

**Department of Developmental Services**

**2020 May Revision Highlights**



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**DEPARTMENT OF DEVELOPMENTAL SERVICES  
2020 MAY REVISION HIGHLIGHTS**

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with developmental disabilities to lead more independent, productive, and integrated lives. The Early Start Program provides for the delivery of services to infants and toddlers at risk of having a developmental disability. The Department carries out its responsibilities through contracts with 21 community-based, non-profit corporations known as regional centers, two state-operated developmental centers, one state-operated community facility, and Stabilization, Training, Assistance and Reintegration (STAR) homes.

The number of individuals served by regional centers (consumers) is expected to increase from 348,187 in the current year to 366,353 in 2020-21. The ending population of individuals in state-operated residential facilities is estimated to be 302 on July 1, 2020.

**2020 MAY REVISION SUMMARY**

The 2020-21 May Revision includes \$9.2 billion total funds (\$5.5 billion General Fund [GF]) for the Department in 2020-21; a net increase of \$774.6 million (\$434.8 million GF) over the updated 2019-20 budget.

<b>FUNDING SUMMARY</b> <i>(Dollars in Thousands)</i>				
	<b>2019-20</b>	<b>2020-21</b>	<b>Difference</b>	<b>Percentage Change</b>
<b>BUDGET SUMMARY</b>				
Community Services	\$8,002,500	\$8,732,577	\$730,077	9.1%
State Operated Facilities	350,094	382,814	32,720	9.3%
Headquarters Support	103,114	114,877	11,763	11.4%
<b>TOTALS, ALL PROGRAMS</b>	<b>\$8,455,708</b>	<b>\$9,230,268</b>	<b>\$774,560</b>	<b>9.2%</b>
<b>GENERAL FUND</b>				
Community Services	\$4,659,112	\$5,056,571	\$397,459	8.5%
State Operated Facilities	303,527	333,860	30,333	11.5%
Headquarters Support	63,605	70,589	6,984	11.0%
<b>GF TOTAL, ALL PROGRAMS</b>	<b>\$5,026,244</b>	<b>\$5,461,020</b>	<b>\$434,776</b>	<b>8.7%</b>

For more detail, please refer to the Program and Funding Summary on page 7. Above figures do not include Capital Outlay.

## **COMMUNITY SERVICES PROGRAM**

### **2019-20**

The 2019-20 updated Regional Center budget includes \$8.0 billion (\$4.7 billion General Fund [GF]), a net increase of \$267.4 million (\$27.8 million GF decrease) as compared to the proposed Governor's Budget. This includes a projected \$260.1 million increase (\$24.7 million GF decrease) in Purchase of Services (POS) expenditures that reflect updated expenditures. The updated budget also includes an increase of \$7.3 million (\$3.1 million GF decrease) in Operations cost.

The 2019-20 updated budget as compared to the enacted budget reflects a net increase of \$204.4 million (\$42.1 million GF decrease).

The updated current year caseload projections reflect a net decrease of 1,860 consumers as compared to the Governor's Budget. The decrease is due to Early Start caseload growth coming in lower than projected.

### **Regional Center Operations**

The Operations budget reflects a net decrease of \$549,000 (\$3.7 million GF increase) due to the decrease in updated caseload projections resulting in a decrease in Core Staffing.

### **Policy – Regional Center Operations**

There is a net increase of \$7.9 million (\$6.8 million GF decrease) in policy expenditures as compared to the Governor's Budget.

### **Self-Determination Program**

Increase of \$2.4 million due to a Budget Revision that transferred POS savings to Operations based on federal approval of the Self-Determination Program.

### **Increased Costs for COVID-19**

Increase of \$5.5 million (\$4.1 million GF) for increased costs in operations related to regional center's response to the COVID-19 pandemic.

### **Enhanced Federal Funding**

Increased reimbursement of \$13.3 million with a corresponding savings in GF due to the Families First Coronavirus Response Act (FFCRA) which provides a temporary 6.2 percentage point increase to California's Federal Medical Assistance Percentage (FMAP).

### **Purchase of Service (POS) Caseload Growth and Utilization**

Updated POS reflect a net increase of \$61.3 million (\$7.7 million GF), or a 0.95 percent increase, as compared to the Governor's Budget. However, this is a \$9.7 million decrease (\$40.3 million GF) compared to the enacted budget. The increase is primarily attributed to changes in the following categories: Support Services, In-Home Respite, and Health Care.

### **Policy - POS**

There is a net increase of \$198.7 million (\$32.3 million GF decrease) in policy related primarily to COVID-19 expenditures as compared to the Governor's Budget.

**Increased Costs for COVID-19**

Increase of \$198.6 million (\$130.9 million GF) for costs to provide additional support for consumers in their homes as well as the development of surge sites to support consumers diagnosed with, exposed to, or at high risk of COVID-19.

**Enhanced Federal Funding**

Increase reimbursement of \$163.7 million with a corresponding savings in GF due to FFCRA.

**2020-21**

The 2020-21 updated budget year includes \$8.7 billion (\$5.1 billion GF), a net decrease of \$18.5 million (\$257.5 million GF decrease) as compared to the Governor's Budget and a \$730.1 million increase (\$397.5 million GF) compared to the updated current year.

The estimated 2020-21 population is 366,353, reflecting a decrease of 2,269 from the Governor's Budget due to Early Start caseload growth coming in lower than projected.

**Regional Center Operations**

The Operations budget increased \$39,000 (\$3.8 million GF), as compared to the Governor's Budget. The increase is mainly attributed to projects (contracted services) and decreases in Core Staffing and Federal Compliance.

**Policy – Regional Center Operations**

The updated budget year reflects a decrease of \$30.1 million (\$40.7 million GF) compared to the Governor's Budget.

**Self-Determination Program**

Increase of \$4.1 million (\$2.9 million GF) due to funding for regional center operations costs and participant support through local volunteer advisory committee.

**Specialized Home Monitoring**

Increase of \$339,000 (\$231,000 GF) for monitoring additional Enhanced Behavioral Support and Community Crisis Homes.

**Savings Proposal**

Decrease of \$135.4 million (\$101.8 million GF) compared to the Governor's Budget in Regional Center Operation costs related to the following reductions:

- Withdraw Performance Incentive Program for a savings of \$78.0 million (\$60.0 million GF).
- Withdraw Enhanced Caseload Ratios for Consumers Ages Three, Four, and Five for a savings of \$17.4 million (\$11.8 million GF).
- Reduce Regional Center Operations for a savings of \$40.0 million (\$30.0 million GF).

### **Medicaid Claiming Adjustment**

Increase of \$22.0 million (\$24.8 million GF) for repayment of non-allowable claiming for consumers not eligible for federal reimbursements.

### **Enhanced Federal Funding**

Increase reimbursement of \$27.3 million with a corresponding savings in GF due to FFCRA.

### **Purchase of Service (POS)**

Purchase of service changes are inclusive of the following drivers:

#### **Purchase of Service Caseload Growth and Utilization**

POS caseload and utilization reflects an increase of \$133.6 million (\$102.2 million GF), or a 1.94 percent increase, as compared to the Governor's Budget. The increase is primarily due to continued caseload and utilization changes in Community Care Facilities, Support Services, In-Home Respite, and Health Care.

### **Policy - POS**

The updated budget year reflects a decrease of \$122.0 million (\$322.8 million GF decrease) as compared to the Governor's Budget:

#### **Behavioral Health Treatment Fee-For-Service (BHT-FFS) Consumer with no Autism Spectrum Disorder (ASD) Diagnosis**

Increase of \$180,000 GF due to updated billing data.

#### **Electronic Visit Verification Penalty Payment**

Increase of \$130,000 GF due to updated expenditure data.

#### **SB3 Minimum Wage Increase, January 1, 2020 and January 1, 2021**

SB 3 state minimum wage funding remains unchanged from Governor's Budget, with the exception of funding shifts for federal reimbursements.

### **Savings Proposal**

A decrease of \$544.6 million (\$373.65 million GF decrease).

- Withdraw the Systemic, Therapeutic, Assessment, Resources, and Treatment (START) Training model for a savings of \$4.5 million (\$2.6 million GF).
- Withdraw Provider Supplemental Rate Increase Proposal for Early Start Specialized Therapeutic Services, Independent Living Program, and Infant Development Programs for a savings of \$18.0 million (\$10.8 million GF).
- Restructure and increase parental cost-sharing program for six months savings of \$2.0 million GF
- Uniform Holiday Schedule implementation for a savings of \$51.5 million (\$31.3 million GF), reference Section K.
- Rate Reductions, Expenditure, and Utilization Reviews for a savings of \$470.6 million (\$300.0 million GF).

- Maximize Federal Funding for Eligible Services and Enrollment for a savings of \$27.0 million GF.

#### **Medicaid Claiming Adjustment**

Increase of \$246.4 million (\$282.6 million GF) for repayment of non-allowable claiming for consumers not eligible for federal reimbursements.

#### **Increased Costs for COVID-19**

A net increase of \$254.1 million (\$170.8 million GF) for costs to provide additional support for consumers in their homes as well as the development of surge sites to support consumers diagnosed with, exposed to, or at high risk of COVID-19.

#### **Enhanced Federal Funding**

Increase reimbursement of \$343.4 million with a corresponding savings in GF due to FFCRA.

### **STATE OPERATED FACILITIES PROGRAM**

#### **2019-20**

The population on July 1, 2019 was 363 individuals. The Department projects an ending population of 302 individuals on June 30, 2020.

The 2020 May Revision reflects \$350.1 million (\$303.5 million GF), which includes an increase of \$23.7 million (\$19.7 million GF) as compared to the Governor's Budget due to COVID-19 response, including staffing and wrap-around support services.

#### **2020-21**

The 2020 May Revision reflects \$382.8 million (\$333.9 million GF), which includes an increase of \$82.6 million (\$66.7 million GF) as compared to the Governor's Budget due to COVID-19 response, including staffing and wrap-around support services for up to 200 individuals.

### **CAPITAL OUTLAY**

The 2020 May Revision includes \$4.7 million GF for the following capital outlay projects:

#### **Fire Sprinklers**

Capital Outlay of \$210,000 GF for preliminary plans to modify the design and install an automatic fire sprinkler system in nine residences in the Secure Treatment Area at the Porterville Developmental Center.

#### **Upgrade Fire Alarm System**

Increase of \$1.3 million GF to complete the construction phase of the upgrade fire alarm system project at the Porterville Developmental Center. Funding needed for fire life safety.

#### **Nitrate Removal System**

Reappropriation of \$3.2 million GF to complete the construction phase of the Nitrate Removal System at the Porterville Developmental Center.

## **DEFERRED MAINTENANCE**

The 2020 May Revision does not include funding for deferred maintenance.

## **HEADQUARTERS**

### **2019-20**

The 2020 May Revision includes \$103.1 million (\$63.6 million GF), an increase of \$5.2 million (\$200,000 GF) compared to the Governor's Budget. The increase is comprised of \$5.0 million for community state staff positions and \$232,000 for staffing costs for the self-determination program.

### **2020-21**

The 2020 May Revision includes \$114.9 million (\$70.6 million GF), a net decrease of \$3.3 million (\$3.9 million GF) from the Governor's Budget. The net decrease is comprised of the following adjustments as detailed below:

#### **Self-Determination Program**

Increase of \$372,000 (\$279,000 GF) to address administrative costs and workload related to the implementation of the Statewide Self-Determination Program.

#### **Withdraw: Information Technology Data and Planning**

Decrease of \$2.2 million (\$1.9 million GF) and four proposed permanent positions to modernize the Information Technology Division organizational infrastructure.

#### **Withdraw: Uniform Fiscal System (UFS) Modernization**

Decrease of \$1.4 million (\$1.3 million GF) and two proposed limited term positions and related consulting resources for the UFS replacement project.

#### **Withdraw: Cooperative Electronic Document Management System Proposal**

Decrease of \$714,000 (\$531,000 GF) and 4.6 proposed positions to support the Cooperative Electronic Document Management System to address capturing, storing, retrieval, indexing, versioning, transactions, security, archive, and record management.

#### **Electronic Visit Verification Phase II Planning and Beginning of Implementation**

Increase of \$1.4 million (\$477,000 GF) related to planning and early implementation efforts to complete the Project Approval Lifecycle process and to start implementing an EVV Phase II solution that complies with federal requirements.

#### **Relocation to the Clifford L. Allenby Building**

Decrease of \$860,000 GF related to relocation to the Allenby Building.

**2020 May Revision  
Program and Funding Summary**

*(Dollars in Thousands)*

	2019-20*	2020-21**	Difference
<b>Community Services Program</b>			
Regional Centers	\$8,002,500	\$8,732,577	\$730,077
<b>Totals, Community Services</b>	<b>\$8,002,500</b>	<b>\$8,732,577</b>	<b>\$730,077</b>
General Fund	\$4,659,112	\$5,056,571	\$397,459
Program Development Fund (PDF)	2,242	4,280	2,038
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	53,599	54,307	708
Reimbursements	3,286,657	3,616,529	329,872
Mental Health Services Fund	740	740	0
<b>State Operated Facilities</b>			
Personal Services	\$273,955	\$252,659	-\$21,296
Operating Expense & Equipment	76,139	130,155	54,016
<b>Total, State Operated Facilities</b>	<b>\$350,094</b>	<b>\$382,814</b>	<b>\$32,720</b>
General Fund	\$303,527	\$333,860	\$30,333
Federal Trust Fund	0	0	0
Lottery Education Fund	192	192	0
Reimbursements	46,375	48,762	2,387
<b>Headquarters Support</b>			
Personal Services	68,144	80,136	11,992
Operating Expense & Equipment	34,970	34,741	-299
<b>Total, Headquarters Support</b>	<b>\$103,114</b>	<b>\$114,877</b>	<b>\$11,763</b>
General Fund	\$63,605	\$70,589	\$6,984
Federal Trust Fund	2,797	2,723	-74
PDF	404	404	0
Reimbursements	35,817	40,670	4,853
Mental Health Services Fund	491	491	0
<b>Totals, All Programs</b>	<b>\$8,455,708</b>	<b>\$9,230,268</b>	<b>\$774,560</b>
<b>Total Funding</b>			
General Fund	\$5,026,244	\$5,461,020	\$439,491
Federal Trust Fund	56,396	57,030	634
Lottery Education Fund	192	192	0
PDF	2,646	4,684	2,038
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	3,368,849	3,705,961	337,112
Mental Health Services Fund	1,231	1,231	0
<b>Totals, All Funds</b>	<b>\$8,455,708</b>	<b>\$9,230,268</b>	<b>\$774,560</b>
<b>Caseloads</b>			
State Operated Facilities	363	302	-61
Regional Centers	348,187	366,353	18,166
<b>Departmental Positions</b>			
State Operated Facilities	2,518.2	1,951.8	-566.4
Headquarters***	512.0	516.6	4.6

\*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$1.5 million in 2019-20 and \$15.7 million in 2020-21. The incentives were added by the 2016 Budget Act and displayed as a Carryover/Re-appropriation in the Governor's Budget Galley.

\*\* Above figures do not include Capital Outlay.

\*\*\*Net impact of position adjustments.