

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	146.00	146.00	146.00	146.00	146.00	146.00	0.00	0.00%
Personal Services	7,843,193	8,201,723	8,191,660	8,203,679	16,044,916	16,395,339	350,423	2.18%
Operating Expenses	6,288,754	5,298,878	6,322,760	6,342,327	11,587,632	12,665,087	1,077,455	9.30%
Benefits & Claims	13,345,125	12,284,420	13,516,735	13,691,777	25,629,545	27,208,512	1,578,967	6.16%
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$27,477,072</b>	<b>\$25,785,021</b>	<b>\$28,031,155</b>	<b>\$28,237,783</b>	<b>\$53,262,093</b>	<b>\$56,268,938</b>	<b>\$3,006,845</b>	<b>5.65%</b>
General Fund	5,111,808	5,364,352	5,602,510	5,673,164	10,476,160	11,275,674	799,514	7.63%
State Special	930,775	1,735,183	980,372	997,760	2,665,958	1,978,132	(687,826)	(25.80%)
Federal Special	21,434,489	18,685,486	21,448,273	21,566,859	40,119,975	43,015,132	2,895,157	7.22%
<b>Total Funds</b>	<b>\$27,477,072</b>	<b>\$25,785,021</b>	<b>\$28,031,155</b>	<b>\$28,237,783</b>	<b>\$53,262,093</b>	<b>\$56,268,938</b>	<b>\$3,006,845</b>	<b>5.65%</b>

**Program Description**

The Disability Employment and Transitions Division (DET) includes three bureaus: Field Services for Montana Vocational Rehabilitation/Blind-Low Vision Services, Program Support, and Disability Determination Services.

DET 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.

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

**Program Highlights**

<b>Disability Employment and Transitions Division Major Budget Highlights</b>	
◆	The legislature increased total funding for the division by 5.6% over the 2013 biennium primarily due to: <ul style="list-style-type: none"> <li>• Statewide and present law adjustments that net about \$0.8 million total funds</li> <li>• Over \$0.5 million for a 2% provider rate increase</li> <li>• The impact of federal regulation changes and an unused contingency appropriation</li> </ul>

**Program Narrative**

The legislature approved a total fund budget for the 2015 biennium that is 5.6% higher than the 2013 biennium primarily due to statewide and present law adjustments, an increase of \$0.5 million (\$0.2 million general fund) for a 2% provider rate increase, and an increase of about \$0.1 million state special revenue for projected increases in services for people with severe hearing, mobility, or speech impairments participating in the Montana Telecommunications Access Program (MTAP).

The legislative budget includes two funding changes that were made during the interim due to federal action.

As shown in the introductory budget comparison table, the first is a decrease in state special revenue between FY 2013 and FY 2014. It is related to a contingency appropriation of \$775,000 approved by the 2011 Legislature. The appropriation allows MTAP to respond should a federal mandate be implemented to shift costs presently covered at the federal level to state programs. The FY 2012 amount was not needed, but it remains in FY 2013. The legislature continued the \$775,000 for the 2015 biennium, but moved it to a language appropriation thereby removing it from the table above.

The increase in federal authority is related to the federal regulation that requires DET to spend social security program funds that are considered program income before the division can draw its federal grant funds. The ruling made the base level federal appropriation in FY 2012 insufficient and the department transferred federal authority to meet the increased expenditure. This raised the federal funds in FY 2012 to the \$21.4 million reflected above, which served as the base of the FY 2014 and FY 2015 legislative appropriation.

*Benefits*

Major services provided by DET programs include vocational rehabilitation (VR), independent living, MTAP, and disability determination. Services are provided both by staff and through social assistance. The programs provide services designed to:

- Help individuals with physical, mental, visual, hearing, brain injury, and other disabilities obtain and keep a job
- Support individuals with disabilities who wish to live independently as well as older blind clients who do not qualify for the Vocational Rehabilitation (VR) program
- Help with telecommunications needs of Montanans who are deaf, hard of hearing, speech disabled, or mobility disabled
- Determine eligibility for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

There are independent living centers in Missoula, Great Falls, Helena, and Billings and eleven branch offices throughout the state whose staff provide services to individuals with disabilities.

The table shows the benefit funding for the 2015 biennium reflecting services with general fund match, as well as those funded solely by federal funds or general fund.

Disability Employment and Transitions Division Benefit Funding for the 2015 Biennium		
Program	General Fund	Total Funds
General Fund Match or all Federal Funds		
Section 110 Vocational Rehabilitation	\$3,415,364	\$16,047,986
Independent Living Part B	1,006,536	1,398,912
Section 110 Blind and Low Vision	475,602	2,232,876
Social Security Benefits	0	3,026,962
Montech Grants	0	878,872
Supported Employment 6B	0	687,490
Disability Determination	0	102,468
Vocational Rehabilitation Admin	0	12,106
General Fund Only		
Extended Employment Benefits	2,636,906	2,636,906
Visual Medical Benefits	175,410	175,410
Independent Living Chapter 2	<u>8,524</u>	<u>8,524</u>
Total Funds	<u>\$7,718,342</u>	<u>\$27,208,512</u>

*Montana Telecommunications Access Program (MTAP)*

The legislature addressed the MTAP program in two parts. The first action approved a \$90,000 increase in state special revenue to cover projected costs in services. The second action, as mentioned earlier, established a language appropriation for contingent authority to spend \$775,000 in the 2015 biennium. Funding would be used in the event the federal government mandates that the states pay for new technology services that are presently covered by the National Exchange Carrier Association (NECA). There is also discussion in the new proposal and the language sections later in this write-up.

The following table shows the MTAP fund balance. The increase in costs for services mentioned earlier is in the lines for “Relay services.” The contingency amount is shown at the bottom of the table. There is no reduction in FY 2013 as federal action has not been announced at the time of this writing and could not be implemented before FY 2014. The “Cash Balance Transfer HB 604” line reflects action by the 2011 Legislature when MTAP funds were transferred to the general fund.

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Montana Telecommunications Access Program Fund Balance Projection						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Categories	Actuals	Actuals	Actuals	Projected	Projected	Projected
Beginning Fund Balance	\$1,522,978	\$2,040,687	\$2,468,132	\$1,010,422	\$1,500,015	\$1,970,230
Receipts						
Revenue Collected	\$1,364,326	\$1,349,314	\$1,332,666	\$1,445,300	\$1,445,300	\$1,445,300
Misc. Receipts	<u>45</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$2,887,349</u>	<u>\$3,390,005</u>	<u>\$3,800,798</u>	<u>\$2,455,722</u>	<u>\$2,945,315</u>	<u>\$3,415,530</u>
Expenses:						
Budgeted:						
Administrative (staff)	\$244,363	\$212,549	\$215,843	\$230,814	\$230,814	\$230,814
Other Services	9,789	12,836	18,781	16,335	16,335	16,335
Relay Services - Traditional	127,905	130,285	99,337	91,990	90,143	87,594
Relay Services - CapTel	158,016	166,130	216,741	242,375	263,600	283,040
Outreach	115,128	180,522	195,851	140,128	140,128	140,128
Supplies	18,481	5,537	7,779	7,700	7,700	7,700
distribution equipment	90,624	115,779	71,940	95,022	95,022	95,022
Communications	6,392	14,029	12,067	10,470	10,470	10,470
Travel	16,780	21,319	22,109	21,319	21,319	21,319
Rent/Utilities	32,413	27,521	28,483	32,406	32,406	32,406
Repairs/Maintenance	23,186	497	391	1,000	1,000	1,000
Other Expenses/Equipment	6,317	5,709	5,980	6,000	6,000	6,000
Debt Services/Leases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Budgeted Expenses	\$849,394	\$892,713	\$895,302	\$895,559	\$914,937	\$931,828
Non-Budgeted and Prior Year:						
Indirect Costs	\$30,071	\$38,264	\$59,260	\$64,648	\$64,648	\$64,648
Prior Year Adj/Corr/Pynt	(32,803)	(9,104)	(14,186)	(4,500)	(4,500)	(4,500)
Cash Balance Transfers HB 604	0	0	1,850,000	0	0	0
Other Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Non-Budgeted Expenses	<u>(\$2,732)</u>	<u>\$29,160</u>	<u>\$1,895,074</u>	<u>\$60,148</u>	<u>\$60,148</u>	<u>\$60,148</u>
Total Operating Expenses	<u>\$846,662</u>	<u>\$921,873</u>	<u>\$2,790,376</u>	<u>\$955,707</u>	<u>\$975,085</u>	<u>\$991,976</u>
Ending Fund Balance Without Contingency	<u>\$2,040,687</u>	<u>\$2,468,132</u>	<u>\$1,010,422</u>	<u>\$1,500,015</u>	<u>\$1,970,230</u>	<u>\$2,423,554</u>
Beginning Balance with Contingency				\$1,500,015	\$1,970,230	\$1,648,554
Contingency Amount for Relay Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>775,000</u>	<u>775,000</u>
Ending Fund Balance with Contingency	<u>\$2,040,687</u>	<u>\$2,468,132</u>	<u>\$1,010,422</u>	<u>\$1,500,015</u>	<u>\$1,195,230</u>	<u>\$873,554</u>

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Economic Security Services Branch Funding by Source of Authority 2015 Biennium Budget - Disability Employment & Transitions							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$11,275,674	\$0	\$0	\$11,275,674	20.0%		
State Special Total	\$1,978,132	\$0	\$0	\$1,978,132	3.5%		
02159 Handicapped Telecommunications	\$1,894,599	\$0	\$0	\$1,894,599	3.4%		
02434 02 Indirect Activity Prog 01	\$83,533	\$0	\$0	\$83,533	0.1%		
Federal Special Total	\$43,015,132	\$0	\$0	\$43,015,132	76.4%		
03024 Soc Sec - Trust Funds	\$3,026,962	\$0	\$0	\$3,026,962	5.4%		
03365 03 Indirect Activity Prog 01	\$86,071	\$0	\$0	\$86,071	0.2%		
03554 84.169 - Independent Living 90	\$554,713	\$0	\$0	\$554,713	1.0%		
03555 84.177 - Indep Living Old Blin	\$469,843	\$0	\$0	\$469,843	0.8%		
03557 84.187 - Vic Sup Employment	\$687,490	\$0	\$0	\$687,490	1.2%		
03558 84.224 - Mon Tech 100%	\$878,872	\$0	\$0	\$878,872	1.6%		
03559 84.265 - In Service Training 9	\$35,540	\$0	\$0	\$35,540	0.1%		
03588 93.802 - Disabil Deter Adm 100	\$10,889,402	\$0	\$0	\$10,889,402	19.4%		
03604 84.126 - Rehab-sec110 A 78.7%	\$26,386,239	\$0	\$0	\$26,386,239	46.9%		
Total All Funds	\$56,268,938	\$0	\$0	\$56,268,938	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

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

General fund comprises 20.0% of the budget, with most used to match federal funds. The activities supported entirely by the general fund are the extended employment program, visual services medical support, and the Montana Youth Leadership Forum. General fund also supports benefits, grants, and functions serving individuals wishing to live independently, obtain and maintain a job, and acquire the necessary assistive technology.

State special revenue comprises about 3.5% of the budget and is the sole support of the MTAP program. MTAP 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 76.4% 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 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,111,808	5,111,808	10,223,616	90.67%	27,477,072	27,477,072	54,954,144	97.66%
Statewide PL Adjustments	423,318	425,240	848,558	7.53%	345,656	360,351	706,007	1.25%
Other PL Adjustments	(369,660)	(369,666)	(739,326)	(6.56%)	36,817	53,708	90,525	0.16%
New Proposals	437,044	505,782	942,826	8.36%	171,610	346,652	518,262	0.92%
<b>Total Budget</b>	<b>\$5,602,510</b>	<b>\$5,673,164</b>	<b>\$11,275,674</b>		<b>\$28,031,155</b>	<b>\$28,237,783</b>	<b>\$56,268,938</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					689,793					702,311
Vacancy Savings					(341,326)					(341,825)
Inflation/Deflation					(5,387)					(2,650)
Fixed Costs					2,576					2,515
<b>Total Statewide Present Law Adjustments</b>		<b>\$423,318</b>	<b>\$12,780</b>	<b>(\$90,442)</b>	<b>\$345,656</b>		<b>\$425,240</b>	<b>\$13,277</b>	<b>(\$78,166)</b>	<b>\$360,351</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(423,318)	(12,780)	90,442	(345,656)	0.00	(425,240)	(13,277)	78,166	(360,351)
DP 51 - Adjustment for Statewide Personal Services	0.00	54,198	10,029	284,240	348,467	0.00	55,615	10,375	294,496	360,486
DP 52 - Adjustment for Statewide Operations	0.00	(540)	(411)	(1,860)	(2,811)	0.00	(41)	(269)	175	(135)
DP 53 - Base Funding Switch	0.00	369,660	3,162	(372,822)	0	0.00	369,666	3,171	(372,837)	0
DP 110 - MTAP Relay Services	0.00	0	36,817	0	36,817	0.00	0	53,708	0	53,708
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$36,817</b>	<b>\$0</b>	<b>\$36,817</b>	<b>0.00</b>	<b>\$0</b>	<b>\$53,708</b>	<b>\$0</b>	<b>\$53,708</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$423,318</b>	<b>\$49,597</b>	<b>(\$90,442)</b>	<b>\$382,473</b>	<b>0.00</b>	<b>\$425,240</b>	<b>\$66,985</b>	<b>(\$78,166)</b>	<b>\$414,059</b>

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DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 110 - MTAP Relay Services - The legislature approved an increase in state special revenue for the Montana Telecommunications Access Program (MTAP) to cover the projected costs of minutes used in providing traditional relay services and CapTel relay services for people with severe hearing, mobility, or speech impairments.

**New Proposals**

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1901 - PRI Vocation Rehabilitation										
01	0.00	67,384	0	104,226	171,610	0.00	136,116	0	210,536	346,652
<b>Total</b>	<b>0.00</b>	<b>\$67,384</b>	<b>\$0</b>	<b>\$104,226</b>	<b>\$171,610</b>	<b>0.00</b>	<b>\$136,116</b>	<b>\$0</b>	<b>\$210,536</b>	<b>\$346,652</b>

DP 1901 - PRI Vocation Rehabilitation - The legislature approved a 2% provider rate increase in each year of the biennium. The following table shows the distribution of the provider rate increases in DET.

Program	2 Percent Provider Rate Increases		2015 Biennium Total and Fund Allocation		
	FY 2014	FY 2015	Total	General Fund	Federal Fund
Vocational Rehabilitation Section 110	\$130,136	\$262,876	\$393,012	\$83,710	\$309,302
Blind and Low Vision Section 110	2,298	4,640	6,938	1,478	5,460
Independent Living Part B	13,580	27,432	41,012	41,012	0
Extended Employment	25,596	51,704	77,300	77,300	0
	<u>\$171,610</u>	<u>\$346,652</u>	<u>\$518,262</u>	<u>\$203,500</u>	<u>\$314,762</u>

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“The Disability Employment & Transitions Division is appropriated \$775,000 of state special revenue from the Montana Telecommunications Access Program (MTAP) during each year of the 2015 biennium to cover a contingent FCC mandate, which would require states to provide either Video or Internet Protocol relay services for people with severe hearing, mobility or speech impairments.”

“The department of public health and human services must use \$171,610 in fiscal year 2014 and \$346,652 in fiscal year 2015 of funds in the Management and Disability Transitions Division to raise provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015.”