

**Department of Developmental Services**

**Governor's Budget Highlights**



**Gavin Newsom  
Governor  
State of California**

**Mark Ghaly MD, MPH  
Secretary  
California Health and Human Services Agency**

**Nancy Bargmann  
Director  
Department of Developmental Services**

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## DEPARTMENT OF DEVELOPMENTAL SERVICES 2021 GOVERNOR'S BUDGET HIGHLIGHTS

The Department of Developmental Services 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. Additionally, 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, as well as through state-operated homes and facilities.

The number of individuals served by regional centers (consumers) is expected to be 357,819 in the current year and increase to 386,431 in Fiscal Year (FY) 2021-22. These figures include an estimated 322 individuals served in state-operated facilities as of July 1, 2021. The current year estimate reflects a reduction of 8,534 consumers when compared to the Enacted Budget, which is primarily due to a reduction in new consumer referrals which coincided with the beginning of the novel coronavirus (COVID-19) pandemic.

The Governor's Budget supports the additional needs of consumers throughout the public health crisis and reflects the need for additional supports for individuals where they live due to COVID-19 stay-at-home guidelines.

### 2021 GOVERNOR'S BUDGET SUMMARY

The Governor's Budget updates the Department's FY 2020-21 budget to include \$9.8 billion total funds (\$5.9 billion General Fund [GF]) and includes \$10.5 billion (\$6.5 billion GF) for FY 2021-22; a net increase of \$665.5 million (\$587.7 million GF) over the updated FY 2020-21 budget.

In addition to caseload and utilization, the proposed FY 2021-22 funding supports the following new and updated items:

- Anticipated costs reflecting the ongoing response to COVID-19 (\$265.1 million TF, \$183.2 million GF).
- Extension of the provider supplemental rates and the Uniform Holiday Schedule suspension through December 31, 2022 (\$510.5 million TF, \$297.0 million GF).
- Ongoing resources for regional center coordination with state and local entities supporting foster youth (\$7.4 million TF, \$4.6 million GF).
- Ongoing resources to support emergency planning and preparation coordination by regional centers (\$2 million TF, \$1.4 million GF).
- Additional resources to support community navigators and improve access to generic and regional center services (\$5.3 million TF, \$3.2 million GF).
- Full-year implementation of the expanded diversion program services (\$4.3 million TF, \$2.9 million GF).

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
2021-2022 Governor's Budget**

**Program Highlights**  
*(Dollars in Thousands)*

	FY 2020-21*	FY 2021-22*	Difference
<b>Community Services Program</b>			
Regional Centers	\$9,368,590	\$10,038,087	\$669,497
<b>Totals, Community Services</b>	<b>\$9,368,590</b>	<b>\$10,038,087</b>	<b>\$669,497</b>
General Fund	\$5,521,629	\$6,108,245	\$586,616
Program Development Fund (PDF)	837	1,876	1,039
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	54,307	54,307	0
Reimbursements	3,790,927	3,872,769	81,842
Mental Health Services Fund	740	740	0
<b>State Operated Facilities Program</b>			
Personal Services	\$233,958	\$259,253	\$25,295
Operating Expense & Equipment	129,745	84,858	(44,887)
<b>Total, State Operated Facilities</b>	<b>\$363,703</b>	<b>\$344,111</b>	<b>(\$19,592)</b>
General Fund	\$315,616	\$308,947	(\$6,669)
Federal Trust Fund	0	0	0
Lottery Education Fund	126	126	0
Reimbursements	47,961	35,037	(12,924)
<b>Headquarters Support</b>			
Personal Services	\$75,244	\$84,452	\$9,208
Operating Expense & Equipment	32,704	39,105	6,401
<b>Total, Headquarters Support</b>	<b>\$107,948</b>	<b>\$123,557</b>	<b>\$15,609</b>
General Fund	\$65,768	\$73,491	\$7,723
Federal Trust Fund	2,715	2,742	27
PDF	412	413	1
Reimbursements	38,553	46,411	7,858
Mental Health Services Fund	500	500	0
<b>Totals, All Programs</b>	<b>\$9,840,241</b>	<b>\$10,505,755</b>	<b>\$665,514</b>
<b>Total Funding</b>			
General Fund	\$5,903,013	\$6,490,683	\$587,670
Federal Trust Fund	57,022	57,049	27
Lottery Education Fund	126	126	0
PDF	1,249	2,289	1,040
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	3,877,441	3,954,217	76,776
Mental Health Services Fund	1,240	1,240	0
<b>Totals, All Funds</b>	<b>\$9,840,241</b>	<b>\$10,505,755</b>	<b>\$665,514</b>
<b>Caseloads</b>			
State Operated Facilities	302	322	20
Regional Centers	357,819	386,431	28,612
<b>Departmental Positions</b>			
State Operated Facilities	1,953.2	1,985.7	32.5
Headquarters**	516.0	517.0	1.0

\*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$1.5 million 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.

\*\*Departmental positions are from the Salaries and Wages Schedule Reconciliation.

**COMMUNITY SERVICES PROGRAM****FY 2020-21****Costs and Fund Sources**

The FY 2020-21 updated Regional Center budget includes \$9.4 billion (\$5.5 billion GF), a net increase of \$56.0 million (\$64.0 million GF) as compared to the Enacted Budget. This includes a projected \$57.4 million increase in Purchase of Services (POS) expenditures. The updated budget also includes a decrease of \$1.5 million in Operations cost.

<b>Costs and Fund Sources</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Operations	\$908,763	\$907,268	(\$1,495)
Purchase of Services	8,382,779	8,440,225	57,446
Early Start - Other Agency Costs	19,094	19,094	0
Early Start Family Resource Services	2,003	2,003	0
<b>Total Costs</b>	<b>\$9,312,639</b>	<b>\$9,368,590</b>	<b>\$55,951</b>
General Fund (GF)	\$5,457,660	\$5,521,629	\$63,969
<i>GF Match</i>	3,180,149	2,767,145	(413,004)
<i>GF Other</i>	2,277,511	2,754,484	476,973
Reimbursements	3,797,502	3,790,927	(6,575)
Program Development Fund	2,280	837	(1,443)
Developmental Disabilities Services Account	150	150	0
Mental Health Services Fund	740	740	0
Federal Funds	54,307	54,307	0
<b>Fund Sources</b>	<b>\$9,312,639</b>	<b>\$9,368,590</b>	<b>\$55,951</b>

Population

The updated current year caseload projections reflect a net decrease of 8,534 consumers as compared to the Enacted Budget. The decrease is primarily attributed to a reduction in new consumer referrals and a resulting decrease in caseload beginning with the onset of the COVID-19 pandemic.

	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
<b>CASELOAD</b>			
Active (Age 3 & Older)	316,153	313,354	(2,799)
Total Early Start (Birth through 35 Months)	50,200	44,465	(5,735)
Total Community Caseload	366,353	357,819	(8,534)

Regional Center Operations – Caseload

To support regional centers in addressing changes to the demand for services created by the COVID-19 pandemic, and address the anticipated backlog in new referrals, regional center operations were not adjusted for the lower caseload. The portion of the regional center operations budget driven by changes in caseload reflects a net increase of \$147,000 (\$10.0 million GF). This increase is mostly attributed to the enhanced caseload ratio for a higher number of consumers moving from more restrictive settings.

	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
<b>Operations - Caseload</b>	<i>(Dollars in Thousands)</i>		
Core Staffing	\$694,519	\$694,577	\$58
Federal Compliance	48,127	48,127	0
Projects	30,828	30,915	87
Intermediate Care Facility-Developmentally Disabled (ICF-DD) Administration Fee	1,780	1,782	2
<b>Total Operations - Caseload</b>	<b>\$775,254</b>	<b>\$775,401</b>	<b>\$147</b>

**Regional Center Operations - Policy**

There is a net decrease of \$1.6 million (\$5.0 million GF) in policy expenditures as compared to the Enacted Budget. This is primarily driven by a decrease of \$1.7 million in the Medicaid Claiming Adjustment item, related to consumers not eligible for federal reimbursements.

<b>Operations Policy</b>			
<i>(Dollars in Thousands)</i>			
<b>Operations</b>	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Ongoing Operations Policy Items	\$86,866	\$86,866	\$0
DC Closure Ongoing Workload	8,302	8,302	0
Self-Determination Program OPS	4,073	4,073	0
Specialized Caseload Ratios	3,800	3,800	0
Specialized Home Monitoring	6,842	6,930	88
Trauma Informed Services for Foster Youth	1,600	1,600	0
Medicaid Claiming Adjustment OPS	22,026	20,296	(1,730)
<b>Total Operations Policy</b>	<b>\$133,509</b>	<b>\$131,867</b>	<b>(\$1,642)</b>

Purchase of Service (POS) - Caseload

Updated POS expenditures reflect a net increase of \$386.9 million (\$319.6 million GF) as compared to the Enacted Budget. It should be noted that funding for some policy items (e.g. COVID-19 response, SB 3 Minimum Wage 2020) previously displayed as separate policy items in the enacted Budget, are now incorporated in the updated FY 2020-21 figures displayed below. The primary driver is the estimated need for additional supports for individuals where they live due to COVID-19 stay-at-home guidelines. Increases are reflected in the Community Care Facilities, Support Services and In-Home Respite categories in the table below.

<b>Purchase of Services Caseload (Utilization and Growth)</b> <i>(Dollars in Thousands)</i>				
	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>	<b>Percent Change</b>
Community Care Facilities	\$1,941,646	\$2,175,401	\$233,755	12.0%
Medical Facilities	19,884	22,744	2,860	14.4%
Day Programs	1,177,419	1,184,415	6,996	0.6%
Habilitation	153,169	140,235	(12,934)	(8.4%)
<i>Work Activity Program</i>	27,190	24,537	(2,653)	(9.8%)
<i>Supported Employment</i>	81,700	77,617	(4,083)	(5.0%)
<i>Program - Group</i>				
<i>Supported Employment</i>	44,279	38,081	(6,198)	(14.0%)
<i>Program - Individual</i>				
Transportation	414,983	393,945	(21,038)	(5.1%)
Support Services	1,790,612	1,849,308	58,696	3.3%
In-Home Respite	691,796	810,063	118,267	17.1%
Out of Home Respite	53,659	50,463	(3,196)	(6.0%)
Health Care	184,043	186,808	2,765	1.5%
Miscellaneous	595,806	596,544	738	0.1%
Quality Assurance Fees	9,612	9,623	11	0.1%
<b>TOTAL</b>	<b>\$7,032,629</b>	<b>\$7,419,549</b>	<b>\$386,920</b>	<b>5.5%</b>

POS - Policy

There is a net decrease of \$329.5 million (\$260.5 million GF) in policy related expenditures as compared to the Enacted Budget. This is primarily driven by the following

- The decrease of \$360.8 million for items displayed in policy in the Enacted Budget, including SB 3 Minimum Wage 2020 and Increased Costs for Covid-19, are now displayed in various POS caseload categories in this estimate.
- Medicaid Claiming Adjustment: Decrease of \$38.9 million (\$75.1 million GF) reflects updated data associated with this adjustment for consumers not eligible for federal reimbursements.
- Provider Supplemental Rate Increases: Increase of \$6.4 million (\$13.4 million GF decrease) based on updated expenditure data.
- SB 3 Minimum Wage Increase – January 2021: Decrease of \$26.7 million (\$12.4 million GF) based on updated expenditure data.
- Increased Costs for COVID-19: Increase of \$87.9 million (\$25.9 million GF) based on updated expenditure data. The total included for the impacts of COVID-19 is \$342 million. Of this total, \$172 million is incorporated in the POS – Caseload figures above; the remaining \$170 million is reflected below.
- Health Facility Rate Increase (New Policy): Increase of \$673,000 GF is due to a rate increase provided by the Department of Health Care Services.
- Youth Returning Out-of-State Foster Care (New Policy): Increase of \$900,000 (\$500,000 GF) to support youth in their transition back to California.

<b>Policy</b>			
<i>(Dollars in Thousands)</i>			
<b>Purchase of Services (POS)</b>	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Ongoing Purchase of Services Policy Items	\$46,000	\$46,000	\$0
BHT - Consumers with no Autism Spectrum Disorder Diagnosis*	(6,955)	0	6,955
Early Start Co-Pays*	1,000	0	(1,000)
EBSHs with DESP	7,500	7,500	0
Electronic Visit Verification Penalty	5,219	5,219	0
Provider Supplemental Rate Increases POS	430,308	436,669	6,361
SB 3 Minimum Wage Increase: Effective January 1, 2020*	194,754	0	(194,754)
SB 3 Minimum Wage Increase: Effective January 1, 2021	120,323	93,619	(26,704)
Uniform Holiday Schedule	51,511	52,639	1,128
Increased Costs for COVID 19 POS	254,101	170,000	(84,101)
Health Facility Rate Increase	0	673	673
Youth Returning from Out-of-State Foster Care	0	900	900
Medicaid Claiming Adjustments POS	246,389	207,457	(38,932)
<b>Total POS Policy</b>	<b>\$1,350,150</b>	<b>\$1,020,676</b>	<b>(\$329,474)</b>



Reimbursements

The updated current year includes a net decrease of \$6.6 million in reimbursements as compared to the Enacted Budget. Adjustments are reflected in the table below:

<b>Reimbursements</b> (Dollars in Thousands)			
	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Home and Community-Based Services (HCBS) Waiver	\$2,712,285	\$2,682,158	(\$30,127)
HCBS Waiver Administration	17,489	17,390	(99)
Medicaid Administration	14,553	18,168	3,615
Targeted Case Management (TCM)	255,116	253,302	(1,814)
TCM Administration	8,137	0	(8,137)
Title XX Block Grant	213,421	213,421	0
(1) Social Services	136,264	136,264	0
(2) Temporary Assistance for Needy Families	77,157	77,157	0
ICF-DD	65,648	65,901	253
Quality Assurance Fees (QAF)	10,502	10,514	12
1915(i) SPA	435,422	483,458	48,036
Early Periodic Screening Diagnosis and Treatment	34,601	28,299	(6,302)
Behavioral Health Treatment Fee-for-Service	13,806	13,492	(314)
Self-Determination Program (SDP) Waiver	16,522	4,824	(11,698)
<b>TOTAL</b>	<b>\$3,797,502</b>	<b>\$3,790,927</b>	<b>(\$6,575)</b>

Federal Funds

There are no updates to Federal Funds in the Governor's Budget.

<b>Federal Funds</b> (Dollars in Thousands)			
	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Early Start/Part C Grant	\$53,106	\$53,106	\$0
Foster Grandparent Program	1,201	1,201	0
<b>TOTAL</b>	<b>\$54,307</b>	<b>\$54,307</b>	<b>\$0</b>

**FY 2021-22****Costs and Fund Sources**

The FY 2021-22 proposed Regional Center budget includes \$10.0 billion (\$6.1 billion GF), a net increase of \$669.5 million (\$586.6 million GF) as compared to the updated current year. The increase in GF is primarily driven by the assumed December 31, 2021 suspension of the temporary 6.2 percent enhanced Federal Medical Assistance Percentage (FMAP) authorized by the Families First Coronavirus Response Act.

<b>Costs and Fund Sources</b> <i>(Dollars in Thousands)</i>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Operations	\$907,268	\$940,594	\$33,326
Purchase of Services	8,440,225	9,076,396	636,171
Early Start - Other Agency Costs	19,094	19,094	0
Early Start Family Resource Services	2,003	2,003	0
<b>Total Costs</b>	<b>\$9,368,590</b>	<b>\$10,038,087</b>	<b>\$669,497</b>
General Fund (GF)	\$5,521,629	\$6,108,245	\$586,616
<i>GF Match</i>	<i>2,767,145</i>	<i>3,205,542</i>	<i>438,397</i>
<i>GF Other</i>	<i>2,754,484</i>	<i>2,902,703</i>	<i>148,219</i>
Reimbursements	3,790,927	3,872,769	81,842
Program Development Fund	837	1,876	1,039
Developmental Disabilities Services Account	150	150	0
Mental Health Services Fund	740	740	0
Federal Funds	54,307	54,307	0
<b>Fund Sources</b>	<b>\$9,368,590</b>	<b>\$10,038,087</b>	<b>\$669,497</b>

**Population**

The Department is forecasting an increase of 28,612 consumers as compared to the updated current year. The increase assumes a return to typical caseload growth subsequent to the decreases in growth related to the COVID-19 pandemic.

	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
<b>CASELOAD</b>			
Active (Age 3 & Older)	313,354	332,465	19,111
Total Early Start (Birth through 35 Months)	44,465	53,966	9,501
Total Community Caseload	357,819	386,431	28,612

Regional Center Operations - Caseload

The budget year includes \$815.8 million (\$573.7 million GF) for regional center operations, an increase of \$40.4 million (\$31.2 million GF) as compared to the updated current year budget. The increase is mainly attributed to anticipated caseload growth.

	FY 2020-21	FY 2021-22	Difference
<b>Operations - Caseload</b>	<i>(Dollars in Thousands)</i>		
Core Staffing	\$694,577	\$733,525	\$38,948
Federal Compliance	48,127	48,349	222
Projects	30,915	32,106	1,191
Intermediate Care Facility-Developmentally Disabled (ICF-DD) Administration Fee	1,782	1,782	0
<b>Total Operations - Caseload</b>	<b>\$775,401</b>	<b>\$815,762</b>	<b>\$40,361</b>

Regional Center Operations - Policy

The budget year includes \$124.8 million (\$74.6 million GF) for policies impacting regional center operations, a decrease of \$7.0 million (\$1.7 million GF increase) compared to the updated current year.

- Specialized Caseload Ratios: Increase of \$400,000 (\$274,000 GF) reflects an increase in the number of consumers with complex needs.
- Specialized Home Monitoring: Increase of \$470,000 (\$320,000 GF) – Updated for monitoring additional Enhanced Behavioral Support and Community Crisis Homes.
- Systemic, Therapeutic, Assessment, Resources and Treatment Training (New Policy): Increase of \$4.5 million (\$3.2 million GF) to support individuals in their current residential arrangement and prevent disruptions and admissions into more restrictive settings.
- Regional Center Emergency Coordinators (New Policy): Increase of \$2.0 million (\$1.4 million GF) for 21 emergency coordinator positions to coordinate emergency preparedness, response, and recovery activities for community consumers.
- Community Navigators (New Policy): Increase of \$5.3 million (\$3.2 million GF) to implement a statewide navigator model to increase access to and utilization of needed services in diverse communities.
- Medicaid Claiming Adjustments: Decrease of \$20.3 million GF as the needed adjustments were completed in the current year.
- Forensic Diversion: Increase of \$534,000 (\$363,000 GF) is for five forensic specialist positions to support the expanded multifaceted forensic diversion program.

<b>Operations Policy</b>			
<i>(Dollars in Thousands)</i>			
<b>Operations</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Ongoing Operations Policy Items	\$86,866	\$86,866	\$0
DC Closure Ongoing Workload	8,302	8,302	0
Self-Determination Program OPS	4,073	4,073	0
Specialized Caseload Ratios	3,800	4,200	400
Specialized Home Monitoring	6,930	7,400	470
Trauma Informed Services for Foster Youth	1,600	1,600	0
START Training	0	4,540	4,540
Regional Center Emergency Coordinators	0	2,017	2,017
Community Navigators	0	5,300	5,300
Medicaid Claiming Adjustments OPS	20,296	0	(20,296)
Forensic Diversion	0	534	534
<b>Total Operations Policy</b>	<b>\$131,867</b>	<b>\$124,832</b>	<b>(\$7,035)</b>

### Purchase of Services (POS) Caseload

The budget year includes \$8.0 billion (\$5.0 billion GF) for purchase of services, an increase of \$556.6 million (\$446.5 million GF), or a 7.5 percent increase, as compared to the updated current year. The net increase is primarily due to continued caseload and utilization changes in various budget categories. It should be noted that the impacts of the COVID-19 pandemic on POS expenditures had a significant effect on 'Difference' and 'Percent Change' comparisons to the current year displayed below.

<b>Purchase of Services Caseload (Utilization and Growth)</b>				
<i>(Dollars in Thousands)</i>				
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>	<b>Percent Change</b>
Community Care Facilities	\$2,175,401	\$2,229,993	\$54,592	2.6%
Medical Facilities	22,744	22,412	(332)	(1.5%)
Day Programs	1,184,415	1,251,147	66,732	5.6%
Habilitation	140,235	141,241	1,006	0.7%
<i>Work Activity Program</i>	24,537	20,281	(4,256)	(17.3%)
<i>Supported Employment</i>	77,617	74,064	(3,553)	(4.6%)
<i>Program - Group</i>				
<i>Supported Employment</i>	38,081	46,896	8,815	23.1%
<i>Program - Individual</i>				
Transportation	393,945	419,210	25,265	6.4%
Support Services	1,849,308	2,023,618	174,310	9.4%
In-Home Respite	810,063	928,188	118,125	14.6%
Out of Home Respite	50,463	57,437	6,974	13.8%
Health Care	186,808	254,266	67,458	36.1%
Miscellaneous	596,544	639,047	42,503	7.1%
Quality Assurance Fees	9,623	9,623	0	0.0%
<b>TOTAL</b>	<b>\$7,419,549</b>	<b>\$7,976,182</b>	<b>\$556,633</b>	<b>7.5%</b>

POS - Policy

The budget year includes \$1.1 billion (\$449.6 million GF) for policies impacting regional center purchase of services, an increase of \$79.5 million (\$107.3 million GF) as compared to the updated current year.

- Enhanced Behavioral Support Home (EBSH) with Delayed Egress and Secured Perimeters (DESP): Decrease of \$7.5 million GF adjusts for one-time funding in 2020-21.
- Electronic Visit Verification Penalty Payment: Increase of \$603,000 GF based on updated expenditure data.
- Provider Supplemental Rate Increase: Increase of \$18 million (\$14.8 million GF) based on updated expenditure data.
- SB 3 Minimum Wage Increase, January 1, 2021: Increase of \$105.0 million (\$55.1 million GF) represents full year implementation of the policy and updated expenditures.
- Uniform Holiday Schedule: Increase of \$3.3 million (\$2.1 million GF) for based on updated expenditure data.
- COVID-19 Costs: An increase of \$5.0 million (\$1.0 million GF decrease) associated with costs to support consumers diagnosed with, exposed to, or at high risk of COVID-19.
- Health Facility Rate Increase: Decrease of \$673,000 GF reflects the anticipated end of the temporary rate increase provided by the Department of Health Care Services.
- SB 3 Minimum Wage Increase, January 1, 2022 (New Policy): Increase \$159.2 million (\$83.7 million GF) for increase of the minimum wage from \$14.00 to \$15.00, effective January 1, 2022.
- Youth Returning from Out-of-State Foster Care: Increase of \$900,000 (\$500,000 GF) to support youth in their transition back to California.
- Medicaid Claiming Adjustments: Decrease of \$207.5 million GF as the needed adjustments were completed in the current year.
- Forensic Diversion: Increase of \$3.2 million (\$2.0 million GF) is for a contractor to provide wrap-around services to individuals with IDD.

<b>Policy</b>			
<i>(Dollars in Thousands)</i>			
<b>Purchase of Services (POS)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Ongoing Purchase of Services Policy Items	\$46,000	\$46,000	\$0
EBSHs with DESP	7,500	0	(7,500)
Electronic Visit Verification Penalty	5,219	5,822	603
Provider Supplemental Rate Increases POS	436,669	454,634	17,965
SB 3 Minimum Wage Increase: Effective January 1, 2021	93,619	198,626	105,007
Uniform Holiday Schedule	52,639	55,895	3,256
Increased Costs for COVID 19 POS	170,000	175,000	5,000
Health Facility Rate Increase	673	0	(673)
SB 3 Minimum Wage Increase: Effective January 1, 2022	0	159,237	159,237
Youth Returning from Out-of-State Foster Care	900	1,800	900
Medicaid Claiming Adjustments POS	207,457	0	(207,457)
Forensic Diversion	0	3,200	3,200
<b>Total POS Policy</b>	<b>\$1,020,676</b>	<b>\$1,100,214</b>	<b>\$79,538</b>

### Reimbursements

The budget year includes \$3.9 billion in reimbursements, an increase of \$81.8 million in as compared to the updated current year. Adjustments are reflected in the table below and include the impact of assumed December 31, 2021 suspension of the temporary 6.2 percent enhanced Federal Medical Assistance Percentage (FMAP) authorized by the Families First Coronavirus Response Act.

<b>Reimbursements</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Home and Community-Based Services (HCBS) Waiver	\$2,682,158	\$2,767,125	\$84,967
HCBS Waiver Administration	17,390	19,903	2,513
Medicaid Administration	18,168	18,168	0
Targeted Case Management (TCM)	253,302	251,204	(2,098)
Title XX Block Grant	213,421	213,421	0
(1) Social Services	136,264	136,264	0
(2) Temporary Assistance for Needy Families	77,157	77,157	0
ICF-DD	65,901	62,266	(3,635)
Quality Assurance Fees (QAF)	10,514	10,514	0
1915(i) SPA	483,458	466,268	(17,190)
Early Periodic Screening Diagnosis and Treatment	28,299	38,117	9,818
Behavioral Health Treatment Fee-for-Service	13,492	13,492	0
Self-Determination Program (SDP) Waiver	4,824	12,291	7,467
<b>TOTAL</b>	<b>\$3,790,927</b>	<b>\$3,872,769</b>	<b>\$81,842</b>

Federal Funds

The budget year includes \$54.3 million in Federal Funds, which is consistent with the updated current year amount.

<b>Federal Funds</b> <i>(Dollars in Thousands)</i>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Early Start/Part C Grant	\$53,106	\$53,106	\$0
Foster Grandparent Program	1,201	1,201	0
<b>TOTAL</b>	<b>\$54,307</b>	<b>\$54,307</b>	<b>\$0</b>

## STATE OPERATED FACILITIES

### FY 2020-21

The FY 2021-22 updated State Operated Facilities budget includes \$363.7 million (\$315.6 million GF), a net decrease of \$19.1 million (\$18.2 million GF) as compared to the Enacted Budget. The decrease reflects various control section adjustments.

<b>Costs and Fund Sources</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2020-21</b>	<b>Difference</b>
Personal Services	\$252,659	\$233,958	(\$18,701)
Operating Expenses and Equipment	121,005	121,265	260
Lease Revenue Bond	9,151	8,480	(671)
<b>Total Costs</b>	<b>\$382,814</b>	<b>\$363,703</b>	<b>(\$19,111)</b>
General Fund (GF)	\$333,860	\$315,616	(\$18,244)
<i>GF Match</i>	42,478	35,416	(7,062)
<i>GF Other</i>	291,383	280,200	(11,183)
Reimbursements	48,762	47,961	(801)
Lottery Fund	192	126	(66)
<b>Fund Sources</b>	<b>\$7,735,113</b>	<b>\$363,703</b>	<b>(\$19,111)</b>

### Policy

There is a net decrease of \$19.1 million (\$18.2 million GF) in policy expenditures as compared to the Enacted Budget.

- Control Section 3.90 reduces employee salaries by 9.23 percent effective July 1, 2020, resulting in a decrease of \$22.6 million (\$18.8 million GF).
- Control Section 3.60 reduces employee retirement by \$3.4 million (\$3.1 million GF).
- Item 9800 increases employee compensation by \$5.6 million (\$5.0 million GF).
- Enhanced Federal Funding: A decrease of \$3.1 million GF due to the Families First Coronavirus Act (FFCRA) which provides a temporary 6.2 percentage point increase to California's Federal Medical Assistance Percentage (FMAP).
- Youth Returning from Out-of-State Foster Care (New Policy): Increase of \$2.0 million (\$1.3 million GF) to support youth in their transition back to California.



**FY 2021-22**

The budget year includes \$344.1 million (\$308.9 million GF), a net decrease of \$19.6 million (\$6.7 million GF) as compared to the updated current year.

<b>Costs and Fund Sources</b> <i>(Dollars in Thousands)</i>			
	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>Difference</b>
Personal Services	\$233,958	\$259,253	\$25,295
Operating Expenses and Equipment	121,265	75,707	(45,558)
Lease Revenue Bond	8,480	9,151	671
<b>Total Costs</b>	<b>\$363,703</b>	<b>\$344,111</b>	<b>(\$19,592)</b>
General Fund (GF)	\$315,616	\$308,947	(\$6,669)
<i>GF Match</i>	35,416	25,471	(9,945)
<i>GF Other</i>	280,200	283,476	3,276
Reimbursements	47,961	35,037	(12,923)
Lottery Fund	126	126	0
<b>Fund Sources</b>	<b>\$363,703</b>	<b>\$344,111</b>	<b>(\$19,592)</b>

**Policy**

There is a net decrease of \$19.6 million (\$6.7 million GF) in policy expenditures as compared to the updated current year.

- Control Section 3.90 is a one-year reduction, the proposed budget does not reflect the 9.23 percent reduction for 2021-22.
- COVID-19 Response: A net decrease of \$45.9 million (\$30.0 million GF) associated with projected costs to support consumers diagnosed with, exposed to, or at high risk of COVID-19.
- Retention Stipend Reallocation (New Policy): Increase of \$1.0 million GF to pay the remaining employees at Fairview and Sonoma for the accrued retention stipend earned during the closure process.
- Forensic Diversion: Increase of \$0.3 million GF for two senior psychologist specialists.
- Youth Returning from Out-of-State Foster Care: Increase of \$4.0 million (\$2.5 million GF) to support youth in their transition back to California.

**Capital Outlay**

The Governor's Budget includes \$221,000 GF for installing fire sprinkler system capital outlay project and Porterville Developmental Center.

## **Headquarters**

### **FY 2020-21**

The Governor's Budget includes \$107.9 million (\$65.8 million GF), a net decrease of \$6.9 million (\$4.8 million GF). The decrease is comprised of compensation and retirement reductions from the Control Section 3.90 and Control Section 3.60; and compensation and retirement adjustments approved through the collective bargaining process and included Item 9800 – Employee Compensation Adjustments.

### **FY 2021-22**

The Governor's Budget includes \$123.6 million (\$73.5 million GF) for Headquarters, an increase of \$15.6 million (\$7.7 million GF) compared to the updated current year. The net increase reflects employee compensation and retirement adjustments approved through the collective bargaining process, including Control Section 3.60 and Item 9800-Employee Compensation Adjustments, and two Budget Change Proposals.

- Forensic Diversion: Increase of one (1.0) Attorney III position to implement and assist with the forensic diversion program.
- Electronic Visit Verification: Increase of \$11.4 million (\$3.9 million GF) for state and consultant resources for project management, solution development, and project readiness and approval to complete Project Approval Lifecycle (PAL) processes and to start implementing an EVV Phase II solution that complies with federal requirements.