

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 (Department or DDS) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for providing approximately 330,000 persons with developmental disabilities 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 two ways. The vast majority of people live in their families' homes or other community settings and receive state-funded services coordinated by 21 non-profit corporations known as regional centers. In contrast, a small number of individuals live in three state-operated developmental centers (DCs) and one state-operated community facility. The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 317,837 in the current year, to 333,024 in 2018-19. The number of individuals living in state-operated residential facilities is estimated to be 537 on June 30, 2018, and 361 on June 30, 2019.

Governor's Budget Summary

The Governor's Budget includes \$7.3 billion total funds (\$4.4 billion GF) for the Department in 2018-19; a net increase of \$368 million (\$248.3 million GF) from the updated 2017-18 budget, or a 5.3 percent total fund increase.

FUNDING SUMMARY <i>(Dollars in Thousands)</i>				
	2017-18*	2018-19	Difference	Percentage Change
BUDGET SUMMARY				
Community Services	\$6,375,499	\$6,858,287	\$482,788	7.6%
Developmental Centers	494,798	375,636	-119,162	-24.1%
Headquarters Support	63,156	67,597	4,441	7.0%
TOTALS, ALL PROGRAMS	\$6,933,453	\$7,301,520	\$368,067	5.3%
GENERAL FUND				
Community Services	\$3,786,315	\$4,105,886	\$319,571	8.4%
Developmental Centers	366,617	291,953	-74,664	-20.4%
Headquarters Support	36,232	39,589	3,357	9.3%
GF TOTAL, ALL PROGRAMS	\$4,189,164	\$4,437,428	\$248,264	5.9%

*Total funds do not include \$20.1 million for DC Employee Retention Incentives added in Item 9800 of the 2016 Budget Act and displayed in the Governor's Budget Galley.

For more details, see Budget Summary and Funding Charts on pages 7 and 8.

COMMUNITY SERVICES PROGRAM

2017-18

To provide services and support to 317,837 individuals in the community, the Governor's Budget updates the 2017 enacted budget to \$6.4 billion (\$3.8 billion GF). This reflects a net decrease of \$24.5 million (\$34.7 million GF decrease) as compared to the enacted budget for regional center Operations (OPS) and Purchase of Services (POS). This decrease is comprised of:

Caseload and Utilization

\$39.4 million net decrease (\$38.5 million GF decrease) in regional center OPS and POS as follows:

- OPS increase of \$54,000 (\$9.5 million GF decrease)
- POS decrease of \$39.4 million (\$29 million GF decrease)

The increase in OPS is due to a slight increase in Intermediate Care Facility-Developmental Disabled (ICF-DD) Administration Fees paid to regional centers. The significant GF decrease as compared to the minor OPS expenditure increase reflects an estimated increase in reimbursements from Targeted Case Management (TCM), which offsets the GF.

The decrease in POS reflects updated, actual expenditures from the Senate Bill (SB) 3 Minimum Wage Increase, effective January 1, 2017, coming in lower than originally estimated, resulting in a lower base on which expenditures are projected.

Transition of Behavioral Health Treatment (BHT) Services to the Department of Health Care Services (DHCS)

\$1.5 million increase (\$1.5 million GF increase) in POS due to a delay in implementing the transition of consumers without an Autism Spectrum Disorder (ASD) Diagnosis who receive Behavioral Health Treatment (BHT) services, to the Department of Health Care Services. Originally planned for January 1, 2018, the Department will now transition children who receive BHT services on a fee-for-service basis on March 1, 2018. These children will continue to receive services through the regional centers, and DHCS will reimburse the Department for the related expenditures. Children who receive these services through Medi-Cal Managed Care will transition to DHCS on July 1, 2018.

SB 3, Chapter 4, Statutes of 2016, Minimum Wage Increase

\$13.4 million increase (\$6.3 million GF increase) to reflect updated expenditures resulting from the \$10.50 to \$11.00 minimum wage increase effective January 1, 2018.

Community Placement Plan (CPP) - DC Closure

\$0 total fund increase (\$3.9 million GF decrease) reflecting a fund shift from GF to reimbursements for placement expenditures for DC movers. The fund shift results from more expenditures estimated to be eligible for federal fund reimbursements.

2018-19

The Governor's Budget proposes total funding of \$6.9 billion (\$4.1 billion GF) for services and supports for regional center consumers living in the community. This reflects a \$482.8 million increase (\$319.6 million GF increase) over the revised current year budget. The projected community caseload is 333,024 consumers, which is an increase of 15,187 consumers over 2017-18. The Community Services budget adjustments, as compared to the revised current year, include:

Caseload and Utilization

\$361.3 million increase (\$275.4 million GF increase) in regional center OPS and POS as compared to the updated current year budget.

- OPS increase of \$31.4 million (\$34.2 million GF increase)
- POS increase of \$329.9 million (\$241.2 million GF increase)

The OPS increase is for additional staffing resulting from increased caseload, as well as minor increases for federal compliance and projects. Additional GF in 2018-19 provides backfill for the loss of funds from the Money Follows the Person grant, which expires in 2017-18.

The POS increase reflects changes in all POS budget categories based on updated caseload and expenditure projections.

Transition of BHT Services to DHCS

\$47 million decrease (\$47 million GF decrease) in POS to implement the transition of consumers without an ASD Diagnosis who receive BHT services. This includes full year cost savings for those who receive BHT services on a fee-for-service basis who will transition to DHCS on March 1, 2018, as well as those children who receive these services through Medi-Cal Managed Care that will transition to DHCS on July 1, 2018.

Community Placement Plan (CPP) - DC Closure

\$2.8 million increase (\$3.7 million GF increase) in DC Closure-specific CPP funding to fund placement expenditures for additional DC movers.

Uniform Holiday

\$5.6 million decrease (\$2.9 million GF decrease) to re-implement the 14-day uniform holiday schedule.

Senate Bill (SB) 3, Chapter 4, Statutes of 2016, Minimum Wage Increase

\$178.5 million increase (\$97.6 million GF increase) in POS to reflect full-year costs of the state-mandated hourly minimum wage increase from \$10.50 to \$11.00 that was effective January 1, 2018, as well as the increase from \$11.00 to \$12.00 that is effective January 1, 2019.

Best Buddies

\$1.6 million decrease (\$1.6 million GF decrease) due to the removal of 2017-18 one-time funding.

Safety Net Resources

\$5.6 million decrease (\$5.6 million GF decrease) due to the removal of one-time funding provided in 2017-18 for the Community Services Program to develop safety net resources.

DEVELOPMENTAL CENTERS (STATE OPERATED RESIDENTIAL AND COMMUNITY FACILITIES PROGRAM)

2017-18

The actual DC population on July 1, 2017, was 795 residents. The Department projects an ending population of 537 residents on June 30, 2018.

The Governor's Budget updates the 2017 enacted budget to \$494.8 million (\$366.6 million GF); a net increase of \$28.8 million (\$18.4 million GF increase). The net increase is a combination of the following adjustments:

Operations Expenditures

- Net increase of \$4.5 million (\$2.6 million GF increase), which reflects an increase of \$7.3 million in Personal Services and OE&E expenditures to care for an additional 42 residents as compared to the enacted budget, offset by a \$2.8 million reduction in lease revenue bond payments.

Employee Compensation and Retirement

- Increase of \$17.2 million (\$11.1 million GF increase) for compensation and retirement adjustments approved through the collective bargaining process and included in Item 9800 - Employee Compensation Adjustments.

Sonoma and Fairview Lump Sum Payouts

- Increase of \$7.1 million (\$4.7 million GF increase) to fund lump sum leave balance payouts for separating employees.

2018-19

The Governor's Budget proposes a total of \$375.6 million (\$292 million GF) for the State Operated Residential and Community Facilities Program; a net decrease of \$119.2 million (\$74.7 million GF decrease) from the revised current year budget. The net decrease reflects the following adjustments:

Operations Expenditures

- Decrease of \$120.5 million (\$74.8 million GF decrease) as compared to the revised current year budget for decreases in Personal Services and OE&E due to resident placements, offset by an increase in lease revenue bond payments. Within this adjustment is an increase of \$5.6 million GF and 53.2 positions to

operate two additional STAR homes as part of the Department's safety net plan.

Employee Compensation and Retirement

- Increase of \$0.6 million (\$0.4 million GF increase) for compensation and retirement adjustments approved through the collective bargaining process as compared to the revised current year budget. In total, the Governor's Budget includes \$17.8 million (\$11.5 million GF) for employee compensation and retirement adjustments in 2018-19.

Centralized Functions at Headquarters

- Decrease of \$2.1 million (\$1.6 million GF decrease) to transfer 15.5 positions from the State Operated and Community Facilities Program to Headquarters for statewide oversight positions and activities that will continue beyond closure of the developmental centers as detailed in a related BCP.

Sonoma and Fairview Lump Sum Payouts

- Increase of \$2.2 million (\$0.8 million GF increase) above the revised current year budget to fund lump sum leave balance payouts for separating employees. In total, the Governor's Budget proposes \$9.3 million (\$5.7 million GF) in 2018-19 to fund lump sum leave payouts.

Sonoma and Fairview Security Costs

- Increase of \$0.6 million (\$0.5 million GF increase) to provide physical security measures during warm shut down.

CAPITAL OUTLAY

The 2017 enacted budget includes \$3.7 million GF to install a nitrate removal system at Porterville. The system will remove excess nitrates from well water to meet state-mandated safe drinking water requirements, thereby providing a safe, reliable, and efficient potable water delivery system. There are no changes proposed to this project.

The Governor's Budget does not include a proposal for capital outlay funds in 2018-19.

HEADQUARTERS

2017-18

The Governor's Budget reflects an increase of \$2.2 million (\$1.3 million GF increase) over the enacted budget for employee compensation and retirement adjustments. The total updated 2017-18 Headquarters budget is \$63.2 million (\$36.2 million GF).

2018-19

The Governor's Budget proposes total Headquarters operations funding in 2018-19 of \$67.6 million (\$39.6 million GF). This is a net increase of \$4.4 million (\$3.4 million GF increase) over the updated 2017-18 budget, reflecting a \$0.2 million increase (\$0.2 million GF increase) due to changes in employee compensation and retirement adjustments. The increase also reflects expenditures and positions from the following three Budget Change Proposals (BCPs):

Clinical Staff for Community Homes Oversight

The Department requests \$2 million (\$1.4 million GF) to fund 9.0 positions to increase clinical staff and expertise within Headquarters to support development and ongoing monitoring of Adult Residential Facilities for Persons with Special Health Care Needs, Enhanced Behavioral Supports Homes, and Community Crisis Homes.

Centralize Statewide Activities for Developmental Services

The Department requests approval to shift \$2.1 million (\$1.6 million GF) and 15.5 positions from the State Operated Residential and Community Services Program to Headquarters for statewide oversight positions and activities that will continue beyond closure of the developmental centers. Assigning the positions and funding within Headquarters is consistent with the current functions of the positions and provides continuity of services and expertise within the Department for ongoing, statewide responsibilities and programs.

Establish Internal Audit Unit

The Department requests \$295,000 (\$178,000 GF) and 2.0 positions to establish an internal audit unit. In addition to initial planning activities, the requested resources will complete general internal audit assignments such as delegated contract audits from the Department of General Services and the State Leadership Accountability Act review from the Department of Finance. Further, the resources will serve as liaisons during audits conducted by outside entities such as the California State Auditor, the Department of Finance, and the State Controller's Office.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2018 Governor's Budget**

FUNDING SUMMARY

(Dollars in Thousands)

	2017-18	2018-19	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$6,375,499	\$6,858,287	\$482,788
DEVELOPMENTAL CENTERS	494,798	375,636	-119,162
HEADQUARTERS SUPPORT	63,156	67,597	4,441
TOTALS, ALL PROGRAMS	\$6,933,453	\$7,301,520	\$368,067
FUND SOURCES			
General Fund	\$4,189,164	\$4,437,428	\$248,264
Reimbursements: Totals All	2,684,124	2,804,021	119,897
<i>Home and Community-Based Services (HCBS) Waiver</i>	1,716,030	1,859,256	143,226
<i>Medicaid (HCBS) Waiver Administration</i>	14,700	14,696	-4
<i>Medicaid Administration</i>	16,212	16,217	5
<i>Targeted Case Management</i>	204,122	209,939	5,817
<i>Targeted Case Management Admin.</i>	6,871	6,895	24
<i>Medi-Cal</i>	133,575	89,356	-44,219
<i>Title XX Block Grant</i>	213,421	213,421	0
<i>ICF-DD/State Plan Amendment</i>	62,760	62,760	0
<i>Quality Assurance Fees (DHCS)</i>	11,106	11,106	0
<i>1915(i) State Plan Amendment</i>	247,610	266,897	19,287
<i>Money Follows the Person</i>	11,396	0	-11,396
<i>Early Periodic Screening Diagnosis & Treatment</i>	26,857	29,488	2,631
<i>Behavioral Health Treatment FFS</i>	10,822	15,151	4,329
<i>Other</i>	8,642	8,839	197
Federal Trust Fund	55,669	55,574	-95
Lottery Education Fund	323	323	0
Program Development Fund (PDF)	2,857	2,857	0
Mental Health Services Fund	1,166	1,167	1
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers (ending population)	537	361	-176
Regional Centers	317,837	333,024	15,187
AUTHORIZED POSITIONS			
Developmental Centers	3,859.6	3,032.2	-827.4
Headquarters	428.5	455.0	26.5

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2018 Governor's Budget**

Program Highlights
(Dollars in Thousands)

	2017-18*	2018-19	Difference
Community Services Program			
Regional Centers	\$6,375,499	\$6,858,287	\$482,788
Totals, Community Services	\$6,375,499	\$6,858,287	\$482,788
General Fund	\$3,786,315	\$4,105,886	\$319,571
Program Development Fund (PDF)	2,537	2,537	0
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	52,964	52,867	-97
Reimbursements	2,532,793	2,696,107	163,314
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$428,511	\$309,718	-\$118,793
Operating Expense & Equipment	66,287	65,918	-369
Total, Developmental Centers	\$494,798	\$375,636	-\$119,162
General Fund	\$366,617	\$291,953	-\$74,664
Federal Trust Fund	0	0	0
Lottery Education Fund	323	323	0
Reimbursements	127,858	83,360	-44,498
Headquarters Support			
Personal Services	56,301	60,020	3,719
Operating Expense & Equipment	6,855	7,577	722
Total, Headquarters Support	\$63,156	\$67,597	\$4,441
General Fund	\$36,232	\$39,589	\$3,357
Federal Trust Fund	2,705	2,707	2
PDF	320	320	0
Reimbursements	23,473	24,554	1,081
Mental Health Services Fund	426	427	1
Totals, All Programs	\$6,933,453	\$7,301,520	\$368,067
Total Funding			
General Fund	\$4,189,164	\$4,437,428	\$248,264
Federal Trust Fund	55,669	55,574	-95
Lottery Education Fund	323	323	0
PDF	2,857	2,857	0
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,684,124	2,804,021	119,897
Mental Health Services Fund	1,166	1,167	1
Totals, All Funds	\$6,933,453	\$7,301,520	\$368,067
Caseloads			
Developmental Centers	537	361	-176
Regional Centers	317,837	333,024	15,187
Departmental Positions			
Developmental Centers	3,859.6	3,032.2	-827.4
Headquarters	428.5	455.0	26.5

*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 in the Governor's Budget Gallery.