

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 (the Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that approximately 267,042 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 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 small 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 expected to increase from 265,709 in the current year to 273,643 in Fiscal Year (FY) 2014-15. The number of individuals living in state-operated residential facilities is expected to be 1,049.

The January 2014 Governor's Budget includes \$5.2 billion total funds (\$2.9 billion GF) for the Department in 2014-15; a net increase of \$221.8 million above the updated 2013-14 budget, a 4.5 percent increase.

COMMUNITY SERVICES PROGRAM

2013-14

To provide services and support to 265,709 persons with developmental disabilities in the community, the Governor's Budget updates FY 2013-14 funding to \$4.4 billion total funds (\$2.5 billion GF). The Governor's Budget includes an increase of \$4.5 million total funds (-\$6.3 million GF decrease) for regional center operations (OPS) and purchase of services (POS). This is composed of:

Caseload and Utilization

\$2.4 million increase (-\$8.4 million GF decrease) in regional center OPS and POS costs to reflect caseload and utilization due to updated population and expenditure data including Home and Community Based Services (HCBS) waiver enrollment above budgeted levels.

Regional Center Operations Adjustment

\$2.1 million increase GF in OPS to reflect an adjustment to correct the double counting of savings related to the 2009-10 Early Start Eligibility savings proposal.

2014-15

The Governor's Budget projects the total community caseload at 273,643, as of January 31, 2015, and assumes an increase of 7,934 consumers over the updated 2013-14 caseload. The estimate proposes 2014-15 funding for services and support to persons with developmental disabilities in the community at \$4.6 billion total funds (\$2.6 billion GF), an increase of \$255.3 million (\$155.3 million GF) over the enacted 2013-14 budget. The regional center budget changes include:

Caseload and Utilization

\$138.6 million increase (\$82.9 million GF) in regional center OPS and POS to reflect caseload and utilization due to updated population and expenditure data including HCBS Waiver enrollment above budgeted levels.

Regional Center Operations Adjustment

\$2.1 million increase GF in OPS to reflect an adjustment to correct the double counting of savings related to the 2009-10 Early Start Eligibility savings proposal.

Impacts from Other Departments

-\$3.1 million GF decrease in POS to reflect the Department of Health Care Services restoration of Enteral Nutrition and partial restoration of Adult Dental Services as a Medi-Cal Optional Benefit.

Minimum Wage Increase

Assembly Bill (AB) 10, Chapter 351, Statutes of 2013 which increases the minimum wage from \$8.00 to \$9.00 effective July 1, 2014:

- \$0.1 million (\$0.1 million GF) increase in OPS due to the minimum wage increase will impact positions in regional center Core Staffing that are budgeted at salary levels that are below \$9.00; and
- \$110.1 million (\$69.3 million GF) increase in POS applies to services which rely on employees that are paid minimum wage.

Federal Overtime Change

\$7.5 million (\$4.0 million GF) increase in POS to reflect the impact of regulatory changes in the United States Department of Labor Fair Labor Standards to include overtime compensation for service providers that previously were not required to pay overtime effective, January 1, 2015.

DEVELOPMENTAL CENTERS PROGRAM

2013-14

To provide services and support for 1,333 residents in developmental centers (average in-center population) the Governor's Budget updates FY 2013-14 funding to \$556.0 million (\$305.2 million GF), an increase of \$13.0 million (\$7.5 million GF) over the FY 2013-14 enacted budget. Authorized positions net increase is 106.5. The developmental center budget changes include:

Employee Compensation Changes and Statewide Fleet Reduction

Net increase of \$6.4 million (\$4.0 million GF) due to Control Sections for employee compensation increases approved through the collective bargaining process, changes in retirement contribution rates, and savings from Executive Order B-2-11 Fleet Reduction.

Sonoma DC Program Improvement Plan

\$7.2 million (\$3.9 million GF) and 118.5 position increase for partial year cost for additional staff, training, overtime for training, vehicles and opening an additional Intermediate Care Facility Unit at Sonoma DC to support implementation of the facility's Program Improvement Plan (PIP) with the California Department of Public Health and Federal Centers for Medicare and Medicaid Services.

Net DC Position Reduction

-\$0.5 million (-\$0.3 million GF) and -12 position reduction primarily from the decline in land use and square footage at Lanterman DC in preparation for closure December 31, 2014.

Reduction in the Lottery Education Funds

-\$62,000 decrease due to a reduction in the Lottery Education Funds.

2014-15

For FY 2014-15, the Governor's Budget provides services and support for 1,110 residents (average in-center population) in developmental centers, a decrease of 223 residents (including all residents from Lanterman DC with a closure date of December 31, 2014) from the 2013-14 enacted budget. Funding decreased to \$526.0 million (\$275.0 million GF); a decrease of -\$16.9 million (-\$23.1 million GF). Authorized positions decreased to 4,464.5; a decrease of 339.5 positions below the enacted budget. By the end of the budget year, there is expected to be 1,049 individuals residing in the state operated facilities. DC costs are also adjusted for Lanterman DC closure activities that will continue after closure. Adjustments to the enacted budget for the developmental centers include:

Employee Compensation Changes and Statewide Fleet Reduction

Net increase of \$6.9 million (\$4.3 million GF) due to Control Sections for employee compensation increases approved through the collective bargaining process, changes in retirement contribution rates, and savings from Executive Order B-2-11 Fleet Reduction.

Sonoma DC Program Improvement Plan

\$9.2 million (\$5.1 GF) and 118.5 position increase for continuing costs into 2014-15 at Sonoma DC for the PIP to ensure the facility is in compliance with federal and state licensing and certification requirements.

DC Population Decrease Staffing Adjustments (Excluding Lanterman)

-\$12.8 million (-\$7.2 GF) decrease for population staffing adjustments at the DCs for Level of Care (LOC) 114.0 and Non-Level of Care (NLOC) 55.0 (excluding Lanterman DC).

Lease Revenue Debt Service Adjustment

\$2.8 million (\$2.8 GF) increase due to Control Section 4.30 for an adjustment to the Lease Revenue Debt Service.

Restoration of Federal Reimbursements at Sonoma DC

\$15.7 million funding shift from general fund to reimbursement to eliminate the GF backfill in 2013-14 for the four Sonoma ICF units withdrawn from the Medicaid Provider Agreement to ensure continued federal funding for the remaining six ICF units.

Reduction in the Lottery Education Funds

-\$62,000 decrease due to a reduction in the Lottery Education Funds.

Foster Grandparents Program Funding Transfer

-\$0.3 million (-\$0.2 GF) decrease to transfer funding from Foster Grandparents Program to Community Services.

Lanterman Closure Activities

Net decrease of -\$22.7 million (-\$12.0 GF) for Lanterman closure activities as detailed below.

LANTERMAN DEVELOPMENTAL CENTER CLOSURE UPDATE

The Governor's Budget continues to support Developmental Center and Community efforts towards closure of the Lanterman facility on December 31, 2014. The Department, working with regional centers, anticipates the transition of approximately 120 Lanterman DC residents in FY 2013-14. The Governor's Budget anticipates the transition of another 22 residents to community living arrangements in FY 2014-15 with the anticipated resident population being zero on December 31, 2014, with the closure of the facility.

In addition to the Control Sections impacting the Lanterman DC, the Governor's Budget reflects a net decrease in 2014-15 of -\$22.7 million (-\$12.0 million GF) for position reductions due to the Lanterman DC closure, staff separation costs, enhanced staffing adjustments, and post-closure activities. The reduced funding is the net of the following adjustments:

- -\$33.7 million (-\$18.5 GF) decrease and -317.0 position reduction with the anticipated residential population being zero on December 31, 2014;
- \$11.8 million (\$6.4 GF) increase to support numerous activities with the closure of the facility and separation of staff;
- -\$2.3 million (-\$1.2 GF) and -40.0 positions reduction of Enhanced Staff that are no longer needed for closure related activities beginning July 1, 2014;
- -\$2.0 million (-\$1.1 GF) reduction of half year funding for the remaining 48.0 Enhanced Staff Positions to support costs during the closure period of July 1, 2014 through December 31, 2014; and
- \$3.5 (\$2.4 GF) and 68.0 position increase for post-closure related activities. This funding is for the period from January 1, 2015 through June 30, 2015.

The Lanterman Closure Update Report and closure milestones will be released separately.

SPECIAL REPAIRS

The Budget provides \$100 million in a statewide item to various state agencies to address critical infrastructure deferred maintenance needs. Of this amount \$10 million will be allocated to the Department for critical deferred maintenance projects at the DCs.

CAPITAL OUTLAY

The 2014-15 Governor's Budget does not include any new Capital Outlay requests.

HEADQUARTERS

2013-14

The Governor's Budget for FY 2013-14 updates funding for Headquarters' operations to \$40.0 million (\$25.3 million GF), an increase of \$0.5 million (\$0.3 million GF) compared to the FY 2013-14 enacted budget. The Headquarters budget increase is due to employee compensation increases approved through the collective bargaining process and changes in retirement contribution rates.

2014-15

The Governor's Budget proposes Headquarters operations funding for FY 2014-15 of \$40.7 million (\$25.9 million GF), an increase of \$1.4 million (\$.9 million GF) compared to the FY 2013-14 enacted budget. The Headquarters budget increase is composed of the following:

- \$.5 million (\$.3 GF) increase due to employee compensation increases approved through the collective bargaining process and changes in retirement contribution rates.
- \$.9 million (\$.6 GF) increase due to the *Vendor Audit Positions* Budget Change Proposal (BCP) that requests 7.0 limited-term auditor positions to assist with the increased demand for vendor audits and the associated recovery of funds from reduced vendor fraud, waste, and abuse.
- Conversion of 1.0 limited-term Career Executive Assignment, Assistant Deputy Director position to 1.0 permanent full-time in the Office of Federal Programs and Fiscal Support, Community Services Division, at no additional costs.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2014-15 Governor's Budget

FUNDING SUMMARY
(Dollars in Thousands)

	2013-14	2014-15	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$4,385,940	\$4,636,758	\$250,818
DEVELOPMENTAL CENTERS	555,976	525,985	-29,991
HEADQUARTERS SUPPORT	39,759	40,724	965
TOTALS, ALL PROGRAMS	\$4,981,675	\$5,203,467	\$221,792
FUND SOURCES			
General Fund	\$2,803,076	\$2,934,690	\$131,614
Reimbursements: Totals All	2,119,032	2,209,236	90,204
<i>Medicaid (aka HCBS) Waiver</i>	1,218,386	1,293,056	74,670
<i>Medicaid (HCBS) Waiver Administration</i>	9,771	10,102	331
<i>Medicaid Administration (NHR)</i>	8,727	8,727	0
<i>Targeted Case Management</i>	143,349	143,368	19
<i>Targeted Case Management Admin.</i>	3,728	3,728	0
<i>Medi-Cal - Title XIX</i>	241,491	242,237	746
<i>Title XX Block Grant</i>	213,191	213,191	0
<i>ICF-DD/State Plan Amendment</i>	58,193	58,193	0
<i>Quality Assurance Fees (DHCS)</i>	10,297	10,297	0
<i>California First Five Commission</i>	0	0	0
<i>1915(i) State Plan Amendment</i>	167,842	182,261	14,419
<i>1915(k) Medicaid State Plan</i>	0	0	0
<i>Money Follows the Person</i>	11,215	11,373	158
<i>Homeland Security Grant</i>	391	391	0
<i>Race to the Top</i>	472	341	-131
<i>Early Periodic Screening Diagnostic & Treatment</i>	15,945	15,945	0
<i>Other</i>	15,644	15,636	-8
Federal Trust Fund	51,690	51,683	-7
Lottery Education Fund	403	403	0
Program Development Fund (PDF)	6,194	6,129	-65
Mental Health Services Fund	1,128	1,176	48
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,333	1,110	-223
Regional Centers	265,709	273,643	7,934
AUTHORIZED POSITIONS			
Developmental Centers	4,910.5	4,464.5	-446.0
Headquarters	374.5	381.5	7.0

* The Governor's Budget will not reflect a \$613,000 reduction of Federal Funds due the reallocation of Early Start, Part C funds

DEPARTMENT OF DEVELOPMENTAL SERVICES
2014-15 Governor's Budget

(Dollars in Thousands)

	2013-14	2014-15	Difference
Community Services Program			
Regional Centers	\$4,385,940	\$4,636,758	\$250,818 *
Totals, Community Services	\$4,385,940	\$4,636,758	\$250,818
General Fund	2,472,574	\$2,634,203	\$161,629
Dev Disabilities PDF	5,908	5,808	-100
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	48,655	48,771	116
Reimbursements	1,857,913	1,947,086	89,173
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$474,741	\$442,163	-\$32,578
Operating Expense & Equipment	47,566	58,145	10,579
Staff Benefits Paid Out of Operating Expense & Equipment	33,669	25,677	-7,992
Total, Developmental Centers	\$555,976	\$525,985	-\$29,991
General Fund	\$305,162	\$274,546	-\$30,616
Federal Trust Fund	510	394	-116
Lottery Education Fund	403	403	0
Reimbursements	249,899	250,642	743
Headquarters Support			
Personal Services	\$34,648	\$36,063	\$1,415
Operating Expense & Equipment	5,111	\$4,661	-450
Total, Headquarters Support	\$39,759	\$40,724	\$965
General Fund	\$25,340	\$25,941	\$601
Federal Trust Fund	2,525	2,518	-7
PDF	286	321	35
Reimbursements	11,220	11,508	288
Mental Health Services Fund	388	436	48
Totals, All Programs	\$4,981,675	\$5,203,467	\$221,792
Total Funding			
General Fund	\$2,803,076	\$2,934,690	\$131,614
Federal Trust Fund	51,690	51,683	-7
Lottery Education Fund	403	403	0
Dev Disabilities PDF	6,194	6,129	-65
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,119,032	2,209,236	90,204
Mental Health Services Fund	1,128	1,176	48
Caseloads			
Developmental Centers	1,333	1,110	-223
Regional Centers	265,709	273,643	7,934
Authorized Positions			
Developmental Centers	4,910.5	4,464.5	-446.0
Headquarters	374.5	381.5	7.0

* The Governor's Budget will not reflect a \$613,000 reduction of Federal Funds due the reallocation of Early Start, Part C funds