

2009-10 Governor's Budget

Highlights

Department of Developmental Services



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DEPARTMENT OF DEVELOPMENTAL SERVICES 2009-10 GOVERNOR'S BUDGET

PROGRAM HIGHLIGHTS

The Department of Developmental Services (Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that more than 230,000 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.

The Governor's Budget includes \$4.65 billion (\$2.78 billion General Fund) for the Department in 2008-09, and \$4.57 billion (\$2.75 billion General Fund) for 2009-10. This is \$75 million (\$33 million General Fund) below the revised 2008-09 budget. The Department's Community Services Program Estimates shows growth in the Budget Year. In response to the state's significant fiscal situation, the Governor's Budget establishes a savings target and directs the Department to work with stakeholders to develop strategies to mitigate the growth.

COMMUNITY SERVICES PROGRAM

Current Year 2008-09 Updates

The Governor's Budget proposes 2008-09 funding for services and supports to persons with developmental disabilities in the community at \$3.91 billion (\$2.38 billion General Fund). Funding for the regional centers is \$6.5 million less in Operations and \$33.6 million less in Purchase of Services, for a total of \$40.1 million (\$24.6 million General Fund) less than projected in the 2008-09 Adjusted Budget, primarily due to the 3% reduction proposals introduced in the Special Session.

The Department is working closely with the Regional Centers to manage program expenditures while meeting consumer service needs within the existing 2008-09 appropriation authority, adjusted for Special Session proposals.

3% Payment Reduction for Purchase of Services (Special Session)

This proposal reduces regional center expenditures for consumer services by a 3% a payment reduction in the amount of \$40.4 million (\$24.1 million General Fund). The proposal applies to all regional center purchased services with the exception of supported employment services, services for which the established rate is a usual and customary rate, and State Supplementary Program (SSP) restoration payments to consumers residing in supported/independent living arrangements. In the case of consumer health and safety, the Department can waive this reduction. The 3% reduction to regional center Purchase of Services (POS) funds is permanent. The

Department will work with stakeholders to identify strategies for ongoing implementation of this reduction prior to the sunset of the payment reduction on June 30, 2010.

3% Regional Center Operations Funding Reduction (Special Session)

This proposal decreases regional centers' operations funding by 3%, \$6.6 million (\$4.6 million General Fund). The Department proposes to provide flexibility and relief to regional centers' operations for the period February 1, 2009 through June 30, 2010. This relief includes temporarily suspending:

- specified reporting requirements;
- the requirement for a caseload ratio of 1:66 for consumers who have not moved from a developmental center since April 1993, as required by Welfare and Institutions Code Section 4640.6(c)(3)(C); and
- the requirement that regional centers have or contract for specialized expertise.

In the interim, the Department will work with stakeholders to identify long-term strategies for implementation of this reduction.

Conform with Reductions in Other Departments

Increase of Independent Living Supplement Due to Change in State Supplementary Program (SSP) to Maintenance of Effort (MOE) Floor (Special Session):

An increase of \$6.8 million (\$4.1 million General Fund) in 2009-10, related to the Department of Social Services' proposal to reduce the SSP grant to the MOE floor. The Department of Developmental Services will increase the Independent Living Supplement to the regional center budget consistent with the Department of Social Services proposal in the Governor's Budget to reduce the SSP for adults in independent and supported living arrangements. Beginning in 1992-93, and in each fiscal year thereafter, the regional center budget has been adjusted to reflect the fiscal impact of reductions in SSP. These reductions are to the State's portion of Supplemental Security Income (Federal Social Security Administration portion)/SSP (State Department of Social Services portion) grant payments. The increase in the Independent Living Supplement is necessary to assure that those affected will be able to remain in independent and supported living settings instead of having to move into community care facilities or even more costly institutions.

Caseload

The 2008-09 caseload numbers in the Department's Estimate reflect caseload as of the Budget Act of 2008. The actual caseload as of December 31, 2008 was 231,355 (Active Caseload 198,879 and Early Start 32,476).

Budget Year 2009-10

The Governor's Budget proposes 2009-10 funding for services and supports to persons with developmental disabilities in the community at \$3.87 billion (\$2.37 billion General Fund), a decrease of \$45 million (\$16 million General Fund from the revised 2008-09 budget).

Due to reductions necessary to address the state's fiscal shortfall, the proposed budget includes reductions in regional center operations and POS associated with the 3% reduction proposals introduced in Special Session, in addition to establishing a savings target as detailed below.

Caseload and Utilization Update

The Governor's Budget estimates the community caseload at 242,520 individuals, an increase of 12,845 (5.6 percent) above the Enacted Budget. The increased cost in 2009-10 for caseload and utilization included in the Department's Estimate is \$383 million (\$334 million General Fund).

Savings Target Placeholder

Due to the State's unprecedented structural budget deficit, the budget establishes a savings target of \$334 million General Fund to mitigate the growth in the Community Services Program. This growth is identified in the Department's Estimate. The department will work with stakeholders over the next few months to develop proposals to achieve the targeted savings while maintaining the entitlement and ensuring program and service integrity.

3% Payment Reduction for Purchase of Services (Special Session)

This proposal reduces regional center expenditures for consumer services by a 3% a payment reduction in the amount of \$100.7 million (\$60.2 million General Fund). The proposal applies to all regional center purchased services with the exception of supported employment services, services for which the established rate is a usual and customary rate, and State Supplementary Program (SSP) restoration payments to consumers residing in supported/independent living arrangements. In the case of consumer health and safety, the Department can waive this reduction. The 3% reduction to regional center POS funds is permanent. The Department will work with stakeholders to identify strategies for ongoing implementation of this reduction prior to the sunset of the payment reduction on June 30, 2010.

3% Regional Center Operations Funding Reduction (Special Session)

This proposal decreases regional centers' operations funding by 3%, \$17.4 million (\$12.2 million General Fund). The Department proposes to provide flexibility and relief to regional centers' operations for the period February 1, 2009 through June 30, 2010. This relief includes temporarily suspending:

- specified reporting requirements;
- the requirement for a caseload ratio of 1:66 for consumers who have not moved from a developmental center since April 1993, as required by Welfare and Institutions Code Section 4640.6(c)(3)(C); and
- the requirement that regional centers have or contract for specialized expertise.

In the interim, the Department will work with stakeholders to identify long-term strategies for implementation of this reduction.

Conform with Reductions in Other Departments

Increase of Independent Living Supplement Due to Change in State Supplementary Program (SSP) to Maintenance of Effort (MOE) Floor (Special Session):

An increase of \$20.4 million (\$12.2 million General Fund) in 2009-10, related to the Department of Social Services' proposal to reduce the SSP grant to the MOE floor. The Department of Developmental Services will increase the Independent Living Supplement to the regional center budget consistent with the Department of Social Services proposal in the Governor's Budget to reduce the SSP for adults in independent and supported living arrangements. Beginning in 1992-93, and in each fiscal year thereafter, the regional center budget has been adjusted to reflect the fiscal impact of reductions in SSP. These reductions are to the State's portion of Supplemental Security Income (Federal Social Security Administration portion)/SSP (State Department of Social Services portion) grant payments. The increase in the Independent Living Supplement is necessary to assure that those affected will be able to remain in independent and supported living settings instead of having to move into community care facilities or even more costly institutions.

Fund Shift for Temporary Assistance for Needy Families (TANF):

The Department of Social Services identified the availability of additional Title XX Block Grant Funding (TANF) in the amount of \$24.3 million for services to individuals with developmental disabilities in the community. This fund shift resulted in a decrease in General Fund and an increase in Federal Funds.

Regional Centers Service Coordination Enhancement (Proposed Settlement)

In the Capitol People First et al. v. Department of Developmental Services et al. proposed Settlement Agreement, the State committed to fund, subject to legislative approval, a dedicated resource for regional centers to provide service coordination

(case management) for Developmental Center residents. The Governor's Budget contains enhanced funding of \$3.2 million (\$1.6 million General Fund) for 2009-10 and ongoing, adjusted for population. All parties have agreed to the proposed settlement agreement which is pending court approval.

DEVELOPMENTAL CENTERS PROGRAM

Current Year 2008-09 Updates

To provide services and supports to persons with developmental disabilities residing in five large developmental centers and two smaller state-operated community facilities, the Governor's Budget includes 2008-09 funding of \$733.9 million (\$395.8 million General Fund). The Current Year amount includes reappropriation funding for the closure of Agnews Developmental Center.

Janitorial Positions

To comply with Article VII of the California Constitution which prohibits state agencies from contracting out civil service work, the Governor's Budget administratively establishes 461.0 positions effective January 1, 2009 to convert contracted janitorial services to State positions. Failure to provide janitorial services at the Developmental Centers (DCs) poses a serious health hazard for consumers and employees and would result in citations, fines, decertification actions that would cause a loss of federal reimbursements, and ultimately revocation of facility licenses to operate. The Department anticipates that existing contract dollars to fund the State staff positions and related operating expenses are sufficient.

Budget Year 2009-10

The Governor's Budget proposes 2009-10 funding for services and supports to persons with developmental disabilities residing in four large developmental centers and two smaller state-operated community facilities at \$704.0 million (\$378.4 million General Fund), a reduction of \$29.9 million (\$17.4 million General Fund) from the revised 2008-09 budget.

Developmental Center Population

Exclusive of the Agnews Developmental Center, the Governor's Budget assumes an average of 2,404 residents in the developmental centers and state-operated community facilities which will be updated in the May Revision.

Foster Grandparent and Senior Companion Programs

The Governor's Budget reflects a decrease of \$15,000 Federal Fund and \$173,000 General Fund due to decreases in Federal grant funding and reductions in Volunteer

Service Years for the Foster Grandparent Program and the Senior Companion Program. These programs provide support to consumers residing in the Developmental Centers.

Reverse One-Time Reappropriation and Other Adjustments

The Governor's Budget includes adjustments to delete one-time reappropriation of funding from 2007-08 to 2008-09 for the operations of Agnews Developmental Center of \$24.4 million (\$10.7 million General Fund); and other miscellaneous adjustments (employee compensation, benefits, etc.) for a net reduction of \$5.4 million (\$7.1 million General Fund).

CLOSURE OF AGNEWS DEVELOPMENTAL CENTER

The Enacted Budget includes reappropriation language which allowed the balances of the 2007-08 Developmental Centers Program and Community Services Program appropriations to be reappropriated for the purpose of closing Agnews Developmental Center (Agnews). There were 63 residents remaining at Agnews on January 7, 2009. As the closure of Agnews approaches its final stages, the Department will continue to ensure the health and safety of each consumer remains its highest priority.

DEVELOPMENTAL CENTERS CAPITAL OUTLAY

(Funding not included in the Budget Highlights total)

Fairview Developmental Center

The Capital Outlay budget includes \$9.1 million General Fund to continue the project for purchase and installation of new addressable fire alarm systems in consumer residences, office, and in buildings that provide consumer vocational services and leisure activities. The proposal funds the preparation of working drawings and implementation of the construction phase for the project. The upgraded fire alarm system will increase safety and will bring Fairview into fire code compliance.

Porterville Developmental Center

The Capital Outlay budget includes \$19.7 million General Fund to implement the construction phase for renovation of 24 satellite kitchens and dining rooms. The project will correct numerous health and safety hazards, will replace obsolete food preparation equipment, and remodel the unit kitchens and dining rooms. A recent licensing survey concluded "there are physical, food safety, and public health hazards associated with structural and equipment deficiencies at the satellite kitchens and dining rooms." The project will bring these facilities into compliance with the Health and Safety Code. This project was deferred by the Legislature for one year during the 2008-09 Budget process.

Sonoma Developmental Center

The Capital Outlay budget includes \$3.8 million General Fund to continue the project for installation of medical gases/oxygen piping in the Johnson/Ordahl building. The proposal funds preparation of the working drawings and implementation of the construction phase for the project. The medical gases/oxygen piping project will provide local outlets, more efficient care for each medically-fragile consumer, and ensure staff safety.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2009-10 GOVERNOR'S BUDGET**

FUNDING SUMMARY
(Dollars in Thousands)

	2008-09 Estimated Expenditures	2009-10 Governor's Budget	Difference	Percent Change
BUDGET SUMMARY				
COMMUNITY SERVICES	\$3,888,239	\$4,226,878 ¹⁾	\$338,639	8.7%
DEVELOPMENTAL CENTERS	719,485	689,457	-30,028	-4.2%
HEADQUARTERS SUPPORT	37,992	38,265	273	0.7%
TOTALS, ALL PROGRAMS	\$4,645,716	\$4,954,600	\$308,884	6.6%
FUND SOURCES				
General Fund	\$2,778,543	\$3,079,338 ¹⁾	\$300,795	10.8%
Reimbursements: Totals All	1,634,525	1,679,861	45,336	2.8%
<i>Home & Community Based Serv. (HCBS) Waiver</i>	878,147	883,924	5,777	0.7%
<i>HCBS Waiver Administration</i>	7,674	7,728	54	0.7%
<i>Medicaid</i>	44,000	44,000	0	0.0%
<i>Medicaid Administration</i>	14,271	14,530	259	1.8%
<i>Targeted Case Management</i>	133,037	155,131	22,094	16.6%
<i>Targeted Case Management Administration</i>	4,351	4,572	221	5.1%
<i>Medi-Cal</i>	310,558	298,553	-12,005	-3.9%
<i>Title XX Social Services Block Grant</i>	203,903	228,173	24,270	11.9%
<i>Self-Directed HCBS Waiver</i>	4,999	9,759	4,760	95.2%
<i>Self-Directed HCBS Waiver Administration</i>	1,453	1,714	261	18.0%
<i>Vocational Rehabilitation</i>	588	300	-288	-49.0%
<i>All Other</i>	31,544	31,477	-67	-0.2%
Public Transportation Account (PTA)	138,275	138,275	0	0.0%
Federal Trust Fund	90,829	54,093	-36,736	-40.4%
Lottery Education Fund	495	0	-495	-100.0%
Program Development Fund (PDF)	1,855	1,912	57	3.1%
Mental Health Services Fund	1,119	1,121	2	0.2%
Developmental Disabilities Svs Acct	75	0	-75	-100.0%
AVERAGE CASELOAD				
Developmental Centers	2,404	2,404	0	0.0%
Regional Centers	229,675	242,520	12,845	5.6%
AUTHORIZED POSITIONS				
Developmental Centers	6,899.1	6,899.1	0.0	0.0%
Headquarters	382.5	382.5	0.0	0.0%

¹⁾ The General Fund amount is reduced in the 2009-10 Governor's proposed budget by \$334 million as a savings target.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2009-10 GOVERNOR'S BUDGET**

(Dollars in Thousands)

	2008-09 Estimated Expenditures	2009-10 Governor's Budget	Difference	Percent Change
Community Services Program				
Regional Centers	\$3,888,239	\$4,226,878 ¹⁾	\$338,639	8.7%
Totals, Community Services	\$3,888,239	\$4,226,878	\$338,639	8.7%
General Fund	\$2,366,363	\$2,684,386 ¹⁾	\$318,023	13.4%
PTA	138,275	138,275	0	0.0%
PDF	1,575	1,592	17	1.1%
Developmental Disabilities Svs Acct	75	0	-75	-100.0%
Federal Trust Fund	87,942	51,234	-36,708	-41.7%
Reimbursements	1,293,269	1,350,651	57,382	4.4%
Mental Health Services Fund	740	740	0	0.0%
Developmental Centers Program				
Personal Services	\$583,988	\$562,799	-\$21,189	-3.6%
Operating Expense & Equipment	135,497	126,658	-8,839	-6.5%
Total, Developmental Centers	\$719,485	\$689,457	-\$30,028	-4.2%
General Fund	\$387,812	\$370,399	-\$17,413	-4.5%
Federal Trust Fund	533	518	-15	-2.8%
Lottery Education Fund	495	0	-495	-100.0%
Reimbursements	330,645	318,540	-12,105	-3.7%
Headquarters Support				
Personal Services	\$32,352	\$32,966	\$614	1.9%
Operating Expense & Equipment	5,640	5,299	-341	-6.0%
Total, Headquarters Support	\$37,992	\$38,265	\$273	0.7%
General Fund	\$24,368	\$24,553	\$185	0.8%
Federal Trust Fund	2,354	2,341	-13	-0.6%
PDF	280	320	40	14.3%
Reimbursements	10,611	10,670	59	0.6%
Mental Health Services Fund	379	381	2	0.5%
Totals, All Programs	\$4,645,716	\$4,954,600	\$308,884	6.6%
Total Funding				
General Fund	\$2,778,543	\$3,079,338	\$300,795	10.8%
Federal Trust Fund	90,829	54,093	-36,736	-40.4%
Lottery Education Fund	495	0	-495	-100.0%
PTA	138,275	138,275	0	-
PDF	1,855	1,912	57	3.1%
Developmental Disabilities Svs Acct	75	0	-75	-100.0%
Reimbursements	1,634,525	1,679,861	45,336	2.8%
Mental Health Services Fund	1,119	1,121	2	0.2%
Caseloads				
Developmental Centers	2,404	2,404	0	0.0%
Regional Centers	229,675	242,520	12,845	5.6%
Authorized Positions				
Developmental Centers	6,899.1	6,899.1	0.0	0.0%
Headquarters	382.5	382.5	0.0	0.0%

¹⁾ The General Fund amount is reduced in the 2009-10 Governor's proposed budget by \$334 million as a savings target.