

**Agency Budget Comparison**

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

Agency 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	88.61	88.61	88.61	88.61	88.61	88.61	0.00	0.00%
Personal Services	5,472,749	5,567,198	5,681,120	5,671,401	11,039,947	11,352,521	312,574	2.83%
Operating Expenses	762,865	755,109	848,042	807,983	1,517,974	1,656,025	138,051	9.09%
Transfers	11,300	0	11,300	11,300	11,300	22,600	11,300	100.00%
Debt Service	28,450	0	29,345	28,450	28,450	57,795	29,345	103.15%
<b>Total Costs</b>	<b>\$6,275,364</b>	<b>\$6,322,307</b>	<b>\$6,569,807</b>	<b>\$6,519,134</b>	<b>\$12,597,671</b>	<b>\$13,088,941</b>	<b>\$491,270</b>	<b>3.90%</b>
General Fund	5,927,138	5,971,331	6,234,967	6,184,154	11,898,469	12,419,121	520,652	4.38%
State Special	284,311	287,061	263,080	263,220	571,372	526,300	(45,072)	(7.89%)
Federal Special	63,915	63,915	71,760	71,760	127,830	143,520	15,690	12.27%
<b>Total Funds</b>	<b>\$6,275,364</b>	<b>\$6,322,307</b>	<b>\$6,569,807</b>	<b>\$6,519,134</b>	<b>\$12,597,671</b>	<b>\$13,088,941</b>	<b>\$491,270</b>	<b>3.90%</b>

Mission Statement: As part of Montana's educational system, the Montana School for the Deaf and the Blind is committed to promote and provide free and appropriate educational opportunities statewide, for children who are deaf, hard of hearing, blind, low vision, and deaf-blind ages birth to twenty-one. This comprehensive education ensures these children achieve their greatest potential for independence and success.

For additional information, please refer to the agency profile.

**Agency Highlights**

<b>Montana School for Deaf and Blind Major Budget Highlights</b>	
◆	The Governor proposes to increase the school's budget by 3.9% due primarily to <ul style="list-style-type: none"> <li>• Statewide present law adjustments related to personnel expense</li> <li>• Funding to replace the schools fleet of vehicles with leased vehicles from the state</li> <li>• Five more travel weekends for the resident students.</li> </ul>

**Agency Discussion**

*Agency Personal Services*

- In FY 2012 the school experienced a vacancy savings rate of 2%. No vacancy savings were applied to this budget by the legislature, as it is statutorily exempt. There are 8.89 FTE currently vacant or about 10% of total FTE. Vacant positions are in student services and education. Workload for some of the existing vacancies has been shifted to existing staff
- The school did not provide a general pay increase in the 2013 biennium; however, other pay increases amounted to approximately \$42,000 of which \$30,000 was targeted, \$2,800 for longevity and \$9,000 to adjust pay to be in line with minimum pay for pay band.
- 20% of the MSDB staff will achieve 25 years of service during the 2015 biennium.

MSDB had difficulty recruiting and retaining staff due to several factors.

- In part due to the specialized training required, a smaller percentage of applicants submitting applications are qualified, resulting in some reposting's, extension of closing dates, and lowering of minimum qualifications
- The school has lost qualified applicants to other states, and several qualified applicants for professional positions have withdrawn their applications after receiving an offer from out of state at higher pay. In some cases, these were the only qualified application received.
- Turnover rates in the lowest paid positions, food service and cottage attendants, in recent years has average 17%. To compensate for staff shortages workload is shifted to existing staff. In three areas (student care/supervision, health, and food services) 15 positions worked hours in excess of budgeted hours to compensate for vacancies.
- MSDB must compete with the local Great Falls school district; MSDB teachers make between 85% and 98% of what a Great Falls teacher makes.

#### *Agencywide Decision Packages*

The governor has submitted two related decision packages related to the school's fleet of vehicles. The cost of the lease and expected operational savings are contained in DP 3 and DP 4.

The MSDB owns four vans and two sedans for transporting students and staff, primarily within the Great Falls area. The Governor proposes replacing the six vehicles with a state motor pool lease. The lease would transfer responsibility for vehicle maintenance and management to the state motor pool. The average age of the fleet is 16 years, the oldest vehicle being 19 years and the newest 13 years. On average, the vehicles are driven 6,000 miles per year. The lease would affect the budget in several ways:

- The operation base would be increased \$31,206 in FY 2014 and \$32,187 in FY 2015 to cover lease payments;
- The operation base would be decreased in each fiscal year by \$7,021 due to savings related to maintenance and management of the vehicles.
- The state would receive some salvage value when the vehicles are disposed of.

The state motor pool estimates the replacement costs of the vans at \$21,000 each and the sedans \$16,000 each. The motor pool replaces its vehicles between 100,000 and 125,000 miles, and vehicles typically are six to eight years old when replaced.

#### *5% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2015 biennium 5% plan submitted for this agency is in the appendix.

#### *IT Systems*

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- New
- Emerging
- Mature
- Declining
- Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- Current plans to address obsolescence
- Costs to replace the system
- Costs of maintaining the current system
- Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

*Agency Goals and Objectives*

Goals and objectives for the agency can be found in the appendix.

**Funding**

The following table shows agency funding by source of authority, as proposed by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$12,419,121	\$0	\$0	\$12,419,121	94.9%		
State Special Total	\$526,300	\$0	\$0	\$526,300	4.0%		
02050 School Trust Interest/income	\$495,140	\$0	\$0	\$495,140	3.8%		
02243 Medicaid Reimbursements	\$31,160	\$0	\$0	\$31,160	0.2%		
Federal Special Total	\$143,520	\$0	\$0	\$143,520	1.1%		
03167 National School Lunch	\$46,000	\$0	\$0	\$46,000	0.4%		
Total All Funds	\$13,088,941	\$0	\$0	\$13,088,941	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

MSDB’s programs are funded primarily with general fund. State special funds include school trust income interest and Medicaid reimbursements. Sources of federal funds include the National School Lunch Program and Education Consolidation and Improvement Act Chapter I. The LFD estimates school trust income of \$246,000 and \$265,000 for FY 2014 and FY 2015 respectively. Revenues from school trusts fluctuate based on the activities occurring on school lands.

The school also receives tuition from out of state students, which is statutorily appropriated. Unlike other public schools, the school does not have the ability to levy property taxes to support school programs.

**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	5,927,138	5,927,138	11,854,276	95.45%	6,275,364	6,275,364	12,550,728	95.89%
Statewide PL Adjustments	194,086	167,292	361,378	2.91%	180,700	154,046	334,746	2.56%
Other PL Adjustments	76,123	52,104	128,227	1.03%	76,123	52,104	128,227	0.98%
New Proposals	37,620	37,620	75,240	0.61%	37,620	37,620	75,240	0.57%
<b>Total Budget</b>	<b>\$6,234,967</b>	<b>\$6,184,154</b>	<b>\$12,419,121</b>		<b>\$6,569,807</b>	<b>\$6,519,134</b>	<b>\$13,088,941</b>	

## Agency Issues

### *Future of MSDB*

Over recent decades, the function of the MSDB has shifted from serving deaf and blind students exclusively on the campus in Great Falls to supporting deaf and blind students within their home school districts through an outreach program. As a result of this and other factors such as improved testing, legal changes, and medical advances that have reduced the number of profoundly handicapped children more likely to need services offered on campus, the residential program now serves about 10% of the total population and the campus in Great Falls is operating at about 30 percent of its designed capacity. Given the forecasted growth of the K-12 population in Montana, it is not likely that MSDB will operate near full capacity in the next few decades. In contrast, the Outreach Program, which was almost non-existent 30 years ago, has grown to serve over 500 students in 119 school districts statewide, or about 90% of the children served.

Given the specialized nature of the skills and training needed for many professionals at the school and to aid children in their communities, the school also faces challenges in recruiting and retaining qualified staff.

Given this shift in services from residential to outreach, the personnel challenges facing the school, and considering that the campus is not fully utilized, the legislature may wish to review long term strategies for how the MSDB should employ state resources to serve Montana's deaf and blind students. During the interim the legislature may wish to explore long term planning for the school campus and issues related to training and retaining qualified staff statewide, including but not limited to the following:

- Explore the future of deaf and blind education in the state and the roles and challenges of the school and outreach programs, and a long-term plan that takes into account underlying factors
- Determine whether greater efficiencies can be found for the use of the campus and/or the location of the school, included shared or other consolidated use
- Explore methods of training, recruiting, and retaining specialized positions, such as scholarships or other financial incentives such as debt forgiveness

For a detailed description of the role and history of the school, see the appendix.