Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Caroline Menjivar, Chair
Senator Susan Talamantes Eggman, Ph.D.
Senator Shannon Grove
Senator Richard D. Roth

Thursday, March 23, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

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PUBLIC COMMENT

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5160 DEPARTMENT OF REHABILITATION

Issue 1: Department of Rehabilitation Overview

The Department of Rehabilitation (DOR) provides direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. DOR provides services to over 130,000 Californians with disabilities annually to obtain, retain, and advance in employment with competitive wages in integrated settings, and to maximize equality and the ability to live independently in communities of their choice.

The table below provides an overview of DOR's funding from current year to the proposed Governor's Budget for 2023-24.

Program	FY 2022-23	FY 2023-24	Difference
Vocational Rehabilitation Services	$499,418,000	$477,977,000	($21,441,000)
Independent Living Services	$40,902,000	$23,557,000	($17,345,000)
Administration	$58,568,000	$52,259,000	($6,309,000)
Administration - Distributed	($58,568,000)	($52,259,000)	$6,309,000
Total, All Programs	**$540,320,000**	**$501,534,000**	**$(38,786,000)**
General Fund	$101,729,000	$82,174,000	($19,555,000)
Vending Stand Fund	$3,361,000	$3,361,000	$0
Federal Trust Fund	$415,721,000	$407,769,000	($7,952,000)
Reimbursements	$10,773,000	$8,080,000	($2,693,000)
Opioid Settlement Fund	$4,000,000	$0	($4,000,000)
HCBS ARPA Fund	$4,736,000	$150,000	($4,586,000)
Total, All Funds	**$540,320,000**	**$501,534,000**	**($38,786,000)**

Governor's Budget. The Governor's Budget for DOR proposes $501.5 million ($82.2 million General Fund) in 2023-24 to fund programs related to vocational rehabilitation (VR), independent living, assistive technology and traumatic brain injury (TBI). DOR's budget in 2023-24 reflects a decrease primarily due to one-time funding appropriated in 2022-23. The Governor's Budget does not include any new proposals for DOR.

Vocational Rehabilitation (VR) Program. The VR program delivers vocational rehabilitation services to individuals with disabilities through vocational rehabilitation professionals in district and branch offices located throughout the state. DOR staff assist individuals with disabilities in preparing for and engaging in competitive integrated employment. In addition, the Department has cooperative agreements with state and local agencies (secondary and postsecondary education, behavioral/mental health, and welfare) to provide services. The Department operates under a federal Order of Selection process, which gives priority to individuals with the most significant disabilities. Individuals with disabilities who are eligible for the Department's vocational rehabilitation services may be provided a full range of services, including vocational assessment, assistive technology, vocational and educational training, job placement, supported

employment, and independent living skills training to maximize their ability to live and work independently.

VR services are funded with 78.7 percent federal dollars and 21.3 percent matching funds, part of which are provided by General Fund and part by public agencies through DOR's cooperative program agreements. Federal law requires DOR to set aside no less than 15 percent of the federal VR grant to provide pre-employment transition services (also known as Student Services) to students with disabilities ages 16-21.[1] DOR Student Services include job exploration counseling, work-based learning experiences, postsecondary education counseling, workplace readiness training, and instruction in self-advocacy.

DOR works with public and private organizations to develop and improve community-based vocational rehabilitation services. The Department sets standards, certifies Community Rehabilitation Programs, and establishes fees for services. The Department, in partnership with the Department of Developmental Services (DDS), implements strategic initiatives to increase the employment of individuals with disabilities through the Disability Employment Program.

Blind/Visually Impaired Programs. The Department, through its Business Enterprises Program, provides comprehensive training and technical assistance to enable individuals who are blind or visually impaired to support themselves in the operation of vending stands, snack bars, and cafeterias. Prevocational, including employment readiness, services are provided by the Orientation Center for the Blind to consumers with vision loss to prepare them for independent living. DOR additionally administers the Older Individuals Who are Blind Program, which annually distributes more than $3 million in federal grants to support independent living services for individuals aged 55 or older. AB 2480 (Arambula), Chapter 532, Statutes of 2022, expands similar services to adults aged 18 to 55 who are blind and who previously were not eligible for vocational rehabilitation services.

Independent Living Program. DOR's Independent Living Program supports 28 independent living centers throughout California in collaboration with the State Independent Living Council, which advocates for the leadership, empowerment, independence, and productivity of individuals of all ages and with any type of disability. DOR received $10 million General Fund through June 30, 2025, for the Community Living Fund Program, a program that advances the Master Plan on Aging by expanding institutional transition and diversion services for people of all ages and with any type of disability who do not qualify for existing programs and services.

Assistive Technology (AT) Program. DOR administers the California AT Program through federal Assistive Technology Act of 2004 funds and Social Security Reimbursement funds. The AT Program includes device lending and reutilization.

Traumatic Brain Injury (TBI) Program. Twelve TBI centers throughout California provide a coordinated post-acute care service model for about 800 individuals with TBI, designed to increase independent living skills and maximize the ability of individuals with TBI to live independently. TBI program core services include community reintegration, supported living, vocational supportive services, professional and public education, and information and referral. The Department also works with the

[1] Pub.L. No. 113-128 (July 22, 2014) 128 Stat. 1425

federal government to administer a TBI partnership grant. As part of this grant, a state TBI Advisory Board is responsible for creating a TBI state plan, statewide TBI registry, and needs assessment.

TBI Program Expansion. As part of the state's Home and Community-Based Services (HCBS) Spending Plan, which uses federal American Rescue Plan Act (ARPA) funds to enhance home and community-based services, DOR received a one-time appropriation of $5 million to expand the TBI program. The HCBS funding is being used to expand the capacity of the six existing TBI sites, which currently provide services to 13 counties, and to fund six additional TBI sites in unserved or underserved geographic areas, expanding the TBI program to 12 sites covering 35 counties.

DOR executed contracts with 12 community-based organizations serving TBI survivors offering in-person services. In addition, some services such as peer support groups and community reintegration services are provided virtually and available to individuals with TBI throughout California. In addition to providing TBI core services to individuals with TBI, HCBS funding is being used to build the capacity of TBI sites and other systems to provide comprehensive services to individuals with TBI. Examples of capacity building activities include professional development on how to serve individuals with TBI, relationship building, outreach, and coordination of services with healthcare, homeless, Veterans, and domestic violence organizations, and developing educational materials and training for other professionals and providers to increase early identification of TBI needs and access to services.

Because the TBI expansion is a component of California's HCBS Spending Plan, the one-time funding must be spent within the HCBS Spending Plan period, which ends December 31, 2023 for most programs. For the TBI expansion, contracts were executed to go through January 31, 2024, in light of stakeholder feedback to maximize the time for program expenditures and allow time to process invoices by March 31, 2024.

According the latest HCBS update from the Department of Finance, which reflects HCBS expenditure data through September 2022, less than $100,000 of the $5 million allocated to DOR for the TBI expansion had been spent. According to DOR, the 12 TBI sites have steadily increased monthly billing, indicating a ramp up in growth, and more recent expenditure data is likely around $500,000. DOR is closely monitoring monthly expenditure rates to targeted technical assistance as needed to ensure all funds are expended by March 2024.

When HCBS funding expires, ongoing TBI services will be provided through the six existing TBI sites funded by the State TBI Fund. All sites that received HCBS funding are investing in capacity building that will enhance their ability to continue serving individuals with TBI past the life cycle of the HCBS funding.

Subcommittee Staff Comment and Recommendation. Informational item. No action is needed.

Questions. The Subcommittee requests DOR respond to the following:

1. Please provide an overview of the proposed 2023-24 Governor's Budget for the department.

2. Please provide an update on implementation of the Integrated Employment in Recovery program.

3. Please provide an update on implementation of the Community Living Fund.

4. Please provide an update on the expansion of the TBI Program, including an update on DOR's monitoring of program expenditures to meet the Administration's HCBS Spending Plan projections.

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES

Issue 1: Subminimum Wage Phase-out Plan

In addition to the State Council on Developmental Disabilities (SCDD), the Subcommittee requests the following departments to participate in this discussion:

- Department of Rehabilitation (DOR)
- Department of Developmental Services (DDS)

State Council on Developmental Disabilities (SCDD). SCDD is responsible for developing and implementing a State Plan containing goals, objectives, activities, and projected outcomes designed to improve and enhance the availability and quality of services for individuals with developmental disabilities and their families. The appointed Council members engage in policy planning to ensure system coordination, barrier removal, monitoring, and evaluation. Twelve Regional Offices and Regional Advisory Committees provide programmatic support to assist with advocacy, capacity building, systems change, and implementation of State Plan objectives in Council Regions throughout California.

Subminimum Wage Employment. Subminimum wage employment for individuals with disabilities, known as the 14(c) certificate, dates back to the 1938 Fair Labor Standards Act, which allowed employers to pay workers with disabilities lower wages. Providers can receive a 14(c) license, authorizing the payment of subminimum wages to individuals with an intellectual or developmental disability (IDD). According to figures published by the U.S. Department of Labor in October 2022, 46 entities in California hold 14(c) certificates. There are 4,106 individuals employed by these entities who are paid below the federal minimum wage according to this report.

Subminimum wage employment often occurs in work activity programs, also known as sheltered workshops. The Department of Developmental Services (DDS) has seen a decline in participation in work activity programs from approximately 6,100 individuals in 2018-19 to approximately 2,073 individuals currently. There are 40 vendors throughout the state that operate work activity programs, including 15 in Northern California, three in Central California, and 22 in Southern California.

Additionally, 3,556 consumers are in Group Supported Employment Programs. DDS estimates that 50 to 70 percent of these individuals participating in Group Supported Employment Programs are also working under a 14(c) certificate and therefore receiving subminimum wage.

Phase-out Subminimum Wage Employment in California. In 2021, the Legislature passed and the Governor signed SB 639 (Durazo) Chapter 339, Statutes of 2021, which ends subminimum wage employment in California, to advance equal pay and equal treatment in the workplace for all Californians, regardless of disability. Effective January 1, 2022, no new 14(c) licenses are authorized. SB 639 required SCDD, in consultation with stakeholders and relevant state agencies, to develop a multiyear phase-out plan by January 1, 2023. Current 14(c) licensed providers are able to renew their licenses until January 1, 2025, or as determined in the phase-out plan, whichever is later. At that time all employees must be paid at least minimum wage or higher in California.

The phase-out plan must include: benchmarks of desired outcomes for each year of the plan, resources necessary to ensure employees with IDD receive services and supports to transition to Competitive Integrated Employment (CIE), a road map for applying to and using all federal funding programs, and data collection reporting requirements for tracking outcomes for employees with IDD who are transitioned out of subminimum wage employment. The SCDD is additionally required to submit annual reports detailing progress, recommendations for funding levels, and data collection.

Transition Plan to Phase out Subminimum Wages. In January 2023, SCDD released its Transition Plan to Phase out Subminimum Wages pursuant to SB 639.[2] SCDD's key recommendations include: advance state collaboration for planning, accountability, and data gathering; develop rate structures that equitably support the needs of all seeking vocational support; fund work incentives benefits consultation; finance a network of job developers and job coaches; mandate CIE concepts in educational settings; identify solutions for transportation barriers; establish a CIE Pilot to demonstrate best practices in job development and retention; and develop outreach, guidance, and technical assistance. In addition, SCDD identifies some benchmarks for the phase-out including:

- By January 2024, 100 percent of direct employment staff should be certified under an existing national standard.
- By January 2024, the number of individuals working under a 14(c) waiver should be halved and by January 2025, the number should be down to zero, as required under SB 639.
- DDS, DOR, and each Regional Center should develop an "agency transition plan" by April 2023.
- Early adopter sites piloting various strategies should be operationalized by June 2023.

Both DOR, as the state's lead vocational rehabilitation agency, and DDS, as the state's lead agency serving Californians with IDD, have programs underway to help transition or divert individuals away from subminimum wage employment.

DOR Programs. Pursuant to federal law, beginning in 2016, employers who hold a 14(c) certificate may not continue to employ an individual at a wage less than federal minimum wage unless certain conditions are met. These conditions include: (a) the designated state unit provides Career Counseling, Information and Referrals; and (b) the employer provides information about training opportunities in self-advocacy, self-determination, and peer mentoring provided by an entity that does not have any financial interest in the individual's employment outcome. DOR is the designated state unit for this mandate. Individuals receiving less than the federal minimum wage must receive the required career counseling twice in their first year of sub-federal minimum wage employment and at least annually thereafter. While the 14(c) entity has no legal obligation to make counseling services available to employees paid at or above federal minimum wage, DOR offers these services at no charge to any individual working in a 14(c) setting regardless of their wage and conducts outreach to these entities to make these services known to their employees. In 2021-22, DOR provided counseling to 2,959 individuals in 14(c) settings.

[2] California State Council on Developmental Disabilities: Transition Plan to Phase Out Subminimum Wages, January 1, 2023.

Since 2016, 1,607 individuals who were working in 14(c) settings have chosen to pursue Vocational Rehabilitation (VR) employment services with DOR. Each of them has an Individualized Plan for Employment (IPE) with the goal of achieving competitive integrated employment (CIE), and all services provided are in support of achievement of that goal. DOR's vocational rehabilitation program strictly provides services in support of employment in integrated settings at competitive wages. DOR has specific programs, including dedicated funding through its Supported Employment grant for individuals with the most significant disabilities. Additionally, DOR partnereds with state-level and local education agencies, the Department of Developmental Services, and regional centers on the Competitive Integrated Employment Blueprint to support CIE, and continues to work to develop and implement local planning agreements that support the transition of youth with IDD into CIE.

DOR's Achieving Competitive Employment team provides career counseling and information and referral services including individualized person-driven, transition planning for individuals currently employed in subminimum wage. Services may include the development of a CIE transition plan, job discovery, career exploration, identifying transferable skills, attending regional center planning meetings to advocate for CIE, educating the recipient on the VR process and commitment, and assisting the recipient with applying for VR services.

In addition to DOR's statewide VR program, DOR also administers two federal disability innovation fund grants to support the design, development, implementation, and evaluation of new and unique interventions. These projects include the following:

- **Pathways to Success Project (PSP)**. DOR received $18.3 million federal fund, available from October 1, 2021 to September 30, 2026, to increase competitive integrated employment outcomes, economic self-sufficiency, independence, and inclusion, through a unique service delivery design supported by sector-specific teams specializing in high-wage, high-skill, and high-demand careers for individuals with disabilities. The Pathways to Success Project, which is a pilot research project, is particularly focused on underrepresented communities, including people of color, women, and individuals with IDD. So far, 315 participants have been enrolled and are working with their specific sector team, and 26 participants have obtained employment working on average 40 hours per week with average wages of $30.54 per hour. DOR anticipates providing services to 1,400 individuals with disabilities throughout the five-year program period.

- **CA Subminimum Wage to Competitive Integrated Employment Project.** DOR received $13.9 million federal fund, available from October 1, 2022 to September 30, 2027, to provide a comprehensive set of interventions and supports to increase CIE outcomes, independence, economic self-sufficiency, and inclusion for individuals with the most significant disabilities currently in, or contemplating entering, subminimum wage employment. To-date, the DOR project team has completed Memoranda of Understanding (MOUs) with both state-level project implementation partners (SCDD and DDS), and with the Rehabilitation Services Administration, as required by the grant. DOR is completing contracts with the evaluation partner, San Diego State University, and the two community college service delivery sites, one in San Diego and the other in North Orange County. The first cohort of participants will begin their program in August 2023.

DDS Programs. DDS also operates several initiatives designed to support individuals in their CIE employment goals and address the transition away from subminimum wage employment. These programs include:

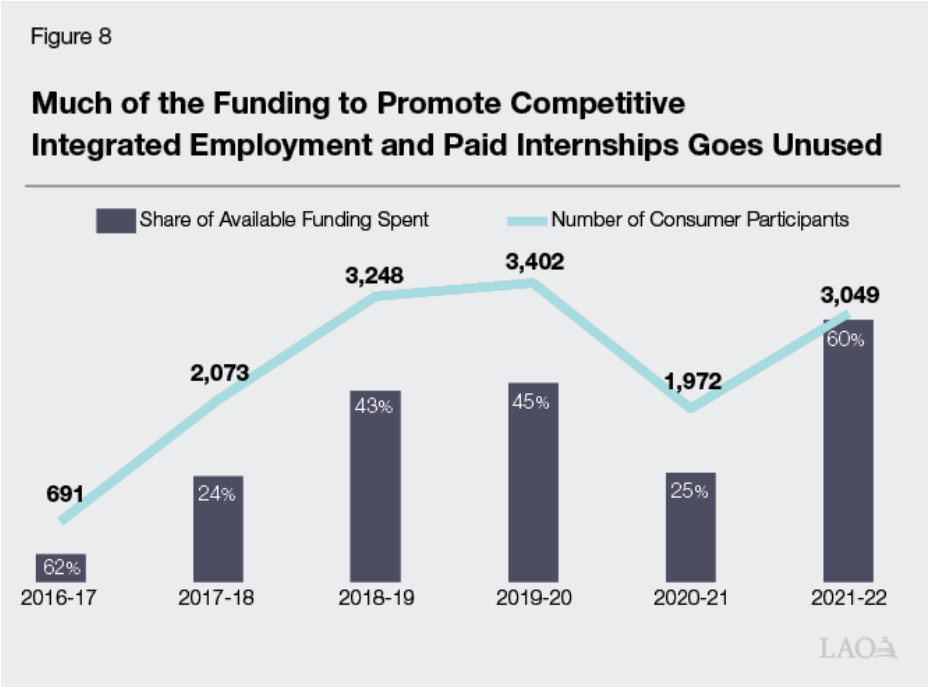
- **Paid Internship Program**. This program offers 1,040 hours of a paid internship with a business that aligns with the individual's Individual Program Plan (IPP.) The goal of these internships is to gain transferable employment skills into CIE or a direct hire with the business where the internship took place. In 2021-22 1,527 individuals participated in the paid internship program.

- **Competitive Integrated Employment Incentive Payment**. This incentive provides vendors with three milestone payments for individuals they serve who achieved CIE. The vendor is eligible for a payment of $2,000 after 30 consecutive days of CIE placement, $2,500 after six consecutive months of placement, and $3,000 after 12 months of consecutive CIE. In 2021-22 1,679 participants achieved at least one CIE milestone. The Quality Incentive Program provides additional incentive payments for providers for successful CIE placements. This includes payments for individuals who exit work activity programs and enter CIE. Providers are also incentivized to send staff to Supported Employment focused training such as the Association of Community Rehabilitation Educators Basic Employment or Customized Employment Training and Certified Employment Support Professional training.

- **Employment Grant.** DDS received $10 million General Fund in one-time funding for grants focused on new and innovative pathways to CIE for individuals served by regional centers. Since January 2023, 45 projects have been awarded funding. The first quarterly report is due on March 30, 2023.

- **Person-Centered Career Pathway Pilot Program**. DDS received $8.3 million General Fund for a pilot program focused on expanding career preparedness for individuals with IDD who are currently served through work activity programs or are recent high school graduates.

- **Tailored Day Services.** Tailored Day Services is an individualized service design, as determined through the Individual Program Plan, and developed through a person-centered planning process that reflects and maximizes individual preferences and goals. The services allows for flexibility in the duration, location, and intensity of day program services.



The chart above, provided by the Legislative Analyst's Office, tracks the share of funding made available for CIE incentives and paid internships which has been actually utilized each year since 2016-17. These programs are not focused specifically on individuals who currently participate in subminimum wage employment, and are broadly available to all individuals with IDD who are interested in employment.

Subcommittee Staff Comment. This is an informational item. No action is needed.

While both DOR and DDS are ramping up programs to support transitions to competitive integrated employment for individuals currently in work activity programs, these are pilot programs that may not cover all individuals or all regions of the state. It is not clear exactly how many individuals who are currently participating in work activity programs or other subminimum wage work will be served by the various pilot programs or other DOR or DDS programs.

Questions. The Subcommittee requests SCDD respond to the following:

1. Please provide an overview of the Transition Plan to Phase out Subminimum Wages. What steps does the state need to take? What are the timelines and milestones to transition individuals out of subminimum wage employment by January 1, 2025?

The Subcommittee requests DOR respond to the following:

2. Please describe DOR's responsibility to provide transition planning for individuals currently employed in 14(c) certificate programs. How many individuals does DOR reach through this program? How will this work be adapted to align with the phase-out of subminimum wages?

3. Please provide an overview of DOR's current programs focused on transitioning individuals out of subminimum wage employment, including the Subminimum Wage to Competitive Integrated Employment Project. How many individuals will be served under this programs?

The Subcommittee requests DDS respond to the following:

4. Please provide an overview of DDS programs available to transition individuals out of subminimum wage employment. How many of the individuals currently in 14(c) programs does DDS anticipate reaching through the person-centered career pathways pilot program or other programs?

5. How does DDS plan to establish person-centered transition plans for each individual earning subminimum wage?

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 1: Department of Developmental Services (DDS) Overview

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 intellectual and developmental disabilities (IDD) to lead more independent, productive, and integrated lives. Under the Lanterman Act, individuals with IDD are entitled to an array of services and supports sufficiently complete to meet their individual needs and choices, regardless of age or degree of disability, and at each stage of life. Additionally, the Early Start Program provides for the delivery of services to infants and toddlers at risk of a developmental disability.

The department carries out its responsibilities through contracts with 21 community-based, non-profit corporations known as regional centers (RCs), as well as through state-operated homes and facilities. RCs are fixed points of contacts for all individuals with IDD. The RCs coordinate services for each individual with IDD through an Individual Program Plan (IPP), and work with local vendors to purchase the needed services and supports to carry out the IPP.

Department of Developmental Services
Expenditures by Fund Source
* Dollars in thousands

Grand Total By Fund	Fiscal Year	
	2022-23	2023-24 (Proposed Budget)
General Fund	$7,157,010	$8,593,599
Federal Trust Fund	$59,892	$56,921
Lottery Education Fund	$130	$130
Developmental Disabilities Program Development Fund	$175	$859
Developmental Disabilities Services Account	$150	$150
Reimbursements	$4,484,944	$4,828,847
Mental Health Services Fund	$1,251	$1,251
Home and Community-Based Services (HCBS) American Rescue Plan Act (ARPA) Fund	$474,176	$479,544
HCBS APRA Reimbursements	$377,294	$189,650
Total All Funds	$12,555,022	$14,150,951

Governor's Budget. The Governor's Budget updates the department's 2022-23 budget to include $12.6 billion ($7.2 billion General Fund) and includes $14.2 billion ($8.6 billion General Fund) for 2023-24. The 2023-24 budget reflects a net increase of $1.6 billion ($1.4 billion General Fund) compared to the updated current year budget.

Delay of Preschool Inclusion Grants. The 2022-23 Budget Act included $20 million General Fund over two years for grants to enable preschool programs to include more children with exceptional needs. The Governor proposes delaying the implementation of this two-year program until 2024-25. The Governor's budget does not include any other reductions or delays to the DDS budget.

Additional Changes in Governor's Budget. The department's Safety Net Plan, seven budget change proposals, and proposed trailer bill language are described in the following issues in this agenda. The Governor's budget also includes the following proposals not discussed elsewhere in this agenda:

- Reduced Caseload Ratio for Children Aged 0-5. $102.1 million ($68.5 million General Fund) to reflect updated caseload estimates and a revised methodology to support reduced caseload ratios of 1:40 for children ages 0-5. This adjustment is driven by an updated coordinator cost assumption and an increase of approximately 15,000 children. DDS estimates the 0-5 caseload reaching approximately 106,000 children in 2023-24.

- Fairview Warm Shutdown. $11.3 million General Fund for an additional year of funding to support the warm shutdown of Fairview Developmental Center. This includes 52 positions, primarily groundskeepers, electricians, engineers, maintenance, and security staff, and $2.8 million for utilities and facility costs necessary to maintain the property.

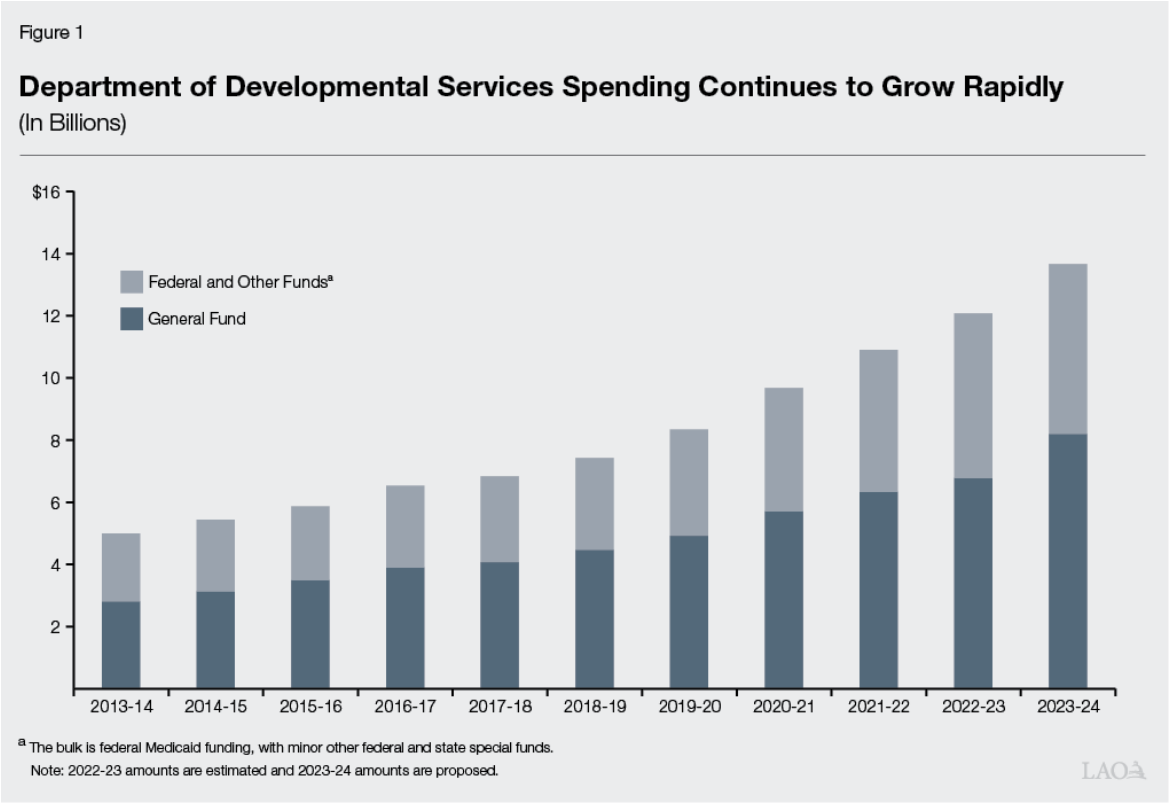
- Rate Model Assumptions. $10.1 million ($6 million General Fund) increase of ongoing funding to adjust service provider rates for mileage based on updates to the federal Internal Revenue Service mileage rate.

Caseload. Regional centers are projected to serve about 400,485 individuals in 2022-23 and 420,927 individuals in 2023-24. In addition, the department projects serving 312 individuals in state-operated facilities in 2023.

As noted by the Legislative Analyst's Office (LAO), caseload growth is one of the main drivers of significant year-over-year growth in DDS spending, in addition to increased utilization of services, additional costs for ramping up 2022-23 initiatives, and the expiration of a temporary 6.2 percentage point increase in federal Medicaid funding.

The LAO also notes that recent federal actions to unwind the 6.2 increase in federal Medicaid funding will increase General Fund costs by about $20 million in 2022-23 and decrease them by about $60 million in 2023-24 relative to the Governor's budget.

The following chart, provided by the LAO, reflects increases in DDS spending over the last 10 years.



Source: Legislative Analyst's Office

Community Services (Regional Centers). The 2022-23 updated Regional Center budget includes $12.1 billion ($6.8 billion General Fund), a net decrease of $382.7 million ($524.3 million General Fund decrease) as compared to the Enacted Budget. This includes a projected decrease of $376.3 million in Purchase of Services (POS) expenditures and a decrease of $8.8 million in Operations costs. The decrease of $524.3 million General Fund 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.

The 2023-24 Regional Center budget includes $13.7 billion ($8.2 billion General Fund), a net increase of $1.6 billion ($1.4 billion General Fund) compared to the updated current year. This includes a projected $23.2 million decrease in operations costs, and $1.6 billion increase in POS expenditures. The increase of $1.4 billion General Fund is due to expiration of FFCRA on June 30, 2023, which provides a temporary 6.2 percent increase in reimbursements.

State-Operated Facilities. The 2022-23 updated State Operated Facilities budget includes $326.7 million ($288.9 million General Fund), a net increase of $10.4 million ($7.8 million General Fund) compared to the Enacted Budget. The 2023-24 budget includes $340.7 million ($306.6 million General Fund), a net increase of $14.1 million ($17.7 million) compared to the updated current year. The Governor's budget proposes various changes to state-operated facilities including STAR Homes, CAST teams, and Porterville Developmental Center, which are described in Issue 2 of this agenda.

Headquarters. The 2022-23 updated budget includes $156.2 million ($97 million General Fund), a net increase of $5 million ($2.5 million General Fund) from the Enacted Budget. The proposed 2023-24 budget includes $155.5 million ($97.5 million General Fund), a net decrease of $571,000 ($538,000 General Fund increase) compared to the updated current year budget. The changes reflect the expiration of five limited-term positions; adjustments to employee retirement and compensation; adjustments to employee compensation, and seven budget change proposals.

Ongoing oversight issues. DDS has undergone significant budget and policy changes in recent years. These changes include the implementation of comprehensive rate reform, restoring services that were cut during the Great Recession, creating provisional eligibility for Lanterman Act services for three and four-year olds, and investing in numerous initiatives to improve equity, outcomes, and quality for individuals with IDD. Issue 14 of this agenda includes a description of major investments in the 2021 and 2022 Budget Acts, and Issue 3 of this agenda focuses on equity and Regional Center oversight issues. Some key ongoing oversight issues are additionally included below.

Rate Implementation. The 2021 Budget Act began the phase-in of a major overhaul of DDS service provider rates, replacing an outdated rate structure with a new model based on a 2020 study. The 2022 Budget Act accelerated the implementation of the new rate model, moving the final phase of rate increases to July 1, 2024. The Governor's budget maintains the accelerated time line, including $1.2 billion ($273.3 million General Fund) in 2023-24 for further implementation of the rate study. Much of the funding to implement the new rate models comes from federal ARPA funding through the state's Home and Community-Based (HCBS) Spending Plan, which is described in Issue 13 of this agenda. The General Fund share of rate implementation in 2022-23 is only $32.2 million, reflecting a higher share of limited-term federal funding under the HCBS Spending Plan.

With the full implementation of the new rate system, statute requires that 10 percent of each service provider rate be reserved for a "quality incentive payment." These payments must be tied to performance metrics specific to each category of provider, determined by a workgroup of stakeholders led by DDS. As noted by the LAO, significant questions remain about developing this quality incentive program within the accelerated timeframe, including how DDS will determine appropriate measures for each provider category and develop a reasonable plan for collecting relevant data. Stakeholders have expressed uncertainty about how the quality incentive program will implement in conjunction with the final phase of rate model implementation on July 1, 2024, as well as some underlying issues with several of the rate models, such as the rate for Independent Living Services, which providers say is based on erroneous assumptions. Relevant stakeholder proposals are included in Issue 15 of this agenda.

Home and Community-Based Services (HCBS) Final Rule. In 2014, the Centers for Medicare and Medicaid Services (CMS) issued the HCBS Final Rule, which governs the way that individuals must be able to interact with their communities in order to receive federal funding for services. Home and community-based services are services and supports that allow an individual to live in their homes and communities rather than in institutional settings, such as residential services, independent and supported living services, and day programs. Nearly all types of Regional Center services are eligible to receive federal HCBS funding through Medicaid.

The HCBS Final Rule, which took effect March 17, 2023, requires that, as a condition of receiving federal HCBS funding, home and community-based settings meet the following criteria:

- Is integrated in and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and
- Facilitates choice regarding services and who provides them.

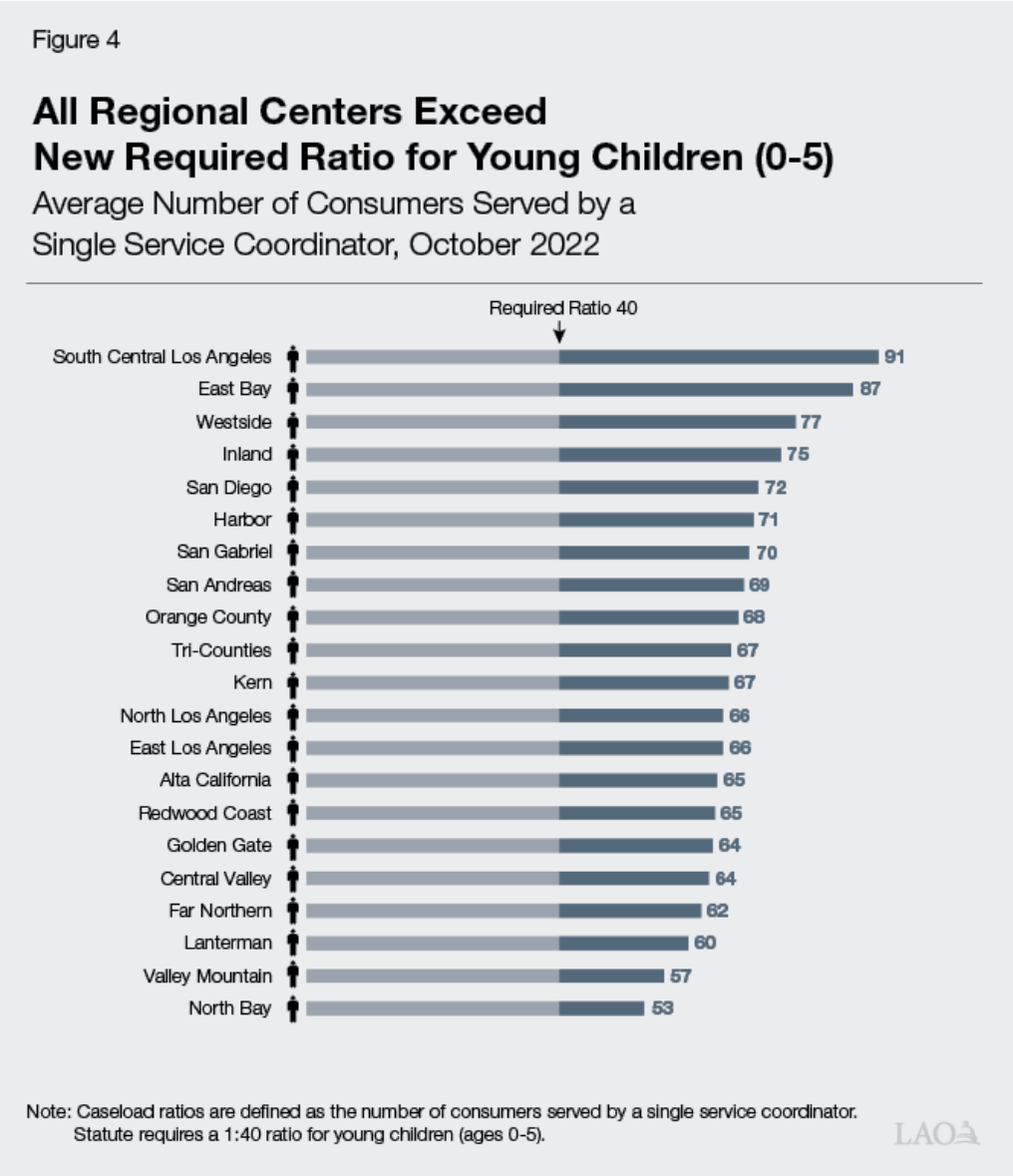
The final rule also includes additional requirements for provider-owned or controlled home and community-based residential settings. These requirements include: the individual has a lease or other legally enforceable agreement providing similar protections; the individual has privacy in their unit including lockable doors, choice of roommates and freedom to furnish or decorate the unit; the individual controls their own schedule including access to food at any time; the individual can have visitors at any time; and the setting is physically accessible. The Final Rule builds off decades of work by the disability rights movement and furthers the goals of the Americans with Disabilities Act (ADA) and the Supreme Court's *Olmstead* decision, holding that community living is a civil right.

States were originally provided a five-year transition period to implement the HCBS criteria, which was delayed multiple times. As of March 17, 2023, all states must be fully compliant with the Rule's basic civil rights requirements and may, through time-limited corrective actions plans (CAPs), have additional time to fully comply with a limited number of requirements in the Rule that have been impacted by the COVID-19 public health emergency. California's CAP includes additional time to ensure provider compliance with the following HCBS Final Rule Criteria: access to the broader community; opportunities for employment; choice of non-disability specific settings; and option for a private unit and/or choice of roommate. Therefore, service provider compliance as of March 17, 2024 does not reflect full compliance with all of the HCBS Final Rule criteria. To verify compliance with the HCBS Final Rule, DDS has primarily relied on requiring providers to submit self-assessment surveys demonstrating HCBS compliant policies, and provided technical assistance and outreach. The state also provides grants to help providers modify programs to come into compliance.

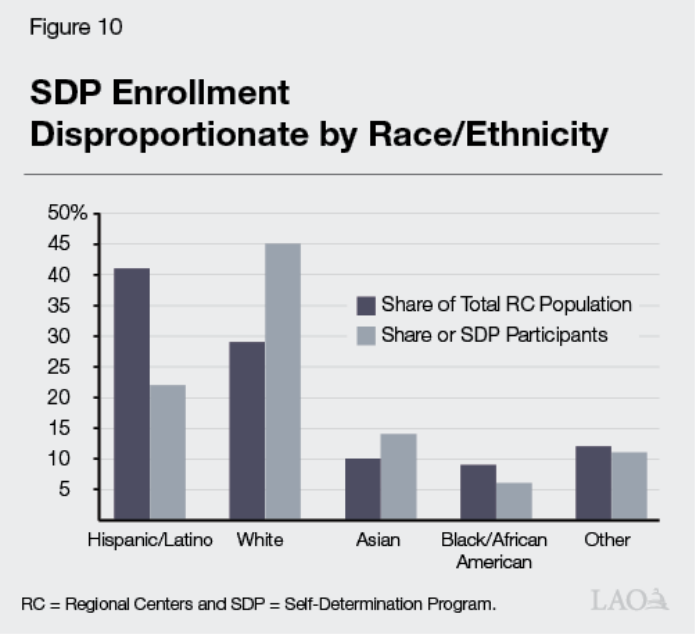
DDS is largely defining compliance for purposes of the March 17, 2023 deadline as the provider submitting documentation to DDS that the provider has policies on file consistent with the HCBS Final Rule. As of March 10, 2023, only 39 providers did not submit documentation. DDS has taken action to address these providers, including a moratorium on new referrals, and a temporary payment withhold of 50 percent. However, given the state's Corrective Action Plan, DDS is not requiring providers to have substantially implemented those HCBS policies as of March 17, 2023. This means that many providers remain out of compliance with the full set of HCBS criteria. It is unclear how many providers are actually in full compliance with the HCBS Final Rule and whether those that are not in full compliance can easily conform to the new federal requirements. All providers will need to reach compliance with the full set of HCBS criteria by June 30, 2024 or the state faces fiscal penalties.

Regional Center Caseload Ratios. Service coordinators at each of the 21 Regional Centers are responsible for developing each person's Individual Program Plan IPP and coordinating the purchase of

their needed services and supports. Statute requires that Regional Centers maintain certain average caseload ratios, including 1:62 for those enrolled in Medicaid HCBS waiver programs, 1:40 for children five years of age or younger, 1:25 for consumers who have complex needs, and 1:66 for all others. In addition, the 2021 Budget Act included $10 million ongoing to implement service coordinator ratios of 1:40 for those who have a low level or no services purchased by Regional Centers. The LAO notes that the state has not made progress in reaching required caseload ratios in recent years, and overall service coordinator caseloads have increased over the last five years. The chart below, provided by the LAO, represents service coordinator ratios for children ages 0-5. The Governor's budget proposes $102.1 million ($68.5 million General Fund) to update caseload estimates and a revised methodology to reduce caseload ratios of 1:40 for children ages 0-5. Issue 15 of this agenda includes a stakeholder proposal to revise the Regional Center core staffing formula.



Self Determination Program (SDP). The SDP program offers an alternative to traditional service coordination. SB 468 (Emmerson) Chapter 683, Statutes of 2013, created the SDP to provide individuals with IDD greater control over which services they will receive and from whom. Participants are provided a fixed amount of resources (based on that participant's purchase of service expenditures over the prior 12 months) with which to purchase the services of their choosing. Original enrollment in SDP was limited to 2,500 individuals, and that cap was lifted in 2021, however total statewide enrollment in SDP was just 2,269 as of December 2022. There are also racial/ethnic disparities in SDP enrollment, demonstrated in the chart to the right, provided by the LAO.



Return of Family Fees. While Lanterman Act services are an entitlement and are fully covered, families whose children receive specific services are required to pay sliding scale fees based on income. These fees were suspended during the COVID-19 pandemic, but are returning in 2023. There are three different types of family fees:

- *Annual Family Program Fee and Family Cost Participation Program.* The Annual Family Program Fee is assessed yearly per family on parents whose adjusted gross income level is at or above 400 percent of the federal poverty level. The Family Cost Participation Program is assessed on parents whose child is not eligible for Medi-Cal and who receives day care, respite, or camping services. DDS reports that they are currently in discussions with stakeholders on a plan to consolidate and streamline both of these fees, and will propose statutory or fiscal changes as part of the 2023-24 May Revision.

- *Parental Fee Program.* The parental fee program is limited to families who have a child under 18 who is placed into 24-hour out of home care. The fee is assessed monthly to parents with annual gross income at or above 201 percent of the current Federal Poverty Level, and is based on a percentage of income, ranging from three to six percent of the family's income. However, families that do not submit family income information requested by DDS are assessed the "maximum fee," which is based on the USDA maximum monthly cost of caring for a child. The chart below shows maximum monthly fees based on a child's age.

Age Group	Maximum Monthly Fee
0-2	$1,723
3-5	$1,723
6-8	$1,691
9-11	$1,798
12-14	$1,826

15-17	$2,013

Unlike the two fees described above, the Parental Fee Program is automatically returning with the end of California's State of Emergency declaration. Fees are effective May 1, 2023. Non-payment of the fee does not impact the provision of services to a child. However, past due/delinquent accounts are submitted to the Franchise Tax Board (FTB), which is an annual process for all state departments. Data from previous years shows that in 2017, 1,472 families were sent to FTB collections; 1,146 families in 2018, and 656 families in 2019.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of the proposed 2023-24 Governor's budget for the department, including major changes from the 2022-23 budget.

2. Please provide an update on DDS caseload, including growth in Provisional Eligibility and Early Start.

3. Please provide an update on rate model implementation, including a description of the department's plan to implement the quality incentive program, which requires 10 percent of each provider's rate be tied to a performance metric. Given the acceleration of the full rate model implementation to July 1, 2024, how will DDS establish an appropriate performance metric for each service and collect the relevant data?

4. Please provide an update on the department's efforts to achieve provider compliance with the HCBS final rule. Given that current compliance with the HCBS Final Rule primarily reflects that providers have submitted relevant documentation that they have a plan to implement compliant policies, how will DDS continue ensure that service providers have actually put those policies into practice? What proportion of providers are not currently in compliance with all components of the HCBS Final Rule, and will need to take additional action to come into compliance by the end of the Corrective Action Plan period on June 30, 2024? How does the department assess and verify compliance?

5. Please provide an update on the Self-Determination Program, including how DDS is providing support to families who wish to enroll in the Self-Determination Program and providing equitable access to underserved communities.

6. Please provide an update on the return of family fees that were suspended during the pandemic, including the Annual Family Program Fee/Family Cost Participation Program and the Parental Fee Program. How is DDS working with families and stakeholders to revise fee structures, communicate changes, and mitigate any adverse impacts to families?

Issue 2: 2023 Safety Net Plan

The Subcommittee has requested the following individuals to participate in a panel discussion on the department's 2023 Safety Net Plan:

- Nancy Bargmann, Director, Department of Developmental Services
- John W. Decker, DSW, MSW, Alta California Regional Center
- Tony Bazan, Self-Advocate
- Jacquie Dillard-Foss, Executive Director, STEP Agency
- Will Leiner, Managing Attorney, Disability Rights California

Proposed Changes to the Safety Net – Governor's Budget. As part of the 2023-24 Governor's Budget, DDS released an updated Safety Net Plan.[3] The 2023-24 Governor's budget for DDS includes various changes to Safety Net services and supports, including changes to state-operated facilities, which are part of the Safety Net Plan. Major changes in the Governor's budget pursuant to the 2023 Safety Net Plan include the following:

- STAR Home Staffing Adjustments and Intermediate Care Facility Licensure. $15.9 million ($9.8 million General Fund) 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.

- Complex Needs Residential Program. $10.5 million General Fund for start-up resources to develop three 5-person residential homes for individuals with highly complex needs, for a total of five new ICFs. These homes would be licensed as intermediate care facilities. The Governor's budget also proposes trailer bill language that extends 10 crisis beds at Canyon Springs Desert STAR facility which are scheduled to sunset in June 2023 after the development of additional enhanced behavioral support homes.

- Extension of 10 Beds at Porterville Developmental Center (PDC). $4.9 million General Fund increase of one-time resources to continue funding 10 additional beds at PDC through 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.

In addition to these major changes, the Governor's budget includes a decrease of $280,000 ($173,000 General Fund) to the Crisis Assessment Stabilization Team (CAST) program due to staffing changes, and a decrease of $3.7 million General Fund due to half of one unit at Porterville Developmental Center closing.

[3] The 2023 Safety Net Plan: https://www.dds.ca.gov/wp-content/uploads/2023/01/DDS-Safety-Net-Plan-Update-Final-1-10-2023-posted.pdf

The Governor's budget also includes $1.6 million ($1.1 million General Fund) to support implementation and increased workload in coordination of trauma-informed care for dually served youth in foster care and the establishment of an Autism Services Branch. The Autism Services Branch is discussed in Issue 6 of this agenda.

Background. With the closure of state-operated developmental centers, a developmental service "safety net system" was developed to be person-centered, trauma-informed, and to prevent or transition individuals from placements and interventions that are highly restrictive. The safety net system is designed to support individuals who have IDD and co-occurring behavioral and/or mental health needs requiring supports from multiple agencies, including for mental health, special education, psychiatric, and crisis services, as well as medically complex individuals.

Closure of State-Operated Developmental Centers. The 2012 Budget Act placed a moratorium on admissions to the state's remaining Developmental Centers, and as part of the 2015 Budget Act, DDS submitted closure plans for the three remaining Developmental Centers: Sonoma, Fairview, and the Porterville General Treatment Area. These Developmental Centers have all since closed (Fairview is in a warm shutdown). The Porterville Developmental Center Secure Treatment Program (PDC-STP), which houses adults with IDD who are determined by a court to be Incompetent to Stand Trial (IST), is the only remaining Developmental Center. DDS also operates the Canyon Springs Community Facility, which is a large residential treatment facility with capacity to house 56 individuals.

Safety Net Plan. The need for DDS to develop a Safety Net Plan grew out of the closure of the Developmental Centers. The first Safety Net Plan in 2017 described "how the Department will provide access to crisis services after the closure of a [Developmental Center] and how the State will maintain its role in providing services to those whom private sector vendors cannot or will not serve."[4] The 2020 Safety Net Plan considered new models of supports for individuals served and introduced the safety net continuum of care.

SB 188 (Committee on Budget and Fiscal Review), Chapter 49, Statutes of 2022, required an update to the original plan and required the 2023 Safety Net Plan to include:

- An evaluation of the progress made in creating a safety net, including transition data and services for residences intended to facilitate transitions or diversions from institutions for mental diseases (IMDs), Canyon Springs Community Facility, the Secure Treatment Program at Porterville Developmental Center (PDC-STP), prisons or jails, or other restrictive settings.

- Areas for evaluation and recommendations from DDS' stakeholder community such as best practices for supporting individuals at risk of moving to restrictive settings, expanding or refining existing services or supports, and developing new models for individuals whom private sector vendors cannot or will not serve.

Safety Net Continuum. The department's safety net continuum of care consists of the following:

[4] DDS, 2023 Safety Net Plan.

- Preventative support services (respite, Systemic, Therapeutic, Assessment, Resources, and Treatment (START))
- Mobile crisis services (Crisis Assessment Stabilization Teams (CAST))
- Residential services (Community care facilities)
- Homes/Services for complex support stabilization (Community crisis homes)
- Homes for individuals needing longer term behavioral supports (Enhanced Behavioral Support Homes)
- Secure residential facilities (Delayed Egress, Secure Perimeter homes)
- Acute crisis options (Porterville Developmental Center Secure Treatment Program (STP))
- Step down homes (e.g., Institutions for Mental Disease, STP step down homes)
- Stabilization/Wrap-around

Specialized Models. The 2014 Budget Act authorized the development of specialized models known as Enhanced Behavioral Supports Homes (EBSH) and Community Crisis Homes (CCH). Current development of specialized models to support individuals with complex needs include 23 CCHs that have been completed and eight more CCHs in development, 71 completed EBSHs and 43 in development, five homes with delayed egress in combination with a secured perimeter (DESP), and two in development.

- **Stabilization Training Assistance Reintegration (STAR) Homes.** STAR Homes are state-operated acute crisis homes. Five community homes are operating with two additional homes expected to be operational by late Spring 2023. Four of the seven homes provide support and services for children and adolescents and the other three support adults. These homes are in Northern, Central and Southern California. The maximum length of stay in a STAR home is 13 months. Over the last several years, there has been an increase in the number and complexity of referrals to the STAR services, and a trend of individuals returning to STAR. As of November 2022, there were 38 active referrals to STAR, including 21 adults and 17 children/adolescents.

    - *Desert STAR.* Since September 28, 2018, pursuant to SB 175 (Chapter 884, Statutes of 2018), DDS has authority to accept court admissions of individuals experiencing an acute crisis to a separate and distinct unit of the state-operated Canyon Springs Community Facility, operating as a STAR unit (Desert STAR) to serve up to 10 individuals. This was developed as a temporary solution while other community-based STAR homes were built. Desert STAR has served 28 individuals with complex mental health and behavioral support needs. Statute (Welfare and Institutions Code 7505) prohibits new admissions to Desert STAR after June 30, 2023.

- **Community Crisis Homes (CCH).** The Safety Net also includes vendor-operated crisis homes for children, adolescents, and adults known as crisis homes. CCHs are generally four-bed residential facilities that provide 24-hour non-medical care to adults and children with developmental disabilities in need of crisis intervention services who would otherwise be at risk of placement in an institutionalized setting (acute crisis center, a state-operated facility, an out-of-state placement, a general acute hospital, or an institution for mental disease).

- **Enhanced Behavioral Supports Homes (EBSH).** Enhanced Behavioral Supports Homes (EBSHs) are adult residential facilities or children's group homes. EBSHs provide 24-hour non-medical care in a homelike setting to individuals with developmental disabilities who require additional supports, staffing, and supervision. The homes have unique characteristics and offer behavioral services and supports which are beyond what is typically available in other community-based homes. EBSHs are certified by DDS and licensed by the State Department of Social Services.

- **Delayed Egress Secure Perimeter homes**. Delayed egress/secure perimeter is an addition to a licensed facility, mainly an EBSH, a CCH, or a Special Residential Facility (SRF). Homes that are identified as delayed egress/secure perimeter have a locked fence and a gate around the facility. This is designed for individuals who, based on an assessment, pose a risk of harm to themselves or others and require the delayed egress/secure perimeter as an enhancement to staff supervision. The current completed capacity for homes with delayed egress/secure perimeter is 39, with 10 homes with a capacity for 40 bed currently in development.

- **Adult Residential Facility for Persons with Special Health Care Needs (ARFPSHNs).** These homes were developed for adults with IDD who are medically fragile and require 24/7 licensed nursing supports. Additionally, Group Homes for Children with Special Health Care Needs are designed to provide 24/7 health care and intensive support services in home-like settings for up to five children each.

Systemic, Therapeutic, Assessment, Resources, and Treatment (START). The START model provides vendor-operated crisis prevention and response services for individuals with IDD and complex behavioral health needs. The first START teams were piloted by Regional Centers in 2019, and now 15 START teams serve 15 Regional Centers. START has served 928 total individuals with 488 actively receiving services. Individuals receiving START services have experienced reductions in inpatient psychiatric hospitalizations and mental or behavioral health visits to hospital emergency departments, with the vast majority maintaining residence in the community or family home.

Crisis Assessment Stabilization Team (CAST). CAST services are state-operated mobile crisis services, providing partnerships, assessments, training and support to individuals continuing to experience crises after Regional Centers have exhausted all other available crisis services in their catchment areas and for those who are at risk of having to move to more restrictive settings. There are three CAST teams serving 11 Regional Centers: one CAST in Northern California, one CAST in Southern California, and one CAST in Central California. Staff are shared with STAR Homes.

2023 Safety Net Areas of Focus. The stakeholder workgroup participating in the development of the 2023 Safety Net Plan identified the following specialized populations of focus:

- Aging populations of individuals served and their caregivers
- Children and youth in the child welfare system
- Individuals with Autism Spectrum Disorder (ASD)
- Individuals with Complex Support Needs
- Individuals served with Fetal Alcohol Syndrome

In addition to focusing on the above specialized populations, stakeholders identified areas of focus as (1) Prevention and Abuse Awareness and (2) Prevention Supports and Services. The 2023 Safety Net Plan includes stakeholder recommendations for each of these categories.

Governor's Budget Proposals for the Safety Net. The following Safety Net Plan proposals are included in the Governor's budget:

CAST Staffing Revision. DDS proposes to establish a standalone CAST team in response to the increased need for crisis support. This proposal would effectively separate CAST teams from the STAR Homes as they currently share several staff. Currently each of the three statewide CAST teams is authorized 7.25 positions, for a statewide total of 21.75 positions. The proposed changes would result in 19 positions statewide. The revised CAST team is comprised of Psychologist, Community Program Specialist, Behavior Specialist, and Psych Tech Instructor. The net impact is a decrease of -2.8 statewide CAST positions and -$280,000 (-$173,000 General Fund).

State-Operated Complex Needs Residential Program. DDS proposes to develop a residential program (three five-bed intermediate care facilities (ICFs) with a maximum stay of 18 months) for high intensity needs, adolescents/adults with complex, co-occurring IDD and mental health diagnoses. This residential program will focus on serving individuals with severe aggression, tendencies for property destruction, and leaving unexpectedly. The complex needs residential program will be designed as an enhanced STAR model with an increased focus on mental health services, partnerships with local mental health resources to provide strong mental health and psychiatric supports, and a partnership with DDS' Office of Protective Services. This proposal would be an alternative service option for Desert STAR as admission is only allowable through June 30, 2023 [W&I Code section 7505(a)(4)]. This proposal includes amendments to extend the authority for Desert STAR operations during development of the three complex needs homes.

DDS notes that there were 2,754 adolescents and adults identified statewide with complex needs in 2021. According to DDS, although specialized models like CCHs and state-operated STAR homes provide individuals experiencing an acute crisis with person-centered support and crisis stabilization on a time-limited basis, there remains a critical need for a "can't say no" option for individuals whom private sector vendors cannot or will not serve. As a result of limited appropriate resources, individuals have experienced admission to locked psychiatric facilities, medical hospitals, Institutions for Mental Disease (IMDs), or received services out-of-state. In 2021-22, 892 individuals had unplanned psychiatric hospital admissions, 329 individuals were referred to the Statewide Specialized Resource Services, and 48 adults were admitted to an IMD, funded by a Regional Center.

DDS states that a new model of service for individuals with high intensity needs with co-occurring IDD and mental health diagnoses would reduce the number of individuals served in restrictive settings and will assist in meeting the growing need for acute crisis services, as well as reducing reliance on Canyon Springs Community Facility.

Intermediate Care Facility (ICF). ICFs are health facilities licensed by the California Department of Public Health to provide 24-hour personal care, habilitation, developmental, and supportive health services to developmentally disabled clients whose primary need is for developmental services and who have a recurring but intermittent need for skilled nursing services. This is a different licensing model than most DDS homes, such as STAR Homes, which is a primarily residential model licensed by the

Department of Social Services. There are several types of ICFs, including some that are designated for nursing care for people with IDD who are medically fragile.

DDS also states that ICF licensure supports the success of this population by providing a broader range of clinical specialties to support the complex needs of these individuals. The Governor's budget proposes $10.5 million General Fund for the development of these Complex Needs homes.

STAR Staffing and Conversation to ICF Licensure. The Department requests ongoing staffing resources, including 41 positions, to convert two of its seven STAR homes, which are currently licensed as Adult Residential Facilities through the Department of Social Services, to ICFs licensed through the Department of Public Health.

According to DDS, this ICF conversion provides a more robust clinical staffing complement to serve individuals with complex needs that are more challenging to serve through the CCH model, such as individuals with co-occurring behavioral and medical needs. The ICF model incorporates classifications including a dietician and a physician to respond to acute behavioral and medical needs. According to DDS, the ICF model will be able to meet complex individual needs within the home without frequent disruptions in care associated with having to access external community and generic resources that are often not equipped to support the complexities of co-occurring IDD and behavioral, mental, and medical health needs.

Regional Center Supports for Trauma-informed Services for Foster Youth. DDS proposes ongoing funding of $1.6 million ($1.1 million General Fund) to provide an additional 15 additional Regional Center specialists statewide who will focus on the requirements related to youth in foster care with complex needs and multi-system involvement. These 15 Regional Center Specialists would join 15 current Regional Center specialists who are responsible for implementing recommendations pursuant to the AB 2083 System of Care Multiyear Plan, which establishes a framework for improving cross-agency coordination to improve services for foster youth with complex needs. These positions have a defined scope of work and responsibility to implement recommendations to address timelines for youth in foster care who are also eligible for regional center services. For example, 27 percent of infants and toddlers ages 0-2 in foster care exceed the 45-day intake timeline for Early Start, as compared to 21 percent of infants and toddlers not in foster care.

The Regional Center Specialists (both the current 15 specialists and the additional proposed 15 specialists) are responsible for:

- Collaborating and sharing information with counties, state agencies, and other specified entities to identify and coordinate services for foster children and youth served by regional centers;
- Identifying and coordinating available placement and service options for foster children and youth served by regional centers;
- Participating on interagency leadership and placement teams;
- Providing expertise and guidance to regional center staff on service coordination for foster children, and youth served by regional centers, who have experienced severe trauma; and,
- Providing DDS with implementation updates and recommendations.

Establish an Autism Services Branch at DDS. DDS proposes six permanent positions to establish an Autism Services Branch within the Office of Statewide Clinical Services to support statewide policy and program development and address the needs of the growing population of individuals with Autism Spectrum Disorder (ASD). This proposal is discussed in Issue 6 of this agenda.

Extension of 10 IST Beds at Porterville Developmental Center. This proposal is not included in the department's 2023 Safety Net Plan, but relates to the department's statewide capacity for serving individuals with complex needs.

Porterville Developmental Center Secure Treatment Program (PDC-STP) houses adults with IDD who have been charged with a crime, and who have been determined by the court to be Incompetent to Stand Trial (IST). At PDC, individuals are provided with training in an attempt to restore their competency in order for them to be able to stand trial. If an individual cannot be restored to competency, they may be committed civilly to the Secure Treatment Program until they can become ready to step down into a community placement, usually with significant training and supports.

The 2020 Budget Act provided temporary resources to increase capacity in the PDC STP by 20 persons through June 30, 2023. The purpose of this extension was to support compliance with the *Stiavetti* lawsuit, which requires IST services within 28 days of a transfer of responsibility. The Governor's budget includes trailer bill language to extend 10 of the 20 beds for an additional year, for a cap of 221 individuals rather than 211 as defined in current law. The Porterville STP census was 189 as of January 2023, and DDS is currently compliant with the 28-day timeframe. This issue is discussed in greater detail in Issue 3 of this agenda.

Stakeholder Concerns with the Safety Net Plan. Between the development of the three new "Complex Needs" homes and the conversion of two STAR Homes, the Governor's proposal will create five new Intermediate Care Facilities (ICFs). Disability Rights California notes that ICFs are "institutional by definition and design," and have policies that are more permissive of mechanical restraints. Stakeholders have expressed concerns that the Safety Net Plan focuses primarily on building out more restrictive settings like ICFs and less on expanding community-based services such as Supported Living Services (SLS) that have proven to be successful in meeting the needs of individuals with complex needs.

Subcommittee Staff Comment. Informational Item. No action is needed.

Staff notes that DDS has expressed the intention to locate the three proposed state-operated "Complex Needs Residential Program" homes on DDS property in Southern California, on or adjacent to the grounds of Fairview Developmental Center. Fairview Developmental Center is currently in a warm shutdown phase to maintain the facility while the City of Costa Mesa works on a development plan. It is unclear how the potential development of these new homes on the Fairview site would impact the warm shutdown or the state's goal of permanently closing Fairview Developmental Center.

The Subcommittee requests DDS respond to the following questions:

1. Please provide an overview of the Safety Net, including a brief history on how the Safety Net was developed in conjunction with the closure of Developmental Centers. Who is served by the safety net, and what is the spectrum of residential and crisis services available to individuals who have

complex needs? Please include descriptions of the population, including demographic information, and programming available at Canyon Springs and Porterville in addition to the crisis continuum.

2. Please describe the changes proposed in the 2023 Safety Net Plan, including the three Complex Needs Residential Homes, the conversion of two STAR Homes to ICFs, and the proposed extensions of 10 beds at Canyon Springs and Porterville. Please explain why these changes are needed.

3. What additional services, capacity, or models are needed to complete the Safety Net? How do the changes proposed in the 2023 Safety Net Plan address these needs, and what are the gaps in services that remain?

Issue 3: Extension of 10 Beds at Porterville Developmental Center

Trailer Bill Language – Governor's Budget. DDS proposes trailer bill language to extend 10 Incompetent to Stand Trial (IST) Beds at Porterville Developmental Center for one year. Current law caps the Porterville Developmental Center Secure Treatment Program (STP) at 211 persons starting on July 1, 2023. This proposal would extend the cap to 221 persons until July 1, 2024.

Porterville Developmental Center. Porterville Developmental Center (PDC) Secure Treatment Program (STP) provides 24-hour residential services to adults who have IDD, have been charged with a crime, and have been determined by the court to meet the criteria requiring IST treatment in a secure area.

Individuals with IDD who are arrested and determined to be incompetent to stand trial (IST) are referred to competency training so that they may participate in court proceedings. The maximum commitment time for competency training is two years, with some lesser offenses having a shorter commitment time. If an individual with IDD cannot be "restored to competency" during the two- year commitment period, a court may dismiss the criminal charges or determine that the client should be subject to a civil commitment under Welfare & Institutions Code section 6500(a)(1). This type of civil commitment is for clients with IDD who are determined by a court to pose a danger to themselves or others. If the client is placed at Porterville STP, the treatment teams work with the appropriate Regional Center when the individual is deemed ready to return to the community to find the a community placement appropriate for the client's long-term safety and stability.

The Porterville STP census was 189 as of January 2023. The following chart includes demographic information on the individuals housed at Porterville:

Age	99% 1%	18-64 years 65 years and over
Gender	91% 9%	Male Female
Ethnicity	34% 29% 22% 15%	Black or African-American Hispanic White Other, Unknown or Asian
Primary Language	90% 7% 3%	English Spanish Other or Unknown
Legal Status	58% 42%	WIC 6500 PC 1370.1
Resident County	45% 15% 15% 11% 7% 6%	South Coast Region Bay Area Central Region North Central Region Inland Deserts Region Northern Region

***Stiavetti* Lawsuit.** *Stiavetti v. Clendenin* (originally *Stiavetti v. Ahlin)* initiated by the ACLU, alleged constitutional violations due to the delay in admission of Incompetent to Stand Trial (IST) defendants to State Hospitals and DDS Developmental Centers. The court's judgment found that the Department of State Hospitals and DDS must commence substantive services to restore IST defendants to competency within 28 days of the transfer of responsibility. The amended ruling orders a compliance date of February 27, 2024.

In past years, there was a waitlist for admission to competency training at Porterville STP. To maintain capacity to meet the timelines required by *Stiavetti*, PDC received funding for an additional 20 beds (increasing the total statutory cap from 211 to 231) until June 30, 2023. DDS is currently compliant with the 28-day timeframe. According to DDS, the request for 10 of the 20 beds to continue through 2023-24 is to continue meeting the 28-day timeframe during the transition to a post-pandemic environment.

Investments in Community-Based Restoration Programs and Diversion. The 2021 budget included $2.3 million ($853,000 General Fund) for three positions and resources to develop community-based competency restoration programs. Additionally, the 2020 budget included trailer bill language that made it easier for courts to divert people with IDD away from the criminal legal system and provided parity for diversion options for individuals who have committed non-violent crimes. While DDS provides competency training and treatment at Porterville Developmental Center STP, this may not be the optimal setting for particular individuals, such as those who have been charged with non-violent felony offenses and could be safely served in a community setting.

The 2021 Budget Act funded forensic specialist positions in a number of Regional Centers to assist in development, monitoring, outreach and management of services for individuals who have become involved in or have a high potential for involvement in criminal conduct. The 2021 Budget Act also included funding for a Regional Center-contracted statewide intensive individualized transition service to provide wraparound services to individuals with IDD who have entered the judicial system.

To provide alternatives to Porterville, DDS has developed three PDC-specific step-down homes and five Delayed Egress Secured Perimeter Enhanced Behavioral Support Homes (EBSHs) for a capacity to serve up to 32 individuals transitioning out of PDC from a WIC 6500 admission. This provides additional capacity to support Penal Code 1370.1 admissions at Porterville. In addition, a number of EBSH and Community Crisis Home (CCH) resources have been developed to serve individuals at Porterville under a 6500 admission who are ready for transition to community settings. DDS also meets with each Regional Center at least quarterly to confirm progress is being made on transition plans for each individual residing at Porterville under a 6500 admission.

Concerns about the Conditions at Porterville. Disability Rights California notes that although civil commitments to Porterville are reviewed annually by a court, civil commitments to Porterville can last indefinitely, sometimes longer than the person would have otherwise remained in prison.[5] The residents at Porterville, as displayed in the table above, are disproportionately Black and Latino men. According to a recent paper published by Disability Rights California, 20 of the current Porterville residents have been

[5] Disability Rights CA, "Porterville Developmental Center Q&A," March 2023: https://www.disabilityrightsca.org/latest-news/porterville-developmental-center-qa

living in Porterville for five to nine years, 12 for 10-20 years, and four residents have been living in Porterville for over 20 years. Porterville also has the highest total number of restraint episodes across DDS-operated facilities.[6]

Funding. The Porterville STP is 100 percent General Fund as these services are not eligible to receive federal assistance. The DDS budget includes $4.9 million General Fund to extend 10 beds at Porterville through July 1, 2024, above the current statutory cap. This trailer bill language is the statutory language needed for that extension. The DDS budget also includes a decrease of $3.7 million General Fund due to half of one unit closing.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that current law ends the extension of 20 beds at Porterville STP (for a total of 231 beds) on July 1, 2023, at which point the statutory cap on Porterville STP will return to 211 persons. The census at Porterville has remained below 200 for many months and is currently 189 individuals, which is comfortably below the 211 cap set to take effect on July 1, 2023. DDS is currently meeting the 28-day timeframe for IST admissions pursuant to the *Stiavetti* lawsuit. Therefore, it is unclear why an additional extension of 10 beds is necessary.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. The current census at Porterville STP is 189 individuals as of January 2023, and DDS is currently meeting its obligations under *Stiavetti*. Why is capacity for more than 211 individuals needed?

3. The 2020 Budget and the 2021 Budget Acts provided additional resources to help divert consumers away from the criminal legal system and to develop community-based competency restoration programs. Please provide an update on how those resources are being used and the timeline for the development of additional community-based forensic programs. How many individuals with IDD have participated in diversion programs or community-based competency restoration programs?

[6] DDS Restraint Data: https://www.dds.ca.gov/wp-content/uploads/2023/03/4TH-Q-HRIWebPosting-1.pdf

Issue 4: Extension of 10 Beds at Canyon Springs

Trailer Bill Language – Governor's Budget. DDS proposes statutory changes to extend 10 crisis beds at Canyon Springs Community Facility. The 2022 Budget Act permits admissions to the 10-bed acute crisis unit within Canyon Springs Community Facility (CSCF) through June 30, 2023. This trailer bill language would extend admissions to the 10-bed acute crisis unit, known as Desert STAR, until the three Complex Needs Residential Homes proposed in the Governor's Budget are open.

Background. Welfare and Institutions Code (WIC) Section 7505(4) details exception criteria whereby an individual can be admitted to a state-operated facility. Admissions to Canyon Springs for individuals who meet the specified criteria ends on June 30, 2023. The specified criteria established in WIC 7505(4) includes an individual who is committed by a court to Canyon Springs and meets the definition of an acute crisis, defined as:

- There is imminent risk of substantial harm to the individual or others.
- The services and support needs of the individual cannot be met in the community, including supplemental services or other emergency and crisis intervention services.
- Due to serious and potentially life-threatening conditions, the individual requires a specialized environment for crisis stabilization.

WIC Section 7505(5) enables individuals to be committed by a court to Canyon Springs who are currently admitted to either an acute psychiatric hospital or an acute crisis facility due to an acute crisis until June 30, 2023.

Canyon Springs Community Facility (CSCF). Canyon Springs Community Facility is a state-operated locked facility that houses up to 56 adults who have IDD. There are three Immediate Care Facilities (ICF) units on campus. The facility staff focus on the development of the individuals' ability to manage their lives through various treatment/training programs such as behavioral supports and replacement behavior teaching, coping skills, life skills, supportive counselling, vocational skills, adult education, recreational skills, interpersonal relationship development, community integration, and encouragement of healthy life choices. CSCF operation expenditures are funded through General Funds, Reimbursements and Lottery Funds.

Desert STAR. Since September 28, 2018, pursuant to SB 175 (Chapter 884, Statutes of 2018), DDS has authority to accept court admissions of individuals experiencing an acute crisis to a separate and distinct secure unit of the state-operated Canyon Springs Community Facility, operating as a STAR unit (Desert STAR) to serve up to 10 individuals. Desert STAR has served 28 individuals with complex mental health and behavioral support needs. Statute (Welfare and Institutions Code 7505) prohibits new admissions to Desert STAR after June 30, 2023.

State-Operated Complex Needs Residential Homes. As described in Issue 2 of this agenda, DDS's Safety Net Plan proposes to develop a residential program (three five-bed intermediate care facilities (ICFs) with a maximum stay of 18 months) for high intensity needs, adolescents/adults with complex, co-occurring IDD and mental health diagnoses. This new residential program will focus on serving individuals with severe aggression, tendencies for property destruction, and leaving unexpectedly. The complex needs residential program will be designed as an enhanced STAR model with an increased focus

on mental health services, partnerships with local mental health resources to provide strong mental health and psychiatric supports, and a partnership with DDS' Office of Protective Services. These homes would be an alternative service option for Desert STAR as admission is only allowable through June 30, 2023. The Governor's budget proposes $10.4 million for start-up resources to develop these three homes.

According to DDS, The ICF model for crisis beds at Canyon Springs has been effective in providing services to individuals with co-occurring diagnoses who require crisis services. The extended authority would provide these supports while the complex needs homes are developed to provide similar services in a community setting. Two homes would offset the use of Canyon Springs for crisis services, which currently serves 10 adults, and an additional home would support the increasing demand for adolescent services, including mental health services. The need for one adolescent home was based on assessment of the number of existing and past trends for STAR referrals for adolescents. This trailer bill language would extend admissions to the 10-bed acute crisis unit, known as Desert STAR, until the three Complex Needs Residential Homes proposed in the Governor's Budget are open.

Subcommittee Staff Comment and Recommendation – Hold Open.

Subcommittee staff notes that admission to Desert STAR is only permissible through June 30, 2023. This trailer bill language does not include a date to which admissions would be extended, but rather allows for admissions to Canyon Springs/Desert STAR to continue until the point that the three Complex Needs Residential Homes proposed in the Safety Net Plan are open. This proposal lacks specificity as to how long admissions to Desert STAR will be permitted to continue. For example, will admissions to Desert STAR continue until all three new homes are open, or only one or two of those homes? What is the department's timeline for opening these homes? Should the Legislature consider extending the Desert STAR admissions past the June 30, 2023 statutory limit, it may wish to establish more concrete parameters for when admissions to Desert STAR must stop.

Additionally, neither this proposal nor the Safety Net Plan proposal includes a statutory definition of the Complex Needs Residential Homes. DDS states that because the homes would be licensed as ICFs, which is an existing licensing category, no new statutory definition is needed. However, without a definition of the Complex Needs Residential Homes, it is unclear how they will be different from a typical ICF, and how the unique features of the proposed homes, such as the five-person limit, 18-month length of stay, and focus on mental health and psychiatric supports, will be implemented.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal, including an overview of Canyon Springs Community Facility and Desert STAR.

2. Why it is necessary to extend admissions to Canyon Springs past the current statutory timeline of June 30, 2023? What is the department's timeline for developing the three new Complex Needs Residential Homes?

3. Why are the existing models for individuals with complex needs insufficient to meet this population? Why is the ICF model appropriate for this type of facility, and will the facilities be locked?

Issue 5: Equity and Oversight in Regional Center Services

The Subcommittee has requested the following individuals to participate in a panel discussion on improving equity and oversight in Regional Center services:

- Nancy Bargmann, Director, Department of Developmental Services
- Vivian Haun, Senior Attorney, Disability Rights California
- Fernando Gomez, Parent and Co-founder, Integrated Community Collaborative
- Amy Westling, Executive Director, Association of Regional Center Agencies (ARCA)
- Judy Mark, President, Disability Voices United

Background. In 1969, the Lanterman Act established that individuals with intellectual and developmental disabilities (IDD) and their families have a right to receive the necessary supports and services required to live independently in the community. The Lanterman Act enumerates the rights of individuals with IDD as well as the rights of their families, what services and supports are available to these individuals, and how regional centers and service providers work together to provide these supports and services. The term "developmental disability" is defined as a disability that originates before a person reaches 18 years of age, is expected to continue indefinitely, and is a significant disability for the individual. Such disabilities include epilepsy, autism spectrum disorder, intellectual disability, and cerebral palsy, among others.

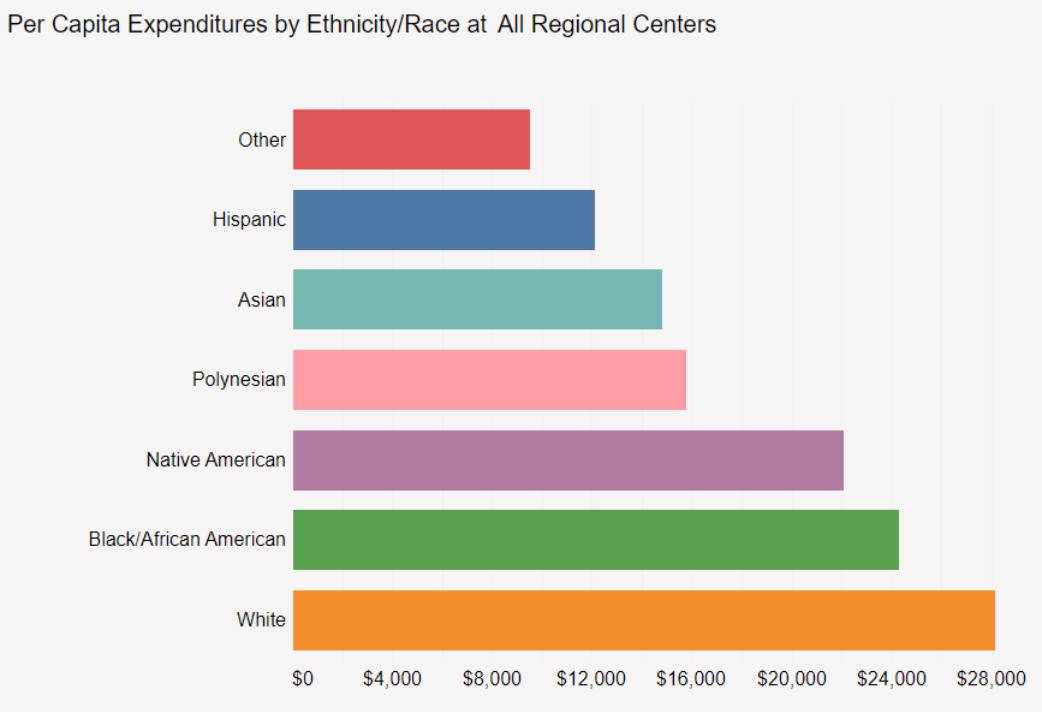
Regional Centers. In addition to establishing the rights of individuals, the Lanterman Act also created California's regional center system, comprised of 21 nonprofit regional centers throughout the state whose primary purpose is to connect individuals with services in the community. Regional centers coordinate a robust array of services and supports for over 400,000 individuals with IDD in 2022-23. Services may include diagnosis, evaluation, treatment, and coordination of services such as personal care, day care, special living arrangements, and physical, occupational, and speech therapy. Additional services include, but are not limited to mental health services, recreation, counseling for the individual served and their family, assistance locating a home, behavior training and modification programs, emergency and crisis intervention, and many others.

Regional centers conduct assessments, determine eligibility for services, and provide case management for individuals with IDD through an Individual Program Plan (IPP), which is a plan for services and supports developed according to the needs and personal choices of the individual. The IPP serves as a tool to maximize the opportunities for each individual with IDD to develop relationships, integrate into community life, increase control over their life, and obtain positive roles in the community. The IPP is required to prioritize the services and supports that allow children to live with their families and adults to live in the community as independently as possible.

The regional centers do not provide direct services; they purchase services from local service providers on the individual's behalf, according to the IPP. This is known as purchase of services (POS).

Disparities in the Regional Center System. Racial and ethnic disparities in the provision of developmental services has been a longstanding concern in the regional center system. According to DDS, within the regional center system, 24 percent of individuals served speak a language other than English and 72 percent of all consumers served by DDS are non-white; however studies consistently find that communities of color are less likely to receive regional center services and receive lower than average per capita POS compared to white individuals.

Existing law requires regional centers to compile and report POS data broken down by race/ethnicity, age, language, disability detail, and residence type, and to meet with stakeholders annually regarding this POS data. These data consistently have shown large disparities in the average amounts spent among these groups. In particular, spending for Hispanic/Latino individuals is about half that for white individuals on average. The chart below, provided by DDS, demonstrates per capita expenditures by ethnicity/race at all Regional Centers:



Service Access and Equity Grants. In 2016, the Legislature authorized the Service Access and Equity grant program through ABX2-1 (Thurmond, Chapter 3, Statutes of 2016), which provides $11 million in ongoing General Fund resources for DDS to assist regional centers in reducing POS disparities. In 2017, AB 107 (Committee on Budget, Chapter 18, Statutes of 2017) additionally allowed community-based organizations to receive Service Access and Equity grant funding. The 2022 Budget Act temporarily doubled the funding for the Service Access and Equity grant program, adding $11 million one-time in addition to the $11 million annually.

Over 400 grants have been awarded since 2016, touching over 200,000 people statewide. Some examples of Service Access and Equity grant projects funded in 2022-23 include:

- Empower diverse emerging self-advocate leaders and mental health ambassadors with skill development through education and training.
- Create the first statewide Native American navigator program based on tribal land.
- Establish a first-of-its-kind navigator and support program focused on the Deaf+ community.
- Facilitate navigating Early Start services for Black infants exiting NICUs through grassroots and trauma-informed care approaches.
- Build a more culturally and linguistically responsive workforce of clinicians, behavior therapists and respite service providers from the African American, Hispanic, and Asian communities.
- Partner with Los Angeles County to streamline behavioral health treatment for foster youth served by regional centers.
- Connect Chinese and Vietnamese self-advocates and their aging caregivers with community partnerships and supports for future planning and advocacy training.

Independent Evaluation of the Service Access and Equity Program. An evaluation by Georgetown University is in progress to provide recommendations and help prioritize areas of focus, populations, and interventions that will have an impact on disparities reduction. In April 2023 an interim report will be submitted to the Department with preliminary findings to restructure the Service Access and Equity grant program with recommendations focused on types of projects most likely to lead to disparities reduction and increased access over time that have impact on the individual, family, community, organization, and system levels.

Other Efforts to Promote Equity and Reduce Disparities. In addition to the Service Access and Equity grant program, DDS and Regional Centers are implementing many initiatives designed to promote equitable access to developmental services. Some of these initiatives include:

- **Community Navigator Program.** Statewide navigators with lived experience, shared culture, ethnicity and language to support individuals/families to utilize and access services. This program aims to build families' trust with regional centers and is being implemented through a contract with trusted community partners, the Family Resources Center Network of California. Over 1,200 people have been served in the last 9 months with over 44 Community-Based Navigators hired.
- **Language Access & Cultural Competency Program**. Statewide program with all regional centers creating comprehensive plans reflecting their data of language, ethnicity, and culture to better support language/cultural needs of individuals/families served.
- **Enhanced Service Coordination (Reduced Caseloads)**. Enhanced Service Coordination at a 1:40 service coordinator ratio for individuals in underserved communities with low or no POS. The reduced caseload is intended to improve service access and delivery for individuals in underserved and diverse communities, including non-white, non-English speaking, hearing impaired, and/or other populations preapproved by the Department. Regional centers have hired

service coordinators and added individuals to Enhanced Service Coordination caseloads. DDS will survey regional centers for caseload updates in mid-March, and questionnaires to measure changing knowledge and trust of the Regional Center system will launch in April 2023.

- **Restoration of Social Recreation and Camp Services.** The 2021 Budget Act restored a number of services that were suspended during the Great Recession, including: social recreation, camping, educational services for children 3-17, and nonmedical therapies such as specialized recreation, art, dance, and music. DDS is tracking expenditures by both language and ethnicity. Currently, statewide utilization by ethnicity is as follows:
  - White: 34 percent
  - Hispanic/Latino: 28 percent
  - Asian: 20 percent
  - Black/African American: 5 percent
  - Other: 13 percent

- **Implicit Bias Training.** This initiative is intended to raise awareness of unconscious biases to improve and develop the regional center workforce. The training provides strategies and tools used to disrupt these biases and helps to eliminate biases that contribute to decisions that favor or exclude others. In February 2023 the statewide contract was awarded to EquitiFy and is pending final approval.

- **Bilingual Differential**. This initiative funds a pay differential program for direct service professionals who can communicate with consumers in a language or medium other than English. The program is anticipated to begin in Spring of 2023.

- **Provisional Eligibility.** This policy provides children ages three and four with provisional Lanterman Act eligibility to start support of families early and at critical developmental ages.

- **Resources to Serve the Deaf Community**. This initiative focuses on developing trusted relationships within the deaf community. DDS established a Deaf Access Specialist at headquarters to provide statewide leadership and subject matter expertise, as well as 21 Deaf Access Specialists at the regional centers to increase local understanding, awareness and resources.

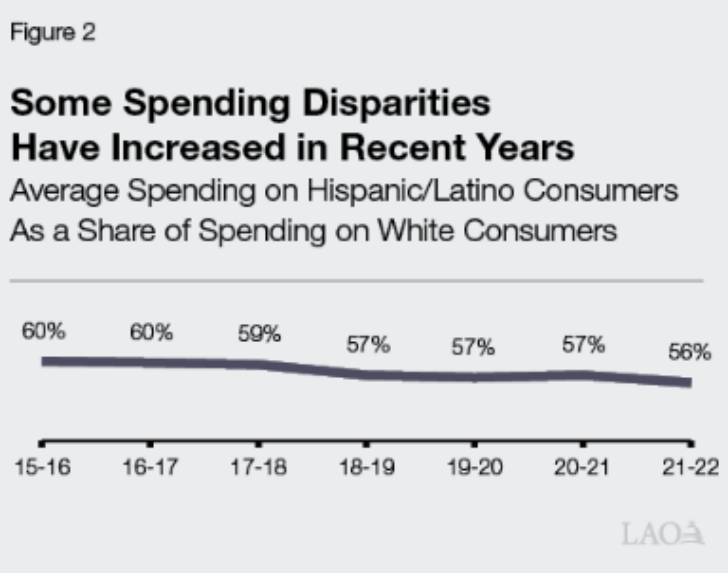
- **Coordinated Family Support Services.** This is a new service to support multigenerational homes with services beyond respite services. Many diverse communities care for loved ones in the family home and this initiative seeks equity in access to services. DDS issued guidance in January 2023 and regional centers are in the process of vendoring service providers.

- **Tribal Engagement**. DDS is collaborating with the California Tribal Families Coalition and three lead regional centers to increase awareness/education to support Native American families to access the Early Start program. It has also supported the first American Indian Disability Conference and engaged in listening sessions, training, and awareness meetings. DDS reports that this outreach has been overwhelmingly positive in fostering meaningful relationships with Tribal communities. Over 36 tribes have participated in outreach/learning/listening sessions.

DDS is also engaged in focus groups and workgroups that focus on engaging underserved communities to develop policies that are more responsive to the needs of families. This work includes monthly DDS African American focus groups centered on implicit bias and how communities of color experience intake and assessment, and monthly meetings with community-based organizations.

Fair Hearing Reform. The 2022 Budget Act created the Division of Community Assistance and Resolutions at DDS. This includes $4.4 million ($3.7 million General Fund) ongoing and 20 permanent positions to establish the new Division, including an interagency agreement with the Department of General Services, to partner on improvements to the state hearings process. This reform was in response to reports that individuals with IDD navigating the Regional Center appeals process found the appeal process (known as fair hearings) to be overly complex, opaque, and biased. This reform overhauled the fair hearing process to make it more friendly to individuals with IDD and their families and created an Office of the Ombudsperson within DDS to assist with accessing Regional Center services.

Spending Disparities by Race/Ethnicity Persist. According to the Legislative Analyst's Office, the available data suggest relatively little movement in terms of reducing spending disparities since equity grants were first introduced, and actually indicate a widening in the disparity in average spending per Hispanic/Latino individual served as a share of the average spending on white individuals:



Source: Legislative Analyst's Office

The Legislative Analyst's Office notes that the state lacks insight into the drivers of spending disparities. One potential reason the ongoing equity grants have not yet addressed spending disparities is that they are not guided by a clear understanding of why such disparities exist. Although the administration has pointed to some factors which explain a share of the overall disparities (most notably, that Latino/Hispanic individuals are more likely than white individuals to live with their parents and thus utilize fewer residential services, which are more costly), to date, no attempt has been made to document comprehensively the drivers of disparities and to quantify their likely effects. The Legislative Analyst's Office suggests the Legislature consider options for developing a study, which could be used as the basis for a more coordinated effort to address disparities.

Spending is one way to measure equity. Disparities in spending across race/ethnicity and other lines are one measure of whether individuals with IDD are receiving the services and supports that they are entitled to under the Lanterman Act. Significant disparities in spending, especially for Hispanic/Latino individuals and groups that are historically underserved, may indicate that these communities are not receiving the services and supports they are entitled to compared to white individuals.

Using spending as a metric reflects evaluating equity by using the data that is currently available. However, the core of the Lanterman Act is that individuals receive services and supports that are uniquely tailored to meet their individual needs and reflect their personal choices and preferences. The services and supports that an individual needs may vary widely depending on an individual's disability, stage of life, preferred living situation, and personal choices. As a result, the dollars spent on each individual's services, according to their IPP, may also vary widely. Thus, measuring equity solely in terms of dollars spent on groups does not provide comprehensive insight into whether individuals with IDD are receiving the full array of person-centered services and supports they are entitled to receive under the Lanterman Act. It also does not measure the quality of the services provided.

Spending disparities also largely indicate the symptoms of an inequitable structure, rather than the root causes of barriers that prevent individuals and families from accessing needed services from Regional Centers. As the Legislative Analyst's Office notes, the state still lacks insight into these root causes.

For example, one of the successful service access and equity programs highlighted by DDS is the "Genuine Animate Navigate Assist Succeed (GANAS)" project funded in 2020-21**.** DDS reports that **"**Padres con GANAS has decreased parents' anxiety levels when they advocate for their children. The program brought peace and clarity to many parents, as the target advocacy skills were developed."

Generic Resources. The Lanterman Act requires individuals and families to exhaust "generic resources" before Regional Centers will purchase a requested service. This means Regional Centers have to first find out if another state agency is already responsible for meeting a need before the Regional Center can pay, making the Regional Center the "payer of last resort." Some examples of generic resources include healthcare services provided by Medi-Cal, personal assistance through the In-Home Supportive Services (IHSS) program, which is also a Medi-Cal program, and special education services provided by the public school system. According to a recent report by Disability Rights California (DRC), "our current system places the onus almost entirely on the disabled person or their family to pursue and prove the unavailability of a requested service from a generic resource. DRC's clients of color consistently cite this bureaucratic process as one of their most significant barriers to accessing services."[7]

Further, existing law requires that before a Regional Center can pay for a service, the individual must not only show that they have been formally denied by a different agency, they must then appeal the denial. This was a cost-saving measure introduced during the Great Recession. According to the Association of Regional Center Agencies (ARCA), this appeal requirement "makes it harder to get services, so people – especially in underserved communities – give up, even though they need the service."[8]

[7] From Navigation to Transformation: Addressing Inequities in California's Regional Center System Through Community-Led Solutions, Disability Rights California, January 2023.
[8] Association of Regional Center Agencies

The current case management system does not have the ability to track generic resources, which makes it hard to know if individuals and families are receiving the services they need from other agencies. DDS is currently in the process of modernizing its case management IT system, which is discussed in Issue 10 of this agenda.

Differences across Regional Centers. A report recently published by Disability Voices United, "A Matter of Race and Place," outlines the ways in which geographic disparities, in addition to racial/ethnic disparities, can impact access to services for individuals with IDD.[9] This report notes that some Regional Centers spend more on services than other Regional Centers, regardless of race/ethnicity. Some findings from this report specific to geographical disparities include:

- Westside Regional Center borders Harbor Regional Center (Long Beach/South Bay) with similar demographics. Yet average spending on adults who are living at home is vastly different with a $16,710 gap between the two neighboring regional centers.

- The difference between the highest spending (Eastern Los Angeles Regional Center - $80,792) and the lowest spending (Inland Regional Center- $14,338) for adults in Supported Living Services is $66,454.

Stakeholders have also expressed concerns that the broad latitude Regional Centers have to make decisions about the services an individual receives affects equitable access to services. According to DRC, "At regional centers, service authorizations are determined through multiple layers of discretionary decision-making, creating many points where inconsistency and unintended bias can creep in. Identifying key decision-making factors or processes that should be standardized across regional centers could serve as a powerful counter. For example, people of color tell DRC that service coordinators often make assumptions about the availability of unpaid family caregiving for those living in multigenerational homes—assumptions that limit services for people who live with family members, who tend to be disproportionally of color and have lower incomes. Standardized rubrics that prompt a more comprehensive, nuanced review of family circumstances could help minimize such unintended consequences."[10]

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please summarize DDS's efforts to promote more equitable access to services and reduce disparities, including the Service Access and Equity grant program.

2. How are these efforts moving the needle on disparities and equitable access to services? What are the outcomes of these investments, and what have we learned is helping to improve access and services for underserved communities? What best practices has DDS identified for statewide use in increasing equitable access to services?

[9] A Matter of Race and Place: Racial and Geographic Disparities Within California's Regional Centers Serving Adults with Developmental Disabilities," Disability Voices United, October 2022.
[10] Disability Rights California.

3. Please describe the department's perspective on the root causes of inequity in the system, including the structural barriers that families may face when seeking the services they need from a Regional Center, such as issues with intake, assessment, and generic resources. Please also discuss how the department may address inconsistency in access to services across regional centers that may lead to inequity in the system.

Issue 6: Autism Services Branch

Budget Change Proposal – Governor's Budget. DDS requests $1 million ($826,000 General Fund) and six (6.0) permanent positions in 2023-24 and ongoing to establish an Autism Services Branch within the Office of Statewide Clinical Services to support the growing population of individuals with autism spectrum disorder eligible for regional center services.

Background. Under the Lanterman Act, DDS works to ensure that approximately 400,000 individuals with intellectual and developmental disabilities (IDD) receive the services and supports they need to lead more independent and productive lives in the community of their choice. DDS contracts with 21 non-profit organizations called regional centers (RCs) to identify and coordinate services to individuals with IDD in the community.

Autism Spectrum Disorder (ASD). Approximately 156,000 individuals eligible for Lanterman Act services have a diagnosis of ASD, and over the last ten years, RCs have experienced a 157 percent increase in caseloads of children and adults with ASD. While ASD represents 46 percent of the overall caseload, those with ASD make up the majority share (67 percent) of children and individuals ages 0-21. Since the establishment of the Regional Center system in 1969, intellectual disability has been the largest diagnosis among individuals served. Now, the DDS system is facing a remarkable and historic shift in the makeup of Californians with IDD, with ASD soon to be the majority share of individuals served. Some of the issues the Regional Center system faces in serving individuals with ASD include:

DDS notes that although ASD represents 46 percent of the DDS caseload, individuals with ASD represent approximately 60 percent of referrals made to the Stabilization Training Assistance Reintegration (STAR) homes and the Systemic, Therapeutic, Assessment, Resources and Treatment (START) preventative crisis programs statewide. DDS further notes that children with ASD are more likely to require mental health treatment, more likely to wander or leave unexpectedly, and face heightened risk of suicide.

Access to early intervention services improves developmental outcomes for children on the autism spectrum. Although clinical signs of ASD are evident within the first year of life and ASD can be reliably diagnosed at 14 months, DDS estimates that only around half of Lanterman-eligible children with ASD previously participated in Early Start services. Further, there is consistent evidence in the scientific literature for disparities in the age at diagnosis of ASD. For example, there are significant delays in diagnosis for African American children as well as girls on the autism spectrum. DDS has also identified disparities in RC spending on adults with ASD by race/ethnicity and language.

DDS Autism Services Specialist. DDS hired one Autism Services Specialist in 2018. The Autism Specialist is currently engaged in ASD research and data tracking, giving presentations and trainings, providing expertise on legislation and policy, responding to families and RCs on issues and inquiries related to ASD, and collaborating on DDS and CalHHS initiatives.

Staffing and Resource Request. This proposal includes $1 million ($826,000 General Fund) and six (6.0) permanent positions in 2023-24 and ongoing to establish an Autism Services Branch. The following positions would make up the proposed Autism Services Branch:

- Two (2.0) Staff Services Manager (SSM) II positions to provide leadership, supervision, and full management of branch projects and functions.

- One (1.0) Research Data Specialist (RDS) II position to support data analysis and tracking, ensure consistent and updated ASD reporting, and assist in the preparation of presentations and visuals.

- Two (2.0) Associate Governmental Program Analyst (AGPA) positions. One analyst will function as a family liaison, who will respond to incoming inquiries and requests for technical assistance, track trending concerns and issues, and assist with follow-up on individual cases requiring high levels of support. The second analyst will coordinate stakeholder meetings and materials related to ASD.

- One (1.0) Behavior Specialist (BS) II position. This position (a Board-Certified Behavior Analyst) will provide consultation related to behavioral supports and challenges for individuals with ASD and provide technical assistance to DDS staff, RCs, and providers. They will also help develop new and revised programs and policies, advise on activities related to DDS and California Health and Human Services Agency initiatives, support the development of resources and outreach materials, and develop and deliver trainings to internal staff and external partners.

Key Goals of the Autism Services Branch. DDS states that the creation of the Autism Services branch will enable DDS to improve outcomes and increase access to services for individuals with ASD. The requested staff will complete the following projects:

- Create a resource hub on the DDS website, which will house current and newly developed culturally and linguistically accessible ASD resources and updated DDS caseload reporting.

- Update the clinical guidelines for screening for and diagnosing ASD, which have not been updated since 2002. Develop current evidence-based direction for practitioners, including sections that address racial, ethnic, linguistic, and sex-based disparities. DDS will collaborate with clinicians and experts from the ARCA Psychology Collaborative (regional center clinicians) and the CA University Centers for Excellence in Developmental Disabilities (UCEDDs) on updating these guidelines.

- Recruit and convene an ASD stakeholder group.

- Develop and deliver outreach materials and trainings to DDS staff, RCs, community-based organizations, families, and system partners. This will create opportunities to increase early identification of children with ASD and increase the capacity of system partners to deliver evidence-based practices for supporting families and individuals.

- Respond to and track communications related to ASD. Improve capacity to respond to families and individuals regarding their rights and available supports.

- Track and report on current data and caseload characteristics.

- Engage in cross-department collaboration opportunities to raise awareness of issues related to autism. For example, collaborating with the California Department of Public Health Injury and Violence Prevention branch to reduce risk of suicidality in youth with ASD.

DDS states that these activities will improve insight into the needs of families impacted by ASD, enabling the proposed branch to make recommendations for improved supports.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal, including how the department will engage with individuals with Autism in the development of this branch.

2. How will DDS determine evidence-based practices for supporting families and individuals with Autism?

3. How will DDS know that the work of the Autism Services Branch is successful? How will the development of this branch affect the experience of individuals with Autism and their families in the Regional Center system?

Issue 7: Disparities within the Developmental Services System (AB 1957)

Budget Change Proposal – Governor's Budget. DDS requests $2.7 million ($1.8 million General Fund) annually through fiscal year 2025-26 and three permanent positions and $450,000 ($360,000 General Fund) ongoing to address the requirements of Chapter 314, Statutes of 2022 (AB 1957). The statutory changes require specified public reporting on Individual Program Plans and purchase of services (POS) for individuals with IDD.

Trailer Bill Language – Governor's Budget. DDS also requests trailer bill language to specify that certain POS data Regional Centers are required to report must be deidentified in accordance with the Health Insurance Portability Accountability Act (HIPAA).

Background. Chapter 25, Statutes of 2012 (AB 1472) required DDS and the Regional Center to annually collaborate to compile specified data relating to POS authorization, utilization, and expenditure by each Regional Center among other requirements. The purpose of this data reporting is to provide insight into disparities in Regional Center spending, referred to as the purchase of services (POS), across race/ethnicity and other categories. Data shows that individuals from communities of color receive fewer Regional Center services and receive lower than average POS, compared to their white counterparts. The data DDS and Regional Centers are required to annually compile and report include POS data broken down by:

- Age
- Race/ethnicity
- Language
- Disability
- Residence type
- Number of untimely translations of an Individual Program Plan (IPP) in a non-threshold language

AB 1957 (Wilson) Chapter 314, Statutes of 2022. In order to provide greater insight into spending disparities across the Regional Center system, AB 1957 added additional data points to the set of data that DDS and Regional Centers must report. This additional data mostly relates to services that were cut during the pandemic and recently restored, including social recreation, camping, educational services, and nonmedical therapies such as art, dance, and music. This bill also added untimely translations of an IPP in a threshold language to be included in the set of data.

Staffing and Resource Request. DDS requests additional data and administrative resources to support the development, validation, and updating of existing services classifications to compile and report the additional data included in AB 1957. The requested staff resources include:

- **DDS Staffing and Resources.** DDS requests $450,000 ($360,000 General Fund) and three permanent positions at DDS. These positions include: Research Data Specialist I, Research Data Analyst II, and Associate Governmental Program Analyst. These staff will create, validate, monitor, and maintain the new data sources required to meet reporting requirements.

- **Regional Center Staffing and Resources.** DDS requests $2.2 million ($1.4 million General Fund) annually through 2025-26, equivalent to half a position at each Regional Center, to support the data efforts.

Trailer Bill Language. DDS proposes trailer bill language to specify that data reported pursuant to the Welfare and Institutions Code (WIC) 4519.5, inclusive of the additional data added under AB 1957, must be deidentified in accordance with HIPPA.

Stakeholder Concerns. Stakeholders have expressed concerns that the proposed trailer bill language amounts to more than technical clean up and could negatively affect public insight into racial inequities in the developmental services system. If DDS takes a more aggressive approach to data masking than current practice (namely to suppress numerical counts of categories that contain fewer than 11 individuals), stakeholders worry that the resulting loss of detail could make distinct racial and ethnic groups less visible in reported data, particularly in more rural areas and for smaller ethnic communities that are already more isolated and marginalized.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that DDS must ensure publicly available data is properly deidentified in accordance with HIPPA in order to protect the privacy of individuals served by Regional Centers, while also implementing the intent of this legislation, which is to provide insight into spending disparities across Regional Centers, including among marginalized communities which may be small in number.

While the set of data Regional Centers must collect and report under WIC 4519.5 includes several data sets that are broken down by multiple factors, DDS does not currently aggregate this data with the same level of specificity. Compiling some or all of the data under WIC 4519.5 on a statewide level may be one way to provide greater insight into spending disparities while protecting privacy.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal.

2. The intent of WIC 4519.5 is to provide relevant data to inform local stakeholder meetings regarding the provision of developmental services to underserved communities. How will DDS work with stakeholders to strike an appropriate balance between protecting privacy and ensuring adequate data is available?

Issue 8: Enhancements to Risk Management Data Collection and Tracking

Budget Change Proposal – Governor's Budget. DDS requests $839,000 ($671,000 General Fund) in 2023-24 and ongoing and six (6.0) positions to enhance data collection, review, tracking, oversight, and response to special incident reports, high-risk incidents, and trends. The positions also will provide training and technical assistance to regional centers in their oversight and review of special incident data.

Background. Pursuant to the federal Home and Community-Based Services (HCBS) Waiver and Title 17 of California Code of Regulations, DDS' risk management system includes a special incident reporting system whereby regional center vendors and long-term health care facilities are required to report critical incidents (known as special incident reports or SIRs) involving individuals served. Reportable SIRs include alleged abuse, neglect, serious injury, unplanned hospitalization, missing persons, criminal victimization and death.

Qualified providers are required to report a SIR to an individuals's regional center within 24 hours after learning of the incident occurrence. Regional centers, in turn, submit reports to DDS within two working days following initial receipt of the incident report or within two working days of learning of the incident. DDS conducts daily reviews of the critical incident reports from regional centers to confirm proper notification and appropriate follow-up activities are occurring. DDS also tracks and trends SIR data for risk mitigation and system improvement opportunities.

A 2019 Office of the U.S. Inspector General (OIG) report recommended that DDS improve oversight and response to reported critical incidents, enhance the linkages of various data sources for more in-depth analysis, and provide understandable data visualizations for DDS, regional centers, and stakeholders to identify areas of risk and performance improvement and measure the impact of program enhancements on outcomes. Specifically, the OIG's recommendations include:

- Ensuring all incidents are reported, including training about which incidents to report.
- Ensuring timely reporting of incidents.
- Additional analytical procedures to ensure reporting and follow-up activities.
- Improve oversight of timeliness and follow-up requirements.
- Ensure review of deaths by a mortality review committee, as appropriate.

In order to address the OIG's recommendations, DDS has implemented a number of changes, including:

- DDS developed interactive dashboard displays of SIR timeliness reports and documentation of timely follow-up, including notification of appropriate protective/investigative agencies for incidents involving alleged abuse, neglect or exploitation. These dashboard displays facilitate review of 12 months of data and data trends, including by vendor entity and critical incident type. These dashboards are shared monthly with the regional centers to assist in their analysis of vendor and regional center performance.

- Regional center staff were trained in how to use the dashboards at the Department's Risk Management Symposium held in late October 2022. The dashboards allow regional centers to identify trends amongst vendors and service types (such as nursing facilities or group homes) to

direct follow up efforts and monitor remediation. DDS reviews aggregate data in the dashboards to monitor regional center performance and identify areas for additional technical assistance or support.

- In March 2021, DDS implemented a process of utilizing Medi-Cal claims to identify potential critical incidents that have not been reported and. In Fall 2022, DDS implemented a shared communication platform with each regional center to improve timely communication and follow-up on claims. DDS reviews aggregate data pertaining to the Medi-Cal claims process including number of claims pending review by each regional center and what percentage of the claims required the subsequent submission of a SIR. Since DDS initiated the Medi-Cal claims review process, only 8 percent of the claims reviewed warranted a SIR, down from 15 percent at the beginning of the review process.

- DDS is looking at revisions to regulations pertaining to special incident reporting to address ongoing reporting barriers.

Roughly 625 special incident reports are received each week, totaling just over 32,500 for calendar year 2021 (12,100 COVID-related and 20,500 non-COVID-related).

Staffing and Resource Request. This Special Incident Review (SIR) Unit within DDS' Office of Risk Management (ORM) will expand DDS' role in responding to special incident trends and high-risk incidents and in providing training and technical assistance to regional centers in their oversight and review of special incident report data. This unit will manage implementation of revisions to Title 17 requirements and coordinate training of RCs and vendor staff on new SIR requirements. This unit will also coordinate production of short videos on risk mitigation and wellness topics.

According to DDS, Additional resources for the ORM will facilitate implementation of necessary data collection and analysis enhancements to meet emerging risk mitigation priorities, including those required in response to findings by the 2019 OIG report. Priorities include rapidly identifying and responding to critical events, providing enhanced oversight and technical assistance to regional centers on their response, and ensuring swift application and monitoring of prevention measures or corrective actions.

DDS support will also include assistance to regional centers on critical thinking when reviewing high risk SIRs and then work with vendors to improve procedures and practices to reduce the incidences of similar events. For example, when a vendor has a pattern of medication errors, rather than defaulting to "retraining of staff," DDS will work with the regional center and vendor to investigate other contributing factors, such as short staffing or a chaotic medication dispensing environment, and then develop tailored corrective action to mitigate that contributing cause.

This SIR Review Unit will conduct further data analysis following critical incidents to identify possible trends, either with the service provider or the individual served, and then develop targeted risk mitigation activities. This unit will also provide linkages between critical incidents and corrective action plan or sanctions issued to service providers by regional centers and/or other oversight entities, such as the Department of Social Services' Division of Community Care Licensing. DDS states that these activities support a paradigm shift from considering SIRs as merely documenting errors to using SIRs to identify trends and areas for corrective action prompting risk mitigation and incident reduction.

The positions requested for the SIR Review Unit include:

- One Staff Services Manager I to coordinate risk management program and oversee risk mitigation of special incidents alongside other DDS divisions and outside entities, and oversee data analysis to identify risk trends, high-impact single incident reports, and data reporting tools and methodology.

- Four Associate Governmental Program Analysts to collect, review, analyze, and conduct follow-up of special incident reports and recommendations.

- One office technician to provide administrative support to the Unit.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that current law requires DDS to provide an annual report regarding special incidents involving individuals with IDD served by Regional Centers. Despite DDS efforts to implement the OIG recommendations to improve reporting of special incidents, the latest annual report available is from 2018-19.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the findings and recommendations of the 2019 OIG report and DDS's progress in implementing these recommendations. What patterns of noncompliance in reporting SIRs has DDS discovered? How has DDS provided vendor-specific technical assistance related to SIRs?

Issue 9: Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning

Budget Change Proposal – Governor's Budget. The Department of Developmental Services (DDS) requests $12.7 million ($12.2 million General Fund) including one-year limited-term resources equivalent to 17 departmental positions and two positions per regional center in 2023-24 to support continued planning efforts for the Uniform Fiscal System Modernization (UFSM) and Consumer Electronic Records Management System (CERMS) projects. The requested resources will allow DDS to move through the state's required California Department of Technology (CDT) Project Approval Lifecycle Stages 2 and 3 processes.

Background. Individuals who apply for services at Regional Centers (RCs) are evaluated for eligibility and supported during the development of their Individual Program Plan (IPP) to determine the necessary services for achieving their personal goals. The RCs are responsible for providing an array of services including outreach, intake, diagnosis/assessment, preventative services, placement, individual program planning, advocacy, monitoring/evaluation, case management, and other services as required to achieve objectives in the IPP. A primary function of RCs is the purchase of services for individuals served from approved service providers or other publicly funded agencies. These activities are currently supported by a variety of outdated information systems.

The 2021 Budget Act included initial planning funds to support information technology modernization projects from California's Home and Community-Based Services (HCBS) Spending Plan.

Uniform Fiscal System Modernization (UFSM). Current law requires RCs to use a uniform accounting system to ensure continuity and standardization of accounting processes. In 1984, UFS was implemented at each RC. UFS is a complex legacy accounting system that has been modified to meet RCs' business needs. UFS interfaces with each RC's case management system to coordinate service authorizations with invoices and payments. Data from each RC is transmitted monthly to DDS for program monitoring, legislative reporting, and federal reimbursement billing.

Problems with UFS. According to DDS, the legacy system is unable to accommodate the changing RC needs, including increasingly varied populations, multiple service delivery models, new program regulations, and additional program monitoring requirements. Without modernizing UFS, the state risks being out of compliance with program regulations and laws that could negatively impact federal reimbursements. Additionally, RCs will continue to struggle with technology that is difficult to modify; workflows that require time-consuming processes; and insufficient system security and accounting controls to adequately safeguard sensitive consumer information.

The Uniform Fiscal System Modernization (UFSM) project will replace the current regional center financial system with a modern, unified solution that is user-friendly and more easily configurable to meet program needs.

Current Electronic Case Management System (CERMS). San Diego Regional Center created a case management system called SANDIS in the late 1980s using the platform for UFS. Over time, this became the solution that all RCs use to collect and submit monthly data to DDS. As RCs identified additional case management needs, several RCs developed their own case management systems; however, all RCs are required to submit specified data through SANDIS. SANDIS is managed as independent system

environments that do not interface or allow for centralized core business rule management and integration of case management data across all RCs. Moreover, many RCs have now implemented replacement systems for SANDIS and only use SANDIS for their monthly reporting to the state. This results in disparate data sources, poor data integrity, and non-standard data, which is difficult to aggregate or utilize for program and monitoring activities.

Problems with CERMS. The existing case management systems are disparate, making it difficult to collect, aggregate, and utilize data for effective program and outcomes-based monitoring. The systems contain varied and limited data controls, which negatively impacts data quality and integrity. The RCs have difficulty transferring information when individuals move to a new RC, disrupting the continuity of services. Information is currently shared via mail or e-mail, which increases the possibility of data security breaches. Occasionally, communication does not happen at all, impacting continuity and access to services. According to DDS, issues with CERMS have led to:

- Inaccurate program participation data.
- Delayed updates of consumer residential status. This is critical information when there are emergency situations including rolling blackouts, fires, or collecting COVID-19 pandemic related data.
- Delayed reporting on equity of services such as by race and ethnicity.
- Limited insight into services that are authorized.
- Limited ability for trend analysis.
- Inability to tie progress notes to special incident reports.
- Delayed enrollment in the waiver program.
- Independent efforts outside the system to collect information for specific needs, without standardized data or security controls.

The Consumer Electronic Records Management System (CERMS) is a replacement for the existing regional center case management systems as well as a reimagining of what is needed to better support individuals and families, regional center employees, service vendors, and DDS.

Modernization of UFS and CERMS. The UFS project Stage 1 was approved on September 27, 2019, and the CERMS project Stage 1 was approved October 6, 2021. Both projects are currently proceeding through early Stage 2 Alternatives Analysis. Funding for project development currently comes from the state's HCBS Spending Plan.

The table below, provided by DDS, defines how the HCBS Spending Plan funding will be used through 2022-23. The staffing costs include two (2.0) full-time project managers, two (2.0) full-time business analysts, and one (1.0) full-time technical architect from the Information Technology Division. In addition, there is one (1.0) full-time Staff Services Manager I and one (1.0) Associate Governmental Program Analyst from the Federal Programs Division. Funding has also been included to assist the RCs with the additional workload support, consulting services to assist with the PAL process, Organizational Change Management (OCM), Data Management services to evaluate and support data cleanup and a requirements management tool to ensure traceability for project requirements.

Project Planning Funding - Home and Community-Based Services (HCBS) Spending Plan
(Dollars in thousands)

	FY 2021-22	FY 2022-23	ARPA Total
Staff & OE&E	$497	$1,104	$1,601
PAL Manager	$42	$168	$210
RC Support	$210	$1,791	$2,001
CDT STP	-	$60	$60
PM/BA Contract	$10	$854	$864
OCM	-	$500	$500
Data Management Services	-	$1,250	$1,250
Requirements Mgmt. Tool	-	$1,014	$1,014
		Total	**$ 7,500**

Staffing and Resource Request. The proposed resources will allow DDS to continue the PAL activities to assist in requirements gathering, market research, data analysis, data cleanup, and organizational change management. DDS determined the number of requested positions based on CDT's project management best practices and recommendations from Office of Systems Integration (OSI). In addition, DDS requests $200,000 per month for RC staff participation in the projects during planning.

UFS Modernization and CERMS Resource Request

UFS Modernization	Count	Classification	Division
Project Manager	1.0	ITS I	ITD
Business Analyst	1.0	ITS II	ITD
Enterprise Architect	0.5	ITS II	ITD
Contract Manager	0.5	ITS I	ITD
OCM Lead	0.5	ITA	ITD
Software Engineer	1.0	ITS I	ITD
Program Manager	1.0	SSM I	FPD
Program Staff	0.5	AGPA	FPD
Program Staff	0.5	CPS IV	CSD
Program Staff	1.0	CPS III	CSD
Program Manager	0.5	RDS II	DAS
Program Staff	1.0	RDS I	DAS
Total Positions	**9.0**		
CERMS			
Project Manager	1.0	ITS I	ITD
Business Analyst	1.0	ITS II	ITD
Enterprise Architect	0.5	ITS II	ITD
Contract Manager	0.5	ITS I	ITD
OCM Lead	0.5	ITA	ITD
Program Manager	1.0	SSM I	FPD
Program Staff	0.5	AGPA	FPD
Program Staff	0.5	CPS IV	CSD
Program Staff	1.0	CPS III	CSD
Program Manager	0.5	RDS II	DAS
Program Staff	1.0	RDS I	DAS
Total Positions	**8.0**		

In addition, DDS requests an average of two positions for each RC to support the project. These positions will focus on data analysis and clean up. This request also includes $300,000 for DDS Administrative Subject Matter Expert support:

Regional Center			
Data Analysis	21	RDS II	1 staff for each RC
Data Analysis	21	RDS I	1 staff for each RC
Total Positions	**42**		
Position Funding			
Subject Matter Expert (DDS SME)	$300,000	$150,000 per project.	Administrative Division
Subject Matter Expert (Regional Center SMEs)	$4,200,000	$200,000 per year per RC	Reimbursement for participation by staff

Scope and Vision of Projects. In developing a replacement to the current legacy systems for both UFSM and CERMS, DDS has identified the scope and vision of each project as follows:

UFSM Vision. Develop a user friendly, scalable, secure system that improves critical fiscal accounting processes and analytics for DDS, regional centers, service providers, and consumers.

UFSM Scope:

- Implement a new, centralized fiscal management system that can be fully integrated with CERMS and regional center mission-critical third party applications.

- Implement a new billing module that allows service providers and regional centers to streamline invoicing and payment, in a standard data format.

CERMS Vision. DDS will supplant the existing 21 disparate regional center case management systems with a single statewide system, increasing efficiencies and collaboration between regional centers, the state, service providers and individuals served. The system will increase capabilities through automation, enhanced reporting, and provide access to information by individuals and providers to improve equity, cultural sensitivity, and person-centered processes.

CERMS Scope:

- A system that aligns to CalHHS strategic goals for meaningful access to healthcare in a modernized platform capable to meet expanding needs. The system also aligns to accountability goals by standardizing many processes and data points, converging all regional center data into a centralized and unified format.

- The system will improve the lives of individuals served by providing direct access to their case records and allowing submission of electronic documentation. This includes providing maintenance options for personal data (such as address, phone number, and language preference); multiple access points (cell phone, tablet, computer, interactive voice response, in-person office visits); notifications for appointments; and streamlining provider recertification and individual re-enrollment. By standardizing how data is collected, it will also support trend analysis against established benchmarks and improvement targets.

- Support case management for services supported by regional centers and DDS. Reduce redundancies of collecting data in multiple applications and reducing errors.

Stakeholder Involvement. DDS Stakeholder involvement to date includes:

- Incorporating regional centers, the Association of Regional Center Agencies (ARCA), and DDS staff in development of current process flows and narratives, as well as creation of future requirements and potential process flows.

- The project teams have been working with both CalHHS Agency and the California Department of Technology in the procurement process.

According to DDS, The project will also reach out to provider agencies, individuals served, and advocacy groups to solicit feedback and ideas on access capabilities. Once the project moves to implementation, stakeholders will also assist the project during user acceptance testing.

Timeline for Implementing Modernization. According to project planning information provided by DDS, the updated systems may be ready by 2026; however, project development timelines are preliminary and subject to change depending on the PAL process.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes as DDS reimagines its case management system, input from the individuals and families who will be most affected by these changes will be critical. While DDS has indicated plans to reach out to individuals served, advocacy groups, and service providers, it may be important that stakeholder input is included in the early stages of project planning before it is too late to make significant changes.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the core features and improvements of the UFS and CERMS modernization.

3. Will CERMS include the ability to track referrals and utilizations of generic resources?

4. DDS has implemented several initiatives to move to an outcomes-based system. Will the new case management system be able to track individual outcomes?

Issue 10: Protective Proceedings (AB 1663)

Governor's Budget – Budget Change Proposal. DDS requests $1.5 million ($1.2 million General Fund) in 2023-24 and 2024-25 and six (6.0) permanent positions, and $1.2 million ($1.0 million General Fund) beginning in 2025-26 and ongoing, to address the requirements of Chapter 894, Statutes of 2022 (AB 1663), which revises various procedures in the conservatorship process.

Background. DDS oversees the coordination and delivery of services for approximately 400,000 individuals with intellectual and developmental disabilities (IDD). Services and supports are purchased on behalf of individuals through a statewide network of 21 community-based, non-profit regional centers responsible for the development, purchase, and coordination of services for individuals with IDD.

Approximately 57,000 individuals in the DDS system are conserved by a family member, friend, fiduciary, or other individual. The Director of DDS currently serves as the limited conservator for approximately 400 individuals.

Conservatorships are established when an adult lacks the capacity to make medical, financial, or life decisions for themselves. Under limited conservatorships, only seven powers can be sought, whereas general conservatorships grant a wide variety of powers. Limited conservatorships are meant to maintain as much independence and autonomy as possible for conservatees. Establishing a conservatorship usually requires an examination by a doctor, a petition filed with a court, an investigation by the court, and a ruling that all legal requirements have been met before a court would order someone's rights to be restricted.

Under current law, an interested party can nominate the DDS Director as the conservator of an individual who is receiving services from a regional center. The interested parties may vary, but nominations typically are made by regional centers, the courts, Adult Protective Services, County Counsel offices, court appointed attorneys, law enforcement, and public guardian's offices when a person's health, safety, or wellbeing is at risk. Frequently, DDS will be notified by the regional center or Adult Protective Services that a consumer is currently being subject to physical abuse or neglect. In those instances, DDS may petition for a temporary conservatorship to prevent such abuse and remove the consumer from imminent harm or abuse.

DDS established a full-time Conservatorship Liaison (Community Program Specialist III) position in January 2021 in the Community Services Division. This provided DDS with a dedicated resource to provide independent oversight and coordination of activities related to conservatorship responsibilities for the Director.

The Office of Legal Affairs (OLA) handles conservatorship cases and advises the Director and Executive staff on all legal issues. In recent years, the OLA has handled an average of 25 conservatorship nominations per year.

AB 1663 (Maienschein, 2022). AB 1663 establishes a supported decision-making process for adults with disabilities and authorizes an adult with a disability to have present one or more adults, including supporters, in any meeting or communication. AB 1663 sets forth the duties of supporters and specifies the elements of a written supported decision-making agreement, if one is used. Among other provisions, this legislation also prohibits a regional center from acting as a conservator but permits a regional center

to act as a designee of the Director of DDS. The Director is required to develop guidelines to mitigate conflicts that may arise when a regional center is acting as designee while at the same time providing service coordination activities to the conservatees.

Under AB 1663, regional centers are prohibited from seeking their own conservatorship petitions after January 1, 2023. With this change to statute, OLA anticipates receiving an increased number of nominations for temporary and permanent limited conservatorships. Currently, there are approximately 105 cases where a regional center is the conservator. Therefore, DDS anticipates a workload increase in new nominations and an increase in regional center collaboration with DDS, including DDS seeking regional center input to consider termination of conservatorship cases and collaborating on oversight of active conservatorship cases. Beginning in January 2023, OLA will temporarily handle these legal matters with existing resources. Each of these nominations will lead to an increase in the number of court appearances by attorneys.

Additionally, AB 1663 allows for at least one annual termination hearing to occur on every conservatorship case. These hearings will be done at the conservatee's request or by order of the court. If 10 percent of DDS' 400 conservatees request a termination hearing each year, that would be an additional 40 evidentiary hearings per year. Courts will also be required to conduct evaluations of each conservatorship six months after appointment, one year after appointment, and annually thereafter. Previously, courts reviewed conservatorship cases every two years. An increase in court reviews results in a corresponding increase in the number of court hearings.

Staffing and Resource Request. DDS requests the following resources to implement AB 1663:

- **Community Program Specialists.** Two (2.0) permanent Community Program Specialists IIIs (CPS III) and two-year limited-term resources equivalent to 2.0 additional CPS IIIs will provide oversight and coordination of activities related to conservatorship responsibilities of the Director for more than 400 individuals with IDD. The requested staff will support oversight activities including increased in-person visits with conservatees and the tracking and follow-up on information provided by regional centers during required monthly updates. These specialists will:

    - Function as DDS liaisons with regional centers, conservatees' families, court investigators, and advocates regarding conservatees.

    - Establish and implement improvements in monitoring, data collection, and reporting systems for continued health, safety, and well-being of conservatees.

    - Create and maintain a database for existing, new, and discharged conservatees.

    - Communicate and collaborate with the Office of Legal Affairs (OLA) and take actions on to properly assess and meet the needs of conservatees regarding residential placement, health, safety, and management of financial resources.

- **Office of Legal Affairs (OLA).** Increased positions in OLA include:

- 1.0 Attorney IV to act as subject matter expert in conservatorships; be available to educate judicial stakeholders, DDS executive staff, regional center staff and other stakeholders on the law and recent statutory changes; and handle high-profile conservatorship cases, including termination cases, or high-impact litigation in this area.

- 1.0 Attorney III to make court appearances, provide advice on conservatorship nominations, and perform other functions related to filing a petition and subsequent oversight, monitoring, and statutory compliance.

- 1.0 Legal Analyst to assist the attorneys in hearing preparation.

- **Office of Statewide Clinical Services.** DDS requests 1.0 Psychologist to provide a clinical review of nominations for conservatorship and termination requests.

Projected Outcomes. The following table, provided by DDS, summarizes the projected outcomes of these resources:

Projected Outcomes

2022-23	2023-24 and ongoing
• Starting October 2022, review and process monthly reporting on conservatees from RCs • Starting December 2022, provide trainings on person-centered comprehensive assessments. • Starting January 2023 collect, review and follow-up on comprehensive assessments. • Beginning July 1, 2023, increased nominations and petitions filed for limited conservatorship by DDS.	• Beginning July 1, 2023, increased appearances for conservatorship termination petitions throughout the state. • Increased communication with RCs on conservatee status. • Increased visits with conservatees • Increased nomination and petitions filed for limited conservatorship by DDS. • Increased court appearances related to conservatorship termination petitions. • Collection, review and follow-up on completed person-centered comprehensive assessments for each conservatee.

National Expert Panel Review of DDS Conservatorship Process. In August 2022, DDS convened a national panel in partnership with the National Association of State Directors of Developmental Disabilities Services. The panel included experts in health care, advocacy for individuals with disabilities, law, equity and inclusion, and conservatorships. The panel was charged with undertaking a comprehensive review of all aspects of DDS' role in conservatorships, and with identifying ways for DDS to improve its oversight and ensure all those in DDS conservatorships are protected and supported as fully as possible.

The panel recommends that DDS:

- Develop a uniform, state-wide approach to providing information and training about conservatorships and alternatives to conservatorship.

- Develop written guidelines for how it arrives at its initial determination that a conservatorship is appropriate and for an annual conservatorship review.

- Provide additional support to conservatees by arranging for an independent advocate to meet with each DDS conservatee.

- Develop written standard conservatorship guidelines for use by all 21 regional centers.

- Provide annual training to regional centers about conservatorships and alternatives to conservatorships. Continue and expand current monitoring of all conservatees including automatic notification of licensing violations.

- Enhance data systems to monitor and analyze conservatorship trends.

- Develop system improvements for individuals who are not conserved by DDS, with a focus on the significant increase in transition-aged youth who are conserved.[11]

When DDS convened the national expert panel in August 2022, DDS also initiated several immediate improvements including enhanced reviews of each conservatee, increasing reporting requirements for regional centers, and a person-centered, comprehensive assessment for each individual conserved by DDS.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. What are the department's plans to implement the recommendations of the expert panel on conservatorships, now that this panel has released its report? How will the findings of this expert panel inform the department's implementation of AB 1663 and shape DDS's role as a conservator moving forward?

[11] Expert Panel: Review of DDS Conservatorship Report, March 2023: https://www.dds.ca.gov/wp-content/uploads/2023/03/ExpertPanelFinalReportMarch2023.pdf

Issue 11: Adjusting Rate Models to Reflect Increases in the Minimum Wage

Governor's Budget – Trailer Bill Language. DDS requests trailer bill language to adjust DDS rate models to reflect increases to the minimum wage.

Background. Pursuant to Welfare and Institutions Code (WIC) Section 4519.10, DDS is phasing in implementation of rate models proposed in the 2019 Rate Study submitted to the Legislature. The rate models contain assumed costs, including employee wages, for a variety of components related to providing services. Currently, the rate models assume the minimum wage in California is $15.00 per hour. Existing statute allows for provider rate increases to the extent necessary to bring employee pay into compliance with any increase in the California minimum wage.

Proposed Trailer Bill Language. This proposed trailer bill would allow for updates to all applicable rate models, and therefore provider rates, when the California minimum wage increases.

Although current statute allows for rate adjustments if necessary to bring employee pay in compliance with the new minimum wage, not all providers have received rate adjustments because their employee wages were already above the new California minimum wage. Currently, these adjustments are processed by the Department and regional centers based on information submitted by each provider. This is an administratively intensive process for all involved.

As the rate study is implemented there will be more transparency and consistency in service rates. Unlike today, providers of the same service in the same location will have the same rate. This proposed trailer bill maintains that consistency by adjusting the rate models, and therefore uniformly adjusting provider rates, when the California minimum wage increases.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

Issue 12: Information Security Office Support

Governor's Budget – Budget Change Proposal. DDS requests $895,000 ($716,000 General Fund) and five (5.0) permanent positions to support federal and state information technology risk and compliance requirements and the maintenance and operation of the Department's security system infrastructure to support the increasingly complex technology and data needs of Department programs.

Background. In August 2015, the California State Auditor identified several high-risk areas impacting the state and the California Department Technology (CDT) launched several initiatives to begin documenting and formalizing the management of information security risks at the departmental level. As a result, the DDS ISO is responsible for the regular submission of a growing number of administrative tasks tied to mandated compliance standards. This is in addition to work already required to administer the constant flow of security events that require research, response, reporting, and remediation from DDS facilities and the events being reported out of DDS's regional center (RC) system to remain in compliance with federal regulations.

In 2021, the Governor's Office announced a roadmap for the state's mandated baseline of minimum cybersecurity capabilities called Cal-Secure. In response, the Budget Act of 2022 provided four additional positions for DDS to meet the risk and compliance and network security requirements and maintain DDS's information technology infrastructure.

Staffing and Resource Request. DDS requests five permanent positions to conduct the following activities:

- **Vulnerability/Configuration Management:** 1.0 Information Technology Supervisor II and 2.0 Information Technology Specialists I. Staff resources will remediate vulnerabilities which impact the ISO's capacity to effectively maintain low-risk configurations of on state equipment.

- **Identity and Access Management:** 1.0 Information Technology Specialist I. The requested position will perform the maintenance and operations tasks associated with asset management, and actively monitor Network Access Control to identify and ensure every connected device is compliant to prevent rogue or compromised endpoints from accessing the network.

- **Data Loss Prevention:** 1.0 Information Technology Specialist I. This position will develop and manage data loss prevention strategies and initiatives to minimize risk of data loss and to promote data visibility, assess and identify risk, and oversee the management and implementation of data loss prevention technologies and processes, among other responsibilities.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

Issue 13: Home and Community-Based Services (HCBS) American Rescue Plan Act (ARPA)

Background. As a part of the 2021 Budget Act, the state was required to submit a package of home- and community-based services (HCBS) enhancements—known as the HCBS spending plan—to the federal government as a condition of drawing down additional federal funds resulting from a temporary 10 percentage point increase to the federal Medicaid match rate. California's plan included $3 billion in HCBS enhancements (which matched by an additional $1.6 billion in standard Medicaid funds, totaling $4.6 billion). The 2021 Budget Act included control section language that allows the administration to allocate and expend funds to implement the HCBS enhancements through the annual budget process or written midyear notifications to the Legislature. The Department of Health Care Services (DHCS) is the lead state agency on the plan, which spans 26 initiatives across six departments under the California Health and Human Services Agency. This issue is limited to the HCBS-funded programs administered by DDS.

DDS Programs under the HCBS Spending Plan. The HCBS Spending Plan includes six DDS programs. The table below shows the funding allocated pursuant to the HCBS Spending plan for each item, and the total funds spent per the latest update from the Department of Finance. This data reflects actual expenditures as of September 2022; therefore it is like an underestimate of actual expenditures to date.

DDS HCBS Program	Total HCBS Funding	Actual Expenditures (September 2022)
Social Recreation and camping	$121.1 million	$26.5 million
Language Access and Cultural Competency	$48.5 million	$29.1 million
Rate Study Implementation	$1.5 billion	$142.5 million
Modernize Regional Center IT Systems	$7.5 million	$987,880
Coordinated Family Supports	$41.7 million	$0
Enhanced Community Integrations for Children and Adults	$12.5 million	$0

- **Social recreation and camping ($121.1 million).** This program funds Regional Centers purchase of services for a number of services that were suspended during the Great Recession and restored in 2021: social recreation, camping, educational services for children 3-17, and nonmedical therapies such as specialized recreation, art, dance and music.

- **Language access and cultural competency ($48.5 million).** This program funds language access and cultural competency orientations and translations for individuals served by Regional Centers and their families, including: identification of vital documents for translation, regular and periodic language needs assessments to determine threshold languages, coordination and streamlining of interpretation and translation services, and implementation of quality control measures to ensure the quality of translations. Regional centers have started to submit claims for this initiative. All 21 regional centers have created comprehensive plans reflecting their data of languages, ethnicities and cultures to better support language/cultural needs of individuals/families served.

- **Rate study implementation ($1.5 billion).** This represents the vast majority of HCBS funding for DDS. The 2021 Budget Act began the phase-in of a major overhaul of DDS service provider rates, replacing an outdated rate structure with a new model based on a 2020 study. The 2022 Budget Act accelerated the implementation of the new rate model, moving the final phase of rate increases

to July 1, 2024. The expenditure data reflects the phase in of the rate models and all HCBS funds are expected to be exhausted by the end of the funding period.

- **Modernize Regional Center IT Systems ($7.5 million).** This investment supports the initial planning process to update the regional center Uniform Fiscal System (UFS) and implement a statewide Consumer Electronic Records Management System (CERMS). Currently the projects are in the alternatives analysis phase of the state's technology planning process, which includes market research, recommended solutions, and a procurement strategy. The remaining stages (which include procurement and vendor selection) will be funded through the traditional budget process. This project is described in detail in Issue 9 of this agenda.

- **Coordinated Family Supports ($41.7 million).** Coordinated Family Supports is a new service option being piloted that is designed for adults who are 18 years and older who choose to live in their family homes. Currently, adults living outside the family home have more coordinated supports than individuals living with their families. DDS data shows a higher percentage of adults who identify as non-white (75 percent) live with their family as compared to adults who are white (52 percent). To improve service equity for adults who live with their family, the pilot will improve individual supports at home and assist families in coordinating the receipt of multiple services.

  DDS issued guidance to regional centers on January 27, 2023, and regional centers are in the early stage of vendorizing providers. To date there are no purchase of service expenditures under this program. Based on a comprehensive outreach plan and feedback from the community, DDS anticipates a high level of interest in receiving this service.

- **Enhanced Community Integrations for Children and Adults ($12.5 million).** This is a grant program to fund projects that will enhance and develop integrated and inclusive social and recreational programs for children and adolescents with IDD in diverse communities. On March 1, 2023, DDS advised regional centers that 47 Social Recreation Grant projects were approved. This is the first of two rounds of approvals. The second round will be issued in mid-March. All awarded projects must begin on or before April 1, 2023, with funds projected to be expended by December 31, 2023. DDS is encouraging grantees to work with regional centers and become vendorized, which will sustain the social and recreational activities funded by the grant.

HCBS Spending Plan Timeline. The Governor's proposed 2023-24 budget assumes that all HCBS spending plan funding will be expended by March 2024, and California will not use the additional optional year allowed by the federal government to spend the enhanced federal funding. For all DDS programs, this means ending program expenditures by December 31, 2023.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Staff notes that the Department of Finance has indicated that all HCBS funding will be expended by December 31, 2023, and has opted not to extend the deadline for program expenditures, as the federal government allows. However, the aggressive timeline to complete HCBS expenditures, coupled with the expenditure trends included above, raises questions as to the Department's ability to spend down HCBS funding by December 31, 2023.

Service Provider rate reform, the largest single component of the HCBS Spending Plan, is being phased in and has a clear path for spending down available HCBS funding. On the other hand, Coordinated Family Supports was established in late January 2023; service providers are currently in the early stages of becoming vendors to receive this service, and no individual is currently receiving this service. It is unclear how DDS will spend $41.7 million on this service between now and December 2023.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a status update on DDS initiatives included in the HCBS Spending Plan.

2. How does DDS project that funding for Coordinated Family Supports will be spent by the December 31, 2023 deadline?

Issue 14: 2021 and 2022 Budget Investments

Background. The 2021 and 2022 Budget Acts included substantial investments in the developmental services system. A brief description of major investments in the 2021 Budget Act and the 2022 Budget Act is included below.

Investments in the 2021 Budget Act include:

- **Service Provider Rate Reform:** $146 million ($89.9 million General Fund) in 2021-22, growing to $2.1 billion ($1.2 billion General Fund) ongoing in 2025-26, for a phase-in of rate reform to achieve the rates in the 2019 DDS Rate Study, beginning April 1, 2022. Annual funding includes resources for the development and implementation of a quality incentive payment program focused on improving outcomes and service quality, which is described in Issue 1 of this agenda. The 2022 Budget Act accelerated the implementation of rate reform. This funding is part of the state's HCBS Spending Plan.

- **Elimination of Funding Suspensions:** $527.6 million ($309.6 million General Fund) ongoing to eliminate the suspension of supplemental provider rate increases and repeal the Uniform Holiday Schedule.

- **COVID-19 Response:** $15 million General Fund to develop surge sites to serve individuals with IDD diagnosed with, exposed to, or at high risk of COVID-19. This funding supported an average of 20 beds at the Fairview Developmental Center and 10 beds at the Porterville Developmental Center through December 31, 2021.

- **Regional Center Performance Improvement Indicators and Benchmarks**: $5.6 million ($4 million General Fund) in 2021-22 for one-time planning resources to create an outcome-focused regional center operations funding program.

- **Enhanced Service Coordinator Ratios:** $61 million General Fund to reduce caseload ratios at all 21 regional centers and $12.8 million ($10 million General Fund) ongoing to establish an enhanced caseload ratio (1:40) to improve service delivery in underserved communities.

- **Direct Service Professional Workforce Training and Development:** $4.3 million ($2.9 million General Fund) in 2021-22 to establish a training and certification program for direct service professionals tied to wage differentials. Beginning in 2023-24, ongoing costs increase to $75 million ($51 million General Fund). The differentials aim to stabilize service access and professionalize and diversify the workforce.

- **Assistance with Health and Safety Waivers:** $5 million ($3 million General Fund) ongoing for regional centers to assist individuals with identifying and applying for health and safety waivers.

- **Bilingual Staff Wage Differentials:** $3.6 million ($2.2 million General Fund) in 2021-22 to create a wage differential for bilingual service provider staff. Beginning in 2023-24, ongoing costs increase to $10.8 million ($6.5 million General Fund).

- **Restoration of Social Recreation and Camp Services**: $29.4 million ($19 million General Fund) in 2021-22 to restore access to regional center services including camping services, social recreation activities, educational services, and nonmedical therapies, which were cut during the Great Recession. Beginning in 2023-24, ongoing costs increase to $57 million ($36.8 million General Fund). This funding is part of the state's HCBS Spending Plan.

- **Self-Determination Program:** $11.6 million ($7.8 million General Fund) to improve onboarding into the Self-Determination Program. This funding will support participant choice specialists, intensive transition support services, regional center training, and the establishment of the Office of the Self-Determination Program Ombudsperson. Beginning in 2024-25, ongoing costs decrease to $4.4 million ($3.2 million General Fund).

- **Language Access and Cultural Competency:** $16.7 million ($10 million General Fund) ongoing for improved language access and cultural competency orientations and translations for regional center individuals and their families. This funding is part of the state's HCBS Spending Plan.

- **Lanterman Act Provisional Eligibility:** $23.8 million General Fund ongoing to provide children ages three and four with provisional Lanterman Act service eligibility.

- **Systemic, Therapeutic, Assessment, Resources, and Treatment (START) Teams**: $12.1 million ($8 million General Fund) in 2021-22, increasing to $17.5 million ($11 million General Fund) ongoing in 2022-23, for START teams to provide crisis prevention and response services to individuals with IDD.

- **Disability Employment Grants**: $14.7 million ($10 million General Fund) for two limited-term positions and one-time grants to increase competitive integrated employment opportunities for individuals with IDD.

- **Outcomes and Quality Improvement Pilot:** $12.5 million ($10 million General Fund) one-time for the department to contract out for the development and implementation of a pilot project focused on metrics and data collection methods to evaluate service outcomes.

Investments in the 2022 Budget Act include:

- **Service Provider Rate Acceleration:** $159.1 million General Fund in 2022-23, $34.1 million General Fund in 2023-24, $534 million General Fund in 2024-25, and $13.6 million General Fund ongoing to accelerate service provider rate increases approved in the 2021 Budget Act. The 2022 Budget additionally directs a portion of rate increases to wages for direct support professionals and requires service providers to be in compliance with federal regulations, or implementing a corrective action plan, to be eligible for a quality incentive program. This funding is part of the state's HCBS Spending Plan.

- **Early Start Transitions:** $65.5 million ($45.1 million General Fund) in 2022-23 and $82.5 million ($55.8 million General Fund) ongoing to strengthen the transition process for three-year-

old children with IDD moving from the Early Start program (Part C of the federal Individuals with Disabilities Education Act (IDEA) to special education (Part B of IDEA). The budget includes trailer bill language codifying specific service coordinator-to-child caseload ratios, establishing IDEA specialists at each regional center, and requiring parent and family engagement in the transition process.

- **Employment Opportunity Service Model Pilot**: $8.4 million ($5.1 million General Fund) one-time, available over three years, to establish a service model pilot program focused on expanding employment opportunities for individuals with IDD who are currently served through work activity programs or are recent high school graduates.

- **Workforce Stability:** $185.3 million General Fund one-time and $1.1 million ($881,000 General Fund) and seven positions ongoing to address challenges in recruiting and retaining regional center service coordinators and direct support professionals (DSPs). Specifically, the initiative includes 1) $127.8 million to provide up to two $500 training stipends (with an additional $150 for taxes and administration) for DSPs; (2) $22.5 million to implement a three-month training and internship program intended to establish an entry point into DSP career paths; (3) $30 million to establish a tuition reimbursement program for regional center service coordinators pursuing advanced degrees in health and human services-related fields; and (4) $5 million to pilot a program aimed at developing remote supports using technology systems to increase independence and, when chosen and safe, reduce in-person and around-the-clock services.

- **Service Access and Equity Grant Program**: $11 million General Fund one-time to increase the resources currently available for the department to award to regional centers and community-based organizations through its Service Access and Equity Grant Program, which focuses on supporting strategies to reduce disparities and increase equity in regional center services. The budget also includes supplemental report language requiring the department to report on implementation updates and outcomes of the additional $11 million in funding for Service Access and Equity Grant Program, with the inclusion of Regional Center representatives.

- **Regional Center Family Fees:** $4.7 million General Fund in 2022-23 to suspend the Regional Center Family Fees for one additional year.

- **Canyon Springs Admissions**: trailer bill language extending the deadline for the prohibition of admissions to Canyon Springs Community Facility from June 30, 2022, to June 30, 2023. The language also requires staff to conduct an initial transition plan to be completed within 60 days of admission and a transition review meeting 45 days before transitioning individuals from the facility.

- **Compliance with Home and Community-Based Services (HCBS) Requirements:** includes $1.2 million ($993,000 General Fund) in 2022-23 and $811,000 ($669,000 General Fund) ongoing for five permanent positions and one-year limited-term resources equivalent to three positions to comply with federal requirements necessary for continued federal funding for HCBS programs.

- **Stabilization, Training, Assistance and Reintegration (STAR) and Crisis Assessment and Stabilization Teams (CAST):** $968,000 ($774,000 General Fund) for seven permanent positions

in 2022-23 to provide administrative support for STAR and CAST facilities, protective services, and related workload increases as the STAR homes move to community settings.

- **Coordinated Family Support Services Pilot Program**: trailer bill includes language requiring the department to establish a Coordinated Family Support Services pilot program for adults with IDD who reside in the family home. This funding is part of the state's HCBS Spending Plan.

- **Division of Community Assistance and Resolutions and Fair Hearing Procedures:** includes $4.4 million ($3.7 million General Fund) ongoing and 20 permanent positions to establish a new Division of Community Assistance and Resolutions. Included in this funding is $915,000 for an interagency agreement with the Department of General Services to partner on improvements to the state hearings process.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a status update on investments to improve the workforce such as the bilingual pay differential, workforce stability, and DSP University. How many employees are projected to benefit from these investments?

2. Please provide an update on the restoration of social recreation and camping services. Stakeholders have expressed that this implementation has not been smooth, and families have had to pay upfront in order to receive services. How many individuals served are receiving these restored services? How has DDS addressed issues with payment and vendorization?

Issue 15: Stakeholder Proposals for Investment (Non-Presentation Item)

This is a non-presentation item.

The Subcommittee has received the following stakeholder proposals for investment:

1. **Independent Living Services Rate Reform.** The California Community Living Network (CCLN) proposes DDS funding of $20 million in 2023-24 and $40 million ongoing to immediately amend rates for Independent Living Services.

   According to CCLN, "The 2019 DDS Services Rate Study provided a solid roadmap to evaluate service provider rates, but the study also included an error when it assigned rates to Independent Living Services, known as ILS. ILS service providers are skilled life coaches and instructors, teaching people with I/DD how to live independently in a safe, supported, and person-centered environment. As the person with I/DD learns more skills, they can lead more independent lives and reduce their reliance on other support services. But the Rate Study misclassified these ILS Direct Support Professionals, essentially reducing their compensation rates to that of lower skilled workers like personal care aides. This mistake directly contradicts the Health and Welfare Code 17 CCR § 56742, which clearly outlines the skill level required for ILS workers. ILS providers will be receiving a rate cut at full implementation of the rate study.

   While most DDS service provider rates are being raised to reflect the Rate Study, and to reflect current provider costs more accurately, the ILS misclassification means higher skilled instructors are being left behind, receiving a fraction of the pay their skill level warrants. ILS programs across the state are already beginning to close in anticipation of this rate decrease. Implementing this rate will lead to further closures of Home and Community Based Services compliant ILS providers and force consumers into more expensive levels of care or put them on waiting lists to access ILS services."

   This proposal seeks to require DDS to revise the ILS rates to reflect more accurate occupational assumptions.

2. **DDS Rate Study Addendum and Implementation Updates.** The Lanterman Coalition proposes various changes to DDS rates, including trailer bill language.

   According to the Lanterman Coalition, "The 2019 Rate Study was published prior to the decision to transition the I/DD system from a compliance-based structure to an outcome-based system. Furthermore, the 2019 Rate Study did not include some of the innovations and new models that DDS, Regional Centers, service providers and individuals/families have implemented to comply with the HCBS Settings Rule and ensure the continuation of federal matching funds. Additionally, there are clean-ups and fixes to various aspects of the rate models that will fine tune and position the models to best support a modern, person-centered, outcome based I/DD system." The Lanterman Coalition proposes the following changes:

   - Compel DDS to complete an addendum to the 2019 Rate Study that preserves individual choice and access to necessary services, ensures services are HCBS compliant,

contemplates future adjustments to rate model components to protect services access, and requires stakeholder input.

- Ensure that unexpended funding for quality incentive program remain in the DDS budget to fund services meeting quality metrics to further the transition to an outcomes-based system focused on individual experience.
- Sustain quality services and individual choice by ensuring that the rates for providers will not fall below their January 1, 2023 rates.
- Clarify new and existing vendored services will have the flexibility to utilize daily and monthly billing units upon full implementation of the 2019 rate study to support individual needs and choice.

The Lanterman Coalition states that this proposal includes a provision that would allow the department of developmental services to utilize a contractor to support the rate study addendum, which would be funded by unexpended funds for the quality incentive program for the 2022-23 fiscal year. The proposal does not contain any additional costs for the 2023-24 fiscal year, and any costs in future years would be determined after completion of the addendum and subject to the budget process. The remaining components of the proposal are budget neutral.

3. **Modernization of Regional Center Operations Budgeting Methodology.** The Association of Regional Center Agencies (ARCA) and SEIU-California proposes DDS funding of $96.2 million ($64.6 million General Fund) to revise the Core Staffing Formula for Regional Centers.

   According to ARCA and SEIU, the Core Staffing Formula was developed by DDS in 1979 to provide an equitable methodology for allocation of operations funding to regional centers based on service population. "The Core Staffing Formula inputs and assumptions were based on what was believed to be a reasonable regional center staffing pattern at the time, as well as other industry standards. Salaries were based on equivalent state classifications, with the agreement that as state salaries increased, the CSF would increase in tandem. Fringe benefits and operating expense rates were also expected to adjust over time. The principal assumption of the Core Staffing Formula – annual salary adjustments aligned with equivalent state positions – was paused during an economic downturn in 1991 and never resumed. Since then, much of the CSF has been frozen for over 30 years. This has led to:

   - Out-of-date assumptions resulting in staffing shortages that negatively impact services and put federal funding at risk;
   - $42 million in annual budget cuts made over time and never restored;
   - Reductions in 2023-24 of $22.9M (a number that grows annually), done using salary savings assumptions that no longer apply to state agencies;
   - Failure to adjust for organizational size, population, regional costs, and diversity; and,
   - Lack of needed investment in technology."

ARCA states that the solution is to once again index the Core Staffing Formula to current costs acknowledged by DDS in the separate but related new funding proposed to reduce caseloads for children ages 0-5.

4. **Community-Led Root Cause Study for Addressing Racial Disparities in California's Regional Center System.** Disability Rights California proposes DDS funding of $1 million for a community-led root cause study for addressing racial disparities in California's Regional Center system.

   According to DRC, "For several years, efforts to address persistent racial disparities in California's developmental services system have focused largely on helping communities of color to better understand the existing regional center system through language access and cultural navigator programs, primarily via grants to community-based organizations. Despite these efforts, systemic disparities have remained deeply entrenched. DDS has stated that it prioritized these strategies based on feedback from listening sessions and similar activities to engage communities affected by disparities. However, thousands of callers to DRC over the years have identified significant additional barriers to access that DDS's previous efforts have not addressed—specifically, the way DDS and regional centers' own policies and practices disproportionally burden and limit access for people of color.

   To meaningfully move the needle on disparities, California must first understand how DDS and regional center policies may inadvertently impact communities of color. To do so, our system must look to the experts—namely, the disabled people of color who experience the impacts of regional center policies firsthand. To ensure that their lived experience not only informs but drives future equity initiatives, California should invest in community-based participatory research (CBPR), a research model designed specifically to center historically marginalized communities whose voices have typically been underrepresented in policymaking. CBPR has been used successfully in California and other states to analyze and address racial disparities in behavioral health, public health, and other related systems, and has proven to be an effective method for amplifying the voices of people with intellectual and developmental disabilities, whose perspectives are rarely reflected in policy design."

Subcommittee Staff Comment. This is an informational item. No action is needed.