

Department of Developmental Services

Governor's Budget Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES GOVERNOR'S BUDGET HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that 258,424 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives.

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in four state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to increase from 256,872 in the current year to 266,100 in Fiscal Year (FY) 2013-14. The number of individuals living in state-operated residential facilities will be 1,186 by the end of FY 2013-14.

The January 2013 Governor's Budget includes \$4.9 billion total funds (\$2.8 billion General Fund) for the Department in 2013-14; a net increase of \$178.7 million above the revised 2012-13 budget, a 3.8 percent increase; and \$193.1 million above the 2012-13 enacted budget.

COMMUNITY SERVICES PROGRAM

2012-13

To provide services and support to 256,872 persons with developmental disabilities in the community, the Governor's Budget updates FY 2012-13 funding to \$4.2 billion total funds (\$2.3 billion GF). The Governor's Budget includes an increase of \$20.2 million total funds (-\$18.9 million GF decrease) for regional center operations (OPS) and purchase of services (POS). This is composed of:

Caseload and Utilization

\$36.0 million increase (-\$3.0 million GF decrease) in regional center OPS and POS costs due to updated caseload and expenditure data including Home and Community Based Services (HCBS) waiver enrollment above budgeted levels.

Impacts from Other Departments

-\$30.8 million decrease GF in POS to reflect the Department of Health Care Services (DHCS) withdrawal of implementation of Medi-Cal copayments for physician and dental office visits, emergency room visits, and hospital inpatient days.

Copayments for Health Care Related Services

\$15.0 million increase GF to reflect increased expenditures associated with a recent regional center legal opinion that is expected to change regional center practices regarding funding of health insurance copayments and deductibles.

2013-14

The Governor's Budget projects an average community caseload of 266,100 individuals in the budget year, an increase of 10,128 consumers over the enacted budget. The estimate proposes 2013-14 funding for services and support to persons with developmental disabilities in the community at \$4.3 billion total funds (\$2.5 billion GF), an increase of \$203.5 million (\$140.2 million GF) over the enacted 2012-13 budget. The regional center budget changes include:

Caseload and Utilization

\$177.5 million (\$89.2 million GF) increase in regional center OPS and POS due to updated caseload and expenditure data including HCBS waiver enrollment above budgeted levels.

Sunset of 1.25 Percent Payment Reduction

\$46.7 million (\$31.9 million GF) increase in OPS and POS to reflect the June 30, 2013 sunset of the 1.25 percent payment reduction.

Impacts from Other Departments

-\$30.8 million decrease GF in POS to reflect the DHCS withdrawal of implementation of Medi-Cal copayments for physician and dental office visits, emergency room visits, and hospital inpatient days.

Copayments for Health Care Related Services

\$9.9 million increase GF to reflect increased expenditures associated with a recent regional center legal opinion that is expected to change regional center practices regarding funding of health insurance copayments and deductibles. Proposed statute will limit the funding of health insurance copayments based on the family's ability to pay, modeled after existing programs, and prohibit the payment of deductibles.

Fund Shift:

\$40.0 million fund shift from the California First Five Commission (Proposition 10) to GF for a net program change of \$0.0 million.

Quality Assurance Fee (QAF)

\$0.2 million increase (\$0.0 million GF) in POS to reflect updated administration and service expenditures for day treatment and transportation costs of ICF-DD residents.

DEVELOPMENTAL CENTERS PROGRAM

2012-13

To provide services and support for 1,552 residents in developmental centers (average in-center population) the Governor's Budget updates FY 2012-13 funding to \$545.1 million (\$283.8 million GF), a decrease of \$5.1 million (\$2.4 million GF) over the FY 2012-13 enacted budget. Authorized positions decrease by 2.5. The developmental center budget changes include:

- Savings Shift of \$2.9 million from Operating Expenses and Equipment (OE&E) to Personal Services (PS) based on a reduction of -36.0 positions driven by admissions and residential program reductions, and increased placements. The 2012 May Revision reflected a net decrease of \$9.1 million which represented the DC's portion of the \$200 million General Fund Savings Solutions. The Department initially displayed the savings in OE&E. This fund shift more accurately reflects the savings solutions as partially funded through position reductions.
- Net decrease of \$7.2 million (\$3.6 million GF) due to changes in State employee retirement and health benefit rates, and employee compensation reductions.
- \$2.1 million (\$1.3 million GF) and 33.5 position increase due to a higher than anticipated resident population on July 1, 2012, primarily based on fewer individuals transitioning from Lanterman Developmental Center to community settings. The increase includes \$1.7 million (\$0.9 million GF) and 27 positions in Level of Care (LOC) and \$0.4 million (\$0.3 million GF) and 6.5 positions in Non-Level of Care (NLOC).

2013-14

For FY 2013-14, the Governor's Budget provides services and support for 1,304 residents (average in-center population) in developmental centers, a decrease of 240 residents from the 2012-13 enacted budget. Funding decreases to \$539.0 million (\$279.3 million GF); a decrease of \$11.2 million (\$7.0 million GF) and authorized positions decreases to 4,768; a decrease of 388.5 positions below the enacted budget. By the end of the budget year there is expected to be 1,186 individuals residing in the state operated facilities. Adjustments to the enacted budget for the developmental centers include:

- -\$25.4 million (-\$14.4 million GF) and -352.5 position reduction due to the anticipated decrease of 223 residents primarily from the continuing transition of individuals into the community. Lanterman DC makes up almost half of the

residential decline as 110 individuals are expected to transition into community living arrangements in the budget year. This reduction, along with unit consolidations results in a reduction of -\$19.2 million (-\$11.0 million GF) and -245 positions in LOC and -\$6.2 million (-\$3.4 million GF) and -107.5 positions NLOC.

- Savings shift of \$2.9 million from OE&E to Personal Services (PS) based on a reduction of -36.0 positions and -17 residents driven by admissions and residential program reductions, and increased placements. The 2012 May Revision reflected a net decrease of \$9.1 million which represented the DC's portion of the \$200 million General Fund Savings Solutions. The Department initially displayed the savings in OE&E. This fund shift more accurately reflects the savings solutions.
- Net increase of \$11.9 million (\$6.2 million GF) due to changes in State employee retirement and health benefit rates, and employee compensation. Savings associated with the personal leave program (PLP) are not reflected in 2013-14 as most bargaining agreements expire at the end of this FY.
- \$2.4 million (\$1.3 million GF) for additional staff on residential units to ensure the supervisors (shift leads) on 10 ICF units are able to oversee and support the employees delivering direct care which are critical to the health and safety of residents. This change was necessary to help address licensing concerns regarding staffing levels.

LANTERMAN DEVELOPMENTAL CENTER CLOSURE UPDATE

The Governor's Budget continues to support Developmental Center and Community efforts towards closure of the Lanterman facility. The Department, working with regional centers, anticipates the transition of approximately 110 Lanterman Developmental Center (Lanterman) residents in FY 2012-13 consistent with the enacted budget. The Governor's Budget anticipates the transition of another 110 residents to community living arrangements in FY 2013-14.

- The Governor's Budget retains \$0.7 million (\$0.5 million GF) and 25.0 positions in 2012-13:
 - \$2.0 million (\$1.1 million GF) and 27.0 positions are retained (24 positions and \$1.9 million LOC and 3 positions and \$0.1 million NLOC) to reflect an additional 20 residents at Lanterman at the beginning of the year based on fewer residential placements in 2011-12.
 - Reduction of -2.0 positions associated with the fund shift from OE&E to personal services to more accurately reflect the previous \$200 million General Fund Savings Solutions detailed above.
 - -\$1.3 million (-\$0.6 million GF) reduction due to changes in State employee retirement and health benefit rates, and employee compensation.

- The Governor's Budget reflects a net decrease in 2013-14 of -\$10.3 million (\$-5.7 million GF) and -178.0 positions:
 - -\$12.4 million (-\$6.8 million GF) reduction and -178.0 fewer positions due to the anticipated decline in the average in-center population from 184 to 85 residents, as compared to the enacted budget. This includes a reduction of -111 positions and -\$8.6 million in LOC and -65 positions and -\$3.8 million in NLOC.
 - \$2.1 million (\$1.1 million GF) increase due to changes in State employee retirement and health benefit rates, and employee compensation. Savings associated with the personal leave program (PLP) are not reflected in 2013-14 as explained above.

The Lanterman Closure Update Report and closure milestones will be released separately.

CAPITAL OUTLAY

The Governor's Budget does not include any new Capital Outlay requests.

HEADQUARTERS

2012-13

The Governor's Budget for FY 2012-13 updates funding for Headquarters' operations to \$37.8 million (\$24.2 million GF), a decrease of -\$0.7 million (-\$0.3 million GF) compared to the FY 2012-13 enacted budget. The Headquarters budget changes are due to changes in State employee retirement and health benefit rates, and employee compensation reductions.

2013-14

The Governor's Budget proposes headquarters operations funding for FY 2013-14 of \$39.3 million (\$25.0 million GF), an increase of \$0.8 million (\$0.5 million GF) compared to the FY 2012-13 enacted budget. The FY 2013-14 budget changes are due to changes in State employee retirement and health benefit rates, and employee compensation. Savings associated with the personal leave program (PLP) are not reflected in 2013-14 as explained above.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2013-14 Governor's Budget

FUNDING SUMMARY

(Dollars in Thousands)

| | 2012-13 | 2013-14 | Difference |
|--|--------------------|--------------------|------------------|
| BUDGET SUMMARY | | | |
| COMMUNITY SERVICES | \$4,166,367 | \$4,349,632 | \$183,265 |
| DEVELOPMENTAL CENTERS | 545,075 | 539,022 | -6,053 |
| HEADQUARTERS SUPPORT | 37,796 | 39,280 | 1,484 |
| TOTALS, ALL PROGRAMS | \$4,749,238 | \$4,927,934 | \$178,696 |
| FUND SOURCES | | | |
| General Fund | \$2,604,142 | \$2,759,396 | \$155,254 |
| Reimbursements: Totals All | 2,092,322 | 2,117,716 | 25,394 |
| <i>Medicaid (aka HCBS) Waiver</i> | 1,129,428 | 1,169,109 | 39,681 |
| <i>Medicaid (HCBS) Waiver Administration</i> | 9,216 | 9,921 | 705 |
| <i>Medicaid Administration (NHR)</i> | 11,761 | 12,081 | 320 |
| <i>Targeted Case Management</i> | 138,693 | 142,347 | 3,654 |
| <i>Targeted Case Management Admin.</i> | 3,840 | 3,892 | 52 |
| <i>Medi-Cal</i> | 254,729 | 252,809 | -1,920 |
| <i>Title XX Block Grant</i> | 225,060 | 225,060 | 0 |
| <i>ICF-DD/State Plan Amendment</i> | 52,915 | 55,630 | 2,715 |
| <i>Quality Assurance Fees (DHCS)</i> | 9,620 | 9,845 | 225 |
| <i>California First Five Commission</i> | 40,000 | 0 | -40,000 |
| <i>1915(i) State Plan Amendment</i> | 161,804 | 169,122 | 7,318 |
| <i>1915(k) Medicaid State Plan</i> | 1,924 | 7,000 | 5,076 |
| <i>Money Follows the Person</i> | 14,867 | 14,867 | 0 |
| <i>Homeland Security Grant</i> | 57 | 391 | 334 |
| <i>Race to the Top</i> | 286 | 286 | 0 |
| <i>Early Periodic Screening Diagnostic & Treatment</i> | 11,793 | 16,516 | 4,723 |
| <i>Other</i> | 26,329 | 28,840 | 2,511 |
| Federal Trust Fund | 55,083 | 55,041 | -42 |
| Lottery Education Fund | 465 | 465 | 0 |
| Program Development Fund (PDF) | 9,553 | 9,553 | 0 |
| Mental Health Services Fund | 1,129 | 1,128 | -1 |
| Developmental Disabilities Svs Acct | 150 | 150 | 0 |
| AVERAGE CASELOAD | | | |
| Developmental Centers | 1,552 | 1,304 | -248 |
| Regional Centers | 256,872 | 266,100 | 9,228 |
| AUTHORIZED POSITIONS | | | |
| Developmental Centers | 5,154.0 | 4,768.0 | -386.0 |
| Headquarters | 374.5 | 374.5 | 0.0 |

DEPARTMENT OF DEVELOPMENTAL SERVICES
2013-14 Governor's Budget

(Dollars in Thousands)

| | 2012-13 | 2013-14 | Difference |
|--------------------------------------|--------------------|--------------------|------------------|
| Community Services Program | | | |
| Regional Centers | \$4,166,367 | \$4,349,632 | \$183,265 |
| Totals, Community Services | \$4,166,367 | \$4,349,632 | \$183,265 |
| General Fund | \$2,296,105 | \$2,455,125 | \$159,020 |
| Dev Disabilities PDF | 9,267 | 9,267 | 0 |
| Developmental Disabilities Svs Acct | 150 | 150 | 0 |
| Federal Trust Fund | 52,006 | 52,006 | 0 |
| Reimbursements | 1,808,099 | 1,832,344 | 24,245 |
| Mental Health Services Fund | 740 | 740 | 0 |
| Developmental Centers Program | | | |
| Personal Services | \$439,481 | \$434,912 | -\$4,569 |
| Operating Expense & Equipment | 105,594 | 104,110 | -1,484 |
| Total, Developmental Centers | \$545,075 | \$539,022 | -\$6,053 |
| General Fund | \$283,837 | \$279,264 | -\$4,573 |
| Federal Trust Fund | 510 | 510 | 0 |
| Lottery Education Fund | 465 | 465 | 0 |
| Reimbursements | 260,263 | 258,783 | -1,480 |
| Headquarters Support | | | |
| Personal Services | \$33,353 | \$34,880 | \$1,527 |
| Operating Expense & Equipment | 4,443 | \$4,400 | -43 |
| Total, Headquarters Support | \$37,796 | \$39,280 | \$1,484 |
| General Fund | \$24,200 | \$25,007 | \$807 |
| Federal Trust Fund | 2,567 | 2,525 | -42 |
| PDF | 286 | 286 | 0 |
| Reimbursements | 10,354 | 11,074 | 720 |
| Mental Health Services Fund | 389 | 388 | -1 |
| Totals, All Programs | \$4,749,238 | \$4,927,934 | \$178,696 |
| Total Funding | | | |
| General Fund | \$2,604,142 | \$2,759,396 | \$155,254 |
| Federal Trust Fund | 55,083 | 55,041 | -42 |
| Lottery Education Fund | 465 | 465 | 0 |
| Dev Disabilities PDF | 9,553 | 9,553 | 0 |
| Developmental Disabilities Svs Acct | 150 | 150 | 0 |
| Reimbursements | 2,078,716 | 2,102,201 | 23,485 |
| Mental Health Services Fund | 1,129 | 1,128 | -1 |
| Caseloads | | | |
| Developmental Centers | 1,552 | 1,304 | -248 |
| Regional Centers | 256,872 | 266,100 | 9,228 |
| Authorized Positions | | | |
| Developmental Centers | 5,154.0 | 4,768.0 | -386.0 |
| Headquarters | 374.5 | 374.5 | 0.0 |