

Testimony
Engrossed House Bill 1012 - Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 14, 2017

Chairman Holmberg, and members of the Senate Appropriations, I am Russell Cusack, Vocational Rehabilitation Director with the Department of Human Services (Department). I am here today to provide an overview of programs and services that make up the budget request for the Vocational Rehabilitation (VR) Division.

Programs

The VR Division contains two units: Vocational Rehabilitation and Disability Determination Services. The Division also provides vision and independent living services.

1. VR – Federal Fiscal Year (FFY) 2016

3,371 individuals with disabilities received employment services through VR. VR assists North Dakotans with disabilities to enter or re-enter the work force through a wide scope of individualized services. VR counselors assist individuals with disabilities to assess their skills and abilities, identify a vocational goal, develop an individualized plan to achieve employment, and provide services that result in meaningful employment.

To meet the requirements in federal regulation, the VR program conducts quarterly Client Satisfaction Surveys to ensure that VR is meeting program responsibilities to individuals receiving VR services while providing a high level of client satisfaction. Ninety percent (90%) of clients reported satisfaction with the services they received from VR for FFY 2016.

Pre-Employment Transition Services – 1,626 individuals received services for FFY 2016. VR invests heavily in services for young adults as they prepare to transition from high school to work. Federal regulations require that VR spend at least 15% of federal VR program funds on work readiness activities for students under the age of 21. The VR program in North Dakota exceeded this requirement in spending 16% of VR program funds on services to students. Forty-five percent (45%) of individuals served are under 21 years of age.

Business Services – support to businesses in recruiting the right employee and retaining existing, well trained and productive workers.

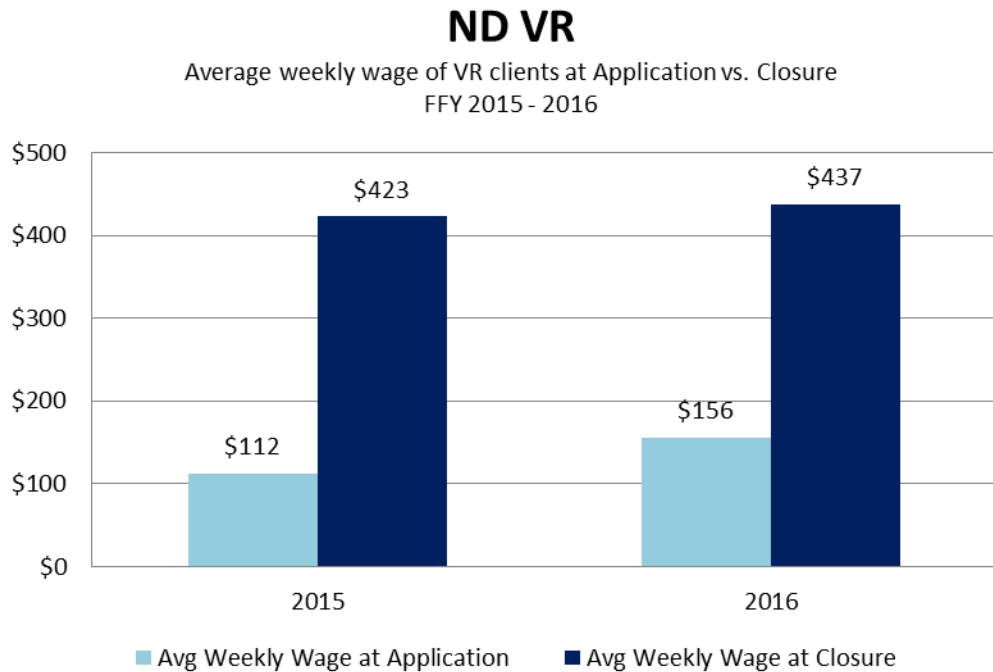
Services are funded through federal funds received through the U.S. Department of Education and Rehabilitation Services Administration (RSA), along with the required state general fund match. The federal portion of the funding is nearly 79%, and the state general fund match comprises approximately 21% of the budget.

2. The Disability Determination Services (DDS) unit is responsible for individual eligibility determination for Social Security Disability benefits. The DDS unit is 100% federally funded.
3. Independent Living (IL) – Approximately 20,000 individuals receive IL services on an annual basis. These services are provided to individuals so they can live and work more independently in their homes and communities. Core IL services include information and referral, independent living skills training, peer mentoring, advocacy, and transition services to assist people with disabilities transitioning from

nursing homes or other institutionalized settings into the community as well as youth transition from school life to adulthood.

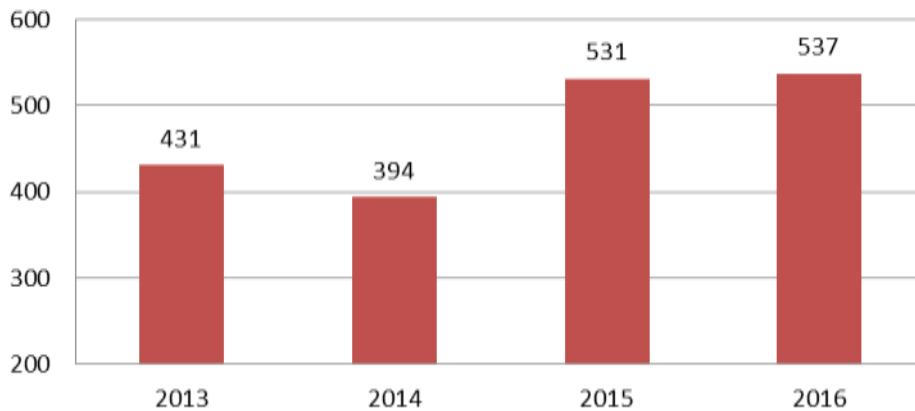
4. Older Blind Program – 751 individuals were served through the Older Blind program for FFY 2016. The Older Blind program helps individuals age 55 or older who have vision loss and/or impairments to live independently in their homes and communities. Vision Rehabilitation staff provide in-home services that include an assessment of an individual’s need for home modification and equipment to compensate for their low vision. Training is provided to individuals to gain competency in the use of low vision devices, safe cooking techniques, orientation and mobility training, and counseling to assist an individual’s personal adjustment to their vision loss.

Program Trends/Program Changes



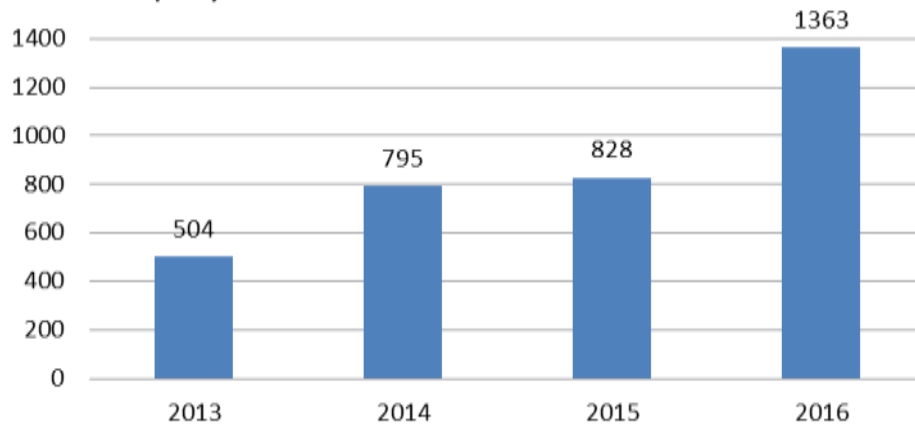
ND VR

Number Employed FFY 2013 - 2016



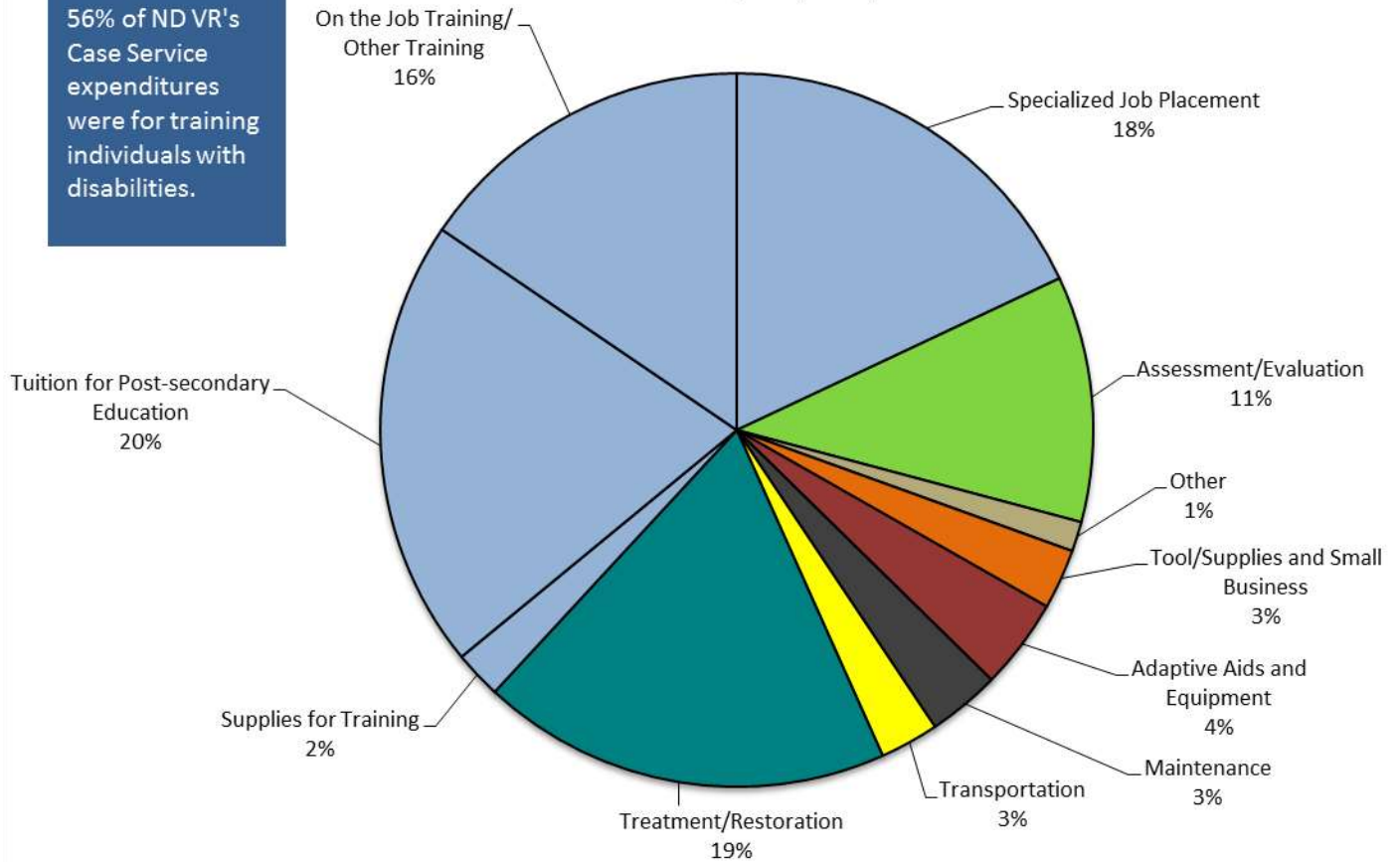
ND VR

Employment Plans Written FFY 2013 - 2016



Case Service Expenditures FFY 2016, \$2,535,132

56% of ND VR's Case Service expenditures were for training individuals with disabilities.



Overview of Budget Changes

Description	2015-2017 Budget	Increase/ (Decrease)	2017-2019 Executive Budget	House Changes	2017-2019 Budget To Senate
Salary and Wages	5,718,001	106,934	5,824,935	(139,552)	5,685,383
Operating	4,492,406	(599,376)	3,893,030	(6,452)	3,886,578
Grants	16,092,149	157,396	16,249,545	0	16,249,545
Total	26,302,556	(335,046)	25,967,510	(146,004)	25,821,506
General Fund	6,161,534	(359,246)	5,802,288	(41,905)	5,760,383
Federal Funds	19,969,357	26,058	19,995,415	(103,602)	19,891,813
Other Funds	171,665	(1,858)	169,807	(497)	169,310
Total	26,302,556	(335,046)	25,967,510	(146,004)	25,821,506
Full Time Equivalent (FTE)	32.5	0.0	32.5	0.0	32.5

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$106,934 and is mainly attributed to the following:

- \$114,727 in total funds, of which \$83,401 is general fund, needed to fund the Governor's compensation package for state employees.
- \$18,915 in total funds, of which \$7,844 is general fund, needed to sustain the employee increases approved by the last Legislative Assembly.

The Operating line item decreased by \$599,376 (13.3%) and the majority of the changes can be attributed to the following:

- Decrease of \$153,589 in Office Equipment and Furniture for the one-time purchase of furnishings for the Fargo regional Vocational Rehabilitation office.
- Decrease of \$144,771 in Travel due to the Department-wide process used to develop the Department's savings plan.
- Decrease of \$137,700 in Operating Fees and Services. The decrease consists mainly of: \$106,520 increase in pre-employment transition contracts due to increase of federal grant award; \$118,852 increase for contracted needs assessment and consumer surveys; \$319,000 decrease for consumer awareness project that was not continued past the pilot project; \$37,659 decrease in unused extended services slots; \$9,188 decrease in DDS medical consultants based on usage.
- Decrease of \$115,836 in Rentals/Leases-Building/Land, which is comprised of an increase of \$18,305 for office rent and a decrease of \$134,141 for one-time costs related to the relocation of the Fargo regional Vocational Rehabilitation office.

- Decrease of \$27,717 in IT Communications due to more economical means of technology available to provide counselors with technology needed to facilitate communications with deaf clients.
- Increase of \$10,571 in Professional Development, of which \$7,300 is for a membership in the national organization of Randolph Sheppard vendors. The Division became aware of the membership in the 2015-17 biennium and North Dakota has two vendors that operate under the blind vendor program and can really benefit from the membership.

The Grants line item increased by \$157,396 (1%) and can be mainly attributed to the following:

- Decrease of \$814,925 for Disability Determination Services payments due to the decrease in the volume of claims.
- Decrease of \$798,994 in Supported Employment program due to the completion of a three year project to provide integrated and competitive employment opportunities.
- Decrease of \$200,000 by elimination of the Adaptive Outdoor Recreation program.
- Decrease of \$40,995 due to completion of a contract to study employment status of persons with disabilities.
- Increase of \$1,978,645 in client services due to increase in federal grant award.
- Increase of \$24,294 in client assistance program due to increase in federal grant award.
- Increase of \$18,376 in assistive technology program due to increases in the federal grant award.

The general fund request decreased by \$359,246 due to the Department's savings plan.

The federal funds request increased by \$26,058 due to increases in federal grants.

House Changes from Executive Budget:

- The Department-wide FTE allocation would result in the reduction of one FTE for the Vocational Rehabilitation area of the budget, resulting in a \$153,000 decrease in Salary and Wages, of which \$12,177 is general fund. The loss of this FTE will have an effect on the Division's ability to provide local and timely determinations of medical eligibility for individuals making application for Social Security Disability benefits. Those citizens who are lower income and not working will feel this impact more profoundly. The additional wait time of up to 6 months for a decision creates barriers to citizens seeking other Department services. It is anticipated that the general fund reduction will result in a loss of federal grant funds of \$44,992 due to matching and maintenance of effort (MOE) requirements.
- \$111,815 decrease in Salary and Wages, of which \$19,113 is general fund due to the House Amendments that removed funding for the anticipated retirement of six FTE in this area.
- \$4,594 federal fund decrease in Salary and Wages due to the removal of the Fair Labor Standards Act overtime funding. The majority of DDS work is completed using a computerized management information system. Any disruption of the system has a direct impact on the ability of DDS staff to perform their work. Overtime was budgeted to allow staff to perform system maintenance tasks should the DDS have a system failure. DDS system administrator is solely responsible for resolving such issues.

- \$23,143 decrease in Salary and Wages, of which \$16,340 is general fund due to the elimination of the 1% salary increase that had been proposed for the second year of the biennium.
- \$3,594 general fund decrease in Operating expenses, which will result in an overall operating expense decrease of approximately \$16,873 when federal matching funds and MOE are considered. The result is a reduction in purchase of service agreements with local high schools to exclude 13 students with disabilities from receiving work experience services.
- \$2,858 general fund decrease in Operating due to the elimination of the 1% inflationary increase for providers that had been proposed for the second year of the biennium.

It is anticipated that the general fund reduction will result in a loss of federal funds of \$58,272 to support activities that help individuals with disabilities prepare for, obtain, or retain employment. The Department will also receive a federal audit finding for not meeting the required maintenance of effort.

This concludes my testimony on the 2017-2019 budget request for the Vocational Rehabilitation Division. I would be happy to answer any questions.