

### Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	146.00	146.00	146.00	146.00	146.00	146.00	0.00	0.00%
Personal Services	7,491,367	8,119,654	8,081,193	8,077,424	15,611,021	16,158,617	547,596	3.51%
Operating Expenses	4,119,037	5,188,156	5,176,523	5,373,226	9,307,193	10,549,749	1,242,556	13.35%
Benefits & Claims	12,164,156	12,362,604	12,233,913	12,284,420	24,526,760	24,518,333	(8,427)	(0.03%)
<b>Total Costs</b>	<b>\$23,774,560</b>	<b>\$25,670,414</b>	<b>\$25,491,629</b>	<b>\$25,735,070</b>	<b>\$49,444,974</b>	<b>\$51,226,699</b>	<b>\$1,781,725</b>	<b>3.60%</b>
General Fund	5,317,820	5,862,780	5,370,669	5,444,824	11,180,600	10,815,493	(365,107)	(3.27%)
State Special	865,705	1,792,847	1,603,960	1,604,760	2,658,552	3,208,720	550,168	20.69%
Federal Special	17,591,035	18,014,787	18,517,000	18,685,486	35,605,822	37,202,486	1,596,664	4.48%
<b>Total Funds</b>	<b>\$23,774,560</b>	<b>\$25,670,414</b>	<b>\$25,491,629</b>	<b>\$25,735,070</b>	<b>\$49,444,974</b>	<b>\$51,226,699</b>	<b>\$1,781,725</b>	<b>3.60%</b>

### Program Description

Disability Transitions Programs (DTP) assists Montanans with disabilities in living, working, and participating in their communities. The program provides or contracts for a variety of employment outcome-related, independent living, and transition services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment. DTP is responsible for medical adjudication of all claims for Social Security Disability and Supplemental Security Income.

Vocational Rehabilitation (VR) serves individuals with physical, mental, visual, hearing, brain injury, and other disabilities.

Disability Transitions Programs (DTP) serves the telecommunications needs of Montanans who are deaf, hard of hearing, speech disabled, or mobility disabled through the Montana Telecommunication Access Program (MTAP).

The Economic Security Services Branch manager is attached to this program for budget purposes.

Statutory Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303

**Program Highlights**

<b>Management and Disability Transitions Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Total funding for the program increases about \$1.8 million when the 2011 and 2113 biennia are compared</li> <li>◆ When comparing increases to the FY 2010 base, the proposed budget includes increases over the biennium of about \$3.6 million in total funds including: <ul style="list-style-type: none"> <li>• \$0.2 million in present law adjustments for rent adjustments</li> <li>• \$0.9 million in statewide present law adjustments</li> <li>• About \$1.5 million state special revenue in a contingency request should the federal government mandate that states pay for new technologies in telecommunication programs</li> <li>• about \$1.0 million in the federally funded disability determination function</li> </ul> </li> <li>◆ The Governor proposes general fund reductions of \$0.2 million over the biennium that are achieved via a funding switch from general fund to federal funds for in-home services and a personal services reduction</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ There is potentially about \$500,000 state special revenue each year of the biennium in the Montana Telecommunications Program available as a transfer to general fund</li> </ul>

**Program Narrative**

As mentioned in the agency overview, the Management and Disability Transitions Program was created in the DPHHS reorganization. Management refers to the position of the Economic and Security Services Branch manager position that was added in the reorganization. Disability transitions includes functions related to vocational rehabilitation, independent living, services for older blind clients, the Montana Telecommunications Program, and the federally funded Disability Determination Program and their existing budgets that moved from the Disability Services Division.

The following figure shows the funding for benefits and functions of DTP. It is followed by a discussion of the major components of the program's budget and services.

Disability Transitions													
Summary of Benefits and Administration Costs and Funding													
	Fiscal 2010 Base				Fiscal 2012 Requested				Fiscal 2013 Requested				Percent of Total Category
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	
Total DTP Budget Request	<u>\$5,317,820</u>	<u>\$865,705</u>	<u>\$17,591,035</u>	<u>\$23,774,560</u>	<u>\$5,370,669</u>	<u>\$1,603,960</u>	<u>\$18,517,000</u>	<u>\$25,491,629</u>	<u>\$5,444,824</u>	<u>\$1,604,760</u>	<u>\$18,685,486</u>	<u>\$25,735,070</u>	
Benefits and Claims													
Vocational Rehabilitation Section 110	\$1,696,722	\$0	\$6,120,380	\$7,817,102	\$1,696,722	\$0	\$6,120,380	\$7,817,102	\$1,696,722	\$0	\$6,120,380	\$7,817,102	64.0%
Blind / Low Vision Benefits Section 110	286,482	0	1,058,585	1,345,067	\$286,482	0	1,058,585	1,345,067	\$286,482	0	1,058,585	1,345,067	11.0%
Independent Living Part B	471,457	0	202,165	673,622	471,457	0	202,165	673,622	471,457	0	202,165	673,622	5.5%
Independent Living /Older Blind Clients	1,990	0	4,126	6,116	1,990	0	4,126	6,116	1,990	0	4,126	6,116	0.1%
Extended Employment Benefits	1,279,803	0	0	1,279,803	1,279,803	0	0	1,279,803	1,279,803	0	0	1,279,803	10.5%
Assistive Technology Grants (Montech)	0	0	437,373	437,373	0	0	437,373	437,373	0	0	437,373	437,373	3.6%
Supported Employment	0	0	388,810	388,810	0	0	388,810	388,810	0	0	388,810	388,810	3.2%
Visual Services Medical	87,705	0	0	87,705	87,705	0	0	87,705	87,705	0	0	87,705	0.7%
Social Security Benefits	0	0	65,551	65,551	0	0	65,551	65,551	0	0	65,551	65,551	0.5%
Disability Determination Client Assist.	0	0	56,118	56,118	0	0	85,974	85,974	0	0	96,180	96,180	0.8%
* Program 01 ARRA	<u>11,385</u>	<u>0</u>	<u>0</u>	<u>11,385</u>	<u>11,334</u>	<u>0</u>	<u>0</u>	<u>11,334</u>	<u>11,335</u>	<u>0</u>	<u>0</u>	<u>11,335</u>	<u>0.1%</u>
Total Benefits & Claims	<u>\$3,835,544</u>	<u>\$0</u>	<u>\$8,333,108</u>	<u>\$12,168,652</u>	<u>\$3,835,493</u>	<u>\$0</u>	<u>\$8,362,964</u>	<u>\$12,198,457</u>	<u>\$3,835,494</u>	<u>\$0</u>	<u>\$8,373,170</u>	<u>\$12,208,664</u>	<u>100.0%</u>
Percent of Total Budget Request	72.1%	0.0%	47.4%	51.2%	71.4%	0.0%	45.2%	47.9%	70.4%	0.0%	44.8%	47.4%	
Administration													
Disability Determination	\$0	\$0	\$4,935,730	\$4,935,730	\$0	\$0	\$5,399,757	\$5,399,757	\$0	\$0	\$5,585,638	\$5,585,638	41.7%
Vocational Rehabilitation Section 110	1,023,622	-	3,307,696	4,331,318	1,124,970	-	3,684,911	4,809,881	1,193,717	-	3,661,460	4,855,177	36.3%
Blind / Low Vision Section 110	241,778	0	613,925	855,703	254,734	0	655,927	910,661	259,741	0	652,193	911,934	6.8%
Independent Living /Older Blind Clients	67,999	0	190,441	258,440	30,821	0	206,815	237,636	30,898	0	207,153	238,051	1.8%
Independent Living Part B	10,346	0	52,055	62,401	13,459	0	69,782	83,241	14,019	0	69,059	83,078	0.6%
MT Telecommunications Program	0	847,307	0	847,307	0	1,589,267	0	1,589,267	0	1,590,136	0	1,590,136	11.9%
In-Service Training	25,153	0	55,210	80,363	10,578	0	55,045	65,623	10,579	0	55,047	65,626	0.5%
MT Youth Leadership Forum	50,000	0	0	50,000	50,000	0	0	50,000	50,000	0	0	50,000	0.4%
Total Administration	<u>\$1,418,898</u>	<u>\$847,307</u>	<u>\$9,155,057</u>	<u>\$11,421,262</u>	<u>\$1,484,562</u>	<u>\$1,589,267</u>	<u>\$10,072,237</u>	<u>\$13,146,066</u>	<u>\$1,558,954</u>	<u>\$1,590,136</u>	<u>\$10,230,550</u>	<u>\$13,379,640</u>	<u>100%</u>
Percent of Total Budget Request	26.7%	97.9%	52.0%	48.0%	27.6%	99.1%	54.4%	51.6%	28.6%	99.1%	54.8%	52.0%	
Total Benefits and Administration	<u>\$5,254,442</u>	<u>\$847,307</u>	<u>\$17,488,165</u>	<u>\$23,589,914</u>	<u>\$5,320,055</u>	<u>\$1,589,267</u>	<u>\$18,435,201</u>	<u>\$25,344,523</u>	<u>\$5,394,448</u>	<u>\$1,590,136</u>	<u>\$18,603,720</u>	<u>\$25,588,304</u>	
Percent of Total Budget Request	98.8%	97.9%	99.4%	99.2%	99.1%	99.1%	99.6%	99.4%	99.1%	99.1%	99.6%	99.4%	
Remaining for Branch Manager and DTP Indirects	\$63,378	\$18,398	\$102,870	\$184,646	\$50,614	\$14,693	\$81,799	\$147,106	\$50,376	\$14,624	\$81,766	\$146,766	
Total DTP Budget Request	<u>\$5,317,820</u>	<u>\$865,705</u>	<u>\$17,591,035</u>	<u>\$23,774,560</u>	<u>\$5,370,669</u>	<u>\$1,603,960</u>	<u>\$18,517,000</u>	<u>\$25,491,629</u>	<u>\$5,444,824</u>	<u>\$1,604,760</u>	<u>\$18,685,486</u>	<u>\$25,735,070</u>	

*Major Budget Components*

The follow is a discussion of the services and funding of the major budget components.

Vocational Rehabilitation (VR) and Independent Living (IL)

## Vocational Rehabilitation

91.24 FTE

VR services are designed to help individuals with physical, mental, visual, hearing, brain injury, and other disabilities obtain and keep a job. Services range from an entry evaluation of rehabilitation need, limitations, and abilities to career counseling, job training, coaching, and job search assistance. There are also opportunities to obtain adaptive aids or equipment necessary to get and keep a job, and post employment services. Clients are eligible if they want to work, have a physical or mental disability that prevents them from obtaining or keeping a job, and VR services would be needed and helpful.

The major source of funding for VR, federal Section 110, supports a total fund budget for the biennium of:

- \$25.3 million in VR benefits and administration
- \$4.5 million in benefits and administration serving blind and low vision clients

The funding match ratio is 78.7% federal and 21.3% state funds. The federal funding is a capped grant that has decreased from about \$13.0 million in FY 2008 to \$12.1 million in FY 2010. The grant for FY 2012 and FY 2013 is projected at slightly over \$12.6 million each year.

The following chart shows the funding from FY 2008 and the projections for the 2013 biennium. It reflects the changes in Section 110 VR funding and the projected client services, including the program goal to have 830 clients complete their rehabilitation plan and return to work.

Vocational Rehabilitation						
Actual and Projected Expenditures and Client Services						
Category	Actual FY 2008	Actual FY 2009	Actual FY 2010	Projected FY 2011	Projected FY 2012	Projected FY 2013
General fund	\$2,955,419	\$2,667,425	\$2,720,344	\$ 3,246,853	\$2,821,692	\$2,890,439
Federal Section 110 Vocational Rehabilitation	10,919,786	9,855,697	9,428,076	9,643,326	9,805,291	9,781,840
Total Funding	<u>\$13,875,205</u>	<u>\$12,523,122</u>	<u>\$12,148,420</u>	<u>\$ 12,890,179</u>	<u>\$12,626,983</u>	<u>\$12,672,279</u>
Clients	7,453	7,959	8,508	8,500	8,300	8,300
Gained Employment	913	799	716	830	830	830
Receiving On-going Services at Year end	4,059	4,569	4,461	4,300	4,300	4,300

## Independent Living

4.49 FTE

Independent Living benefits and administration budgets of \$2.0 million include:

- Over \$1.5 million total funds for Independent Living Part B
- About \$0.5 million total funds for the IL / Older Blind clients

The latter amount is for older blind clients who do not qualify for the VR program. IL funding comes from federal Title VII Part B funds and related general fund at the required match ratio for Part B funds of 90% federal and 10% state for programs serving individuals with disabilities who wish to live independently. The legislature has also provided additional general fund in support of independent living services provided by the four independent living centers in Missoula, Great Falls, Helena, and Billings and the eleven branch offices throughout the state whose staff provides services to individuals with disabilities.

In accordance with federal regulations, a portion of the funding supports the Montana Statewide Independent Living Council (SILC), which develops and implements a State Plan for Independent Living and ensures funds are passed on to the four independent living centers.

The following figure shows the clients in IL and related programs.

Total Clients Served in the Independent Living and Related Programs FY 2008 - FY 2010			
Program	FY 2008	FY 2009	FY 2010
Independent Living	958	1,221	1,421
Extended Employment	307	321	306
Older Blind	632	612	631
Visual Services Medical	107	151	207
MT Youth Leadership Founm	18	26	15

In addition to IL services the table shows the total number of clients served in extended employment, the medical visual services programs, and the Montana Youth Leadership Forum whose funding is described below.

#### Additional VR and IL Services

As reflected in the benefits and administration table, there are several other funding sources that support the VR and IL client benefits. Across the

biennium, the largest of these are:

- General fund of \$2.8 million including \$2.6 million for extended employment services providing supported employment opportunities for people with the most severe disabilities, about \$175,000 for visual medical services, and \$100,000 for the Montana Youth Leadership Forum
  - There is a \$25,690 proposal to reduce extended employment benefits discussed in the 5% Plan Reduction section
- Federal funds of over \$0.8 million for a pass through grant to Montech at the University of Montana to provide adaptive equipment support and help individuals live independently and/or retain employment
- Federal funds of over \$0.7 million for supported employment

#### Disability Determination(DDS)

45.00 FTE

The federal fund budget for DDS over the biennium includes:

- \$11.2 million, of which about \$200,000 is in benefits

DDS staff works with the Social Security Administration (SSA) in administering two disability programs. They determine eligibility for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) services using medical/vocational criteria. SSDI is a monthly benefit paid to eligible individuals who cannot work due to serious physical or mental disability. SSI is a needs based program that provides coverage for adults and children with limited resources and income.

There is a request for increased federal authority of nearly \$1.0 million over the biennium for personal services, medical consultants, and overtime. There is further discussion in the new proposal section of this write-up.

#### Montana Telecommunications Access Program (MTAP)

4.27 FTE

The state special revenue budget for MTAP over the biennium includes:

- \$3.2 million to provide special communication equipment to Montanans who are deaf, hard of hearing, speech disabled, or mobility disabled

The Montana Telecommunications Access Program (MTAP) budget is for state special revenue of over \$3.2 million for the biennium. MTAP distributes special telephone equipment and operates the Montana Relay, which makes it possible to place calls between a standard telephone and a text telephone. Montanans who are hearing, mobility, or speech disabled and make less than 250% of the current federal poverty level are eligible for the program. Over the last few

years the program has provided assistance and equipment to 876 clients in FY 2006, 986 in FY 2008, 1,044 in FY 2009, and 802 in FY 2010. The decline is related to the migration of Montanans to internet-based telephone systems, thereby decreasing the number of individuals using communication assistance equipment. There is further discussion in the new proposal section of this write-up.

**Future Costs**

MTAP Services are provided by paying for special telecommunication services, which are paid at established, contracted rates at the number of minutes a client uses. As noted in the budget highlights, there is a \$1.5 million contingency request should the federal government mandate that states pay for new technologies that use the Internet in telecommunication programs. The services that could be impacted are: 1) IP Relay, which uses a computer with an internet connection in place of a text telephone; and 2) VRS, a Video Relay Service that uses a computer and a webcam, or a video phone and a TV, in conjunction with a broadband internet connection, to make calls between a Sign Language User and a hearing user who knows no Sign Language. The following shows the services paid by MTAP.

Growth in new technology may bring other new levels of expense to MTAP. The Montana deaf and blind population is expected to gradually transition to deaf/blind communicators, which assist them in telephone and other communications. These items presently cost about \$8,000 each. Because this is expected to be a slow transition, the program anticipates that costs could be absorbed in the 2013 biennium budget, but as clients become comfortable with the technology, requests for this equipment could impact the 2015 biennium budget and beyond.

*Goals and Objectives*

**2013 Biennium Goal**

The Legislative Finance Committee recommends the legislature consider the following critical goal and performance measurement(s) as part of its decisions on the executive's budget requests for this program.

DTP could be impacted by the following overarching critical goals that LFD staff, the agency, and the Joint Appropriations Subcommittee for Health and Human Services are asked to discuss during the program budget presentation and, if appropriate, follow through the budget cycle:

- Implement components of federal health insurance reform
  - Integrate Medicaid eligibility determination in the health insurance exchange design
  - Evaluate the potential for a single system to determine Medicaid eligibility
  - Estimate the cost of Medicaid eligibility expansion for consideration by the 2013 Legislature
- Continue to monitor implementation of Healthy Montana Kids
- Review impact of economy on workload and programs
- Study the effect of broad based budget reductions such as the proposed 4% FTE/personal services reductions

Montana Telecommunications Access Program (MTAP)					
Cost Per Minute and Average Annual Cost					
	FY 2009 Actual	FY 2010 Actual	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected
Traditional - Cost Per Minute	\$1.35	\$1.37	\$1.60	\$1.75	\$1.75
Minutes	119,959.00	93,361.00	77,075.04	77,075.04	77,075.04
Amounts	161,944.65	127,905.00	123,641.22	134,881.33	134,881.33
Capitel - Cost Per Minute	1.65	1.67	1.78	1.78	1.78
Minutes	114,898.00	94,541.10	98,190.00	97,860.00	97,860.00
Amounts	189,581.70	158,016.00	174,778.20	174,190.80	174,190.80
Paid by National Exchange Carrier Association (NECA) May Change to MTAP Pay					
IP - Cost Per Minute	1.29	1.29	1.29	1.29	1.29
Minutes	144,398.00	153,102.00	157,716.00	167,796.00	177,876.00
Amounts	149,365.29	158,368.71	163,141.43	173,568.18	183,994.93
VRS	6.77	6.77	6.77	6.77	6.77
Minutes	102,965.00	112,470.00	115,842.00	122,874.00	129,642.00
Amounts	557,658.44	609,137.52	627,400.27	665,485.58	702,141.07
<b>Total Services</b>	<b>\$1,058,550</b>	<b>\$1,053,427</b>	<b>\$1,088,961</b>	<b>\$1,148,126</b>	<b>\$1,195,208</b>

Data Source: MTAP and NECA



The Legislature May Wish to Request Updates Over the Interim

As mentioned in the VR discussion, in Montana and nation-wide, VR programs are experiencing

increases in caseloads among the disabled population that seek help to gain employment as jobs disappear due to the economic downturn and work is harder to find. Additionally, as mentioned in the personal services discussion, VR counselors are carrying high caseloads due to vacancy savings and the length of time it takes a new hires to acquire the skill and knowledge to serve the clients in their efforts to gain employment.

Given the potential long-term impact of the downturn in the economy, the legislature may want to have DTP report to the Legislative Finance Committee over the interim. Discussion points could include the ratio of caseload to counselor, impact of the retirements and/or staff turnover, and an update on the budget outlook with regard to caseload and a potential federally required order of selection. A potential option for a performance measure could be the program goal to have 830 clients complete their rehabilitation plan and return to work each year of the biennium. Tracking measures could include the caseload seeking assistance toward employment and ratio to counselors, jobs available in their area, and costs of services.

### **5% Reduction Plan**

*Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan submitted for this program.*

The total 5% reduction plan for DTP is about \$0.3 million over the biennium. There are two requests included in the Governor's budget:

- \$131,944 in DP 55401 requesting a 4% personal services reduction
- \$86,400 in DP 55140 requesting approval of a funding switch

There are reductions of nearly \$37,000 general fund over the biennium that are included in the agency's plan but are not in the Governor's budget, including:

- \$10,600 in program efficiencies to be achieved by improved purchasing practices when ordering numerous smaller items
- \$25,690 to reduce extended employment benefits to individuals with the most severe disabilities

Extended employment provides long-term sheltered and community based employment to persons with the most significant disabilities. According to the program, this amount of funding would serve approximately three individuals. It is possible that with the removal of funding for services some individuals could lose the support necessary to live independently or be unable to retain their jobs.

### *ARRA Funds*

The 2009 Legislature approved a \$2.3 million increase for VR program grants in HB 645, which implemented the federal stimulus (ARRA). The figure on the following page shows expenditures of \$870,378. ARRA funds are one-time-only (OTO) funds that are removed from the base in the development of the 2013 biennium budget. Of the expended amount, \$559,595 was for benefits that were removed as part of the OTO. As of this writing, no other ARRA funds have been expended on benefits.

This funding, along with all ARRA OTO funding, was included in the list of the "Reference Book" options that identifies opportunities for the legislature to reduce or reclaim general fund.

ARRA Funding for Vocational Rehabilitation and Independent Living					
Category	Appropriation FY 2010	Appropriation FY 2011	Total 2011 Biennium	* Expenditures 2011 Biennium	Balance 2011 Biennium
Benefits					
Vocational Rehabilitation	\$1,059,043	\$1,000,000	\$2,059,043	\$761,448	\$1,297,595
Older Blind Services	13,781	0	13,781	13,781	0
Independent Living	<u>242,913</u>	<u>0</u>	<u>242,913</u>	<u>95,149</u>	<u>\$147,764</u>
Total ARRA	<u>\$1,315,737</u>	<u>\$1,000,000</u>	<u>\$2,315,737</u>	<u>\$870,378</u>	<u>\$1,445,359</u>
* Expenditures: Personal Services \$150,000; Operating Costs \$162,657; Benefits of \$559,595 Funds are available until 9/30/2011 Data: SABHRS Nov. 24, 2010					

### Funding

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Governor.

Program Funding Table						
Management And Disability Transitions						
Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 5,317,820	22.4%	\$ 5,370,669	21.1%	\$ 5,444,824	21.2%
01100 General Fund	5,317,820	22.4%	5,370,669	21.1%	5,444,824	21.2%
02000 Total State Special Funds	865,705	3.6%	1,603,960	6.3%	1,604,760	6.2%
02159 Handicapped Telecommunications	847,307	3.6%	1,589,267	6.2%	1,590,136	6.2%
02434 02 Indirect Activity Prog 01	18,398	0.1%	14,693	0.1%	14,624	0.1%
03000 Total Federal Special Funds	17,591,035	74.0%	18,517,000	72.6%	18,685,486	72.6%
03024 Soc Sec - Trust Funds	65,551	0.3%	65,551	0.3%	65,551	0.3%
03365 03 Indirect Activity Prog 01	102,870	0.4%	81,799	0.3%	81,766	0.3%
03554 84.169 - Independent Living 90	254,220	1.1%	271,947	1.1%	271,224	1.1%
03555 84.177 - Indep Living Old Blin	194,567	0.8%	210,941	0.8%	211,279	0.8%
03557 84.187 - Vic Sup Employment	388,810	1.6%	388,810	1.5%	388,810	1.5%
03558 84.224 - Mon Tech 100%	437,373	1.8%	437,373	1.7%	437,373	1.7%
03559 84.265 - In Service Training 9	55,210	0.2%	55,045	0.2%	55,047	0.2%
03588 93.802 - Disabil Deter Adm 100	4,991,848	21.0%	5,485,731	21.5%	5,681,818	22.1%
03604 84.126 - Rehab-Sec 110 A 78.7%	<u>11,100,586</u>	<u>46.7%</u>	<u>11,519,803</u>	<u>45.2%</u>	<u>11,492,618</u>	<u>44.7%</u>
Grand Total	<u>\$ 23,774,560</u>	<u>100.0%</u>	<u>\$ 25,491,629</u>	<u>100.0%</u>	<u>\$ 25,735,070</u>	<u>100.0%</u>

The program is funded from a variety of sources and funding and federal matching rates vary by function.

General fund comprises 21.2% of the budget, with most used to match federal funds. General fund supports benefits, grants and functions serving individuals wishing to live independently, obtain and maintain a job, and acquire the necessary assistive technology. The activities supported entirely by the general fund are the extended employment program, visual services medical support, and the Montana Youth Leadership Forum.

State special revenue comprises about 6.2% of the budget and is the sole support of the MTAP program. Revenue is raised by a fee of 10 cents a month assessed on bills for subscriber connections and/or prepaid wireless telecommunication services per 53-19-311, MCA.

Federal funds comprise over 72.6% of the budget. The disability determination function is funded entirely with federal funds as is the Montech assistive technology program and supported employment.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,317,820	5,317,820	10,635,640	98.34%	23,774,560	23,774,560	47,549,120	92.82%
Statewide PL Adjustments	58,527	82,552	141,079	1.30%	450,863	444,351	895,214	1.75%
Other PL Adjustments	60,294	110,424	170,718	1.58%	98,266	149,250	247,516	0.48%
New Proposals	(65,972)	(65,972)	(131,944)	(1.22%)	1,167,940	1,366,909	2,534,849	4.95%
<b>Total Budget</b>	<b>\$5,370,669</b>	<b>\$5,444,824</b>	<b>\$10,815,493</b>		<b>\$25,491,629</b>	<b>\$25,735,070</b>	<b>\$51,226,699</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					805,895					798,805
Vacancy Savings					(331,887)					(331,606)
Inflation/Deflation					(10,661)					(10,363)
Fixed Costs					(12,484)					(12,485)
<b>Total Statewide Present Law Adjustments</b>		<b>\$58,527</b>	<b>(\$31,517)</b>	<b>\$423,853</b>	<b>\$450,863</b>		<b>\$82,552</b>	<b>(\$31,571)</b>	<b>\$393,370</b>	<b>\$444,351</b>
DP 1001 - Tuition Increase	0.00	39,901	0	0	39,901	0.00	80,202	0	0	80,202
DP 1002 - Non DofA rent adjustment	0.00	63,593	(5,228)	0	58,365	0.00	73,422	(4,374)	0	69,048
DP 55140 - 17-7-140 Optimize In-Service and ILOB funding	0.00	(43,200)	0	43,200	0	0.00	(43,200)	0	43,200	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$60,294</b>	<b>(\$5,228)</b>	<b>\$43,200</b>	<b>\$98,266</b>	<b>0.00</b>	<b>\$110,424</b>	<b>(\$4,374)</b>	<b>\$43,200</b>	<b>\$149,250</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$118,821</b>	<b>(\$36,745)</b>	<b>\$467,053</b>	<b>\$549,129</b>	<b>0.00</b>	<b>\$192,976</b>	<b>(\$35,945)</b>	<b>\$436,570</b>	<b>\$593,601</b>

### Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited by LFD staff as necessary for brevity and/or clarity.

- o **Pay Plan Exceptions** – There are no exceptions to the pay plan across the divisions of DPHHS.
- o **Program Specific Obstacles** – Should a position become available, DTP competes with salaries for financial and regional management professionals, as well as qualified support services staff. But in general, the program is experiencing quality applicants in the present economy.
- o **Vacancy** – Any vacancy has an impact on services because of the length of time it takes a new hire to acquire the skill and knowledge to serve the clients.
- o **Legislatively Applied Vacancy Savings** – In order to meet the vacancy savings, divisions were asked to hold positions open for longer periods of time. This impacted the remaining staff with regard to time spent with each client. Over all, each program was given a target for personal services budget reductions. Vacancies are addressed at the agency level considering critical needs and resource distribution with final approval from the agency director.
- o **Pay/Position Changes** – There were no changes.

- o **Retirements** – DTP has 89 of 148 employees eligible for retirement. It estimates that 11 employees may retire during this biennium at an anticipated liability of \$97,405.

DP 1001 - Tuition Increase - This request is for a general fund increase of \$120,103 over the biennium to accommodate a 1% increase each year to fund a portion of the increased tuition costs for VR benefits. Funding would assist individuals with disabilities in returning to work, and would be used to continue funding for individuals and new clients for post secondary education courses.

DP 1002 - Non DofA Rent Adjustment - This request is for a total general fund increase of \$137,015 and a reduction of \$9,602 of state special revenue for the biennium for rent increases for offices in non-state owned buildings. The total fund increase is \$127,413. The increase supports MTAP and VR programs and is built into the lease agreements for field offices.

DP 55140 - 17-7-140 Optimize In-Service and ILOB Funding - This request would reduce the general fund base budget for DTP by \$43,200 and increase federal funding by the same amount each year of the biennium. The amount represents the 5% budget reduction required by the Governor per 17-7-140, MCA in April 2010 and continues the operations reduction applied in FY 2011. Costs would be reduced in training and education by using WebEx and increasing federal participation. There would be additional reductions in personal services costs associated with hands on benefits for individuals in the older blind program by capping the grant.

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1103 - MTAP New Technologies										
01	0.00	0	775,000	0	775,000	0.00	0	775,000	0	775,000
DP 1104 - Disability Determination Federal Funds Adjustment										
01	0.00	0	0	392,940	392,940	0.00	0	0	591,909	591,909
DP 55401 - 4% Personal Svs GF Bud Reduction										
01	0.00	(65,972)	0	65,972	0	0.00	(65,972)	0	65,972	0
<b>Total</b>	<b>0.00</b>	<b>(\$65,972)</b>	<b>\$775,000</b>	<b>\$458,912</b>	<b>\$1,167,940</b>	<b>0.00</b>	<b>(\$65,972)</b>	<b>\$775,000</b>	<b>\$657,881</b>	<b>\$1,366,909</b>

DP 1103 - MTAP New Technologies - This is a contingency request of \$1.55 million state special revenue authority over the biennium for MTAP. It would be used in the event the federal government mandates that the states pay for new technologies that use the Internet in telecommunication programs: Internet Protocol Relay (IP), which uses a computer with an internet connection in place of a text telephone; and VRS, a Video Relay Service that uses a computer and a webcam, or a video phone and a TV, in conjunction with a broadband internet connection, to make calls between a sign language user and a hearing user who knows no sign language.

MTAP predicts the federal mandate would come with advance notice of at least 18 months.

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The following table shows the actual and projected costs of services. To date the National Exchange Carrier Association (NECA) has paid the cost of the IP and VRS relays. The estimated costs that would be passed to the state are reflected in FY 2012 and FY 2013. The estimated increase of over \$0.8 million each year is slightly more than the requested authority increase, but passage of the request would provide sufficient authority in context of the entire MTAP budget. As reflected in the following table, there are sufficient funds in the account for this increase.

Montana Telecommunications Access Program FY 2010 Expenditures and the 2013 Biennium Projected Budget				
Categories	FY 2010 Actual	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected
Beginning Available Fund Balance	\$1,522,978	\$2,040,687	\$2,508,688	\$2,238,720
Fee Assessment Estimate / Per DOR*	<u>1,364,371</u>	<u>1,454,575</u>	<u>1,503,419</u>	<u>1,553,903</u>
Total Funds Available	<u>\$2,887,349</u>	<u>\$3,495,262</u>	<u>\$4,012,107</u>	<u>\$3,792,623</u>
Expenses				
Administration	\$244,363	\$247,280	\$252,226	\$257,270
Other Services	9,789	19,354	9,789	9,789
Outreach	115,128	160,000	115,128	115,128
Supplies	18,481	25,000	18,481	18,851
distribution equipment	90,624	110,000	90,624	92,436
Communications	6,392	10,000	6,392	6,584
Travel	16,780	22,000	16,780	17,283
Rent/Utilities	32,413	31,021	32,413	33,385
Repairs/Maintenance	23,186	3,500	23,186	23,186
Other Expenses	6,317	7,500	6,317	6,443
Indirect Costs	30,071	47,500	48,925	50,393
Relay Services				
Traditional	127,905	123,641	134,881	134,881
Captioned Telephone	158,016	174,778	174,191	174,191
DP 1103 Video Relay Service (VRS)	0	0	665,486	702,141
DP 1103 Internet Protocol (IP)	0	0	173,568	183,995
Prior Year Adjust and Corrected Pmt.	<u>(32,803)</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Operating Expenses	<u>\$846,662</u>	<u>\$986,574</u>	<u>\$1,773,387</u>	<u>\$1,825,957</u>
Year Ending Fund Balance	<u>\$2,040,687</u>	<u>\$2,508,688</u>	<u>\$2,238,720</u>	<u>\$1,966,667</u>
* Department of Revenue Data Source: DPHHS				

Balance Transfer to Other Uses

The table illustrates projected expenditures, revenues, and fund balance for the MTAP state special revenue fund. Expenses are projected to be about \$1.8 million each year and revenues are projected to be about \$1.5 million each year. However, the fund balance of about \$2.0 million at the end of FY 2010 is basically remaining at the end of FY 2013.

Growth in Technology

As mentioned in the MTAP discussion, growth in new technology may bring other new levels of expense to MTAP. The Montana deaf and blind population is expected to gradually transition to deaf/blind communicators, which assist them in telephone and other communications. These items presently cost about \$8,000 each. Because this is expected to be a slow transition, the program anticipates that costs could be absorbed in the 2013 biennium budget, but as clients become comfortable with the technology, requests for this equipment could impact the 2015 biennium budget and beyond. It is estimated that five or six individuals might request this technology, at a potential cost of \$48,000 for six requests.

Options

The nearly \$2.0 million available fund balance at the end of FY 2013 could cover the technology requests and the increase for authority the executive requested in DP1103 of \$775,000 for that year.

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Alternatives to this request may be as follows.

Given that the ending fund balance exceeds the annual operating costs for FY 2013, the legislature may wish to request legislation to change section 53-19-310, MCA, which established the account for “telecommunications services and specialized telecommunications equipment for persons with disabilities in the state special revenue fund” and allow the fund to be used for a broader range of services to include services currently provided by the general fund.

If funding is maintained to support the potential increase of requests for new technology, any surprise growth in the other programs and to ensure the budget is stable through FY 2015 in accordance with federal requirements, the legislature could amend statute to allow a transfer of up to \$500,000 in FY 2012 and FY 2013 and consider:

- A transfer of up to \$500,000 state special revenue in FY 2012 and FY 2013 to the Economic Security Branch’s general fund for benefits
- A transfer of up to \$500,000 state special revenue in FY 2012 and FY 2013 to the state general fund

If all revenue and expenditure projections remain unchanged from the MTAP budget as of June 2010, there should be a fund balance of about \$700,000 at the close of FY 2014 and \$400,000 at the close of FY 2015.

DP 1104 - Disability Determination Federal Funds Adjustment - This request is a federal fund increase of \$984,850 over the biennium for Disability Determination Services (DDS) for client travel, zero-based personal services, and medical consultants to allow the Disability Determination Services bureau to process their workload in an electronic environment to meet Social Security Administration (SSA) required productivity levels.

Overtime, differential, holiday, and associated personal service benefit payments are zero based and must be requested each biennium. Medical consultants review all cases cleared through the DDS as mandated by federal law and are paid through contracts mandated by state law. Projections indicate a 22% increase in case clearances for FY 2012 and an increase of 27% for FY 2013. The increase each year reflects productivity rising as transition to the paperless process continues. Disability claimants required travel to consultative examinations are reimbursed for their expenses at state per diem rates. Projections indicate a 22% increase in case clearances in FY 2012 and an increase of 27% in FY 2013.

The following table shows the components of the request.

Federal Funds Requested in DP 1104		
	FY 2012	FY 2013
Overtime	\$24,300	\$25,028
Holiday Pay for Employees Working on State Recognized Holidays	77,018	79,330
Medical Consultant Contracts	261,766	447,489
Client Travel for Consultative Exams	29,856	40,062
	<u>\$392,940</u>	<u>\$591,909</u>

DP 55401 - 4% Personal Svs GF Bud Reduction This request is the 4% general fund personal services reduction applied to most agencies. It is a general fund base budget reduction of \$65,972 each year of the biennium. No positions would be eliminated. The savings would be realized by moving a position that was funded only by general fund into a program that allows 78.7% of the cost to come from federal funds. The reduction would carry forward permanently.