

2007-08 Budget Act

Highlights

Department of Developmental Services



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State of California**

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**DEPARTMENT OF DEVELOPMENTAL SERVICES
2007-08 GOVERNOR'S BUDGET HIGHLIGHTS**

Message from the Director

The 2007-08 budget builds upon California's strong commitment to provide services and supports to persons with developmental disabilities while maximizing federal and other funding resources to implement the Lanterman Developmental Disabilities Services Act. The budget totals \$4.4 billion (\$2.6 billion General Fund) reflecting a net increase of \$288.7 million (\$92.7 million General Fund) for services to assist a population that is expected to grow by more than 7,500 people this year to 221,840 individuals with developmental disabilities.

On January 1, 2007, the minimum wage was increased by \$0.75 to \$7.50 per hour, and will increase an additional \$0.50 to \$8.00 per hour on January 1, 2008. The budget includes \$26 million in 2006-07 and \$71 million in 2007-08 to increase wages for entry-level direct care staff that provide services in community care facilities, day and work activity programs, respite care and supported living arrangements. The greatest share of the budgetary growth will, however, be to fund purchase of services caseload and utilization growth of \$223.9 million (\$42.7 million General Fund).

In order to reduce General Fund costs while maintaining services, this budget includes proposals to utilize funding available in the Public Transportation Account, to increase federal reimbursements through a Medicaid State Plan Amendment. It also reflects a cost shift to the state's Regional Centers prompted by a new rate-setting methodology and statutory changes which clarify roles and responsibilities for providing Adoption Assistance Program supports.

The Department's budget reflects our commitment to improve the health and safety of developmental center residents. It reflects an increase of \$7.1 million (4.2 million General Fund) for salary increases for medical and mental health staff at the Developmental Centers. It includes resources to activate the 96-bed expansion under construction for the Secure Treatment Program at the Porterville Developmental Center. It also provides a one-time \$2 million allocation to replace the Sonoma Developmental Center Asbury Creek water diversion structure which was destroyed in the 2005-06 winter storms.

During these fiscally challenging times, the Administration has continued its commitment to the Lanterman Act by fully funding services and supports.

TERRI DELGADILLO



GENERAL BUDGET OVERVIEW

The 2007-08 Budget Act includes \$4.4 billion (\$2.6 billion General Fund) for the Department of Developmental Services (DDS), an increase of \$288.8 million (\$92.7 million General Fund) above the revised 2006-07 budget. Total caseload is expected to reach 221,840 consumers in 2007-08, compared to 214,057 in 2006-07. DDS continues its commitment to containing program and administrative costs while continuing to provide choices and maximizing federal and other funding resources without compromising the mission of the Lanterman Developmental Disabilities Services Act. The budget also continues to provide for the development of new methods of providing services and supports to residents from the Agnews Developmental Center who transition into community settings.

2007 BUDGET ACT FUNDING SUMMARY (Dollars in Thousands)

	2006-07 Estimated Expenditures	2007-08 Enacted Budget	Difference	Percent Change
BUDGET SUMMARY				
COMMUNITY SERVICES	\$3,299,240	\$3,602,132	\$302,892	9.2%
DEVELOPMENTAL CENTERS	734,441	720,281	-14,160	-1.9%
HEADQUARTERS SUPPORT	40,084	40,109	25	0.1%
TOTALS, ALL PROGRAMS	\$4,073,765	\$4,362,522	\$288,757	7.1%
FUND SOURCES				
General Fund	\$2,549,916	\$2,642,610	\$92,694	3.6%
Reimbursements: Totals All	1,466,243	1,533,662	67,419	4.6%
<i>Home & Community Based Serv. (HCBS) Waiver</i>	757,618	822,506	64,888	8.6%
<i>HCBS Waiver Administration</i>	6,402	6,569	167	2.6%
<i>Medicaid Administration</i>	13,784	14,509	725	5.3%
<i>Targeted Case Management</i>	146,300	146,376	76	0.1%
<i>Targeted Case Management Administration</i>	4,319	4,319	0	0.0%
<i>Medi-Cal</i>	326,225	321,456	-4,769	-1.5%
<i>Title XX Social Services Block Grant</i>	203,903	203,903	0	0.0%
<i>Self-Directed HCBS Waiver</i>	0	387	387	-
<i>Self-Directed HCBS Waiver Administration</i>	0	575	575	-
<i>Vocational Rehabilitation</i>	588	588	0	0.0%
<i>All Other</i>	7,104	12,474	5,370	75.6%
Public Transportation Account (PTA)	0	128,806	128,806	-
Federal Trust Fund	55,560	55,410	-150	-0.3%
Lottery Education Fund	489	489	0	0.0%
Program Development Fund (PDF)	1,554	1,545	-9	-0.6%
Developmental Disabilities Services Acct. (DDSA)	3	0	-3	-100.0%
AVERAGE CASELOAD				
Developmental Centers	2,877	2,610	-267	-9.3%
Regional Centers	211,180	219,230	8,050	3.8%
AUTHORIZED POSITIONS				
Developmental Centers	7,798.1	7,328.6	-469.5	-6.0%
Headquarters	400.5	402.5	2.0	0.5%



PROGRAM HIGHLIGHTS

COMMUNITY SERVICES PROGRAM

To provide services and supports to persons with developmental disabilities in the community, the 2007-08 Budget Act includes \$3.6 billion, an increase of \$302.9 million (\$107.6 million General Fund), or 7.6 percent, over 2006-07 estimated expenditures. Significant changes for 2007-08, in addition to those included in the "Planned Closure of Agnews Developmental Center" section below, are as follows:

- **Minimum Wage Increases** - On January 1, 2007, the California minimum wage increased by \$0.75 to \$7.50 per hour, and will increase an additional \$0.50 to \$8.00 per hour on January 1, 2008. These increases, recently enacted by Chapter 230, Statutes of 2006 (Assembly Bill 1835), will impact entry-level direct care staff who provide services in community care facilities, day and work activity programs, and respite care. The fiscal impact of the January 1, 2007 and 2008 increases is \$71.4 million (\$49.8 million General Fund) in 2007-08.
- **Caseload Update and Increased Service Utilization** - As a result of caseload estimates and the projected increase in consumers' utilization of services, the Budget Act provides a net increase of \$223.9 million (\$42.7 million General Fund) in 2007-08, for regional center operations and purchase of services.
- **Increase federal financial participation in the services provided to regional center consumers residing in ICF/DD facilities to Include Day Program and Non-Medical Transportation Services** - DDS and the Department of Health Care Services are pursuing a revision to the Medi-Cal State Plan to include coverage and payment for day program and non-medical transportation services for regional center consumers with developmental disabilities residing in intermediate care facilities. These services are currently provided and paid for by the regional centers solely through state General Fund. This change will result in General Fund savings of \$44 million.
- **Public Transportation Account Funding for Regional Center Transportation Services**- Regional centers provide a number of services to consumers, including transportation services provided by public transit, specialized transportation companies, and family members or friends. These services allow individuals with developmental disabilities to participate in programs and other activities identified in their Individual Program Plans. The Budget Act includes \$128.8 million in Public Transportation Account funding for 2007-08 and ongoing to replace the General Fund share of regional center transportation costs.
- **CDSS Dual Agency Proposal** - The California Department of Social Services (CDSS) has developed a new rate-setting methodology and statutory changes instituting clear roles and responsibilities for the care and supervision of foster and adoptive children receiving services from both county welfare departments and regional centers. The methodology places a maximum rate of \$2,006 per month prospectively and a supplement to the rate



for individuals with significant challenges up to \$1,000 per month, which will ensure that a comprehensive and equitable rate-setting methodology is used throughout the State.

- Trailer bills associated with the 2007-08 Budget Act continues cost-containment measures authorized beginning with the 2002-03 fiscal year. The elimination of the SSS/SSP pass through is implemented administratively. These measures are expected to result in savings of \$283.1 million (\$181.3 million General Fund) associated with efforts that freeze start-up funding, day programs, in-home respite, community care facility service levels and contracted services, among other things.

DEVELOPMENTAL CENTERS PROGRAM

The 2007-08 Budget Act includes \$720.3 million (\$391.5 million General Fund), a reduction of \$14.2 million, or 1.9 percent, from the revised 2006-07 budget. The total number of positions for the Developmental Centers Program in 2007-08 is 7,328.6, a net reduction of 469.5 positions from the revised 2006-07 budget. The budget assumes an average population of 2,610 residents, a decrease of 267 residents from the revised 2006-07 budget. Significant changes for 2007-08, in addition to those included in the "Planned Closure of Agnews Developmental Center" section below, are as follows:

- Developmental Center Population Adjustments - For 2007-08, the budget reflects a decrease of \$31.7 million (17.7 million General Fund) and 267 consumers in the developmental centers.
- Porterville Secure Treatment Program Expansion - The budget also includes an augmentation of \$1.1 million General Fund in 2007-08 to fund 5.0 positions, effective January 1, 2008, and equipment required to activate operations following completion of construction of the 96-bed expansion and recreation complex at Porterville Developmental Center.
- Sonoma Developmental Center Asbury Creek Water Diversion - The budget includes a one-time augmentation of \$2 million General Fund in 2007-08 to replace the Sonoma Developmental Center Asbury Creek water diversion structure that was destroyed in the 2005-06 winter storms.
- Salary Enhancements for Non-CDCR Mental Health Care Professionals (*Coleman*) - The budget reflects funding of \$7.1 million (\$4.2 million General Fund) for salary increases for select mental health classifications. The funding for the vacant positions will be phased in over a three-year period beginning in 2007-08. Implementation of these salary increases is subject to ratification by the Legislature.
- Salary Enhancements for Dental Professionals (*Perez*) - The budget includes \$1.3 million (\$0.7 million General Fund) to fund salary increases for select dental classifications. Implementation of these salary increases is also subject to collective bargaining.



- Salary Enhancements for Medical Services Personnel (Plata Case) - The budget includes an increase of \$12.6 million (\$7.4 million General Fund) for classifications providing medical services. This will increase hiring and improve retention of medical staff at the developmental centers. As with the other salary enhancements above, implementation of these salary increases is subject to collective bargaining.
- Employee Compensation and Retirement Contributions - The budget has been increased by \$33.1 million (\$19.2 million General Fund) in 2007-08 for increased employee compensation, health, and retirement benefits.

DEVELOPMENTAL CENTERS CAPITAL OUTLAY

(Funding not included in the Budget Highlights total)

- Fairview Developmental Center - The budget includes \$0.5 million General Fund to prepare preliminary plans and working drawings for purchase and installation of a new personal alarm locating system (PALS), and \$0.4 million General Fund to prepare preliminary plans and working drawings for the installation of air conditioning for the Goodell School and Activity Center at the Fairview Developmental Center. The PALS will be installed throughout the Fairview Developmental Center and at outdoor areas for the safety of employees and consumers. The air conditioning system will promote better health and comfort for consumers.
- Porterville Developmental Center - The budget includes \$1.4 million General Fund to prepare working drawings for renovation of 24 satellite kitchens and dining rooms, and \$0.6 million General Fund to prepare preliminary plans and working drawings for the PALS upgrade at the Porterville Developmental Center. The satellite kitchen project will remodel 24 satellite kitchens/dining rooms in the residences to bring these facilities into health and safety code compliance. The PALS upgrade will be installed in Buildings 7 through 18 of the existing Secure Treatment Program (STP). The project will also expand coverage of the PALS to the outdoor areas in the STP and will be compatible with the new 96-Bed Expansion and Recreation Complex system which is currently under construction and scheduled to be completed in the summer of 2008.

PLANNED CLOSURE OF AGNEWS DEVELOPMENTAL CENTER

The budget for 2007-08 includes a systemwide net increase from the revised 2006-07 budget of \$33.1 million (\$21.0 million General Fund) due to the anticipated movement of 188 consumers from the Agnews Developmental Center into the community. The Developmental Centers budget decreases by \$12.0 million (\$9.3 million General Fund) reflecting reduced staffing costs associated with the reduction in the number of Agnews Developmental Center residents. The regional centers budget has been increased by \$45.1 million (\$30.3 million General Fund) for the costs of providing services to the additional consumers in the community.



The budget includes up to \$1 million that shall be redirected to fund the operation of mobile clinics to provide a range of health and medical services to ensure the best possible outcomes as consumers transition from Agnews to the community. The systemwide changes also include \$0.7 million and 10 positions to support administrative and operational requirements, as well as closure workload, as the population declines under the Agnews Closure Plan.

In addition, the regional center operations budget increased by \$0.5 million (\$0.1 million General Fund) for the three Bay Area regional centers to hire three Chief Health Care Community Specialists and one Assistant Health Care Community Specialist. These resources are critical to ensure that all responsible parties are providing appropriate, high-quality health care services to consumers.

HEADQUARTERS

The 2007-08 Budget Act provides \$40.1 million (\$26.4 million General Fund), a net increase of \$25,000 (a \$143,000 decrease in General Fund) and 3.0 positions from the revised 2006-07 budget. Significant changes for 2007-08 are as follows:

- Continuation of Activities for Part D of the Medicare Prescription Drug Improvement and Modernization Act of 2003 - The budget is increased \$0.7 million (\$0.4 million General Fund) and 8.0 positions in 2007-08 to support essential workload associated with the continuing implementation of Medicare Part D.
- Employee Compensation and Retirement Contributions - The budget has been increased by \$1.9 million (\$0.9 General Fund) in 2007-08 for increased employee compensation, health, and retirement benefits.



DEPARTMENT OF DEVELOPMENTAL SERVICES
2007 BUDGET ACT
(Dollars in Thousands)

	2006-07 Estimated Expenditures	2007-08 Enacted Budget	Difference	Percent Change
Community Services Program				
Regional Centers	\$3,279,145	\$3,582,037	\$302,89	9.2%
<i>Operations</i>	481,954	497,556	2 15,602	3.2%
<i>Purchase of Services</i>	2,797,191	3,084,481	287,290	10.3%
Early Intervention Program	20,095	20,095	0	0.0%
Totals, Community Services	\$3,299,240	\$3,602,132	\$302,892	9.2%
General Fund	\$2,117,067	\$2,224,676	\$107,609	5.1%
PTA	0	128,806	128,806	-
PDF	1,267	1,265	-2	-0.2%
DDSA	3	0	-3	-100.0%
Federal Trust Fund	52,655	52,494	-161	-0.3%
Reimbursements	1,128,248	1,194,891	66,643	5.9%
Developmental Centers Program				
Personal Services	\$577,204	\$559,659	-\$17,545	-3.0%
Operating Expense & Equipment	157,237	160,622	3,385	2.2%
Total, Developmental Centers	\$734,441	\$720,281	-\$14,160	-1.9%
General Fund	\$406,291	\$391,518	-\$14,773	-3.6%
Federal Trust Fund	620	620	0	0.0%
Lottery Education Fund	489	489	0	0.0%
Reimbursements	327,041	327,654	613	0.2%
Headquarters Support				
Personal Services	\$31,955	\$32,513	\$558	1.7%
Operating Expense & Equipment	\$8,129	\$7,596	-533	-6.6%
Total, Headquarters Support	\$40,084	\$40,109	\$25	0.1%
General Fund	\$26,558	\$26,415	-\$143	-0.5%
Federal Trust Fund	2,285	2,296	11	0.5%
PDF	287	280	-7	-2.4%
Reimbursements	10,954	11,118	164	1.5%
Totals, All Programs	\$4,073,765	\$4,362,522	\$288,757	7.1%
Total Funding				
General Fund	\$2,549,917	\$2,642,610	\$92,693	3.6%
Federal Trust Fund	55,560	55,410	-150	-0.3%
Lottery Education Fund	489	489	0	0.0%
PTA	0	128,806	128,806	-
PDF	1,554	1,545	-9	-0.6%
DDSA	3	0	-3	-100.0%
Reimbursements	1,466,242	1,533,662	67,420	4.6%
Caseloads				
Developmental Centers	2,877	2,610	-267	-9.3%
Regional Centers	211,180	219,230	8,050	3.8%
Authorized Positions				
Developmental Centers	7,798.1	7,328.6	-469.5	-6.0%
Headquarters	400.5	402.5	2.0	0.5%

