

Department of Developmental Services

May Revision Highlights



**Edmund G. Brown Jr.
Governor
State of California**

**Diana S. Dooley
Secretary
California Health and Human Services Agency**

**Nancy Bargmann
Director
Department of Developmental Services**

May 2017

DEPARTMENT OF DEVELOPMENTAL SERVICES MAY REVISION HIGHLIGHTS

The Department of Developmental Services (Department or DDS) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that more than 300,000 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.

California provides services and supports to individuals with developmental disabilities two ways. The vast majority of people live in family homes or other community settings and receive state-funded services that are 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 303,599 in the current year, to 317,837 in 2017-18. The number of individuals living in state-operated residential facilities is estimated to be 495 on July 1, 2018.

SAFETY NET PLAN

In compliance with Welfare and Institutions Code Section 4474.15(a), the Department has prepared its "Plan for Crisis and Other Safety Net Services in the California Developmental Services System" (Safety Net Plan). The plan provides background information on the developmental disabilities services system, details stakeholder input and guidance received on the need for a safety net of services, and proposes new service options to broaden the continuum of service options to support individuals with the most challenging service needs.

In alignment with the Safety Net Plan, the May Revision proposes \$7.5 million General Fund (GF) in 2017-18 to establish the following:

- Two state-operated, 24/7 mobile acute crisis teams,
- Two acute crisis homes to relocate and expand Stabilization, Training, Assistance and Reintegration (STAR) services in Northern California, and
- Intensive wrap-around services for individuals transitioning out of secure treatment.

These funds are in addition to \$13.7 million in existing funds the Department proposes to allocate to accomplish the following:

- Develop intensive wrap-around services for persons with co-occurring developmental disabilities and mental health needs,
- Renovate two existing homes at Fairview DC near Harbor Village to relocate and expand Southern STAR services,
- Develop four vendor-operated homes to provide step-down services for individuals with co-occurring developmental disabilities and mental health needs, and
- Develop two vendor-operated homes to provide step-down services for individuals transitioning from the Porterville Secure Treatment Program.

The Safety Net Plan also proposes trailer bill language to amend Government Code Section 14670.35 to authorize an amendment to the existing ground lease for property at Fairview DC, known as Harbor Village, to renovate and maintain the two Southern STAR homes.

MAY REVISION SUMMARY

The May Revision includes \$6.9 billion total funds (\$4.2 billion GF) for the Department in 2017-18; a net increase of \$270.2 million (\$187.8 million GF) over the updated 2016-17 budget, or a 4.1% increase.

FUNDING SUMMARY <i>(Dollars in Thousands)</i>				
	2016-17	2017-18	Difference	Percentage Change
BUDGET SUMMARY				
Community Services	\$6,052,632	\$6,388,088	\$335,456	5.5%
Developmental Centers	539,948	465,983	-73,965	-13.7%
Headquarters Support	52,670	61,414	8,744	16.6%
TOTALS, ALL PROGRAMS	\$6,645,250	\$6,915,485	\$270,235	4.1%
GENERAL FUND				
Community Services	\$3,580,955	\$3,796,228	\$215,273	6.0%
Developmental Centers	376,132	348,179	-27,953	-7.4%
Headquarters Support	34,817	35,266	449	1.3%
GF TOTAL, ALL PROGRAMS	\$3,991,904	\$4,179,673	\$187,769	4.7%

For more detail, see Budget Summary and Funding Charts on pages 6 and 7.

COMMUNITY SERVICES PROGRAM

2016-17

The May Revision projects the total community caseload at 303,599, reflecting an increase of 152 consumers from the 2017 Governor's Budget. The May Revision also updates total funding to \$6.1 billion (\$3.6 billion GF). This reflects a net decrease of \$12.3 million (\$22.5 million GF increase) as compared to the Governor's Budget for regional center Operations (OPS) and Purchase of Services (POS). This decrease includes the following:

Caseload and Utilization

\$15.7 million net decrease (\$19.5 million GF increase) in regional center OPS and POS as follows:

- OPS increase of \$0.7 million (\$1.5 million GF decrease)
- POS decrease of \$16.4 million (\$21 million GF increase)

The increase in OPS is due to increased regional center caseload and Intermediate Care Facility-Developmental Disabled (ICF-DD) Administration Fees, slightly offset by a minor adjustment in Federal Compliance resulting from a decrease in consumers eligible for Home and Community Based Services (HCBS). The

decrease in POS is the net difference of adjustments for all POS budget categories based on updated expenditure trends. The increase in GF is due to a decrease in HCBS Waiver eligible expenditures and the reduction of anticipated reimbursements from the Department of Health Care Services (DHCS) for behavioral health treatment (BHT) fee-for-service costs.

Assembly Bill (AB) 10 Minimum Wage Increase, Effective January 1, 2016

\$31.7 million decrease (\$19.3 million GF decrease) due to updated actual expenditures.

Transition of BHT Services to DHCS

\$29.8 million increase (\$14.2 million GF increase) reflecting a decrease in savings estimated for transitioned consumers based on updated actual expenditures.

Alternative Residential Model (ARM) 4-Bed Rate

\$5.2 million decrease (\$3.0 million GF decrease) based on updated, actual expenditures coming in lower than previously projected.

ABX2 1 (Assembly Bill 1, 2nd Extraordinary Session, Ch 3, Statutes of 2016)

\$10.5 million increase (\$6.2 million GF increase) reflecting updated expenditure estimates for Direct Care Staff Wages and Benefits, increases for POS Administrative Costs, and other targeted increases for Respite, Transportation, Supported Living, and Independent Living.

2017-18

The May Revision estimates the total community caseload at 317,837 consumers, reflecting an increase of 554 consumers over the caseload estimated in the 2017 Governor's Budget. The Department estimates total funding of \$6.4 billion (\$3.8 billion GF), reflecting a net decrease of \$35.7 million (\$42.7 million GF decrease) from the Governor's Budget. This decrease is comprised of:

Caseload and Utilization

\$37.3 million decrease (\$47.2 million GF decrease) in regional center OPS and POS as follows:

- OPS increase of \$2.4 million (\$6.9 million GF decrease)
- POS decrease of \$39.7 million (\$40.3 million GF decrease)

The net OPS increase results from increases in caseload and ICF-DD Administration Fees, with a minor decrease in Federal Compliance resulting from a decrease in consumers eligible for HCBS. The decrease in POS reflects the net difference of adjustments for all POS budget categories based on updated expenditure trends.

Operations – Policy Adjustment

\$1.3 million increase (\$1.0 million GF increase) to fund 0.5 psychologists per regional center to assess children with an Autism Spectrum Disorder (ASD) diagnosis and provide a recommendation by a psychologist for BHT services.

Assembly Bill (AB) 10, Chapter 351, Statutes of 2013, Minimum Wage Increase

\$33.6 million decrease (\$20.6 million GF decrease) reflecting updated actual expenditures for each POS budget category.

Transition of BHT Services to DHCS

\$29.8 million increase (\$14.2 million GF increase) resulting from a decrease in savings expected from the transition based on updated, actual costs for transitioned consumers.

BHT Transition - Consumers without an ASD Diagnosis

\$3.3 million GF decrease in expenditures for consumers without an ASD diagnosis who will transition to Medi-Cal Managed Care beginning January 1, 2018.

ABX2 1 (Assembly Bill 1, 2nd Extraordinary Session, Ch 3, Statutes of 2016)

\$1.8 million net increase (\$1.1 million GF increase) reflecting updated expenditure estimates for Direct Care Staff Wages and Benefits, increases for POS Administrative Costs, and other targeted increases for Respite, Transportation, Supported Living, and Independent Living.

Safety Net Resources

\$5.6 million GF increase to develop two Stabilization, Training, Assistance and Reintegration (STAR) acute crisis facilities in Northern California, and establish intensive transition services to promote successful community transitions for those leaving secured treatment.

DEVELOPMENTAL SERVICES PROGRAM

2016-17

The May Revision reflects an ending DC population on June 30, 2017 of 793 residents, an increase of 33 residents over that estimated in the Governor's Budget. The additional residents are a result of fewer placements due to delays in resident transitions to the community and the availability of Community Placement Plan (CPP) residential resources. The Department expects to correct these placement delays in 2017-18.

The May Revision updates the Governor's Budget to \$539.9 million (\$376.1 million GF), an increase of \$10.1 million (\$7.6 million GF) reflecting incremental changes approved through the collective bargaining process and are included in Item 9800, Employee Compensation Adjustments.

2017-18

The May Revision proposes a total of \$466 million (\$348.2 million GF), a net increase of \$16.2 million (\$18.2 million GF increase) from the Governor's Budget. The net increase is comprised of the following adjustments:

Employee Compensation

\$10.5 million increase (\$7.8 million GF) reflecting incremental changes approved through the collective bargaining process and included in Item 9800, Employee Compensation Adjustments.

DC Operations Expenditure Increase

\$12.1 million net increase (\$8.5 million GF) to retain 136.3 positions due to technical corrections to the staffing calculations and adjusted resident population. The adjustment in resident population results in the need to operate one Intermediate Care Facility (ICF) unit at Fairview longer than estimated in the Governor's Budget, which also limits the reduction of staffing and associated Operating Expenses and Equipment (OE&E) costs.

Transfer of Community State Staff Program (CSSP) Reimbursement Authority to the Headquarters Program

\$8.3 million decrease in reimbursements to transfer authority for the CSSP to Headquarters.

Safety Net Mobile Acute Crisis

\$1.9 million GF and 14.5 positions to operate two Mobile Acute Crisis Unit teams in California. These teams will be an additional service provided by the Northern and Southern Stabilization, Training, Assistance, and Reintegration (STAR) homes at Sonoma and Fairview.

HEADQUARTERS PROGRAM

2016-17

The May Revision reflects an increase to the 2016-17 Headquarters' operations funding of \$1.5 million (\$1.0 million GF increase) for Employee Compensation adjustments approved through the collective bargaining process and included in Item 9800. The total updated 2016-17 Headquarters budget is \$52.7 million (\$34.8 million GF).

2017-18

The May Revision proposes total Headquarters operations funding for 2017-18 of \$61.4 million (\$35.3 million GF). This is a net increase of \$9.1 million (\$0.5 million GF) over the Governor's Budget, reflecting the following adjustments:

Employee Compensation

\$0.8 million increase (\$0.5 million GF) reflecting an incremental increase from the Governor's Budget for employee compensation adjustments approved through the collective bargaining process and included in Item 9800.

Transfer of CSSP Reimbursement Authority from the DC Program

\$8.3 million increase in reimbursement authority (\$0 GF) from the DC Program.

CAPITAL OUTLAY

The May Revision proposes no changes for 2016-17 or 2017-18.

**2017 May Revision
Funding Summary
(Dollars in Thousands)**

	2016-17	2017-18	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$6,052,632	\$6,388,088	\$335,456
DEVELOPMENTAL CENTERS	539,948	465,983	-73,965
HEADQUARTERS SUPPORT	52,670	61,414	8,744
TOTALS, ALL PROGRAMS	\$6,645,250	\$6,915,485	\$270,235
FUND SOURCES			
General Fund	\$3,991,904	\$4,179,673	\$187,769
Reimbursements: Totals All	2,592,944	2,675,359	82,415
<i>Home and Community-Based Services (HCBS) Waiver</i>	1,646,437	1,725,969	79,532
<i>Medicaid (HCBS) Waiver Administration</i>	14,000	14,105	105
<i>Medicaid Administration</i>	16,030	16,029	-1
<i>Targeted Case Management</i>	190,303	195,934	5,631
<i>Targeted Case Management Admin.</i>	6,277	6,276	-1
<i>Medi-Cal</i>	160,245	122,771	-37,474
<i>Title XX Block Grant</i>	213,421	230,974	17,553
<i>ICF-DD/State Plan Amendment</i>	60,964	60,964	0
<i>Quality Assurance Fees (DHCS)</i>	10,788	10,788	0
<i>1915(i) State Plan Amendment</i>	231,394	237,727	6,333
<i>Money Follows the Person</i>	8,337	11,396	3,059
<i>Early Periodic Screening Diagnosis & Treatment</i>	26,119	26,368	249
<i>Behavioral Health Treatment FFS</i>	0	7,430	7,430
<i>Other</i>	8,629	8,628	-1
Federal Trust Fund	55,892	55,855	-37
Lottery Education Fund	294	294	0
Program Development Fund (PDF)	2,870	2,913	43
Mental Health Services Fund	1,196	1,241	45
Developmental Disabilities Svs Acct	150	150	0
Behavioral Health Treatment	0	0	0
AVERAGE CASELOAD			
Developmental Centers (ending population)	793	495	-298
Regional Centers	303,599	317,837	14,238
AUTHORIZED POSITIONS			
Developmental Centers	4,125.2	3,786.8	-338.4
Headquarters	421.5	428.5	7.0

**2017 May Revision
Program Highlights
(Dollars in Thousands)**

	2016-17	2017-18	Difference
Community Services Program			
Regional Centers	\$6,052,632	\$6,388,088	\$335,456
Totals, Community Services	\$6,052,632	\$6,388,088	\$335,456
General Fund	\$3,580,955	\$3,796,228	\$215,273
Program Development Fund (PDF)	2,537	2,537	0
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	52,981	53,258	277
Reimbursements	2,415,269	2,535,175	119,906
Mental Health Services Fund	740	740	0
Behavioral Health Treatment	0	0	0
Developmental Centers Program			
Personal Services	\$472,872	\$398,045	-\$74,827
Operating Expense & Equipment	67,076	67,938	862
Total, Developmental Centers	\$539,948	\$465,983	-\$73,965
General Fund	\$376,132	\$348,179	-\$27,953
Federal Trust Fund	285	0	-285
Lottery Education Fund	294	294	0
Reimbursements	163,237	117,510	-45,727
Headquarters Support			
Personal Services	42,816	54,105	11,289
Operating Expense & Equipment	9,854	7,309	-2,545
Total, Headquarters Support	\$52,670	\$61,414	\$8,744
General Fund	\$34,817	\$35,266	\$449
Federal Trust Fund	2,626	2,597	-29
PDF	333	376	43
Reimbursements	14,438	22,674	8,236
Mental Health Services Fund	456	501	45
Totals, All Programs	\$6,645,250	\$6,915,485	\$270,235
Total Funding			
General Fund	\$3,991,904	\$4,179,673	\$187,769
Federal Trust Fund	55,892	55,855	-37
Lottery Education Fund	294	294	0
PDF	2,870	2,913	43
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,592,944	2,675,359	82,415
Mental Health Services Fund	1,196	1,241	45
Behavioral Health Treatment BHT	0	0	0
Totals, All Funds	\$6,645,250	\$6,915,485	\$270,235