD Act funding distribution in unpredictable ways; and, use of means-tested SSI numbers effectively ignores persons above SSI eligibility levels (and may even penalize states that have been most effective in placing individuals with DD in employment). Using SSI data as a factor in determining allocations results in unpredictable, arbitrary and inequitable differences in funding levels among states.

ADD recently transmitted a report to Congress identifying alternative formulas for allocating funds. The proposed allotment formula is based on general population instead of using imperfect data (e.g., SSI) as a proxy for individuals with DD. It further simplifies application of the formula by replacing the minimum allotment guarantee for small states with an equivalent base allotment for all states. The formula includes a limited hold-harmless, under which each state is guaranteed, for each of FYs 2000 to 2002, an allotment not less than 95 percent of its allotment for the preceding fiscal year. Finally, for FY

2003 and succeeding fiscal years, it reserves the final 5 percent of amounts available for incentive allotments to states that have achieved benchmarks tied to life goal activities outcomes.

Consultations were conducted on the front and back-ends of the proposal development process, and involved four national organizations: two representing the DD Councils (one represents 10-12 states, the other represents the remaining states), one representing P&As, and one representing University Affiliated Programs. With the hold-harmless provision and gradual phase-in of the incentives funding, ADD expects there will be no major surprises and or concerns regarding the formula proposal.

- **Measuring outcomes:** The bill replaces the current set of four federal priority areas activities (relating to community living, employment, child development, and system coordination and community education) with six life goal activities that are closely coordinated with standards and reporting requirements the program has already put in place to comply with Government Performance Results Act (GPRA). These activities support and maximize achievement of individuals with DD, including: education, employment, health, housing, community support, and self-determination. These life goal activities were developed in collaboration with consumer and program representatives, and are intended to promote independence, productivity, and integration in the community of individuals with DD.

Since DD Councils and P&As are responsible for collecting the data, ADD consulted with the four national organizations to develop the outcome indicators. The organization representing 10-12 states (Citizens for DD Council) raised concerns with outcomes-based life goal activities and the need to link the results with GPRA. The organization prefers the four priority areas under current law, and reached a compromise with the Consortium for Citizens with Disabilities (a larger organization representing more than 140 advocacy groups, including Council and P&A members). The Consortium will recommend to Congress that six outcomes be added to, not replace, two of the four existing measures, for a total of eight reporting areas. Jeffords staff have signaled that outcome-based performance measures are a high priority and they will look elsewhere if the groups do not provide recommendations.

- **Streamlined reporting and funding:** Where possible, the draft bill simplifies and consolidates requirements in areas such as reporting and funding. First, the annual reporting requirements for DD Councils and P&As are restated with reference to life goal activities, in such a manner that a single report can be tailored to meet the requirements of both the DD Act and GPRA. Further, these outcome data (which states have already begun to report) can be used to determine eligibility for the incentive funding under the revised allotment formulas proposed in the bill for DD Councils and P&As. The reports would also be submitted biennially, rather than annually. Second, the UAP grant would combine the basic and training grants, for a single, streamlined grant.

- **Interagency collaboration:** The bill provides authority for the Secretary to enter into interagency agreements with other Federal agencies to carry out PNS research activities or to jointly carry out activities of common interest. For such purposes the Secretary is authorized to transfer funds appropriated under this part to such other agencies, and to receive and use funds from such agencies. This authority will enhance HHS's ability to collaborate with other agencies on joint initiatives that address the needs of individuals with DD and their families.

Disabilities -

Developmental
Disabilities

#



ACF/Administration on Developmental Disabilities

370 L'Enfant Promenade,

Aerospace Building,

Washington, DC 20447

FAX SHEET

Date: 4/21/99
 Number of pages including cover sheet: 13

To: Genie Chough
DPC

Phone: (202) 456-5566
 Fax phone: (202) 456-7431
 CC: _____

From: Elsbeth Wyatt

Phone: 690-5841
 Fax phone: (202) 690-6904

REMARKS: Urgent For your review Reply ASAP Please comment

Genie,
 I've included 1st budget info. re
 Councils + PIA's which lists
 some of the indicators (these are
 required in our GPRP plan). Then
 sheets w/ FY '98 data.

Elsbeth



**DEPARTMENT
OF HEALTH
AND HUMAN
SERVICES**

FISCAL YEAR

2000

**Administration for
Children and Families**

*Justification of
Estimates for
Appropriations Committees*

DEVELOPMENTAL DISABILITIES (BASIC STATE GRANTS)

Authorizing Legislation - Section 130 of the Developmental Disabilities Assistance and Bill of Rights Act, as amended.

FY 1998 Actual	FY 1999 Appropriation	FY 2000 Estimate	Increase Or Decrease
\$64,803,000	\$64,803,000	\$64,803,000	-0-

FY 2000 Authorization.....Authorizing legislation will be proposed.

Purpose and Method of Operation

The State Developmental Disabilities Councils Program assists each State to promote the development of a comprehensive, statewide, consumer and family-centered system which provides a coordinated array of culturally-competent services, and other assistance for individuals with developmental disabilities. The goal of the Council is to: (a) enhance the ability of persons with developmental disabilities to live, work, and play in their communities, (b) support state and other programs that develop, coordinate and/or stimulate permanent improvement in service systems, and (c) give priority to people whose needs are not otherwise met under other health, education and human services programs. In order to qualify for funds, States must submit a plan and establish a State Developmental Disabilities Council to plan and advocate for the broad spectrum of developmental disabilities. Up to fifty percent of the Council's membership includes representatives of major State agencies, nongovernmental agencies and other concerned groups. At least fifty percent of the membership must include persons with developmental disabilities, their parents or guardians. Councils engage in a range of activities including, but not limited to, program and policy analysis, demonstration of new approaches, training, outreach, community support, interagency collaboration and coordination, public education, and prevention.

The Administration on Developmental Disabilities has been working closely with the developmental disabilities program network to identify program measures, which will help determine the difference our programs are making in the lives of individuals with developmental disabilities. The State Developmental Disabilities Councils have been working along with the Protection and Advocacy Systems and the University Affiliated Programs in the development of outcome and impact-based indicators. The consensus model we used to develop performance measures is ongoing and will result in the establishment of benchmarks and targets following an analysis of our baseline year of data collection and consultation with the developmental disabilities program network. Data systems for automated submission and analysis of the measures are currently being refined. Performance measures for the State Developmental Disabilities Councils include the following:

of adults with disabilities who obtain integrated work;

of businesses/employers that employ and support people with developmental disabilities; and

of people owning/renting their own homes.

Possible outcome measures for DD Councils

State funding for Developmental Disabilities Councils is allotted among the States on the basis of population, the extent of need for services for persons with developmental disabilities, and weighted by the relative per capita income for each State. The grants are made to designated state agencies to support the Councils in implementing the approved State plan. The aggregate Federal share of projects under such grants may not exceed seventy-five percent except in the case of projects in poverty areas, where the Federal share may not exceed ninety percent. In the case of projects conducted by Council members or staff to implement State plan priority activities the Federal share may be up to one hundred percent of the aggregate necessary cost of such activities.

Funding for the Developmental Disabilities State Grant program during the last five years has been as follows:

1995.....	\$70,438,000
1996.....	\$64,803,000
1997.....	\$64,803,000
1998.....	\$64,803,000
1999.....	\$64,803,000

ACF will seek reauthorization through FY2005 of the four programs funded under the Developmental Disabilities Assistance and Bill of Rights Act. The reauthorization proposal will include amendments which are budget neutral overall.

Rationale for the Budget Request

The FY 2000 budget request for the Developmental Disabilities State Grant program is \$64,803,000, the same as the FY 1999 appropriation.

These funds will provide payments to States to support the Developmental Disabilities Councils. These Councils will then conduct activities that increase the capacities and resources of agencies to develop, coordinate, and stimulate permanent improvement in the systems of services for persons with developmental disabilities. Of priority are those services to persons whose needs are not otherwise met under other health, education and human services programs.

The FY 2000 funds will continue to support policy analyses, systemic change, and capacity building activities that improve State services and supports for people with developmental disabilities and their families. Council funds will be used to:

- **preserve families of children with developmental disabilities;**
- **insure that children with severe disabilities have the supports they need to attend public schools and that school systems are prepared to educate them;**
- **provide community living and employment opportunities to adults with developmental disabilities that are consistent with their interests, abilities, and needs;**
- **involve people with developmental disabilities in community recreation programs, scouting, child care, senior activities, and other community service organizations as every individual is a valued, participating member of their community;**
- **leverage funds for early intervention, education, community supports, employment, health-care, housing and home-mortgages, and transportation services; and**
- **provide people with developmental disabilities and their families the tools they need to have control, choice and flexibility in the services and support they receive so that they have the skills they need to make choices and take control of their lives.**

Name of Program: Developmental Disabilities Basic State Grants

Program Data:

	FY 1998 Actual	FY 1999 Appropriation	FY 2000 Estimate
Service Grants:			
Formula	\$64,803,000	\$64,803,000	\$64,803,000
Discretionary	0	0	0
Research	0	0	0
Demonstration	0	0	0
Development	0	0	0
Training/Technical Assistance	0	0	0
Evaluation	0	0	0
Program Support	0	0	0
Other	0	0	0
TOTAL PROGRAM	\$64,803,000	\$64,803,000	\$64,803,000
Number of Applicants	55	55	55
Number of Grants	55	55	55
New Starts:			
#	0	0	0
\$	0	0	0
Continuations:			
#	55	55	55
\$	64,803,000	64,803,000	64,803,000
Contracts:			
#	0	0	0
\$	0	0	0

DEVELOPMENTAL DISABILITIES (PROTECTION AND ADVOCACY)

Authorizing Legislation - Section 143 of the Developmental Disabilities Assistance and Bill of Rights Act, as amended.

FY 1998 Actual	FY 1999 Appropriation	FY 2000 Estimate	Increase Or Decrease
\$26,718,000	\$26,718,000	\$26,718,000	-0-

2000 Authorization.....Authorizing legislation will be proposed.

Purpose and Method of Operation

The Developmental Disabilities Protection and Advocacy program provides grants to establish and maintain a protection and advocacy system in each State to protect the legal and human rights of all persons with developmental disabilities. Protection and Advocacy funding is allotted among the States based on a formula that takes into account the population, the extent of need for services for persons with developmental disabilities, and the financial need of each State. The protection and advocacy system must have the authority under this program to pursue legal, administrative, and other appropriate remedies or approaches, including the authority to investigate incidents of abuse and neglect and to access client records. The Protection and Advocacy system must be independent of any agency, which provides such services.

The Administration on Developmental Disabilities has been working closely with the developmental disabilities program network to identify program measures, which will help determine the difference our programs are making in the lives of individuals with developmental disabilities. The Protection and Advocacy Systems have been working along with the State Developmental Disabilities Councils and the University Affiliated Programs in the development of outcome and impact-based indicators. The consensus model we used to develop performance measures is ongoing and will result in the establishment of benchmarks and targets following an analysis of our baseline year of data collection and consultation with the developmental disabilities network. Data systems for automated submission and analysis of the measures are currently being refined. Performance measures for the Protection and Advocacy Systems include the following:

- # of persons having reasonable accommodation on the job;
- # of people in more integrated/inclusive settings; and
- # of barriers removed as a result of P&A intervention

} possible outcome measures for P&A's

Funding for the Development Disabilities Protection and Advocacy program during the last five years has been as follows:

1995.....	\$26,718,000
1996.....	\$26,718,000
1997.....	\$26,718,000
1998.....	\$26,718,000
1999.....	\$26,718,000

Rationale for the Budget Request:

The FY 2000 request for the Developmental Disabilities Protection and Advocacy Program is \$26,718,000, the same as the FY 1999 appropriation.

The activities of the Protection and Advocacy Systems have been increasing as more and more individuals realize the significance of the Americans with Disabilities Act and the role that the Protection and Advocacy System can play on behalf of people with developmental disabilities.

The FY 2000 funds will be used to help States ensure: protection and advocacy for the legal and human rights of persons with developmental disabilities through outreach programs to unserved and underserved individuals, including persons facing communications barriers and those who are culturally or geographically isolated; services to institutionalized persons, especially in the area of abuse and neglect; training of concerned citizens and persons with developmental disabilities; and other advocacy resources. Funds will also be used by grantees to provide such services as counseling and legal services, advocacy activities and training to service providers on the rights of persons with developmental disabilities.

This level of funding is required to support the State Protection and Advocacy System to continue to provide individual advocacy services to over 40,000 clients during a fiscal year, pursue class-action advocacy, and provide information and referral services to additional thousands of individuals.

Name of Program: Developmental Disabilities Protection and Advocacy**Program Data:**

	FY 1998 Actual	FY 1999 Appropriation	FY 2000 Estimate
Service Grants:			
Formula	\$26,183,640	\$26,183,000	\$26,183,000
Discretionary	0	0	0
Research	0	0	0
Demonstration	0	0	0
Development	0	0	0
Training/Technical Assistance	534,360	534,360	534,360
Evaluation	0	0	0
Program Support	0	0	0
Other	0	0	0
TOTAL PROGRAM	\$26,718,000	\$26,718,000	\$26,718,000
Number of Applicants	57	57	57
Number of Grants	57	57	57
New Starts:			
#	0	0	0
\$	0	0	0
Continuations:			
#	57	57	57
\$	26,183,640	26,183,640	26,183,640
Contracts:			
#	1	1	1
\$	\$534,360	\$534,360	\$534,360

Administration on Developmental Disabilities
1998 DD Council Program Report

<i>Life Goal Areas</i>	<i>Description</i>	<i>Total</i>
Employment	Adults have jobs	9,660
	Businesses/Employers employed Adults	1,198
Housing	Individuals have homes	44,837
	Public dollars leveraged for housing	\$46,709,968
	Private dollars leveraged for housing	\$22,678,996
Health	Public dollars leveraged for Health Services	\$72,200,675
	Private dollars leveraged for Health Services	\$3,039,001
Education	Public Education Programs/Policies Improved	951
	School Improving IEP Practices	2,211
Community Inclusion	Public Programs became more inclusive	673
	Private Organizations became more inclusive	731
	Accessible Buildings/Public Accommodation	434
Self-Determination	Control, Choice and Flexibility in Services/Supports received	56,196
	Public dollars leveraged for family services/supports	\$120,418,537
	Private dollars leveraged for individual- and family-directed services	\$4,038,979

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Administration on Developmental Disabilities 1998 Protection and Advocacy Program Report

<i>Individual Clients Served</i>	<i>Description</i>	<i>Total</i>
Total	Client served	28,613
Age of Individual clients	0-2	586
	3-4	1,491
	5-22	17,443
	23-59	7,968
	60 and over	1,002
	Total	28,490
Racial/Ethnic Background	Asian	474
	Black or African American	3,109
	Hispanic/Latino	2,943
	American Indian or Alaska Native	322
	Native Hawaiian or other Pacific Islander	189
	White	17,717
	Multi-cultural (identifying with more than one of the above)	940
	Other than above	175
	Information Not Provided	2,190
Total	28,059	

<i>Individual Clients Served</i>	<i>Description</i>	<i>Total</i>
Clients' Living Arrangements	Independent	2,431
	Parental or other Family Home	17,588
	Community Residential Home	2,755
	Foster Care	504
	Nursing Home	645
	Public (State Operated)	2,293
	Private Institutional	794
	Legal Detention/Jail/Prison/Detention Center	207
	Homeless	101
	Federal Facility	13
	Other	251
Information not provided	551	
Total	28,133	
Closure of Case Problem's by Intervention Strategy		
Abuse	Persons with disabilities whose environment was changed to increase safety or welfare	984
	Investigations of abuse by the P and A	672
	Validated abuse complaints that have favorable resolution as a result of P and A intervention	7,131
Employment	Persons with disabilities who secured or maintained employment or other remedies as a result of P and A intervention	510
Public Accommodations	Persons with disabilities who secured equal access to public accommodations as a result of P and A intervention	89,351

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<i>Individual Clients Served</i>	<i>Description</i>	<i>Total</i>
Housing	Persons with disabilities who secured equal access to or maintained housing as a result of P and A intervention	5,008
Transportation	Persons with disabilities who secured equal access to public transportation as a result of P and A intervention	491
Health	Persons with disabilities who secured equal access to or maintained health care as a result of P and A intervention	1,365
Education	Persons with disabilities who secured or maintained a more appropriate education as a result of P and A intervention	12,803
Closure of Case Problem's by Intervention Strategy	Short-term assistance	11,699
	TA in self-advocacy	12,810
	Negotiation/Mediation/Informal Resolutions	7,972
	Administrative Hearings	2,602
	Litigation	1,754
	Total	36,837
Class-Action Litigation	Groups	211
	Potential Number of Individuals Impacted	2,259,636
	Concluded Successfully	48
Total State submitted data =	54	

TOTAL P.13

LRM ID: MDH256

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Tuesday, October 27, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: *Janet R. Forsgren*
Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Melinda D. Haskins

PHONE: (202)395-3923 FAX: (202)395-6148

SUBJECT: HHS Report and Transmittal Letter on Allotment Formula under Parts B and C of the Developmental Disabilities Assistance and Bill of Rights Act

DEADLINE: 5 PM Tuesday, November 3, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Please review the attached HHS report and transmittal letter that recommends alternative formulas for allocating funds under the Developmental Disabilities Assistance and Bill of Rights Act.

DISTRIBUTION LIST

AGENCIES:

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Andrea Kane
Janet R. Forsgren
Jeffrey L. Farrow

The Honorable Albert Gore, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

In accordance with Section 213 of P.L. 103-230, the Developmental Disabilities Assistance and Bill of Rights Act Amendments of 1994, I am pleased to transmit the enclosed report to Congress on the allotment formula in effect under parts B (Federal Assistance to State Developmental Disabilities Councils) and C (Protection and Advocacy of Individual Rights) of the Developmental Disabilities Assistance and Bill of Rights Act (the DD Act). As required by section 213, the report includes recommendations for alternative formulas for allocating funds under those parts of the Act.

The review and analysis of the current allotment formula identified two primary weaknesses. First, the minimum allotments and hold-harmless provisions require the formula to be calculated in an iterative manner, and result in sizable and unpredictable fluctuations in individual State allotments, unrelated to changes in appropriations, that make advance planning difficult. Second, the current statutory requirement to use numbers of individuals with developmental disabilities as a formula factor, while well-intended, results in skewing the distribution for several reasons. The Administration on Developmental Disabilities uses the data on numbers of children receiving supplemental security income (SSI), as the best available, but it is inappropriate and problematic for numerous reasons. The data are unavailable for the territories; changes in the SSI eligibility standards or definition of disability can affect DD Act funding distribution in unpredictable ways; and use of means-tested SSI numbers effectively disregards persons above its eligibility levels (and may even penalize States that have been most effective in placing individuals with DD in employment). Both of the weaknesses identified result in unpredictable fluctuations in State funding under the DD Act and in arbitrary and inequitable differences in funding levels among States.

The alternative formula proposed is easier to understand and to calculate, and would enable States to predict their DD Act funding levels with a high degree of accuracy and to plan accordingly. State grant allotments would consist of two main parts -- **base funding** and **formula funding**. All States and territories would receive both base funding and formula funding.

The base funding would be a small percentage of the total amount appropriated for the program concerned (the report suggests an amount in the range of .30 to .65 percent), which would be distributed in equal shares to each participating State and territory. The base funding would replace the current minimum allotments.

The formula funding would consist of three tiers, each of which would distribute a specified percentage of the remaining appropriations for the program according to specified criteria. Of the remainder, 25 percent would be distributed on the basis of State population, and 70 percent on the basis of State population adjusted by per capita income (using the same adjustment

Page 2 - The Honorable Albert Gore, Jr.

methodology as under current regulations). The final 5 percent would be distributed on the basis of outcome measures (including numbers of individuals with developmental disabilities in educational or employment settings in the State).

The proposed formula was designed to be modular--each module or part could be replaced or changed without redesigning the entire formula. This would allow base funding percentages, percentage weights, or outcome measure factors to be changed to respond to changes in availability of funds or to reflect newly identified outcome measures.

The proposed formula would eliminate the use of minimum allotments, hold-harmless provisions, and the factor based on the number of persons with developmental disabilities. By eliminating these provisions, the formula would no longer need to be calculated in an iterative manner, which would make it simpler and easier to understand. Also, setting the base funding as a percentage of the total appropriation (rather than as specified dollar amounts) would eliminate the fluctuation in individual State allotments that now occurs independent of changes in appropriations. Instead, States would see changes in their allotments that are in proportion to national appropriations (e.g., a 10 percent increase in appropriations would cause a 10 percent increase in each State's allotment).

The developmental disabilities network and grantees in the field who had the opportunity to hear a presentation of the findings regarding this proposed formula viewed the changes as positive. We believe they would welcome modifications that resulted in a more equitable distribution of program funds and eliminated the substantial year-to-year fluctuations in State funding levels.

I am confident that you will find this report informative.

Sincerely,

Donna E. Shalala

Enclosure

**Study of Administration on Developmental Disabilities
State Grants Formula**

Final Report

Submitted to:

**Administration on Developmental Disabilities
Isadora Wills, Federal Project Officer**

Contract No. 105-94-7013

April 1, 1996

**Study of Administration on Developmental Disabilities
State Grants Formula**

Final Report

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Isadora Wills, Federal Project Officer**

Contract No. 105-94-7013

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Executive Summary

The Administration on Developmental Disabilities (ADD) funds two formula grant programs—the Developmental Disabilities Council (DDC) Grant and the Protection and Advocacy (P&A) Grant. Congress mandated that ADD study the current State grants formula. KRA Corporation (KRA) reviewed and analyzed the current State grants formula and reported on these analyses in a January 1995 report. In a second phase of the study, KRA developed an alternative formula that responds to the complexities of the current formula. This report presents the work of this second phase.

The formula proposed by KRA is easy to understand and easy to calculate. State grant allotments will consist of two main parts—base funding and formula funding. All States and territories will receive both base funding and formula funding. The base funding is calculated as a percentage of national appropriations and is the same for all States. The formula funding is determined according to three factors, each of which has a weight or percentage share of the formula grant. One of these factors is a State outcome measure factor introduced into the new formula at a 0.05 weight.

The proposed formula was designed to be modular—each module or part can be replaced or changed without redesigning the entire formula. This will allow base funding percentages, percentage weights, or outcome measure factors to be changed to respond to changes in national appropriations or to reflect newly identified outcome measures. The proposed new formula can be summarized as follows:

- (1) Each State's allotment would include base funding, which replaces the minimum allotment, defined as a percentage of the total national appropriations. (Proposed base funding percentages are 0.30 percent for State and territory DDCs, 0.65 percent for State P&As, and 0.50 percent for territory P&As.)
- (2) In addition, each State's allotment would include formula funding calculated according to each State's population (at 25-percent weight), State population adjusted by per capita income (at 70-percent weight), and State outcomes for people with developmental disabilities (at 5-percent weight).

Initially, weights and base funding percentages can be set at levels to allow funding to approximate allotments under the old formula and minimize losses and gains to States. Increases or decreases in the base funding percentages can later be made to reflect changes in the national appropriations. Other outcome measures defined or identified later, including data from the ADD management information system, could be substituted for the education and labor outcome measures used now. The modular nature of the formula allows ADD to phase in new outcome measures over time.

The new formula eliminates the use of minimum allotments and hold-harmless provisions. By doing this, the new formula no longer needs to be calculated in an iterative manner making it simple and easy to understand. Also, setting the base funding as a percentage of the national appropriations eliminates the fluctuation in individual State allotments that were due to changes in minimum allotments independent of appropriations changes. Finally, States will now see changes in their allotments that are equal in proportion to changes in national appropriations (e.g., a 10-percent increase in appropriations would cause a 10-percent increase in all individual State allotments).

Study of Administration on Developmental Disabilities State Grants Formula

Final Report

1.0 Introduction

The Administration on Developmental Disabilities (ADD) is located within the Administration for Children and Families, Department of Health and Human Services. Among its activities are ADD's two formula grant programs—the Developmental Disabilities Council (DDC) Grant and the Protection and Advocacy (P&A) Grant. State programs had perceived what they believed were several anomalies in grant allotments over time. States (unless noted, States always refers to States and territories) could not relate increases or decreases in their individual allotments to similar or proportionate changes in national appropriations. Even in years with level appropriations, State program allotments increased or decreased from the previous year. More importantly, States could not use the formula to predict future funding because of the complexity of the formula and its computation.

Congress mandated that ADD study the current State grants formula. KRA Corporation (KRA) was awarded the contract to review and analyze the ADD State grants formula and to develop alternative funding formulas. This study was conducted in two phases. KRA completed the first phase in January 1995, which involved a study of the current grants formula. In the second phase, KRA developed alternatives to the current formula that respond to the complexities of the current formula. This report presents the work of this second phase.

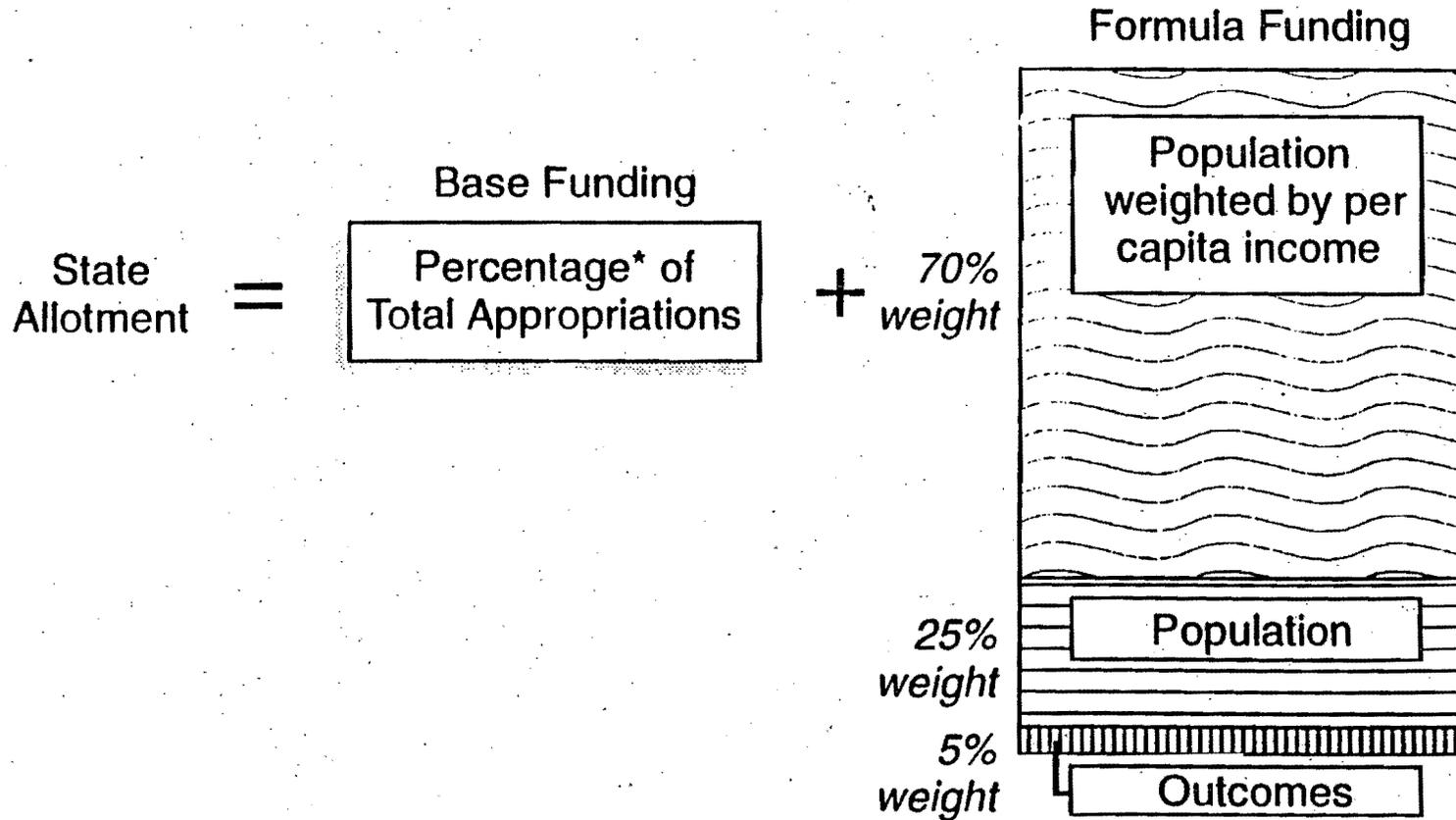
The formula proposed by KRA is noniterative and simple to calculate. State allotments will consist of two main parts—**base funding** and **formula funding**. All States and territories will receive both base funding and formula funding. The base funding is calculated as a percentage of national appropriations and is the same for all States. The formula funding is determined according to three **factors**, each of which has a **weight** representing a percentage share of the formula grant. One of these factors is a State outcome measure factor introduced into the new formula at a 0.05 weight. Exhibit 1 presents a diagram representing how the new State allotments are determined.

The new formula was designed to be **modular**—each module or part can be replaced or changed without redesigning the entire formula. This will allow base funding percentages, percentage weights, or outcome measure factors to be changed to respond to changes in national appropriations or to reflect newly identified outcome measures. The proposed new formula can be summarized as follows:

- (1) The **base funding**, which replaces the minimum allotment, is given equally to all States. The base funding is a percentage of the total national appropriations that increases and decreases in proportion to changes in the total appropriations. (Proposed base funding percentages are 0.30 percent for State and territory DDCs, 0.65 percent for State P&As, and 0.50 percent for territory P&As.)

Exhibit 1

Proposed New Calculation of State Allotments



* The proposed base funding percentage for State and territory DDCs is 0.30 percent; for State P&As, it is 0.65 percent; and for territory P&As, it is 0.50 percent.

(2) The formula funding distributes the remaining funds to each State according to three factors:

- State population factor (at 0.25 weight)
- State population adjusted by State per capita income factor (at 0.70 weight)
- Outcome measures factor (at 0.05 weight)

Section 2 provides a brief summary of the current formula and Phase I findings. Section 3 discusses the changes to the current formula that KRA considered. Section 4 provides simulated allotments using the proposed new formulas. Section 5 summarizes the conclusions of this study. Appendix A in this report contains detailed descriptions of KRA's methodology and full summary tables of simulated State allotments according to the proposed formula alternatives.

2.0 Description of Current Formula

The current formula, as directed by the Developmental Disabilities Assistance and Bill of Rights Act (the Act) (Public Law 103-230), determined State allotments based on the following factors:

- State population
- Extent of need of services for persons with developmental disabilities
- Financial need of the States

Data sources available when the formula was first designed were selected to approximate the following factors:

- (1) Census data and annual intercensile estimates were used to determine State and territory populations.
- (2) The extent of need of services for persons with developmental disabilities was not available directly. Instead, the number of persons receiving Adult Disabled Child Program (ADCP) benefits from the Social Security Administration (SSA) was used as a proxy. Because the benefits are not available in the territories, SSA developed estimates for the territories.
- (3) The financial need of States was determined by using a 3-year average of State per capita income (PCI) as calculated by the Bureau of Labor Statistics, U.S. Department of Labor.

State allotments were directly related to State population and ADCP recipients (allotments increased with increasing population and ADCP beneficiaries) and inversely related to PCI (allotments decreased in States with PCIs above the national average). The current State grants formula is complex with multiple factors, minimum allotments, and hold-harmless provisions. Appendix A provides a detailed description of the current formula, including how it is calculated.

According to the Act, States cannot receive grants less than a legislated minimum (a fixed amount, \$420,475 for State DDCs and \$256,983 for State P&As in FY 1995) or less than they received in 1992 or 1993 (referred to as the hold-harmless minimum). If any of the States' allotments are less than the larger of the minimum and hold-harmless amounts, the difference is subtracted from the national appropriations and set-aside for that State. Using the reduced national appropriations, the allotments are recalculated using the formula. However, because the national appropriations are reduced, more States' allotments may fall below the minimums after this recalculation. This process is repeated until none of the allotments fall below the minimum or hold-harmless amounts. The complicated processes of determining factor data and calculating the allotments in this manner have prevented States from being able to understand how allotments are determined.

2.1 Review of the Current Formula

KRA examined State allotment data for fiscal year (FY) 1988 through FY 1994. Analyses of these data resulted in the following findings:

- **State population is the most important factor in determining the initial level of State allotments**—States generally receive funds in proportion to their State population. Because State populations are relatively stable, this factor does not cause much year-to-year variation in State allotments.
- **Minimum allotments are the most important factor in determining the level of allotments for small-population States and territories**—Simulations of the current formula, with the minimum allotments removed, produced very large reductions in allotments to small-population States and territories and smaller increases to large-population States receiving grants above the minimums.
- **Minimum allotments have the greatest effect on changes in State allotments from year to year**—This occurred because the legislated minimum allotment amounts grew faster than, and changed independently of, growth in total national appropriations. When minimum allotments were increased, a greater share of national appropriations was used to satisfy minimum allotments, and the amount of funds allotted based on State population, the number of recipients of ADCP, and PCI was correspondingly reduced. Therefore, States receiving allotments above the minimum allotments received percentage increases in grants smaller than increases in national appropriations.
- **Hold-harmless minimums did not affect State grant allotments except in years following decreases in national appropriations**—This occurred because, with increasing appropriations, all States received larger grants and the hold-harmless amount (defined as the allotment received in a previous year) would not come into effect. This occurred in only 1 year in the period 1988 to 1994.
- **Neither total national appropriations nor State grant allotment increases have kept pace with inflation**—In real dollars, current State allotments are worth 5 percent less than FY 1988 allotments.

3.0 Conceptualizing a New Formula

A second objective of this project was to develop an alternative State grants formula that addresses the shortcomings of the current formula identified in the analyses described above. In addition, KRA explored options for introducing State outcome measures into the funding formula that reflect ADD's national objectives for the DDC and P&A programs. Given the findings summarized in Section 2.2, KRA developed and examined possible formula alternatives according to the following guidelines:

- **A new formula should be simple**—Making the new formula simpler to calculate will also make it easier for State programs to understand and predict future allotments.
- **A new formula must be fair**—The new formula should attempt to incorporate the original directives of the legislation and allot funds based on State population, level of need for services, and State financial resources.
- **A new formula must be stable**—Large fluctuations and adjustments in State allotments that occurred in the past because of changes in minimum allotments should be limited. In addition, States should be able to receive changes in allotments proportionate to changes in national appropriations.
- **A new formula should incorporate outcome measures**—The Government Performance and Results Act of 1993 requires Federal agencies to refocus national planning and program strategies on program performance and community outcomes. ADD has maintained national goals for its programs in the areas of employment, housing, and education. The new formula should attempt to provide an incentive for States to meet State and national goals.

KRA used an additional guideline in developing a new formula. The projected allotments under the alternative formulas were compared to the allotments under the current formula. KRA selected for further examination formulas that minimize changes from FY 1995 allotments.

Part of exploring alternative formulas includes examining alternative data sources for current or proposed formula factors. In order to be appropriate for use in a national funding formula, data sources should meet the following criteria:

- **Comprehensive**—Similar data should exist for all States and territories.
- **Stable**—Data or estimates should be collected using the same methods and definitions each year.
- **Periodic**—Data should be available on a regular (e.g., annual, biennial, or biannual) basis.

-
- **Independent**—If possible, data should be derived from sources that are independent of State programs and collected objectively.

3.1 Components of a New Formula

KRA first examined how the current formula could be adapted or altered to address the issues that originally motivated the study. KRA proposes the following four key changes to the formula:

- Substitute base funding for minimum allotments.
- Eliminate the hold-harmless provisions.
- Eliminate the population adjusted by the number of people with developmental disabilities factor.
- Introduce outcome measures.

In considering alternatives to current formula factors, KRA purposely selected measures for which data meeting the criteria in Section 3.0 were readily available. In addition, the formula was simplified by converting it to a modular construction. Exhibit 1 shows how the formula was designed in pieces, or "modules," that can be altered or removed separately without requiring major redesign of the formula. This is unlike the current formula, which does not easily permit changes. Also, this proposed modular design eliminates the need for complex iterative calculations. By calculating the formula in separate components or modules, future changes can be made in base percentage or outcome measures without necessitating a redesign of the formula. For example, outcome measures can be replaced or additional ones added as new data sources develop, ADD MIS data become available, or ADD goals change. Simple changes in weights of factors can now be made without altering formula programming. In addition, allotments can be calculated within a simple spreadsheet on a personal computer without the need for advanced mainframe programming.

3.2 Introduction of Base Funding

The analysis of the current formula revealed that the minimum allotments, which are legislatively determined, are very influential in the distribution of national appropriations and make the allotment formula difficult to compute. Also, the hold-harmless provisions, although they had very little impact except in years following a decrease in appropriations, further complicate the formula allotments. To address these issues, KRA proposes that the minimum allotments be replaced by base funding and that the hold-harmless provisions be eliminated entirely.

The base funding would be the base amount every State and territory would receive, in addition to the other formula funding. State and territory base funding could be set at different levels, but each would be a *percentage of the total appropriations*. For example, the DDC base funding would be set at 0.30 percent of the national appropriations. If the national appropriations are \$100 million, each State's DDC base funding would be \$300,000; if the national appropriations are \$50 million, the base funding would be \$150,000. In addition to the base funding, every State would receive funds based on State population and PCI as determined by the new formula.

Using base funding instead of a statute-mandated minimum accomplishes two objectives. First, because the base funding is set as a percentage of total appropriations, each State will experience the same percentage increase and decrease in their allotments resulting from changing appropriations. In other words, a 10-percent increase in national appropriations would increase each State allotment by 10 percent. (Under the current formula, a 10-percent decrease would affect States differently because of minimum allotments.) Second, because the base funding would be awarded before using the formula to allot the remaining appropriations, the iterative process would be eliminated from the allotment calculation, making the formula easier to use and understand.

3.3 Population Factor

The proposed new formula will continue to use State population as one of the factors to determine allotments. Keeping population as a formula factor will also serve to retain consistency in allotment levels between one formula and the next. In addition, accurate and periodic intercensile estimates of State and territory populations continue to be readily available from the Bureau of the Census.

3.4 Number of Persons With Developmental Disabilities (ADCP Factor)

The new formula eliminates the use of the number of ADCP recipients for determining State allotments for a number of reasons. First, ADCP benefits are distributed differently in the States than in the territories. Second, the number of recipients of ADCP may not be an accurate measure of the number of persons with developmental disabilities. Because of income requirements, many persons with developmental disabilities do not receive ADCP. Third, using the number of ADCP recipients as a factor in the formula could penalize States that have removed significant barriers to employment for persons with disabilities because receipt of ADCP is determined by an individual's income. Fourth, recently proposed changes in SSI eligibility requirements would affect the estimates of the number of ADCP recipients. The removal from the formula of an unstable factor or one that could be changed arbitrarily over time would eliminate some of the instability that currently exists in the allotment levels, and no better source of data on the numbers of persons with developmental disabilities currently exists.

3.5 State Resources (PCI Factor)

The new formula includes a factor that consists of the State population adjusted by the ratio of the national per capita income (PCI) to the State per capita income. The per capita income data source is both reliable and consistent and remains the best proxy measure for State resources.

3.6 Outcome Measures

In an effort to reward States that are effectively addressing issues concerning persons with developmental disabilities, the new formula incorporates outcome measures. By incorporating outcome measures into the new funding formula, ADD can reward States relative to meeting State and national goals for outcomes for people with developmental disabilities. The Government Performance and Results Act of 1993 directs Federal agencies to establish policies and programs that focus on program performance and outcomes for people and communities. Outcome measures

introduced into the new formula reflect ADD's focus areas of education and employment. The modular structure of the formula allows for the introduction of new or additional outcome measures to be added later, including outcome data collected by the ADD management information system (MIS).

KRA examined multiple data sources within ADD's national focus areas of independent living, education, and employment. Data identifying the percentage of each State's population of students with developmental disabilities who are enrolled in the public education system were obtained from the Department of Education's *Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act*. The percentage of each State's population with any disability that gained employment through the Employment Service was obtained from the Department of Labor's Employment and Training Administration's (ETA's) quarterly administrative report (9002 form). No adequate or comprehensive data sources measuring independent living status for people with developmental disabilities could be identified.

4.0 Simulations of the New Formula

Simulations of the proposed new formula were performed using FY 1995 data to evaluate how allotments calculated by the new formula would compare to actual FY 1995 allotments. KRA examined 8,000 combinations of base percentages and factor weights to determine the best formula weights in order to minimize changes in State allotments compared to FY 1995 allotments. (This procedure, the sum of squared differences, is discussed further in Appendix A.)

In general, the simulations show that when the base percentages are set higher, small-population States tend to increase their allotments compared to the old formula and large-population States tend to receive smaller allotments. Conversely, when the base percentages are set lower, large-population States tend to receive larger allotments than currently; however, small-population States receive smaller allotments.

The following sections detail the results of simulations of proposed weights and base percentages, including an analysis of the effects on State allotments as compared to FY 1995 allotments. Simulation 1 represents the best approximation of FY 1995 State allotments. Simulations 2 through 5 demonstrate the effects of changing these proposed weights and base percentages. Each simulation used the same national appropriations for the DDC and P&A programs as FY 1995.

4.1 Simulation 1: Best Approximation of FY 1995 Allotments

Population Weight:	0.25	DDC State Base Percentage:	0.30%
Population/PCI Weight:	0.70	DDC Territory Base Percentage:	0.30%
Outcomes Weight:	0.05	P&A State Base Percentage:	0.65%
		P&A Territory Base Percentage:	0.50%

Exhibit A-2 in Appendix A summarizes the results of this simulation. The weights are listed in the upper-left hand corner. The population adjusted for per capita income weight is 0.70, the population weight is 0.25, and the combined outcomes weight is 0.05 (i.e., 0.025 for education and 0.025 for employment). The total appropriations, base percentages, and base allotments are to the right of the formula weights. The base funding equals the base percentages times the total appropriations. The State and territory base percentage was set to 0.30 percent for the DDCs. For the P&As, the base percentages for States and territories would be 0.65 and 0.50 percent, respectively.

The chart in Exhibit A-2 shows the percentage gains or losses for the DDCs for all States. The States are ordered by population and shaded separately for four groups. The first five are territories. The next 14 are States and the District of Columbia that received the minimum allotment in FY 1995. The next 38 are the medium-population States and Puerto Rico, and the last 8 are the large-population States. Exhibit A-2(2) displays the same information for the P&As. Exhibit A-2(3) charts the DDC grant allotments for the simulation compared with FY 1995 allotments for the DDCs. Exhibit A-2(4) displays the same for P&As. Exhibit A-2(5) lists each State and its FY 1995 and simulated allotments and percentage change.

In this simulation, the average loss and average gain in all States is kept to 3 percent for DDCs. Average loss for the P&As is 10 percent and average gain is 17 percent. For the DDCs the maximum gain by a State is 38 percent while the maximum loss is 25 percent. For the P&As, the maximum gain for a State is 39 percent, while the maximum loss is 22 percent. Despite these maximum losses and gains, Simulation 1 best approximates FY 1995 allotments using the simplified new formula. This option is simple (easy to calculate), fair (approximates FY 1995 allotments), and stable (base grants and State allotments rise and fall with national appropriations).

The following simulations explored changing different modules within the formula to examine the effects on State allotments.

4.2 Simulation 2: Elimination of the Per Capita Income Factor

Population Weight:	0.95	DDC State Base Percentage:	0.30%
Population/PCI Weight:	0.00	DDC Territory Base Percentage:	0.30%
Outcomes Weight:	0.05	P&A State Base Percentage:	0.65%
		P&A Territory Base Percentage:	0.50%

The second simulation uses the Simulation 1 base percentages but eliminates the population adjusted by the per capita income factor from the formula by assigning it a weight of zero. After allotting funds for the base funding, this formula allots funds based only on State population and outcome measures.

Exhibits A-3 and A-3(2) present the percentage loss and gain for all States (compared to FY 1995) eliminating the population/PCI factor and using Simulation 1 base percentages. Exhibits A-3(3) and

4.3 Simulation 3: Elimination of the Base Funding

Population Weight:	0.25	DDC State Base Percentage:	0%
Population/PCI Weight:	0.70	DDC Territory Base Percentage:	0%
Outcomes Weight:	0.05	P&A State Base Percentage:	0%
		P&A Territory Base Percentage:	0%

The third simulation uses the Simulation 1 weights and eliminates the base funding. This allows the formula to assign all DDC and P&A appropriations according to the formula without using base funding.

Exhibits A-4 and A-4(2) present the percentage loss and gain for all States when the base funding is eliminated. Exhibits A-4(3) and A-4(4) compare the Simulation 3 allotments with FY 1995 allotments. Exhibit A-4(5) provides data for individual States for this simulation.

In this simulation, the average loss for the DDCs in all States is 40 percent and the average gain is 8 percent. For the P&As, the average loss is 63 percent and the average gain is 15 percent. For the DDCs, the maximum gain by a State is 20 percent, while the maximum loss to a State is 95 percent. For the P&As, the maximum gain for a State is 30 percent, while the maximum loss to a State is 97 percent. Removing the base funding from the formula favors the large- and medium-population States and decreases allotments to small States and territories. Small States and territories lose an average of 56 percent of their DDC grants and an average of 70 percent of their P&A grants.

4.4 Simulation 4: High Base Funding

Population Weight:	0.25	DDC State Base Percentage:	0.50%
Population/PCI Weight:	0.70	DDC Territory Base Percentage:	0.35%
Outcomes Weight:	0.05	P&A State Base Percentage:	0.90%
		P&A Territory Base Percentage:	0.55%

The fourth simulation uses base percentages higher than Simulation 1 but keeps the factor weights the same. This simulation would allot more funds to the base funding, reducing the amount of funds that are distributed by the formula.

Exhibits A-5 and A-5(2) present the percentage loss and gain for DDCs and P&As for all States with higher base grant percentages. Exhibits A-5(3) and A-5(4) compare the Simulation 4 allotments with FY 1995 allotments. Exhibit A-5(5) provides data for individual States for this simulation.

In this simulation, the average loss for the DDCs in all States is 10 percent and the average gain is 21 percent. For the P&As, the average loss is 18 percent and the average gain is 17 percent. For the DDCs, the maximum gain by a State is 60 percent, while the maximum loss to a State is 19 percent.

The fourth simulation uses base percentages higher than Simulation 1 but keeps the factor weights the same. This simulation would allot more funds to the base funding, reducing the amount of funds that are distributed by the formula.

Exhibits A-5 and A-5(2) present the percentage loss and gain for DDCs and P&As for all States with higher base grant percentages. Exhibits A-5(3) and A-5(4) compare the Simulation 4 allotments with FY 1995 allotments. Exhibit A-5(5) provides data for individual States for this simulation.

In this simulation, the average loss for the DDCs in all States is 10 percent and the average gain is 21 percent. For the P&As, the average loss is 18 percent and the average gain is 17 percent. For the DDCs, the maximum gain by a State is 60 percent, while the maximum loss to a State is 19 percent. For the P&As, the maximum gain for a State is 44 percent, while the maximum loss to a State is 21 percent. Increasing the size of the base funding favors the territories and small-population States by allotting more funds to the base funding and reducing the amount of funds that are allotted based on the formula factors. This would decrease the allotments received by States with larger populations that benefit from a pure population-based distribution.

4.5 Simulation 5: Elimination of the Outcomes Factor

Population Weight:	0.26	DDC State Base Percentage:	0.30%
Population/PCI Weight:	0.74	DDC Territory Base Percentage:	0.30%
Outcomes Weight:	0.00	P&A State Base Percentage:	0.65%
		P&A Territory Base Percentage:	0.50%

The fifth simulation uses the Simulation 1 base percentages but eliminates the use of outcome measures as a factor in the formula by assigning it a weight of zero. The 0.05 outcome weight was redistributed proportionately to the population and population-PCI factors. This simulation was conducted to show the effect on allotments of introducing outcome measures into the formula.

Exhibits A-6 and A-6(2) present the percentage loss and gain for all States based on eliminating the outcome measure factor. Exhibits A-6(3) and A-6(4) compare the Simulation 5 allotments with FY 1995 allotments. Exhibit A-6(5) provides data for individual States for this simulation.

The average loss and average gain to all States are the same as in Simulation 1 for DDCs and P&As. This means that the overall effect of introducing an outcome measures factor at 5 percent is minimal. As additional outcome indicators are identified or developed, the weight of the outcomes factor could be increased over time at the discretion of ADD.

4.6 Decreased National Appropriations

All preceding simulations used FY 1995 data. Should the DDC and P&A programs experience funding decreases in the future, all States would experience major changes in their allotments compared to FY 1995 allotments. One feature of the use of base funding compared to the current

legislated minimum allotments is that all States would experience these decreases in the same proportion. Because the base funding is a percentage of the national appropriations (unlike the current legislatively determined fixed minimum allotment), base funding would rise and fall in proportion to changes in national appropriations. The formula allots the remaining funds (the total appropriations minus the base funding for all States) according to the same factors and weights. This means that if national appropriations decrease 10 percent, all States would receive allotments 10 percent smaller than the ones they would have received with the proposed new formula and current appropriations.

Exhibit 2 lists each State's DDC and P&A allotment according to the proposed new formula, using Simulation 1 weights (population at 0.25, PCI-adjusted population at 0.70, and outcomes at 0.05), and national appropriations at current amounts and at 50 percent of current amounts. Calculating allotments on half current appropriations, the proposed new formula reduces all State grants by 50 percent.

5.0 Summary and Conclusions

The formula that KRA proposes as an alternative for adoption by ADD would allot DDC and P&A funds to all States and territories in the following manner:

- (1) Each State would receive base funding defined as a percentage of the national appropriations (0.30 percent for State DDC, 0.30 percent for territory DDC, 0.65 percent for State P&A, and 0.50 percent for territory P&A).
- (2) In addition, each State would receive funds distributed by the new formula according to its State population (at 0.25 weight), PCI-adjusted State population (at 0.70 weight), and State outcomes for people with developmental disabilities (at 0.05 weight).

The new formula is modular and the weights for each factor could be changed to reflect changes in national appropriations or national and State program goals. Initially, weights and base percentages can be set at levels to allow funding levels to approximate the old formula and minimize individual State gains and losses. Increases or decreases in the base percentage can later be made to reflect changes in the level of appropriations. Other outcome measures defined or identified later, including data from the ADD MIS, could be substituted for Department of Education and Department of Labor data used here. This modularity also allows ADD to phase in new outcome measures over time, as well as to change their weight in the formula.

The new formula would eliminate the use of a minimum allotment and hold-harmless minimum. This proposed formula is much simpler in structure and calculation than the current formula and is easy to calculate within a spreadsheet on a personal computer. It also eliminates the iterative process used to calculate the current formula.

Exhibit 2

Proposed Formula State DDC and
P&A Allotment Compared to a 50-Percent
Reduction

State	S/T	Proposed Formula with a 50% Reduction in Appropriations		Proposed Formula with full 1995 Appropriations		Percent Difference	
		DDC Grant Allotment	P&A Grant Allotment	DDC Grant Allotment	P&A Grant Allotment	DDC Allotment	P&A Allotment
AK	S	\$164,760	\$102,302	\$329,521	\$204,604	-50.00%	-50.00%
AL	S	\$628,380	\$234,275	\$1,256,760	\$468,551	-50.00%	-50.00%
AR	S	\$421,044	\$175,255	\$842,088	\$350,511	-50.00%	-50.00%
AZ	S	\$564,345	\$216,047	\$1,128,689	\$432,094	-50.00%	-50.00%
CA	S	\$3,241,913	\$978,241	\$6,483,825	\$1,956,482	-50.00%	-50.00%
CO	S	\$476,339	\$190,996	\$952,678	\$381,991	-50.00%	-50.00%
CT	S	\$398,124	\$168,731	\$796,247	\$337,462	-50.00%	-50.00%
DC	S	\$158,351	\$100,478	\$316,702	\$200,955	-50.00%	-50.00%
DE	S	\$177,622	\$105,963	\$355,244	\$211,926	-50.00%	-50.00%
FL	S	\$1,572,248	\$502,956	\$3,144,497	\$1,005,912	-50.00%	-50.00%
GA	S	\$877,025	\$305,055	\$1,754,050	\$610,109	-50.00%	-50.00%
HI	S	\$226,563	\$119,895	\$453,126	\$239,789	-50.00%	-50.00%
IA	S	\$430,903	\$178,062	\$861,806	\$356,124	-50.00%	-50.00%
ID	S	\$237,352	\$122,966	\$474,704	\$245,932	-50.00%	-50.00%
IL	S	\$1,290,178	\$422,662	\$2,580,355	\$845,324	-50.00%	-50.00%
IN	S	\$776,401	\$276,411	\$1,552,801	\$552,822	-50.00%	-50.00%
KS	S	\$387,666	\$165,754	\$775,332	\$331,508	-50.00%	-50.00%
KY	S	\$575,682	\$219,275	\$1,151,364	\$438,549	-50.00%	-50.00%
LA	S	\$654,588	\$241,736	\$1,309,176	\$483,471	-50.00%	-50.00%
MA	S	\$698,301	\$254,179	\$1,396,602	\$508,358	-50.00%	-50.00%
MD	S	\$591,257	\$223,708	\$1,182,514	\$447,416	-50.00%	-50.00%
ME	S	\$250,315	\$126,656	\$500,631	\$253,312	-50.00%	-50.00%
MI	S	\$1,137,516	\$379,206	\$2,275,032	\$758,411	-50.00%	-50.00%
MN	S	\$589,739	\$223,276	\$1,179,478	\$446,552	-50.00%	-50.00%
MO	S	\$700,235	\$254,730	\$1,400,470	\$509,459	-50.00%	-50.00%
MS	S	\$476,001	\$190,899	\$952,001	\$381,799	-50.00%	-50.00%
MT	S	\$210,727	\$115,387	\$421,454	\$230,774	-50.00%	-50.00%
NC	S	\$920,536	\$317,440	\$1,841,073	\$634,881	-50.00%	-50.00%
ND	S	\$185,981	\$108,343	\$371,563	\$216,685	-50.00%	-50.00%
NE	S	\$293,589	\$138,974	\$587,179	\$277,949	-50.00%	-50.00%
NH	S	\$226,343	\$119,832	\$452,685	\$239,664	-50.00%	-50.00%
NJ	S	\$810,438	\$286,100	\$1,620,876	\$572,200	-50.00%	-50.00%
NM	S	\$314,661	\$144,973	\$629,322	\$289,945	-50.00%	-50.00%
NV	S	\$247,233	\$125,779	\$494,466	\$251,557	-50.00%	-50.00%
NY	S	\$1,907,915	\$598,507	\$3,815,830	\$1,197,013	-50.00%	-50.00%
OH	S	\$1,370,713	\$445,587	\$2,741,427	\$891,175	-50.00%	-50.00%
OK	S	\$512,669	\$201,337	\$1,025,337	\$402,674	-50.00%	-50.00%
OR	S	\$448,558	\$183,087	\$897,115	\$366,175	-50.00%	-50.00%
PA	S	\$1,441,955	\$465,867	\$2,883,909	\$931,733	-50.00%	-50.00%
PR	S	\$1,048,130	\$353,761	\$2,096,260	\$707,522	-50.00%	-50.00%
RJ	S	\$217,155	\$117,217	\$434,310	\$234,433	-50.00%	-50.00%
SC	S	\$567,961	\$217,077	\$1,135,921	\$434,153	-50.00%	-50.00%
SD	S	\$193,921	\$110,603	\$387,842	\$221,206	-50.00%	-50.00%
TN	S	\$712,747	\$258,291	\$1,425,494	\$516,583	-50.00%	-50.00%
TX	S	\$2,147,228	\$666,629	\$4,294,457	\$1,333,258	-50.00%	-50.00%
UT	S	\$347,462	\$154,310	\$694,923	\$308,619	-50.00%	-50.00%
VA	S	\$774,564	\$275,888	\$1,549,127	\$551,776	-50.00%	-50.00%
VT	S	\$170,360	\$103,896	\$340,720	\$207,792	-50.00%	-50.00%
WA	S	\$659,639	\$243,174	\$1,319,278	\$486,347	-50.00%	-50.00%
WI	S	\$675,957	\$247,819	\$1,351,913	\$495,637	-50.00%	-50.00%
WV	S	\$355,293	\$156,539	\$710,586	\$313,077	-50.00%	-50.00%
WY	S	\$161,617	\$101,407	\$323,234	\$202,814	-50.00%	-50.00%
AS	T	\$122,626	\$70,582	\$245,252	\$141,165	-50.00%	-50.00%
GU	T	\$124,349	\$71,073	\$248,698	\$142,146	-50.00%	-50.00%
NR	T	\$114,253	\$68,199	\$228,507	\$136,398	-50.00%	-50.00%
PW	T	\$110,214	\$67,049	\$220,427	\$134,098	-50.00%	-50.00%
VI	T	\$121,359	\$70,222	\$242,719	\$140,444	-50.00%	-50.00%
ZI	T		\$65,752		\$131,504		-50.00%

Setting the base funding as a percentage of the national appropriations eliminates the fluctuation in allotments due to minimum changes that have historically been independent of appropriation changes. In addition, States will now see changes in their allotments that are equal in proportion to changes in national appropriations (e.g., a 10-percent increase in appropriations would cause a 10-percent increase in *all* individual State allotments if all other factors remained the same).

* * * *

Appendix A

Formula Calculations and Simulations

Appendix A

A.1 Current Formula

The original allocations formula has two factors and is subject to two conditions. The two formula factors are listed below:

- Population adjusted by per capita income
- Population adjusted by the number of persons with developmental disabilities

The conditions are listed below:

- No State or territory may fall below the current specified minimum.
- No State or territory may fall below a hold-harmless amount.

The original formula can be summarized as follows:

$$\text{Equation 1} \quad \text{Allotment}_s = (\alpha * YP_s + \beta * DDP_s) * App$$

Subject to: No State receiving less than MIN_1 ,
no territory receiving less than MIN_2 , and
no State or territory receiving less than HH_s .

Where:

Allotment _s	is the amount of money that State or territory S receives,
α	is the weight attached to the population adjusted by per capita income factor (α is two-thirds in the current formula),
YP_s	is the population adjusted by per capita income factor for State or territory S,
β	is the weight attached to the population adjusted by the number of persons with developmental disabilities factor (β is one-third in the current formula),
DDP_s	is the population adjusted by the number of persons with developmental disabilities factor for State or territory S,
App	is the national appropriations,
MIN_1	is the fixed minimum for States,
MIN_2	is the fixed minimum for territories, and
HH_s	is the amount a State or territory received in a specified previous year.

A.1.1 Population Adjusted by Per Capita Income

The first factor—the State's population adjusted by per capita income—is calculated as follows:

Equation 2

$$YP_s = \frac{\left(\frac{NPCI}{SPCI_s} \right) * SPOP_s}{\sum_s \left[\left(\frac{NPCI}{SPCI_s} \right) * SPOP_s \right]}$$

Where:

NPCI is a 3-year average of the national per capita income,
SPCI_s is a 3-year average of the State per capita income,
SPOP_s is the State population, and
Σ_s is the sum across States.

A.1.2 Population Adjusted by the Number of Persons With Developmental Disabilities

The second factor in the formula—the State's population adjusted by the number of persons with developmental disabilities (estimated by the number of ADCP recipients, working population, and State population)—is calculated as follows:

Equation 3

$$DD_s = \frac{\left(\frac{ADCP_s}{WPOP_s} \right) * SPOP_s}{\sum_s \left[\left(\frac{ADCP_s}{WPOP_s} \right) * SPOP_s \right]}$$

Where:

ADCP_s is the number of recipients of the Adult Disabled Child Program,
WPOP_s is the working population of the State,
SPOP_s is the total population of the State, and
Σ_s is the sum across States.

A.1.3 Weighting

These factors are weighted in the original formula with the population adjusted by per capita income weight set at two-thirds and the population adjusted by the number of persons with developmental disabilities weight set at one-third as follows, subject to the currently legislated minimums and hold-harmless amount:

$$\text{Equation 4} \quad \text{Allotment}_i = \left(\frac{2}{3} * YP_i + \frac{1}{3} * DDP_i \right) * App$$

For FY 1995, the minimum is \$420,475 for States and \$220,750 for territories for the DDCs. For the P&As, it is \$256,983 for States and \$137,485 for territories. For 1995, the hold-harmless amount was the greater of the amount that States and territories received in 1992 or 1993.

A.1.4 The Iterative Process

The two conditions (minimums and hold-harmless amounts) that the original formula is subject to require an iterative calculation procedure. This procedure includes the following steps:

- (1) Allocate funds to States according to the formula.
- (2) Determine whether the formula (and the distribution in step 6) allots amounts less than those specified by the minimum allotment and hold-harmless provisions.
- (3) If so, calculate the difference between the allotment and the greater of the minimum and hold-harmless amount.
- (4) Sum these differences.
- (5) Subtract this sum from the national allocation.
- (6) Distribute the sum according to the differences for the respective States and territories.
- (7) Repeat steps 1 through 6, using the remainder of the national allocation, until all State and territory allotments meet the minimum allotment and hold-harmless provisions in step 2.

A.2 The Proposed New Formula

The proposed grants formula has four formula factors and base funding. The four formula factors are listed below:

- Population adjusted by per capita income
- Population
- A measure of education outcomes
- A measure of employment outcomes

The base funding is calculated as a percentage of the national appropriations. The formula can be summarized as follows:

$$\text{Equation 5} \quad \text{Allotment}_s = \text{Base Funding}_s + \text{Formula Funding}_s$$

Where:

Allotment_s is the total allotment for State S,
Base Funding_s is a set percentage times the national appropriations as specified in Equation 6 in Section A.2.1, and
Formula Funding_s is specified by Equation 7 in Section A.2.2.

A.2.1 Base Funding

Base funding replaces the minimums in the original formula. They are calculated once, allotted to the States, and subtracted from the national appropriations. The formula funding is calculated using the remainder of the appropriation. This precludes the necessity of an iterative calculation.

Base funding is calculated by multiplying the fixed base percentage times the national appropriations as follows:

$$\text{Equation 6} \quad \text{Base Funding}_s = B * \text{App}$$

Where:

Base Funding_s is the base amount for State or territory s for the particular program being calculated,
B is the base percentage for either States or territories, and
App is the national appropriations.

A.2.2 Formula Funding

The formula funding is calculated as follows:

Equation 7 $Formula\ Funding_s = (\alpha * YP_s + \beta * P_s + \gamma * OM_s) * App'$

+ eq. 13 seems to 1

Where:

Formula Funding_s is the amount of money that State or territory S receives,
 α is the weight attached to the population adjusted by per capita income factor,
 YP_s is the population adjusted by per capita income factor for State or territory S,
 β is the weight attached to the population factor,
 P_s is the population factor for State or territory S,
 γ is the weight attached to the outcome measures factor,
 OM_s is the outcome measures factor for State S, and
 App' is the national appropriations minus the base funding.

A.2.2.1 Calculation of Population Adjusted by Per Capita Income

The population adjusted by the per capita income factor is calculated as follows:

Equation 8
$$YP_s = \frac{\left(\frac{NPCI}{SPCI_s} \right) * SPOP_s}{\sum_s \left[\left(\frac{NPCI}{SPCI_s} \right) * SPOP_s \right]}$$

Where:

$NPCI$ is a 3-year average of the national per capita income,
 $SPCI_s$ is a 3-year average of the State per capita income,
 $SPOP_s$ is the State population, and
 Σ_s is the sum across States.

A.2.2.2 Calculation of Population Factor

The population factor is calculated as follows:

Equation 9

$$P_s = \frac{SPOP_s}{NPOP}$$

Where:

SPOP_s is the total population of the State, and
NPOP is the national population.

A.2.2.3 Calculation of Outcome Measure Factors

The outcome measure factor can be summarized as follows:

Equation 10

$$OM_s = a * ED_s + b * ES_s$$

Where:

OM_s is the combined outcome measure,
a is the weight for the education outcome measure,
ED_s is the education outcome measure,
b is the weight for the employment outcome measure, and
ES_s is the employment outcome measure.

Both weights a and b are 50 percent to split evenly the effect of the outcome measures.

Calculation of the Education Outcome Measure Factor

The enrollment percentage of children ages 6 through 17 served under the Individuals with Disabilities Education Act (IDEA) across all disabilities (which included specific learning disabilities, speech and language impairments, mental retardation, serious emotional disturbances, multiple disabilities, hearing impairments, and orthopedic impairments) was calculated for each State. Data were obtained from the Department of Education's *Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act*. Data were reported for each State and territory.

The State's population weighted enrollment percentage was calculated by multiplying the enrollment percentage by the State population. The education outcome measure for each

State was calculated by dividing the State's population weighted enrollment percentage by the sum of the States' population weighted enrollment percentages as follows:

Equation 11

$$ED_s = \frac{\left(\frac{DD \text{ enrolled}_s}{Total \text{ enrollment}_s} \right) * SPOP}{\sum_s \left[\left(\frac{DD \text{ enrolled}_s}{Total \text{ enrollment}_s} \right) * SPOP \right]}$$

Where:

- DD enrolled, is the number of children ages 6 through 17 served under the Individuals with Disabilities Education Act (IDEA) across all disabilities in State S,
- Total enrollment, is the total number of children enrolled in school in State S, and
- Σ_s is the sum across States.

States that have a larger percentage of students enrolled with disabilities account for a larger proportion of the national figure and, therefore, receive larger allocations relative to their population size.

Calculation of the Employment Outcome Measure Factor

For the new formula, employment data were obtained from the Department of Labor's Employment and Training Administrations's (ETA's) 9002 form. These data are submitted quarterly by each State and territory and are included in a quarterly report prepared by ETA.

These data were used to calculate the percentage of people with disabilities receiving employment through the Employment Service. The percentage was then multiplied by the State population.

This figure was then divided by the sum of this figure across States to form the employment outcome measure. The employment measure can be summarized as follows:

Equation 12

$$ES_s = \frac{\left(\frac{D \text{ receiving employment}_s}{Total \text{ receiving employment}_s} \right) * SPOP}{\sum_s \left[\left(\frac{D \text{ receiving employment}_s}{Total \text{ receiving employment}_s} \right) * SPOP \right]}$$

Where:

Σ_s is the sum across States.

States receive larger allocations relative to their population size for a high percentage of people with disabilities entering employment through the Employment Service.

A.2.3 Weighting

These factors are weighted in the proposed formula with each of the factors given weight such that the weights in equations 7 and 13 sum to 1, $\alpha + \beta + \gamma = 1$.

A.2.4 The Full Allotment Grants Equation

The base formula equation 6 and the formula grant equation 7 are combined through equation 5 to yield the following:

Equation 13
$$Allotment_s = (\alpha * YP_s + \beta * P_s + \gamma * OM_s) * [App - \Sigma_s (B_s * App)] + B_s * App$$

A.3 Statistic Used To Optimize the Formula Simulations

The primary criterion for designing the new formula is to minimize the change in allotments caused by the transition from the old formula. An objective measure of this criterion is the sum of squared losses and gains.

The sum of squared losses and gains was calculated to minimize the losses and gains that States and territories would experience under the new formula. Losses and gains are measured as the percentage loss or gain that a State's program would experience under the new formula compared to the old. The sum of squared losses and gains multiplies the percentage losses and gains by itself. The effect is that the statistic counts large losses and gains more heavily than small losses and gains. In other words, it counts a 5 percent loss as .0025 and a 50 percent loss as .25. Although a 50 percent gain or loss is only 10 times larger than 5 percent, this statistic counts it as 100 times larger. Therefore, the minimization process works to reduce a loss in a State that lost 50 percent than a State that lost 5 percent in funding. Finally, the statistic sums the squared losses and gains (it adds .0025, .25, and all the other squared losses and gains). By summing these numbers, the statistic evaluates the joint effect on all States and territories that would lose funding. This single statistic summarizes the negative effects on State and territory allotments.

A.4 Sensitivity Analysis

An infinite number of possible combinations of weights and base percentages could be used in the formula. The task was to find the combination of weights and base percentages that met the criterion of minimizing the sum of squared losses and gains.

Sensitivity analysis was used. The sum of squared losses and gains was calculated for all combinations of the weights and base percentages within certain ranges and limits. Twenty combinations of weights were considered. The weight for population adjusted for per capita income ranged from 0 to 95 percent, while the weight for population alone ranged from 95 to 0 percent, and the weight for performance measures was fixed at 5 percent (or 2.5 percent for each of the two performance measures). Weights were incremented 5 percent between simulations.

100 percent of the appropriation minus the base amounts has to be distributed. This requires that the weights add up to 100 percent. Consequently, as the weight for population adjusted by per capita income was incremented upward by 5 percent, the weight for population was decreased by 5 percent. Exhibit A-1 lists the 20 possible combinations of weights in this range.

For each of these combinations of weights, simulations were performed for 400 combinations of State and territory base percentages. These correspond to base percentages within the range of .00 and .95 percent, and each .05 percent interval within this range. A total of 8,000 combinations of weights and base percentages were calculated, and the combination that yielded the minimum sum of squared losses and gains for all States was chosen as the optimal simulation.

A.5 Simulation Charts and Tables

Exhibits A-2 through A-6 detail the results of the simulations discussed above. An explanation of the exhibits can be found in Sections 4.2 through 4.6.

A.6 Population and Per Capita Income Chart

Exhibit A-7 shows States' population and per capita income arranged in order of population. This exhibit can be used to examine the effects of the population adjusted by per capita income factor on State allotments. States with high per capita income, such as Connecticut, have a peak on the PCI line and tend to have allotments lower than the average for States of its size. States with low per capita income, such as Puerto Rico, have a trough on the PCI line and tend to have allotments higher than the average for States of its size.

* * * *

Exhibit A-1

Combinations of Weights Considered

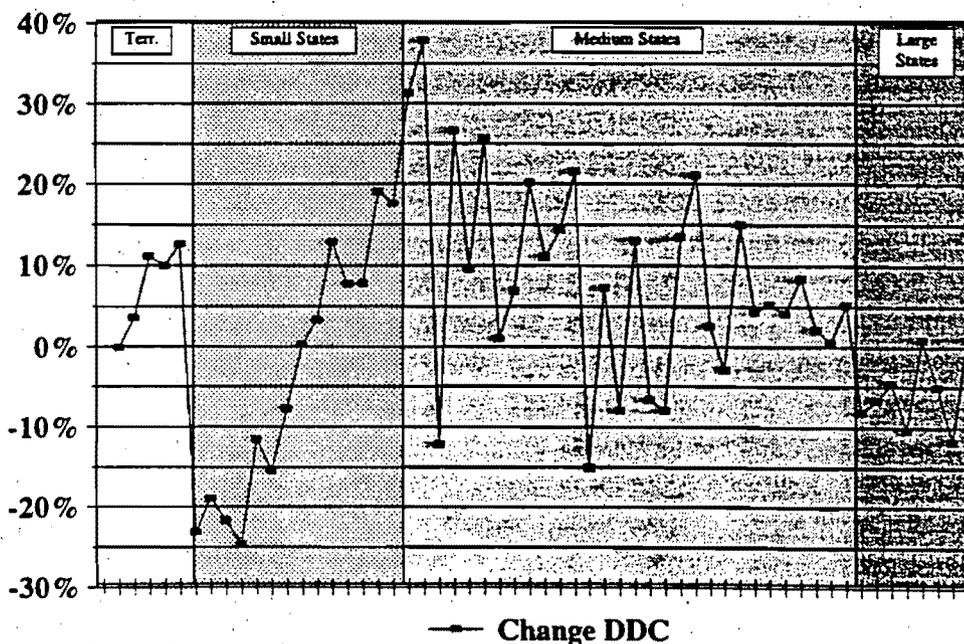
Population Weight	Population Adjusted by Per Capita Income Weight	Performance Measure Weight
95%	0%	5%
90%	5%	5%
85%	10%	5%
80%	15%	5%
75%	20%	5%
70%	25%	5%
65%	30%	5%
60%	35%	5%
55%	40%	5%
50%	45%	5%
45%	50%	5%
40%	55%	5%
35%	60%	5%
30%	65%	5%
25%	70%	5%
20%	75%	5%
15%	80%	5%
10%	85%	5%
5%	90%	5%
0%	95%	5%

Exhibit A-2

Simulation 1: Best Approximation of Fiscal Year 1995

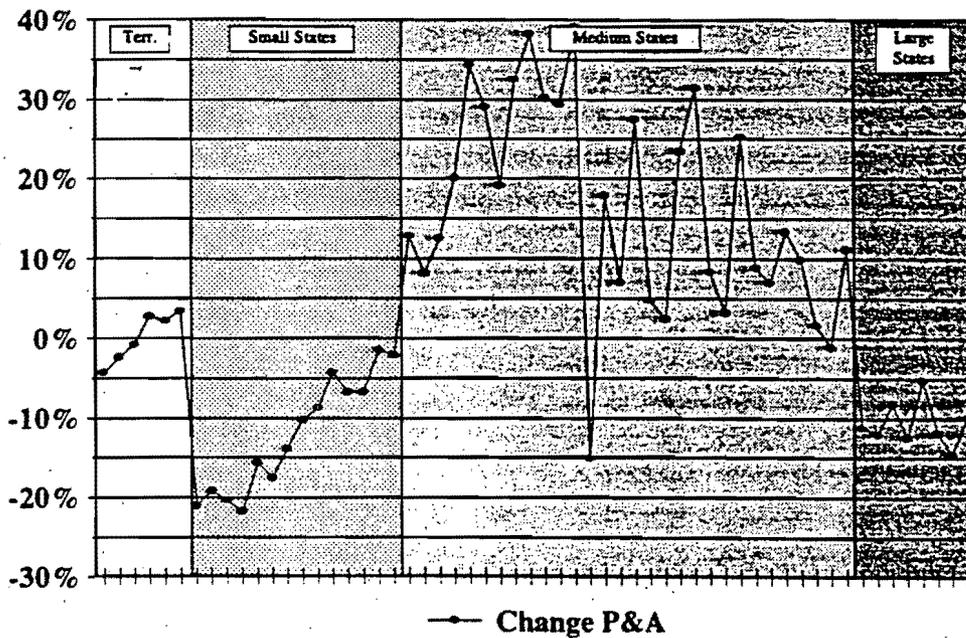
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Percent Loss or Gain in Allotments

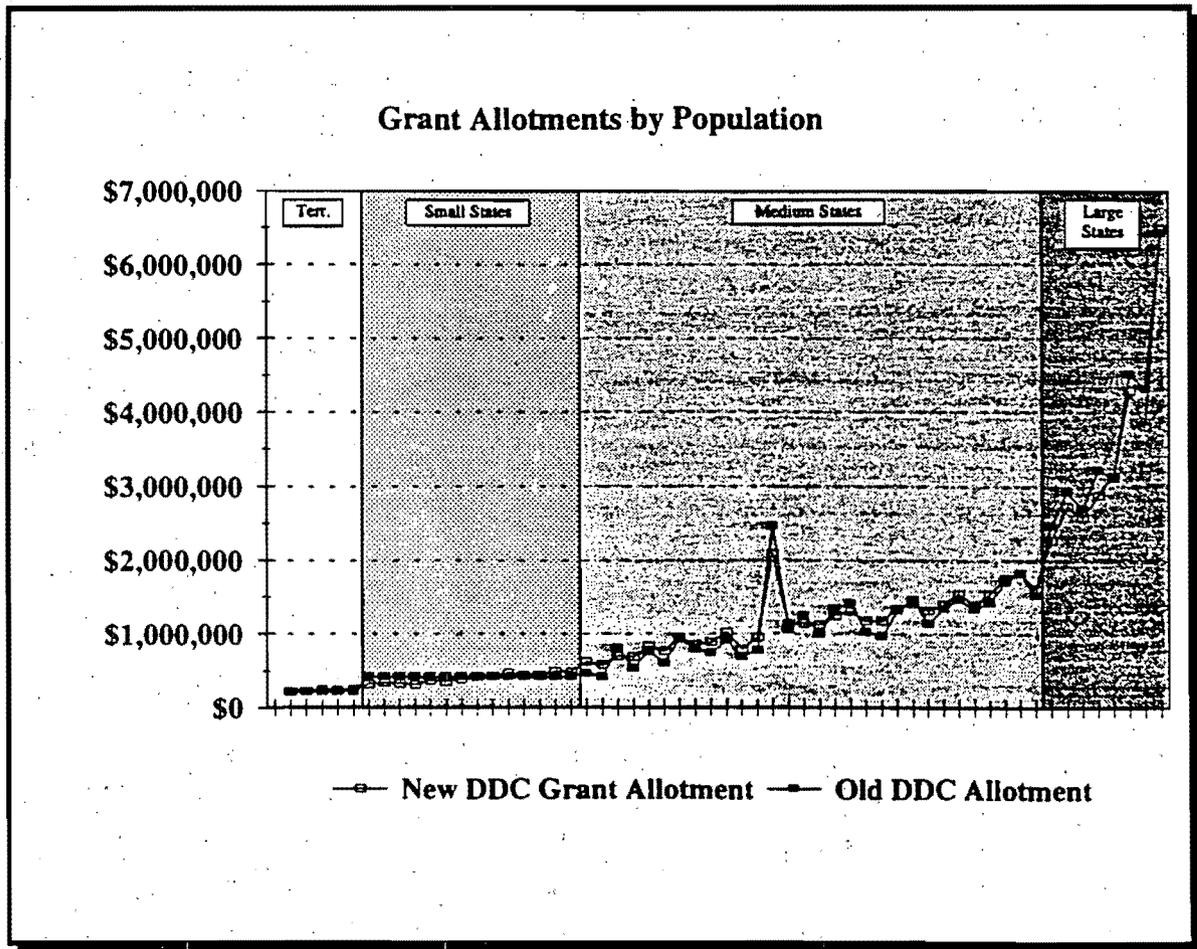


Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Percent Loss or Gain in Allotments



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
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Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Grant Allotments by Population

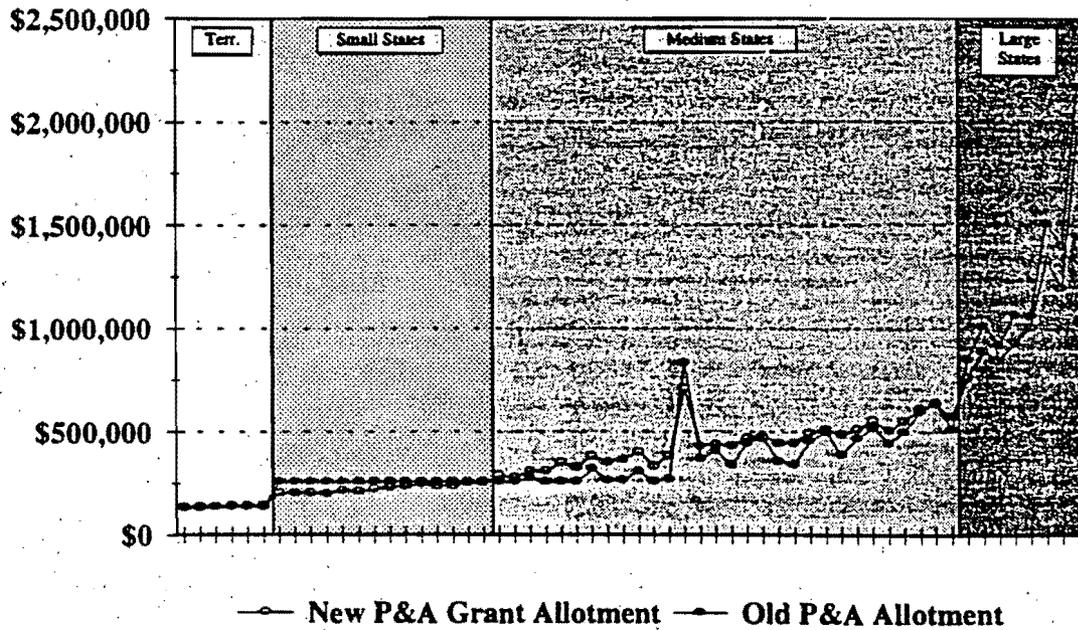


Exhibit A-2(5)

Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%			
Outcome Measures Weight	5%			
Individual Outcome Measures		Total Appropriations	\$70,438,000	\$26,300,820
PwDD in School	50%	State Base (% Tot. Appr.)	0.30%	0.65%
PwD Entering Employment	50%	State Base Allotment	\$211,314	\$170,955
		Territory Base (% Tot. Appr.)	0.30%	0.50%
		Territory Base Allotment	\$211,314	\$131,504
		National Per Capita Income (FY 95)	\$19,317	\$19,317

States 52
Territories 6

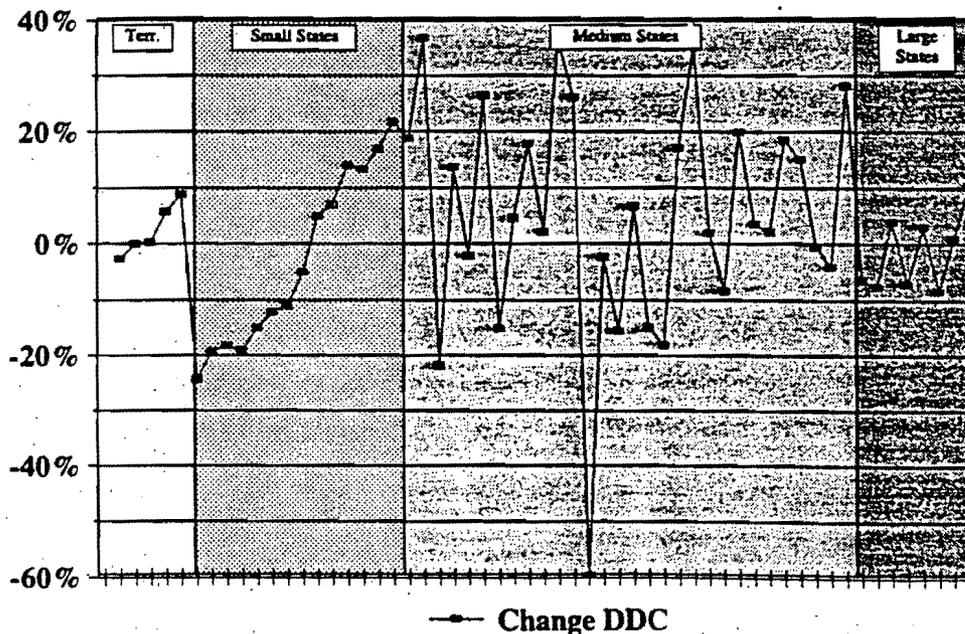
State	ST	New Formula		Old Formula		Pct. Difference (New -Old)	
		DDC Grant Allotment	P&A Grant Allotment	FY 95 DDC Allotment	FY 95 P&A Allotment	DDC Allotment	P&A Allotment
AK	S	\$329,521	\$204,604	\$420,475	\$256,983	-21.63%	-20.38%
AL	S	\$1,256,760	\$468,551	\$1,345,843	\$447,562	-6.62%	4.69%
AR	S	\$842,088	\$350,511	\$768,612	\$261,077	9.56%	34.26%
AZ	S	\$1,128,689	\$432,094	\$998,958	\$339,216	12.99%	27.38%
CA	S	\$6,483,825	\$1,956,482	\$6,423,100	\$2,170,899	0.95%	-9.88%
CO	S	\$952,678	\$381,991	\$783,442	\$274,638	21.60%	39.09%
CT	S	\$796,247	\$337,462	\$696,655	\$261,125	14.30%	29.23%
DC	S	\$316,702	\$200,955	\$420,475	\$256,983	-24.68%	-21.80%
DE	S	\$355,244	\$211,926	\$420,475	\$256,983	-15.51%	-17.53%
FL	S	\$3,144,497	\$1,005,912	\$3,116,963	\$1,061,995	0.88%	-5.28%
GA	S	\$1,754,050	\$610,109	\$1,718,762	\$600,071	2.05%	1.67%
HI	S	\$453,126	\$239,789	\$420,475	\$256,983	7.77%	-6.69%
IA	S	\$861,806	\$356,124	\$806,646	\$268,927	6.84%	32.42%
ID	S	\$474,704	\$245,932	\$420,475	\$256,983	12.90%	-4.30%
IL	S	\$2,580,355	\$845,324	\$2,703,092	\$920,510	-4.54%	-8.17%
IN	S	\$1,552,801	\$552,822	\$1,475,995	\$516,778	5.20%	6.97%
KS	S	\$775,332	\$331,508	\$617,182	\$256,983	25.62%	29.00%
KY	S	\$1,151,364	\$438,549	\$1,250,972	\$409,878	-7.96%	7.00%
LA	S	\$1,309,176	\$483,471	\$1,423,598	\$472,435	-8.04%	2.34%
MA	S	\$1,396,602	\$508,358	\$1,341,702	\$448,634	4.09%	13.31%
MD	S	\$1,182,514	\$447,416	\$976,916	\$340,314	21.05%	31.47%
ME	S	\$500,631	\$253,312	\$420,475	\$256,983	19.06%	-1.43%
MI	S	\$2,275,032	\$758,411	\$2,475,657	\$853,469	-8.10%	-11.14%
MN	S	\$1,179,478	\$446,552	\$1,039,371	\$361,941	13.48%	23.38%
MO	S	\$1,400,470	\$509,459	\$1,342,585	\$467,953	4.31%	8.87%
MS	S	\$952,001	\$381,799	\$942,999	\$320,466	0.95%	19.14%
MT	S	\$421,454	\$230,774	\$420,475	\$256,983	0.23%	-10.20%
NC	S	\$1,841,073	\$634,881	\$1,830,536	\$642,100	0.58%	-1.12%
ND	S	\$371,963	\$216,685	\$420,475	\$256,983	-11.54%	-15.68%
NE	S	\$587,179	\$277,949	\$425,955	\$256,983	37.85%	8.16%
NH	S	\$452,685	\$239,664	\$420,475	\$256,983	7.66%	-6.74%
NJ	S	\$1,620,876	\$572,200	\$1,540,860	\$514,828	5.19%	11.14%
NM	S	\$629,322	\$289,945	\$479,382	\$256,983	31.28%	12.83%
NV	S	\$494,466	\$251,557	\$420,475	\$256,983	17.60%	-2.11%
NY	S	\$3,815,830	\$1,197,013	\$4,325,273	\$1,400,881	-11.78%	-14.55%
OH	S	\$2,741,427	\$891,175	\$2,935,874	\$1,013,530	-6.62%	-12.07%
OK	S	\$1,025,337	\$402,674	\$923,719	\$309,330	11.00%	30.18%
OR	S	\$897,115	\$366,175	\$746,575	\$265,181	20.16%	38.08%
PA	S	\$2,883,909	\$931,733	\$3,219,197	\$1,064,649	-10.42%	-12.48%
PR	S	\$2,096,260	\$707,522	\$2,468,561	\$833,381	-15.08%	-15.10%
RI	S	\$434,310	\$234,433	\$420,475	\$256,983	3.29%	-8.77%
SC	S	\$1,135,921	\$434,153	\$1,059,457	\$368,308	7.22%	17.88%
SD	S	\$387,842	\$221,206	\$420,475	\$256,983	-7.76%	-13.92%
TN	S	\$1,425,494	\$516,583	\$1,467,752	\$501,045	-2.88%	3.10%
TX	S	\$4,294,457	\$1,333,258	\$4,520,882	\$1,512,532	-5.01%	-11.85%
UT	S	\$694,923	\$308,619	\$548,942	\$256,983	26.59%	20.09%
VA	S	\$1,549,127	\$551,776	\$1,429,585	\$502,535	8.36%	9.80%
VT	S	\$340,720	\$207,792	\$420,475	\$256,983	-18.97%	-19.14%
WA	S	\$1,319,278	\$486,347	\$1,147,367	\$388,246	14.98%	25.27%
WI	S	\$1,351,913	\$495,637	\$1,319,250	\$457,443	2.48%	8.35%
WV	S	\$710,586	\$313,077	\$809,383	\$278,339	-12.21%	12.48%
WY	S	\$323,234	\$202,814	\$420,475	\$256,983	-23.13%	-21.08%
AS	T	\$245,252	\$141,165	\$220,750	\$137,485	11.10%	2.68%
GU	T	\$248,698	\$142,146	\$220,750	\$137,485	12.66%	3.39%
NR	T	\$228,507	\$136,398	\$220,750	\$137,485	3.51%	-0.79%
PW	T	\$220,427	\$134,098	\$220,750	\$137,485	-0.15%	-2.46%
VI	T	\$242,719	\$140,444	\$220,750	\$137,485	9.95%	2.15%
ZI	T		\$131,504		\$137,485		-4.35%

Exhibit A-3

Simulation 2: Elimination of the Per Capita Income Factor

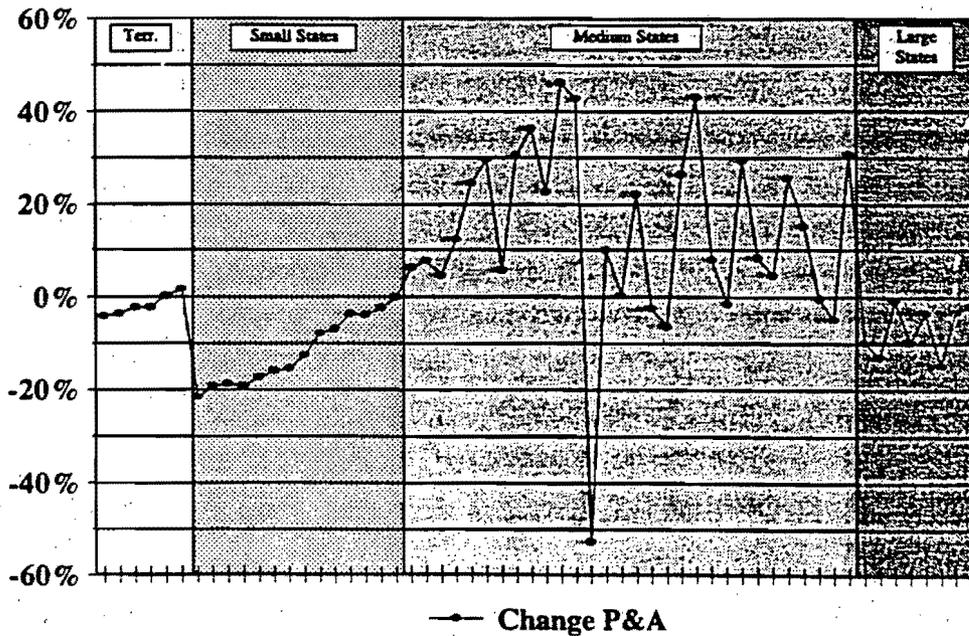
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	0%		DDC Grant	P & A Grant
Population Factor Weight	95%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Percent Loss or Gain in Allotments



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	0%		DDC Grant	P & A Grant
Population Factor Weight	95%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Percent Loss or Gain in Allotments



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	0%		DDC Grant	P & A Grant
Population Factor Weight	95%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

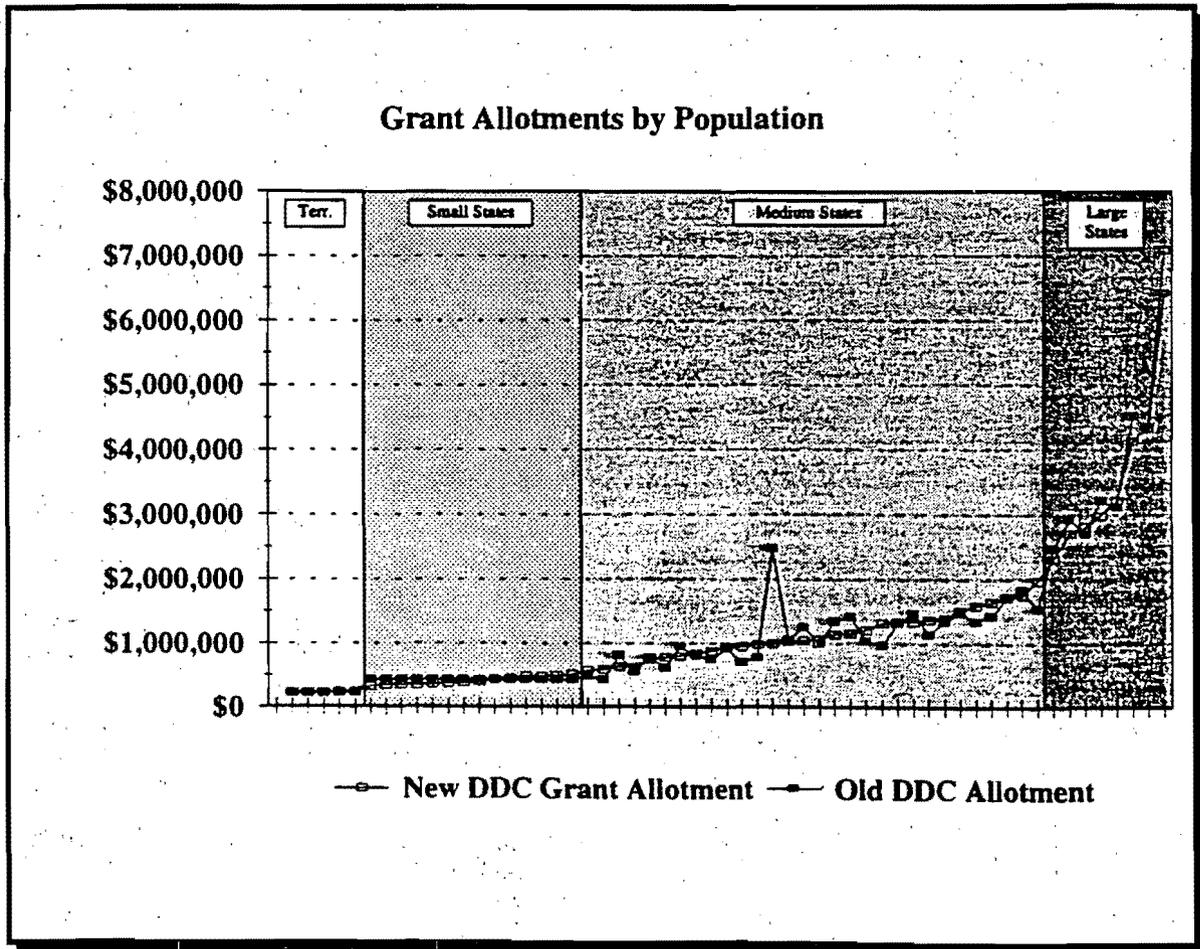


Exhibit A-3(4)

Formula Parameters		Formula Factors		
PCI/Population Factor Weight	0%		DDC Grant	P & A Grant
Population Factor Weight	95%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

Grant Allotments by Population

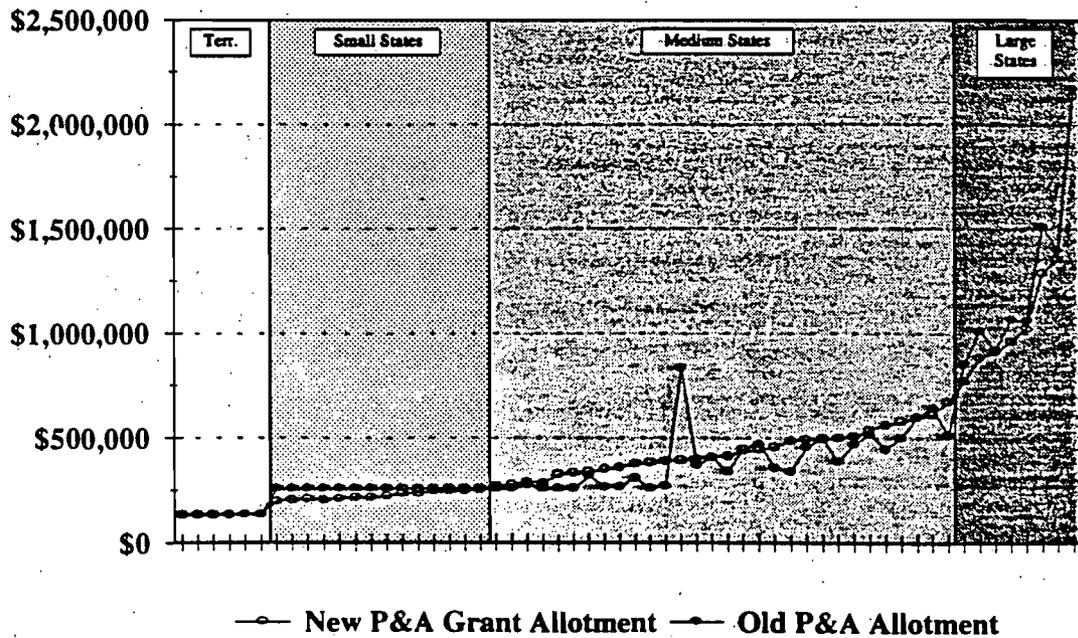


Exhibit A-3(5)

Formula Parameters		Formula Factors		
PCI/Population Factor Weight	0%		DDC Grant	P & A Grant
Population Factor Weight	95%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504
States	52	National Per Capita Income (FY 95)	\$19,317	\$19,317
Territories	6			

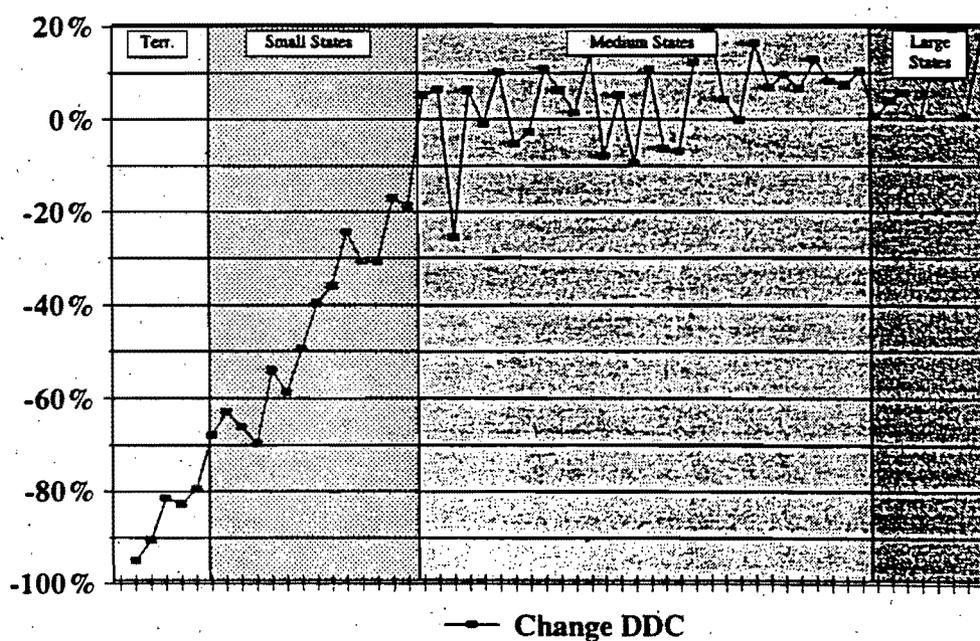
State	S/T	New Formula		Old Formula		Pct. Difference (New-Old)	
		DDC Grant Allotment	P&A Grant Allotment	FY 95 DDC Allotment	FY 95 P&A Allotment	DDC Allotment	P&A Allotment
AK	S	\$343,743	\$208,652	\$420,475	\$256,983	-18.25%	-18.81%
AL	S	\$1,143,835	\$436,406	\$1,345,843	\$447,562	-15.01%	-2.49%
AR	S	\$752,148	\$324,909	\$768,612	\$261,077	-2.14%	24.45%
AZ	S	\$1,064,989	\$413,962	\$998,958	\$339,216	6.61%	22.03%
CA	S	\$7,089,104	\$2,128,780	\$6,423,100	\$2,170,899	10.37%	-1.94%
CO	S	\$987,328	\$391,855	\$783,442	\$274,638	26.02%	-42.68%
CT	S	\$950,830	\$381,465	\$696,655	\$261,125	36.49%	46.09%
DC	S	\$340,164	\$207,634	\$420,475	\$256,983	-19.10%	-19.20%
DE	S	\$368,820	\$215,791	\$420,475	\$256,983	-12.28%	-16.03%
FL	S	\$3,213,418	\$1,025,531	\$3,116,963	\$1,061,995	3.09%	-3.43%
GA	S	\$1,709,783	\$597,508	\$1,718,762	\$600,071	-0.52%	-0.43%
HI	S	\$476,706	\$246,502	\$420,475	\$256,983	13.37%	-4.08%
IA	S	\$843,977	\$351,049	\$806,646	\$268,927	4.63%	30.54%
ID	S	\$449,966	\$238,890	\$420,475	\$256,983	7.01%	-7.04%
IL	S	\$2,811,843	\$911,219	\$2,703,092	\$920,510	4.02%	-1.01%
IN	S	\$1,506,876	\$539,749	\$1,475,995	\$516,778	2.09%	4.44%
KS	S	\$780,052	\$332,852	\$617,182	\$256,983	26.39%	29.52%
KY	S	\$1,055,286	\$411,199	\$1,250,972	\$409,878	-15.64%	0.32%
LA	S	\$1,164,664	\$442,335	\$1,423,598	\$472,435	-18.19%	-6.37%
MA	S	\$1,590,549	\$563,567	\$1,341,702	\$448,634	18.55%	25.62%
MD	S	\$1,321,458	\$486,968	\$976,916	\$340,314	35.27%	43.09%
ME	S	\$491,605	\$250,743	\$420,475	\$256,983	16.92%	-2.43%
MI	S	\$2,315,092	\$769,815	\$2,475,657	\$853,469	-6.49%	-9.80%
MN	S	\$1,217,246	\$457,303	\$1,039,371	\$361,941	17.11%	26.35%
MO	S	\$1,389,747	\$506,407	\$1,342,585	\$467,953	3.51%	8.22%
MS	S	\$799,450	\$338,374	\$942,999	\$320,466	-15.22%	5.59%
MT	S	\$399,519	\$224,529	\$420,475	\$256,983	-4.98%	-12.63%
NC	S	\$1,755,761	\$610,596	\$1,830,536	\$642,100	-4.08%	-4.91%
ND	S	\$356,997	\$212,425	\$420,475	\$256,983	-15.10%	-17.34%
NE	S	\$582,754	\$276,689	\$425,955	\$256,983	36.81%	7.67%
NH	S	\$479,624	\$247,332	\$420,475	\$256,983	14.07%	-3.76%
NJ	S	\$1,975,932	\$673,270	\$1,540,860	\$514,828	28.24%	30.78%
NM	S	\$569,285	\$272,855	\$479,382	\$256,983	18.75%	6.18%
NV	S	\$511,658	\$256,451	\$420,475	\$256,983	21.69%	-0.21%
NY	S	\$4,368,994	\$1,354,476	\$4,325,273	\$1,400,881	1.01%	-3.31%
OH	S	\$2,710,099	\$882,257	\$2,935,874	\$1,013,530	-7.69%	-12.95%
OK	S	\$942,842	\$379,191	\$923,719	\$309,330	2.07%	22.58%
OR	S	\$879,619	\$361,194	\$746,575	\$265,181	17.82%	36.21%
PA	S	\$2,988,038	\$961,375	\$3,219,197	\$1,064,649	-7.18%	-9.70%
PR	S	\$994,876	\$394,003	\$2,468,561	\$833,381	-59.70%	-52.72%
RJ	S	\$441,799	\$236,565	\$420,475	\$256,983	5.07%	-7.95%
SC	S	\$1,034,414	\$405,258	\$1,059,457	\$368,308	-2.36%	10.03%
SD	S	\$373,577	\$217,145	\$420,475	\$256,983	-11.15%	-15.50%
TN	S	\$1,343,207	\$493,159	\$1,467,752	\$501,045	-8.49%	-1.57%
TX	S	\$4,140,315	\$1,289,381	\$4,520,882	\$1,512,532	-8.42%	-14.75%
UT	S	\$624,231	\$288,496	\$548,942	\$256,983	13.72%	12.26%
VA	S	\$1,644,178	\$578,833	\$1,429,585	\$502,535	15.01%	15.18%
VT	S	\$339,348	\$207,401	\$420,475	\$256,983	-19.29%	-19.29%
WA	S	\$1,376,335	\$502,589	\$1,147,367	\$388,246	19.96%	29.45%
WI	S	\$1,344,548	\$493,541	\$1,319,250	\$457,443	1.92%	7.89%
WV	S	\$632,912	\$290,967	\$809,383	\$278,339	-21.80%	4.54%
WY	S	\$318,105	\$201,354	\$420,475	\$256,983	-24.35%	-21.65%
AS	T	\$221,403	\$134,376	\$220,750	\$137,485	0.30%	-2.26%
GU	T	\$240,185	\$139,723	\$220,750	\$137,485	8.80%	1.63%
NR	T	\$220,698	\$134,175	\$220,750	\$137,485	-0.02%	-2.41%
PW	T	\$214,636	\$132,450	\$220,750	\$137,485	-2.77%	-3.66%
VI	T	\$233,432	\$137,800	\$220,750	\$137,485	5.74%	0.23%
ZI	T		\$131,504		\$137,485		-4.35%

Exhibit A-4

Simulation 3: Elimination of the Base Grant

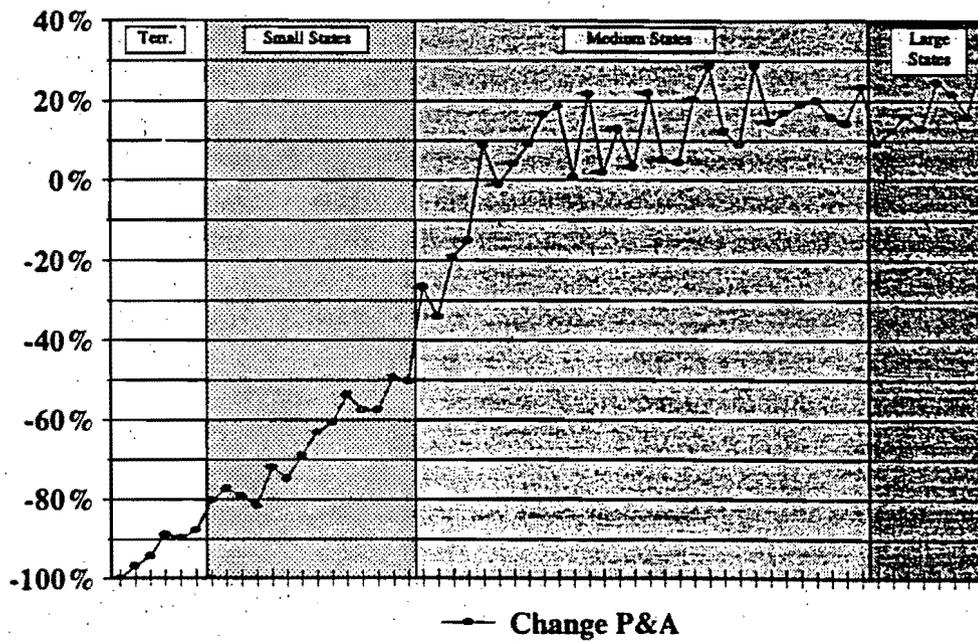
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.00%	0.00%
Individual Outcome Measures		State Base Allotment	\$0	\$0
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.00%	0.00%
PwD Entering Employment	50%	Territory Base Allotment	\$0	\$0

Percent Loss or Gain in Allotments

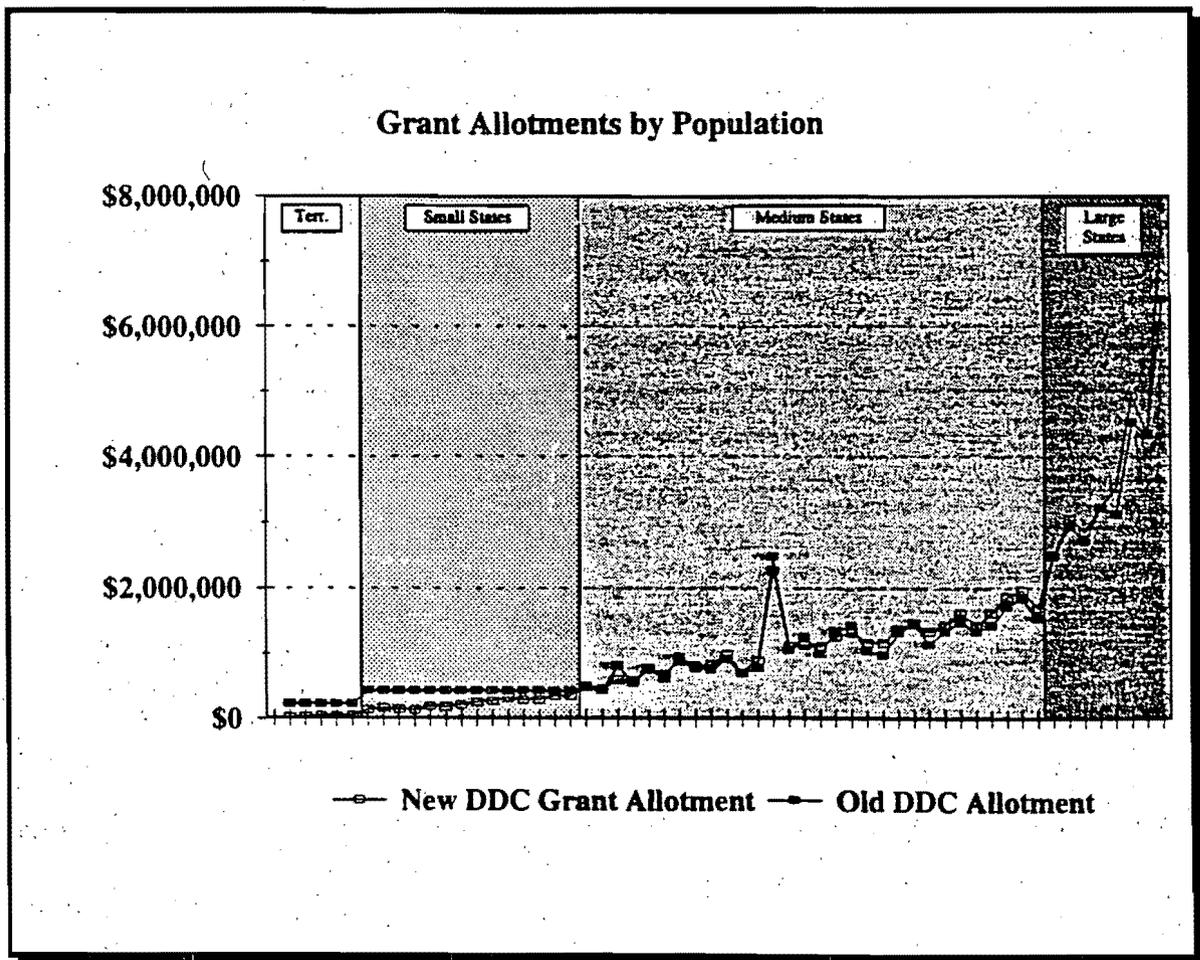


Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.00%	0.00%
Individual Outcome Measures		State Base Allotment	\$0	\$0
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.00%	0.00%
PwD Entering Employment	50%	Territory Base Allotment	\$0	\$0

Percent Loss or Gain in Allotments



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.00%	0.00%
Individual Outcome Measures		State Base Allotment	\$0	\$0
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.00%	0.00%
PwD Entering Employment	50%	Territory Base Allotment	\$0	\$0



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.00%	0.00%
Individual Outcome Measures		State Base Allotment	\$0	\$0
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.00%	0.00%
PwD Entering Employment	50%	Territory Base Allotment	\$0	\$0

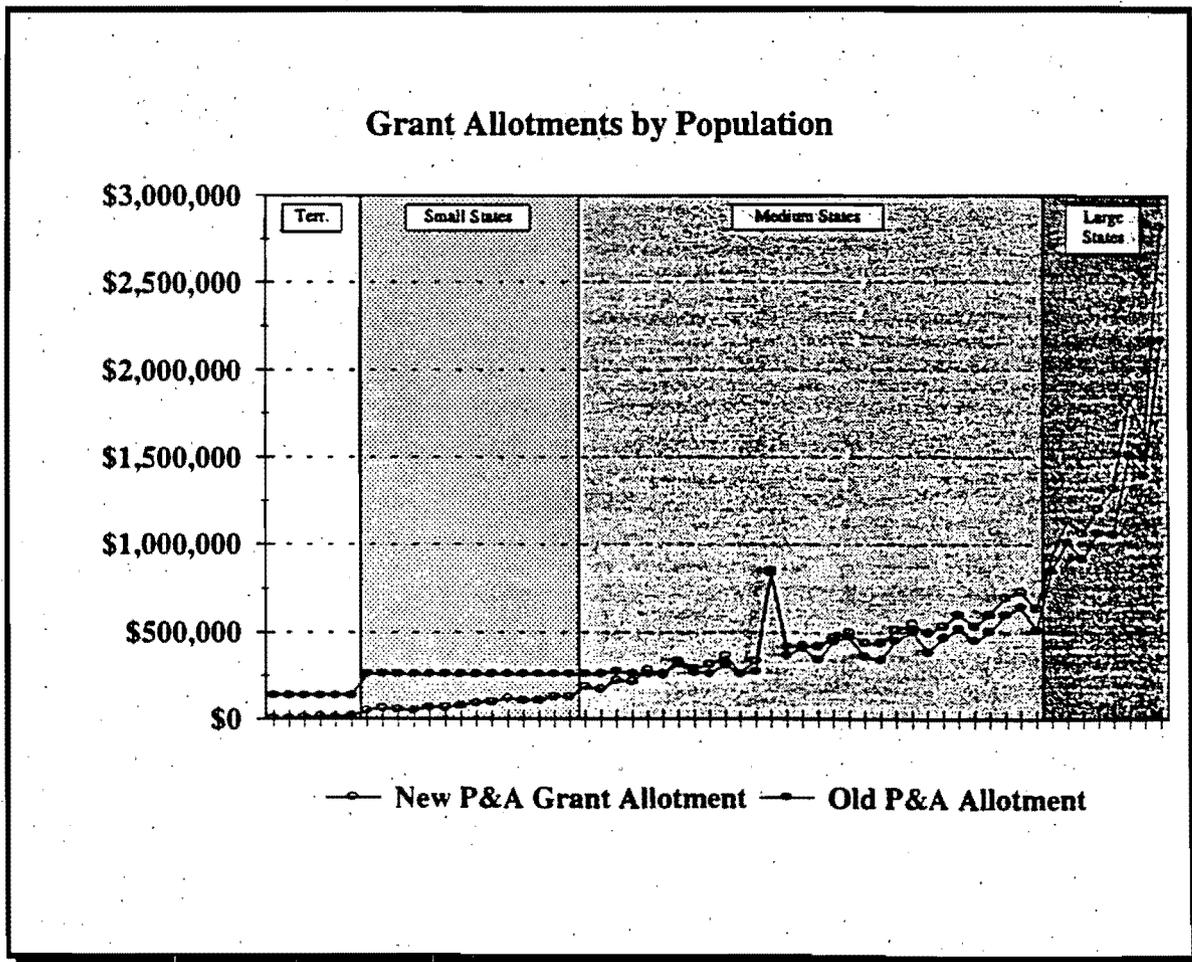


Exhibit A-4(5)

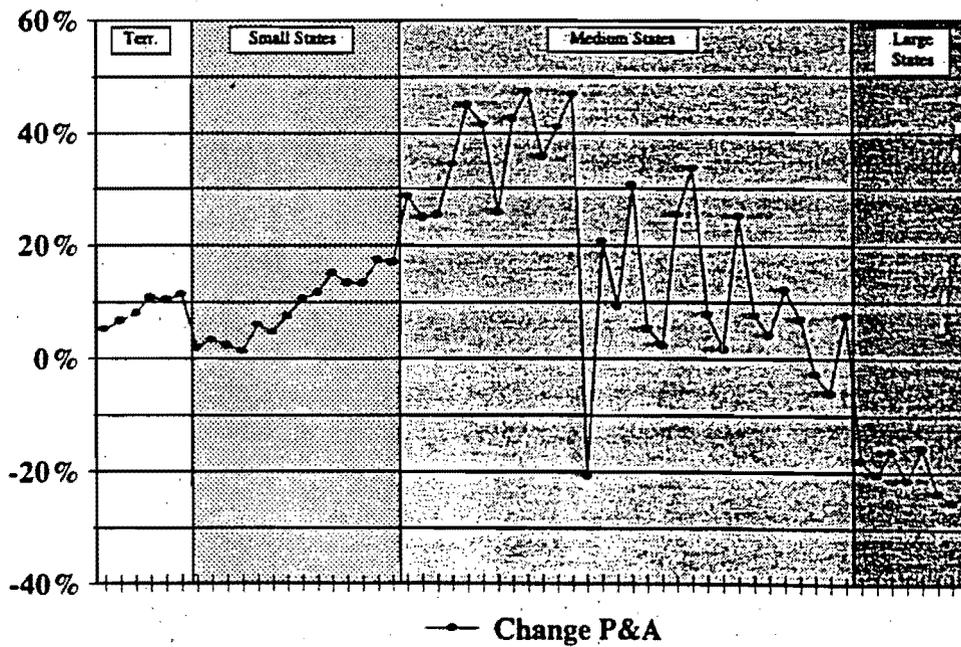
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.00%	0.00%
Individual Outcome Measures		State Base Allotment	\$0	\$0
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.00%	0.00%
PwD Entering Employment	50%	Territory Base Allotment	\$0	\$0
States	52	National Per Capita Income (FY 95)	\$19,317	\$19,317
Territories	6			

State	S/T	New Formula		Old Formula		Pct. Difference (New -Old)	
		DDC Grant Allotment	P&A Grant Allotment	FY 95 DDC Allotment	FY 95 P&A Allotment	DDC Allotment	P&A Allotment
AK	S	\$142,589	\$53,241	\$420,475	\$256,983	-66.09%	-79.28%
AL	S	\$1,261,093	\$470,879	\$1,345,843	\$447,562	-6.30%	5.21%
AR	S	\$760,886	\$284,107	\$768,612	\$261,077	-1.01%	8.82%
AZ	S	\$1,106,605	\$413,195	\$998,958	\$339,216	10.78%	21.81%
CA	S	\$7,566,358	\$2,825,200	\$6,423,100	\$2,170,899	17.80%	30.14%
CO	S	\$894,287	\$333,917	\$783,442	\$274,638	14.15%	21.58%
CT	S	\$705,589	\$263,460	\$696,655	\$261,125	1.28%	0.89%
DC	S	\$127,127	\$47,468	\$420,475	\$256,983	-69.77%	-81.53%
DE	S	\$173,619	\$64,827	\$420,475	\$256,983	-58.71%	-74.77%
FL	S	\$3,538,218	\$1,321,134	\$3,116,963	\$1,061,995	13.51%	24.40%
GA	S	\$1,860,961	\$694,863	\$1,718,762	\$600,071	8.27%	15.80%
HI	S	\$291,692	\$108,915	\$420,475	\$256,983	-30.63%	-57.62%
IA	S	\$784,670	\$292,988	\$806,646	\$268,927	-2.72%	8.95%
ID	S	\$317,720	\$118,633	\$420,475	\$256,983	-24.44%	-53.84%
IL	S	\$2,857,709	\$1,067,039	\$2,703,092	\$920,510	5.72%	15.92%
IN	S	\$1,618,199	\$604,219	\$1,475,995	\$516,778	9.63%	16.92%
KS	S	\$680,360	\$254,039	\$617,182	\$256,983	10.24%	-1.15%
KY	S	\$1,133,957	\$423,408	\$1,250,972	\$409,878	-9.35%	3.30%
LA	S	\$1,324,321	\$494,488	\$1,423,598	\$472,435	-6.97%	4.67%
MA	S	\$1,429,781	\$533,865	\$1,341,702	\$448,634	6.56%	19.00%
MD	S	\$1,171,532	\$-37,438	\$976,916	\$340,314	19.92%	28.54%
ME	S	\$348,995	\$130,311	\$420,475	\$256,983	-17.00%	-49.29%
MI	S	\$2,489,407	\$929,519	\$2,475,657	\$853,469	0.56%	8.91%
MN	S	\$1,167,870	\$436,071	\$1,039,371	\$361,941	12.36%	20.48%
MO	S	\$1,434,446	\$535,607	\$1,342,585	\$467,953	6.84%	14.46%
MS	S	\$893,471	\$333,613	\$942,999	\$320,466	-5.25%	4.10%
MT	S	\$253,486	\$94,649	\$420,475	\$256,983	-39.71%	-63.17%
NC	S	\$1,965,933	\$734,059	\$1,830,536	\$642,100	7.40%	14.32%
ND	S	\$193,786	\$72,358	\$420,475	\$256,983	-53.91%	-71.84%
NE	S	\$453,395	\$169,293	\$425,955	\$256,983	6.44%	-34.12%
NH	S	\$291,160	\$108,716	\$420,475	\$256,983	-30.75%	-57.70%
NJ	S	\$1,700,316	\$634,880	\$1,540,860	\$514,828	10.35%	23.32%
NM	S	\$504,232	\$188,275	\$479,382	\$256,983	5.18%	-26.74%
NV	S	\$341,559	\$127,535	\$420,475	\$256,983	-18.77%	-50.37%
NY	S	\$4,348,029	\$1,623,509	\$4,325,273	\$1,400,881	0.53%	15.89%
OH	S	\$3,052,006	\$1,139,587	\$2,935,874	\$1,013,530	3.96%	12.44%
OK	S	\$981,934	\$366,644	\$923,719	\$309,330	6.30%	18.53%
OR	S	\$827,263	\$308,892	\$746,575	\$265,181	10.81%	-16.48%
PA	S	\$3,223,878	\$1,203,763	\$3,219,197	\$1,064,649	0.15%	13.07%
PR	S	\$2,273,759	\$848,998	\$2,468,561	\$833,381	-7.89%	1.87%
RI	S	\$268,994	\$100,440	\$420,475	\$256,983	-36.03%	-60.92%
SC	S	\$1,115,329	\$416,452	\$1,059,457	\$368,308	5.27%	13.07%
SD	S	\$212,941	\$79,510	\$420,475	\$256,983	-49.36%	-69.06%
TN	S	\$1,464,633	\$546,879	\$1,467,752	\$501,045	-0.21%	9.15%
TX	S	\$4,925,383	\$1,839,087	\$4,520,882	\$1,512,532	8.95%	21.59%
UT	S	\$583,365	\$217,822	\$548,942	\$256,983	6.27%	-15.24%
VA	S	\$1,613,767	\$602,564	\$1,429,585	\$502,535	12.88%	19.90%
VT	S	\$156,099	\$58,286	\$420,475	\$256,983	-62.88%	-77.32%
WA	S	\$1,336,507	\$499,038	\$1,147,367	\$388,246	16.48%	28.54%
WI	S	\$1,375,874	\$513,737	\$1,319,250	\$457,443	4.29%	12.31%
WV	S	\$602,258	\$224,877	\$809,383	\$278,339	-25.59%	-19.21%
WY	S	\$135,007	\$50,410	\$420,475	\$256,983	-67.89%	-80.38%
AS	T	\$40,939	\$15,286	\$220,750	\$137,485	-81.45%	-88.88%
GU	T	\$45,095	\$16,838	\$220,750	\$137,485	-79.57%	-87.75%
NR	T	\$20,739	\$7,744	\$220,750	\$137,485	-90.61%	-94.37%
PW	T	\$10,993	\$4,105	\$220,750	\$137,485	-95.02%	-97.01%
VI	T	\$37,883	\$14,145	\$220,750	\$137,485	-82.84%	-89.71%
ZI	T		\$0		\$137,485		-100.00%

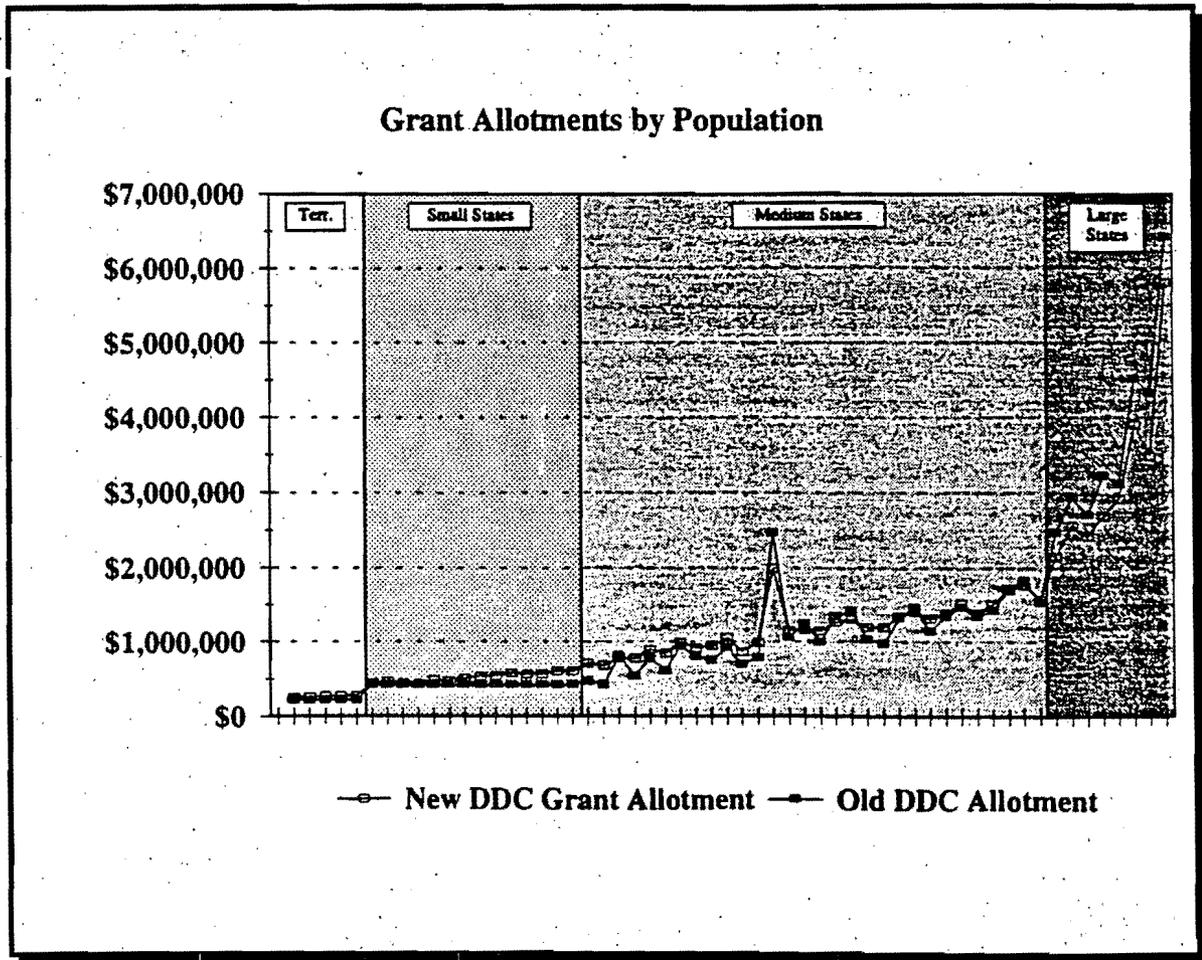
Exhibit A-5(2)

Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.50%	0.90%
Individual Outcome Measures		State Base Allotment	\$352,190	\$236,707
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.35%	0.55%
PwD Entering Employment	50%	Territory Base Allotment	\$246,533	\$144,655

Percent Loss or Gain in Allotments



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.50%	0.90%
Individual Outcome Measures		State Base Allotment	\$352,190	\$236,707
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.35%	0.55%
PwD Entering Employment	50%	Territory Base Allotment	\$246,533	\$144,655



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%		DDC Grant	P & A Grant
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.50%	0.90%
Individual Outcome Measures		State Base Allotment	\$352,190	\$236,707
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.35%	0.55%
PwD Entering Employment	50%	Territory Base Allotment	\$246,533	\$144,655

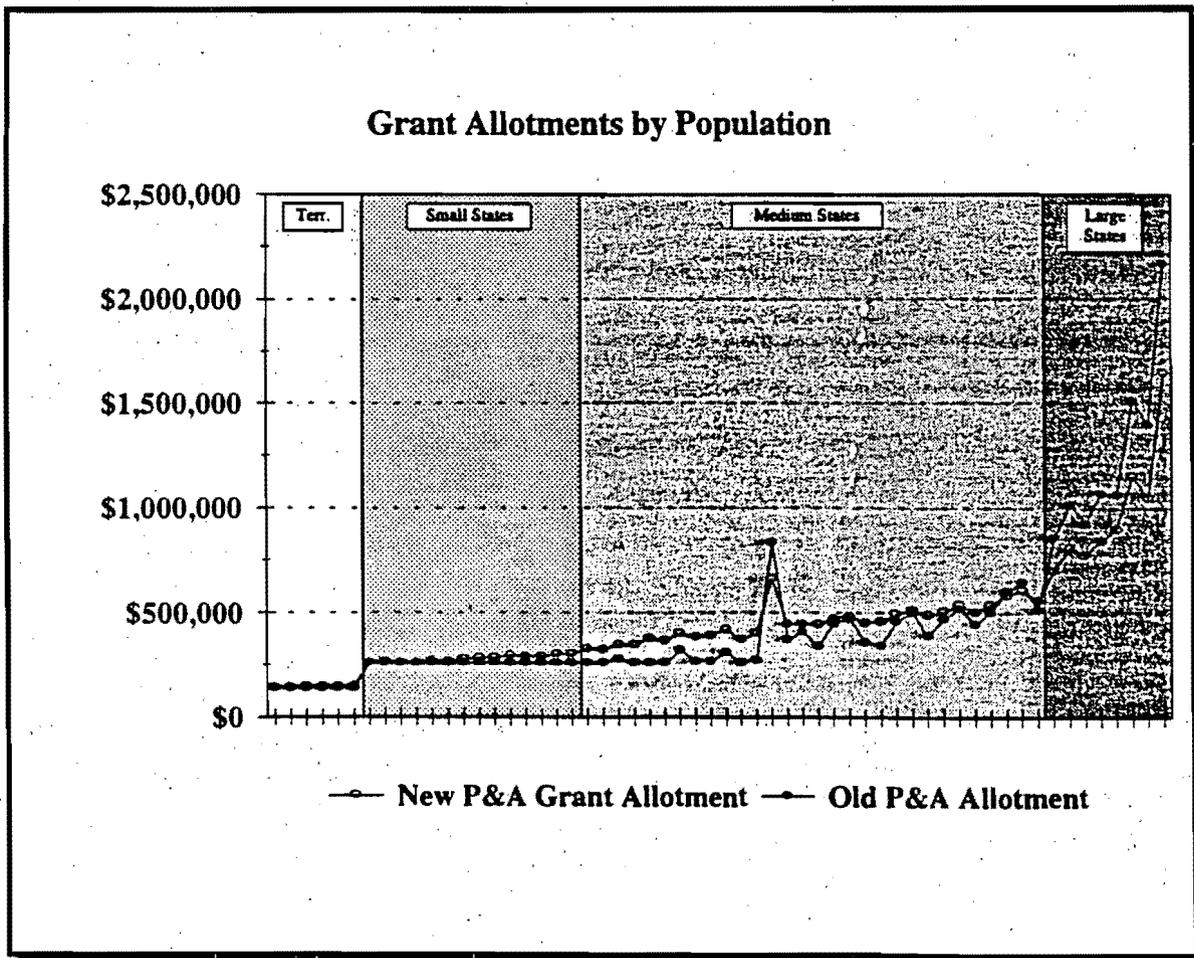


Exhibit A-5(5)

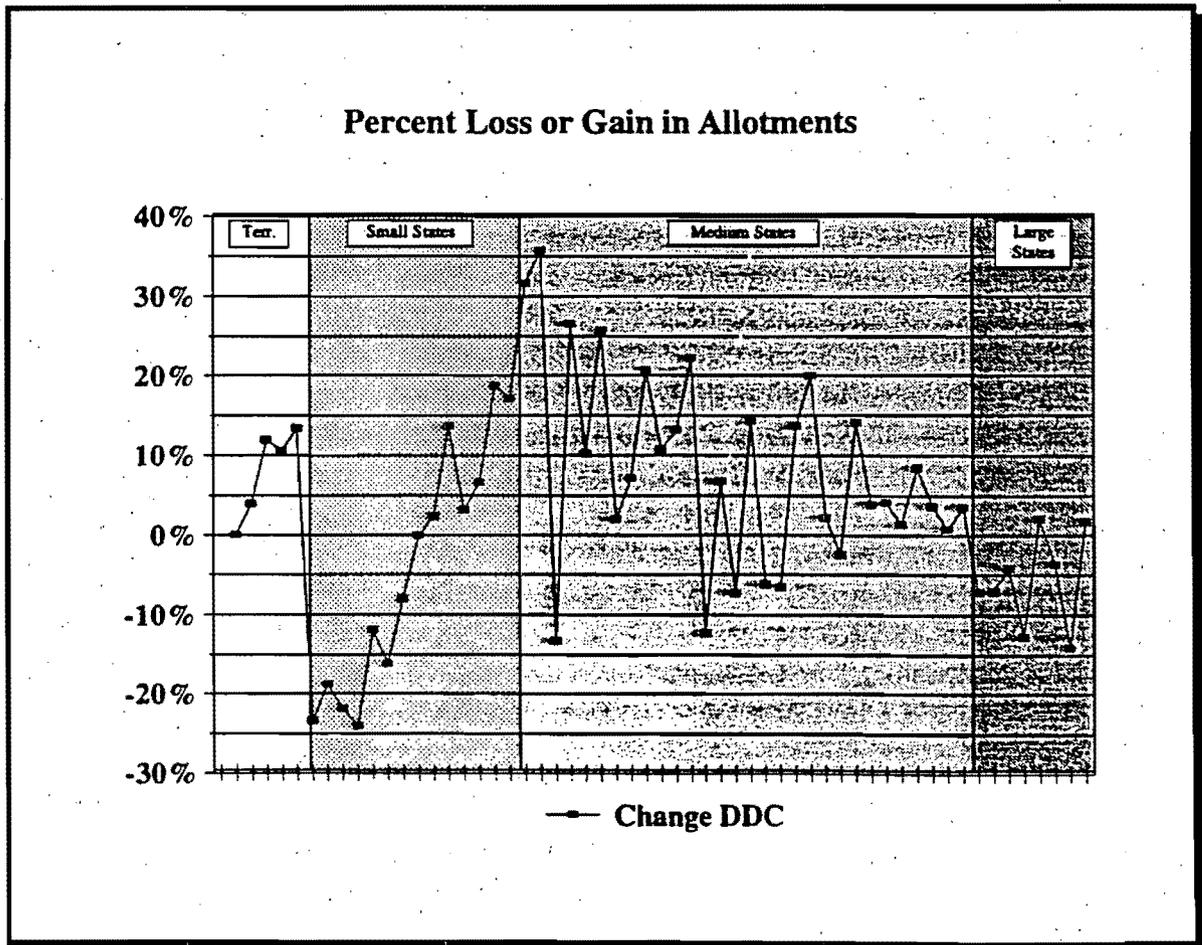
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	70%	DDC Grant	P & A Grant	
Population Factor Weight	25%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	5%	State Base (% Tot. Appr.)	0.50%	0.90%
Individual Outcome Measures		State Base Allotment	\$352,190	\$236,707
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.35%	0.55%
PwD Entering Employment	50%	Territory Base Allotment	\$246,533	\$144,655
States	52	National Per Capita Income (FY 95)	\$19,317	\$19,317
Territories	6			

State	S/T	New Formula		Old Formula		Pct. Difference (New - Old)	
		DDC Grant Allotment	P&A Grant Allotment	FY 95 DDC Allotment	FY 95 P&A Allotment	DDC Allotment	P&A Allotment
AK	S	\$455,211	\$263,275	\$420,475	\$256,983	8.26%	2.45%
AL	S	\$1,263,330	\$471,676	\$1,345,843	\$447,562	-6.13%	5.39%
AR	S	\$901,930	\$378,477	\$768,612	\$261,077	17.35%	-44.97%
AZ	S	\$1,151,712	\$442,892	\$998,958	\$339,216	15.29%	30.56%
CA	S	\$5,818,884	\$1,646,482	\$6,423,100	\$2,170,899	-9.41%	-24.16%
CO	S	\$998,312	\$403,332	\$783,442	\$274,638	27.43%	46.86%
CT	S	\$861,978	\$368,174	\$696,655	\$261,125	23.73%	41.00%
DC	S	\$444,039	\$260,394	\$420,475	\$256,983	5.60%	1.33%
DE	S	\$477,630	\$269,056	\$420,475	\$256,983	13.59%	4.70%
FL	S	\$2,908,552	\$895,953	\$3,116,963	\$1,061,995	-6.69%	-15.63%
GA	S	\$1,696,734	\$583,444	\$1,718,762	\$600,071	-1.28%	-2.77%
HI	S	\$562,937	\$291,056	\$420,475	\$256,983	33.88%	13.26%
IA	S	\$919,114	\$382,908	\$806,646	\$268,927	13.94%	42.38%
ID	S	\$581,743	\$295,905	\$420,475	\$256,983	38.35%	15.15%
IL	S	\$2,416,885	\$769,160	\$2,703,092	\$920,510	-10.59%	-16.44%
IN	S	\$1,521,339	\$538,213	\$1,475,995	\$516,778	3.07%	4.15%
KS	S	\$843,750	\$363,473	\$617,182	\$256,983	36.71%	41.44%
KY	S	\$1,171,474	\$447,988	\$1,250,972	\$409,878	-6.35%	9.30%
LA	S	\$1,309,012	\$483,457	\$1,423,598	\$472,435	-8.05%	2.33%
MA	S	\$1,385,207	\$503,106	\$1,341,702	\$448,634	3.24%	12.14%
MD	S	\$1,198,622	\$454,989	\$976,916	\$340,314	22.69%	33.70%
ME	S	\$604,339	\$301,733	\$420,475	\$256,983	43.73%	17.41%
MI	S	\$2,150,786	\$700,537	\$2,475,657	\$853,469	-13.12%	-17.92%
MN	S	\$1,195,976	\$454,307	\$1,039,371	\$361,941	15.07%	25.52%
MO	S	\$1,388,577	\$503,975	\$1,342,585	\$467,953	3.43%	7.70%
MS	S	\$997,723	\$403,180	\$942,999	\$320,466	5.80%	25.81%
MT	S	\$535,334	\$283,937	\$420,475	\$256,983	27.32%	10.49%
NC	S	\$1,772,577	\$603,003	\$1,830,536	\$642,100	-3.17%	-6.09%
ND	S	\$492,200	\$272,814	\$420,475	\$256,983	17.06%	6.16%
NE	S	\$679,768	\$321,185	\$425,955	\$256,983	59.59%	24.98%
NH	S	\$562,553	\$290,957	\$420,475	\$256,983	33.79%	13.22%
NJ	S	\$1,580,668	\$553,513	\$1,540,860	\$514,828	2.58%	7.51%
NM	S	\$716,497	\$330,657	\$479,382	\$256,983	49.46%	28.67%
NV	S	\$598,966	\$300,347	\$420,475	\$256,983	42.45%	16.87%
NY	S	\$3,493,641	\$1,046,838	\$4,325,273	\$1,400,881	-19.23%	-25.27%
OH	S	\$2,557,264	\$805,362	\$2,935,874	\$1,013,530	-12.90%	-20.54%
OK	S	\$1,061,637	\$419,663	\$923,719	\$309,330	14.93%	35.67%
OR	S	\$949,888	\$390,844	\$746,575	\$265,181	27.23%	47.39%
PA	S	\$2,681,442	\$837,385	\$3,219,197	\$1,064,649	-16.70%	-21.35%
PR	S	\$1,994,981	\$660,357	\$2,468,561	\$833,381	-19.18%	-20.76%
RI	S	\$546,538	\$286,827	\$420,475	\$256,983	29.98%	11.61%
SC	S	\$1,158,015	\$444,517	\$1,059,457	\$368,308	9.30%	20.69%
SD	S	\$506,040	\$276,383	\$420,475	\$256,983	20.35%	7.55%
TN	S	\$1,410,387	\$509,600	\$1,467,752	\$501,045	-3.91%	1.71%
TX	S	\$3,910,779	\$1,154,412	\$4,520,882	\$1,512,532	-13.50%	-23.68%
UT	S	\$773,671	\$345,401	\$548,942	\$256,983	40.94%	34.41%
VA	S	\$1,518,137	\$537,387	\$1,429,585	\$502,535	6.19%	6.94%
VT	S	\$464,971	\$265,792	\$420,475	\$256,983	10.58%	3.43%
WA	S	\$1,317,816	\$485,727	\$1,147,367	\$388,246	14.86%	25.11%
WI	S	\$1,346,259	\$493,062	\$1,319,250	\$457,443	2.05%	7.79%
WV	S	\$787,321	\$348,921	\$809,383	\$278,339	-2.73%	25.36%
WY	S	\$449,732	\$261,862	\$420,475	\$256,983	6.96%	1.90%
AS	T	\$276,111	\$152,282	\$220,750	\$137,485	25.08%	10.76%
GU	T	\$279,114	\$153,057	\$220,750	\$137,485	26.44%	11.33%
NR	T	\$261,517	\$148,519	\$220,750	\$137,485	18.47%	8.03%
PW	T	\$254,476	\$146,703	\$220,750	\$137,485	15.28%	6.70%
VI	T	\$273,903	\$151,713	\$220,750	\$137,485	24.08%	10.35%
ZI	T		\$144,655		\$137,485		5.21%

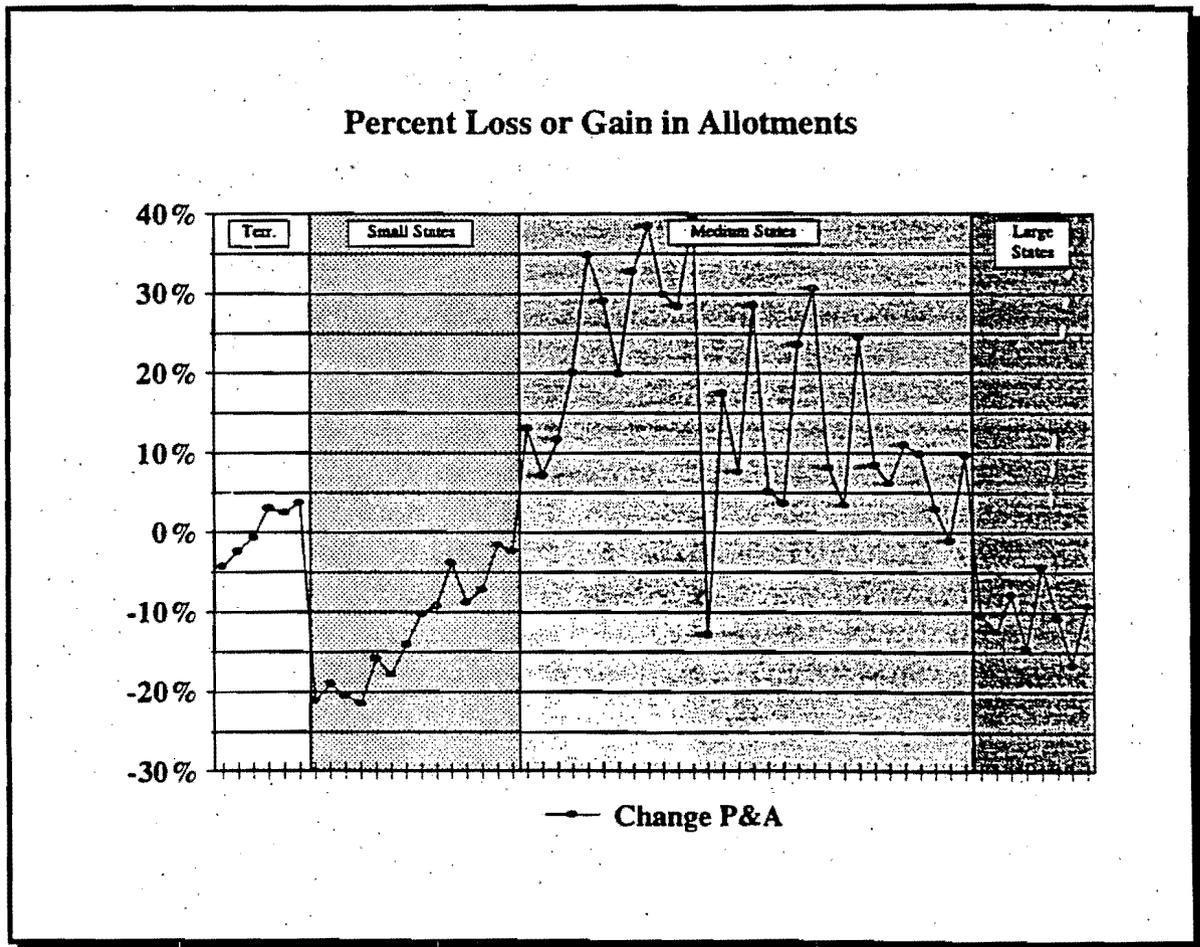
Exhibit A-6

Simulation 5: Elimination of the Outcomes Factor

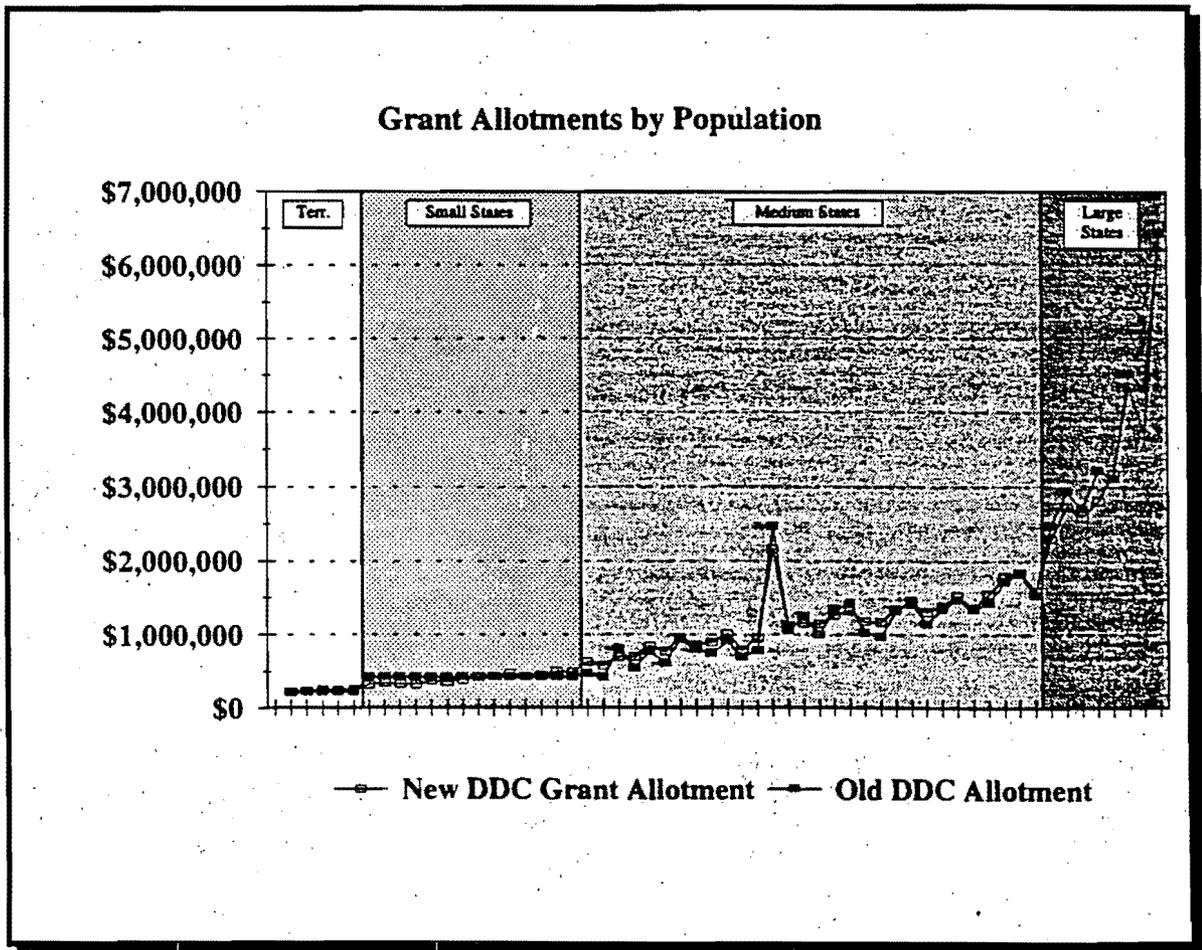
Formula Parameters		Formula Factors		
PCI/Population Factor Weight	74%		DDC Grant	P & A Grant
Population Factor Weight	26%			
Outcome Measures Weight	0%			
Individual Outcome Measures		Total Appropriations	\$70,438,000	\$26,300,820
PwDD in School	50%	State Base (% Tot. Appr.)	0.30%	0.65%
PwD Entering Employment	50%	State Base Allotment	\$211,314	\$170,955
		Territory Base (% Tot. Appr.)	0.30%	0.50%
		Territory Base Allotment	\$211,314	\$131,504



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	74%		DDC Grant	P & A Grant
Population Factor Weight	26%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	0%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	74%		DDC Grant	P & A Grant
Population Factor Weight	26%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	0%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504



Formula Parameters		Formula Factors		
PCI/Population Factor Weight	74%		DDC Grant	P & A Grant
Population Factor Weight	26%	Total Appropriations	\$70,438,000	\$26,300,820
Outcome Measures Weight	0%	State Base (% Tot. Appr.)	0.30%	0.65%
Individual Outcome Measures		State Base Allotment	\$211,314	\$170,955
PwDD in School	50%	Territory Base (% Tot. Appr.)	0.30%	0.50%
PwD Entering Employment	50%	Territory Base Allotment	\$211,314	\$131,504

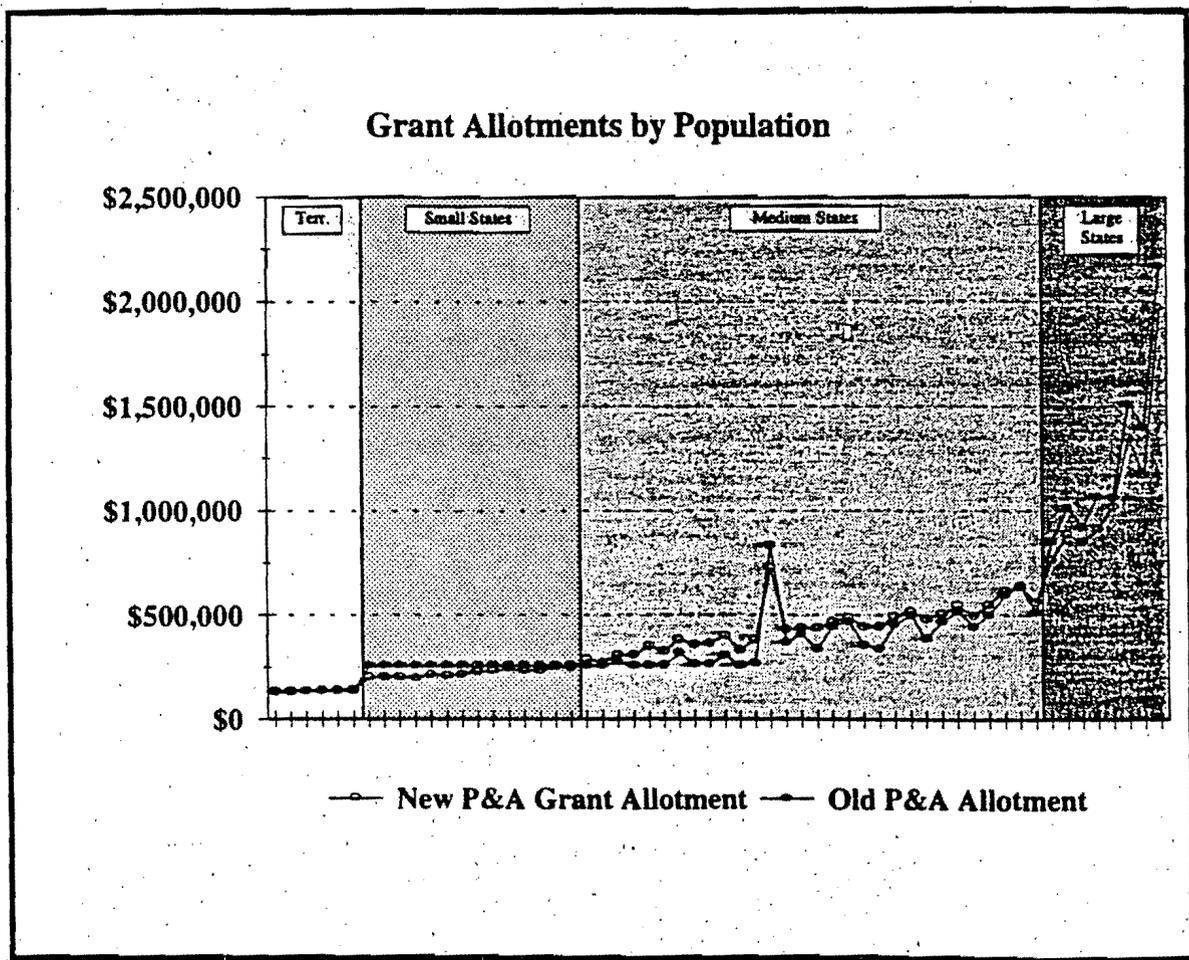


Exhibit A-6(5)

Formula Parameters		Formula Factors		
PCI/Population Factor Weight	74%	Total Appropriations	DDC Grant	P & A Grant
Population Factor Weight	26%	State Base (% Tot. Appr.)	\$70,438,000	\$26,300,820
Outcome Measures Weight	0%	State Base Allotment	\$211,314	\$170,955
Individual Outcome Measures		Territory Base (% Tot. Appr.)	0.30%	0.50%
PwDD in School	50%	Territory Base Allotment	\$211,314	\$131,504
PwD Entering Employment	50%	National Per Capita Income (FY 95)	\$19,317	\$19,317

States 52
Territories 6

State	S/T	New Formula		Old Formula		Pct. Difference (New -Old)	
		DDC Grant Allotment	P&A Grant Allotment	FY 95 DDC Allotment	FY 95 P&A Allotment	DDC Allotment	P&A Allotment
AK	S	\$328,714	\$204,374	\$420,475	\$256,983	-21.82%	-20.47%
AL	S	\$1,262,869	\$470,290	\$1,345,843	\$447,562	-6.17%	5.08%
AR	S	\$846,973	\$351,901	\$768,612	\$261,077	10.20%	34.79%
AZ	S	\$1,142,500	\$436,026	\$998,958	\$339,216	14.37%	28.54%
CA	S	\$6,534,828	\$1,971,000	\$6,423,100	\$2,170,899	1.74%	-9.21%
CO	S	\$957,342	\$383,319	\$783,442	\$274,638	22.20%	39.57%
CT	S	\$788,476	\$335,250	\$696,655	\$261,125	13.18%	28.39%
DC	S	\$319,440	\$201,734	\$420,475	\$256,983	-24.03%	-21.50%
DE	S	\$352,396	\$211,116	\$420,475	\$256,983	-16.19%	-17.85%
FL	S	\$3,180,371	\$1,016,124	\$3,116,963	\$1,061,995	2.03%	-4.32%
GA	S	\$1,780,293	\$617,579	\$1,718,762	\$600,071	3.58%	2.92%
HI	S	\$448,078	\$238,352	\$420,475	\$256,983	6.56%	-7.25%
IA	S	\$864,200	\$356,805	\$806,646	\$268,927	7.13%	32.68%
ID	S	\$477,967	\$246,861	\$420,475	\$256,983	13.67%	-3.94%
IL	S	\$2,590,486	\$848,208	\$2,703,092	\$920,510	-4.17%	-7.85%
IN	S	\$1,536,464	\$548,171	\$1,475,995	\$516,778	4.10%	6.07%
KS	S	\$775,294	\$331,497	\$617,182	\$256,983	25.62%	29.00%
KY	S	\$1,159,219	\$440,785	\$1,250,972	\$409,878	-7.33%	7.54%
LA	S	\$1,330,170	\$489,448	\$1,423,598	\$472,435	-6.56%	3.60%
MA	S	\$1,359,736	\$497,864	\$1,341,702	\$448,634	1.34%	10.97%
MD	S	\$1,171,833	\$444,376	\$976,916	\$340,314	19.95%	30.58%
ME	S	\$499,313	\$252,937	\$420,475	\$256,983	18.75%	-1.57%
MI	S	\$2,297,232	\$764,731	\$2,475,657	\$853,469	-7.21%	-10.40%
MN	S	\$1,181,819	\$447,218	\$1,039,371	\$361,941	13.71%	23.56%
MO	S	\$1,393,646	\$507,517	\$1,342,585	\$467,953	3.80%	8.45%
MS	S	\$961,363	\$384,463	\$942,999	\$320,466	1.95%	19.97%
MT	S	\$420,220	\$230,422	\$420,475	\$256,983	-0.06%	-10.34%
NC	S	\$1,844,244	\$635,783	\$1,830,536	\$642,100	0.75%	-0.98%
ND	S	\$370,489	\$216,266	\$420,475	\$256,983	-11.89%	-15.84%
NE	S	\$578,132	\$275,373	\$425,955	\$256,983	35.73%	7.16%
NH	S	\$433,493	\$234,200	\$420,475	\$256,983	3.10%	-8.87%
NJ	S	\$1,594,026	\$564,557	\$1,540,860	\$514,828	3.45%	9.66%
NM	S	\$631,033	\$290,432	\$479,382	\$256,983	31.63%	13.02%
NV	S	\$492,462	\$250,987	\$420,475	\$256,983	17.12%	-2.33%
NY	S	\$3,714,954	\$1,168,298	\$4,325,273	\$1,400,881	-14.11%	-16.60%
OH	S	\$2,728,449	\$887,480	\$2,935,874	\$1,013,530	-7.07%	-12.44%
OK	S	\$1,022,472	\$401,859	\$923,719	\$309,330	10.69%	29.91%
OR	S	\$901,058	\$367,297	\$746,575	\$265,181	20.69%	38.51%
PA	S	\$2,809,789	\$910,635	\$3,219,197	\$1,064,649	-12.72%	-14.47%
PR	S	\$2,164,893	\$727,059	\$2,468,561	\$833,381	-12.30%	-12.76%
RJ	S	\$430,062	\$233,224	\$420,475	\$256,983	2.28%	-9.25%
SC	S	\$1,130,657	\$432,654	\$1,059,457	\$368,308	6.72%	17.47%
SD	S	\$386,663	\$220,870	\$420,475	\$256,983	-8.04%	-14.05%
TN	S	\$1,430,867	\$518,112	\$1,467,752	\$501,045	-2.51%	3.41%
TX	S	\$4,355,077	\$1,350,514	\$4,520,882	\$1,512,532	-3.67%	-10.71%
UT	S	\$694,567	\$308,517	\$548,942	\$256,983	26.53%	20.05%
VA	S	\$1,549,303	\$551,826	\$1,429,585	\$502,535	8.37%	9.81%
VT	S	\$341,295	\$207,956	\$420,475	\$256,983	-18.83%	-19.08%
WA	S	\$1,309,446	\$483,548	\$1,147,367	\$388,246	14.13%	24.55%
WI	S	\$1,348,168	\$494,571	\$1,319,250	\$457,443	2.19%	8.12%
WV	S	\$701,690	\$310,545	\$809,383	\$278,339	-13.31%	11.57%
WY	S	\$322,024	\$202,470	\$420,475	\$256,983	-23.41%	-21.21%
AS	T	\$246,966	\$141,653	\$220,750	\$137,485	11.88%	3.03%
GU	T	\$250,301	\$142,602	\$220,750	\$137,485	13.39%	3.72%
NR	T	\$229,308	\$136,626	\$220,750	\$137,485	3.88%	-0.62%
PW	T	\$220,821	\$134,210	\$220,750	\$137,485	0.03%	-2.38%
VI	T	\$244,048	\$140,822	\$220,750	\$137,485	10.55%	2.43%
ZI	T		\$131,504		\$137,485		-4.35%

Population and Per Capita Income

Population & Per Capita Income

