

Testimony
House Bill 1012 – Department of Human Services
House Appropriations Human Resources Division
Representative Pollert, Chairman
January 13, 2009

Chairman Pollert, members of the House Appropriations Human Resources Division, I am Nancy McKenzie, Director of the Vocational Rehabilitation Division (VR) which includes the Disabilities Determination Services (DDS) unit of the Department of Human Services (DHS). I am here today to provide you with an overview of the program trends and budget requests in these two programs. Staff are responsible for administrative and policy direction in regard to a range of services for individuals with disabilities.

Programs

Vocational Rehabilitation is made up of 10 FTEs who are responsible for the administration of Titles I, VI, and VII of the Rehabilitation Act, as amended. As such, they are responsible for needs assessment, staff training, site plan development and outcome monitoring, development of policy, quality assurance, client advocacy through the Client Assistance Program, oversight of expenditure of federal VR funds, and compliance with federal rules.

To carry out these responsibilities, VR unit staff work with regional VR staff at the human services centers, with community business partners, schools and universities, Job Service, 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 Department of Education, Rehabilitation Services Administration (RSA), along with the required general fund match. The federal participation level is 78.7%.

Disabilities Determination Services includes 24 FTEs who are responsible for individual eligibility determination for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) statewide. The staff receive applications, gather supporting data, and determine whether or not an individual meets the federal criteria for enrollment in SSDI or SSI.

DDS services are funded 100% through federal funds received from the Social Security Administration.

Clients Served

Vocational Rehabilitation – FFY 2008

- 6,472 individuals received employment services through VR. This is a decrease from the previous year, impacted by North Dakota's strong job market and availability of employment.
- 8,198 individuals received independent living services; this is an increase from the previous year, with additional funding for the Independent Living Centers supported by the 2007 Legislature.
- 319 employers hired or retained VR clients. 3,260 total employer contacts took place.
- 1,105 individuals were served through the Older Blind Program.

Disability Determination Services – FFY 2008

- 5,563 eligibility applications were cleared for SSI/SSDI.

Statewide Trends

- **Veterans' Needs:** Projections indicate that there is a growing population of returning veterans with traumatic brain injury problems. We anticipate increased need in this area, and VR is working with the Veterans Administration to prepare for this.
- **Workforce Development:** VR works closely with the Governor's Workforce Development initiative, to assist in preparing individuals for employment in those sectors of highest need in the state. Individuals with disabilities are an important part of the total job pool for North Dakota.
 - **Job Market Impact:** North Dakota's low rate of unemployment and number of available open positions has resulted in fewer individuals seeking VR assistance. We are focusing on assisting employers to not only continue recruiting, but to retain employees with disabilities who may need workplace evaluations or modifications.
- **Transition-age Youth:** This population sector presents special needs in the areas of employment and independent living.
- **Increased Federal Accountability Requirements:**
 - Both the RSA and the Social Security Administration are placing great emphasis on achievement of state plan outcomes and adherence to federal outcome guidelines. Failure to meet these expectations can result in sanctions including plans of correction and possible loss of funds.
 - RSA review of VR programs in November 2008 showed North Dakota to be achieving its goals and standards; we are awaiting the written report with recommendations for

changes, particularly in the areas of quality improvement and long-range fiscal planning.

- SSA determines annual workload goals, goals for quality and goals for claims completion time in the DDS unit.

Accomplishments

- 903 individuals were assisted into employment following VR services during FFY 2008.
 - Of these, 88% were individuals with a significant disability.
 - Over 98% receive pay at or above minimum wage.
 - Average hours worked per week changed from 10 to 33; average earnings increased from \$92.92/week to \$377.46/week at closure.
 - Client Payback: for every \$1.00 spent by VR for FFY 2008, clients pay back \$2.01 in taxes.
- The Social Security Administration reimbursed the VR program \$315,735 in FFY 2008. This represents reimbursement for 33 successful closures of individuals previously receiving disability payments.
- VR co-chairs the state Transition Steering Committee, which brings together multiple service providers for youth, to improve services and reduce duplication. The Community of Practice model includes working groups in all regions of the state.

Overview of Budget Changes

Description	2007 - 2009 Budget	2009 - 2011 Budget	Increase/ Decrease
Salary and Wages	3,322,451	4,155,296	832,845
Operating	1,522,560	2,102,575	580,015
Grants	18,817,218	19,750,721	933,503
Total	23,662,229	26,008,592	2,346,363
General Funds	4,259,542	5,200,705	941,163
Federal Funds	19,295,687	20,717,664	1,421,977
Other Funds	107,000	90,223	(16,777)
Total	23,662,229	26,008,592	2,346,363
FTE	34.00	34.00	0.00

- The salary and wages line item increased by \$832,845, and can be attributed to the following:
 - \$377,913 in total funds of which \$92,506 is general fund to fund the Governor's salary package for state employees.
 - \$21,770, of which \$17,019 is general fund, to continue the second year of the 4% salary increase.
 - The remaining \$433,162, which includes a decrease of \$46,883 in general fund, is a combination of increases and decreases needed to sustain the salary of the 34 FTE in this area of the budget.

- The operating line item increased by \$580,015 (6%). This includes \$92,620 in general funds and is a combination of the increases expected next biennium which are offset by decrease as follows:
 - Increase of \$48,584 in rentals/leases for building space;
 - Increase of \$157,935 in travel to required federal meetings;
 - Increase in operating fees and services: in VR, this includes \$343,180 for the public awareness media campaign. Public

input meetings have regularly indicated that this is a critical part of reaching out to our target population.

- Increase of \$57,520 in printing costs;
 - Increase of \$43,319 in professional development and professional fees;
 - Decreases of \$70,523 in office furniture, supplies, and postage offset these increases.
- The grants line item increases by \$933,503. \$800,000 of this increase is general funds, related to the Governor's budget increase for independent living services. This increase will continue the effort to expand that program statewide, reaching more individuals who can be assisted to remain living in their homes in the community.
 - The remaining \$133,503 includes increases in federal funds of \$154,602 and is offset by decreases in general fund of \$14,099 and other funds of \$7,000.
 - FTE: There are no FTE changes in this budget.

This concludes my testimony; I would be happy to answer any questions you may have. Thank you.