

Department of Developmental Services

2012-13 Governor's Budget Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES 2012-13 GOVERNOR'S BUDGET HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that approximately 258,000 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. Proposed system-wide funding for Fiscal Year (FY) 2012-13 is \$4.7 billion (\$2.7 billion General Fund).

California provides services and supports to individuals with developmental disabilities in 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 smaller number of individuals live in four 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 estimated to increase in 2012-13 to 256,000, an increase of 2.5 percent over the FY 2011-12 enacted budget. The number of consumers living in state-operated residential facilities is estimated to decrease by the end of 2012-13 to 1,438, a decrease of 12 percent over the FY 2011-12 enacted budget.

The Governor's Budget proposes additional FY 2011-12 reductions of \$157.2 million total funds (\$131 million GF) compared to the FY 2011-12 enacted budget. This includes a \$100 million GF reduction due to the revenue triggers in the FY 2011-12 enacted budget. Assembly Bill (AB) 121 authorized the Department of Finance to reduce up to \$100 million GF from the Department's budget if State revenues were insufficient. Senate Bill (SB) 73 directs the Department to consider a variety of strategies including savings attributable to caseload and expenditure adjustments, unexpended contract funds, or other administrative savings to meet the target. For FY 2011-12, the Department will look to achieve these savings within the statutory authority provided by SB 73.

For FY 2012-13, the Governor's Budget proposes an increase of \$61.2 million (\$41.5 million GF) over the enacted budget, which represents an increase of \$218 million (\$172.5 million GF) over the revised current year budget. This increase primarily reflects the expiration of a 4.25 percent payment reduction in regional centers, increases due to regional center caseload changes and the full year impact of the AB 121 revenue trigger reduction. Stakeholders will be convened to provide input on how to achieve the required FY 2012-13 revenue trigger savings of \$200 million GF in the Developmental Services system. Consideration will be given to the extension of all or part of the 4.25 percent payment reduction, strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, reduced expenditures associated with recently enacted legislation and other savings proposals. Specific information regarding the stakeholder process will be released soon.

COMMUNITY SERVICES PROGRAM

2011-12

To provide services and support to approximately 250,000 persons with developmental disabilities in the community, the Governor's Budget updates FY 2011-12 funding to \$3.8 billion total funds (\$2.2 billion GF). This represents a decrease of \$146.1 million total funds (\$126.4 million GF) over the FY 2011-12 enacted budget for regional center operations (OPS) and purchase of services (POS):

Caseload and Utilization

\$2.2 million increase (\$5.9 million GF) in regional center OPS and POS based on the most updated caseload, utilization, and reimbursement data.

Administrative Fees

\$0.6 million decrease (\$0.3 million GF) in regional center OPS for ICF-DD SPA Administrative Fees to reflect updated expenditures.

Quality Assurance Fees (QAF)

\$0.7 million decrease (\$0.0 million GF) transfer of funds from DHCS to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents.

Impacts from Other Departments

\$47.0 million decrease (\$32.0 million GF) to reflect revised implementation dates for the elimination of Adult Day Healthcare Care (ADHC) program and implementation of Medi-Cal Caps and Co-pays.

Revenue Trigger Reduction

\$100.0 million GF decrease to reflect trigger reductions to be achieved system wide through a variety of strategies including savings attributable to caseload and expenditure adjustments, unexpended contract funds, or other administrative savings within the statutory authority provided by SB 73.

2012-13

The Governor's Budget projects the total community caseload of approximately 256,000 and assumes an increase of 6,232 consumers or 2.5 percent over the FY 2011-12 enacted budget. The Governor's Budget proposes an increase of \$79.3 million TF (\$54.5 million GF) over the enacted budget, which represents an increase of \$225.3 million (\$180.9 million GF) over the revised current year budget, due to updated

COMMUNITY SERVICES PROGRAM (cont'd)

reimbursements as well as expenditure and utilization change estimates. The regional center budget changes include:

Caseload and Utilization

\$162.7 million increase (\$115.2 million GF) in regional center OPS and POS due to updated caseload and utilization change.

Administrative and Quality Assurance Fees (QAF)

\$0.6 million decrease (\$0.3 million GF) ICF-DD SPA Administration Fees and QAF to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents.

Impacts from Other Departments

\$18.9 million decrease (\$2.8 million GF) to reflect revised implementation dates for the elimination of ADHC and implementation of Medi-Cal Caps and Co-Pays.

Expiration of a 4.25 percent Payment Reduction

\$158.2 million increase (\$108.4 million GF) to reflect the restoration of the 4.25 percent payment reduction for regional center operations and service providers scheduled to sunset June 30, 2012.

Financial Management Services (FMS) for Participant-Directed Services

\$9.0 million increase (\$4.5 million GF) to reflect updated assumptions related to rates for FMS to account for tiered rates and 100 percent of consumers using participant directed option for certain services being covered. In addition, community based training services were added.

Annualized Cost Savings Proposals

\$31.1 million decrease (\$20.5 million GF) to reflect full year implementation of the savings proposals adopted in the FY 2011-12 enacted budget.

California First Five Commission

An increase of \$50.0 million GF to reflect a shift of funds from California First Five Commission to the General Fund for costs associated with services to children ages zero to five.

COMMUNITY SERVICES PROGRAM (cont'd)

Revenue Trigger Reduction

Stakeholders will be convened to provide input on how to achieve the required FY 2012-13 revenue trigger savings of \$200 million GF in the Developmental Services system. Consideration will be given to the extension of all or part of the 4.25 percent payment reduction, strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, reduced expenditures associated with recently enacted legislation and other savings proposals.

DEVELOPMENTAL CENTERS PROGRAM

2011-12

To provide services and support for 1,759 residents (average in-center population) in developmental centers the Governor's Budget updates 2011-12 funding to \$569 million (\$293.4 million GF), a decrease of \$8.1 million (\$3.0 million GF) over the FY 2011-12 enacted budget. Authorized positions remain at 5,570.5. The developmental center budget changes are:

- Net Decrease of \$5.2 million (\$2.6 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the Administration in employee compensation;
- Decrease of \$3.0 million (\$2.5 million GF) due to updated Quality Assurance Fees paid by Developmental Centers;
- Increase of \$0.0 million (\$2.2 million GF – Fund Shift) due to a two month delay in conducting the CMS survey for certification of a portion of the Porterville Secure Treatment Program; and
- Increase of \$0.1 million (\$0.1 million GF) for miscellaneous adjustments, including cell phone reductions as part of state wide efficiencies and funding changes.

2012-13

For 2012-13, the Governor's Budget provides services and supports for 1,533 residents (average in-center population) in developmental centers, a decrease of 12.8 percent or 226 residents. Funding declines to \$559.2 million (\$283.6 million GF), a decrease of \$18 million (\$12.8 million GF) over the FY 2011-12 enacted budget. Authorized positions are reduced by 317.5 to 5,253.0. The developmental center budget has been

DEVELOPMENTAL CENTERS PROGRAM (cont'd)

reduced through updated population estimates as well as adjustments due to state wide control sections. In addition, the budget assumes continued closure of Lanterman Developmental Center. The developmental center budget changes are:

- Decrease of \$24.5 million (\$14.4 million GF) for Level of Care and Non-Level of Care updated staffing. A portion of the staffing updates are counted towards the Administration's state wide operational efficiencies savings plan [Control Section 3.91(b) reductions];
- Net Increase of \$4.5 million (\$2.7 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates;
- Decrease of \$3.0 million (\$2.5 million GF) due to updated Quality Assurance Fees paid by Developmental Centers;
- Increase of \$2.9 million (\$1.6 million GF) to retain 28 positions for enhanced Lanterman Closure staffing. These staff ensure the continued safe and successful transition of residents and continuation of all closure related activities in support of approximately 180 residents transitioning to community living arrangements between FY 2011-12 and FY 2012-13;
- Increase of \$2.4 million in reimbursement authority for the State Staff in the Community program; and,
- Decrease of \$0.4 million (\$0.2 million GF) for miscellaneous reductions, including cell phone reductions as part of state wide efficiencies and funding changes.

CAPITAL OUTLAY

The Governor's Budget does not include any new Capital Outlay requests.

HEADQUARTERS

2011-12

The Department has internally redirected staff and resources to achieve the implementation of the previously discussed system wide budget reductions. In support of the Community Services and Developmental Center Programs, the Governor's Budget updates the FY 2011-12 funding for headquarters operations to \$35.6 million (\$23 million GF), a decrease of \$3.0 million (\$1.6 million GF) compared to the FY 2011-12 enacted budget. The Headquarters budget changes are:

- Net Decrease of \$2.8 million (\$1.5 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the

Administration in employee compensation and one time savings as part of the Administration's state wide operational efficiencies savings plan [Control Section 3.91(b)]; and,

- Decrease of \$0.1 million (\$0.1 million GF) due to state wide efficiencies that resulted in decreased building lease and cell phone costs.

2012-13

The Governor's Budget proposes headquarters operations funding for FY 2012-13 of \$38.6 million (\$24.6 million GF), a decrease of \$0.1 million (\$0.1 million GF) compared to the FY 2011-12 enacted budget. The Headquarters budget changes are:

- Net decrease of \$0.3 million (\$0.2 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates;
- Decrease of \$0.1 million (\$11.0 thousand GF) due to the elimination of one time operating expenses to shift Limited Term positions to Permanent positions; and,
- Net increase of \$0.3 million (\$0.1 GF) for miscellaneous adjustments including a technical budget adjustment to move costs for DOJ Legal Services from Developmental Centers into Headquarters and cell phone reduction for administrative efficiencies.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 Governor's Budget

FUNDING SUMMARY
(Dollars in Thousands)

	2011-12	2012-13	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$3,838,586	\$4,063,943	\$225,357
DEVELOPMENTAL CENTERS	569,041	559,196	-9,845
HEADQUARTERS SUPPORT	35,632	38,505	2,873
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TOTALS, ALL PROGRAMS	\$4,443,259	\$4,661,644	\$218,385
FUND SOURCES			
General Fund	\$2,480,170	\$2,652,715	\$172,545
Reimbursements: Totals All	1,900,311	1,942,352	42,041
<i>Medicaid (aka HCBS) Waiver</i>	938,472	1,003,702	65,230
<i>Medicaid (HCBS) Waiver Administration</i>	11,179	12,091	912
<i>Medicaid Administration (NHR)</i>	12,419	13,012	593
<i>Targeted Case Management</i>	131,912	139,061	7,149
<i>Targeted Case Management Admin.</i>	4,295	4,347	52
<i>Medi-Cal</i>	254,729	252,809	-1,920
<i>Title XX Block Grant</i>	225,060	225,060	0
<i>ICF-DD/State Plan Amendment</i>	48,338	51,509	3,171
<i>Quality Assurance Fees (DHCS)</i>	8,778	9,481	703
<i>Vocational Rehabilitation</i>	118	118	0
<i>California First Five Commission</i>	50,000	0	-50,000
<i>1915(i) State Plan Amendment</i>	171,002	183,362	12,360
<i>1915(k) Medicaid State Plan</i>	1,227	1,924	697
<i>Impacts from Other Departments FFP</i>	1,000	0	-1,000
<i>Money Follows the Person</i>	15,418	17,001	1,583
<i>Homeland Security Grant</i>	35	35	0
<i>Other</i>	26,329	28,840	2,511
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Program Development Fund (PDF)	6,203	9,805	3,602
Mental Health Services Fund	1,133	1,129	-4
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,759	1,533	-226
Regional Centers	249,827	256,059	6,232
AUTHORIZED POSITIONS			
Developmental Centers	5,570.5	5,253.0	-317.5
Headquarters	380.5	380.5	0.0

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 Governor's Budget

(Dollars in Thousands)

	2011-12	2012-13	Difference
Community Services Program			
Regional Centers	\$3,838,586	\$4,063,943	\$225,357
Totals, Community Services	\$3,838,586	\$4,063,943	\$225,357
General Fund	\$2,163,696	\$2,344,564	\$180,868
Dev Disabilities PDF	5,926	9,523	3,597
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,986	51,986	0
Reimbursements	1,616,088	1,656,980	40,892
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$456,668	\$448,979	-\$7,689
Operating Expense & Equipment	112,373	110,217	-2,156
Total, Developmental Centers	\$569,041	\$559,196	-\$9,845
General Fund	\$293,441	\$283,642	-\$9,799
Federal Trust Fund	524	524	0
Lottery Education Fund	453	453	0
Reimbursements	274,623	274,577	-46
Headquarters Support			
Personal Services	\$30,835	\$33,035	\$2,200
Operating Expense & Equipment	4,797	5,470	673
Total, Headquarters Support	\$35,632	\$38,505	\$2,873
General Fund	\$23,033	\$24,509	\$1,476
Federal Trust Fund	2,329	2,530	201
PDF	277	282	5
Reimbursements	9,600	10,795	1,195
Mental Health Services Fund	393	389	-4
Totals, All Programs	\$4,443,259	\$4,661,644	\$218,385
Total Funding			
General Fund	\$2,480,170	\$2,652,715	\$172,545
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Dev Disabilities PDF	6,203	9,805	3,602
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	1,900,311	1,942,352	42,041
Mental Health Services Fund	1,133	1,129	-4
Caseloads			
Developmental Centers	1,759	1,533	-226
Regional Centers	249,827	256,059	6,232
Authorized Positions			
Developmental Centers	5,570.5	5,253.0	-317.5
Headquarters	380.5	380.5	0.0