

**Testimony**  
**Engrossed House Bill 1012 – Department of Human Services**  
**Senate Appropriations**  
**Senator Holmberg, Chairman**  
**March 12, 2013**

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

**Programs**

The Vocational Rehabilitation Division contains two units: Vocational Rehabilitation and Disability Determination Services.

The Vocational Rehabilitation (VR) unit is made up of 10 FTEs responsible for the administration of Titles I, VI and VII of the Rehabilitation Act as amended. The staff is responsible for the needs assessment, staff training, state plan development and outcome monitoring, policy development, quality assurance, oversight of expenditure of federal VR funds, and compliance with federal rules. To carry out these responsibilities, VR policy staff interact regularly with the VR staff located at the human service centers, and with community businesses, schools and universities, Job Service North Dakota, the State Rehabilitation Council, the State Independent Living Council, Centers for Independent Living, federal oversight agencies, and other private and public entities involved in rehabilitation services. The 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 percent, and the state general fund match comprises approximately 21 percent of the budget.

In addition, VR has other federally funded programs that contribute toward our mission of independence and employment for persons with disabilities, such as:

- **Older Blind Program** which provides vision rehabilitation services to people at least age 55 who are blind or visually impaired. The primary mission of the Older Blind Program is to teach older blind individuals skills that allow them to remain in their own homes.
- The Division contracts with the **Interagency Program for Assistive Technology (IPAT)**. IPAT provides assessment, training, and lending services to individuals with disabilities. Many of the assistive devices IPAT recommends or loans to individuals are at low-cost, but make a significant difference in individual's activities in learning, working, and remaining independent in their own homes.

The Disability Determination Services (DDS) unit includes 24 FTEs responsible for individual eligibility determination for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) statewide. DDS determines medical eligibility for individuals who have filed for disability benefits with the Social Security Administration (SSA). The funding for DDS is 100 percent federal funds.

### **Caseload/Customer Base**

Vocational Rehabilitation – Federal Fiscal Year (FFY) 2012

- 5,852 individuals received employment services through VR.
- 18,170 individuals received independent living services.
- 921 individuals were served through the Older Blind Program.
- 143 clients is the average caseload size for a VR counselor.

## Disability Determination Services

- 6,376 eligibility determinations were made for SSDI/SSI benefits.

## **Program Trends/Major Program Changes**

The VR program has experienced level federal funding while program costs have risen, especially in higher education and training expenses. After consultation with the federal RSA, the Department implemented an Order of Selection in March 2012. Order of Selection is described in federal regulation as a method to manage the Division's fiscal resources when there are not sufficient funds to serve all eligible individuals. In March 2012, there were 2,558 clients participating in the VR program. These individuals continue to receive services; however, the amount of the Division's financial participation in some instances has changed. Individuals that applied or had been determined eligible but who did not have a current Individualized Employment Plan were placed on a wait list. The method the Division is using to manage the wait list is based on a federally approved priority category process. Federal law and state regulations require that the individuals with the most significant disabilities be served first. VR has three priority categories:

- Priority Category I - Individuals with the most significant disabilities
- Priority Category II - Individuals with significant disabilities
- Priority Category III - Other individuals with disabilities

In addition to implementing Order of Selection, the Division has reviewed VR policy and has made changes to ensure available funds can be used most effectively and to positively impact the greatest number of people.

In December 2012, the Division began serving some individuals previously placed on the Order of Selection wait list.

The Department will continue to review expenditures, funding, and projected costs monthly to determine the rate at which individuals can be brought off the wait list.

### **Overview of Budget Changes**

Description	2011 - 2013 Budget	Increase/ Decrease	2013 - 2015 Executive Budget	House Changes	To Senate
Salary and Wages	5,081,094	32,159	5,113,253		5,113,253
Operating	2,042,686	(74,895)	1,967,791		1,967,791
Grants	20,735,802	(2,331,397)	18,404,405	50,000	18,454,405
Total	27,859,582	(2,374,133)	25,485,449	50,000	25,535,449
General Fund	5,027,758	434,427	5,462,185	50,000	5,512,185
Federal Funds	22,736,824	(2,798,560)	19,938,264		19,938,264
Other Funds	95,000	(10,000)	85,000		85,000
Total	27,859,582	(2,374,133)	25,485,449	50,000	25,535,449
FTE	34.00	0.00	34.00	0.00	0.00

### **Budget Changes from Current Budget to the Executive Budget**

The Salary and Wages line item increased by \$32,159 and can be attributed to the following:

- \$113,136 in total funds, of which \$7,670 is general fund needed to fund the Governor’s benefit package for health insurance and retirement for state employees.
- \$106,184 in total funds, of which \$12,089 is general fund needed to fund the employee increases approved by the last Legislative Assembly.
- \$22,290 in total funds, of which \$4,748 is general fund to provide for the annual and sick leave lump sum payouts for two FTEs expected to retire in the 2013-2015 biennium.
- \$205,451 decrease in total funds due to the elimination of temporary employee positions.

- \$4,000 decrease in total funds is a combination of increases and decreases needed to sustain the salary of the 34 FTEs in this area of the budget.

The Operating line item decreased by \$74,895 (3.7 percent), and the majority of the changes can be attributed to the following:

- Decrease of \$33,675 in medical consultant contracts for DDS to complete the number of disability claims required by the federal Social Security Administration due to the implementation of a new payment rate schedule.
- Decrease of \$108,890 in one-time equipment purchases of office furnishings and touch-screen systems for regional offices.
- Decrease of \$117,972 in operating fees and services, which is comprised of reductions due to the end of a media outreach contract and increases in additional contracts for motivational training and the revision of informational DVDs.
- Increase of \$100,019 in travel related to required federal meetings and additional training for regional staff related to the new case management system.
- Increase of \$46,442 in printing for the updating of consumer information packets.
- Increase of \$26,995 in postage for the mailing of DDS client records to the federal Social Security Administration.
- Increase of \$15,499 for professional development activities for counselors working on a master's degree program. A master's degree is required to meet the Qualified Rehabilitation Professional (QRP) standards. Colleges have less grant funds available for tuition costs.

The Grants line item decreased by \$2,331,397 (11.2 percent) and can be attributed to the following:

- Increase of \$175,075 reflects a full biennium contract with Protection and Advocacy Project to provide Client Assistance Program services to consumers.
- Increase of \$800,000 for the Centers for Independent Living to provide services to consumers.
- Increase of \$866,900 for DDS payments due to the increase in the volume of claims.
- Decrease of \$4,074,814 in client services due to program changes made in conjunction with the Order of Selection and to make sure client service grants are sustainable within the annual federal funding allotment.
- Decrease of \$98,558 related to reductions in various contracts.

**House Changes:**

- Increase of \$50,000 general fund for the division's Older Blind Program.

This concludes my testimony on the 2013–2015 budget request for the Vocational Rehabilitation Division of the Department. I would be happy to answer any questions.