

TESTIMONY
HB 1012 – DEPARTMENT OF HUMAN SERVICES
HOUSE APPROPRIATIONS
HUMAN RESOURCES SUBCOMMITTEE
REPRESENTATIVE DELZER, CHAIRMAN
JANUARY 14, 2005

Chairman Delzer, members of the House Appropriations Human Resources Subcommittee, I am Gene Hysjulien Director of the Disability Services Division of the Department of Human Services. I am here to provide an overview of the budget area for the Disability Services Division.

The Disability Services Division oversees the following programs.

Developmental Disabilities Unit:

- Day and Residential Services provide training and assistance with daily living activities to eligible persons with developmental disabilities.
- Family Support Services provides personal and financial assistance and training to families of eligible individuals with developmental disabilities.

Vocational Rehabilitation Unit:

- Employment Programs provide training and employment services to individuals with disabilities.
- Business Services provides consultation, technical assistance, and information on disability related issues to businesses.
- Independent Living Services provides services to individuals with disabilities so they can live and work more independently in their homes and communities.
- Older Blind Services provides training, accommodation, and support in daily living activities to individuals with visual impairments.

- **Assistive Technology Program provides education, consultation, and referral to people with disabilities so they can access assistive technology (AT) devices and services.**
- **Client Assistance Program provides advocacy, consultation, education and referral to individuals who are seeking or receiving rehabilitation services.**
- **Disability Determination Services makes eligibility decisions for Social Security Disability Insurance and Supplemental Security Income.**

CUSTOMER BASE

- **SFY 2004, 4,213 people received developmental disabilities case management services.**
 - **SFY 2004 – 1,609 families received family support program services.**
 - **SFY 2004 – 2,084 people received residential and/or day service.**
- **US Census figures - 1 in 6 individuals have some type of disability.**
 - **Approximately 109,000 North Dakotans could require one or more VR service.**
- **FFY 2004 - 6,821 individuals with disabilities received VR employment services.**
- **FFY 2004 - 7,560 individuals of all ages received independent living services.**
- **FFY 2004 - 5,705 individuals received assistive technology services.**
- **FFY 2004 - 3,402 individuals received assistive technology training.**
- **Job Service ND 2003 Annual Report – approximately 23,300 worksites in ND could require VR's Business Services.**
 - **FFY 2004 - VR staff initiated 2,617 contacts with businesses.**
 - **FFY 2004 – Businesses initiated 405 contacts with VR.**

RECENT TRENDS AFFECTING DEVELOPMENTAL DISABILITIES:

- **Early Intervention** – From July 2002 to June 2004, the number of infants and toddlers in North Dakota receiving early intervention services increased by 40%. The Keeping Children Safe Act of 2003 amended the Child Abuse Prevention and Treatment Act and requires states to assure that any child under the age of 3, who is involved in a child abuse or neglect investigation that results in services needed, is referred to early intervention. The federal Department of Education has established a target for each state to serve at least 2% of the population under age 3. On September 30, 2004, North Dakota served 2.42%.
- **Consumer Choice** – Recognizing the essential role of the family, the Department of Human Services will expand self-directed support options designed to allow families the opportunity to support a family member in their home community. Through continued emphasis on the needs of the individual, the 05-07 budget provides choices and options for community-based supports and services to allow individuals with disabilities the opportunity to engage in productive work, choose where to live, and participate in community life. This would be in line with the President's New Freedom Initiative.
- **Transition from School to Adult Services/GDC Placements** – Growth in the community system is targeted for individuals transitioning from school to adult services. While we will continue our efforts to offer community based services to institutionalized persons whose needs can be met in less restrictive settings and who have expressed a desire to receive home and community based services, the 05–07 community budget does not provide resources for that purpose. Accommodating community placements from the Developmental Center will require the ability to transfer funds from the Developmental Center budget to the community budget.
- **Medicaid Level of Care Criteria for Mental Retardation/Developmental Disabilities** – In the present biennium, general funds are available for residential and employment supports for individuals who do not meet the

Medicaid level of care criteria only if local or private funds are provided on a dollar-for-dollar matching basis. In the 2005 – 2007 biennium, \$300,000 in general funds is included to continue supports to these individuals without the match requirement.

- **Corporate Guardianship** – Presently, Catholic Charities North Dakota provides guardianship services to 322 persons with developmental disabilities and has a referral list of 9. Catholic Charities North Dakota notes an increase in referrals of younger adults with developmental disabilities, age 18 to 21, experiencing behavioral difficulties.
- **DD Provider Staff** – For people of all ages with developmental disabilities, direct support staff are the key to living successfully in their home communities. Retention and recruitment issues threaten the ability to provide adequate supports. Unable to find adequate assistance, people find their health, safety, and, sometimes, their lives in jeopardy.
- **Number of people served – Developmental Disabilities Case Management:**
 - SFY 2002 = 3,995
 - SFY 2003 = 4,144
 - SFY 2004 = 4,213
 - SFY 2005 projected = 4,339

RECENT TRENDS AFFECTING VOCATIONAL REHABILITATION

- **Transition from School to Work** – There is a federal move to expand VR's responsibility toward students transitioning from school to work. At this time, there is no anticipated increase in funding. The potential for increased workload for VR staff and increased pressure on the budget is high.
- **Multiple Disabilities** – The number of individuals VR serves, who have more than one disability and multiple functional limitations, has been steadily increasing. This typically results in increased complexity of service needs and increased cost of services.

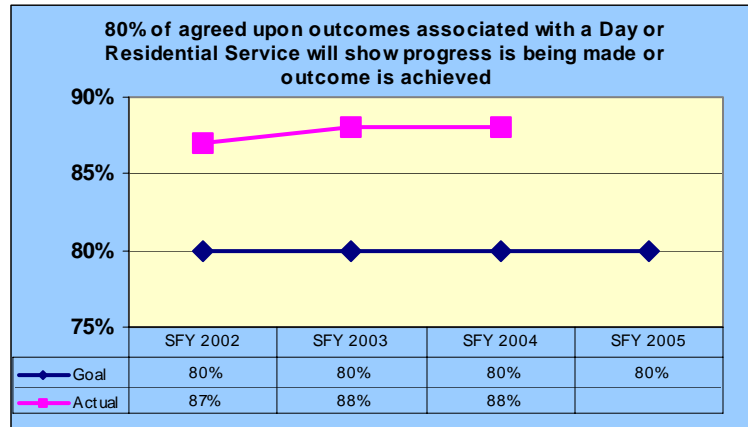
- **Aging Population & Increased Incidence of Disability** – It's a well-known trend that the population is aging in North Dakota and across the nation. It is also a trend that people are continuing to work and live independently for longer periods of time. A related trend is that as we age there is an increased incidence of disability through vision loss, hearing loss, physical injuries, stroke, illness, and other factors. When those disabilities begin to interfere with people's ability to live and work, there will be an increased demand for VR services to assist them to remain as independent and productive as possible.
- **Social Security Disability Claims** – The Social Security Administration is pressuring states to clear disability claims caseloads and to increase the number of continuing disability reviews they process. This will result in increased workloads for Disability Determination Services staff.
- **Federal Regulations for Disability Determination Services** – New federal regulations are more complex and require more medical evidence of record, medical reviews and purchase of consultative exams to document decisions. This will have an impact on the budget through increased cost of services.

PERFORMANCE MEASURES

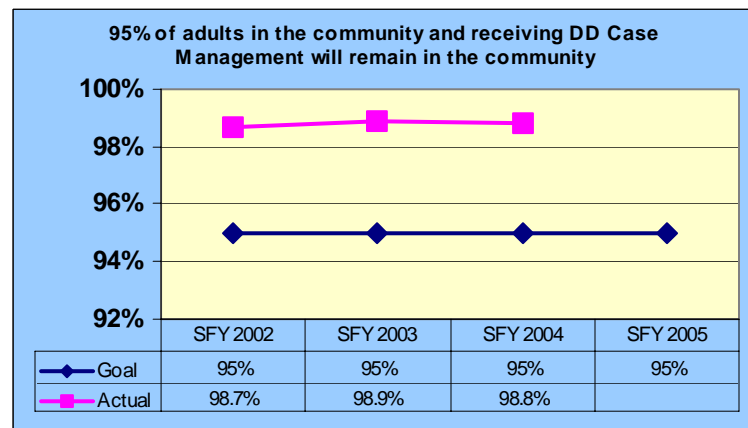
Developmental Disabilities – Performance Measures

- *Day and Residential Services*

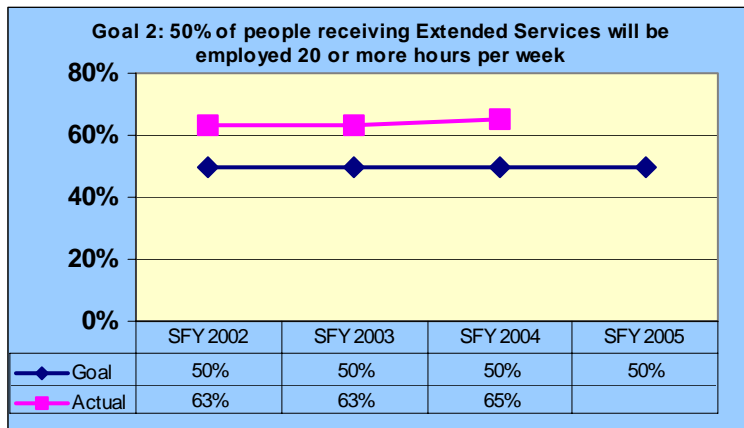
80% of agreed upon outcomes associated with a Day or Residential Service will show progress is being made or outcome is achieved.



95% of adults living in the community and receiving DD Case Management will remain in the community.

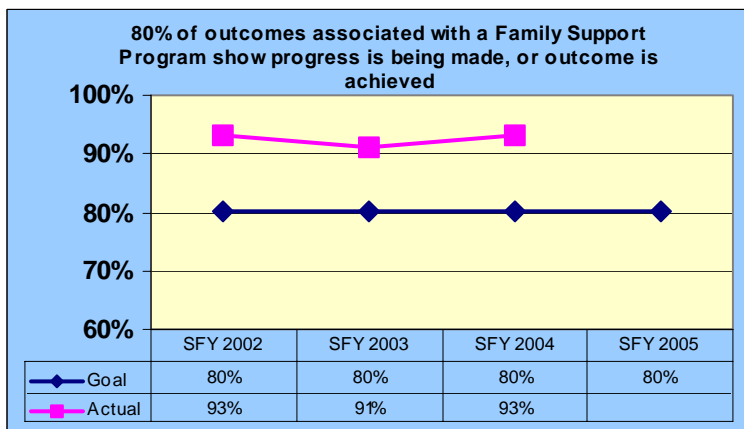


50% of people receiving Extended Services will be employed 20 or more hours per week.

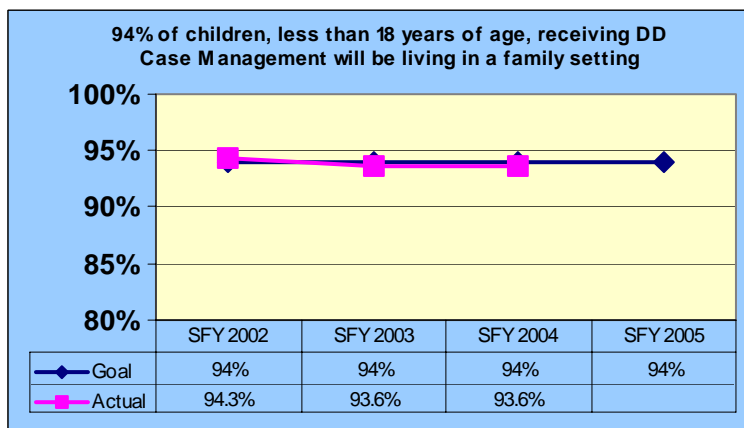


- Family Support Programs**

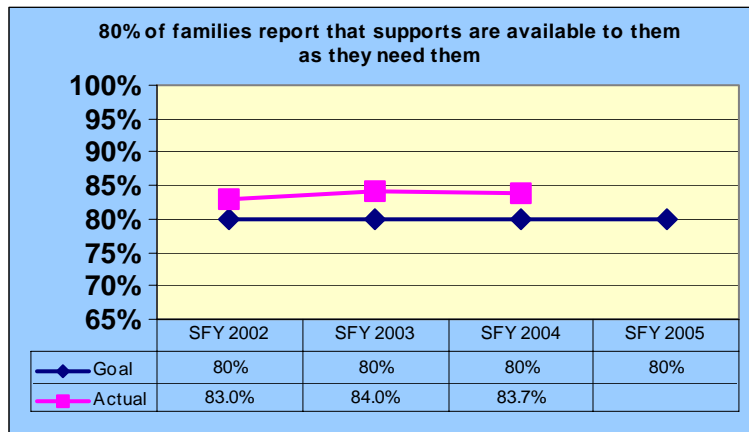
80% of outcomes associated with a Family Support Program will show progress is being made or outcome is achieved.



94% of children, less than 18 years of age, receiving DD Case Management will be living in a family setting.



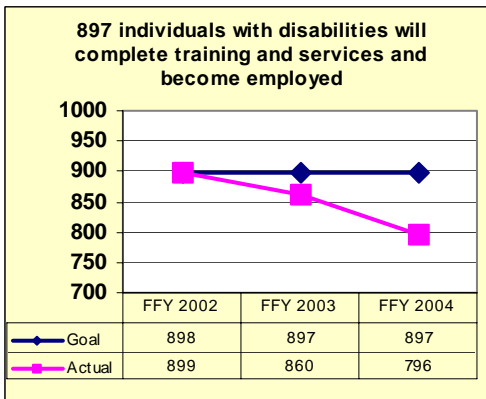
80% of families report that supports are available to them, as they need them.



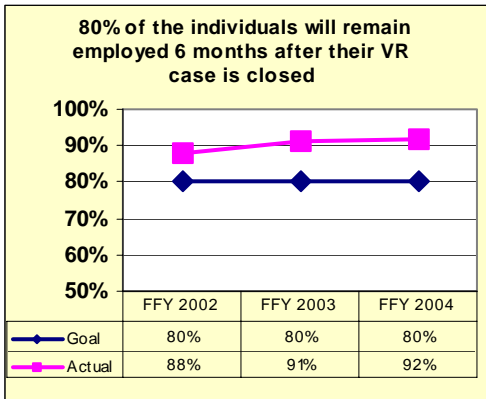
Vocational Rehabilitation Performance Measures

- ***Employment Services***

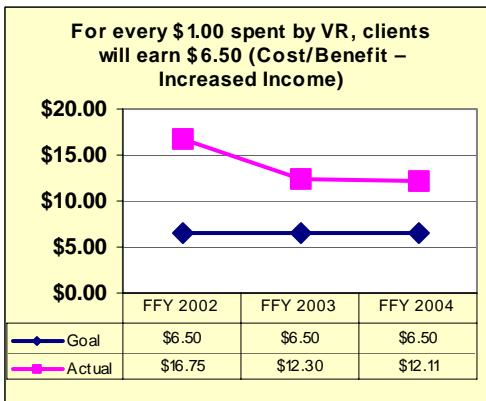
897 individuals with disabilities will complete training and services and become employed.



80% of the individuals will remain employed 6 months after their VR case is closed.

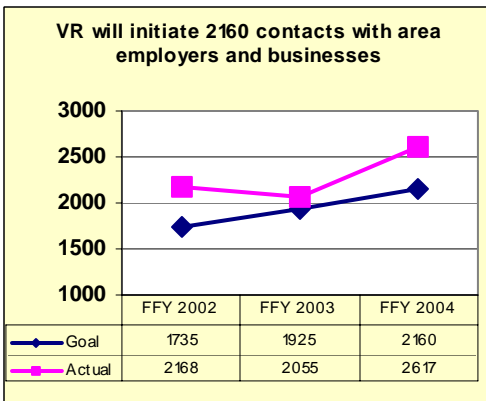


For every \$1.00 spent by VR, clients will earn \$6.50. (*Cost/Benefit – Increased Income*)



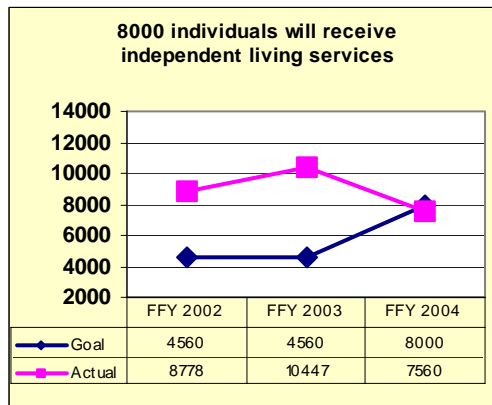
- Business Services**

VR will initiate 2160 contacts with area employers and businesses.



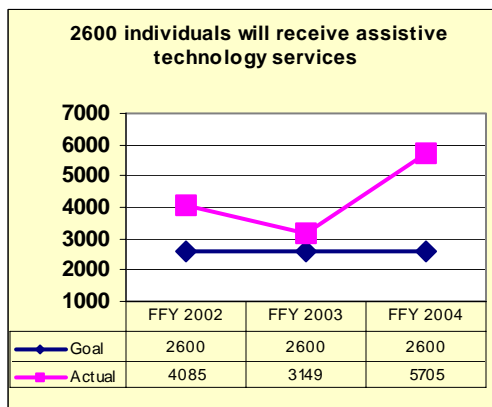
- **Independent Living Services**

8000 individuals will receive independent living services.



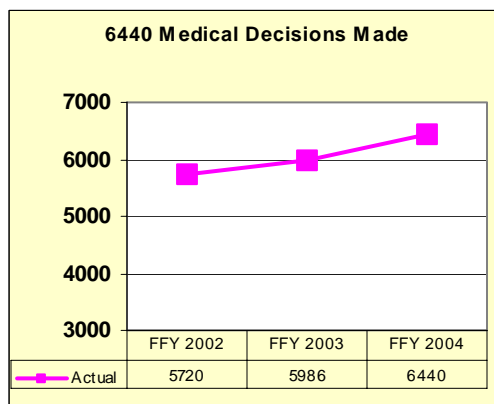
- **Assistive Technology Services**

2600 individuals will receive assistive technology services.



- **Disability Determination Services**

6440 medical decision made.



OVERVIEW OF BUDGET CHANGES

	2003 - 2005 Budget	2005 - 2007 Request	Increase / Decrease
Salaries	4,821,902	4,875,263	53,361
Operating	4,425,364	5,190,492	765,128
Land/Cptl Imprv	35,200	30,000	(5,200)
Grants	16,121,081	17,836,389	1,715,308
MA Grants	190,756,127	206,232,292	15,476,165
Total	216,159,674	234,164,436	17,702,180
General	66,775,810	78,559,325	11,783,515
Federal	149,203,560	155,486,011	6,282,451
Other	180,304	119,100	(61,204)
FTEs	51.1	49.1	(2)

SALARIES and FTEs:

- Reduction in salaries was initially \$249,221, offset by the employee salary package increase of \$302,582, bringing the net increase to \$53,361. Increased general funds \$49,000, increased federal funds \$10,500 and reduced other funds \$6,500.
- Reduced FTEs by 2 – one Assistive Technology Coordinator was reduced due to an anticipated decrease in federal funding. One Office Assistant was reduced and those duties will possibly be covered through a contract with an individual to provide the Part C technical assistance. Reduced federal funds about \$200,000.

OPERATING:

Increases in operating costs are due mainly to the following:

- Increases in the Right Track program of \$350,000 is due to program expansion resulting from increased childfind activities. Increases in Part C

purchases of service, including training provided to families and professionals who work with infants and toddlers with developmental disabilities, in the amount of \$250,000. (100% Federal)

- A \$35,000 increase in travel, mostly for non-state employees to attend and participate in regional Interagency Coordinating Council meetings and statewide Interagency Coordinating Council meetings as required in the federal Part C regulations. (100% Federal)
- A \$30,000 increase in purchase of services to provide training to Vocational Rehabilitation consumers on the Client Assistance Program and services available under the Rehabilitation Act. (100% Federal)
- A \$30,000 increase in Disability Determination Services to provide temporary staff needed to keep up with the federally required workload. (100% Federal)
- A \$65,000 increase in the purchase of professional medical services by Disability Determination Services in order to comply with federal regulations and complete the number of disability claims required by the federal Social Security Administration. (100% Federal)

LAND AND CAPITAL IMPROVEMENTS:

- Reduction due to removal of \$5,200 from the VR budget that had been used to purchase some of the equipment necessary to set up the video conferencing capabilities. Reduction of general funds \$1,100 and reduction of federal funds \$4,100.

GRANTS:

The increase in grants is due to the following:

- A \$193,000 increase in Part C grants to individuals or organizations for “Opening Doors” activities. These are one-time grants to expand community accessibility and inclusion of infants and toddlers under age 3 with developmental disabilities. (100% Federal)
- A \$123,000 increase in grants (\$12,300 general funds and \$110,700 federal funds) in the Older Blind program due to an expected increase in the

amount of the federal grant. Currently, our grant is \$225,000 per year. The grant is expected to be at least \$300,000 per year during the 05-07 biennium. We felt it was necessary to capture this additional federal funding as needs in the Older Blind Program have consistently exceeded resources. (90% Federal).

- A \$37,000 increase in grants for the Business Services to provide training and technical assistance on accessibility and other disability related topics. (100% Federal).
- A \$1.2 million increase in grants to individuals in the Vocational Rehabilitation Basic Support program. (\$264,000 increase in general funds and \$947,000 increase in federal funds) \$300,000 of this increase in federal funds is due to the possibility of Congress rolling the Supported Employment Program funding into the Basic Support program (requires \$81, 000 in General Fund match). There is a corresponding \$300,000 decrease in Supported Employment federal grants to individuals. The remaining increase is due to a mandatory cost of living increase at the federal level in VR Basic Support Grants. The anticipated increases will fund increased costs for purchases such as tuition, medical services and items, assistive technology devices, vocational training, and possible increases due to federal changes regarding VR's responsibility in transition. (78% Federal and 22% General).
- A \$200,000 increase in the cost of purchasing Medical Evidence of Record and Consultative Exams for Disability Determination Services in order to comply with federal regulations and complete the federally mandated workload of disability claims. (100% Federal).
- In the 03-05 budget, \$200,000 was included in line 73, Medicaid Grants. In the 05-07 budget, \$300,000 is included in line 60, Grants. The net impact is a \$100,000 increase to continue residential and employment supports for individuals who do not meet the Medicaid level of care criteria.

MA GRANTS:

The increase of approximately \$15.5 million in the DD Grants is due to the following:

- \$7.2 million is due to changes in caseload that occurred during the 03-05 biennium and must be sustained in the 05-07 biennium. Anticipated increases in caseload during the 05-07 biennium due to graduations from high school and births of children with developmental disabilities. Increase in general funds \$2.3 million and increase in federal funds \$4.9 million.
- \$2.4 million is due to rate changes that occurred during the 03-05 biennium that must be sustained during the 05-07 biennium. Increase in general funds \$875,000 and increase in federal funds \$1.5 million.
- \$6.1 million is due to a 2% inflationary increase each year of the 05-07 biennium. Increase in general funds \$2.2 million and increase in federal funds \$3.9 million.
- There is a \$6 million increase in general funds in DD Grants budget due to reductions in the FMAP and a corresponding \$6 million decrease in federal funds.
- There is a \$200,000 reduction in general funds in DD Grants due to moving the residential and employment supports for individuals who do not meet the Medicaid level of care criteria out of the Medicaid grants line and into the regular grants line.

This concludes my testimony.