

Department of Developmental Services

Governor's Budget Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES 2023 GOVERNOR'S BUDGET 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 intellectual and developmental disabilities to lead more independent, productive, and integrated lives. Additionally, the Early Start Program provides 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 400,485 in the current year and increase to 420,927 in fiscal year (FY) 2023-24. In addition, 312 individuals are projected to be served in state-operated facilities as of July 1, 2023.

The Governor's Budget continues to support the needs of consumers during the public health crisis and reflects the need for increased supports in specified service categories. The Governor's Budget also proposes new policies to continue efforts to improve service access and to achieve better outcomes and consumer experiences.

2023 GOVERNOR'S BUDGET SUMMARY

The Governor's Budget includes \$14.2 billion total funds (TF) (\$8.6 billion General Fund [GF]) for FY 2023-24; a net increase of \$1.6 billion TF (\$1.4 billion GF) over the updated FY 2022-23 budget, or a 12.7 percent TF increase.

In addition to caseload and utilization updates, the proposed FY 2023-24 funding supports the following new and updated items:

- Reduced Caseload Ratio for Children Aged 0-5 (\$102.1 million TF, \$68.5 million GF): Increase reflects updated caseload estimates and a revised methodology to support reduced caseload ratios of 1:40 for children ages 0-5.
- Minimum Wage Adjustment (\$78.2 million TF, \$46.4 million GF): Increase of funding to support the projected minimum wage increase effective January 1, 2024.
- STAR Home Staffing Adjustments and Intermediate Care Facility Licensure (\$15.9 million TF, \$9.8 million GF): Increase of funding for ongoing staffing resources to convert two Stabilization Training Assistance Reintegration (STAR) Homes to intermediate care facilities (ICFs) licensed through the Department of Public Health.
- Uniform Fiscal System Modernization (UFSM) and the Consumer Electronic Records Management System (CERMS) Project Planning (\$12.7 million TF, \$12.2 million GF): Funding for continued project planning efforts supporting the UFSM and the CERMS projects.

- Fairview Warm Shutdown (\$11.3 million GF): An additional year of funding to support the warm shutdown of Fairview Developmental Center.
- Complex Needs Residential Program (\$10.5 million GF): Increase of start-up resources to develop three 5-person residential homes for individuals with highly complex needs.
- Rate Model Assumptions (\$10.1 million TF, \$6.0 million GF): Increase of ongoing funding to adjust service provider rates for mileage based on updates to the federal Internal Revenue Service mileage rate.
- Extension of 10 Beds at Porterville Developmental Center (\$4.9 million GF): Increase of one-time resources to continue funding 10 additional beds at PDC through FY 2023-24 to maintain compliance with the 28-day timeline to provide services to individuals deemed incompetent to stand trial (IST), under the provisions of the *Stiavetti* lawsuit.
- Disparities within the Developmental Services System (\$2.7 million TF, \$1.8 million GF): Increase of three permanent positions and additional support to address the requirements of Chapter 314, Statutes of 2022 (Assembly Bill 1957).
- Protective Proceedings (\$1.5 million TF, \$1.2 million GF): Increase of six permanent positions to comply with the requirements of Chapter 894, Statutes of 2022 (Assembly Bill 1663) regarding protective proceedings.
- Trauma-Informed Services for Foster Youth (\$1.6 million TF, \$1.1 million GF): Increase of funding to support implementation and increased workload in coordination of trauma-informed care for dually-served youth in foster care.
- Autism Services Branch (\$1.0 million TF, \$0.8 million GF): Increase of funding for six permanent positions.
- Early Start – Part C to B Transitions, Preschool Grants (-\$10 million GF): Decrease in fiscal year 2022-23 and 2023-24 reflecting the delayed implementation of the preschool grant initiative until fiscal year 2024-25.

Program Highlights
(Dollars in Thousands)

	FY 2022-23	FY 2023-24	Difference
Community Services Program			
Regional Centers	\$12,072,119	\$13,654,506	\$1,582,387
Total, Community Services	\$12,072,119	\$13,654,506	\$1,582,387
General Fund	\$6,771,147	\$8,189,476	\$1,418,329
Program Development Fund	\$0	\$434	\$434
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$56,501	\$54,058	(\$2,443)
Reimbursements	\$4,399,361	\$4,744,836	\$345,475
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$468,376	\$475,794	\$7,418
HCBS ARPA Reimbursements	\$375,844	\$189,018	(\$186,826)
State Operated Facilities Program			
Personal Services	\$271,084	\$271,030	(\$54)
Operating Expense & Equipment	\$55,597	\$69,764	\$14,167
Total, State Operated Facilities	\$326,681	\$340,794	\$14,113
General Fund	\$288,910	\$306,632	\$17,722
Lottery Education Fund	\$130	\$130	\$0
Reimbursements	\$37,641	\$34,032	(\$3,609)
Headquarters Support			
Personal Services	\$108,549	\$114,592	\$6,043
Operating Expense & Equipment	\$47,673	\$41,059	(\$6,614)
Total, Headquarters Support	\$156,222	\$155,651	(\$571)
General Fund	\$96,953	\$97,491	\$538
Federal Trust Fund	\$3,391	\$2,863	(\$528)
Program Development Fund	\$175	\$425	\$250
Reimbursements	\$47,942	\$49,979	\$2,037
Mental Health Services Fund	\$511	\$511	\$0
HCBS ARPA	\$5,800	\$3,750	(\$2,050)
HCBS ARPA Reimbursements	\$1,450	\$632	(\$818)
Total, All Programs	\$12,555,022	\$14,151,451	\$1,596,429
Total Funding			
General Fund	\$7,157,010	\$8,593,599	\$1,436,589
Federal Trust Fund	\$59,892	\$56,921	(\$2,971)
Lottery Education Fund	\$130	\$130	\$0
Program Development Fund	\$175	\$859	\$684
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$4,484,944	\$4,828,847	\$343,903
Mental Health Services Fund	\$1,251	\$1,251	\$0
HCBS ARPA	\$474,176	\$479,544	\$5,368
HCBS ARPA Reimbursements	\$377,294	\$189,650	(\$187,644)
Total, All Funds	\$12,555,022	\$14,150,951	\$1,595,929

**Program Highlights
(CONTINUED)**

	FY 2022-23	FY 2023-24	Difference
Caseloads			
State Operated Facilities	322	312	(10)
Regional Centers*	400,485	420,927	20,442
Departmental Positions			
State Operated Facilities	1,955.3	1,947.8	(7.5)
Headquarters	609.0	630.0	21.0

*Does not include children who meet provisional eligibility.

COMMUNITY SERVICES PROGRAM

FY 2022-23

Costs and Fund Sources

The FY 2022-23 updated regional center budget includes \$12.1 billion TF (\$6.8 billion GF), a net decrease of \$382.7 million TF (\$524.3 million GF) as compared to the Enacted Budget. This includes a projected decrease of \$376.3 million TF in purchase of services (POS) expenditures and a decrease of \$8.8 million TF in operations costs. A decrease of \$524.3 million GF reflects utilization changes and the anticipated extension through June 30, 2023, of the Families First Coronavirus Response Act (FFCRA), which provides a temporary 6.2 percent increase in reimbursements.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Operations	\$1,417,279	\$1,408,459	(\$8,820)
Purchase of Services	\$11,016,433	\$10,640,119	(\$376,314)
Early Start Part C/Other Agency Costs	\$19,095	\$21,538	\$2,443
Early Start Family Resource Services	\$2,003	\$2,003	\$0
Total Costs	\$12,454,810	\$12,072,119	(\$382,691)
General Fund (GF)	\$7,295,469	\$6,771,147	(\$524,322)
<i>GF Match</i>	\$3,722,090	\$3,356,569	(\$365,521)
<i>GF Other</i>	\$3,573,379	\$3,414,578	(\$158,801)
Reimbursements	\$4,468,677	\$4,399,361	(\$69,316)
Program Development Fund/Parental Fees	\$434	\$0	(\$434)
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$384,572	\$468,376	\$83,804
HCBS ARPA Reimbursements	\$250,777	\$375,844	\$125,067
Federal Funds	\$53,991	\$56,501	\$2,510
Fund Sources	\$12,454,810	\$12,072,119	(\$382,691)

Population

There is no change to the current year caseload from the Enacted Budget.

Caseload*	Enacted Budget	FY 2022-23	Difference
Active (Age 3 & Older)	342,570	342,570	0
Early Start (Birth through 35 Months)	57,915	57,915	0
Total Community Caseload	400,485	400,485	0

*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

There is no change to the current year from the Enacted Budget.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Staffing Expenditures	\$902,498	\$902,498	\$0
Federal Compliance	\$49,271	\$49,271	\$0
Projects	\$34,396	\$34,396	\$0
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$1,647	\$1,647	\$0
Total Operations – Caseload	\$987,812	\$987,812	\$0

Regional Center Operations – Policy

Current year includes \$420.6 million TF (\$292.5 million GF) for regional center operations, a decrease of \$8.8 million TF (\$28.9 million GF) as compared to the Enacted Budget.

Updated Policies:

- Early Start - Part C to B Transitions: Decrease of \$10.0 million GF due to delayed implementation of preschool grants to fiscal year 2024-25.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$1.2 million GF due to updated caseload for provisionally eligible consumers.

Operations – Policy <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Early Start – Part C to B Transitions	\$13,167	\$3,167	(\$10,000)
Enhanced Service Coordination	\$14,172	\$14,172	\$0
Enrolling Vendors as Medicaid Providers	\$550	\$550	\$0
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Performance Incentives	\$87,500	\$87,500	\$0
Promoting Workforce Stability	\$185,300	\$185,300	\$0
Reduced Caseload Ratio for Children through Age Five	\$51,084	\$51,084	\$0
Service Access and Equity Grant Program	\$11,000	\$11,000	\$0
Trauma Informed Services for Foster Youth	\$1,600	\$1,600	\$0
Direct Service Professional Workforce Training and Development	\$4,300	\$4,300	\$0
Early Start Eligibility	\$2,530	\$2,530	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$8,145	\$9,325	\$1,180
Resources to Support Individuals Who Are Deaf	\$4,505	\$4,505	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Service Provider Rate Reform	\$21,147	\$21,147	\$0
Total Operations – Policy	\$429,467	\$420,647	(\$8,820)

Purchase of Services (POS) – Caseload

Updated POS expenditures reflect a net decrease of \$144.0 million TF (\$107.0 million GF) as compared to the Enacted Budget. The decrease in total funds reflects updated expenditures by category. The table below displays adjustments from the Enacted Budget.

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Community Care Facilities	\$2,755,164	\$2,755,164	\$0
Medical Facilities	\$52,329	\$40,381	(\$11,948)
Day Programs	\$1,429,208	\$1,429,208	\$0
Habilitation Services	\$128,886	\$133,401	\$4,515
<i>Work Activity Program</i>	\$15,692	\$15,552	(\$140)
<i>Supported Employment Program – Group</i>	\$70,704	\$74,911	\$4,207
<i>Supported Employment Program – Individual</i>	\$42,490	\$42,938	\$448
Transportation	\$472,885	\$424,100	(48,785)
Support Services	\$2,480,167	\$2,480,167	\$0
In-Home Respite	\$1,304,544	\$1,254,112	(\$50,432)
Out-of-Home Respite	\$64,848	\$47,356	(\$17,492)
Health Care	\$251,274	\$224,552	(\$26,752)
Miscellaneous Services	\$765,888	\$772,794	\$6,906
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$8,893	\$8,879	(\$14)
Total POS – Caseload	\$9,714,086	\$9,570,084	(\$144,002)

POS – Policy

There is a net decrease of \$232.3 million TF (\$386.6 million GF) in policy related expenditures as compared to the Enacted Budget. This is primarily driven by the following:

- Shift of \$237.6 million TF from policy to POS budget categories for items displayed under policy in the Enacted Budget, including Forensic Diversion, Half-Day Billing Elimination, Health Facility Rate Increase, SB 3, Minimum Wage Increase, Effective January 1, 2022, and Youth Returning from Out -of -State Foster Care.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$14.6 million GF due to updated caseload and expenditure data for provisionally eligible consumers.
- SB 3, Minimum Wage Increase, Effective January 1, 2023: Decrease of \$9.3 million (\$5.3 million GF) based on updated expenditure data.

Purchase of Services – Policy <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Bilingual Differentials for Direct Service Professionals	\$7,200	\$7,200	\$0
Financial Management Services for SDP Participants	\$7,200	\$7,200	\$0
Forensic Diversion	\$3,200	\$0	(\$3,200)
Half-Day Billing Elimination	\$2,845	\$0	(\$2,845)
Health Facility Rate Increase	\$1,421	\$0	(\$1,421)
Ongoing Purchase of Service Items	\$46,000	\$46,000	\$0
SB 3, Minimum Wage Increase, Effective January 1, 2022	\$228,357	\$0	(\$228,357)
SB 3, Minimum Wage Increase, Effective January 1, 2023	\$63,497	\$54,188	(\$9,309)
Social Recreation and Camping Services	\$51,868	\$51,868	\$0
START Training	\$17,865	\$17,865	\$0
Suspension of Annual Family Program Fee & Family Costs	\$4,450	\$4,450	\$0
Work Activity Programs: New Service Model	\$8,233	\$8,233	\$0
Youth Returning from Out-of-State Foster Care	\$1,800	\$0	(\$1,800)
Direct Service Professional Workforce Training and Development	\$11,900	\$11,900	\$0
Early Start Eligibility	\$3,962	\$3,962	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$17,415	\$32,035	\$14,620
Resources to Support Individuals Who Are Deaf	\$14,300	\$14,300	\$0
Self-Determination Ongoing Implementation	\$2,500	\$2,500	\$0
Service Provider Rate Reform	\$808,334	\$808,334	\$0
Total POS – Policy	\$1,302,347	\$1,070,035	(\$232,312)

American Rescue Plan Act (ARPA) Funding

There is an increase in the ARPA Funding of \$83.8 million and \$125.1 million in matching reimbursements from the Enacted Budget, inclusive of purchase of services and operations.

American Rescue Plan Act Funding <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
HCBS ARPA	\$384,572	\$468,376	\$83,804
HCBS ARPA Reimbursements	\$250,777	\$375,844	\$125,067
Total HCBS ARPA	\$635,349	\$844,220	\$208,871

Reimbursements

The updated current year reflects a net decrease of \$69.3 million in reimbursements as compared to the Enacted Budget. Adjustments are reflected in the table below. The main driver is a decrease in anticipated utilization.

Reimbursements <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Home and Community-Based Services (HCBS) Waiver	\$3,174,151	\$3,027,712	(\$146,439)
HCBS Waiver Administration	\$21,574	\$21,470	(\$104)
Medicaid Administration	\$19,048	\$20,618	\$1,570
Targeted Case Management	\$325,379	\$337,268	\$11,889
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
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$58,308	\$60,803	\$2,495
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$9,717	\$9,703	(\$14)
1915(i) State Plan Amendment	\$569,552	\$593,559	\$24,007
Early Periodic Screening Diagnosis and Treatment	\$26,951	\$21,720	(\$5,231)
Behavioral Health Treatment Fee-for-Service	\$13,501	\$11,014	(\$2,487)
Self-Determination Program Waiver	\$37,075	\$82,073	\$40,998
Total Reimbursements	\$4,468,677	\$4,399,361	(\$69,316)

Federal Funds

The updated current year reflects a net increase of \$2.5 million in federal funds as compared to the Enacted Budget. The main driver is an increase in Early Start ARPA funding in FY 2022-23.

Federal Funds <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Early Start Part C/Other Agency Costs	\$52,851	\$55,358	\$2,507
Foster Grandparent Program	\$1,140	\$1,143	\$3
Total Federal Funds	\$53,991	\$56,501	\$2,510

FY 2023-24

Costs and Fund Sources

The FY 2023-24 regional center budget includes \$13.7 billion TF (\$8.2 billion GF), a net increase of \$1.6 billion TF (\$1.4 billion GF) compared to the updated current year. This includes a projected \$23.2 million TF decrease in operations costs, and \$1.6 billion TF increase in purchase of services expenditures. An increase of \$1.4 billion GF due to expiration of FFCRA on June 30, 2023, which provides a temporary 6.2 percent increase in reimbursements.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Operations	\$1,408,459	\$1,385,303	(\$23,156)
Purchase of Services	\$10,640,119	\$12,248,105	\$1,607,986
Early Start Part C/Other Agency Costs	\$21,538	\$19,095	(\$2,443)
Early Start Family Resource Services	\$2,003	\$2,003	\$0
Total Costs	\$12,072,119	\$13,654,506	\$1,582,387
General Fund (GF)	\$6,771,147	\$8,189,476	\$1,418,329
<i>GF Match</i>	\$3,356,569	\$4,497,778	\$1,141,209
<i>GF Other</i>	\$3,414,578	\$3,691,698	\$277,120
Reimbursements	\$4,399,361	\$4,774,836	\$345,475
Program Development Fund/Parental Fees	\$0	\$434	\$434
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$468,376	\$475,794	\$7,418
HCBS ARPA Reimbursements	\$375,844	\$189,018	(\$186,826)
Federal Funds	\$56,501	\$54,058	(\$2,443)
Fund Sources	\$12,072,119	\$13,654,506	\$1,582,387

Population

The Department is forecasting an increase of 20,442 consumers compared to the updated current year.

Caseload*	FY 2022-23	FY 2023-24	Difference
Active (Age 3 & Older)	342,570	359,280	16,710
Early Start (Birth through 35 Months)	57,915	61,647	3,732
Total Community Caseload	400,485	420,927	20,442

*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

The budget year includes \$1.0 billion TF (\$734.9 million GF) for regional center operations, an increase of \$45.2 million (\$39.0 million GF) as compared to the updated current year budget. The increase is mainly attributed to anticipated caseload growth.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Staffing Expenditures	\$902,498	\$944,637	\$42,139
Federal Compliance	\$49,271	\$49,538	\$267
Projects	\$34,396	\$37,211	\$2,815
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$1,647	\$1,645	(\$2)
Total Operations – Caseload	\$987,812	\$1,033,031	\$45,219

Regional Center Operations – Policy

The budget year includes \$352.3 million TF (\$234.0 million GF) for policies impacting regional center operations, a decrease of \$68.4 million TF (\$58.5 million GF) as compared to the updated current year budget.

Updated Policies:

- Promoting Workforce Stability: Decrease of \$185.3 million GF due to one-time funding for FY 2022-23.
- Reduced Caseload Ratio for Children through Age 5: Increase of \$102.1 million TF (\$68.5 million GF) which reflects the increased caseload projections \$17.0 million (TF) and a revised methodology \$85.1 million (TF).
- Service Access and Equity Grant Program: Decrease of \$11.0 million GF due to one-time grant funding in FY 2022-23.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$6.4 million GF to reflect updated caseload and expenditure data for provisionally eligible consumers.
- Early Start Eligibility: Increase of \$5.9 million GF due to the continued phase in of the policy.
- Trauma-Informed Services for Foster Youth: Increase of \$1.6 million TF (\$1.1 million GF) to reflect an additional 15 senior/supervising coordinators.

New Policies:

- UFSM & CERMS: Increase of \$9.8 million GF in funding for FY 2023-24 to assist regional centers with the additional workload support, consulting services to assist with the Project Approval Lifecycle process, Organizational Change Management, Data Management services to evaluate and support data cleanup, and a requirements management tool to ensure traceability for project requirements.
- Disparities Within the Developmental Services System: Increase of \$2.2 million TF (\$1.4 million GF), annually through FY 2025-26, to address the requirements of Chapter 314, Statutes of 2022 (Assembly Bill 1957). The statutory changes require specified public reporting on Individual Program Plans and purchase-of-services for individuals with developmental disabilities.

Operations – Policy <i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Early Start – Part C to B Transitions	\$3,167	\$3,167	\$0
Enhanced Service Coordination	\$14,172	\$14,172	\$0
Enrolling Vendors as Medicaid Providers	\$550	\$400	(\$150)
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Performance Incentives	\$87,500	\$87,500	\$0
Promoting Workforce Stability	\$185,300	\$0	(\$185,300)
Reduced Caseload Ratio for Children through Age Five	\$51,084	\$153,212	\$102,128
Service Access and Equity Grant Program	\$11,000	\$0	(\$11,000)
Trauma Informed Services for Foster Youth	\$1,600	\$3,200	\$1,600
Disparities Within the Developmental Services System	\$0	\$2,241	\$2,241
UFSM & CERMS	\$0	\$9,830	\$9,830
Direct Service Professional Workforce Training and Development	\$4,300	\$4,300	\$0
Early Start Eligibility	\$2,530	\$8,432	\$5,902
Lanterman Act Provisional Eligibility Ages 3 and 4	\$9,325	\$15,699	\$6,374
Resources to Support Individuals Who Are Deaf	\$4,505	\$4,505	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Service Provider Rate Reform	\$21,147	\$21,147	\$0
Total Operations – Policy	\$420,647	\$352,272	(\$68,375)

Purchase of Services (POS) Caseload

The budget year includes \$10.7 billion TF (\$6.7 billion GF) for purchase of services, an increase of \$1.1 billion TF (\$732.7 million GF), or a 11.5 percent increase compared to the updated current year budget. The net increase is primarily due to continued caseload and utilization changes in various budget categories.

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Community Care Facilities	\$2,755,164	\$2,882,632	\$127,468
Medical Facilities	\$40,381	\$52,494	\$12,113
Day Programs	\$1,429,208	\$1,457,383	\$28,175
Habilitation Services	\$133,401	\$139,084	\$5,683
<i>Work Activity Program</i>	\$15,552	\$11,991	(\$3,561)
<i>Supported Employment Program – Group</i>	\$74,911	\$74,031	(\$880)
<i>Supported Employment Program – Individual</i>	\$42,938	\$53,062	\$10,124
Transportation	\$424,100	\$596,572	\$172,472
Support Services	\$2,480,167	\$2,744,836	\$264,669
In-Home Respite	\$1,254,112	\$1,531,812	\$277,700
Out of Home Respite	\$47,356	\$48,438	\$1,082
Health Care	\$224,522	\$269,784	\$45,262
Miscellaneous Services	\$772,794	\$936,120	\$163,326
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$8,879	\$8,879	\$0
Total POS – Caseload	\$9,570,084	10,668,034	\$1,097,950

POS – Policy

The budget year includes \$1.6 billion TF (\$521.3 million GF) for policies impacting regional center purchase of services, an increase of \$510.0 million TF (\$705.2 million GF) compared to the updated current year budget.

Updated Policies:

- Service Provider Rate Reform: Increase of \$355.9 million TF (\$232 million GF) reflects the change from FY 2022-23 to FY 2023-24 due to a full year cost of the second rate adjustment effective January 1, 2023, and costs for funding to adjust service provider rates for mileage rates.
- SB 3, Minimum Wage Increase, Effective January 1, 2023: Increase of \$68.4 million TF (\$40.6 million GF) represents full-year implementation of the policy and updated expenditures.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$22.1 million GF for updated caseload and expenditure data for provisionally eligible consumers.
- Resources to Support Individuals Who Are Deaf: Decrease of \$14.3 million TF (\$8.4 million GF) due to one-time funding for communications assessments in FY 2022-23.
- Early Start Eligibility: Increase of \$9.2 million GF reflects the continued phase in of the policy.
- Work Activity Programs: New Service Model: Decrease of \$8.2 million TF (\$4.9 million GF) due to one-time funding in FY 2022-23.
- Suspension of Annual Family Program Fee and Family Costs: Decrease of \$4.5 million GF due to one-time funding in FY 2022-23.
- Systemic, Therapeutic, Assessment, Resources and Treatment (START) Training: Increase of \$1.8 million TF (\$1.1 million GF) reflects expenditures associated with the START teams' operations.
- Self-Determination Ongoing Implementation: Increase of \$1.4 million TF (\$1.0 million GF) reflects an increase in caseload and utilization.

New Policies:

- SB 3, Effective January 1, 2024, Consumer Price Index Adjustment: Increase of \$78.2 million TF (\$46.4 million GF) for projected increase in the minimum wage from \$15.50 to \$16.00 for all employers.

Purchase of Services – Policy			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Bilingual Differentials for Direct Service Professionals	\$7,200	\$7,200	\$0
Financial Management Services for SDP Participants	\$7,200	\$7,200	\$0
Ongoing Purchase of Services Items	\$46,000	\$46,000	\$0
SB 3, Minimum Wage Increase, Effective January 1, 2023	\$54,188	\$122,557	\$68,369
SB 3, Effective January 1, 2024, CPI Adjustment	\$0	\$78,203	\$78,203
Social Recreation and Camping Services	\$51,868	\$51,868	\$0
START Training	\$17,865	\$19,632	\$1,767
Suspension of Annual Family Program Fee and Family Costs	\$4,450	\$0	(\$4,450)
Work Activity Programs: New Service Model	\$8,233	\$0	(\$8,233)
Direct Service Professional Workforce Training and Development	\$11,900	\$11,900	\$0
Early Start Eligibility	\$3,962	\$13,208	\$9,246
Lanterman Act Provisional Eligibility Ages 3 and 4	\$32,035	\$54,112	\$22,077
Resources to Support Individuals Who Are Deaf	\$14,300	\$0	(\$14,300)
Self-Determination Ongoing Implementation	\$2,500	\$3,925	\$1,425
Service Provider Rate Reform	\$808,334	\$1,164,266	\$355,932
Total POS – Policy	\$1,070,035	\$1,580,071	\$510,036

American Rescue Plan Act Funding

The budget year includes \$475.8 million in ARPA funding and \$189.0 million in matching reimbursements, inclusive of purchase of services and operations. This reflects an increase of \$7.4 million and a decrease of \$186.8 million, respectively compared to the updated current year budget. Adjustments are reflected in the table below:

American Rescue Plan Funding			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
HCBS ARPA	\$468,376	\$475,794	\$7,418
<i>Language Access and Cultural Competency</i>	\$9,173	\$7,500	(\$1,673)
<i>Coordinated Family Support Services</i>	(\$827)	\$0	\$827
<i>Social Recreation and Camping Services</i>	\$31,191	\$27,600	(\$3,591)
<i>Service Provider Rate Reform</i>	\$428,839	\$440,694	\$11,855
HCBS ARPA Reimbursements	\$375,844	\$189,018	(\$186,826)
<i>Language Access and Cultural Competency</i>	\$7,494	\$4,966	(\$2,528)
<i>Coordinated Family Support Services</i>	\$827	\$0	(\$827)
<i>Social Recreation and Camping Services</i>	\$20,677	\$15,100	(\$5,577)
<i>Service Provider Rate Reform</i>	\$346,846	\$168,952	(\$177,894)
Total HCBS ARPA	\$844,220	\$664,812	(\$179,408)

Reimbursements

The budget year includes \$4.7 billion in reimbursements, an increase of \$345.5 million as compared to the updated current year budget. Adjustments are reflected in the table below and the main driver is due to an increase in caseload and utilization.

Reimbursements			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Home and Community-Based Services (HCBS) Waiver	\$3,027,712	\$3,249,018	\$221,306
HCBS Waiver Administration	\$21,470	\$22,065	\$595
Medicaid Administration	\$20,618	\$20,618	\$0
Targeted Case Management	\$337,268	\$350,577	\$13,309
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
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$60,803	\$54,821	(\$5,982)
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$9,703	\$9,701	(\$2)
1915(i) State Plan Amendment	\$593,559	\$633,689	\$40,130
Early Periodic Screening Diagnosis and Treatment	\$21,720	\$20,845	(\$875)
Behavioral Health Treatment Fee-for-Service	\$11,014	\$11,014	\$0
Self-Determination Program Waiver	\$82,073	\$159,067	\$76,994
Total Reimbursements	\$4,399,361	\$4,744,836	\$345,475

Federal Funds

The budget year includes \$54.1 million in federal funds, a net decrease of \$2.4 million compared to the updated current year budget. The decrease is due to receipt of one-time federal funds in FY 2022-23 in Early Start ARPA funding.

Federal Funds			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Early Start Part C/Other Agency Costs	\$55,358	\$52,915	(\$2,443)
Foster Grandparent Program	\$1,143	\$1,143	\$0
Total Federal Funds	\$56,501	\$54,058	(\$2,443)

STATE OPERATED FACILITIES**FY 2022-23**

The FY 2022-23 updated State Operated Facilities budget includes \$326.7 million TF (\$288.9 million GF), a net increase of \$10.4 million TF (\$7.8 million GF) compared to the Enacted Budget. The increase reflects various control section adjustments.

Facilities Updates:

- Porterville DC: A decrease of \$894,000 GF due to an update to the Lease Revenue Debt Service Bond.
- Retention Stipend: A continuation of the \$500,000 GF, which was reappropriated in the Budget Act of 2022, for purposes of providing a retention stipend for existing employees on staff for the warm shutdown of developmental centers available for encumbrance or expenditure for the duration of warm shutdown.

Policy

There is a net increase of \$11.3 million TF (\$8.7 million GF) in policy expenditures as compared to the Enacted Budget.

Updated Policies:

- Item 9800 increases employee compensation by \$6.8 million TF (\$6.2 million GF).
- Enhanced Federal Funding: A decrease of \$1.6 million GF due to an anticipated extension through June 30, 2023 of the FFCRA, which provides a temporary 6.2 percentage point increase.
- Control Section 3.60 increases employee retirement by \$4.5 million TF (\$4.1 million GF).

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2022-23	Difference
Personal Services	\$259,779	\$271,084	\$11,305
Operating Expenses and Equipment	\$47,333	\$47,333	\$0
Lease Revenue Bond	\$9,158	\$8,264	(\$894)
Total Costs	\$316,270	\$326,681	\$10,411
General Fund (GF)	\$281,080	\$288,910	\$7,830
<i>GF Match</i>	\$25,491	\$24,955	(\$536)
<i>GF Other</i>	\$255,589	\$263,955	\$8,366
Reimbursements	\$35,060	\$37,641	\$2,581
Lottery Fund	\$130	\$130	\$0
Fund Sources	\$316,270	\$326,681	\$10,411

FY 2023-24

The FY 2023-24 includes \$340.7 million TF (\$306.6 million GF), a net increase of \$14.1 million TF (\$17.7 million GF) compared to the updated current year.

Facilities Update:

- STAR Homes: An increase of \$15.9 million (\$9.8 million GF) as a result of reclassifying 2.0 homes as ICF and an addition of relief factor.
- Fairview DC: There is no change in fiscal as the warm shutdown activities are anticipated to continue throughout this year.
- CAST: A decrease of \$280,000 (\$173,000 GF) due to changes in the CAST staff assumptions supporting a separation from STAR.
- Porterville DC: A decrease of \$3.7 million GF due to half of one unit closing which is related to the *Stiavetti* lawsuit and updated the Lease Revenue Service Bond.

Updated Policies:

- Interagency Agreement with the Department of General Services: A decrease of \$6.5 million reimbursements due to the end of the interagency agreement maintaining Sonoma Developmental Center.
- Enhanced Federal Funding: A decrease of \$3.1 million in reimbursements due to the anticipated end of the temporary 6.2 percentage point increase authorized by FFCRA.
- Deferred Maintenance: A decrease of \$750,000 GF due to reappropriated funding in FY 2022-23.
- Item 9800: Decreases employee compensation by \$624,000 TF (\$637,000 GF).

New Policies:

- Complex Needs Residential Program: The budget includes \$10.5 million GF for start-up resources to develop a new residential model in the community consisting of three 5-person residential homes for individuals with highly complex needs.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Personal Services	\$271,084	\$271,030	(\$54)
Operating Expenses and Equipment	\$47,333	\$61,483	\$14,150
Lease Revenue Bond	\$8,264	\$8,281	\$17
Total Costs	\$326,681	\$340,794	\$14,113
General Fund (GF)	\$288,910	\$306,632	\$17,722
<i>GF Match</i>	\$24,955	\$34,032	\$9,077
<i>GF Other</i>	\$263,955	\$272,600	\$8,645
Reimbursements	\$37,641	\$34,032	(\$3,609)
Lottery Fund	\$130	\$130	\$0
Fund Sources	\$326,681	\$340,794	\$14,113

HEADQUARTERS**FY 2022-23**

FY 2022-23 includes \$156.2 million TF (\$97.0 million GF), a net increase of \$5.0 million TF (\$2.5 million GF) from the Enacted Budget. The change reflects adjustments to the employee retirement from the Control Section 3.60; adjustments to employee compensation in Item 9800; and the following:

- Assembly Bill 179 – IDEA Funding Supplement: One-time funding of \$500,000 in Federal Trust Fund authority.
- Annual Family Program Fee Suspension: One-time reduction of -\$250,000 due to the suspension of the fee program relating to COVID-19.
- Section 11.95 Home and Community-Based Services (HCBS) Allocation – Service Provider Rate Reform Acceleration: One-time funding shift of \$1 million from GF/Reimbursement to ARPA.

FY 2023-24

FY 2023-24 includes \$155.7 million TF (\$97.5 million GF), a net decrease of \$571,000 TF (\$538,000 GF increase) compared to the updated current year budget. The changes reflect the expiration of five limited-term positions; adjustments to employee retirement from the Control Section 3.60; adjustments to employee compensation in Item 9800; the SWCAP annual reassessment; and seven Budget Change Proposals.

- Autism Services Branch: Increase of \$1.0 million TF (\$826,000 GF) and 6.0 permanent positions to establish and Autism Services Branch within the Office of Statewide Clinical Services to supporting the growing caseload of consumers with Autism Spectrum Disorder.
- EVV Phase II: Increase of \$740,000 TF (\$335,000 GF) to the Department's portion to ensure continued progress as required by the federal 21st Century Cures Act.
- Enhancements to Risk Management Data Collection and Tracking: Increase of \$839,000 TF (\$671,000 GF) and 6.0 permanent positions to enhance data collection, review, oversight, and response to special incident reports, and provide technical assistance and training to regional centers.
- Uniform Fiscal System Modernization (UFSM) and the Consumer Electronic Records Management System (CERMS) Projects Planning: Increase of \$2.9 million TF (\$2.3 million GF) to continue the planning phases of both IT projects as they move through the required California Department of Technology PAL process.

- Information Security Office Support: Increase of \$895,000 TF (\$716,000 GF) and 5.0 permanent positions to support risk and compliance requirements and address network security needs.
- Disparities Within the Developmental Services System (Assembly Bill 1957): Increase of \$450,000 TF (\$360,000 GF) and 3.0 permanent positions) to implement the requirements of Chapter 314, Statutes of 2022 (Assembly Bill 1957) regarding reporting expenditures and authorization of services and activities for individuals with intellectual and developmental disabilities.
- Protective Proceedings: Increase of \$1.5 million TF (\$1.2 million GF) and 6.0 permanent positions to implement Chapter 894, Statutes of 2022 (Assembly Bill 1663) including mitigating any conflicts that may arise regarding conservatorships for individuals served by regional centers.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	FY 2022-23	FY 2023-24	Difference
Personal Services	\$108,549	\$114,592	\$6,043
Operating Expenses and Equipment	\$47,673	\$41,059	(\$6,614)
Total Costs	\$156,222	\$155,651	(\$571)
General Fund (GF)	\$96,953	\$97,491	\$538
<i>GF Match</i>	\$28,378	\$30,374	\$1,996
<i>GF Other</i>	\$68,575	\$67,117	(\$1,458)
Reimbursements	\$47,942	\$49,979	\$2,037
Program Development Fund	\$175	\$425	\$250
Federal Trust Fund	\$3,391	\$2,863	(\$528)
Mental Health Services Fund	\$511	\$511	\$0
HCBS ARPA (8507)	\$5,800	\$3,750	(\$2,050)
ARPA Reimbursements	\$1,450	\$632	(\$818)
Fund Sources	\$156,222	\$155,651	(\$571)