

Department of Developmental Services

Governor's Budget Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES GOVERNOR'S BUDGET HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (Department or DDS) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that approximately 290,000 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives.

California provides services and supports to individuals with developmental disabilities two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in three state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to increase from 290,496 in the current year to 302,419 in Fiscal Year (FY) 2016-17. The number of individuals living in state-operated residential facilities is estimated to be 747 by the end of FY 2016-17.

Developmental Center Closures

On October 1, 2015, the Department submitted to the Legislature a plan for the closure of the Sonoma Developmental Center (Sonoma). In addition, the May Revision of the proposed 2015-16 budget announced the planned closure of the remaining developmental centers. On November 30, 2015, the Department announced its intent to submit a plan to the Legislature by April 1, 2016, for the closure of the Fairview Developmental Center (Fairview) and the Porterville Developmental Center – General Treatment Area (Porterville GTA). In light of the planned and announced closures, the Governor's Budget includes funds for both the Community Services and Developmental Centers Programs. More specifically, the Governor's Budget includes:

- \$78.8 million (\$73.9 million GF) for regional centers to develop resources in FY 2016-17 to support the transition of DC residents into the community from Sonoma, Fairview, and Porterville GTA. This is an increase of \$30.8 million (\$25.7 million GF) from the FY 2015-16 Enacted Budget.
- \$1.7 million (\$1.1 million GF) in FY 2015-16, and \$3.0 million (\$1.9 million GF) in FY 2016-17 in the Developmental Centers Budget, to begin preliminary closure activities at Sonoma. These activities include inventorying and archiving clinical and historical records, contracting for an independent monitor as stipulated in the settlement agreement with the Centers for Medicare and Medicaid Services (CMS) regarding Sonoma decertification, and relocating residents and their belongings to community settings.
- \$2.1 million (\$1.8 million GF) within Headquarters for staffing and contract resources needed to support the continued efforts for multiple developmental center closures.

As required by Senate Bill 82 (Chapter 23, Statutes of 2015) the Department included in its Developmental Center Estimate, impacts to the General Fund from closure activities.

Governor's Budget Summary

The January 2016-17 Governor's Budget includes \$6.4 billion total funds (TF) (\$3.8 billion GF) for the Department in 2016-17; a net increase of \$394.4 million above the updated 2015-16 budget, or a 6.6 percent TF increase (7.4 percent GF).

FUNDING SUMMARY <i>(Dollars in Thousands)</i>				
	2015-16	2016-17	Difference	Percent of Change
BUDGET SUMMARY				
Community Services	\$5,335,142 *	\$5,774,088	\$438,946	8.2%
Developmental Centers	574,160	526,037	-48,123	-8.4%
Headquarters Support	46,018	49,609	3,591	7.8%
TOTALS, ALL PROGRAMS	\$5,955,320	\$6,349,734	\$394,414	6.6%
GENERAL FUND				
Community Services	\$3,129,340 *	\$3,426,912	\$297,572	9.5%
Developmental Centers	348,778	307,481	-41,297	-11.8%
Headquarters Support	29,857	32,637	2,780	9.3%
TOTALS, ALL PROGRAMS	\$3,507,975	\$3,767,030	\$259,055	7.4%

* This amount includes \$61.5 million for prior year loan repayments, but is not reflected in the Regional Center Local Assistance Estimate totals to avoid overstating 2015-16 expenditures.

For more details, see Budget Summary and Funding Charts on pages 9-10.

COMMUNITY SERVICES PROGRAM

2015-16

To provide services and support to 290,496 individuals in the community, the Governor's Budget updates the enacted budget to \$5.3 billion TF (\$3.1 billion GF). This reflects a net decrease of \$43.4 million TF (\$68.6 million GF decrease) as compared to the enacted budget for regional center operations (OPS) and purchase of services (POS). This decrease is composed of:

Caseload and Utilization:

\$43.4 million net decrease (\$68.6 million GF decrease) in regional center OPS and POS as follows:

- OPS increase of \$1.6 million (\$2.7 million GF increase)
- POS decrease of \$45.0 million (\$71.3 million GF decrease)

The increase in OPS is due to an estimated population increase of 565 consumers over the enacted budget, whereas the decrease in POS reflects expenditure growth occurring at a slightly slower pace than previously estimated. The decrease in GF in POS is due to increased federal reimbursements and adjustments consistent with current estimating trends.

2016-17

The Governor's Budget projects a total community caseload of 302,419 consumers by January 31, 2017 – an increase of 12,488 consumers over the updated 2015-16 caseload. The estimate proposes \$5.8 billion TF (\$3.4 billion GF); a net increase of \$457 million (\$290.4 million GF) over the enacted budget. The Community Services budget changes include:

Caseload and Utilization:

\$235 million increase (\$149.2 million GF increase) in regional center OPS and POS as follows:

- OPS increase of \$22.3 million (\$16.2 million GF)
- POS increase of \$212.7 million (\$133 million GF)

The major increases in POS expenditures are within the day programs, support services, in-home respite, health care, and miscellaneous budget categories, all of which reflect updated expenditure data and consumer growth.

Compliance with New Home and Community Based Services (HCBS)

Regulations:

\$1.6 million increase (\$0.9 million GF increase) in OPS to fund an additional 21 Program Evaluator positions within the regional centers to ensure HCBS program settings are integrated into the community by March 2019, as required by the new regulations. In addition, a \$15.0 million increase (\$11.0 million GF increase) in POS to fund modifications to some service providers' programs that will be necessary for compliance with HCBS regulations by March 2019, to continue to receive federal HCBS funds.

Client Program Coordinators to Improve Caseload Ratios:

\$17 million increase (\$13 million GF increase) to fund additional regional center Service Coordinator positions to reduce caseload ratios and thereby improve case management functions.

Community Placement Plan for Developmental Center Closures:

\$30.8 million increase (\$28.3 million GF increase) to develop resources to support the transition of DC residents into the community from Sonoma, Fairview, and Porterville GTA. This includes \$4.1 million for regional center operations, and \$26.6 million to develop community living arrangements and place consumers moving from DCs. This amount is in addition to regular Community Placement Plan proposed funding of \$68 million.

Minimum Wage Increase:

\$62.4 million increase (\$35 million GF increase) in POS to fund the requirements of Assembly Bill 10 (Chapter 351, Statutes of 2013) that increased the State minimum wage from \$9.00 to \$10.00 effective January 1, 2016.

Update on Federal Labor Regulations:

\$54.2 million increase (\$29.2 million GF increase) in POS to reflect full year implementation of the Fair Labor Standards Act (FLSA) to include home care workers in overtime compensation.

Implementation of Behavioral Health Treatment (BHT) Services by Department of Health Care Services (DHCS):

\$4.5 million decrease (\$2.2 million GF decrease) in POS to reflect a reduction in expenditures for the consumers who began receiving BHT services in September 2014 from DHCS as a Medi-Cal benefit per Senate Bill 870 (Chapter 40, Statutes of 2014).

Alternative Residential Model (ARM) 4-Bed Rate Model

\$46.0 million increase (\$26.0 million GF increase) to fund ARM rates based on a four-resident model for Community Care Facilities vendored to serve four or fewer individuals.

DEVELOPMENTAL CENTERS PROGRAM

2015-16

To provide services and support to 1,011 residents in developmental centers (average in-center population), the Governor's Budget updates the Enacted Budget to \$574.2 million TF (\$348.8 million GF); a net increase of \$60.2 million TF (\$55.2 million GF) for Developmental Centers' State Operations funding. Significant changes are as follows:

Various Employee Compensation and Staff Benefit Contribution Increases:

\$13.0 million increase (\$8.6 million GF increase) for 2015-16 employee compensation augmentations approved through the collective bargaining process, as well as increases in retirement and other staff benefit employer contribution rates.

Staffing Adjustments:

\$1.5 million net increase (\$.8 million GF increase) and 24.4 positions (7.8 Level of Care and 16.6 Non-Level of Care) for staffing necessary to operate developmental centers with reduced populations during the closure process, to assist with consumers moving into the community, to comply with requirements pursuant to CMS agreements and standards, and to support multiple, overlapping closure activities.

Sonoma DC Preliminary Advanced Closure Costs

\$1.7 million increase (\$1.1 million GF increase) to begin preliminary closure activities including inventorying and archiving clinical and historical records, contracting for an independent monitor as stipulated in the settlement agreement with the CMS regarding Sonoma decertification, and relocating residents and their belongings to community settings.

DC Audit Finding - Revised Expenditure Authority per Item 4300-101-0001,

Provision 3

\$42.5 million GF one-time increase to repay the Department of Health Care Services as a result of audit findings, to be funded by a transfer from the Local Assistance budget in Item 4300-101-0001.

Acute Crisis Unit at Sonoma DC – Full Year Adjustment:

\$1.0 million net increase (\$1.4 million GF increase) to fund the full year costs associated with staffing the unit for a full fiscal year. The initial request made during the 2014 May Revision was limited by statute to only reflect one-half of the 2014-15 fiscal year staffing costs. This increase is necessary to fund the full fiscal year.

Key Staff Functions to be Centralized at Headquarters:

\$1.0 million decrease (\$0.8 million GF decrease) and 9.0 position reduction due to DDS revising the Enacted Budget 2015-16 assumption that identified Lanterman DC Post-Closure activities, and now requests that these and other positions throughout the DC system be transferred to Headquarters (HQ) and centralized as the department moves forward with closing multiple facilities with overlapping timelines.

Revised Budgetary Expenditure Authority for Deferred Maintenance

\$1.6 million GF increase consistent with CS 6.10 of the Budget Act, which specifies the Director of Finance may allocate funds to departments for deferred maintenance projects, and shall provide a list of projects to the Chairperson of the Joint Legislative Budget Committee. DDS' list of approved projects are all located at Porterville DC; to include \$0.4 million GF for the repair of two groundwater wells, \$0.4 million GF to upgrade the security cameras within the Secured Treatment Area, and \$0.8 million GF to re-key entire facility to a master/sub-master key schedule.

2016-17

The Governor's Budget includes funds for services and support of 847 residents (average in-center population) in the DCs; a decrease of 188 residents from the 2015-16 Enacted Budget. Total funding increased by \$12.1 million (\$14.0 million GF), and authorized positions decreased by a net of 123.8 positions, for a total of 4,125.2 authorized positions. Significant changes are as follows:

Various Employee Compensation and Staff Benefit Contribution Increases:

\$14.2 million increase (\$9.4 million GF increase) for 2015-16 employee compensation augmentations approved through the collective bargaining process, as well as increases in retirement and other staff benefit employer contribution rates.

Staffing Adjustments

\$8.8 million decrease (\$4.9 million GF decrease) and a total reduction of 129.2 positions (63.1 Level of Care and 66.1 Non-Level of Care) based on an estimated population decline of 188 DC residents transitioning into the community. The reduction reflects adjustments to staffing for specialized support and closure activities.

Sonoma DC Preliminary Advanced Closure Costs

\$3.0 million increase (\$1.9 million GF increase) to begin preliminary closure activities including inventorying and archiving clinical and historical records, contracting for an

independent monitor as stipulated in the settlement agreement with the CMS regarding Sonoma decertification, and relocating residents and their belongings to community settings.

Office of Protective Services' Records Management System:

\$0.4 million increase (\$0.3 million GF increase) to fund the acquisition of a Records Management System that will enable the Department's Office of Protective Services to efficiently and effectively report, manage, and track DC investigations, including within the Porterville DC-Secured Treatment Program (PDC-STP) and Canyon Springs Community Facility which are not slated for closure.

Developmental Centers Workers' Compensation Cases:

\$2.3 million net decrease (\$1.0 million GF increase) in appropriation from \$17.3 million (\$9.1 million GF) to \$15 million (\$10.1 million GF) to fund the settlement of remaining open permanent and stationary Workers' Compensation claims associated with current and former employees assigned to work at the various DCs and the State Operated Community Facilities. DDS requests that this \$15 million level of funding continue throughout the DC closure timeline.

Replace Personal Alarm Locating System at Porterville DC:

\$1.8 million GF increase to replace the Personal Alarm Locating System in the Porterville Developmental Center – Secure Treatment Program areas.

DC Audit Findings

\$3.8 million GF increase payable to the Department of Health Care Services for audit findings estimated to be payable in the Budget Year.

Acute Crisis Unit at Sonoma DC – Full Year Adjustment:

\$1.0 million net increase (\$1.4 million GF increase) to fund the full year costs associated with staffing the unit for a full fiscal year. The initial request made during the 2014 May Revision was limited by statute to only reflect one-half of the 2014-15 fiscal year staffing costs. This increase is necessary to fund the full fiscal year.

Key Staff Functions to be Centralized at Headquarters:

\$1.0 million decrease (\$0.8 million GF decrease) and 9.0 position reduction due to DDS revising the November 2014 assumption that identified Lanterman DC Post-Closure activities, and now requests that these and other positions throughout the DC system be transferred to HQ and centralized as the department moves forward with closing multiple facilities with overlapping timelines.

HEADQUARTERS

2015-16

The Governor's Budget reflects an increase to the 2015-16 Headquarters' enacted operations funding of \$2.2 million TF (\$1.5 million GF) for Retirement Rate Contribution, Employee Compensation, and other Staff Benefit increases, as well as the transfer of 9 positions from the Developmental Centers to Headquarters. The mid-year adjusted 2015-16 headquarters budget is \$46.0 million TF (\$29.9 million GF).

2016-17

The Governor's Budget proposes Headquarters operations funding for 2016-17 of \$49.5 million TF (\$32.6 million GF). This is a net increase of \$5.7 million TF (\$4.3 million GF) over the FY 2015-16 Enacted Budget, reflecting an incremental increase in Employee Compensation, a decrease for ProRata and SWCAP, and an increase in expenditures and positions from the following four Budget Change Proposals (BCPs):

- \$2.1 million TF (\$1.8 million GF), 8.0 new positions, and the redirection of 5.0 vacant positions for staffing and contract resources needed to support the continued efforts for the closure of the Sonoma, Fairview, and Porterville GTA. This includes overseeing the development and licensing of community facilities and consumer programs, supporting layoff activities, resolving workers' compensation claims, reconciling personnel and payroll records, and collaborating and communicating with stakeholders.
- \$0.9 million TF (\$0.6 million GF) and 7.0 positions to establish a Fiscal and Program Research Unit. The new unit will compile, research, and analyze fiscal and programmatic data in response to legislative, federal government, and stakeholder inquiries regarding regional center and developmental center programs and the provision of services to persons with developmental disabilities.
- \$0.5 million TF (\$0.3 million GF) and 4.0 positions to accommodate increased workload associated with complying with the CMS' new Home and Community-Based Services regulations. The new, comprehensive regulations create additional workload for planning, training, assessing, and reporting activities to demonstrate compliance by March 2019 in order for the State to maintain \$1.7 billion annually in federal financial participation reimbursements for Purchase of Services expenditures.
- \$1.0 million TF (\$0.7 million GF) to permanently establish and retain funding for 7.0 limited-term auditor positions in the Vendor Audit Section. The positions, originally established as limited-term in FY 2014-15, will continue to provide audit coverage and oversight of the more than \$4.6 billion in vendor payments disbursed each fiscal year.

CAPITAL OUTLAY

\$6.5 million GF increase for the construction phase of the project to upgrade the fire alarm system at the Porterville Developmental Center – Secure Treatment Program.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2015 November Estimate

FUNDING SUMMARY
(Dollars in Thousands)

	2015-16	2016-17	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$5,335,142 *	\$5,774,088	\$438,946
DEVELOPMENTAL CENTERS	574,160	526,037	-48,123
HEADQUARTERS SUPPORT	46,018	49,609	3,591
TOTALS, ALL PROGRAMS	\$5,955,320	\$6,349,734	\$394,414
FUND SOURCES			
General Fund	\$3,507,975 *	\$3,767,031	\$259,056
Reimbursements: Totals All	2,388,340	2,524,007	135,667
<i>Home and Community-Based Services (HCBS) Waiver</i>	1,457,481	1,574,286	116,805
<i>Medicaid (HCBS) Waiver Administration</i>	17,792	19,515	1,723
<i>Medicaid Administration</i>	12,625	12,626	1
<i>Targeted Case Management</i>	157,513	166,753	9,240
<i>Targeted Case Management Admin.</i>	4,952	4,952	0
<i>Medi-Cal</i>	214,093	207,287	-6,806
<i>Title XX Block Grant</i>	213,421	213,421	0
<i>ICF-DD/State Plan Amendment</i>	57,072	57,072	0
<i>Quality Assurance Fees (DHCS)</i>	10,100	10,100	0
<i>1915(i) State Plan Amendment</i>	193,279	205,086	11,807
<i>Money Follows the Person</i>	9,411	11,353	1,942
<i>Race to the Top</i>	143	0	-143
<i>Early Periodic Screening Diagnostic & Treatment</i>	24,818	25,910	1,092
<i>Other</i>	15,640	15,646	6
Federal Trust Fund	54,200	54,163	-37
Lottery Education Fund	343	343	0
Program Development Fund (PDF)	3,090	2,862	-228
Mental Health Services Fund	1,222	1,178	-44
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,011	847	-164
Regional Centers	290,496	302,419	11,923
AUTHORIZED POSITIONS			
Developmental Centers	4,278.8	4,125.2	-153.6
Headquarters	397.5	416.5	19.0
* This amount includes \$61.5 million for prior year loan repayments, but is not reflected in the Regional Center Local Assistance Estimate totals to avoid overstating 2015-16 expenditures.			

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2015 November Estimate**

(Dollars in Thousands)

	2015-16	2016-17	Difference
Community Services Program			
Regional Centers	\$5,335,142 *	\$5,774,088	\$438,946
Totals, Community Services	\$5,335,142	\$5,774,088	\$438,946
General Fund	3,129,340 *	\$3,426,912	\$297,572
Dev Disabilities PDF	2,733	2,537	-196
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,354	51,354	0
Reimbursements	2,150,825	2,292,395	141,570
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$433,594	\$433,594	\$0
Operating Expense & Equipment	140,566	92,443	-48,123
Staff Benefits Paid Out of Operating Expense & Equipment	0	0	0
Total, Developmental Centers	\$574,160	\$526,037	-\$48,123
General Fund	\$348,778	\$307,481	-\$41,297
Federal Trust Fund	285	285	0
Lottery Education Fund	343	343	0
Reimbursements	224,754	217,928	-6,826
Headquarters Support			
Personal Services	\$40,408	\$40,614	\$206
Operating Expense & Equipment	5,610	\$8,995	3,385
Total, Headquarters Support	\$46,018	\$49,609	\$3,591
General Fund	\$29,857	\$32,638	\$2,781
Federal Trust Fund	2,561	2,524	-37
PDF	357	325	-32
Reimbursements	12,761	13,684	923
Mental Health Services Fund	482	438	-44
Totals, All Programs	\$5,955,320	\$6,349,734	\$394,414
Total Funding			
General Fund	\$3,507,975	\$3,767,031	\$259,056
Federal Trust Fund	54,200	54,163	-37
Lottery Education Fund	343	343	0
Dev Disabilities PDF	3,090	2,862	-228
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,388,340	2,524,007	135,667
Mental Health Services Fund	1,222	1,178	-44
Caseloads			
Developmental Centers	1,011	847	-164
Regional Centers	290,496	302,419	11,923
Authorized Positions			
Developmental Centers	4,278.8	4,125.2	-153.6
Headquarters	397.5	416.5	19.0
* This amount includes \$61.5 million for prior year loan repayments, but is not reflected in the Regional Center Local Assistance Estimate totals to avoid overstating 2015-16 expenditures.			