

Department of Developmental Services

Governor's Budget Highlights



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**DEPARTMENT OF DEVELOPMENTAL SERVICES
GOVERNOR'S BUDGET HIGHLIGHTS**

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with developmental disabilities to lead more independent, productive, and integrated lives. The Early Start Program provides for the delivery of appropriate services to infants and toddlers at risk of having developmental disabilities. The Department carries out its responsibilities through 21 community-based, non-profit corporations known as regional centers, two state-operated developmental centers, one state-operated community facility, and four community-based acute crisis homes.

The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 333,094 in the current year, to 349,606 in 2019-20. The number of individuals who will reside in state-operated residential facilities is estimated to be 323 on July 1, 2019.

GOVERNOR'S BUDGET SUMMARY

The Governor's Budget includes \$7.8 billion total funds (\$4.8 billion GF) for the Department in 2019-20; an increase of \$435.2 million (\$332.4 million GF) over the updated 2018-19 budget.

FUNDING SUMMARY <i>(Dollars in Thousands)</i>				
	2018-19	2019-20	Difference	Percentage Change
BUDGET SUMMARY				
Community Services	\$6,892,600	\$7,398,803	\$506,203	7.3%
Developmental Centers	394,383	309,462	-84,921	-21.5%
Headquarters Support	70,895	84,793	13,898	19.6%
TOTALS, ALL PROGRAMS	\$7,357,878	\$7,793,058	\$435,180	5.9%
GENERAL FUND				
Community Services	\$4,087,869	\$4,450,177	\$362,308	8.9%
Developmental Centers	306,682	265,834	-40,848	-13.3%
Headquarters Support	42,314	53,217	10,903	25.8%
GF TOTAL, ALL PROGRAMS	\$4,436,865	\$4,769,228	\$332,363	7.5%

Additional detail is available in the Program and Funding Summary on page 7.

COMMUNITY SERVICES PROGRAM

2018-19

The updated current year projected community population is 333,094, a net increase of 356 consumers, compared to the 2018 Enacted Budget. The net increase results from a projected increase of 442 consumers in Active caseload, and a decrease of 86 in Early Start caseload.

The Governor's Budget updates the 2018 enacted budget to \$6.9 billion (\$4.1 billion GF); a decrease of \$78.0 million (\$64.8 million GF). The decrease includes a \$74.7 million decrease (\$37.1 million GF) in Purchase of Service (POS) expenditures and a \$3.2 million decrease (\$27.7 million GF) in Operations. The main driver for the overall GF decrease is additional federal reimbursements from Targeted Case Management (TCM).

Caseload and Utilization

Decrease of \$23.6 million (\$28.9 million GF) in regional center Operations (OPS) and Purchase of Services (POS) as follows:

- OPS decrease of \$3.2 million (\$27.7 million GF)
- POS decrease of \$20.4 million (\$1.2 million GF)

The decrease in OPS is due to updated caseload and staffing expenditures.

The decrease in POS is primarily attributed to actual expenditures for the January 2018 SB 3 Minimum Wage Increase coming in \$89.6 million lower than originally estimated. Estimated expenditures for 2018-19 are \$101.2 million.

SB 3 Minimum Wage Increase, Effective January 1, 2019

A decrease of \$54.6 million (\$33.1 million GF) due to prior year actual expenditures coming in lower than previously estimated.

2019-20

The budget year projected community population is 349,606, an increase of 16,512 consumers, compared to updated current year projections. This projected increase consists of 12,417 consumers in Active caseload and 4,095 in Early Start caseload over updated budget.

The Governor's Budget proposes \$7.4 billion (\$4.5 billion GF) for the Regional Center system, an increase of \$506.2 million (\$362.3 million GF) as compared to the updated current year budget. The increase is a result of the following adjustments:

Caseload and Utilization

Increase of \$402.2 million (\$302.5 million GF) in regional center OPS and POS as follows:

- OPS increase of \$31.3 million (\$24.0 million GF)
- POS increase of \$370.9 million (\$278.5 million GF)

The net increase in OPS is primarily due to updated caseload and staffing expenditures.

The increase in POS reflects adjustments for all POS budget categories based on current year expenditure trends.

Specialized Home Monitoring

Increase of \$5.5 million (\$3.7 million GF) to provide required monitoring of specialized homes. One licensed nurse or behavioral specialist will conduct the monitoring for four specialized homes. There will be 93 operational Adult Residential Facilities for Persons with Special Healthcare Needs, 58 operational Enhanced Behavioral Supports Homes and 26 Community Crisis Homes in 2019-20.

Specialized Caseload Ratios

Increase of \$3.8 million (\$2.6 million GF) to establish a 1:25 service coordinator-to-consumer caseload ratio for consumers with complex needs requiring intensive service coordination for stabilization in the least restrictive setting.

Developmental Center Closure/Ongoing Workload

Net increase of \$3.0 million (\$1.5 million GF) to continue regional center workload associated with the ongoing monitoring and coordination of individuals who transition from Developmental Centers. Funding has been shifted from the Agnews and Lanterman Developmental Center Closures to offset the \$8.3 million (\$3.9 million GF) total costs.

Impacts from Other Departments, Behavioral Health Treatment (BHT)

Consumers with no Autism Spectrum Disorder (ASD)

Decrease in savings of \$39.4 million GF due to transition of all Medi-Cal Managed Care consumers with medically necessary BHT services. By the end of 2018-19, all of these consumers will have fully transitioned to Department of Health Care Services (DHCS). As a result, savings from Medi-Cal Managed Care occurred in 2018-19 only. Fee-for-service consumers continue to access services through regional centers and the Department is reimbursed by DHCS. Reimbursements for non-ASD fee-for-service are displayed in Reimbursements from DHCS.

Community Crisis Homes for Children

One-time increase of \$4.5 million GF to develop three community crisis homes for children. The estimated cost to develop each home is \$1.5 million.

Community Placement Plan for DC Closures

Decrease of \$21.6 million (\$14.5 million GF) due to closure of the three remaining Developmental Centers.

Uniform Holiday Schedule

Decrease of \$47.8 million (\$28.7 million GF) due to the expiration of the one-time 2018-19 appropriation that delayed implementation of the Uniform Holiday Schedule. The Department proposes to implement the policy effective July 1, 2019.

SB 3 Minimum Wage, January 1, 2019

Increase of \$76.0 million (\$38.4 million GF) to reflect the estimated full-year cost of the January 1, 2019 California minimum wage increase from \$11.00 to \$12.00 per hour.

SB 3 Minimum Wage, January 1, 2020

Increase of \$83.0 million (\$41.7 million GF) to reflect the estimated half-year cost of the January 1, 2020 California minimum wage increase from \$12.00 to \$13.00 per hour.

Bridge Funding

Decrease of \$42.0 million (\$25.0 million GF) due to the expiration of the one-time appropriation in 2018-19.

STATE OPERATED RESIDENTIAL AND COMMUNITY FACILITIES PROGRAM

2018-19

The DC and STAR Home population was 514 residents on July 1, 2018. The Department projects an ending population of 323 residents on June 30, 2019.

The Governor's Budget updates the 2018-19 Enacted Budget to \$394.4 million (\$306.7 million GF); an increase of \$9.8 million (\$7.5 million GF). The increase is a combination of the following adjustments:

Operations Expenditures

Decrease of \$0.8 million (\$0.3 million GF) in Operations Expense and Equipment (OE&E) costs due to a net reduction of 20 residents compared to 2018-19 Enacted Budget.

Employee Compensation and Retirement

Increase of \$11.6 million increase (\$8.1 million GF) for compensation and retirement adjustments approved through the collective bargaining process and Item 9800 – Employee Compensation Adjustments.

Sonoma and Fairview Lump Sum Leave Balance Payouts

Decrease of \$0.9 million (\$0.3 million GF) as compared to the 2018-19 Enacted Budget to fund lump sum leave balance payouts for separating employees.

2019-20

The Governor's Budget proposes a total of \$309.5 million (\$265.8 million GF) for the State Operated Residential and Community Facilities Program; a decrease of \$84.9 million (\$40.8 million GF) from the 2018-19 updated budget. The decrease reflects the following adjustments:

Operations Expenditures

Decrease of \$82.9 million (\$37.0 million GF) comprised of \$70.5 million in Personal Services and a \$12.4 million in OE&E due to a reduction in resident population. The decrease includes the following adjustments:

- \$11.7 million (\$7.3 million GF) increase and 100.6 positions to operate one

additional STAR Home in Northern California and to develop two Central Valley STAR homes and a Central Valley Crisis Assessment Stabilization Team (CAST) as part of the Department's ongoing Safety Net planning.

- DC staffing update, decrease of \$105.9 million (\$55.6 million GF), including position reductions from the Sonoma DC closure.
- One-time funding increase of \$5.0 million GF for Deferred Maintenance at Porterville.
- \$1.0 million GF increase for 8.0 Regional Resource Development Project (RRDP) staff required to continue monitoring of Sonoma residents who transitioned to the community.
- \$5.3 million GF increase for the ongoing cost of workers' compensation claims from open and closed facilities.

Employee Compensation and Retirement

Decrease of \$1.4 million (\$0.9 million GF) for employee compensation and retirement adjustments approved through the collective bargaining process. In total, the Governor's Budget includes \$10.1 million (\$7.1 million GF) for employee compensation and retirement adjustments in 2019-20.

Fairview and Porterville General Treatment Area Lump Sum Leave Balance Payouts

Decrease of \$0.6 million (\$2.9 million GF) to fund lump sum leave balance payouts for separating employees. In total the Governor's Budget proposes \$7.7 million (\$4.0 million GF) to fund lump sum leave balance payouts in 2019-20.

CAPITAL OUTLAY

The Governor's Budget does not include a proposal for Capital Outlay funds in 2019-20.

HEADQUARTERS

2018-19

The Governor's Budget updates the 2018-19 Enacted Budget to \$70.9 million (\$42.3 million GF); an increase of \$2.7 million (\$2.2 million GF). The increase is for employee compensation and retirement adjustments approved through the collective bargaining process and Item 9800 – Employee Compensation Adjustments.

2019-20

The Governor's Budget proposes \$84.8 million (\$53.2 million GF) for Headquarters in 2019-20, an increase of \$13.8 million (\$10.9 million GF) compared to the 2018-19 updated budget. The net increase results from the expiration of \$0.4 million GF in one-time funding and an increase for three Budget Change Proposals (BCPs) as detailed below:

Headquarters Restructure and Reorganization

\$8.1 million (\$6.5 million GF) and 54.0 positions to restructure the organization and realign resources to achieve efficient and effective system-wide improvements to better serve Californians in the developmental disabilities services system.

Home and Community-Based Services Assessments

\$3.0 million (\$1.8 million GF) in one-time funds to contract for the coordination and completion of on-site visits and assessments of providers and programs as required by the Home and Community-Based Services final rules.

Federal Claims Reimbursement System Project

\$3.2 million (\$3.0 million GF) for the Federal Reimbursement System Project, a multi-year information technology project to replace the legacy federal billing system that DDS utilizes to claim \$2.8 billion in federal funds annually. This request includes three-year limited term funding for 5.0 positions. The estimated costs for 2020-21 and 2021-22 are outlined in the BCP.

**2019 Governor's Budget
Program and Funding Summary
(Dollars in Thousands)**

	2018-19*	2019-20	Difference
Community Services Program			
Regional Centers	\$6,892,600	\$7,398,803	\$506,203
Totals, Community Services	\$6,892,600	\$7,398,803	\$506,203
General Fund	\$4,087,869	\$4,450,177	\$362,308
Program Development Fund (PDF)	2,253	2,242	-11
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	54,276	54,276	0
Reimbursements	2,747,312	2,891,218	143,906
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$328,468	\$255,941	-\$72,527
Operating Expense & Equipment	65,915	53,521	-12,394
Total, Developmental Centers	\$394,383	\$309,462	-\$84,921
General Fund	\$306,682	\$265,834	-\$40,848
Federal Trust Fund	0	0	0
Lottery Education Fund	180	180	0
Reimbursements	87,521	43,448	-44,073
Headquarters Support			
Personal Services	61,754	69,442	7,688
Operating Expense & Equipment	9,141	15,351	6,210
Total, Headquarters Support	\$70,895	\$84,793	\$13,898
General Fund	\$42,314	\$53,217	\$10,903
Federal Trust Fund	2,761	2,708	-53
PDF	388	389	1
Reimbursements	24,953	27,999	3,046
Mental Health Services Fund	479	480	1
Totals, All Programs	\$7,357,878	\$7,793,058	\$435,180
Total Funding			
General Fund	\$4,436,865	\$4,769,228	\$332,363
Federal Trust Fund	57,037	56,984	-53
Lottery Education Fund	180	180	0
PDF	2,641	2,631	-10
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,859,786	2,962,665	102,879
Mental Health Services Fund	1,219	1,220	1
Totals, All Funds	\$7,357,878	\$7,793,058	\$435,180
Caseloads			
Developmental Centers	514	323	-191
Regional Centers	333,094	349,606	16,512
Departmental Positions			
Developmental Centers	3,182.7	2,497.9	-684.8
Headquarters	444.0	503.0	59.0

*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$20.1 million that was added by the 2016 Budget Act and displayed as a Carryover in the Governor's Budget Galley.