

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER TONY THURMOND, CHAIR

WEDNESDAY, APRIL 27, 2016  
3:00 P.M. - STATE CAPITOL ROOM 444

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ITEMS TO BE HEARD		
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<b>4300</b>	<b>DEPARTMENT OF DEVELOPMENTAL SERVICES</b>	
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## 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

### ISSUE 1: DEVELOPMENTAL CENTERS OVERVIEW

The Department will give a general overview of the Developmental Centers Division.

#### PANEL

- Nancy Bargmann, Director, California Department of Developmental Services
- John Doyle, Administrative Deputy Director, California Department of Developmental Services
- Dwayne LaFon, Interim Deputy Director, Developmental Centers Division, California Department of Developmental Services
- Meredith Wurden, Fiscal and Policy Analyst, Legislative Analyst's Office
- Carla Castaneda, Finance Budget Analyst, Department of Finance

#### DEVELOPMENTAL CENTERS OVERVIEW

Currently, the DC population is 1,011. This is expected to decrease by 164 consumers by the end of 2016-17, for a total caseload of 847 individuals. This reflects a decrease of 16% from current year to budget year.

The following chart explains the funding distribution for the Department of Developmental Services.

	Revised 2015-16	Proposed 2016-17	Difference	Percent Change
<b>Total Funds</b>				
Community Services	\$5,335,142	\$5,774,088	\$438,946	8.2%
Developmental Centers	574,160	526,037	-48,123	-8.4
Headquarters Support	46,018	49,609	3,591	7.8
<b>Total of All Programs</b>	<b>\$5,955,320</b>	<b>\$5,699,449</b>	<b>\$394,414</b>	<b>6.6%</b>
<b>General Fund</b>				
Community Services	\$3,129,340	\$3,426,912	\$297,572	9.5%
Developmental Centers	348,778	307,481	-41,297	-11.8
Headquarters Support	29,857	32,637	2,780	9.3
<b>Total of All Programs</b>	<b>\$3,507,975</b>	<b>\$3,767,030</b>	<b>\$259,055</b>	<b>7.4%</b>

DDS operates three 24-hour care facilities -- Fairview DC in Orange County, Porterville DC in Tulare County, and Sonoma DC in Sonoma County -- and one smaller leased community facility (Canyon Springs in Riverside County), which together provide 24-hour care and supervision to approximately 1,010 residents in 2015-16. Each DC is licensed by the Department of Public Health (DPH), and certified by DPH on behalf of the Centers for Medicare and Medicaid Services (CMS), as Skilled Nursing Facilities, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), and General Acute Care hospitals.

The DCs are licensed and certified to provide a broad array of services based on each resident's individual program plan, such as nursing services, assistance with activities of daily living, specialized rehabilitative services, individualized dietary services, and vocational or other day programs outside of the residence. The DCs must be certified in order to receive federal Medicaid funding. The vast majority of DC residents are enrolled in Medi-Cal. Generally, for Medi-Cal enrollees living in DCs, the state bears roughly half the costs of their care and the federal government bears the remainder. Over the past 15 years, the DCs have faced a history of problems identified by oversight entities, such as DPH and the United States Department of Justice, including inadequate care, insufficient staffing, and inadequate reporting and investigation of instances of abuse and neglect.

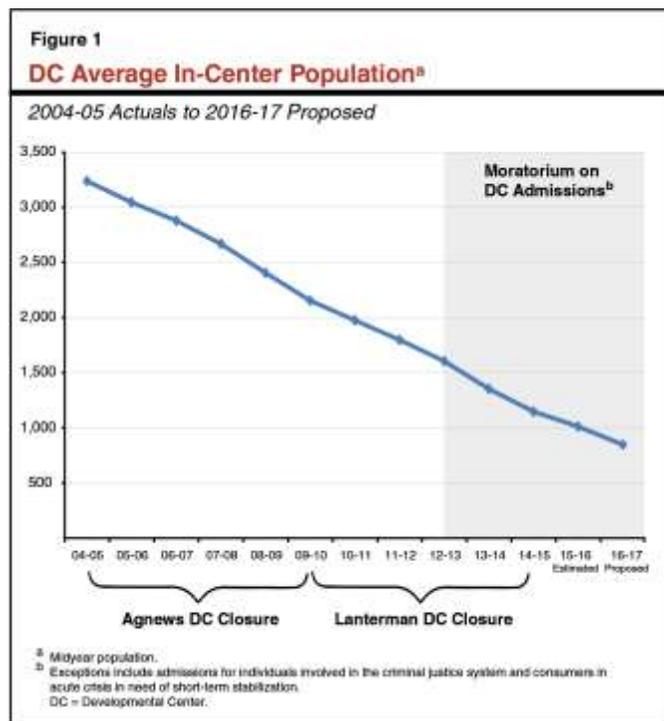
Budget-related legislation enacted in 2012-13 imposed a moratorium on new admissions to DCs, with exceptions for individuals involved in the criminal justice system and consumers in an acute crisis needing short-term stabilization.

**Decertification Issues.** The state's DCs undergo annual recertification surveys conducted by DPH to ensure that the facilities meet federal requirements for receipt of federal Medicaid funds. Fairview and Porterville Developmental Centers are licensed as General Acute Care Hospitals and provide supplemental services as distinct part skilled nursing facilities (SNF) and distinct part Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID, also called "ICFs" in this document). The pending decertification actions only apply to the distinct part ICF-IID. If decertified, a DC would not be eligible for federal funding for services provided in the distinct part ICF-IID. All of the remaining Developmental Centers have undergone scrutiny from DPH and have fought decertification over the past few years.

**DC Ongoing Monitoring and Progress Report.** Below is the Subcommittee staff's attempt to capture the current situation and issues of highest importance for the Assembly to track. Staff recommends that the DDS and LAO be asked to continue to utilize this chart as a baseline to create a continuing tool and regular progress check-in document for the DCs as oversight continues in the coming months and budget years.

DC	High-Level Profile	Recent History / Current Situation / Future Milestones
<b>Fairview DC, located in Orange County</b>	2015-16 In-Center Pop.= 238  2016-17 In-Center Pop. = 178  Change from Current Year (CY) to Budget Year (BY) = -60 (-25%)	<ul style="list-style-type: none"> <li>• May 2015 – Governor proposes closure of Fairview by 2021.</li> <li>• August 3, 2015 – the Provider Certification Unit (PCU) terminated the ICF/IID Provider Agreement for Fairview effective November 1, 2015</li> <li>• April 14, 2016 – PCU extended the effective date of the termination to May 2, 2016. This will allow Fairview to continue to receive federal funding until May 2, 2016.</li> </ul>
<b>Porterville DC, located in Tulare County</b>	2015-16 In-Center Pop. = 373  2016-17 In-Center Pop.= 378  Change from CY to BY = 5 (1%)	<ul style="list-style-type: none"> <li>• May 2015 – Governor proposes closure of Porterville’s General Treatment Area (GTA) by 2021.</li> <li>• August 3, 2015 – the Provider Certification Unit (PCU) terminated the ICF/IID Provider Agreement for Porterville effective November 1, 2015</li> <li>• April 14, 2016 – PCU extended the effective date of the termination to May 2, 2016. This will allow Porterville’s GTA to continue to receive federal funding until May 2, 2016.</li> </ul>
<b>Sonoma DC, located in Sonoma County</b>	2015-16 In-Center Pop. = 344  2016-17 In-Center Pop. = 228  Change from CY to BY = -116 (-34%)	<ul style="list-style-type: none"> <li>• October 2015 – Closure plan submitted to the Legislature.</li> <li>• April 1, 2016 – Department requested funding for the Department of General Services assessment of the property.</li> </ul>
<b>Canyon Springs DC, located in Cathedral City</b>	2015-16 In-Center Pop.= 56  2016-17 In-Center Pop. = 63  Change from Current Year (CY) to Budget Year (BY) = 7 (13%)	<ul style="list-style-type: none"> <li>• As of the most recent census from April 20, 2016 there are 48 consumers living in the Canyon Springs facility.</li> </ul>

The following chart provided by the Legislative Analyst's Office (LAO) shows the steady decline in population at the Developmental Centers.



**Developmental Services Task Force.** The Developmental Services Task Force is a forum for consumers, the Legislature, Agency, the Department, advocates, and stakeholders to discuss the future of developmental services in the state. Originally, there was also a DC Task Force group but it has now evolved into a general task force to discuss developmental services as a whole. The DC Task Force produced recommendations to the Governor, which are consistent with the proposal to initiate the closure planning process for the remaining Developmental Centers.

#### STAFF COMMENTS

The issues highlighted above coupled with many other considerations have led to the decision to transition residents from the DCs into services in the community. The goal of the Lanterman Act has always been to serve disabled consumers in the most integrated settings within the community as possible. The next issue goes into further detail regarding the plan to close the Developmental Centers and considerations that must be taken into account as the closure process continues.

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**Staff Recommendation: Informational Item.**

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**ISSUE 2: DEVELOPMENTAL CENTER CLOSURES**

The Department will discuss the closure plans for the remaining Developmental Centers and Karen Toto of Alegria will provide insight into previous closures, the needs of the community, and resources community services will need in order to prepare for future closures.

**PANEL**

- Nancy Bargmann, Director, California Department of Developmental Services
- John Doyle, Administrative Deputy Director, California Department of Developmental Service
- Dwayne LaFon, Assistant Deputy Director, Developmental Centers Division, California Department of Developmental Services
- Karen Toto, Executive Director, Alegria Community Living in Oakland, California
- Meredith Wurden, Fiscal and Policy Analyst, Legislative Analyst's Office
- Carla Castaneda, Finance Budget Analyst, Department of Finance
- Public Comment on Developmental Centers Closure

**DEVELOPMENTAL CENTER CLOSURES**

**Proposed Closure of the Remaining Developmental Centers.** The May Revision of the proposed 2015-16 budget announced the planned closure of the remaining developmental centers, Sonoma DC, Fairview DC, and the Porterville DC's General Treatment Area. On November 30, 2015, the Department announced its intent to submit a plan to the Legislature by April 1, 2016, for the closure of the Fairview Developmental Center (Fairview) and the Porterville Developmental Center – General Treatment Area (Porterville GTA).

The Administration's proposal for the closure of the Developmental Centers came after a long battle with the high-cost of the facilities coupled with decertification issues and a desire to serve developmentally disabled consumers in the most integrated settings within the community possible.

**Sonoma Developmental Center Closure.** On October 1, 2015, the Department submitted to the Legislature a plan for the closure of the Sonoma Developmental Center (Sonoma). The plan submitted to the Legislature was a result of two formal public meetings and individual group meetings with consumers, families, employees, advocates, unions, providers, legislative representatives, and many other stakeholders. Overall 134 witnesses testified and 355 stakeholders provided written testimony. The Department and Agency have also worked very closely with community partners.

The plan identifies the essential policies and strategies that will be utilized to:

- Achieve a safe and successful transition of individuals with developmental disabilities from Sonoma Developmental Center to appropriate living arrangements, as determined through the individualized planning process.
- Support employees with future employment options by generating or identifying job opportunities, providing assistance, counseling and information, and working closely with the affected bargaining units.
- Consider the future use of the Sonoma property.

The following are important principles and parameters that will affect ongoing planning and implementation efforts as the closure progresses:

- Meeting the needs of the SDC residents, now, during transition and ongoing through quality services, and ensuring their health and safety.
- Enabling the active and meaningful participation of the consumers, families, consumer representatives, advocates, regional centers, the Sonoma community and other interested parties throughout the closure process.
- Being in compliance with federal and State laws, and applicable court decisions.
- Being in compliance with the settlement agreement entered into by various State entities and CMS that requires the California Parties to address compliance issues at SDC and achieve appropriate community or other placements for residents of the affected SDC units, so that federal funding will continue, as specified in the agreement.
- Implementing and being in compliance with the new federal regulations for HCBS.
- Effectively using State funds and maximizing federal funds for the short-and long-term costs associated with the delivery of services and the closure of SDC.
- Implementing this Plan as approved by the Legislature through the legislative budget process, including any future modifications.

The plan then goes on to discuss lessons learned from the Agnews closure. An informal assessment (families were not interviewed as part of this assessment) from a variety of parties yielded the following:

- The use of the Community State Staff Program (CSSP) was essential to building support for the effective carrying out of transitions for Agnews residents. However, pay inequities between state staff and non-state staff working in the community was an issue. Carefully negotiated rates or reimbursements were suggested as possible ways to enhance the CSSP in future closures.

- Overnight visits proved to be very helpful for residents with behavioral challenges in order to feel comfortable with the move.
- The use of Non-Profit Organizations (NPO) in acquisition and development of homes worked well; families and residents had the opportunity to visit the housing models which helped with the decision-making of residential options and ease concerns about transition.
- Early planning and a strategy for working with health plans and a payment system are as important as developing housing arrangements.
- Starting day programs immediately upon the individual arriving at the behavioral/medical home is important in order to establish a living pattern right away.
- It would be helpful to have an occupational therapist involved during the planning stages of remodel or construction projects, as knowledge of the residents' needs would be beneficial during the design phase.

The plan also discusses lessons learned from the families of residents who transitioned into the community when the Lanterman DC closed. Their observations are as follows:

- Many Lanterman families expressed that they are very pleased with their loved ones' new homes and described their loved ones as "very happy."
- Families conveyed that their loved ones' physical, medical, emotional, spiritual and social needs are taken care of in the community and they have built strong, trusting relationships with staff in the homes.
- Staff in the homes is described as "caring," "competent," "consistent," "compassionate," "tops," and "quality."
- Families like the physical attributes of homes (clean and truly homelike, good adaptations for people with disabilities, necessary specialized medical equipment is right in the home) and appreciated that home were built in "nice areas" or near their homes, enabling more frequent visits.
- Many families shared instances of personal growth experienced by their loved ones since moving to the community (speaking for the first time, enhancing their vocabulary, learning new skills, participating in new activities, reductions of behaviors or outbursts, etc.).
- Also shared was that access to medical care has not been a significant barrier, and in instances where there were delays, the RC's were able to effectively address the issue.

- More recently, a letter was received from the Parent Coordinating Council & Friends for Lanterman urging the Department to suspend placements out of SDC (implement a “moratorium”) until there is conclusive evidence that “equal or better” services and supports are available in the community.
- Other issues raised by Lanterman families that the Department has taken note of are:
  - There may be a need for National Core Indicator (NCI) process improvements to ensure movers and their families are able to participate.
  - Funds should be made available now to address community issues experienced by Lanterman movers and for future movers.
  - High staff turnover and low pay continue to be issues in community-based homes.
  - Concerns exist about the availability of dental care, especially sedation/general anesthesia dentistry.
  - Cross-training of community staff should start sooner in closure, so the DC staff who know residents the best are the ones training their counterparts in the community, not just the staff left at the end of closure.
  - Day program services need to be developed specifically for DC movers, as they present unique challenges standard day programs may not be able to address.
  - Families overwhelmingly felt there should be consistent coordination and approval of services among all 21 RCs so that the same types of services can be available anywhere they are needed and easily accessed by families. Different usage of some service types and varying vendorization and approval processes by RCs have troubled some families and consumers that moved from Lanterman.

The Sonoma residents will rely on for services in the community from six primary regional centers. These are Alta California Regional Center, Far Northern Regional Center, Golden Gate Regional Center, North Bay Regional Center, Regional Center of the East Bay, and the San Andreas Regional Center.

The Developmental Services Task Force discussed the Sonoma closure at their meeting on April 13, 2016. The findings of that meeting were:

- For the six regional centers that Sonoma residents will utilize to obtain services, as of the end of February, their population at Sonoma was 350 individuals that need to transition out.

- For those individuals, there are a total of 443 resources, or total bed capacity of 443, that are being developed by those regional centers.
- Of the beds being developed, they are a combination of specialized residential facilities, adult residential facilities for persons with special healthcare needs, and enhanced behavioral support homes.

As an outgrowth of the Developmental Centers (DC) Task Force, DDS went forward and is developing two new models of care. The Enhanced Behavioral Support Homes is the first model of care. Regulations were issued back in February and we are currently working on the regulations for the Community Crisis Homes.

- For the specialized residential facilities, the 6 regional centers are developing enough capacity for 244 individuals.
- For the ARFPSHNs, (Adult Residential Facilities for Persons with Special Healthcare Needs), they're developing capacity for 143 individuals.
- For the Enhanced Behavioral Support Homes, they are currently developing up to capacity of 56.

Although the population, as of the end of February was 350, the capacity is 443, this is to account for plenty of consumer choice, to account for people moving to different catchment areas, or maybe transferring into another catchment area, and to allow for peer groups who may want to remain together. In addition to those resources, the six regional centers are also working on developing a variety of other resources including: community crisis homes, supported living services, clinical and health related support services, crisis services and support, transportation, and day/employment services.

The plan also details transition planning, community resource development, employee transition planning, evaluations of the land and buildings, expected impact of the closure on the community, and proposed future services that could exist on the property.

There have been many concerns regarding the usage of the land at SDC, and the closure plan states, "it is not the intention of the state to declare SDC property as surplus, but instead to work with the community to identify how the property can best be utilized." Since the closure plan was first announced for SDC, stakeholders have been vocal about their ideas about the future of the property, and have many options for alternative uses that would still provide services and support to developmentally disabled consumers in the Sonoma County area. Stakeholders include not only parents, employees and consumers but also: the County of Sonoma, the Sonoma County Land Trust, the Parent Hospital Association, the Sonoma County Agricultural Preservation and Open Space, the Sonoma County Water Agency, and the Sonoma Ecology Center.

**Fairview and Porterville General Treatment Area Closure.** On April 1, 2016, the Department submitted a plan for the closure of the Fairview Developmental Center (FDC) and the General Treatment Area of the Porterville Developmental Center

(PDC GTA). Overall, the parameters and principles as well as the lessons learned from previous closures are consistent between the Sonoma, Fairview, and Porterville General Treatment Area Developmental Centers.

Even though the Department presented a combined closure plan for FDC and PDC GTA, the closure processes for each DC will be independent of the other. Beginning with the planning phase, the Department conducted separate stakeholder processes for each location so that local interests were properly presented and communications were clearly understood. The Department made it a priority to meet in person with as many stakeholders as possible to hear their concerns, perspectives, and issues, and used this input to inform the development of the closure plan.

The general sentiments communicated to the Department during public hearings and in written comments, predominantly by families, employees and community partners, are that:

- The DCs should not close entirely, but instead services should be rebuilt and reimagined.
- The State should continue to provide services that will benefit the DC residents as well as other underserved populations.
- DC assets and employees should be retained in the service system.
- Other issues raised by Advocates and Regional Centers are:
  - Support for closure and emphasize the need for individualized program planning.
  - Expansion of community resources, appropriate funding, and the inclusion of individuals in everyday community-based settings.
  - General support for retaining DC assets and employees to benefit the community system of services.
  - Concern that there would be gaps in service system that the State needs to address.

An outline of projected timelines and milestones is included below.

ACTIVITY*	DATES
The 2015 May Revision is released, announcing the intent to close SDC, FDC and the PDC GTA.	May 14, 2015
Coordinate various aspects of the plan with CHHS, DHCS, CDPH and CDSS, including, but not limited to, housing development, licensing, managed care and federal funding.	Ongoing
<p>Separate stakeholder planning processes were conducted for FDC and the PDC GTA to receive input and recommendations on which to base the closure plan, including meetings with:</p> <ul style="list-style-type: none"> <li>• DC residents</li> <li>• Family members of DC residents</li> <li>• Employees and BU representatives</li> <li>• Local officials/legislators</li> <li>• County officials</li> <li>• RCs</li> <li>• SCDD</li> <li>• DRC</li> <li>• Other stakeholder groups</li> </ul>	December 2015 – March 2016
DDS emergency regulations for implementation of the EBSHs became effective. CDSS regulations are pending.	February 5, 2016
Implement a process to inform and update stakeholders and appropriate entities regarding closure activities, including development of a webpage.	Webpage Complete – Communication Ongoing
Submission of the FDC/PDC GTA Closure Plan to the Legislature.	April 1, 2016
Legislative review and approval of the Closure Plan.	TBD
Work with RCs regarding CPP development and community capacity in RC catchment areas.	April 2016 – closure
Work with DHCS, managed care health plans and RCs to ensure availability and coordination of health services, including Memoranda of Understanding between the health plans and RCs to define respective roles and responsibilities.	July 1, 2016 – closure

ACTIVITY*	DATES
Establish and convene Advisory Groups for: <ul style="list-style-type: none"> <li>• Resident Transition</li> <li>• Quality Management</li> <li>• Staff Support</li> </ul>	July 1, 2016 – closure
Focus on individualized transition planning as part of the IPP development.	July 1, 2016 – closure
Develop and implement IHTPs, Specialized Behavior Plans and Safety Plans for residents, as appropriate.	July 1, 2016 – closure
Assist DC employees by providing information, training opportunities, job fairs, and employment announcements.	July 1, 2016 – closure
Coordinate the deployment of DC employees to the CSSP/community services. Work with RCs and providers to determine numbers and types of state staff who may be interested and for what functions.	July 1, 2016 – closure
Transition residents from FDC and the PDC GTA.	Continuous through closure
Establish a Business Management Team at each DC to develop a plan for the administrative and physical plant activities of closure.	2016
Promulgate regulations for implementation of the CCHs.	2017
Maintain current health clinic services and supports at each DC to provide transition services and ongoing care, as determined appropriate.	2016 – closure, TBD
Closure of FDC and the PDC GTA.	By December 2021
Post-closure activities at each DC.	Initial months following closure
Warm shutdown of areas at each DC not still in use.	Upon closure and while DDS is responsible for the property

<b>ADVOCATE COMMENTS</b>
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Disability Rights California (DRC) has provided the following comments:

DRC supports the closure of state developmental centers and the transition of developmental center residents to the community with appropriate community living arrangements and services and supports. We, like others, are concerned about the length of time it takes to develop new placements. To ensure individuals' successful transition, we encourage the following:

1. Do not impose a statewide median rate cap on placements developed for consumers moving from developmental centers to the community. This has several advantages: it ensures that regional centers can more quickly develop

appropriate community living arrangements; it eliminates the delays, which occur when the regional center must obtain a health and safety waiver.

2. Promptly develop increased crisis capacity. The Department has yet to complete the development of regulations for crisis homes services or to expand access to crisis services provided in an individual's current home. Without this increased crisis capacity, we are concerned that inappropriate and expensive models, such as locked Institutions for Mental Disease (IMDs), will remain a common way of providing short and long-term crisis services.
3. Work with the Department of Social Services to finalize the regulations regarding the use of seclusion and restraint in enhanced behavioral homes. The initial draft of those regulations authorized seclusion and restraint in amounts which exceeded the time limits in developmental centers. We are pleased that DSS and DDS have been responsive to our concerns about the emergency regulations.
4. Expedite licensing new community placements. We are concerned, that on occasion, it can take the licensing agency 6-9 months to license new community placements. We encourage the Department of Developmental Services to intervene with licensing and ensure timely opening of new living arrangements.
5. Develop "placements of last resort" as called for in the DC Task Force Report and work with stakeholders to determine the most effective means of providing these services, including the State's on-going role in providing these services.

Currently the state operates small, short-term acute crisis units at Sonoma and Fairview. These programs have been successful due to clear statutory requirements requiring immediate and ongoing assessment of the individual's need. Success was also due to one year time-limited placements as well as the involvement of clients' rights advocates in the process, and the Department's willingness to intervene with licensing and other agencies to ensure new living arrangement can timely open. WIC 4418.7(e).

At a minimum, the Department must have dedicated staff to ensure ongoing state involvement in these placements. We believe the State should have a role in providing residential services to those whom the private sector declines to serve; either with small state owned and operated facilities, or state supports in privately operated facilities.

6. Ensure adequate oversight of facilities providing short and long-term services to individuals in crisis including increased access to information and records by Disability Rights California, the federally mandated protection and advocacy agency. One of Disability Rights California's most important responsibilities is the investigation of abuse and neglect including the use of restraints in facilities providing care and treatment.

DRC's Investigation Unit has been investigating cases of alleged abuse and/or neglect of regional center consumers who reside at an IMD. Because of the gravity of our concerns, the Center for Medicaid and Medicare (CMS) made an unannounced site visit and due to flagrant health and safety violations, including failure to investigate two sexual assault complaints, made a finding of "Immediate Jeopardy." While the facility remedied the immediate concerns, our monitor continues to document problems with ongoing abuse, injury, inappropriate use of restraints and the death of a resident.

State law requires increased reporting to DRC about specific types of injuries suggestive of abuse or neglect in the developmental centers. With the transition to a community safety net, we propose that state law is amended to require that the protection and advocacy agency receive similar reports of injuries from IMDs, community crisis facilities and enhanced behavioral support homes.

<b>STAFF COMMENTS</b>
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The Subcommittee may wish to ask the following questions regarding the closure of the remaining Developmental Centers:

- Is the Department on track to transition the remaining 355 residents at SDC into community settings in time for the scheduled December 2018 closure?
  - How many residents does the Department anticipate to transition by the end of 2016?
- How does the Department plan to ensure that specialized medical services are available in the community for residents transitioning into the community?
- Advocates have an interest in developing "placements of last resort" for consumers who rely on services that are often hard to maintain in the community. What is the Department doing to address these issues?

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**Staff Recommendation: Hold open.**

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**ISSUE 3: GOVERNOR'S PROPOSALS FOR DEVELOPMENTAL CENTERS**

The Subcommittee will discuss proposals from the Governor's Budget related to the Developmental Centers.

**PANEL**

- Nancy Bargmann, Director, California Department of Developmental Services
- John Doyle, Administrative Deputy Director, California Department of Developmental Service
- Dwayne LaFon, Assistant Deputy Director, Developmental Centers Division, California Department of Developmental Services
- Meredith Wurden, Fiscal and Policy Analyst, Legislative Analyst's Office
- Carla Castaneda, Finance Budget Analyst, Department of Finance
- Public Comment on Governor's Proposals for Developmental Centers

**GOVERNOR'S BUDGET PROPOSALS FOR 2016-17**

The Governor's Budget includes funds for services and support of 847 residents (average in-center population) in the DCs; a decrease of 188 residents from the 2015-16 Enacted Budget. Total funding increased by \$12.1 million (\$14.0 million GF), and authorized positions decreased by a net of 123.8 positions, for a total of 4,125.2 authorized positions. Significant changes are as follows:

- **Various Employee Compensation and Staff Benefit Contribution Increases.** DDS proposes a \$14.2 million increase (\$9.4 million GF increase) for 2015-16 employee compensation augmentations approved through the collective bargaining process, as well as increases in retirement and other staff benefit employer contribution rates.
- **Staffing Adjustments.** DDS proposes a \$8.8 million decrease (\$4.9 million GF decrease) and a total reduction of 129.2 positions (63.1 Level of Care and 66.1 Non-Level of Care) based on an estimated population decline of 188 DC residents transitioning into the community. The reduction reflects adjustments to staffing for specialized support and closure activities.
- **Sonoma DC Preliminary Advanced Closure Costs.** DDS proposes a \$3.0 million increase (\$1.9 million GF increase) to begin preliminary closure activities including inventorying and archiving clinical and historical records, contracting for an independent monitor as stipulated in the settlement agreement with the CMS regarding Sonoma decertification, and relocating residents and their belongings to community settings.

- **Office of Protective Services' Records Management System.** DDS proposes a \$0.4 million increase (\$0.3 million GF increase) to fund the acquisition of a Records Management System that will enable the Department's Office of Protective Services to efficiently and effectively report, manage, and track DC investigations, including within the Porterville DC-Secured Treatment Program (PDC-STP) and Canyon Springs Community Facility which are not slated for closure.
- **Developmental Centers Workers' Compensation Cases.** DDS proposes a \$2.3 million net decrease (\$1.0 million GF increase) in appropriation from \$17.3 million (\$9.1 million GF) to \$15 million (\$10.1 million GF) to fund the settlement of remaining open permanent and stationary Workers' Compensation claims associated with current and former employees assigned to work at the various DCs and the State Operated Community Facilities. DDS requests that this \$15 million level of funding continue throughout the DC closure timeline.
- **Replace Personal Alarm Locating System at Porterville DC.** DDS proposes a \$1.8 million GF increase to replace the Personal Alarm Locating System in the Porterville Developmental Center – Secure Treatment Program areas.
- **DC Audit Findings.** DDS proposes a \$3.8 million GF increase payable to the Department of Health Care Services for audit findings estimated to be payable in the Budget Year.
- **Acute Crisis Unit at Sonoma DC – Full Year Adjustment.** DDS proposes a \$1.0 million net increase (\$1.4 million GF increase) to fund the full year costs associated with staffing the unit for a full fiscal year. The initial request made during the 2014 May Revision was limited by statute to only reflect one-half of the 2014-15 fiscal year staffing costs. This increase is necessary to fund the full fiscal year.
- **Key Staff Functions to be Centralized at Headquarters.** DDS proposes a \$1.0 million decrease (\$0.8 million GF decrease) and 9.0 position reduction due to DDS revising the November 2014 assumption that identified Lanterman DC Post-Closure activities, and now requests that these and other positions throughout the DC system be transferred to HQ and centralized as the department moves forward with closing multiple facilities with overlapping timelines.

**Update to Developmental Center Audit Finding.** The Department requests \$42.5 million General Fund one-time in order to repay the Department of Health Care Services as a result of audit findings. DDS proposes to fund this by a transfer from funds within the 2015-16 Local Assistance budget.

**ISSUES RAISED BY ADVOCATES**

The following is a statement from the Association of Regional Center Agencies regarding the audit finding augmentation:

“The January Budget proposes a net \$43.4M (GF) decrease in community services funding, due to slower-than-projected growth in purchase of service (POS) expenditures. ARCA appreciates the Administration’s public commitment to not decrease POS funds if the surplus is not realized. Concurrently, the Administration is proposing surplus funds be used to address a \$42.5M shortfall related to the developmental centers’ (DCs) audit exception.

Should there be any surplus POS funds, ARCA requests there be a reappropriation from FY 2015-16 to address unmet service needs. Historically, regional centers have focused on ensuring individuals have a place to live, a meaningful way to spend their day, a way to get between those two settings, clinical services not available elsewhere, and family support services. Underfunding and various funding restrictions have created an environment in which an increasing number of needs are unmet.

This is conclusively demonstrated in a recent survey of regional centers, to be included in an impending update to ARCA’s report, *On The Brink Of Collapse*. The top four unmet needs were for day and work programs, (licensed) residential facilities, supported employment, and supported living services. Statutory changes could allow regional centers to fund program start-up and median rate relief to develop these and other necessary services for unserved or underserved individuals.

California must continue to invest needed resources to stabilize the state’s developmental services system and enable it to meet the challenge of serving all individuals in inclusive communities. Close collaboration between the Administration, the Legislature, regional centers, and community service providers will enable the state to meet this challenge and continue to keep the promise of the Lanterman Act.”

**STAFF COMMENTS**

Staff recommends holding this item open pending May Revision updates.

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**Staff Recommendation: Hold open.**

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**ISSUE 4: SPRING FINANCE LETTER**

The Subcommittee will discuss the Spring Finance Letter, which requests \$2.24 million General Fund to contract with the Department of General Services for an assessment of the Sonoma Developmental Center property, buildings, and clinical records.

**PANEL**

- Nancy Bargmann, Director, California Department of Developmental Services
- John Doyle, Administrative Deputy Director, California Department of Developmental Service
- Dwayne LaFon, Assistant Deputy Director, Developmental Centers Division, California Department of Developmental Services
- Meredith Wurden, Fiscal and Policy Analyst, Legislative Analyst's Office
- Carla Castaneda, Finance Budget Analyst, Department of Finance
- Public Comment on Developmental Centers Closure

**BACKGROUND**

The Sonoma Developmental Center was established in 1891. The core campus comprises 400 acres of a 909 total-acre property. The property includes 750 acres of open space and natural resources on Sonoma Mountain and in Sonoma Valley. A number of animal species are present and there are many streams, redwood forests, oak woodlands, grasslands, riparian forests, and wetlands throughout the property. There are currently 131 buildings with approximately 1.475 million square feet of space.

The Department of Developmental Services requests \$2.24 million General Fund for a consultant services contract through the Department of General Services to complete the second and third phases of an Environmental Site Assessment and Architectural Historical Evaluation of the Sonoma Developmental Center. Funding for this assessment is necessary to comply with the State requirements to document the current condition of the property, and identify potential issues and limitations on the property prior to the property being declared surplus.

The Department proposes to utilize existing 2015-16 funds of \$190,000 to complete first phase initial site assessments. The second phase totaling \$1,760,000 includes architectural, civil engineering, historical, and environmental studies as well as a market and economic analysis, traffic analysis, structural engineering assessment, and cost estimating tasks. The third phase includes master planning at an approximate cost of \$480,000. The total estimated cost for all required assessments and planning is \$2.43 million.

Assessments like those presented in this proposal are typically done upon the decision to close a state facility and must be completed before the property can be offered for sale or transfer. All of the assessments are necessary to determine the value of the property, restrictions and limitations on reuse, and information that informs decision-making for potential future owners or investors. Additionally, the Public Resources Code requires state agencies to inventory all structures over 50 years old, which may be eligible for inclusion in the National Park Register of Historic Places or are registered or eligible for registration as a state historic landmark.

<b>STAFF COMMENTS</b>
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The assessments of this property are beneficial to moving forward with the closure of this facility. As such, staff notes no concern with this proposal.

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**Staff Recommendation: Hold open.**

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