

**DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF VOCATIONAL REHABILITATION
PROGRAM GUIDELINES**

NUMBER: 25-200.xx

SUBJECT: Financial Needs Test

**STATE BOARD
APPROVAL DATE:**

This will be the date of State Board approval

ADDRESSEES:

OVR Staff
OVR Legal Counsel
Pennsylvania State Board of Vocational Rehabilitation
Pennsylvania State Rehabilitation Council
Client Assistance Program
Statewide Independent Living Council
Advisory Committee for the Blind

EFFECTIVE DATE:

This will be the date of State Board approval

IMPORTANT CHANGES:

Expanded Background section; updated CAP information.
Clarification that all VR customers must complete OVR-105, including those who receive SSI/SSDI (still resulting in \$0 contribution).
Added requirement that for customers who receive SSI/SSDI, SSA award letter or BPQY must be uploaded to case file.
Expanded upon and clarified services that are exempt and subject to the FNT.
Outlined the authority that the Executive Director holds to implement changes to the FNT.
Added Appendixes A (Definitions) and B (Qualifying Dependents).

RESULTING ACTION:

Archive Numbered Memo 20-200.04, dated December 1, 2020

**AUTHORING
AUTHORITY:**

The Rehabilitation Act of 1973, as amended; 34 CFR, §361.5, 361.24, 361.37, 361.42, 361.45, 361.52, 361.54; Vocational Rehabilitation Act of 1988, 43 P.S. §682.10; Titles II & XVI of the Social Security Act

INQUIRIES:

Director, Bureau of Central Operations
717-787-5244

Copies of this numbered memorandum are available upon request.

All materials provided, produced and published by OVR will be made available in the appropriate alternative format when necessary and/or upon request.

I. BACKGROUND

A. Authoring Authority & Regulations

- According to 34 CFR §361.54, a federal regulation adopted under the Rehabilitation Act of 1973, as amended by the Workforce Innovation & Opportunity Act (WIOA), there is no federal requirement that the financial need of individuals be considered in the provision of vocational rehabilitation (VR) services, and the decision to consider financial need may be made by the State unit.
- In 1988, the Commonwealth of Pennsylvania (PA) adopted the Vocational Rehabilitation Act, 43 P.S. § 682.1 *et seq.*, and specifically addressed the issue of financial assistance for the provision of VR services. Section 682.10 of PA's law states that except for specifically excluded VR services in that section, VR services identified under Federal law would only be provided at public cost to individuals with disabilities found to require financial assistance.
- In July 1999, the State Board of Vocational Rehabilitation approved a policy to establish a uniform Financial Needs Test (FNT) for Office of Vocational Rehabilitation (OVR) customers. This policy remained in effect with minor changes until 2021, at which time, following reviews by a workgroup of OVR staff and stakeholders, the OVR Executive Team, the Pennsylvania Rehabilitation Council (PaRC), OVR legal counsel, and the Pennsylvania State Board of Vocational Rehabilitation, OVR adopted a revised FNT policy. This policy is in accordance with WIOA mandates and enables OVR to treat its customers equitably while supporting their efforts toward securing employment.

B. How OVR's Financial Needs Test Is Designed

1. Federal Poverty Guidelines are published in January of each year by the federal Department of Health and Human Services. The "Income Allowance" used in determining a customer's FNT contribution is based upon these guidelines and shall be updated on an annual basis.

- a. [Federal Poverty Guidelines](#)

II. CLIENT ASSISTANCE PROGRAM (CAP)

- A. Section 20 of the Act outlines that OVR shall advise individuals who are applicants for or recipients of the services, or the applicants' representatives or individuals' representatives, of the availability and purposes of the Client Assistance Program (CAP) under section 112, including information on the means of seeking assistance under such program.

III. POLICY

- A. Prior to the first cost service, and additionally on an annual basis and/or when a customer's financial situation changes, the Vocational Rehabilitation Counselor (VRC) must determine the customer's required financial participation in the cost of their rehabilitation program if they will receive services subject to the OVR-105, **Financial Needs Test** form.

- B.** Supplemental Security Income (SSI) recipients and Social Security Disability Insurance (SSDI) beneficiaries who are receiving benefits based on their own disabilities, or those receiving Social Security Retirement Benefits under Title II or XVI of the Social Security Act, even if those individuals have additional types of income, are not required to contribute financially toward the receipt of VR services. Please refer to the Rehabilitation Services Administration (RSA) [Technical Assistance Circular](#) on FNTs for SSI and SSDI recipients.

If a customer receives SSI or SSDI (based on their own disabilities) or Social Security Retirement Benefits documentation of those benefits must be uploaded to their case file in CWDS. The following are acceptable forms of benefit documentation:

1. Social Security Benefit Verification letter. Refer to the **How to Create a my Social Security account** and **Get Your Benefit Verification Online with my Social Security** documents for further instruction on obtaining the benefit verification letter.
2. Benefits Planning Query (BPQY). Refer to the **Benefits Planning Query Guidance Document** for further instruction on obtaining the BPQY.

- C. **ALL**** VR customers must complete and sign the OVR-105. Customers who receive Social Security benefits are exempt from the FNT financial contribution, but still must complete and sign the OVR-105.

1. ****NOTE**:** Any Social Security income must be included on the OVR-105, even though it results in a zero contribution at the end of the form.

- D.** The following services ****ARE NOT**** subject to the FNT for all customers:

1. Assessment for determining eligibility and priority for services by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with §361.42.
2. Assessment for determining VR needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology, in accordance with §361.45.
3. VR counseling and guidance, including information and support services to assist an individual in exercising informed choice in accordance with §361.52.
4. Referral and other services necessary to assist applicants and eligible individuals to secure needed services from other agencies, including other components of the statewide workforce development system, in accordance with §§ 361.24, and 361.37, and to advise those individuals about CAP established under 34 CFR part 370.
5. Interpreter services, including sign language and oral interpreter services, for individuals who are deaf, hard of hearing, or whose primary communication is American Sign Language (ASL), and tactile interpreting services for individuals who are deaf-blind, provided by qualified personnel.
6. Auxiliary Aids and services in order to participate in the VR program.

7. Reader services, rehabilitation teaching services, and orientation and mobility services for individuals who are blind.
8. Job-related services, including job search and placement assistance (including supported employment), job retention services, follow-up services, and follow-along services through provider agencies or OVR staff, in accordance with §361.48(b)(12).
9. Personal assistance services in accordance with the definition of that term in §361.5(c)(39).
10. Pre-Employment Transition Services (Pre-ETS).
11. The cost of services associated with evaluation, education and support programs at the Hiram G, Andrews Center (HGAC).

- E.** The following services ****ARE**** subject to the FNT, and will require the completion of an OVR-105 prior to the provision of services:
1. Home and worksite modifications;
 2. Vehicle modifications and driver training;
 3. Farm modifications;
 4. Hearing aids;
 5. Small Business Enterprise;
 6. Physical & Mental Restoration Services, to the extent that financial support is not readily available from a source other than OVR (such as through health insurance or a comparable service or benefit as defined in §361.5(c)(10));
 7. Assistive technology service(s) and device(s);
 8. Placement tools, equipment, and personal incidentals needed for entry into employment;
 9. Transportation in order to participate in the VR program;
 10. Dual enrollment classes for high school students;
 11. Training or credential programs that do not meet federal student aid eligibility requirements from the U.S. Department of Education or require the completion of a FAFSA and/or determination of the Student Aid Index (SAI); and
 12. Other services not otherwise classified as exempt from the FNT.
- F.** If a family has more than one customer claimed as a dependent receiving OVR services at the same time, financial contribution will be allocated across the family. This must be documented in a CPN within each of the customers' cases.
- G.** Financial aid for College/University training is calculated using the **16-200.01 College and Other Post-Secondary Training** formulas, which includes the Student Aid Index (SAI). The FNT may be needed to determine the customer's financial contribution toward other services on the IPE.

H. While taking into account the views all of all relevant entities as outlined in 34 CFR 361.21, the OVR Executive Director shall have the authority to implement the following changes to the Financial Needs Test based on needs of the agency and availability of funding. Any changes will be communicated to OVR customers and staff in writing at least 30 days prior to implementation:

1. Increases or decreases in the Financial Needs Test "Income Allowance"
2. Increases or decreases to the poverty rate multiplier
3. Increases or decreases in the rate of "Exceptional Expenses"
4. Changes in the Customer Contribution rate

IV. PROCEDURES

A. FNT Implementation Guidelines

1. The OVR-105 must be administered prior to the first cost service.
2. The VRC shall complete the OVR-105 with the customer, or if the customer is claimed as a dependent for federal income tax purposes, the spouse, parent, or guardian responsible for the customer. The VRC must review the OVR-105 in its entirety before the customer and/or responsible party signs it.
3. The VRC must review income records to determine the customer's adjusted gross annual income. The VRC must document on the OVR-105 the information that was viewed and when it was viewed.
 - a) If a customer is married, their spouse's income is included when calculating adjusted gross annual income.
4. If the customer is claimed as a dependent for federal income tax purposes, the responsible party's adjusted gross annual income will be used to complete the OVR-105.
 - a) A spouse cannot be claimed as a dependent if filing jointly. Please refer to Appendix B for rules on qualifying dependents.
5. If a parent or guardian is responsible for the customer but does not claim them as a dependent for federal income tax purposes, the customer's income will be used to complete the OVR-105.
6. In addition to the OVR-105 income allowance, any exceptional, disability-related expenses, as well as the standard IRS allowance for dependents (if applicable) will be deducted. Following these deductions, the customer is expected to contribute a percentage (currently ten percent) of their net FNT income toward the cost of any services that are subject to the FNT.
7. The OVR-105 will be valid for a twelve-month period. It must be updated annually, unless a change in the customer or responsible party's financial situation, such as job loss or an increase in exceptional expenses, warrants an FNT update prior to the end of the twelve-month period.

8. If a case is reopened within 12 months of the most recent OVR-105, the customer shall not incur a second financial contribution until the end of the original twelve-month period.
9. A copy of the completed OVR-105 must be provided to the customer and applicable family members after all parties have signed.
10. OVR staff may refer to **25-400.xx Completing the Financial Needs Test in CWDS 2.0 Guidance Document** for a step-by-step guide on entering the OVR-105 in the Commonwealth Workforce Development System (CWDS).

B. Income Documentation

1. With the exception of FARM cases, acceptable forms of income and benefit documentation may include, but are not limited to, at least one of the following:
 - a) Two most recent pay stubs from within the past 12 months.
 - 1) If the customer is married, the VRC must also review the spouse's two most recent paystubs. If customer is claimed as a dependent by two individuals (e.g. parents or guardians), the VRC must review both individuals' two most recent pay stubs.
 - b) Most recent Federal Income Tax Return (Form 1040 or 1040-SR), including line 11 (Adjusted Gross Income)
 - c) Most recent State Income Tax Return (Form PA-40), including line 11 (Adjusted PA Taxable Income)
 - d) Benefits statement or/and award letter (such as: SSA award letter, BPQY, TANF, VA Disability, and SSA Retirement)
2. FARM cases require the most recent State Income Tax Return (Form PA-40), including line 11 (Adjusted PA Taxable Income).
3. Any funds deposited into an ABLE account or qualified withdrawals from an ABLE account are not to be considered for the purpose of a customer's annual income.
4. The income of any family member who receives SSI, SSDI, Social Security Retirement Benefits, or other disability or retirement related benefits will not be counted for the purposes of calculating the FNT, even if that family member has additional types of income.
5. If customer is not claimed as a dependent and has no income, enter "0" in the Annual Income section on the OVR-105 and document that the customer has no source of income.

C. Exceptional Expenses

1. Current expenses directly related to the customer's disability or the disability of another family member dependent on the FNT income, which are not covered by other sources and are non-reimbursable, shall be deducted from the FNT Adjusted Gross Annual Income. These expenses include, but are not limited to, medical/hospital bills, medical supplies/equipment, prescribed medication, therapy, adaptive equipment (including equipment maintenance and supplies),

attendant care, extraordinary transportation costs, driver, reader or interpreter services, and disability-related home modifications.

2. These expenses, if documented and approved by the VRC, will be deducted from the Adjusted Gross Annual Income in an amount equivalent to anticipated costs during the ensuing 12-month period, including annualization of the monthly installment payments (e.g., loans for disability-related home modifications).

D. Comparable Benefits

1. A service or benefit a customer needs, which they are eligible to obtain from a source other than OVR. OVR staff must determine whether comparable services and benefits exist under any other program and whether those services and benefits are available to the customer unless such a determination would interrupt or delay:
 - a) the progress of the individual toward achieving the employment outcome identified in the IPE;
 - b) an immediate job placement; or
 - c) the provision of VR services to any individual who is determined to be at extreme medical risk.
2. The following VR services are exempt from a determination of the availability of comparable services and benefits:
 - a) assessment for determining eligibility and vocational rehabilitation needs.
 - b) counseling and guidance, including information and support services to assist an individual in exercising informed choice
 - c) referral and other services to secure needed services from other agencies, including other components of the statewide workforce development system, if those services are not available under this part.
 - d) job-related services, including job search and placement assistance, job retention services, follow-up services, and follow-along services.
 - e) rehabilitation technology, including hearing aids, telecommunications, sensory, and other technological aids and devices; and
 - f) post-employment services.

E. FNT Waivers

1. A waiver may be requested by the VRC and approved by a DA if a customer or those claiming the customer as a dependent document a current financial hardship. The FNT waiver form in CWDS must be completed by the VRC and sent to the DA to review.
2. A financial hardship refers to a change in the customer’s current financial circumstances that:
 - a) are beyond their control, or the control of those claiming the customer as a dependent;

- b) negatively impacts the customer's ability or the ability of those claiming them as a dependent to provide for basic needs, including but not limited to, food, clothing, shelter, personal care products and services, medical treatment, and transportation, and;
 - c) is the result of a hardship(s) that includes, but is not limited to, the loss of a job, loss of healthcare benefits, significant cut in hours or pay, divorce or death of a spouse, medical illness or injury, loss of housing, and divorce or death of a family member, or;
 - d) is not otherwise encompassed in the criteria above but presents financial barriers to receiving OVR services.
3. Justification for a waiver request must be documented via the FNT waiver form in CWDS. The completed waiver form must include sufficient information to demonstrate the need for the waiver, the date of the approval/denial, the approving authority, and if denied – the justification for the denial.
4. In addition, the OVR-110, **Financial Hardship Worksheet** may be used to assist in the process of documenting financial hardship. Use of this form is optional but may be used by the VRC as a tool to help collect needed information.

V. ATTACHMENTS

- A. OVR-105, Financial Needs Test**
- B. How to Create a my Social Security account**
- C. Get your Benefit Verification Online with my Social Security**
- D. 25-400.xx, Benefits Planning Query Guidance Document**
- E. 25-400.xx Completing the Financial Needs Test in CWDS 2.0 Guidance Document**
- F. OVR-110, Financial Hardship Worksheet**

VI. APPENDIX A - DEFINITIONS

- A. Adjusted Gross Annual Income** - total income from all sources minus certain adjustments such as educator expenses, student loan interest, alimony payments and retirement contributions.
- B. Auxiliary Aids** - Services or devices that enable persons with impaired sensory, manual, or speaking skills to have an equal opportunity to participate in, and enjoy the benefits of, programs or activities conducted by the agency. It does not include medically prescribed devices (including hearing aids), home modifications, vehicle modifications, or farm modifications.
- C. Assistive Technology Device** - Any piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of individuals with disabilities to prepare for, obtain, maintain, advance in or regain employment. It does not include medically prescribed devices (including hearing aids), home modifications, vehicle modifications, or farm modifications.
- D. Assistive Technology Service** - Any service that directly assists an individual with a disability in selection, acquisition, training, or use of an assistive technology device.
- E. Cost service** - any services and/or devices that are listed on an individual's Individualized Plan for Employment (IPE) ****and**** subject to the Financial Needs Test.
- F. Dependent** - Refer to **Appendix B** for definition.
- G. Physical and Mental Restoration**
1. Corrective surgery or therapeutic treatment that is likely, within a reasonable period of time, to correct or modify substantially a stable or slowly progressive physical or mental impairment that constitutes a substantial impediment to employment;
 2. Diagnosis of and treatment for mental or emotional disorders by qualified personnel in accordance with State licensure laws;
 3. Dentistry;
 4. Nursing services;
 5. Necessary hospitalization (either inpatient or outpatient care) in connection with surgery or treatment and clinic services;
 6. Drugs and supplies;
 7. Prosthetic and orthotic devices;
 8. Eyeglasses and visual services, including visual training, and the examination and services necessary for the prescription and provision of eyeglasses, contact lenses, microscopic lenses, telescopic lenses, and other special visual aids prescribed by personnel who are qualified in accordance with State licensure laws;

9. Podiatry;
10. Physical therapy;
11. Occupational therapy;
12. Speech or hearing therapy;
13. Mental health services;
14. Treatment of either acute or chronic medical complications and emergencies that are associated with or arise out of the provision of physical and mental restoration services, or that are inherent in the condition under treatment;
15. Special services for the treatment of individuals with end-stage renal disease, including transplantation, dialysis, artificial kidneys, and supplies; and
16. Other medical or medically related rehabilitation services.
17. Authority: Sections 12(c) and 103(a)(6) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(6).5.

H. Personal Assistance Services (§361.5(38)) - A range of services, including, among other things, training in managing, supervising, and directing personal assistance services, provided by one or more persons, that are:

1. Designed to assist an individual with a disability to perform daily living activities on or off the job that the individual would typically perform without assistance if the individual did not have a disability;
2. Designed to increase the individual's control in life and ability to perform everyday activities on or off the job;
3. Necessary to the achievement of an employment outcome; and
4. Provided only while the individual is receiving other vocational rehabilitation services. The services may include training in managing, supervising, and directing personal assistance services.

I. Pre-Employment Transition Services (Pre-ETS) - These services are designed to be an early start at job exploration for students with disabilities necessary for movement from school to post-school activities that will maximize their potential to enter competitive integrated employment. They are intended to help students with disabilities learn about themselves, practice work skills, explore training options, and choose jobs.

J. Rehabilitation Technology - The systematic application of technologies, engineering methodologies, or scientific principles to meet the needs of, and address the barriers confronted by, individuals with disabilities. Examples include rehabilitation engineering services, assistive technology evaluation, adaptive driving equipment, wheelchair equipment and accessories, cochlear implant and equipment, computer access technology, hearing aids, and assistive technology devices.

K. Student with a Disability - An individual with a disability in a secondary, post-secondary, or other recognized education program who is not younger than 14

years of age or older than 21 years of age, and is eligible for and receiving special education services, or who is a student with a disability for the purposes of Section 504 (34 CFR 361.5(c)(51)).

- L. Youth with a Disability** - An individual with a disability who is not younger than 14 years of age or older than 24 years of age (34 CFR 361.5(c)(58)).

VII. APPENDIX B - QUALIFYING DEPENDENTS

The following IRS table provides an overview of qualifying dependents:

IRS Table 5. Overview of the Rules for Claiming a Dependent

- You cannot claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You cannot claim a married person who files a joint return as a dependent unless that joint return is filed only to claim a refund of withheld income tax or estimated tax paid.
- You cannot claim a person as a dependent unless that person is a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico.
- You cannot claim a person as a dependent unless that person is your ****qualifying child**** or ****qualifying relative****.

Tests to be a Qualifying Child

- The child must be your son, daughter, stepchild, foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of any of them.
- The child must be (a) under age 19 at the end of the year and younger than you (or your spouse if filing jointly), (b) under age 24 at the end of the year, a student, and younger than you (or your spouse if filing jointly), or (c) any age if permanently and totally disabled.
- The child must have lived with you for more than half of the year.
- The child must not have provided more than half of their own support for the year.
- The child must not be filing a joint return for the year (unless that joint return is filed only to claim a refund of withheld income tax or estimated tax paid).

Tests to Be a Qualifying Relative

- The person can't be your qualifying child or the qualifying child of any other taxpayer.
- The person either (a) must be related to you in one of the ways listed under ****Relatives who don't have to live with you****, or (b) must live with you all year as a member of your household (and your relationship must not violate local law).
- The person's gross income for the year must be less than \$4,300.
- You must provide more than half of the person's total support for the year.

IRS Dependent information can be found at: [Overview of the Rules for Claiming a Dependent](#)