

**AGENDA
PART B
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
HEALTH AND HUMAN SERVICES**

ASSEMBLYMEMBER TONY THURMOND, CHAIR

THURSDAY, MAY 21, 2015

10:00 A.M. OR UPON ADJOURNMENT OF SESSION - STATE CAPITOL ROOM 4202

VOTE-ONLY		
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VOTE-ONLY CALENDAR

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 1: LANTERMAN COMMUNITY STATE STAFF PROGRAM

The January budget for the Lanterman DC Community State Staff (CSS) Program included \$93,780 for a Personnel Specialist I. This funding has been reduced by \$42,000 (22,000 GF increase) to correct an error in the formula and to clarify a change in funding methodology. DDS states that the Personnel Specialist I salary and benefits were incorrectly calculated; furthermore, the CSS positions are administrative and do not meet the CMS guidelines for FFP. As a result of this, all funding for this position must come from the General Fund.

Staff Recommendation: Approve May Revision.

ISSUE 2: LANTERMAN DC POST CLOSURE ADJUSTMENTS

Lanterman DC Post Closure Adjustments. The Governor's budget proposes a decrease of \$46.3 million (\$23.9 million GF) associated with the closure of Lanterman DC. The following budget adjustments are needed prior to the transfer to CSU:

- \$64.8 million decrease (\$33.9 million GF decrease) and elimination of 418.5 positions from the Developmental Center budget, reflecting full year budgeted levels for Personal Services and Operating Expenses and Equipment.
- \$17.3 million increase (\$9.1 million GF increase) to pursue the settlement of open Workers' Compensation claims assigned to the Lanterman DC. For one year after closure of the facility, the State may claim matching federal funds for these expenditures.
- \$0.6 million increase (\$0.4 million GF increase) and 6.0 positions to extend the Regional Resource Development Projects to ensure that individuals who moved from Lanterman DC to community settings, successfully maintain their placements and living arrangements.
- \$0.3 million increase (\$0.2 million GF increase) and 2.0 positions for the Community State Staff program administration.
- \$0.6 million increase (\$0.5 million GF increase) and 5.0 positions stationed at Headquarters that supported the closure of Lanterman DC, are now needed to continue working on post-closure workload and on future statewide downsizing in the overall DC system

Staff Recommendation: Approve As Budgeted.

ISSUE 3: FOSTER GRANDPARENT AND SENIOR COMPANION PROGRAM

The January budget included a \$0.3 million decrease (\$0.2 million GF decrease) in funding level for the Foster Grandparent/Senior Companion Program at the Lanterman DC moving to the Community Services Program.

The May Revision includes a decrease of \$103,000 (\$68,000 GF) in the current year from the Developmental Centers Program to the Community Services Program to reflect the closure of Lanterman DC.

Staff Recommendation: Approve May Revision.

ISSUE 4: DC POPULATION STAFFING ADJUSTMENTS

The May Revision includes a net decrease of \$0.4 million (\$0.1 million GF increase) and a net reduction of 18.7 positions due to an update of operational needs at each DC location, while managing an increase of 25 in the average-in-center resident population, compared to the Governor's Budget.

Staff Recommendation: Approve May Revision.

ISSUE 5: SONOMA DEVELOPMENTAL CENTER BACKFILL UPDATE**FY 2014-15**

A decrease of \$4.4 million in Reimbursement Authority, offset by an increase of \$4.4 million GF, to backfill the loss of Medi-Cal Reimbursement for an additional four months (March through June 2015), covering the four Sonoma DC ICF units withdrawn January 2013 from the Medicaid Provider Agreement to ensure continued federal funding for the remaining seven ICF units. The state is in the process of negotiating a settlement with the federal government to continue federal funding for ICF units. However, it is not anticipated that the settlement will include funding for the withdrawn ICF units.

FY 2015-16

The May Revision includes a decrease of \$13.2 million in Reimbursement Authority offset by an increase of \$13.2 million GF, to backfill the loss of Medical Reimbursement for the full fiscal year specific to the four ICFs that were voluntarily withdrawn in January 2013 from the Medicaid Provider Agreement to ensure continued federal funding for the remaining seven ICF units. The state is in the process of negotiating a settlement with the federal government to continue federal funding for ICF units. However, it is not anticipated that the settlement will include funding for the withdrawn ICF units.

STAFF COMMENTS

This Subcommittee may wish to adopt placeholder budget bill language to require the department to provide the Joint Legislative Budget Committee, and the appropriate legislative budget and policy committees, within 5 days of receipt, a copy of any communication from CMS regarding federal Medicaid funding for the developmental center relative to the eligibility status of developmental center residents or certification status of any housing unit. This notice shall include the amount of federal Medicaid funding that must be repaid as a result of decertification. Approve supplemental report language that requires DDS to provide, within 90 days of a determination that federal funding will not be continued for ICF units in state developmental centers, a discussion of any PIP components that may be discontinued without risk to resident care or safety, in order to reduce the General Fund impact; and how the loss of federal funding will impact the crisis homes at Sonoma and Fairview developmental centers.

This action conforms with the Senate.

Staff Recommendation: Adopt provisional placeholder budget bill language and Approve May Revision.

ISSUE 6: STAFFING ADJUSTMENTS FOR ACUTE CRISIS UNITS

The Governor's budget requests \$0.2 million (\$0.1 million GF) and 3.5 positions associated with level of care (LOC) staffing adjustments for these units, and \$0.3 million (\$0.2 million GF) and 4.5 positions associated with non-level of care (NLOC) staffing adjustments, in the current year.

Staff Recommendation: Approve May Revision.

ISSUE 7: PROGRAM IMPROVEMENT PLANS UPDATE**FY 2014-15**

DDS requests reductions of \$3.1 million (\$1.9 million GF) and 46.1 positions as hiring and retention efforts at the Fairview and Porterville DCs have proven difficult. The resulting delays in hiring and retaining staff have reduced the amount of funding needed in the Current Year.

FY 2015-16

The May Revision includes a decrease of 1.2 million in Reimbursement Authority, which is offset by a \$1.2 million increase to correct an error in determining the amount of eligible expenditures which are eligible for Medi-Cal Reimbursement Authority.

Staff Recommendation: Approve May Revision.

ISSUE 8: EXPANSION OF THE SECURE TREATMENT PROGRAM AT PORTERVILLE DC UPDATE

The Governor's January budget requested \$9.0 million GF and 92.3 positions in the current year; and, \$18.0 million GF and 184.5 positions in the budget year, related to a proposed expansion of the STP by 32 beds, for a total of 202 beds.

The May Revision updates this request by proposing a current year decrease of \$2 million GF and a reduction of 19 positions to reflect an update of the estimated number of admissions from 32 to 20. In the budget year, the Administration proposes an increase of \$0.8 million GF and a reduction of 2.5 positions (an increase of 22 Level of Care staff and a reduction of 24.5 non-level of care staff) and further proposes to increase the number of beds in the STP to 211 beds and prohibit the placement of children in the Secure Treatment Program (STP).

The Administration also proposes changes to the statutory requirements related to delayed egress – secure perimeter community facilities that could reduce the need for placement in the STP. The May Revision proposes trailer bill language that would eliminate the requirement for federal funding. The department argues that secured perimeter facilities are not eligible for federal funding, although they intend to continue to discuss this model with CMS through their transition planning process related to new federal home and community-based waiver regulations.

STAFF COMMENTS

The Subcommittee may wish to adopt Supplemental Reporting Language to require the Department to report to the LAO on the need for additional beds (including the existing wait list) and the length of stay for residents in the transitional beds.

Staff Recommendation: Approve May Revision and adopt SRL detailed above. Approve Trailer Bill Language on Delayed Egress Homes.

ISSUE 9: EMPLOYEE COMPENSATION AND STAFF BENEFIT CONTRIBUTION CHANGES

The Governor's Budget proposes a \$13.2 million increase (\$7.9 million GF increase) to fund employee compensation augmentations approved through the collective bargaining process, as well as increases in retirement and other staff benefit employer contribution rates.

Staff Recommendation: Approve as Budgeted.

ISSUE 10: SONOMA CREEK PUMP STATION PROJECT

The Governor's Budget proposed a \$1.6 million GF increase for the replacement of the SDC Pump Station Intake System located at the Sonoma DC, for Phase I funding to prepare Preliminary Plans and Working Drawings. DDS is reevaluating this proposed project in light of the current drought conditions and the water curtailments that are occurring throughout the state. The Department's reevaluation will consider the water needs for SDC residents and for fire suppression.

Staff Recommendation: Reject the January proposal.

ISSUE 11: STATEWIDE SELF-DETERMINATION PROGRAM

The Governor's January budget proposed new provisional budget bill language to allow the transfer of up to \$2,800,000 from local assistance to state operations, once federal approval occurs. This represents the estimated General Fund savings in purchase-of-services associated with the SDS program that would be used to offset the administrative costs incurred by the department, including the costs of required criminal background checks. Under the proposed language, the Department of Finance would be required to notify the Joint Legislative Budget Committee within 10 working days after such approval is made.

Staff Recommendation: Approve January proposal for new provisional budget bill language.

ISSUE 12: HEADQUARTERS CPP REQUEST

The May Revision includes a \$1.3 million GF increase for 7.0 positions within the Community Services Division and funds for an Inter-Agency Agreement with the Department of Social Services for reimbursement of one dedicated staff position to handle the workload associated with expediting licensing of new license settings in 2015-16. There are no changes for the 2014-15 FY.

Staff Recommendation: Approve May Revision.

ISSUE 13: CAPITAL OUTLAY PORTERVILLE FIRE ALARMS

The Five-Year Infrastructure Plan budget proposes \$802,000 GF to prepare preliminary plans and working drawings for the design and permits in order to install a new fire alarm system in the 13 consumer-utilized buildings at the Porterville DC.

Considering the May Revision proposal to close the general treatment area of Porterville by 2021, this Subcommittee may wish to approve this request but limit the project improvements to the Secure Treatment Program and the administration building.

Staff Recommendation: Approve as Budgeted.

ISSUE 14: DEVELOPMENTAL CENTERS CLOSURE PLAN**MAY REVISION PROPOSAL**

The May Revision proposes trailer bill language to initiate closure planning for the remaining developmental centers. The Department will provide a closure timeline for the Sonoma Developmental Center with the goal of closing this developmental center by the end of 2018. As part of this closure process, the Department will convene stakeholders to discuss alternative uses for the Sonoma campus. At this time, the Department plans to report back to the Legislature on its closure plan for Sonoma on October 1, 2015.

The May Revision also proposes the future closure of the Fairview Developmental Center and the non-secure treatment portion of the Porterville Developmental Center, with the last closure completed in 2021.

The closure of each developmental center will require significant resources to develop placement options and services for the developmental center residents who will transition into other placements. Thus, the proposal includes \$49.3 million (\$46.9 million General Fund) of Community Placement Plan (CPP) funding to begin development of resources to support the transition of SDC residents. This funding will provide resources to fund the development of homes in the community, additional training for providers, supported living services, crisis services, transportation, and other support services.

Specifically, this funding would include \$46.7 million for start-up and placement, \$1.3 million for regional center coordination and \$1.3 million for state coordination.

TRAILER BILL LANGUAGE

Add Section 4474.11 to the Welfare & Institutions Code, as follows:

4474.11. (a) Notwithstanding any other law, the Department of Developmental Services shall submit, on or before October 1, 2015, a plan or plans to close one or more developmental centers. The department may develop community resources and otherwise engage in activities for transitioning developmental center residents to the community utilizing funds allocated for that purpose as part of the approved 2015-16 Budget. Implementation of a plan following the 2015-16 fiscal year is contingent on legislative approval of the plan as part of the budget process for the 2016-17 fiscal year.

(b) A plan submitted to the Legislature pursuant to this section may be subsequently modified during the legislative review process.

(c) In developing a plan pursuant to this section, the department shall meet the requirements of subdivisions (c) through (f) of Section 4474.1.

STAFF RECOMMENDATION

The Administration's proposal is consistent with the recommendations in the Plan for the Future of Developmental Centers in California, and also includes funding to provide resources for the population transitioning out of the DCs and into the community.

Staff also recommends the Subcommittee approve the Administration's language as placeholder trailer bill with the amendment included below. Staff further recommends that the Subcommittee adopt additional placeholder trailer bill to include:

- Consideration of utilizing developmental center staff for mobile health and crisis teams.
- Requiring the department to confer with stakeholders on alternative uses of developmental center property.
- Requiring a closure plan include:
 - A description of stakeholder input, including at least one public hearing in the county in which the developmental center is located.
 - A description of unique and specialized services provided by the developmental center and the viability of transferring these services to support persons living in the community.

- A description of resident characteristics, including but not limited to age, gender, ethnicity, family involvement, years of developmental center residency, developmental disability and other factors that will determine service and support needs.
- Estimates on the location and nature of services and supports that will be delivered to residents moving to the community.
- A description of how the department will transition client rights advocacy services from the developmental center to the community client rights advocacy program.
- A description of how the department will monitor the movement of residents to the community.
- A description of local issues, concerns and recommendations regarding the proposed closure, including alternative uses of developmental center property.
- A requirement that the department provide quarterly updates to the Legislature throughout the closure process.

Staff Recommendation: Adopt proposed May Revision language with additions described in staff comments, as provisional placeholder trailer bill language. Approve of CPP resources for the closure of SDC.

ISSUE 15: PROMOTING SYSTEM SUSTAINABILITY

ADVOCATE CONCERNS

The Lanterman Coalition and the Association of Regional Center Agencies (ARCA) along with many other associations and hundreds of individuals have written, encouraging an across-the-board ten percent increase in funding to the RCs and community service providers.

ARCA requests that the Legislature work to reform funding for service rates and regional center operations in order to reach adequate funding levels. In the interim, advocates request an annual five percent funding increase, across 2015-16 and 2016-17, to the system until more holistic and comprehensive funding reform strategies are implemented. Advocates contend that without such rate structure changes, California will jeopardize the stabilization of the community system.

The expected population of the regional centers in 2015-16 is 288,317, an increase of 3.5 percent above the population in 2014-15. Advocates urge the Legislature to consider a total ten percent rate increase in order to meet the growing needs of community service programs by providing adequate funding to manage waitlists, maintain services and supports, and protect health and safety of those living in the community.

LEGISLATIVE PROPOSAL

Although the Health and Human Services Agency and DDS have been working together with stakeholders to discuss rates and potentially establish a new rate structure, no proposal has come forth at this time. This Subcommittee held an in depth conversation regarding rates at its March 4, 2015 hearing and affirmed its adamant support for this proposal in the May 18, 2015 hearing.

At this time, the Subcommittee would like to propose an increase of \$82.5 million General Fund for POS and OPS spending to provide a ten percent rate increase phased in over two years. The rates would increase five percent January 1, 2016 and would increase another five percent in 2016-17.

Staff Recommendation: Approve rate increase of 5% in 2015-16, and 5% in 2016-17 for POS and OPS.

Community Services Division**ISSUE 16: CASELOAD AND UTILIZATION****FY 2014-15**

The May Revision updates OPS and POS costs by an increase of \$73.9 million (\$52.4 million GF increase) to reflect updated caseload and utilization due to updated population and expenditure data including Home and Community Based Services (HCBS) waiver enrollment above budgeted levels.

The OPS portion of this funding includes an increase of \$1.6 million in total funds, while the GF commitment decreases by \$4.6 million GF. The POS portion includes an increase of \$72.3 million (\$57.0 million GF).

FY 2015-16

The May Revision provides a \$120.8 million increase (\$82.9 million GF) in OPS and POS to reflect caseload and utilization due to updated population and expenditure data including HCBS Waiver enrollment above budgeted levels.

The OPS portion of this funding includes an increase of \$2.5 million, while the GF commitment decreases by \$9.3 million. The POS portion includes an increase of \$118.3 million (\$92.2 million GF).

Staff Recommendation: Approve May Revision.

ISSUE 17: FEDERAL LABOR STANDARDS ACT UPDATE

The overtime issue (as well as its implications to the DDS community) is being handled within the overall In-Home Supportive Services discussion under the Department of Social Services.

Staff Recommendation: Informational.

ISSUE 18: ASSEMBLY BILL 10 MINIMUM WAGE UPDATE**FY 2014-15**

Assembly Bill 10 (AB 10), Chapter 351, Statutes of 2013, included a minimum wage increase, effective July 1, 2014. The May Revision updates the costs associated with state-mandated hourly minimum wage increase from \$8 to \$9, and includes a reduction of \$31.2 million (a \$16.5 million GF decrease). The initial estimate of costs was \$106.5 million (\$59.7 million GF). Based upon service providers and regional center reports of estimated annual fiscal impact the revised estimate of costs is \$75.3 million (\$43.2 million GF).

FY 2015-16

The May Revision provides a decrease of \$31.0 million (\$16.4 million GF) as follows:

- A \$0.2 million increase (\$0.2 million GF) in OPS to reflect a correction of the costs associated with the state-mandated hourly minimum wage increase from \$9 to \$10, effective January 1, 2016. For the Governor's Budget the estimated fiscal impact did not include regional center Revenue Clerk positions that are budgeted at the minimum wage; and
- A \$31.2 million decrease (\$16.5 million GF) to reflect costs associated with the state-mandated minimum wage increase from \$8 to \$9 that went into effect July 1, 2014. Initial estimate of costs was \$106.5 million (\$59.7 million GF).

LAO COMMENTS

The LAO recommends the Legislature approve the Governor's proposal, and adopt supplemental report language to require DDS to provide the actual General Fund costs for these reports.

Staff Recommendation: Adopt May Revision and LAO Supplemental Report Language.

ISSUE 19: TRANSITION OF RESIDENTS OF DCs INTO THE COMMUNITY**FY 2014-15**

The May Revision reflects an increase in costs for FY 2014-15 of \$21.4 million (\$15.7 million GF) in POS to reflect the continuing costs for consumers who, under the Community Placement Plan (CPP), transitioned from a DC into the community in 2013-14 and whose costs will now be funded in 2014-15 with POS. For DC residents who transitioned into the community in 2013-14 their continuation costs are reflected in the POS expenditure trends for 2014-15. However, the continuation costs for residents of DCs who transitioned into the community in 2012-13 and 2013-14 are significantly higher than in prior years.

Currently, the Governor's Budget includes \$4.2 Million in continuation costs in the estimate for Community Care Facilities. For the May Revision DDS proposes increasing continuation costs by an additional \$21.4 Million. With future placements of DC residents into the community that include individuals with challenging service needs it is expected that continuation costs will need to be adjusted on an annual basis.

FY 2015-16

The May Revision includes an increase of \$37.9 million (\$29.9 Million GF) in POS to reflect the continuing costs for consumers who, under the CPP, transitioned from a DC into the community in 2014-15 and whose costs will now be funded in 2015-16 with POS funding.

Staff Recommendation: Approve May Revision.

ISSUE 20: SERVING CONSUMERS WITH BEHAVIORAL HEALTH NEEDS

The May Revision includes a decrease of \$3.0 million (\$1.5 million GF) in POS to reflect an update of the estimated fiscal impact of implementation of BHT services by the Department of Health Care Services (DHCS) per Senate Bill 870, Chapter 40, Statutes of 2014, which directs DHCS to implement BHT services as a Medi-Cal benefit for individuals under the age of 21 with an Autism Spectrum Disorder diagnosis if required by federal law. The estimate put forward in the May Revision reflects updated caseload data.

Staff Recommendation: Approve May Revision.

ISSUE 21: IMPLEMENTATION OF BEHAVIORAL HEALTH TREATMENT SERVICES BY DEPARTMENT OF HEALTH CARE SERVICES

The January budget included a decrease of \$2.0 million (\$1.0 million GF decrease) in POS to reflect a reduction in expenditures for an estimated 292 consumers who would receive BHT services through the Department of Health Care Services (DHCS) as a Medi-Cal benefit per SB 870.

The May Revision includes a decrease of \$3.0 million (\$1.5 million GF) in POS to reflect an update of the estimated fiscal impact of implementation of BHT services by DHCS per Senate Bill 870, Chapter 40, Statutes of 2014, which directs DHCS to implement BHT services as a Medi-Cal benefit for individuals under the age of 21 with an Autism Spectrum Disorder diagnosis if required by federal law. The estimate put forward in the May Revision reflects updated caseload data.

Staff Recommendation: Approve May Revision.

ISSUE 22: ENHANCED BEHAVIORAL SUPPORTS HOMES

The 2014-15 budget included authority and funding for DDS to develop up to six enhanced behavioral supports home in the community, limited to four residents each, to serve persons with significant behavior challenges moving from developmental centers.

The May Revision includes trailer bill language to remove the six home limit.

Staff Recommendation: Approve Trailer Bill Language.

ISSUE 23: RESTORATION OF UNREALIZED SAVINGS FROM SENATE BILL 946

The May Revision includes an increase of \$61.5 Million GF in POS to reflect unrealized savings and offsetting federal funds for prior year expenses, resulting in a need for additional GF to repay outstanding GF loans. After reconciling information on federal fund reimbursement assumptions, DDS identified a shortfall of \$15.6 Million in fiscal year 2011-12 and \$46.0 Million in 2012-13.

The shortfall is the result of an overestimate of reimbursements not adjusted for cost-containment proposals enacted during those fiscal years and lower than anticipated savings from the private insurance coverage of behavioral health therapy required by Chapter 650, Statutes of 2011 (Senate Bill 946). Additionally, provisional language is requested to specify that these funds be used only for prior year shortfalls.

Staff Recommendation: Approve May Revision.

ISSUE 24: SHANNON'S MOUNTAIN

In 2008, the Department of General Services (DGS) issued a Request for a Proposal to allow for the development of Shannon's Mountain, a housing unit complex on the Fairview DC property. In 2012, DGS realized that they did not have statutory authority for all terms of this project. Specifically, the most pertinent issues were prevailing wage, and the allowed revenue sharing and subsidy of the units in order to provide subsidized rent for units for the developmentally disabled. The Department, DGS, and CHHS have been in discussions on how to move forward on this project, and as of this Subcommittee's March 4, 2015 hearing, the project manager as well as the appropriate legal staff at DGS had been identified in order for the Departments to accurately determine statutory authority for the continuation of this project.

PROPOSED TRAILER BILL LANGUAGE

The Senate took an action to make a minimal change to the proposed trailer bill language as follows:

*Shall provide housing for individuals who qualify based upon criteria established by the Department of Developmental Services. A minimum of twenty percent of the housing units developed shall be available and affordable to individuals with developmental disabilities served by a regional center pursuant to Welfare and Institutions Code Section 4500, et seq. When filling vacancies, priority for housing shall be given to individuals transitioning from a developmental center or **at risk of institutionalization**.*

STAFF COMMENTS

The May Revision proposal on Shannon's Mountain provides trailer bill language that includes a complete re-working of the initial project scheduled for Shannon's Mountain. Staff recommends adopting the proposed trailer bill language with a protection for those given priority for admission in the housing project at Shannon's Mountain.

This action conforms to the Senate.

Staff Recommendation: Approve May Revision with proposed change.

ISSUE 25: GENERAL FUND OFFSET DUE TO REDUCTION IN REVENUES FROM THE PROGRAM DEVELOPMENT FUND (PDF)

May Revision includes a decrease in revenue in the 2014-15 BY of \$1.3 million from the PDF offset by \$1.3 million increase in GF in POS to reflect updated population, assessments and payment information associated with the Annual Parental Fee Program (APFP). It also includes a decrease of \$1.4 million in the 2015-16 BY. The decrease in the APFP is due to a lower number of eligible children, fewer assessments from regional centers, and updated collection data. The decrease in the PFP is to realign the budget with actual revenue collections. The decrease also reflects lower anticipated collections due to delays in credit card payment implementation.

Staff Recommendation: Approve May Revision.

ISSUE 26: EARLY START MAY REVISION PROPOSALS

Early Start Restoration of Eligibility Criteria. The May Revision includes an increase of \$9.8 million GF in POS to reflect the full-year cost to provide expanded eligibility for Early Start Services. The Governor's Budget includes funding of \$5.6 million to implement changes to the Early Start Program, effective January 1, 2015. For 2015-16, the Governor's Budget includes the same amount of funding to provide 12 months of expanded eligibility of Early Start Services. For the May Revision the estimate of 2015-16 is updated to \$15.3 million GF, an increase of \$9.8 million over the Governor's Budget.

GF Offset Due to Reduction in the Early Start, Part C Grant. The May Revision includes a decrease of \$0.5 million in the Early Start, Part C grant in POS due to a reduction in the State's share of the children under 3 years of age population offset by a \$0.5 million GF increase.

Staff Recommendation: Approve both May Revision proposals.

ISSUE 27: SICK LEAVE PROPOSAL

The Governor's budget proposes a \$25.3 million increase (\$16.2 million GF) in POS to reflect costs associated with the implementation of AB 1522 for community-based programs that do not currently provide sick leave benefits to employees.

The May Revision includes a \$1.7 million increase (\$0.9 million GF) in POS to reflect an update of costs associated with the implementation of paid sick days by service providers. The Administration also proposed trailer bill language to implement this provision.

Staff Recommendation: Approve May Revision and proposed Trailer Bill Language. Adopt LAO recommendation for Supplemental Reporting Language to require DDS to provide the actual general fund cost for these proposals.

5160 DEPARTMENT OF REHABILITATION

ISSUE 1: MAY REVISION PROPOSAL

This proposal requests an increase of \$155,000 for the Vocational Rehabilitation (VR) program. The requested amount will provide the 10 percent nonfederal match now required by the 2014 Federal Workforce Innovation and Opportunity Act (WIOA). Previous versions of the WIOA did not require a state match, but new regulations now necessitate the state to provide funds for this program.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision.

ISSUE 2: JANUARY BUDGET PROPOSAL

DOR requests additional federal fund authority of \$3.11 million and 31 ongoing full-time permanent positions to hire Work Incentives Planners (WIPs) to eligible DOR consumers receiving Supplemental Security Income/Social Security Disability Insurance benefits. The Department will utilize 100% federal program funds received from the Social Security Administration Cost Reimbursement program.

STAFF COMMENTS

Staff recommends adopting provisional budget bill language that authorizes the department to fund up to 31 positions, contingent on the available federal funding for the positions. The subcommittee also may wish to have the Department of Rehabilitation, report back on the status of hiring the 31 Work Incentive Planner positions, as well as the success of drawing down federal Social Security reimbursements at next year's budget hearings. This subcommittee, as well as the Senate Subcommittee No. 3 on Health and Human Services, may wish to ask the department to conduct a workgroup comprised of stakeholders, recipients, and legislative staff before October 2015, in order to evaluate how additional funding drawn down by the WIPs can be utilized to increase funding to the community.

Staff Recommendation: Approve as Budgeted, Adopt provisional placeholder Budget Bill Language.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 1: MAY REVISION ADJUSTMENT

Enrollment Caseload Population Estimate. The May Revision requests a decrease of \$46,000 GF and an increase of \$46,000 in Federal Trust Funds to reflect a projected increase in Federal Performance Basic Incentive Funds.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision.
