

Department of Developmental Services

2010-11 May Revision Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES 2010-11 MAY REVISION HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that more than 240,000 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.

A “developmental disability” originates before the age of 18 and continues indefinitely. Developmental disabilities include mental retardation, cerebral palsy, epilepsy, autism, and related disabling conditions.

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 grow in fiscal year 2010-11 to 243,704. The number of consumers living in state-operated residential facilities will decrease by the end of fiscal year 2010-11 to 1,870.

The May Revision includes \$4.8 billion total funds (\$2.7 billion General Fund), including General Fund (GF) savings achieved through supplemental budget solutions that increase federal matching funds. This is a decrease of \$39.2 million total funds (\$172.6 million GF increase) compared to the 2010-11 November Estimate. It is important to note that these figures do not reflect the anticipated increase in federal matching funds contained in Control Section 8.65 due to the extension of enhanced federal matching funds received under the American Recovery and Reinvestment Act. A summary of the Department’s funding is included on pages seven through nine of this document.

COMMUNITY SERVICES PROGRAM

\$53.5 million General Fund savings through additional Federal Financial Participation for Fiscal Years 2007-08 through 2010-11

The Department, in conjunction with the Department of Health Care Services (DHCS), submitted a State Plan Amendment (SPA) seeking Federal Financial Participation (FFP) in the day treatment and transportation services provided to residents of Intermediate Care Facilities – Developmentally Disabled (ICF-DD). Based on recent negotiations with the Centers for Medicare and Medicaid Services and updated expenditure data, the Department will achieve additional federal reimbursements that will result in GF savings

of \$53.5 million for fiscal years 2007-08 to 2010-11. The chart below identifies savings by fiscal year:

		Fiscal Year				
Medicaid/ICF-DD SPA (General Fund only)		2007-08	2008-09	2009-10	2010-11	Total
1	Additional Services (Look-a-like Day Programs) a/	\$3,000	\$3,000			\$6,000
2	Apply ARRA FMAP to previously budgeted expenditures		\$8,171	\$10,895	\$5,452	\$24,518
3	Higher expenditures than previously estimated (including ARRA FMAP where applicable)	\$4,338	\$4,995	\$4,624	\$5,759	\$19,716
4	New SPA to Bill for TCM to ICF-DD residents				\$6,000	\$6,000
Subtotal General Fund Savings		\$7,338	\$16,166	\$15,519	\$17,211	\$56,234
5	Regional center coordination fee b/	-\$781	-\$635	-\$585	-\$692	-\$2,693
Net General Fund Savings		\$6,557	\$15,531	\$14,934	\$16,519	\$53,541

a/ These services are already reflected in the 2009-10 and 2010-11 estimate as part of the \$334 million General Fund reductions.

b/ These costs will be reflected in total in the 2010-11 budget.

2009-10

To provide services and support to persons with developmental disabilities in the community, the May Revision updates 2009-10 funding to \$4.0 billion total funds (\$2.2 billion GF).

For 2009-10, the May Revision updates the community caseload estimate to 236,858, a decrease of 2 percent compared to the November Estimate. During the current year, the Department is implementing a series of budget reductions to achieve significant GF savings. Although caseload is lower than previously estimated, current year expenditures were not adjusted to address challenges associated with the implementation of various adopted budget reforms.

The May Revision decreases 2009-10 Regional Center Operations and Purchase of Services (POS) by \$0.2 million total funds due to the delayed implementation of the Self Directed Services program and by \$18.5 million GF, mostly associated with increased FFP in the ICF-DD SPA, as described in the chart above.

2010-11

The May Revision updates 2010-11 funding for services and support to persons with developmental disabilities in the community to \$4.2 billion total funds (\$2.4 billion GF). It is important to note that these figures do not reflect the increase in federal matching funds contained in Control Section 8.65 due to the extension of enhanced federal matching funds received under the American Recovery and Reinvestment Act.

For 2010-11, the May Revision projects community caseload at 243,704, a decrease of 2.5 percent compared to the November Estimate.

The May Revision decreases 2010-11 Regional Center Operations and POS by \$23.5 million total funds (\$172.6 million GF increase) compared to the November Estimate, as follows:

California Children and Families First Trust Fund

- The GF increase is primarily due to the unavailability of \$200 million from the California Children and Families First Trust Funds. The voter initiative that would have authorized the use of these funds was not approved to be placed on the June 2010 ballot by the Legislature during the Eighth Extraordinary Session.

Caseload and Utilization

- \$13.0 million decrease in Regional Center Operations costs primarily due to the revised caseload estimate for 2010-11.
- \$0.3 million increase due to a technical adjustment in the Medical Facilities budget category
- \$0.8 million decrease due to the delayed implementation of the Self Directed Services program. The start date is now reflected as April 2011.

Costs to achieve General Fund savings through additional Federal Financial Participation for Fiscal Years 2007-08 through 2010-11

- \$36.8 million (\$2.7 million GF) increase for costs necessary to realize \$53.5 million in GF savings associated with increased federal funds for day treatment and transportation services provided to ICF-DD residents back to July 1, 2007 (see the chart above for detailed savings display). These costs reflect Regional Center administrative costs, ICF-DD administrative costs, and ICF-DD Quality Assurance Fee costs that will allow the State to draw down over \$200 million FFP for fiscal years 2007-08 through 2010-11, and ongoing thereafter.

Enhanced Dental Treatment Review Infrastructure

- \$0.8 million increase to fund an interagency agreement with DHCS to allow Regional Centers to utilize the infrastructure and expertise of the Denti-Cal program to review treatment plans and approve claims for dental services. This increase avoids higher purchase of services expenditures by enabling regional centers to pay for services at rates consistent with the Denti-Cal program.

Staffing for the Closure Lanterman Staff

- \$3.6 million increase to fund resource development, transition coordinators, health care specialists, and oral health care consultants needed to

successfully transition residents of Lanterman Developmental Center to the community as part of the proposed closure of Lanterman. These costs are fully funded by the federal Money Follows the Person Grant.

Additional 1.25 Percent Operations and Payments Reduction

- \$48.0 million (\$25.3 million GF) total funds decrease due the additional 1.25 percent Operations and service payment reduction to achieve the GF savings target reflected in the November Estimate.

Impacts from Other Departments

- \$28.0 million total funds increase compared to 2009-10 in consideration of known impacts to Regional Center POS for elimination of Adult Day Health Care (ADHC) services and the reduction of the State Supplementary Payment (SSP) Grant for individuals to the maintenance of effort (MOE) floor.

Temporary Assistance to Needy Families Block Grant

- \$74.1 million decrease in the Temporary Assistance to Needy Families block grant. This decrease was offset by increases of \$52.9 million GF and \$21.2 million in additional Reimbursements, and did not affect the total amount budgeted for Community Services.

DEVELOPMENTAL CENTERS PROGRAM

2009-10

To provide services and support for persons with developmental disabilities that live in four state-operated developmental centers and one state-operated community facility the May Revision reflects 2009-10 funding as \$601.9 million (\$259.1 million GF), a decrease of \$2.0 million total funds (\$2.0 million GF) from the November Estimate. This reduction is due to adjusted furlough savings that were not included in the November Estimate.

Developmental Center Population Adjustments

The May Revision does not change the Governor's Budget number of consumers residing in a Developmental Center or Community Facility of 2,151.

2010-11

The May Revision proposes 2010-11 funding for services and supports to persons with developmental disabilities that live in four state-operated developmental centers and one state-operated community facility at \$625.7 million (\$310.0 million GF), a decrease of \$15.2 million total funds (\$0.3 million GF increase) from the November Estimate.

This decrease is primarily due to administrative reductions of \$20.5 million (Executive Order S-01-10) since the November Estimate, including increased placements

associated to the proposed closure of Lanterman DC, and offset by an increase of \$5.2 million to upgrade the fire alarms system at Sonoma Developmental Center.

Developmental Center Population Adjustments

Considering the timing of consumer placements, an average annual population is used in developing the budget estimate. The budget reflects a decrease in the average population of 29 consumers, from 2,008 to 1,979.

Based on the staffing standards associated with the average population decrease, 85.5 positions have been reduced in the DCs. No additional funding reductions are proposed as the funds have already been reduced through other administrative actions.

HEADQUARTERS

2009-10

The May Revision does not adjust the 2009-10 funding for Headquarters operations of \$33.9 million (\$21.6 million GF).

2010-11

The May Revision reduces funding for Headquarters operations by \$0.5 million (Executive Order S-01-10) from the November Estimate to \$37.7 million (\$24.1 million GF).

PROPOSED CLOSURE OF LANTERMAN DEVELOPMENTAL CENTER

On April 1, 2010, the Department submitted to the Legislature a detailed plan to close Lanterman Developmental Center (LDC). The plan requires legislative approval before the Department can commence closure activities. Although a specific closure date has not been set, it is anticipated that the closure process will take at least two years. Closure will occur only when the necessary services and supports are in place for each resident to transition.

The proposed closure is reflected in the May Revision as follows:

- Placements from LDC have increased from the November Estimate from 37 to 100.
- Staffing in impacted Regional Centers has been increased using federal funds as described in the Community Services program above.
- Existing funding for Community Placement Plan (CPP) services has been adjusted to accommodate the increased placements from LDC.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2010-11 MAY REVISION (with SUPPLEMENTAL BUDGET SOLUTIONS)**

FUNDING SUMMARY

(Dollars in Thousands)

	2009-10	2010-11	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$4,016,331	\$4,154,933 ¹⁾	\$138,602
DEVELOPMENTAL CENTERS	601,931	625,711 ¹⁾	23,780
HEADQUARTERS SUPPORT	33,862	37,652	3,790
TOTALS, ALL PROGRAMS	\$4,652,124	\$4,818,296	\$166,172
FUND SOURCES			
General Fund	\$2,458,720	\$2,748,877 ¹⁾	\$290,157
Reimbursements: Totals All	2,099,790	1,957,371	-142,419
<i>Home & Community Based Serv. (HCBS) Waiver</i>	1,181,374	1,059,600	-121,774
<i>HCBS Waiver Administration</i>	7,545	7,731	186
<i>Medicaid</i>	47,000	98,257	51,257
<i>Medicaid Administration</i>	12,553	12,673	120
<i>Targeted Case Management</i>	169,738	152,012	-17,726
<i>Targeted Case Management Administration</i>	3,321	3,321	0
<i>Medi-Cal</i>	322,851	309,000	-13,851
<i>Title XX Social Services Block Grant</i>	203,903	172,589	-31,314
<i>Self-Directed HCBS Waiver</i>	346	468	122
<i>Self-Directed HCBS Waiver Administration</i>	429	632	203
<i>Vocational Rehabilitation</i>	300	118	-182
<i>CA Children and Families First Trust Fund</i>	50,000	0	-50,000
<i>1915(i) State Plan Amendment</i>	75,519	112,500	36,981
<i>Impacts from other departments</i>	0	12,580	12,580
<i>Money follows the person</i>	0	3,537	3,537
<i>All Other</i>	24,911	12,353	-12,558
Public Transportation Account (PTA)	0	0	0
Federal Trust Fund	89,563	56,951	-32,612
Lottery Education Fund	410	391	-19
Program Development Fund (PDF)	2,370	3,572	1,202
Counties Children and Families Acct	0	50,000	50,000
Mass Media Communications Acct	0	0	0
Mental Health Services Fund	1,121	984	-137
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	2,151	1,979	-172
Regional Centers	236,858	243,704	6,846
AUTHORIZED POSITIONS			
Developmental Centers	6,523.8	6,210.6	-313.2
Headquarters	356.6	361.3	4.7

¹⁾ For the Developmental Centers and Regional Centers, the General Fund amount does not include a reduction per Control Section 8.65, regarding the anticipated increase in federal matching funds due to the extension of funds received under the American Reinvestment and Recovery Act.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2010-11 MAY REVISION (with SUPPLEMENTAL BUDGET SOLUTIONS)**

(Dollars in Thousands)

	2009-10	2010-11	Difference
Community Services Program			
Regional Centers	\$4,016,331	\$4,154,933 ¹⁾	\$138,602
Totals, Community Services	\$4,016,331	\$4,154,933	\$138,602
General Fund	\$2,178,076	\$2,414,723 ¹⁾	\$236,647
Public Transportation Acct	0	0	0
Dev Disabilities PDF	2,092	3,292	1,200
Developmental Disabilities Svs Acct	150	150	0
Counties Children and Families Acct	0	50,000	50,000
Mass Media Communications Acct	0	0	0
Federal Trust Fund	87,014	54,120	-32,894
Reimbursements	1,748,259	1,631,945	-116,314
Mental Health Services Fund	740	703	-37
Developmental Centers Program			
Personal Services	\$478,080	\$498,447	\$20,367
Operating Expense & Equipment	123,851	127,264	3,413
Total, Developmental Centers	\$601,931	\$625,711	\$23,780
General Fund	\$259,093	\$310,058 ¹⁾	\$50,965
Federal Trust Fund	517	519	2
Lottery Education Fund	410	391	-19
Reimbursements	341,911	314,743	-27,168
Headquarters Support			
Personal Services	\$28,673	\$32,516	\$3,843
Operating Expense & Equipment	5,189	5,136	-53
Total, Headquarters Support	\$33,862	\$37,652	\$3,790
General Fund	\$21,551	\$24,096	\$2,545
Federal Trust Fund	2,032	2,312	280
PDF	278	280	2
Reimbursements	9,620	10,683	1,063
Mental Health Services Fund	381	281	-100
Totals, All Programs	\$4,652,124	\$4,818,296	\$166,172
Total Funding			
General Fund	\$2,458,720	\$2,748,877	\$290,157
Federal Trust Fund	89,563	56,951	-32,612
Lottery Education Fund	410	391	-19
Public Transportation Acct	0	0	0
Dev Disabilities PDF	2,370	3,572	1,202
Developmental Disabilities Svs Acct	150	150	0
Counties Children and Families Acct	0	50,000	50,000
Mass Media Communications Acct	0	0	0
Reimbursements	2,099,790	1,957,371	-142,419
Mental Health Services Fund	1,121	984	-137
Caseloads			
Developmental Centers	2,151	1,979	-172
Regional Centers	236,858	243,704	6,846
Authorized Positions			
Developmental Centers	6,523.8	6,210.6	-313.2
Headquarters	356.6	361.3	4.7

¹⁾ For the Developmental Centers and Regional Centers, the General Fund amount does not include a reduction per Control Section 8.65, regarding the anticipated increase in federal matching funds due to the extension of funds received under the American Reinvestment and Recovery Act.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2010-11 MAY REVISION (with SUPPLEMENTAL BUDGET SOLUTIONS)

(Dollars in Thousands)

	CURRENT YEAR 2009-10			BUDGET YEAR 2010-11		
	May Revision	Supplemental Budget Solution	Adjusted Budget	May Revision	Supplemental Budget Solution	Adjusted Budget
Community Services Program						
Regional Centers	\$4,016,331	\$0	\$4,016,331	\$4,118,194	\$36,739	\$4,154,933
Totals, Community Services	\$4,016,331	\$0	\$4,016,331	\$4,118,194	\$36,739	\$4,154,933
General Fund	\$2,193,595	-\$15,519	\$2,178,076	\$2,376,364	\$38,359	\$2,414,723
Public Transportation Acct	0	0	0	0	0	0
Dev Disabilities PDF	2,092	0	2,092	3,292	0	3,292
Developmental Disabilities Svs Acct	150	0	150	150	0	150
Counties Children and Families Acct	0	0	0	50,000	0	50,000
Mass Media Communications Acct	0	0	0	0	0	0
Federal Trust Fund	87,014	0	87,014	54,120	0	54,120
Reimbursements	1,732,740	15,519	1,748,259	1,633,565	-1,620	1,631,945
Mental Health Services Fund	740	0	740	703	0	703
Developmental Centers Program						
Personal Services	\$478,080	\$0	\$478,080	\$498,447	\$0	\$498,447
Operating Expense & Equipment	123,851	0	123,851	127,264	0	127,264
Total, Developmental Centers	\$601,931	\$0	\$601,931	\$625,711	\$0	\$625,711
General Fund	\$259,093	\$0	\$259,093	\$310,058	\$0	\$310,058
Federal Trust Fund	517	0	517	519	0	519
Lottery Education Fund	410	0	410	391	0	391
Reimbursements	341,911	0	341,911	314,743	0	314,743
Headquarters Support						
Personal Services	\$28,673	\$0	\$28,673	\$32,516	\$0	\$32,516
Operating Expense & Equipment	5,189	0	5,189	5,136	0	5,136
Total, Headquarters Support	\$33,862	\$0	\$33,862	\$37,652	\$0	\$37,652
General Fund	\$21,551	\$0	\$21,551	\$24,096	\$0	\$24,096
Federal Trust Fund	2,032	0	2,032	2,312	0	2,312
PDF	278	0	278	280	0	280
Reimbursements	9,620	0	9,620	10,683	0	10,683
Mental Health Services Fund	381	0	381	281	0	281
Totals, All Programs	\$4,652,124	\$0	\$4,652,124	\$4,781,557	\$36,739	\$4,818,296
Total Funding						
General Fund	\$2,474,239	-\$15,519	\$2,458,720	\$2,710,518	\$38,359	\$2,748,877
Federal Trust Fund	89,563	0	89,563	56,951	0	56,951
Lottery Education Fund	410	0	410	391	0	391
Public Transportation Acct	0	0	0	0	0	0
Dev Disabilities PDF	2,370	0	2,370	3,572	0	3,572
Developmental Disabilities Svs Acct	150	0	150	150	0	150
Counties Children and Families Acct	0	0	0	50,000	0	50,000
Mass Media Communications Acct	0	0	0	0	0	0
Reimbursements	2,084,271	15,519	2,099,790	1,958,991	-1,620	1,957,371
Mental Health Services Fund	1,121	0	1,121	984	0	984
Caseloads						
Developmental Centers	2,151	0	2,151	1,979	0	1,979
Regional Centers	236,858	0	236,858	243,704	0	243,704
Authorized Positions						
Developmental Centers	6,523.8	0.0	6,523.8	6,210.6	0.0	6,210.6
Headquarters	356.6	0.0	356.6	361.3	0.0	361.3

1) For the Developmental Centers and Regional Centers, the General Fund amount does not include a reduction per Control Section 8.65, regarding the anticipated increase in federal matching funds due to the extension of funds received under the American Reinvestment and Recovery Act.