

Department of Developmental Services

2019 May Revision Highlights



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**DEPARTMENT OF DEVELOPMENTAL SERVICES
MAY REVISION 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 contracts with 21 community-based, non-profit corporations known as regional centers, two state-operated developmental centers, one state-operated community facility, and one Stabilization, Training, Assistance and Reintegration (STAR) home.

The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 333,524 in the current year, to 350,487 in 2019-20. Of this total, the number of individuals who will reside in state-operated residential facilities is estimated to be 326 on July 1, 2019.

2019 MAY REVISION SUMMARY

The May Revision includes \$8.2 billion total funds (\$5.0 billion General Fund [GF]) for the Department in 2019-20; a net increase of \$736.5 million (\$534.3 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	\$6,960,173	\$7,755,656	\$795,483	11.4%
Developmental Centers	404,383	323,842	-80,541	-19.9%
Headquarters Support	70,895	92,488	21,593	30.5%
TOTALS, ALL PROGRAMS	\$7,435,451	\$8,171,986	\$736,535	9.9%
GENERAL FUND				
Community Services	\$4,123,715	\$4,675,407	\$551,692	13.4%
Developmental Centers	316,682	282,198	-34,484	-10.9%
Headquarters Support	42,314	59,417	17,103	40.4%
GF TOTALS, ALL PROGRAMS	\$4,482,711	\$5,017,022	\$534,311	11.9%

For more detail, please refer to the Program and Funding Summary on page 7.

COMMUNITY SERVICES PROGRAM

2018-19

The updated current year consumer population is 333,010, a net decrease of 84 consumers compared to the 2019-20 Governor's Budget. The net decrease reflects an increase of 377 consumers in the Active caseload, and a decrease of 461 in the Early Start caseload.

The 2019 May Revision updates the 2019-20 Governor's Budget to \$7.0 billion (\$4.1 billion GF); an increase of \$67.6 million (\$35.8 million GF). This includes a \$66.6 million increase (\$37.2 million GF) in Purchase of Service (POS). The updated budget overall includes an increase of \$1.0 million (\$1.4 million GF decrease) in Operations costs.

Operations Growth and Utilization

Increase of \$1.0 million (\$1.4 million GF decrease) due to updated caseload projections.

POS Growth and Utilization

Net increase of \$66.1 million (\$37.1 million GF). The net increase is driven by current year expenditures being higher than previously estimated for Support Services of \$19.3 million, In-Home Respite of \$31.7 million, and Miscellaneous services of \$14.0 million.

Behavioral Health Treatment (BHT) Consumers with no Autism Spectrum Disorder (ASD)

Increase in one-time savings of \$3.2 million GF due to updated expenditures for consumers who transition to Medi-Cal Managed Care for medically necessary BHT services. Fee-for-service consumers who continue to access services through regional centers and the Department is reimbursed by Department of Health Care Services (DHCS). Reimbursements for non-ASD fee-for-service are displayed in Reimbursements from DHCS.

Developmental Center Closure

Net increase of \$3.6 million (\$4.7 million GF) reflects the higher costs of developed specialized homes and enhanced services for the consumers. The two models are Adult Residential Facilities for Persons with Special Healthcare Needs and the Enhanced Behavioral Supports Homes. Both of the models are designed to provide individuals with complex needs the necessary services and supports to meet their unique needs.

Ongoing POS Policy Items

A \$1.3 million decrease (\$2.0 million GF) due to updated actual expenditures and estimated growth in Home Health and the Pediatric Day Health policy items.

SB 3 Minimum Wage, January 1, 2019

Increase of \$1.4 million (\$469,000 GF) reflects an increase based on actual expenditures and estimated growth for the January 1, 2019 Minimum Wage increase from \$11.00 to \$12.00 per hour.

2019-20

The budget year projection for the community population is 350,161, a net increase of 555 consumers as compared to the 2019-20 Governor's Budget.

The May Revision proposes \$7.8 billion (\$4.7 billion GF) for the Regional Center system, an increase of \$356.9 million (\$225.2 million GF) as compared to the proposed 2019-20 Governor's Budget. The increase is a result of the following adjustments:

Operations Growth and Utilization

Increase of \$3.5 million (\$295,000 GF) reflects updated caseload projections, which are the main cost driver for Core Staffing.

POS Growth and Utilization

Increase of \$122.2 million (\$84.7 million GF) from the 2019-20 Governor's Budget and a \$427.0 million (\$326.1 million GF) as compared to updated current year projections. The growth reflects estimated increases in current year expenditures continuing into 2019-20. Consistent with current year projections, the main cost drivers are Support Services of \$36.2 million, In-Home Respite of \$52.5 million, and Miscellaneous services of \$31.6 million.

Trauma Informed Services for Foster Youth (Assembly Bill [AB] 2083)

Increase of \$1.6 million (\$1.1 million GF) to meet the requirements that each county develop and implement a memorandum of understanding setting forth the roles and responsibilities of agencies, including regional centers, that serve children and youth in foster care who have experienced severe trauma. Funding is provided in 2019-20 and 2020-21, only, to allow regional centers to hire 15 two-year limited-term staff statewide to design and implement the new initiative.

Family Home Agency Oversight

Increase of \$1.6 million (\$1.1 million GF) for regional center staffing resources to support the new development of the Family Home Agency model and provide additional oversight and monitoring.

Provider Rate Adjustments and Regional Center Transparency and Accountability

Increase of \$163.7 million (\$98.7 million GF) to provide funding to implement proposed Provider Rate Adjustments and activities related to improved Regional Center and service provider accountability and transparency. These adjustments are

intended to help: 1) stabilize capacity and maintain options for residential services; 2) address rate differences between regional centers and vendors, and 3) stabilize the workforce. On average, provider rates will receive a supplemental increase of approximately 18% with no provider rate decreases.

To implement these supplemental rate adjustments and increase regional center transparency and accountability, the revised budget includes \$4.5 million (\$2.5 million GF) for regional centers operations.

Impacts from Other Departments, BHT - FFS Consumers with no ASD

Decrease of \$170,000 GF in the estimated savings due to BHT-FFS projections for consumers with no ASD Diagnosis to access services through regional centers. The Department is reimbursed by DHCS. Reimbursements for non-ASD fee-for-service are displayed in Reimbursements from DHCS.

Early Start Co-Pays

Provide \$1.0 million GF to enable regional centers to pay co-payments, coinsurance, and deductibles for privately insured families in the Early Start program.

Ongoing Purchase of Services Policy Items

Increase of \$2.9 million (\$1.7 million GF) reflects updated expenditure data for Home Health Rate Increase, Supplemental Payment Program for Intermediate Care Facility (ICF) – Developmental Disabled (DD) Services, and the Pediatric Day Health Care Rate Increase.

Best Buddies

The Department proposes an on-going increase of \$500,000 GF from the proposed 2019-20 Governor's Budget for Best Buddies International to provide peer to peer mentoring and supported employment services throughout the State.

Uniform Holiday Schedule

The Department proposes an increase of \$50.3 million (\$30.1 million GF) to suspend the Uniform Holiday Schedule until December 31, 2021.

SB 3 Minimum Wage, January 1, 2020

Increase of \$2.1 million (\$847,000 GF) reflects an increase based on actual expenditures and estimated growth for the January 1, 2020 Minimum Wage increase from \$12.00 to \$13.00 per hour.

STATE OPERATED RESIDENTIAL and COMMUNITY FACILITIES PROGRAM

2018-19

The population on July 1, 2018 was 514 residents. The Department projects an ending population of 326 residents on July 1, 2019.

The 2019 May Revision updates the budget to \$404.4 million (\$316.7 million GF), which is a net increase of \$10.0 million GF as compared to the 2019-20 Governor's Budget. This net increase amount reflects the following adjustment:

Deferred Maintenance

The 2019 May Revision includes Control Section 6.10 that provides \$10.0 million GF for the Department to address critical deferred maintenance projects at the Porterville Developmental Center.

2019-20

The 2019 May Revision proposes a total of \$323.8 million (\$282.2 million GF) for the State Operated Residential and Community Facilities Program; a net increase of \$14.4 million (\$16.4 million GF) from the 2019-20 Governor's budget. The net increase reflects the following adjustment:

Operations Expenditures

\$14.4 million net increase (\$16.4 million GF) as compared to the 2019-20 Governor's Budget. The net increase is comprised of \$10.0 million increase in Personal Services and \$4.4 million increase in Operating Expenses and Equipment and includes the following adjustments:

- Net increase of \$800,000 (\$9.5 million GF) and 20.2 positions at Fairview to reflect a change in resident population within the ICF units.
- Net increase of \$1.6 million (\$800,000 GF) for staffing one ICF unit at Porterville General Treatment Area between September 30, 2019 and December 31, 2019, due to scheduled placements occurring later than estimated in the 2019-20 Governor's Budget.
- Net increase of \$5.9 million (\$4.7 million GF) for costs associated with temporary operation of STAR services at Porterville for ten individuals.
- Net increase of \$6.1 million (\$1.3 million GF) for Ongoing Costs. The \$6.1 million in reimbursement increase is for an interagency agreement with the Department of General Services to reimburse Department's costs for operations, maintenance, and partial decommissioning at Sonoma after June 30, 2019. Due to the reduction in federal reimbursement, \$1.3 million GF is proposed for Fairview's ongoing worker's compensation costs.

CAPITAL OUTLAY

The 2019 May Revision does not include a proposal for Capital Outlay funds in 2019-20.

HEADQUARTERS

2018-19

The 2019 May Revision proposes no changes to the 2018-19 Headquarters' budget of \$70.9 million (\$42.3 million GF)

2019-20

The May Revision proposes \$92.5 million (\$59.4 million GF) for Headquarters in which is a net increase of \$7.7 million (\$6.2 million GF) compared to the 2019-20 Governor's Budget. The net increase results from the following adjustments as detailed below:

Electronic Visit Verification – Phase II Planning

\$1.6 million (\$200,000 GF) for the Department's portion of the Electronic Visit Verification system which electronically verifies in-home service visits. This request includes funding for 3.0 temporary positions.

Trauma Informed Services for Foster Youth (AB 2083)

\$158,000 (\$134,000 GF) for 1.0 position to implement the requirements of AB 2083, including participating in the joint interagency resolution team and carrying out ongoing functions.

Phase 1: Relocation to the Clifford L. Allenby Building

\$3.4 million (\$3.4 million GF) and 1.0 position for the Department's share of the multi-departmental staff move to the new Clifford L. Allenby Building.

Provider Rate Adjustments and Regional Center Transparency and Accountability

\$2.5 million GF and 4.0 positions to update statutes and regulations, provide training to regional centers and providers, and implement oversight of supplemental rate increases.

**2019-20 May Revision
Program and Funding Summary
(Dollars in Thousands)**

	2018-19*	2019-20	Difference
Community Services Program			
Regional Centers	\$6,960,173	\$7,755,656	\$795,483
Totals, Community Services	\$6,960,173	\$7,755,656	\$795,483
General Fund	\$4,123,715	\$4,675,407	\$551,692
Program Development Fund (PDF)	2,253	2,242	-11
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	54,176	53,580	-596
Reimbursements	2,779,139	3,023,537	244,398
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$328,468	\$265,911	-\$62,557
Operating Expense & Equipment	75,915	57,931	-17,984
Total, Developmental Centers	\$404,383	\$323,842	-\$80,541
General Fund	\$316,682	\$282,198	-\$34,484
Federal Trust Fund	0	0	0
Lottery Education Fund	180	180	0
Reimbursements	87,521	41,464	-46,057
Headquarters Support			
Personal Services	61,754	70,930	9,176
Operating Expense & Equipment	9,141	21,558	12,417
Total, Headquarters Support	\$70,895	\$92,488	\$21,593
General Fund	\$42,314	\$59,417	\$17,103
Federal Trust Fund	2,761	2,708	-53
PDF	388	389	1
Reimbursements	24,953	29,494	4,541
Mental Health Services Fund	479	480	1
Totals, All Programs	\$7,435,451	\$8,171,986	\$736,535
Total Funding			
General Fund	\$4,482,711	\$5,017,022	\$534,311
Federal Trust Fund	56,937	56,288	-649
Lottery Education Fund	180	180	0
PDF	2,641	2,631	-10
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,891,613	3,094,495	202,882
Mental Health Services Fund	1,219	1,220	1
Totals, All Funds	\$7,435,451	\$8,171,986	\$736,535
Caseloads			
Developmental Centers	514	326	-191
Regional Centers	333,010	350,161	17,151
Departmental Positions			
Developmental Centers	3,182.7	2,518.1	-664.6
Headquarters	444.0	504.0	60.0

*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$19.8 million that was added by the 2016 Budget Act and displayed as a Carryover in the Governor's Budget Galley.