Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Richard Pan, M.D., Chair
Senator Melissa Hurtado
Senator Jeff Stone

Thursday, May 2, 2019
9:30 a.m. or upon adjournment of session
State Capitol - Room 4203

Part A

Consultant: Renita Polk

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5160 DEPARTMENT OF REHABILITATION (DOR)

Issue 1: Overview

The Department of Rehabilitation (DOR) works in partnership with consumers and other stakeholders to provide direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. DOR seeks to assist over 130,000 Californians with disabilities to obtain and retain competitive employment in integrated settings, and to maximize equality and ability to live independently in their communities of choice. With a proposed 2019-20 budget of $476.1 million ($72.5 million General Fund) and 1,882 authorized positions, the department offers programs related to vocational rehabilitation, assistive technology, independent living, supported employment, services for individuals with traumatic brain injuries, and workforce development. Overall, federal funding constitutes around 82 percent of the department's total funding. The table below provides an overview of the department's funding.

Fund Source	2017-18	2018-19	2019-20
General Fund	**$ 64,604**	**$66,301**	**$72,475**
Traumatic Brain Injury Fund	$1,114	$856	-$6
Vending Stand Fund	$2,361	$3,361	$3,361
Federal Trust Fund	$374,049	$390,575	$390,209
Reimbursements	$7,349	$10,080	$10,080
Total Expenditures	**$449,477**	**$471,173**	**$476,119**

* Dollars in thousands.

Eligibility. When the department does not have enough funds to serve all applicants who are deemed eligible for services, the federal government requires DOR to use an Order of Selection (OOS) process, under which the department must serve people with the most significant disabilities first (all those in the "most significantly disabled" category will be served first, followed by those in the "significantly disabled" category and then the "disabled category"). DOR has been operating under an OOS since 1995. Within each category, DOR serves individuals according to date of application. If placed on a waiting list, DOR consumers receive information and referral services and may ask for their priority category to be re-evaluated if they have experienced a change in severity of disability. As of March 31, 2019, there were 37 consumers on the DOR waiting list.

Consumers. In 2017-18, DOR handled a total of 101,750 cases. That same year consumers received services for 26 months, on average. The average cost per plan was $5,100, and 10,470 consumers gained and kept employment for at least 90 days.

Services and Programs. In addition to providing services, such as career assessment and counseling, job search and interview skills, and career education and training, DOR offers several programs.

- Vocational Rehabilitation (VR). The Vocational Rehabilitation Services Program delivers vocational rehabilitation services to persons with disabilities through vocational rehabilitation professionals in district and branch offices located throughout the state. DOR has cooperative agreements with state and local agencies (education, mental health, and welfare) to provide unique and collaborative services to consumers. The federal VR grant, which cover approximately 78 percent of DOR's VR program, requires a maintenance-of-effort (MOE) from the state, meaning that the state match in a given federal fiscal year must be at least the actual state match from two years before. If the MOE requirement is not met, the federal VR grant award is reduced by the deficit. In 2017-18, the state match equaled $90.9 million ($63.9 million General Fund).

- Assistive Technology (AT). The Assistive Technology Act of 1998 (amended in 2004) funds each state and U.S. territory to provide AT services. California's program, known as the California Assistive Technology System (CATS), is funded by a federal grant through the Rehabilitation Services Administration (RSA). For DOR to provide the required services, DOR contracts with the California Foundation for Independent Living Centers (CFILC) to provide statewide AT services.

- Independent Living Services. DOR funds, administers, and supports 28 independent living centers (ILCs) in communities located throughout California. Each independent living center provides services necessary to assist consumers to live independently and be productive in their communities. Core services consist of information and referral, peer counseling, benefits advocacy, independent living skills development, housing assistance, personal assistance services, and personal and systems change advocacy. ILCs receive government funding from both Title VII(c) funds from the federal Administration for Community Living (ACL) and Title VII (b) funds through DOR.

- Traumatic Brain Injury (TBI). In coordination with consumers and their families, seven service providers throughout California provide a coordinated post-acute care service model for persons with TBI, including supported living, community reintegration, and vocational supportive services. DOR also funds education, information, and referral services for over 10,000 individuals impacted by TBI; as well as serving an additional 1,300 individuals with TBI through its Vocational Rehabilitation Program.

Workforce Innovation and Opportunity Act (WIOA). Enacted in July 22, 2014, WIOA seeks to assist job seekers access employment, education, training, and support services to succeed in the labor market, and to match employers with skilled workers. The Rehabilitation Services Administration (RSA) issued final WIOA regulations in September 2016 and provided technical assistance in late 2017. WIOA also seeks to improve services to individuals with disabilities, including extensive pre-employment transition services for youth, better employer engagement, and increasing access to high-quality workforce services. DOR's programs have changed in two primary ways due to WIOA implementation:

- Available resources have been reduced for 'traditional Vocational Rehabilitation' requiring DOR to set aside at 15 percent (about $45 Million) of the VR grant to better prepare potentially eligible participants as well as eligible students between the ages 16-21 for post-secondary employment.

- With the provision of the new services to youth, DOR anticipates serving more students than ever. Over time, the numbers of adults served will decrease reflecting the shift in funding allocation.

Social Security Beneficiary Work Incentive Planners. In 1981, Congress established the Cost Reimbursement Program to encourage state Vocational Rehabilitation Agencies to provide services that would result in gainful employment by SSI/SSDI beneficiaries. Under the Cost Reimbursement Program, the Social Security Administration (SSA) pays DOR for the reasonable costs of services provided to SSI/SSDI consumers if those services result in the consumer achieving work at specified earnings level, known as the Substantial Gainful Activity. The department began a Work Incentives Planning (WIP) Pilot from September 2013 through August 2015 to increase employment outcomes and self-sufficiency. According to the department, this pilot was successful in leading more individuals to working and earning higher wages, as well as increasing Social Security Cost Reimbursements.

The 2015 Budget Act included $3.1 million in federal expenditure authority and 31 positions to permanently establish WIP services. These WIP positions generated roughly $1.7 million in SSA reimbursements for 2015-16 and roughly $4.8 million in 2016-17. In 2017-18, these positions have generated roughly $2.5 million through September 2017.

CaPROMISE Grant Update. In fiscal year 2014-15, the DOR was awarded a competitive federal grant, entitled Promoting the Readiness of Minors in Supplemental Security Income (or PROMISE), which began October 1, 2013 and goes through September 30, 2019. The $55 million, five-year CaPROMISE grant seeks to develop and implement model demonstration projects that promote positive outcomes for 14 to 16-year old Supplemental Security Income (SSI) recipients and their families. The grant is 100 percent federal funds without a state match requirement.

As the lead coordinating agency for CaPROMISE, DOR is responsible for statewide leadership, oversight, administration, and coordination of the grant. DOR collaborates with five other state departments[1] and 21 Local Educational Agencies (LEAs) to coordinate services, direct outreach, recruitment, and involvement of participants.

The grant is currently in its fifth year. 1,646 participants were recruited for the program. As of March 31, 2018, 1,403 youth continued to participate. Services are received from the LEAs where Career Service Coordinators provide case management, service coordination, and benefits planning along with three California State Universities (CSUs) who provide interns for pre-vocational services. The focus is on service provision: benefits and financial planning (by Career Service Coordinators at the LEAs who are also certified benefits planners), work experience (at least one paid and one unpaid work experience for each participant by the end of the project), and independent living skills trainings through partnership with four ILCs.

Competitive Integrated Employment (CIE) Blueprint. DOR has entered into an agreement with both the Department of Education and the Department of Developmental Services (DDS) consistent with the state's "Employment First" strategy. The purpose of the agreement is to increase the opportunities for those with disabilities to work in an integrated setting at a competitive wage, and improving collaboration and coordination between the departments. Year one of implementation (May 2017 – June

1 California Department of Education; Employment Development Department; Department of Developmental Services; Department of Health Care Services; and Department of Social Services.

2018) saw an increase in the number of individuals with disabilities working in CIE increased from 780 to 1,152.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide a brief update on the various accomplishments and challenges the department has encountered in the past year.

2. Please describe the strategies for serving adults who qualify for the VR program with the increasing emphasis on students and young adults entering the workforce.

Issue 2: BCP – Mission-Based Review for Vocational Rehabilitation and TBI Programs

The following proposals were identified as a result of a Mission Based review of DOR. The DOR was identified and chosen by the Department of Finance (DOF), in collaboration with the Health and Human Services Agency. In recent years there have been several different budgetary pressure points facing the department that made it suitable to review holistically. These included a shift of some existing federal funding toward youth services as a result of the reauthorization of WIOA, the continued decline of the State Penalty Fund and its impact on the Traumatic Brain Injury program, and concerns from community partners and consumer advocates about provider rates. The department decided to take a more holistic look at the funding structure and mission of the department, which is reflected in the multifaceted nature of the proposal. Furthermore, DOF budget staff availability and capacity combined with the relatively smaller size of DOR also made it a good candidate for a Mission Based Review. The overarching goal of the Mission Based Review of the DOR was a review of the requirements, operations, and resources for the entire department.

Governor's Proposal. The Governor's budget includes additional resources for the department's VR and TBI programs, separated into the following three components:

- $3.4 million General Fund annually for a ten percent increase to Community Rehabilitation Program provider rates.
- $1.6 million General Fund for improvements to the department's information technology (IT) infrastructure.
- $1.2 million General Fund annually until 2023-24 to fund the department's TBI program.

As mentioned earlier in the agenda, the VR grant has a MOE requirement, which requires a state match equal to or more than the state match from two years before. Due to the MOE, DOR does not spend more than the required state match for the VR grant award. While the MOE can protect the VR program from disproportionate state budget cuts when state budgets are flat or decreasing. The MOE can function as a disincentive for states to provide additional funds to the VR program during periods when state budgets are increasing because it commits the state to increased spending in future years. Although the federal VR grant has increased each year by roughly two percent, the grant does not keep pace with state employee compensation increases and inflation, which increases expenditures by an average of about five percent per year. With expenditures growing faster than funding, VR programs face challenges in continuing to meet the needs of their consumers.

The proposals below address the VR program funding limitations discussed here.

Issue 2A: Community Rehabilitation Program Rates

The Governor's Budget includes $3.4 million General Fund annually for a ten percent increase to Community Rehabilitation Program provider rates

Background. Through its Community Rehabilitation Program (CRP), DOR delivers VR services to consumers using a uniform fee structure. Currently, there are approximately 245 CRP providers delivering services across the state at over 445 locations. CRP providers deliver services to consumers that fall into the following four categories: 1) assessment, 2) training, 3) job related, and 3) support services.

In 2009, DOR implemented a uniform fee-for-service rate structure, which provides the same rate to all providers without taking into account potential cost differences for different providers. This was implemented as part of statewide efforts to achieve savings in administrative and program areas due to the ongoing budget challenges at the time. Before that time, DOR determined rates individually based on the actual cost to deliver the services. The new uniform fee for service rates implemented in 2009 were based on the average of the rates that providers had been receiving. Because of this change, some CRP providers saw significant decreases in their rates while others saw significant increases. With exceptions for American Sign Language interpreting rates and job coaching rates, the fee-for-service rates have not been adjusted since 2009.

Without any increase in the fee-for-service rates since 2009, many CRP providers find it increasingly difficult to support rising operating expenses under the current rates. Additionally, the department has lost a number of CRP providers and is faced with service gaps in many geographic areas. The department states there has been a decline of approximately 19 percent in total CRP providers, and a 15 percent net loss in provider facility locations between 2008-09 and 2017-18.

Social Security Administration (SSA) Reimbursements. The SSA provides an incentive payment to DOR that recognizes shared savings that results when a VR consumer achieves gainful employment and no longer needs Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI) benefits. In 2018, the SSA defined substantial gainful activity as earning more than $1,180 a month for non-blind disabled individuals and $1,970 a month for statutorily blind individuals. If a VR consumer achieves earnings at or above these monthly earnings levels, the SSA will reimburse the VR agency for the direct and administrative costs incurred to provide the services. Currently, SSA reimbursements are used to fund Independent Living Centers (ILCs) and the VR program.

The table below, provided by the department, provides a detailed breakdown of SSA reimbursements and associated expenditures over the last ten federal fiscal years.

Table 1: SSI/SSDI Reimbursements Received and Expenditures by Federal Fiscal Year								
Source: DOR Accounting								
Federal Fiscal Year	Program Income Received from the SSA	VR Program	Ind. Living (AB204 - WIC section 19806)	Ind. Living (Other)	Work Incentive Planners	Older Individuals Who Are Blind Program	Client Asst. Program	Total Expenditures
2008	$16,894,193		$16,722,755				$171,438	$16,894,193
2009	$13,745,881		$13,745,881					$13,745,881
2010	$14,879,802		$14,721,005				$158,797	$14,879,802
2011	$9,046,392		$9,046,392					$9,046,392
2012	$7,845,583		$7,845,583					$7,845,583
2013	$10,548,625		$10,441,296	$10,096			$97,233	$10,548,625
2014	$19,888,031		$19,718,654	$169,377				$19,888,031
2015	$28,916,254	$5,548,142	$11,834,038	$4,713,287	$3,565,378	$3,255,410		$28,916,254
2016	$22,101,879	$5,322,567	$12,018,305		$4,729,210	$31,797		$22,101,879
2017	$35,355,480[2]	$16,112,360	$11,248,058	$3,275,021	$4,720,041			$35,355,480
2018	$40,317,972	$26,992,663	$13,325,309					$40,317,972
2019[1]	$7,999,777							$7,999,777
	[1] As of December 2018							
	[2] Included $6,756,263 received from prior years.							

Proposed Funding. The requested resources would provide a ten percent increase in rates for CRP providers that have not seen an increase since 2009. Using state funds to directly provide an increase in the uniform fee-for-service rates for CRP providers would potentially impact DOR'S MOE levels. Essentially, it could lock in a higher level of state expenditures on the VR program going forward. To avoid this, the budget proposes to shift SSA reimbursements that are currently being used to fund ILCs. SSA reimbursement income can be used to fund CRP rate increases since this income does not count toward the MOE calculations. The General Fund would be used to backfill the SSA reimbursements that would no longer be going to the ILCs to ensure ILC funding is maintained at current levels.

The proposed funding would not only fund a ten percent rate increase for CRP providers, but it would also fund the cost of minimum wage increases to CRP providers. CRP providers that provide situational assessment or work adjustment services pay a minimum wage to VR consumers as part of their services. This proposal increases the rates for those services to account for increases in the state's minimum wage.

Questions.

1. Please provide an overview of the proposal to increase CRP provider rates.

2. Why did the department propose to increase rates across-the-board, instead of providing increases based on the cost to provide services, as was done prior to 2009?

3. How did the department determine that rates should be increased by ten percent?

4. As SSA reimbursements are not a stable funding source, how will the DOR plan for possible future revenue fluctuations?

Issue 2B: IT Infrastructure

The Governor's budget includes $1.6 million General Fund for improvements to the department's information technology (IT) infrastructure

Background. The funding limitations outlined above have also limited the VR program's ability to modernize its IT infrastructure. Most of DOR's branch and district offices have low Internet bandwidth for the number of employees in each office, diminishing staff productivity. The majority of offices have ten or more users, yet many of these offices have internet bandwidth that is not sufficient to support these services for that many users concurrently. For example, at 70 offices, bandwidth supporting all staff at that location is equal to the bandwidth of a smartphone on a 4G LTE network.

Funding limitations have also limited the VR program's ability to modernize business processes and the way DOR staff interact with and exchange data and information with consumers and service providers. Manual, paper-driven processes hamper the DOR employees providing VR services. Additionally, limited funding has impacted DOR's ability to migrate network infrastructure and services to the cloud. Moving aging enterprise hardware, document repositories, authentication, web, and database workloads to the cloud would reduce administrative tasks, such as procuring and managing network hardware and software, backing up systems, and supporting complex networking and storage infrastructure. It would also move DOR from a capital expenditure model to a subscription-based operational expenditure model, allowing for more consistent and reliable cost forecasting, as well as providing technical flexibility to adapt to meet future business needs.

The table below provides a further breakdown of the proposed IT infrastructure cost.

Cost Area	Year 1	Year 2	Year 3
Adding Wi-Fi and increasing bandwidth in district and branch offices	$680,000	$575,000	$575,000
Cloud services and infrastructure	$200,000	$280,000	$430,000
Public-facing portal, electronic workflow, and electronic signature implementation	$750,000	$775,000	$625,000
Total:	**$1,630,000**	**$1,630,000**	**$1,630,000**

DOR will work with the Department of Technology (CDT) on technical logistics as it migrates to the department's cloud service offerings. DOR is currently working with CDT to test and pilot a new service that will help meet DOR's need for increased internet speeds.

Questions.

1. Please provide an overview of the proposal related to IT infrastructure funding.

Issue 2C: TBI Program

The Governor's budget includes $1.2 million General Fund until 2023-24 for the TBI program.

Background. The TBI program serves those who have suffered a traumatic brain injury by providing post-acute care and support. Participants must have a TBI diagnosis and be able to benefit from a coordinated service approach. The most common challenges that TBI survivors face include short-term and long-term memory, cognition, organizational skills, time management, impulse control, interpersonal interactions, and mental health issues. Treatment of TBI happens in the hospital and in rehabilitation programs, with limited services available in the community. Programs that provide services to those with a TBI often use specialists familiar with TBI, such as certified brain injury specialists. The skills and experience of TBI specialists are distinct because TBI survivors must often relearn basic brain functions. DOR currently funds seven TBI program sites that serve approximately 900 consumers in 20 counties. Each site provides supported living, community reintegration, vocational support, information and referral, and public and professional education services.

TBI Program Funding. When California established the TBI program in 1988, the program was a pilot of four sites that received a total of $500,000 in grant funding. At the time, statute directed the transfer of 0.66 percent of all funds in the State Penalty Fund to the TBI Fund. In 2015-16, each of the seven sites received $120,000. The 2014 Budget Act included a one-time revenue transfer of $500,000 from the Driver Training Penalty Assessment Fund (DTPAF) to the TBI Fund. The 2016 Budget Act included a one-time revenue transfer of $360,000 from the DTPAF.

Historically, the seven TBI sites have received annual funding of $150,000 from the State Penalty Fund. However, the State Penalty Fund has experienced a dramatic decline in revenues over the past decade. Between 2007-08 and 2017-18, the fund has seen more than a 40 percent decrease in funds. In response, DOR has explored other options to fund the TBI program. TBI program sites contribute a 20 percent match to the state funds they receive, which translates to an additional $30,000 per year. DOR also attempted to leverage federal VR dollars for the TBI program through new contractual agreements with TBI program sites. However, this effort failed because the needs and outcomes of the TBI population did not meet the federal government's conditions, primarily due to the extended timeframe and pre-vocational nature of TBI services.

Recent Budget Actions and Legislation. Due to the State Penalty Fund's declining revenues, trailer bill language in the 2017 budget eliminated the formula-based distribution of revenues. The Budget Act of 2017 allocated $800,000 in one-time revenues from the State Penalty Fund to the TBI Fund. The Budget Act of 2018 included the same one-time transfer of $800,000. 2018-19 funding for TBI sites is $115,000, less than the traditional $150,000. SB 398 (Monning), Chapter 402, Statutes of 2018, extended the sunset date of the program to July 2, 2024, but did not identify a funding source. The requested resources would provide support until the sunset date.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal related to funding for the TBI program.
2. Please describe the caseload trends for the TBI program over the past 12 months and discuss any gaps in services or unmet services needs for this population.

Issue 3: Spring Letter/BCP – CalFresh Outreach via ILCs

Governor's Proposal. The Administration requests an increase of $2.5 million in reimbursement authority for 2019-20 to assist with implementation and oversight of the state's CalFresh program outreach plan. The Department of Social Services (DSS) will reimburse DOR for costs in communicating new eligibility requirements for the Supplemental Nutrition Assistance Program (SNAP).

Background. The "SSI Cash-out" is a state policy that provides Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients with an extra $10 payment in lieu of their being eligible to receive federal food benefits through the CalFresh program, California's version of the federal SNAP. AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, ended this policy. This expansion of benefits is effective beginning June 1, 2019. It is estimated that the policy change will increase the CalFresh caseload by approximately 370,000 new households, or 20 percent.

DSS is responsible for oversight and implementation of the CalFresh program. Through the use of focus groups DSS identified the ILCs as organizations likely to reach the potential new recipients of CalFresh and requested DOR and ILCs to help inform Californians with disabilities of their new eligibility for CalFresh. To carry out these duties DOR will enter into an interagency agreement with DSS and redirect one temporary help staff to work in collaboration with DSS to collect data on the number of potential applicants' pre-screenings, completed applications, demographic descriptions of the population served, and applications approved. DOR will also provide regular reports to DSS. The temporary help staff will manage the ILC contracts.

ILCs will contract specifically to provide application assistance and will contact consumers on SSI/SSP to prescreen them for CalFresh eligibility. DOR anticipates that an additional 20,000 individuals will be reached through the ILCs.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

Issue 1: Overview

Governor's Proposal. The department's budget proposes expenditures of $7.8 billion ($4.8 billion General Fund) in 2019-20, an increase of $435.2 million ($332.4 million General Fund) compared to the updated 2018-19 budget. The increase over the updated 2018-19 budget includes $462.5 million ($333.3 million General Fund) in Purchase-of-Services (POS) and $43.7 million in operations. The table below provides more detail. Growth in the number of people served in the community services program and growing costs associated with implementing state minimum wage increases are the primary drivers of these year-over-year increases.

Department of Developmental Services Funding Summary
(Dollars in Thousands)

	Updated 2018-19	Proposed 2019-20	Difference	Percent Change
Community Services	$6,892,600	$7,398,803	$506,203	7.3%
State Operated Residential and Community Facilities	394,383	309,462	-84,921	-21.5%
Headquarters Support	70,895	84,793	13,898	19.6%
Total	**$7,357,878**	**$7,793,058**	**$435,180**	**5.9%**
General Fund				
Community Services	$4,087,869	$4,450,177	$362,308	8.9%
State Operated Residential and Community Facilities	306,682	265,834	-40,848	-13.3%
Headquarters Support	42,314	53,217	10,903	25.8%
Total	**$4,436,865**	**$4,769,228**	**$332,363**	**7.5%**

Background. The Department of Developmental Services (DDS) oversees the provision of services and supports to over 340,000 persons with developmental disabilities and their families, pursuant to the provisions of the Lanterman Developmental Disabilities Services Act, also known as the Lanterman Act, (Division 4.5 of the California Welfare and Institutions (W&I) Code). The Lanterman Act establishes an entitlement to services and supports for Californians with developmental disabilities. The Early Start Program provides for the delivery of appropriate services to infants and toddlers at risk of having developmental disabilities.

For the majority of eligible recipients, services and supports are coordinated through 21 private, non-profit corporations, known as regional centers. The remaining recipients are served in two state-operated institutions, known as developmental centers, one state-leased and state-operated community-based facility, and four Stabilization, Training, Assistance and Reintegration (STAR) homes.

Eligibility. To be eligible for services and supports through a regional center or in a state-operated facility, regardless of income, a person must have a disability that originates before their 18th birthday, is expected to continue indefinitely, and presents a substantial disability. As defined in Section 4512 of the

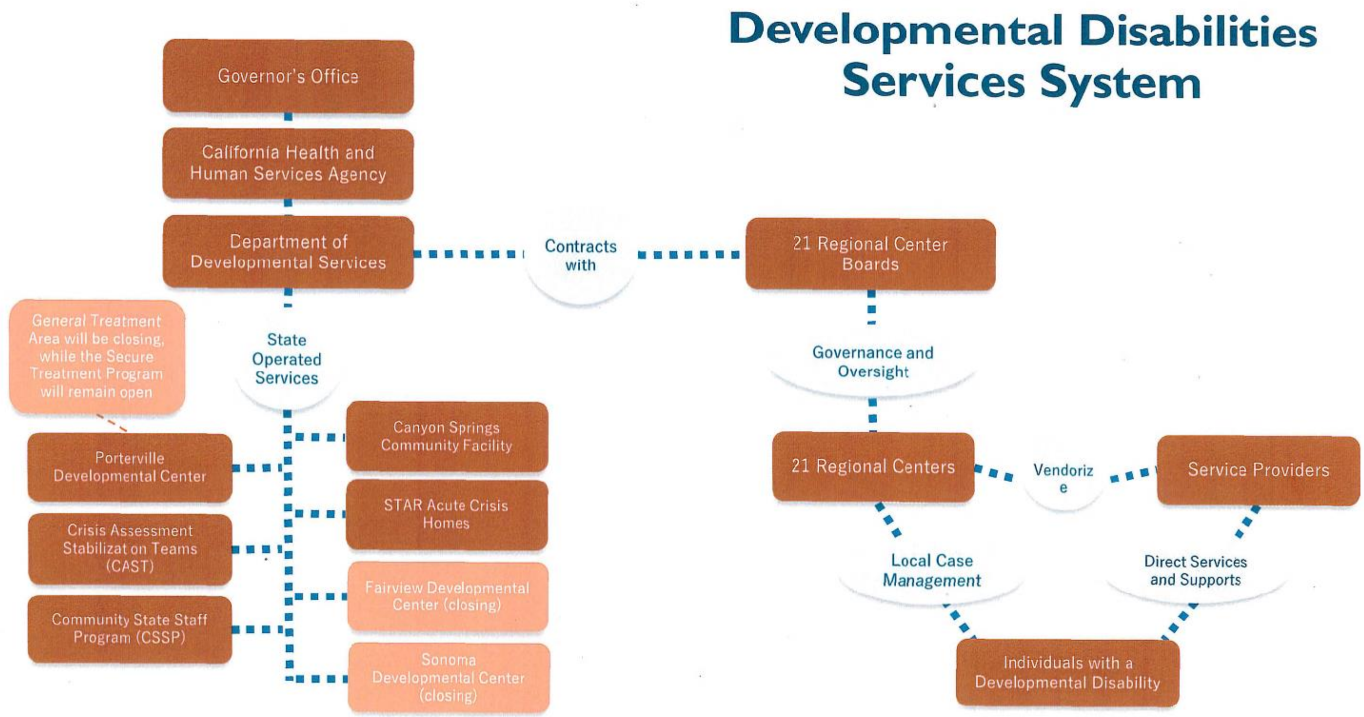
W&I Code, this includes an intellectual disability, cerebral palsy, epilepsy, and autism, as well as conditions found to be closely related to intellectual disability or that require treatment similar to that required for individuals with an intellectual disability. A person with a disability that is solely physical in nature is not eligible. Infants and toddlers (age 0 to 36 months), who are at risk of having a developmental disability or who have a developmental delay, may also qualify for services and supports. Eligibility is established through diagnosis and assessment performed by regional centers.

Caseload. The Governor's budget expects the number of individuals served to increase to 349,606 in 2019-20, a net increase of 16,512 consumers (five percent increase), compared to the updated 2018-19 budget. This includes 4,095 Early Start consumers.

Regional Center (RC) System. RCs coordinate community-based services in community settings through service coordinators who are case managers for consumers. A locally established board of directors directs the policies and decisions of each RC. However, the department provides necessary oversight through its contractual relationship with each regional center. It is the responsibility of the department to ensure that services and supports are provided in the most effective and efficient means possible, and that the tenets of the Lanterman Act and other relevant state and federal requirements are met.

Developmental Centers (DCs). The budget for the 2015-16 fiscal year announced the planned closure of the remaining DCs. These remaining DCs included Sonoma Developmental Center, Fairview Developmental Center, and the Porterville Developmental Center – General Treatment Area (Porterville GTA). The secure treatment program at Porterville will remain open. The plan projected the closure of Sonoma by the end of the 2018 calendar year. The last resident moved out of Sonoma on December 17, 2018. Both Fairview DC and Porterville GTA are scheduled to close by the end of 2021; however, the department and RCs predict a much earlier closure date and there were fewer than 100 consumers left to be moved as of April 2019.

The graphic below, provided by the department, gives a helpful overview of DDS, its responsibilities, and its relationship with the 21 regional centers.



Recent Policy Changes. The following budget adjustments are due to recent policy changes statewide and within the department.

- Specialized Home Monitoring. An increase of $5.5 million ($3.9 million General Fund) to provide required monitoring of specialized homes by regional center licensed nurse/behavior specialist-to-home ratio of 1:4. The department plans to have 93 operational Adult Residential Facilities for Persons with Special Healthcare Needs (ARFPSHN) and 84 Enhanced Behavioral Supports Homes (EBSH) and Community Crisis Homes (CCH) in 2019-20.

- Bridge Funding. A decrease of $42 million ($25 million General Fund) for the one-time appropriation provided in the 2018-19 budget for service provider rate increases.

Policy considerations. The Subcommittee may wish to ask the department about the status of implementation of the following policy initiatives, and discuss the fiscal impact of implementation delays.

- Self-Determination. SB 468 (Emmerson), Chapter 683, Statutes of 2013, requires the department to implement a statewide Self-Determination Program, subject to approval of federal funding. The program will enable consumers and their families more freedom and control in choosing services, supports, and providers. The department received federal approval for federal funding of the program on June 7, 2018.

- Electronic Visit Verification (EVV). The 21st Century CURES Act requires all states set up an EVV system to verify services for all Medicaid-funded personal care and home health care services occurred. All states must implement EVV for personal care services by January 2020 and home health care services by January 2023. Through its regional centers, the department provides EVV-monitored services including supported living, respite, and personal assistance services. However, the department does not currently have an EVV system. In 2018, the department and other agencies continued stakeholder meetings to inform the design and implementation of the EVV system. The state is also working with CMS to request a one-year extension. If an extension is not approved, the department estimates a penalty of $1.8 million General Fund in 2019-20. The Department of Finance (DOF) released a finance letter in April 2019 requesting $1.5 million in one-time resources to support planning activities to comply with federal EVV requirements for DDS and other state departments.

- Minimum Wage Issues. Currently, the state minimum wage is $11 per hour for businesses with five or fewer employees and $12 per hour for businesses with 26 or more employees. The state minimum wage is statutorily scheduled to increase each year until it reaches $15 per hour—in 2022 for the larger businesses and in 2023 for the smaller businesses. Currently, statute allows DDS to adjust the rates paid to vendors when the adjustment is needed to bring their lowest wage staff up to the state minimum wage. Some cities and counties have enacted minimum wages that exceed the state's minimum wage. In these areas, DDS vendors must pay at least the local minimum wage. In each of the past two January budget proposals, DDS has had to revise downward the current-year POS estimates, in part because the actual prior-year costs to cover state minimum wage increases had come in lower than expected. The updated 2018-19 budget contains a decrease of $54.6 million ($33.1 million General Fund). The downward revision in minimum wage-related spending is likely due in large part to a quirk in the implementation of the statutory policy that guides rate adjustments. Specifically, vendors in areas with a local minimum wage that is higher than the state minimum wage are unable to benefit from the rate adjustments for state minimum wage increases that vendors in lower-cost areas benefit from. The 2019-20 budget includes an increase of $76 million ($38.4 million General Fund) to reflect full-year costs of minimum wage increases from $11 to $12 per hour, and an increase of $83 million ($41.7 million General Fund) to reflect half-year costs of minimum wage increasing from $12 to $13 per hour. This figure assumes that all areas of the state are at the state minimum wage.

LAO Comment and Recommendation. The Legislature has increased the state minimum wage several times over the past decade. Currently, statute allows DDS to adjust the rates paid to vendors when the adjustment is needed to bring their lowest wage staff up to the state minimum wage. Some cities and counties have enacted minimum wages that exceed the state's minimum wage. Nearly 40 percent of the state's population lives in areas with these higher local minimum wages. In these areas, DDS vendors must pay at least the local minimum wage. These vendors must do so, however, without any adjustment to their rate because statute generally does not provide for vendor rate adjustments in response to local minimum wage increases. In each of the past two January budget proposals, DDS has had to revise downward the current-year POS estimates, in part because the actual prior-year costs to cover state minimum wage increases had come in lower than expected. While it is not certain, the LAO believes the downward revision in minimum wage-related spending is likely due in large part to a quirk in implementation of the statutory policy. Specifically, vendors in areas with a local minimum wage that is higher than the state minimum wage are unable to benefit from the rate adjustments for state minimum wage increases that vendors in lower-cost areas benefit from. They are considered ineligible for the state increases because they already pay their minimum wage workers a wage that is higher than the state minimum wage (even though they received no rate adjustment to pay these higher wages).

The LAO recommends that the Legislature clarify what it intended when it authorized DDS vendors to seek rate adjustments. The LAO also recommends that the Legislature request DDS to report the estimated 2019-20 General Fund cost to allow all vendors to seek an adjustment related to the January 1, 2020 minimum wage increase.

Staff Comment and Recommendation. Hold open

Questions.

1. Please discuss the major accomplishments and challenges the department has experienced in the last year.

2. Please provide an update on the rollout of the Self-Determination program.

3. Please provide an update on the development of an EVV system for the department.

4. Please explain the decrease for minimum wage costs in the updated 2018-19 budget. What would be the estimated 2019-20 cost to allow all vendors to seek an adjustment related to the January 1, 2020 minimum wage increase?

Issue 2: Uniform Holiday Schedule and Half Day Billing

A host of advocacy organizations opposes the reinstatement of the uniform holiday schedule and the elimination of half-day billing policy.

Panel. The Subcommittee has requested the following panelists provide comment on the implementation of the Uniform Holiday Schedule and half day billing policy:

- Jordan Lindsey, Executive Director, The ARC California
- Nancy Chance, Executive Director, Choices Person Centered Services

Budget Issue. The budget proposes enforcement of the "14-day uniform holiday schedule." One-time funding was provided in 2018-19 to delay implementation of the Uniform Holiday Schedule. The 2019-20 budget includes a decrease of $47.8 million ($28.7 million General Fund). The department proposes to implement the policy, effective July 1, 2019.

The department estimates that costs to repeal the 14-day schedule for 2019-20 is $50.3 million ($30.1 Million General Fund). To eliminate half-day billing for 2019-20, it is estimated to cost $2.7 million ($1.6 million GF).

Uniform Holiday Schedule. As part of a package of budget solutions passed in 2009 in response to the significant state budget deficit, the state enacted a policy prohibiting RCs from paying service providers on 14 set holidays per year. This meant that service providers either did not provide services on those days or absorbed the cost without payment. The policy also required that the 14 holidays be uniform statewide (in other words, it could not be any 14 days throughout the year). The policy has not been enforced since 2015, because of litigation. The 2018 Governor's budget proposed implementation of the policy but the final budget agreement delayed enforcement until 2019-20.

Half-Day Billing. The half-day billing policy is also rooted in recessionary budget cuts. The policy states that activity centers, adult development centers, behavior management programs, and other look-alike day programs with a daily rate shall bill regional centers for services provided to consumers in terms of half days of service and full days of service. The definition of "half day of service" is set at any day in which a consumer's attendance does not meet the criteria of at least 65 percent of the declared and approved program day, or what qualifies for billing for a "full day of service." Statute directs each vendor to bill at one-half of its existing rate for any consumer who attended the program for less than 65 percent of the program day. The policy had not been enforced until July 1, 2018, when it was brought back into effect.

Legislative Analyst's Office (LAO) Comments. Typically, most RCs and vendors observe a certain number of holidays each year regardless of state policy—often about ten days. The LAO notes that California state government observes 11 holidays each year and the federal government observes 10. The 14-day schedule would therefore exceed both state and federal government practices. One option is to statutorily establish a 10- or 11-day schedule, rather than 14. However, this option would not result in the estimated savings.

Whether the schedule should be uniform is another question. On the one hand, it ensures that services are up and running on the same days facilitating coordination between, for example, transportation and day program providers. On the other hand, consumers may have particular needs on certain holidays—for example; they may need day program job support on the day after Thanksgiving if they work in retail.

Staff Comment and Recommendation. Hold open. The Subcommittee may wish to revisit these policies due to the state's improved economic condition, as implementation was a recessionary budget cut.

Issue 3: Social Recreation and Camp Services

A host of advocacy organizations, including Disability Voices United and the California Disability-Senior Community Action Network (CDCAN), propose the reinstatement of social recreation and camp services. CDCAN also proposes one-time funding be allocated to help those providers who need assistance in restoring those services.

Budget Issue. The department estimates that the restoration of these services will cost $23.2 million ($14.8 million General Fund) in 2019-20. Full year costs would be $42.9 million ($27.3 million General Fund).

Panel. The Subcommittee has requested the following panelists provide comment on the restoration of social recreation and camp services:

- Carolyn Tellalian, Board Member, Disability Voices United and parent

- Beth Burt, Executive Director, Autism Society of California, and family member

Background. As part of a package of budget solutions passed in 2009 in response to the significant state budget deficit, the state enacted a policy that suspended social recreation and camp services. Both the Senate and Assembly approved funding to restore these services in the 2018 budget, but the funding was not included in the final budget.

Proponents of the proposal state that it will provide extraordinary benefits for individuals with developmental disabilities. These services will encourage physical activity and participation in cultural events, among many other benefits. Proponents also state that these services have been used at higher rates by underserved Latino, Africa-American.

Staff Comment and Recommendation. Hold open**.**

Issue 4: BCP - Headquarters Restructure and Reorganization

Governor's Proposal. The Governor's budget includes $8.1 million ($6.5 million General Fund) for 54 permanent positions to restructure the organization and realign resources for safety net services, program modernization, risk management, federal and state compliance, and fiscal accountability. Of the requested amount, $400,000 is for 3-year limited-term funding for three positions for oversight of the HCBS provider assessment process.

Panel. In addition to DDS, the DOF, and the Legislative Analyst's Office (LAO), the Subcommittee has requested the following panelists to provide comment on the headquarters restructuring:

- Amy Westling, Executive Director, Association of Regional Center Agencies
- Judy Mark, Board Member, Disability Voices United, and parent
- Catherine Blakemore, Executive Director, Disability Rights California

Background. Currently, DDS is divided into two main divisions. One handles community services, including oversight of regional centers (RCs). The other handles developmental centers (DCs) and other state-operated facilities. The DCs division includes the positions that work at the DCs and other state-operated facilities, providing direct services to consumers or maintaining facilities. At its Sacramento headquarters, DDS also has an administration division, an IT division, and five different offices handling legal affairs, human rights and advocacy, legislation, communications, and emergency preparedness. In addition to the department director, DDS has traditionally had one chief deputy director. Before his departure from office, Governor Brown appointed a second chief deputy director in December 2018 who will play a key role in the newly proposed departmental structure, overseeing Program Services.

Proposed Reorganization. With the impending closure of the remaining DCs, this proposal shifts to a more community-based focus within the department. The proposal consolidates the functions of the department into two main areas – Program Services and Operations. The graphic below depicts the two main areas, each of which would be overseen by a chief deputy director.

Figure 3

Proposed Reorganization and Restructuring of the Department of Developmental Services

Program Services

Community Services Division
- Office of Community Operations
- Appeals and Complaints
- Office of Community Development
- Disparities/Service Equity Section

Office of Statewide Clinical Services and Monitoring[a]

Federal Programs Division[a]
- Self Determination and Home- and Community-Based Services
- Monitoring and Family Services
- Program Operations

State-Operated Facilities Division
- Porterville Developmental Center
- Fairview Developmental Center
- Canyon Springs Community Facility
- STAR Homes and CAST
- Support Services
- Community State Staff
- Quality Assessment and Risk Management
- Regional Resource Development Projects, Transition and Support Services

Operations

Office of Quality Assurance and Risk Management[a]

Office of Legal Affairs

Office of Legislation, Regulations and Public Affairs[a]

Emergency Preparedness and Coordination

Office of Human Rights and Advocacy Services

Office of Protective Services

Administration Division
- Financial Services Branch
- Fiscal Forecasting Branch
- Human Resources and Support Services Branch
- Research, Audits and Evaluation Branch

Information Technology Division
- IT Operations Branch
- Technology Business Management Offices
- Information Security Office
- Enterprise Data Operations Office

[a] New office or division.

STAR = Stabilization, Training, Assistance, and Reintegration; CAST = Crisis, Assessment, Stabilization Teams; and IT = information technology.

Program Services would include the personnel that manage, and activities that concern, all of the services and supports delivered to consumers. This would include divisions for community services, state-run facilities, and federal programs (a new division). It would also include an office for statewide clinical services and monitoring (a new office). Operations would cover what could be considered primarily administrative functions for all DDS programs. It would include offices for quality assurance and risk management (a new office), legal affairs, human rights and advocacy, and protective services. It would consolidate several functions into a new office of legislation, regulations, and public affairs. It would include an administration division and a restructured IT division, and it includes emergency preparedness/coordination functions.

While the proposal contains many changes, some notable highlights are listed below:

- Increased oversight of Early Start programs. Proposed additional staff will allow programs to be reviewed every year, instead of the current three-year cycle.

- Increased focus on risk management and quality assurance. The proposal includes the creation of a new office focused on quality assurance and risk management to provide additional staff to re-evaluate the department's risk management system. The proposed additional staff will increase incident monitoring and analysis, incorporate additional quality assurance initiatives, work with RCs to analyze their Risk Management and Mitigation plan, and revise the department's Risk Management Training Manual.

- An increased departmental presence at the local level to provide heightened oversight of RC operations. The proposal includes additional positions to act as liaisons with RCs. The additional staff would respond to complaints, attend RC board meetings and train board members, and ensure compliance with statutory, regulatory, and contractual obligations. The proposal also includes opening a new office in Southern California to house the additional staff overseeing the Southern California RCs.

The proposal requests 54 new positions to implement this restructuring. Some positions would augment current functions, and others would perform new functions. Specifically, the department requests the following:

- <u>Twenty-five positions in the Office of Community Operations</u>. Of note, the proposal includes seven teams of three positions each, described as RC Liaison/Monitoring Teams, to provide increased oversight of RCs. Three teams would be located in northern California, and the other four would be based out of a new proposed southern California office.

- <u>Five positions in the Office of Statewide Clinical Services and Monitoring</u>. This new office centralizes community living and clinical services, program and policy, along with monitoring functions to address statewide issues and needs that arise regarding medical, dental, autism spectrum disorders, and new models of residential living. The office would consist of 32 positions total, 27 of which would be redirected from other divisions.

- <u>Nine positions in the Federal Programs Division.</u> Six new permanent positions and three 3-year limited-term positions are requested to provide the resources needed for all activities required by the Home and Community Based Services (HCBS) Statewide Transition Plan, additional monitoring of community service providers to ensure compliance with the new HCBS rules, implementation of the Self-Determination Program, and additional monitoring of Early Start providers. The three 3-year limited-term positions are requested for HCBS Waiver activities to focus on oversight and management of the provider assessment process. This process is discussed in more detail in issue seven. Two positions would be for implementation of the Self-Determination Program, and four positions would provide increased oversight and monitoring of RC Early Start programs.

- <u>One position in the State Operated Facilities Division.</u> This new division will primarily consist of existing positions and staff who are either redirected within DDS for continuing work related to the remaining DCs and state operated community facility, engaged in transition services, or involved with the new state operated facilities and other new models of care. One SSM I is requested to provide coordination and oversight for the DC and state operated facility adult education requirements.

- <u>Five positions in the Research Section of the Administration Division.</u> DDS proposes to increase the number of Research staff by five positions and to separate the section into two units: Research and Data Analytics Unit and the Data and Policy Support Unit. The proposed new staff include one Research Data Supervisor I, one Research Data Specialist II, and three Research Data Analyst IIs.

- One position in the Audit Section of the Administration Division. To enhance monitoring of RCs and community service providers, one new General Auditor III position is requested to improve the timeliness and quality of audit reports.

- Six positions in the Office of Quality Assurance and Risk Management. The office will consist of 16 positions for expanded statewide and enhanced quality assurance and data driven risk management. DDS believes a revamping of the risk management of mitigation system is necessary to address the changing dynamics of the service system overall, including the demographics of the population, specialized service needs, and the application of new models and approaches to risk management.

- Four positions in the Office of Legislation, Regulations, and Public Affairs. A new Office of Legislation, Regulations and Public Affairs is proposed with staff resources to support stakeholder engagement and effective communication with consumers. This office will report to the Chief Deputy, Operations and employ nine staff, including four new positions. Notably, a new Regulations Coordinator position is added to work with executive staff, managers, control agencies, and stakeholders to manage all aspects of the regulation process.

LAO Comment. While the cost of this proposal is relatively small, compared to the total DDS budget, it does represent a shift in policy and thinking for the department. The LAO believes the proposal warrants legislative consideration because it more logically reflects DDS' current responsibilities (and those that are on the horizon) and it attempts to respond to some of its current limitations, such as an inadequate number of staff to conduct timely and comprehensive risk management and quality assurance. However, the LAO notes that the proposal misses some opportunities to more fully consider how the system could better deliver services from a consumer perspective. For example, although some changes could have a positive impact on consumers (such as the proposal to increase DDS oversight of RCs, which should lead to more timely response to complaints and reported incidents), it is unclear how the reorganization will lead more directly, and broadly, to improved outcomes for consumers and what specifically those improvements might be. While the proposal includes increased data analysis and reporting, it does not appear to make significant changes to current data collection methods and types of data available. It is unclear to the LAO whether and how DDS would take disparate pieces of information collected and provided from these various units and use them collectively to strategically plan for the future.

The LAO recommends the Legislature request additional information on the departments near and long-term goals from the consumer perspective, and additional information on how the proposed southern California office would operate and how DDS would consolidate findings from multiple units.

Stakeholder Proposals.

Disability Rights California (DRC), California's statutorily identified consumer protection and advocacy agency, proposes the following related to the department's proposed reorganization and increased transparency and accountability:

- **List of Agreed Upon Services.** DRC proposes amending statute to require RCs to provide a list of agreed upon services and supports at the conclusion of an IPP meeting. RCs should provide a written copy of the IPP, which must be signed to provide consent for services and supports, within 45 days IPP. However, many RCs are experiencing delays due to staff shortages, resulting in a delay in starting services, or clients and family members being made to sign a blank IPP document.

- **Posting of Guidelines, Protocols, and Assessment Tools.** DRC proposes amending statute to require RCs to post all guidelines, protocols, and assessment tools used to determine consumer's service needs with the relevant purchase of service policy. Currently, each RC must post DDS-approved purchase of service policy, internal guidelines, protocols and assessment tools for respite services. However, most RCs do not publicly post other guidelines, protocols, or assessment tools.

Disability Voices United recommends the department annually report on how their restructuring has provided greater transparency and increased oversight of the RC system.

Staff Comment and Recommendation. Hold open. Staff notes that the proposal does represent a significant change for the department. While staff has no specific concerns with the proposal and recognizes its merit, it is unclear how the proposed restructuring will improve service delivery for consumers, and aid in addressing consumer concerns. The department intends to seek stakeholder input and update its online "dashboard" keep the community informed of system progress in meeting outcomes. However, the proposal does not detail how it will improve consumer outcomes or how/if the department plans to track service delivery and consumer outcomes. Staff recommends the Subcommittee consider requiring the department and RCs to identify and report on key oversight indicators to improve consumer outcomes and track service delivery.

One of the recommendations of the DS Task Force in the department's 2015 plan for the future of the DCs was to increase access to and availability of mental health, medical, crisis, housing, employment, transportation, and social recreational services for individuals in the community. While the department and regional centers have worked to increase crisis services and housing options for individuals in the community, as can be seen with the Safety Net Plan, advocates have voiced concerns that the other services identified by the task force remain difficult to obtain. However, there is little data on the need for and utilization of these specialized services.

Questions.

1. Please provide an overview of the proposal.

2. Will the additional research section staff allow the department to collect more comprehensive data on consumers and services? Will the additional staff allow the department to better understand and address unmet service needs across the state?

3. Please provide specific examples of how the proposed changes will improve service delivery and individual consumer outcomes.

4. Please discuss the current process to establish and inform the public of new regulations, the backlog of regulations to be issued, and how this proposal will affect that backlog and process.

5. Please discuss the additional activities that will be undertaken by the expanded Quality Assurance and Risk Management Unit and how that will affect the experiences of consumers in the regional center system.

Issue 5: BCP – Federal Claims Reimbursement System Project

Governor's Proposal. The Governor's budget includes $3.2 million ($3 million General Fund) in 2019-20, and $12 million ($11.8 million General Fund) in both 2020-21 and 2021-22 for the planning and implementation of the Federal Reimbursement System Project. The request also includes three-year limited-term funding for five positions.

A further breakdown of the requested funds is provided below.

Category	Planning (Year 1)	Implementation (Years 2 & 3)
Position Funding	**$782,000**	**$1,564,000**
Consulting Services and Equipment	**$2,410,000**	**$22,340,000**
Consulting and Professional Services - Interdepartmental	$175,000	$183,000
Consulting and Professional Services - External	$1,962,000	$21,707,000
Office Equipment	$16,000	$0
Data Center Expenses	$125,000	$316,000
Other Items (such as software licensing)	$132,000	$134,000
Total	**$3,192,000**	**$23,904,000**

Background. The Community Services Division, Federal Programs Operations Section, administers and pursues federal reimbursements for Federal Financial Participation (FFP) programs approved by the CMS through waivers or state plan amendments (SPAs). Federal funds recovered under these reimbursements offset state General Fund for services provided to Medi-Cal eligible consumers. In 2018-19, federal reimbursements are budgeted at $2.8 billion. The FFP programs are:

- Medicaid Waiver
- Targeted Case Management (TCM)
- Nursing Home Reform
- State Plan Amendment (1915i)
- Intermediate Care Facility SPA
- Self-Determination program
- Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)

The Federal Programs Operation Section relies on a 36-year old legacy system to process and claim federal reimbursement for FFP programs. Originally developed to support the Medicaid Waiver and 3,360 consumers, the system now supports four additional programs and processes claims for nearly 330,000 consumers, of which approximately 260,000 are Medi-Cal eligible.

The legacy system does not have maintenance or end-of-life support outside of the department's Information Technology Division. Industry-wide, there is a shortage of staff who can maintain and program older systems like the legacy system because colleges and universities no longer provide instruction on older programming languages. Compounding this issue, the workforce who knows the older programming language is at or past retirement age, making it difficult to recruit and hire new staff as others retire. Consequently, the department contracts for consultant resources to maintain the system. In 2018-19, the department estimates it will spend $400,000 on these contracted resources. Over the last eight years DDS has spent $1.3 million on consulting services for the support and maintenance of the existing reimbursement system.

The department initiated an effort in 2016 to analyze and assess a long-term solution. Following the 4-Stage Project Approval Lifecycle (PAL) process, the department prepared and submitted a stage one business analysis for the project. This analysis identified the problems and challenges with the legacy billing system, established the business need to develop a long-term solution, and assessed the department's readiness to undertake a large project. On April 17, 2017, the California Health and Human Services Agency approved the project to proceed. On August 8, 2018, the department received PAL stage two approval from the California Department of Technology, which authorizes the department to proceed with PAL stages three and four to plan and procure a solution. The department began stage three, which is the procurement development phase for the prime solution vendor, in July 2018. The final stage is project readiness and approval. DDS estimates it will have a modernized and functioning IT system two years following the prime vendor contract execution and kick-off meeting.

LAO Comments. Given that federal reimbursements account for $2.8 billion in annual DDS funding the LAO agrees that there is a need to modernize the department’s federal claims reimbursement system. However, the LAO states that it is unclear that DDS needs to request the full three-year amount of funding. Departments should complete all four stages of CDT’s IT project proposal planning and approval process before the fiscal year in which they are requesting design, development, and implementation funds. This allows the department to solicit bids from external consultants and provide the Legislature with more precise estimates of total project cost, schedule, and scope before the Legislature approves project funding. DDS is in stage three of the process and claims that waiting to seek the remaining funding until after stage four is complete would delay the project by a year. DDS does not plan to award a contract to an external consultant until the fall of 2020, and could request funding in next year’s budget process. By waiting to approve the remaining funding, the Legislature would have additional cost, schedule, and scope information from stages three and four.

The LAO recommends approving only the request for $3.2 million ($3 million General Fund) in planning dollars for 2019-20 and rejecting the current request for design, development, and implementation funding in both 2020-21 and 2021-22.

Staff Comment and Recommendation. Hold open. Staff notes that it does seem that the department would have additional information that would inform cost estimates after completion of stage four of the PAL process.

Questions.

1. Please provide an overview of the proposal.

2. Please describe the additional steps required during stages three and four of the PAL process that may affect project costs.

3. Does the department anticipate that the information that is gathered during stage four of the PAL process will affect project costs?

Issue 6: Developmental Centers Closure – Overview

Background. In 2015, consistent with the recommendations of the Health and Human Services Agency report entitled "Plan for the Future of Developmental Centers in California," and the call for the transformation of developmental center services, the May Revision proposed to initiate the closure planning process for the remaining developmental centers. In response to Senate Bill 82 (Committee on Budget and Fiscal Review), Chapter 23, Statutes of 2015, which required the department to submit a plan or plans to close one or more developmental center(s) to the Legislature by October 1, 2015, the department submitted a plan to close Sonoma Developmental Center (SDC) by December 31, 2018. On April 1, 2016, the department submitted to the Legislature a plan for the closure of the Fairview Developmental Center (FDC) and the Porterville Developmental Center (PDC) – General Treatment Area by the end of December 2021. The department will continue to operate a secure treatment program (STP) at PDC, which can serve up to 211 people.

As mentioned previously in this agenda, the last resident moved out of Sonoma DC on December 17, 2018.

Population. Total population for closing facilities declined by 26 people from December 31, 2018 through March 31, 2019. Population for non-closure facilities declined by two for a net decrease in total population of 28. For the developmental centers, three state-run crisis units on developmental center grounds, and the state-leased and operated community facility (Canyon Springs), the following tables show the populations remaining, movement in and out, and transition activities occurring for residents, as of March 31, 2019.

POPULATION			Q3 FY 18/19	
			12/31/18	3/31/19
CLOSURE	Fairview (FDC)	NF	39	25
		ICF	47	40
	Porterville (PDC) GTA	NF	16	16
		ICF	30	25
	Sonoma (SDC)	NF	0	0
		ICF	0	0
	All Facilities	NF	55	41
		ICF	77	65
		Subtotal	**132**	**106**
NON-CLOSURE	Canyon Springs (CS)	ICF	47	46
	CS	Desert STAR	1	2
	FDC	Southern STAR	5	4
	PDC STP	ICF	210	210
	SDC	Northern STAR	5	4
	All Facilities	**Subtotal**	**268**	**266**
TOTAL			**400**	**372**

Movement and Transition Activity. 43 community placements occurred between December 31, 2018 and March 31, 2019. 23 of those placements were from facilities slated for closure. The tables below show movement activity and where individuals residing at the DCs are in the transition process.

MOVEMENT Jan-Feb-Mar 2019		OUT			IN		
		Placements	Deaths	Transfers to DC/CF	New Admissions	Transfers In	Returns from Placement
CLOSURE	FDC	19	1	1		0	0
	PDC GTA	4	0	1		0	0
	SDC	0	0	0		0	0
	Subtotal	23	1	2		0	0
NON-CLOSURE	CS	2	0	0	0	1	0
	CS STAR	0	0	0	1	0	0
	FDC Southern STAR	1	0		0	0	
	PDC STP	16	0	0	15	1	0
	SDC Northern STAR	1	0	0	0		
	Subtotal	20	0	0	16	2	0
TOTAL		43	1	2	16	2	0

TRANSITION ACTIVITY AS OF 3/31/19	Level of Care	Population 3/31/19	Exploring Community Options	Meet & Greets	Successful Meet & Greets	Transition Planning Meetings	Transition Review Meetings/ Move Date
FDC (5)*	NF	25	0	0	0	9	16
	ICF	40	1	7	0	19	13
PDC GTA (39)*	NF	16	0	0	0	13	3
	ICF	25	0	4	0	20	1
SDC	NF	0	0	0	0	0	0
	ICF	0	0	0	0	0	0
All Facilities Closing	NF	41	0	0	0	22	19
	ICF	65	1	11	0	39	14
	Total	106	1	11	0	61	33

Residential Capacity for DC Movers. As of March 31, 2019, there are a total of 90 active projects (with a total capacity to serve 376 individuals) that have been approved for consumers transitioning from both Fairview and Porterville DCs. Of those 90 homes, 60 are completed and currently serving or able to serve consumers. The completed homes are able to serve a total of 257 consumers.

DC Properties. The Legislature will soon be faced with the decision of what to do with the state-owned properties that house the closing DCs. The department has indicated that it will not declare Sonoma DC as surplus property (meaning it will not go through the typical Department of General Services (DGS) process of disposing of state properties). The Administration recently released a budget proposal that would transfer authority of Sonoma DC from DDS to DGS. Sonoma County will be heavily involved in the land use planning activities.

DDS has also indicated that the Fairview DC property would not be declared surplus until at least 2020-21. The Fairview property includes two DDS-run crisis homes, an apartment development called Harbor Village (which includes some residences for DDS consumers), and will include a second apartment development, Shannon's Mountain, (which will also include some units for DDS consumers). None of these developments or the crisis homes will be affected by the disposition of the property. There are fewer options for the future of the general treatment area at Porterville DC given its shared infrastructure with, and proximity to, the secure treatment program.

Stakeholder Proposal. Several stakeholder and advocacy organizations, as well as consumers,-advocate have requested that savings that result from the closure of DCs be reinvested into the intellectual and developmental disability community. In January 2018, the LAO issued a report on sequestering savings from the closure of the DCs. In the report, the LAO estimates that net operational savings after the DC closures could reach $100 million annually.

Staff Comment and Recommendation. This item is informational only, and no action is necessary.

Questions.

1. Please provide an update on the disposition of the DC properties.

2. Please provide an update on the planned development of Shannon's Mountain.

Issue 7: Safety Net Facilities and Crisis Services

Governor's Proposal. The Governor's budget includes a total of $11.7 million ($7.3 million General Fund) to enhance the system of crisis and safety net services. Specifically, the budget includes the following:

- $4.5 million ($4.2 million General Fund) to develop two DDS-operated crisis homes and 60 positions in the Central Valley.
- $800,000 ($600,000 General Fund) for a third mobile crisis team in the Central Valley comprised of five state positions.
- $3.2 million ($2.6 million General Fund) ongoing for 27 new positions to staff a third DDS-operated crisis home in Vacaville scheduled to open in fall 2019.
- $3.2 million ($2.6 million General Fund) ongoing for nine positions to provide oversight and support to DDS-operated safety net homes and mobile crisis services.

Panel. In addition to DDS, DOF, and the LAO, the Subcommittee has requested the following panelists provide comment on the department's safety net plan and crisis services:

- Heather Flores, Executive Director, Central Valley Regional Center
- Ann Grubaugh, family member
- Catherine Blakemore, Executive Director, Disability Rights California

Background. The department released its Plan for Crisis and Other Safety Net Services in the California Developmental Services System, otherwise known as the "safety net plan," on May 13, 2017. As part of the May Revision, the Administration proposed, and the Legislature approved, a total of $21.2 million ($7.5 million in new, one-time General Fund and $13.7 million from existing funds). The Safety Net Plan includes the expansion of state-operated and vendor-operated services. Specifically, the development of state-operated Stabilization, training, Assistance, and Reintegration (STAR) acute crisis residences. The Safety Net Plan also proposed state-operated mobile crisis services. These services are provided by the Crisis Assessment Stabilization Teams (CAST), housed at both North and South STAR. The CAST teams are designed to provide partnerships, assessments, training, and support to individuals continuing to experience crises after RCs have exhausted all other available crisis services in order to avoid placement in a locked psychiatric facility.

Additionally, the department has begun an expansion of vendor-operated services including the development of step-down homes and intensive transition services for individuals transitioning into the community from the Porterville Secure Treatment Program (PDC STP) as well as from Institutions for Mental Diseases (IMD). The step-down homes are expected to serve individuals who have been in highly restrictive settings and would benefit from more structure and continued skill development before transitioning back to their home community. With the addition of the proposed resources, there will be a statewide safety net and crisis home capacity of 386. The table below provides further detail on safety net and crisis home capacity.

Figure 4

Safety Net and Crisis Home Capacity

For Individuals With Developmental Disabilities

Consumer Need	Operated by	Already Open		In Development		Proposed In 2019-20		Total When Complete[a]	
		Homes	Beds	Homes	Beds	Homes	Beds	Homes	Beds
Adult									
Needs intensive behavioral supports	Vendor	18	66	39	141	—	—	57	207
In crisis	Vendor	4	16	13	54	—	—	17	70
	DDS	3[b]	20[b]	4	20	2	10	7[c]	40[c]
Transitioning from PDC-STP	Vendor	—	—	3	12	—	—	3	12
Transitioning from IMD	Vendor	—	—	4	16	—	—	4	16
Child/Adolescent									
Needs intensive behavioral supports	Vendor	2	6	5	19	—	—	7	25
In crisis	Vendor	—	—	—	—	3	12	3	12
	DDS	—	—	1	4	—	—	1	4
Totals		**27**	**108**	**69**	**266**	**5**	**22**	**99**	**386**

[a] There are six additional homes with 34 total beds for which it is unclear the target population.

[b] Two of the three crisis facilities currently run by DDS are based at developmental centers and will be replaced by homes currently in development. The third refers to the ten beds available at Canyon Springs Community Facility.

[c] Per 2018 statute, DDS now dedicates ten of Canyon Springs Community Facility's 63 beds for crisis services.

PDC-STP = Porterville Developmental Center-Secure Treatment Program; IMD = Institution for Mental Disease; and DDS = Department of Developmental Services.

Safety Net Plan Update. The department and RCs are continually working to expand access to crisis services. Further details on 2017-18 and 2018-19 projects are provided below.

- **Acute Crisis Services – North STAR.** Two state-operated Community Crisis Homes (CCH) for adults, and one state-operated Enhanced Behavioral Support Home (EBSH) for children and adolescents in the Vacaville region are either in development or operation. Construction on one CCH was completed on April 5, 2019, and service is projected to begin soon. Service in the other CCH is projected to begin in summer 2019. Service in the EBSH is projected to begin in fall 2019.

- **Acute Crisis Services – South STAR.** Two state-operated CCHs for adults in Costa Mesa are in development. Sites have been identified and demolition of existing homes is complete. Construction is scheduled to begin next month.

- **STAR CAST.** CAST begin accepting referrals on January 8, 2018. There have been a total of 44 CAST referrals. The North STAR currently services North Bay RC and RC of the East Bay. The South STAR services RC of Orange County, San Diego RC, and San Gabriel Pomona RC.

- **Porterville DC Secure Treatment Program (STP) Step Down Homes.** Three vendor-operated CCHs with delayed egress are in development to support individuals transitioning into the community from Porterville DC STP. Two homes have been identified and are in escrow. A property search is underway for the third home. Central Valley RC is developing all three homes.

- **Porterville DC STP Intensive Individualized Transition Support Services.** These services will support individuals before, during, and after transition from STP into the community home. Liberty Healthcare has been contracted to provide pre-transition risk assessments, assistance with in-depth person centered planning, environmental assessments of the community home, and consultation and/or direct services before, during, and after transition to residential providers. Currently, there are nine active cases with the first community placement anticipated to occur in May 2019. Services began in November 2018. The department expects to serve 25-35 individuals within the first year. Services will be provided statewide.

- **Institution for Mental Diseases (IMD) Step Down Homes.** Seven vendor-operated homes are in development. These homes will serve areas covered by Alta California RC and Far Northern RC in Northern California, and San Gabriel Pomona RC in Southern California. All homes are at various stages in the development process with expected service dates from spring to winter 2019.

- **IMD Intensive Individualized Transition Services.** These services will support individuals before, during, and after transition from an IMD, as well as those at risk of being placed in an IMD. Services provided will be similar to those provided for individuals transitioning from Porterville DC STP. Merakey has been selected as the statewide provider, with a start date of October 2018. As of April 25, 2019, there were eight active cases in Northern California and eleven active cases in Southern California.

Stakeholder Proposals. Disability Rights California (DRC), California's statutorily identified consumer protection and advocacy agency, proposes the following related to safety net facilities and acute crisis services:

- Authorization of an additional $5 million and trailer bill language to allow up to seven RC pilot programs to more effectively serve consumers with serious mental health disabilities who are at risk of placement in or remaining in an institution. The projects would expand crisis services, develop new community-based models of care, or coordinate with county mental health agencies to serve RC consumers with mental health disabilities.

- Trailer bill language to align admission criteria, post-admission oversight, and process for judicial review for Institutions for Mental Disease (IMD) with the laws governing placements in state-operated acute crisis settings. DRC estimates that these changes will result in a net savings for the department.

- Notification to the clients' rights advocate (CRA) when an individual is placed in a restrictive setting. DRC requests that CRAs receive notice when a consumer is placed on psychiatric hold or conservatorship, or when a 6500 proceeding is initiated.

LAO Comments. While there is likely need for additional safety net services to justify a budget augmentation for this purpose, the LAO states that there is a lack of data to comprehensively assess the demand for these services. Beyond the current proposal, the LAO recommends the Legislature require DDS to submit a revised safety net plan with the 2020-21 budget proposal that provides more detailed information on the determination of future safety net expansion, based on information about consumer needs and demand.

Staff Comment and Recommendation. Hold open. However, the Subcommittee may want to consider requiring the department to update its Safety Net Plan.

Questions.

1. Please provide an update on the safety net plan.

2. Please provide an overview of the proposals for expansion of Safety Net services.

3. With the proposed resources, will Safety Net services be available to all statewide? If not, what geographic locations are not being served?

4. Does the department plan to continually update its Safety Net plan?

5. What additional data did the department use to determine where and how to expand Safety Net service?

Issue 8: Overview and BCP – HCBS Compliance and Final Rule Site Assessments

Governor's Proposal. The Governor's budget includes a one-time augmentation of $3 million ($1.8 million General Fund) to contract for the coordination and completion of on-site visits and assessments of providers and programs as required by the HCBS final federal rules. A further breakdown of the requested funding is provided below.

- $250,000 for preparation activities including infrastructure readiness and outreach
- $2.4 million for on-site assessments
- $300,000 for post-assessment support and closure report

Panel. The Subcommittee has requested the following panelists to provide comment on the overall progress of HCBS compliance among service providers for consumers.

- Marty Omoto, Executive Director, California Disability-Senior Community Action Network (CDCAN), and family member
- Jami Davis, Executive Director, Marin Ventures

Background. In January 2014, CMS issued final regulations for HCBS. The rules require that HCBS programs funded through Medicaid provide individuals with disabilities full access to the benefits of community living and offer services and supports in settings that are integrated in the community. This includes, but is not limited to, opportunities to seek employment in competitive and integrated settings, control personal resources, and engage in the community to the same degree as individuals who do not receive regional center services. The HCBS rules focus on the nature and quality of individuals' experiences and not just the settings where the services are delivered. Originally, CMS required states to comply with these regulations by March 17, 2019, in order to maintain funding. However, CMS has extended that deadline to March 17, 2022.

The federally funded programs that provide HCBS include the Medicaid Waiver, the State Plan Amendment 1915(i), and the Self-Determination program. These waivers enable the state to receive federal funding for services provided to approximately 208,000 consumers. CMS granted initial approval of California's transition plan in February 2018. Included in the department's budget are federal reimbursements for programs that provide HCBS approved by CMS. Federal funds recovered under these programs offset state General Fund for services provided to Medi-Cal eligible consumers. Department funding for these waivers is estimated at $2.3 billion in 2018-19.

The new rules require the state to assess settings to determine if they are in compliance with new settings rules, and if not, determine what actions will be taken to meet them. Providers who indicate that they do not fully meet the criteria will be categorized by the type and level of remediation needed to achieve compliance. Those needing corrective action through technical assistance (e.g. documenting procedures, staff training on the new requirements, reiterating rights and responsibilities to consumers and/or their representatives, etc.) will implement corrective action, monitored by regional centers. While all providers will complete a self-assessment, additional on-site visits must be conducted for a random sample of providers to validate the providers' assessments. At minimum, this will require 1,100 on-site visits.

Previous Budget Actions. In anticipation of the impact these rules will have for some service providers, the 2016, 2017, and 2018 budgets appropriated $15 million General Fund to the department to provide resources to providers to make modifications to programs to achieve compliance with the HCBS final rules. In addition, the budgets included $1.4 million ($700,000 General Fund) for the department to provide regional centers with funds to perform initial and ongoing provider evaluation activities. The prior two years of funding primarily focused on supporting providers to:

- Offer person-centered planning (PCP) training and integrate PCP practices into their program;
- Hire staff to assist individuals in locating and obtaining competitive integrated employment opportunities, and
- Increase transportation resources to better access volunteer, work or leisure activities in the community based on individual choices of the people they serve.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.
2. Please provide an update on the activities performed because of the funding provided in the 2018 budget for providers to meet HCBS standards. Please include an update of the regional center provider evaluation activities that were funded and the statewide status of these activities.
3. How many providers are currently in compliance with the HCBS final rules?
4. Please explain the process to identify those settings that will be identified as needing heightened review, and the impact on providers, consumers, regional centers, and DDS. How many facilities or unique settings does DDS estimate will require heightened review?

Issue 9: Disparities Funding

Panel. In addition to DDS, DOF, and the LAO, the Subcommittee has requested the following panelists provide comment on the department's disparities funding:

- Amy Westling, Executive Director, Association for Regional Center Agencies
- Fernando Gomez, Board Member, Disability Voices United, and parent
- Marty Omoto, Executive Director, California Disability-Senior Community Action Network (CDCAN), and family member

Background. The department and regional centers are statutorily required to annually collaborate to compile data in a uniform manner relating to POS authorization, utilization and expenditure by regional center and by specified demographics including: age, race, ethnicity, primary language spoken by consumer, disability, and other data. This information is also to include data on individuals eligible for, but not receiving, regional center services. Regional centers are required to hold public hearings on this data and the department is required to provide oversight, through their contract agreements with the regional centers, by requiring specified activities and establishing annual performance objectives.

Numerous legislative hearings and press accounts have discussed a significant level of disparities in service delivery among racial and ethnic groups and between regional centers. Multiple bills have been signed into law to address these disparities through multiple strategies including, governing board training; data collection and sharing; improved departmental oversight of regional centers; and requirements that regional centers communicate and provide written materials in multiple languages.

Assembly Bill 1 X2 (Thurmond), Chapter 3, Statutes of 2016, Second Extraordinary Session, provided $11 million General Fund to assist regional centers in the implementation of strategies to reduce POS disparities. On July 26, 2016, the department sent guidelines to regional centers regarding the submission of proposals to obtain funding to address identified areas of disparity. Subsequently, in August 2016, the department held four stakeholder meetings throughout the state to discuss and gather information on disparity issues. Additionally, each regional center was required to consult with stakeholders regarding activities that may be effective in addressing disparities in the receipt of regional center services and the regional center's proposed requests for the above-mentioned funding.

Tracking Progress. In March 2017, the Senate Human Services Committee requested the department identify ways to track progress in reducing disparities in service access in the regional center system. The committee also asked the department to set short- and long-term improvement targets for those measures. After analyzing various datasets and consultation with stakeholders the department developed a set of measures that may serve as bellwethers for system change. The measures and improvement targets to track progress in reducing disparities are listed below:

- High-level comparison of purchase of service (POS) expenditures by age, ethnicity and language
- Timely eligibility determination
- Access to early start services

- Early start utilization rate
- POS equity, focused on youth
- Equity in adaptive skills training, focused on youth
- Respite and personal assistance equity, focused on youth
- Personal Assistance Services equity
- Equity for language diversity
- Equity in support living and independent living services, focused on adults
- Equity in supported work programs, focusing on working age adults

The department approved proposals from all 21 regional centers for activities to promote equity and reduce purchase of services disparities. The first batch of funding for projects was allocated in March 2017. In reviewing proposals, the department took into account statewide needs and available resources, as well as information gathered during the department's statewide stakeholder meetings. In addition, proposals were analyzed for compliance with applicable statute and regulations, and the department's guidelines. Activities funded include: electronic interpreter systems, translation of written materials, cultural training, group trainings in native languages, reduced caseloads, cultural competency staff training, cultural brokers and parent mentors, and outreach activities. In September 2017, the department issued guidelines to solicit community-based organizations (CBOs) and regional centers to utilize AB 1 X2 funds to address disparities in regional center purchase of services.

A list of approved projects, their summaries, and the amount of allocated funding can be found at: www.dds.ca.gov/RC/disparities.cfm.

Project Evaluation. Each organization with approved funding will be required to submit quarterly status reports, throughout the life of the project. The department will evaluate status reports to ensure funding is being used in accordance with state rules, sufficient data is being collected to measure the project's effectiveness, and the project's goals and objectives are being achieved. Grantees were required to submit a comprehensive evaluation report that details the effectiveness of the project in reducing disparities in POS expenditures in April 2019. The department has indicated that it intends to initiate discussions with organizations that are not meeting project goals and objectives, and may determine if continued project funding is appropriate.

Staff Comment and Recommendation. This item is informational, and no action is necessary.

Questions.

<u>For DDS:</u>

1. Please provide an update on activities performed by the department to address significant disparities and barriers to equitable access to services and supports.

2. When does the department expect to begin to see a change in the overall disparities data?

3. Will the department provide technical assistance to organizations that do not meet project goals? What measures will the department use to determine if the organizations are meeting project goals?

Issue 10: Spring Letter/BCP – Foster Youth Trauma-Informed Systems of Care (AB 2083)

Governor's Proposal. The Governor's budget includes $158,000 ($134,000 million General Fund) in 2019-20 and annually thereafter; and $1.6 million ($1.1 million General Fund) in both 2019-20 and 2020-21 for statewide positions to implement AB 2083 (Cooley), Chapter 815, Statues of 2018.

Background. AB 403 (Stone), Chapter 773, Statutes of 2015, known as Continuum of Care Reform (CCR), is designed to improve California's child welfare system by using comprehensive initial child assessments, increasing the use and support of home-based family care, reducing the use of congregate care placement settings, and creating faster paths to permanency to shorten the duration of a child's involvement in the child welfare and juvenile justice systems. AB 2083 (Cooley), Chapter 815, Statutes of 2018, builds on the framework of CCR to better serve the needs of foster children and youth who have experienced severe trauma. AB 2083 is intended to develop a coordinated, timely, and trauma-informed system of care approach by: 1) identifying and addressing gaps and delays in needed services and placement options, 2) improve outcomes, and 3) prevent the need for higher-cost interventions.

Each county is required to develop and implement a memorandum of understanding (MOU) that sets forth the roles and responsibilities of agencies and other entities that serve children and youth in foster care who have experienced severe trauma. The MOU is required to include the county child welfare agency, probation department, behavioral health department, office of education, the regional center for children and youth with developmental disabilities, and foster care or other child welfare advocacy groups.

The Secretary of the California Health and Human Services Agency and the Superintendent of Public Instruction are required to establish a joint interagency resolution team to develop guidance, and provide support and technical assistance to counties and local entities in developing and implementing the MOU and identifying and securing the appropriate level of services to meet the needs of children and youth in foster care who have experienced severe trauma. The team is also required to review the availability of county placement and service options and submit recommendations to the Legislature and develop a multi-year plan for increasing the capacity and delivery of trauma-informed care to children and youth in foster care.

AB 2083 is premised on the notion of promoting coordination among entities that serve a particular county. The regional center system does not conform neatly to this model. There are 21 regional centers, each serving individuals residing within a designated "catchment" area. There are seven regional centers that serve Los Angeles County, and 13 regional centers that serve multiple counties – some serving as many as ten. Thus, eight regional centers will be involved in developing a single MOU, while 13 others will be required to participate in the development of multiple MOUs. The department states that this unique system will result in a significant workload increase for the department. In addition to providing input on MOUs the department is required to participate in the development of technical assistance for partner agencies, collaborate on recommendations to address identified gaps in placement and service options for foster youth, and collaborate on a multi-year plan to increase systems capacity.

The department requests the following to meet this workload:

- **One Staff Services Manager (SSM) II** position would provide subject matter expertise and be the lead staff member representing DDS on the joint interagency resolution team.

- **Fifteen Senior/Supervising Service Coordinator** positions would be lead regional center staff responsible for coordinating activities to implement AB 2083. Duties would include participating on interagency leadership teams, working with counties to develop and implement MOUs, and providing guidance to regional center service coordinators on case management for foster children and youth. These positions would be for a limited-term of two years. DDS has requested 15 positions based on the number of counties served by each regional center and distribution of foster children by regional center. The seven Los Angeles county regional centers will receive a combined 5.0 full time equivalent positions. Non-Los Angeles county regional centers with more than 3% of the total population of court dependent minors will receive 1.0 position (6 regional centers). Non-Los Angeles county regional centers with less than 3% of the total population of court dependent minors will receive 0.5 position (8 regional centers).

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal, including a description of the need for heightened coordination.

2. How will the department and RCs handle collaboration in instances where multiple RCs are involved in developing one MOU, or one RC is involved in the development of multiple MOUs?

Issue 11: TBL - Crisis Homes for Children

Governor's Proposal. The Governor's budget includes a one-time augmentation of $4.5 million General Fund for the development of three community crisis homes for children. Additionally, the department proposes trailer bill language (TBL) to amend statute to allow children in crisis to be placed into community crisis homes.

Background. Although many children with developmental disabilities live in the family home, some children have more extensive behavioral needs that cannot be met in the family home or other existing settings. The Health and Safety Code and Welfare and Institutions Code were amended in 2014-15 to include emergency regulations for community crisis homes. However, current statute only allows adults in acute crisis to be admitted into community crisis homes. Currently, RCs must sometimes rely on locked psychiatric settings for children and struggle to provide needed services in a child's home in response to acute crisis.

The requested resources would allow for the development of three community crisis homes for children, and the proposed TBL would allow children to be placed in these homes. The homes will provide RCs with immediate access to short-term crisis stabilization, with a limited duration of stay. The homes will be certified by DDS, and licensed by the Department of Social Services. The homes will be developed by RCs through the "Buy-it-Once" model to ensure the homes are used in perpetuity to provide crisis services to children.

Staff Comment and Recommendation. Hold open.

Questions.

1. Provide an overview of the proposal.
2. Where will these homes be located? How did the department decide where the homes will be located?

Issue 12: TBL - Specialized Caseload Ratios for Regional Centers

Governor's Proposal. The Governor's budget includes $3.8 million ($2.6 million General Fund), and TBL to establish a 1:25 service coordinator-to-consumer caseload ratio for consumers with complex needs.

Background. Under current law, there are several service coordinator-to-consumer ratios with which RCs must comply, such as 1:62 for consumers receiving Medicaid waiver funding. For purposes of the proposed caseload ratio, consumers with complex needs may include individuals who reside or are at risk of residing in IMDs, community crisis homes, state-operated acute crisis homes or out-of-state placements; have been admitted to a psychiatric hospital several times within the preceding six months; and individuals who transitioned from any such setting within the preceding 12 months. Due to the complexity and uniqueness of each consumer, intensive case management and service coordination is needed for stabilization in the least restrictive setting.

The requested funding would allow an additional 50 Service Coordinators to provide case management to an estimated 1,231 consumers. The requested ratio is a time limited need to enable service coordinators to assist in identifying and/or stabilizing services to support individuals with the most complex needs. The intensive service coordination would be provided for no more than 12 months, until a consumer is stabilized, after which the consumer would resume working with their regular service coordinator.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the language.

Issue 13: Proposals for Investment

The Subcommittee has received the following proposals for investment related to the DDS.

1. Increased Funding for Regional Center Operations

Budget Issue. The Association of Regional Center Agencies (ARCA) requests additional resources to address the following issues related to RC operations:

- Operations Down Payment. ARCA requests $39.2 million General Fund for additional staffing and other operations expenses at RCs. Since 2016, there has been an eight percent increase in the Consumer Price Index and a twelve percent increase in California's wage index. While there are efforts underway to identify strategies for adjusting regional centers' funding model to ensure its long-term sustainability, current fiscal pressures are leading to high rates of staff turnover and position vacancies, which get in the way of long-term, effective service coordination relationships. ARCA states that providing an eight percent down payment for immediate relief would provide needed stability for the coming year.

- Service Coordination Shortfall. ARCA requests $34.5 million General Fund to address a shortfall in RC service coordinators. Many portions of the Core Staffing Formula, which is the primary mechanism through which regional center service coordination and support services are funded, have been untouched since 1991, with the vast majority of budgeted service coordination salaries remaining stagnant in the last fifteen years. This has led to a shortage of service coordinators needed to meet statutory requirements that are tied to significant federal funding. Currently, the shortfall is 691 service coordinators statewide.

- Realigning Assumed Employment Costs. ARCA requests $117.5 million General Fund to update assumed employment costs for service coordinators. The estimated costs for each position include $55,000 annual salary, 34 percent benefit rate, and no anticipated salary savings. These costs are more representative of the true costs of employing service coordinators statewide than those in the current Core Staffing Formula. Updating costs for the 5,857 case-carrying service coordinators proposed in the 2019-20 Budget would allow individuals and families to access needed service coordination and enable regional centers to redirect resources to other critical functions such as resource development, quality assurance, and risk mitigation.

Staff Comment and Recommendation. Hold open.