

Department of Developmental Services

May Revision Highlights



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**DEPARTMENT OF DEVELOPMENTAL SERVICES
MAY REVISION 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. The Early Start Program provides for the delivery of appropriate services to infants and toddlers at risk of having developmental disabilities. DDS carries out its responsibilities through 21 community-based, non-profit corporations known as regional centers, three state-operated developmental centers, and one state-operated community facility.

The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 317,596 in the current year, to 332,738 in 2018-19. The number of individuals who will reside in state-operated residential facilities is estimated to be 323 on July 1, 2019.

MAY REVISION SUMMARY

The May Revision includes \$7.3 billion total funds (\$4.4 billion GF) for the Department in 2018-19; a net increase of \$427.4 million (\$305.9 million GF) over the updated 2017-18 budget.

FUNDING SUMMARY <i>(Dollars in Thousands)</i>				
	2017-18	2018-19	Difference	Percentage Change
BUDGET SUMMARY				
Community Services	\$6,358,800	\$6,879,880	\$521,080	8.2%
Developmental Centers	483,369	384,549	-98,820	-20.4%
Headquarters Support	63,156	68,278	5,122	8.1%
TOTALS, ALL PROGRAMS	\$6,905,325	\$7,332,707	\$427,382	6.2%
GENERAL FUND				
Community Services	\$3,742,305	\$4,103,311	\$361,006	9.6%
Developmental Centers	358,135	299,150	-58,985	-16.5%
Headquarters Support	36,232	40,121	3,889	10.7%
GF TOTAL, ALL PROGRAMS	\$4,136,672	\$4,442,582	\$305,910	7.4%

For more detail, please refer to the Program and Funding Summary on page 6.

COMMUNITY SERVICES PROGRAM

2017-18

The May Revision projects the total community caseload at 317,596, reflecting a decrease of 241 consumers from the 2018 Governor’s Budget. The May Revision also updates total funding to \$6.4 billion (\$3.7 billion GF). This update reflects a net decrease of \$16.7 million (\$44 million GF decrease) as compared to the Governor’s Budget for regional center Operations (OPS) and Purchase of Services (POS). The decrease includes the following:

Caseload and Utilization

\$16.7 million net decrease (\$43.9 million GF decrease) in regional center OPS and POS as follows:

- OPS decrease of \$2.1 million (\$3.6 million GF decrease)
- POS decrease of \$14.6 million (\$40.3 million GF decrease)

The net decrease in OPS reflects updated projections for regional center rent expenditures, a caseload-driven decrease in Federal Compliance, the cancellation of the Department's contract with University Enterprises, Inc. for assistance with forecasting projections, and a decrease in administration fees for Intermediate Care Facilities for the Developmentally Disabled (ICF-DD).

The decrease in POS reflects the net difference of adjustments for all POS budget categories based on updated prior year expenditures upon which current year expenses are projected. The decrease in GF reflects an estimated increase in Home and Community Based Services (HCBS) Waiver and 1915(i) State Plan Amendment reimbursements, resulting in an offset to the GF.

DC Closure Community Placement Plan (CPP)

\$0 net impact (\$0.1 million GF decrease) to reflect an estimated increase in federal reimbursements, resulting in an offset to the GF.

BHT Transition - Consumers without an ASD Diagnosis

\$0.2 million decrease (\$0.2 million GF decrease) reflecting updated expenditures for consumers without an Autism Spectrum Disorder (ASD) diagnosis who receive services on a fee-for-services basis, as reimbursed by the Department of Health Care Services (DHCS).

ICF-DD Supplemental Payment Program

\$0.2 million increase (\$0.2 million GF increase) to provide supplemental payments to ICF-DDs consistent with a corresponding Medi-Cal rate increase.

2018-19

The May Revision estimates the total community caseload at 332,738 consumers, reflecting a projected decrease of 286 consumers from the caseload estimated in the 2018 Governor's Budget. The Department estimates total funding of \$6.9 billion (\$4.1 billion GF), reflecting a net increase of \$21.6 million (\$2.6 million GF decrease) over the Governor's Budget. The decrease in GF reflects an estimated increase in HCBS Waiver and 1915(i) State Plan Amendment reimbursements, resulting in an offset to the GF. This increase includes:

Caseload and Utilization

\$6.6 million decrease (\$20.8 million GF decrease) in regional center OPS and POS as follows:

- OPS decrease of \$0.5 million (\$2.2 million GF decrease)
- POS decrease of \$6.1 million (\$18.6 million GF decrease)

The net OPS decrease results from caseload-driven decreases in core staffing and Federal Compliance, a slight decrease in ICF-DD administration fees, and a net increase in projects.

The decrease in POS reflects the net difference of adjustments for all POS budget categories based on current year expenditure trends.

BHT Transition - Consumers without an ASD Diagnosis

\$0.9 million net increase (\$0.9 million GF increase) in expenditures for consumers without an ASD diagnosis. The adjustment includes a \$0.5 million decrease for consumers who receive services on a fee-for-services basis, and a \$1.4 million increase reflecting a three month phased transition of Medi-Cal managed care consumers in Los Angeles, Orange, Riverside, and San Bernardino counties.

DC Closure Community Placement Plan (CPP)

\$2.2 million increase (\$0.6 million GF increase) to fund CPP placement activities for an increased number of individuals moving from a DC.

ICF-DD Supplemental Payment Program

\$0.2 million increase (\$0.2 million GF increase) representing the full year impact of the ICF-DD Supplemental Payment Program consistent with a corresponding Medi-Cal rate increase.

Home Health Rate Increase

\$29.5 million increase (\$17.1 million GF increase) to fund the 50% rate increase for Home Health Agency, Licensed Vocational Nurse, and Registered Nurse services consistent with a corresponding Medi-Cal rate adjustment.

Uniform Holiday Schedule

\$4.6 million decrease (\$0.2 million GF decrease) to correct an error in the Governor's Budget. The correction results in additional estimated savings to implement the Uniform Holiday Schedule in accordance with W&I Code Section 4692.

SB 3 Minimum Wage Increase

\$0 net impact (\$0.4 million GF decrease) reflecting an estimated increase in federal reimbursements which offset the GF.

DEVELOPMENTAL CENTERS PROGRAM

2017-18

The May Revision reflects an ending DC population of 534 residents on June 30, 2018, which is a decrease of three residents as compared to the Governor's Budget. Total expenditures are estimated to decrease by \$11.4 million (\$8.5 million GF decrease) for the following adjustments:

Operations Expenditures

\$51,000 decrease (\$29,000 GF decrease) in resident-driven Operations Expense and Equipment (OE&E) costs due to a net reduction of three residents.

Salary Savings

\$11.4 million decrease (\$8.5 million GF decrease) in personal services, staff benefits, and OE&E expenditures resulting from estimated salary savings.

2018-19

The May Revision reflects an ending DC population of 323 residents on June 30, 2019, which is a decrease of 38 residents as compared to the Governor's Budget. Total expenditures are estimated to increase by \$8.9 million (\$7.2 million GF increase) for the following adjustments:

Operations Expenditures

\$9.1 million net increase (\$7.6 million GF increase). This includes an increase of \$6.5 million (\$6.3 million GF increase) and 125.2 positions at the Sonoma DC to reflect a technical correction, and a \$2.6 million increase (\$1.4 million GF increase) for updated operations expenditures at the Fairview and Porterville DCs due to revised resident populations.

Closure Activity Costs

\$0.2 million decrease (\$0.4 million GF decrease) to reflect updated closure activity costs at the Fairview, Porterville, and Sonoma DCs.

CAPITAL OUTLAY

The May Revision proposes no changes for 2017-18 and 2018-19.

DEFERRED MAINTENANCE

The May Revision proposes \$60 million GF for the Department to address critical deferred maintenance issues at the Porterville DC. This amount is included in Budget Act Control Section 6.10.

HEADQUARTERS

2017-18

The May Revision proposes no changes to the 2017-18 Headquarters budget of \$63.2 million (\$36.2 million GF).

2018-19

The May Revision proposes \$68.3 million (\$40.1 million GF) for Headquarters in 2018-19, which is a \$0.7 million increase (\$0.5 million GF increase) compared to the Governor's Budget. The increase results from the following two Budget Change Proposals (BCPs):

Electronic Visit Verification (EVV)

\$0.3 million increase (\$0.2 million GF increase) to fund two, two-year limited-term basis positions to participate in the planning and alternatives analysis of a statewide EVV solution. The BCP is a California Health and Human Services Agency proposal to support planning of a federally mandated EVV system across multiple programs.

Person-Centered Planning

\$0.4 million increase (\$0.3 GF increase) to contract with a consultant to work with the Department and stakeholders to develop and implement training for consumers, families, and regional centers on person-centered practices and planning. Additionally, funds will be used to contract for the development of an online training module that can be utilized for ongoing, future training of consumers, families, service providers, and newly-hired regional center staff.

**2018 May Revision
Program and Funding Summary
(Dollars in Thousands)**

	2017-18*	2018-19	Difference
Community Services Program			
Regional Centers	\$6,358,800	\$6,879,880	\$521,080
Totals, Community Services	\$6,358,800	\$6,879,880	\$521,080
General Fund	\$3,742,305	\$4,103,311	\$361,006
Program Development Fund (PDF)	2,253	2,253	0
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	52,964	53,272	308
Reimbursements	2,560,388	2,720,154	159,766
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$419,083	\$318,200	-\$100,883
Operating Expense & Equipment	64,286	66,349	2,063
Total, Developmental Centers	\$483,369	\$384,549	-\$98,820
General Fund	\$358,135	\$299,150	-\$58,985
Federal Trust Fund	0	0	0
Lottery Education Fund	323	323	0
Reimbursements	124,911	85,076	-39,835
Headquarters Support			
Personal Services	56,301	59,136	2,835
Operating Expense & Equipment	6,855	9,142	2,287
Total, Headquarters Support	\$63,156	\$68,278	\$5,122
General Fund	\$36,232	\$40,121	\$3,889
Federal Trust Fund	2,705	2,707	2
PDF	320	320	0
Reimbursements	23,473	24,703	1,230
Mental Health Services Fund	426	427	1
Totals, All Programs	\$6,905,325	\$7,332,707	\$427,382
Total Funding			
General Fund	\$4,136,672	\$4,442,582	\$305,910
Federal Trust Fund	55,669	55,979	310
Lottery Education Fund	323	323	0
PDF	2,573	2,573	0
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,708,772	2,829,933	121,161
Mental Health Services Fund	1,166	1,167	1
Totals, All Funds	\$6,905,325	\$7,332,707	\$427,382
Caseloads			
Developmental Centers	534	323	-211
Regional Centers	317,596	332,738	15,142
Departmental Positions			
Developmental Centers	3,859.6	3,182.7	-676.9
Headquarters	417.5	444.0	26.5

*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$20.1 million that was added by the 2016 Budget Act and displayed in the Governor's Budget Galley.