

AMENDED IN ASSEMBLY JUNE 20, 2005

AMENDED IN SENATE APRIL 21, 2005

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 418

Introduced by Senator Escutia
(Coauthor: Senator Alquist)

February 17, 2005

An act to amend Sections 19460, 19461, 19462 and 19469, 19469 and 19470 of, to add Section 19471 to, and to repeal Chapter 10 (commencing with Section 19850) of Part 2 of Division 10 of, the Welfare and Institutions Code, relating to rehabilitation services, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 418, as amended, Escutia. Rehabilitation loans.

Existing law creates the Rehabilitation Revolving Loan Guarantee Fund, administered by the Department of Rehabilitation, which is appropriated without regard to fiscal years for the purpose of guaranteeing loans to persons for the purchase of vans, automobiles, and other special equipment to facilitate transportation of the physically handicapped and to assist private employers and employees and other persons with disabilities to purchase adaptive aids and assistive devices.

Under existing law, one of the categories of persons eligible to receive loans under this fund is persons with disabilities who require a modified vehicle for mobility and who are ineligible for vocational rehabilitation services or who are eligible for vocational rehabilitation services but have been placed on the department's order of selection

waiting list, subject to the requirement that the person be employed and require a vehicle to maintain that employment.

This bill would delete these vocational rehabilitation and employment requirements for eligibility under the fund. By eliminating these conditions of eligibility, and thus expanding the eligibility for persons who may receive loans under this continuously appropriated fund, the bill would make an appropriation.

Existing law establishes a supported employment loan guarantee program to assist employers and employees with disabilities to purchase durable equipment, adaptive aids, and assistive devices in order to engage in supported employment. Existing law also creates within the Rehabilitation Revolving Loan Guarantee Fund a Supported Employment Revolving Loan Guarantee Account from which the department makes these loan guarantees.

This bill would eliminate this account and instead would make loans available directly from the fund to parents of a child with, or persons with, a disability who require an assistive technology device, as defined, that is necessary for independent living. *The bill would require that loans made pursuant to these provisions provide for a security interest to the lending institution in the equipment, aids, and devices for which the loan is made, to the extent possible.* It would also make various technical and conforming changes.

Existing law prohibits any loan exceeding \$35,000 from being made to any eligible persons under the above provisions.

This bill would instead require that loans made to any eligible person be based on the person's ability to repay the loan.

Existing law requires the department to adopt regulations not inconsistent with these provisions, which, among other things, establish criteria for determining eligibility for loans in the guarantee program that ensure that applicants have the ability to repay loans. Existing law, in the event that the amount of loans applied for under these provisions exceeds the amount of the loans that may be guaranteed, authorizes the department to establish a system of priorities for the approval of loans.

This bill would require the department to adopt regulations that give preference to those applicants not receiving other supports and services from the department.

Existing federal law provides for the award of grants to states to pay for the federal share of the cost of the establishment and administration of, or the expansion and administration of, an

alternative financing program featuring one or more alternative financing mechanisms to allow individuals with disabilities and their family members, guardians, advocates, and authorized representatives to purchase assistive technology devices and assistive technology services. State eligibility for participation in this program is based on the state’s previous award of continuity grants for technology-related assistance and other requirements including that the state enter into a contract with a community-based organization that has individuals with disabilities involved in organizational decision making at all organizational levels for purposes of administering the federal alternative financing program.

This bill would require the department to enter into such a contract for purposes of receiving a federal grant award under this program.

This bill would also require that any federal funds received be deposited in the Rehabilitation Revolving Loan Guarantee Fund, thereby making an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19460 of the Welfare and Institutions
2 Code is amended to read:

3 19460. There is in the State Treasury a permanent revolving
4 fund to be known as the Rehabilitation Revolving Loan
5 Guarantee Fund, and to be administered by the department. The
6 money deposited in the fund is hereby appropriated, without
7 regard to fiscal years, for the purposes of this article . The fund
8 shall be used to guarantee loans made by eligible lenders to
9 eligible persons for the purchase of vans, automobiles, and other
10 special equipment to facilitate transportation of the physically
11 handicapped, and to assist private employers and employees, and
12 other persons regardless of age, with disabilities to purchase
13 durable equipment, adaptive aids, and assistive devices in order
14 to live more independently or to engage in employment,
15 including, but not limited to, supported employment as defined
16 and determined by the department.

17 SEC. 2. Section 19461 of the Welfare and Institutions Code is
18 amended to read:

19 19461. As used in this article, the following definitions apply:

1 (a) “Department” means the Department of Rehabilitation.

2 (b) “Eligible persons” means any of the following, provided
3 that household income does not exceed the level prescribed for
4 moderate-income families by the Department of Housing and
5 Community Development pursuant to Section 50093 of the
6 Health and Safety Code:

7 (1) Parents of a child with a disability who has been certified
8 by a physician or the department as having a disability, who is
9 living in the home, and who requires a modified vehicle for
10 mobility.

11 (2) A person with a disability who has been certified by a
12 physician or the department as having a disability, and who
13 requires a modified vehicle for mobility.

14 (3) Parents of a child with a disability who has been certified
15 by a physician or the department as having a disability, who is
16 living in the home, and who requires an assistive technology
17 device, including evaluation and training in the use of that
18 device, which is necessary for independent living.

19 (4) A person with a disability who has been certified by a
20 physician or the department as having a disability, and who
21 requires an assistive technology device, including evaluation and
22 training in the use of that device, which is necessary for
23 independent living.

24 (c) “Eligible lender” means a financial institution organized,
25 chartered, or holding a license or authorization certificate under a
26 law of this state or the United States to make loans or extend
27 credit and subject to supervision by an official or agency of this
28 state or the United States.

29 (d) “Assistive technology device” includes, but is not limited
30 to, wheelchairs, hearing aids, speech output devices, visual aids,
31 and modified computers.

32 SEC. 3. Section 19462 of the Welfare and Institutions Code is
33 amended to read:

34 19462. The department shall serve as a state loan guarantee
35 agency to guarantee loans and to administer a guaranteed loan
36 program established pursuant to this article. The department shall
37 guarantee any loan made pursuant to this article at 100 percent of
38 the total amount of principal and interest of the loan in default.
39 The department shall establish the ratio of reserve funds to loans
40 outstanding. The effective interest rate to the borrower shall be a

1 percent per annum, which is less than the fair market interest rate
2 at the time the loan guarantee request is considered by the
3 department, and which is based upon the ability of the borrower
4 to pay, as determined by the department. When an application for
5 a loan guarantee is approved by the department, the differential
6 interest between the percent per annum approved by the
7 department and the rate charged by the participating lender shall
8 be prepaid by the department to the participating lender out of the
9 Rehabilitation Revolving Loan Guarantee Fund. If the borrower
10 defaults on any loan guaranteed by this program, the
11 participating lender shall reimburse the department for any
12 interest not accrued, after deduction for any unavoidable loss
13 suffered by the lender. *To the extent possible, loans made*
14 *pursuant to this chapter shall provide for a security interest to be*
15 *given to the lending institution in the equipment, aids, and*
16 *devices for which the loan is made.*

17 SEC. 4. Section 19469 of the Welfare and Institutions Code is
18 amended to read:

19 19469. Loans made to any eligible person under this article
20 shall be based on the person's ability to repay the loan.

21 SEC. 5. Section 19470 of the Welfare and Institutions Code is
22 amended to read:

23 19470. The department shall ~~promulgate~~ *adopt* regulations
24 not inconsistent with the provisions of this article which, among
25 other things, shall establish criteria for determining eligibility for
26 loans in the guarantee program ~~which shall assure~~ *that ensure*
27 *that the applicants have the ability to repay the loans and give*
28 *preference to those applicants who are not receiving other*
29 *supports and services from the department.*

30 ~~SEC. 5.—~~

31 SEC. 6. Section 19471 is added to the Welfare and
32 Institutions Code, to read:

33 19471. (a) In order to receive a federal grant award under the
34 federal alternative financing program established pursuant to
35 Subchapter III (commencing with Section 3051) of Chapter 31 of
36 Title 29 of the United States Code, the Department of
37 Rehabilitation shall contract with a community-based, nonprofit
38 organization that has individuals with disabilities involved in the
39 organization decisionmaking at all organizational levels, to
40 administer the alternative financing program. *No more than 10*

1 *percent per fiscal year of the account may be used by the*
2 *community-based nonprofit organization for documented*
3 *administrative costs incurred in administering the account.*

4 (b) Moneys received from the Federal Trust Fund for purposes
5 of this program shall be deposited in the Rehabilitation
6 Revolving Loan Guarantee Fund established pursuant to Section
7 19460.

8 ~~SEC. 6.—~~

9 *SEC. 7.* Chapter 10 (commencing with Section 19850) of Part
10 2 of Division 10 of the Welfare and Institutions Code is repealed.