

Department of Developmental Services

2023 May Revision Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES 2023 MAY REVISION HIGHLIGHTS

The Department of Developmental Services (Department) is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with intellectual and developmental disabilities to lead more independent, productive, and integrated lives. Additionally, the Early Start Program provides services to infants and toddlers at risk of having a developmental disability. The Department carries out its responsibilities through contracts with 21 community-based, non-profit corporations known as regional centers, as well as through state-operated homes and facilities.

The number of individuals served by regional centers (consumers) is expected to be 396,375 in the current year and increase to 420,927 in fiscal year (FY) 2023-24. The May Revision projects 312 individuals will receive state-operated services.

The May Revision Estimate continues to support the needs of consumers and proposes new policies to continue efforts to improve service access and to achieve better outcomes and consumer experiences.

2023 MAY REVISION SUMMARY

The 2023 May Revision includes \$14.1 billion total funds (TF) (\$8.5 billion General Fund [GF]) for FY 2023-24; a net increase of \$1.8 billion TF (\$1.5 billion GF) over the updated FY 2022-23 budget, or a 14.6 percent TF increase.

In addition to caseload and utilization updates, the proposed FY 2023-24 funding supports the following new and updated items:

- Coordinated Family Support Services (\$18.0 million TF, 10.8 million GF): The Budget includes funding to continue supporting the pilot through FY 2023-24.
- Rate Model Assumptions (\$15.0 million TF, \$8.5 million GF): The Budget includes ongoing funding to adjust service provider rates for Independent Living Services reflecting more equivalent occupations and duties performed by those occupations effective January 1, 2024.
- Regional Center Operations Policy Update (\$11.6 million TF, \$8.4 million GF): The Budget includes funding to update service coordinators' and supervisors' salaries to the state equivalent salary level in Enhanced Service Coordination, Performance Incentives, and Early Start Eligibility.
- START Training (\$330,000 TF, \$231,000 GF): The Budget includes funding for service provider network fees supporting the certified START teams.
- Community Placement Plan Reappropriation (\$10.8 million GF): The Budget includes resources reappropriated from FY 2020-21 to support multifamily housing projects.
- Lanterman Act Provisional Eligibility Ages 0 through 4 (-\$13 million GF, \$13 million Federal Financial Participation): This Budget reflects anticipated eligibility for federal financial participation beginning in January 2024 reducing the General

Fund costs of provisional eligibility by expanding eligibility to include children birth through two years of age. The resulting eligibility for this policy is birth through four years of age.

April 1, 2023 Finance Letters include:

- Compliance with Federal Home and Community Services-Based Requirements (\$5.4 million TF, \$3.8 million GF): This Budget includes funding to support 9.0 DDS positions and 50 positions for regional centers to address and sustain new and ongoing efforts to comply with federal requirements.
- Porterville Developmental Center (PDC) Facility Support (\$201,000 TF, 161,000 GF) and 1.0 position: This Budget includes funding to support project and facility maintenance activities at PDC.
- Information Security Office Support: Increase of \$174,000 TF (\$139,000 GF) and 1.0 permanent position to support regional center information security efforts, augmenting the original Budget Change Proposal submitted in the 2023 Governor's Budget.
- Headquarters Position Authority: Increase of 71.0 permanent positions to reflect staff previously funded through recent legislative augmentations or existing resources.

Program Highlights

(Dollars in Thousands)

	FY 2022-23*	FY 2023-24**	Difference
Community Services Program			
Regional Centers	\$11,818,238	\$13,604,317	\$1,786,079
Total, Community Services	\$11,818,238	\$13,604,317	\$1,786,079
General Fund	\$6,665,064	\$8,128,058	\$1,462,994
Program Development Fund	\$0	\$434	\$434
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$56,501	\$57,470	\$969
Reimbursements	\$4,238,551	\$4,651,996	\$413,445
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$476,579	\$451,440	(\$25,139)
HCBS ARPA Reimbursements	\$380,653	\$314,029	(\$66,624)
State Operated Facilities Program			
Personal Services	\$271,084	\$271,030	(\$54)
Operating Expense & Equipment	\$55,581	\$69,748	\$14,167
Total, State Operated Facilities	\$326,665	\$340,778	\$14,113
General Fund	\$289,061	\$305,951	\$16,890
Lottery Education Fund	\$114	\$114	\$0
Reimbursements	\$37,490	\$34,713	(\$2,777)
Headquarters Support			
Personal Services	\$108,549	\$116,021	\$7,472
Operating Expense & Equipment	\$54,586	\$42,401	(\$12,185)
Total, Headquarters Support	\$163,135	\$158,422	(\$4,713)
General Fund	\$96,953	\$98,862	\$1,909
Federal Trust Fund	\$3,391	\$2,863	(\$528)
Program Development Fund	\$175	\$425	\$250
Reimbursements	\$47,942	\$50,322	\$2,380
Mental Health Services Fund	\$511	\$511	\$0
HCBS ARPA	\$11,330	\$4,350	(\$6,980)
HCBS ARPA Reimbursements	\$2,833	\$1,089	(\$1,744)
Total, All Programs	\$12,308,038	\$14,103,517	\$1,795,479
Total Funding			
General Fund	\$7,051,078	\$8,532,871	\$1,481,793
Federal Trust Fund	\$59,892	\$60,333	\$441
Lottery Education Fund	\$114	\$114	\$0
Program Development Fund	\$175	\$859	\$684
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$4,323,983	\$4,737,031	\$413,048
Mental Health Services Fund	\$1,251	\$1,251	\$0
HCBS ARPA	\$487,909	\$455,790	(\$32,119)
HCBS ARPA Reimbursements	\$383,486	\$315,118	(\$68,368)
Total, All Funds	\$12,308,038	\$14,103,517	\$1,795,479

*FY 2022-23 include \$3.6 million Control Section 19.56 funding

**FY 2023-24 does not include \$10.75 million for CPP reappropriation (GF) and \$14.7 million reduction adjustment (ARPA and ARPA Reimbursements) to the Coordinated Family Support Service.

**Program Highlights
(CONTINUED)**

	FY 2022-23	FY 2023-24	Difference
Caseloads			
State Operated Facilities	322	312	(10)
Regional Centers*	396,375	420,927	24,552
Departmental Positions			
State Operated Facilities	1,955.3	1,947.8	(7.5)
Headquarters	608.0	712.0	104.0

*Does not include children who meet provisional eligibility.

COMMUNITY SERVICES PROGRAM

FY 2022-23

Costs and Fund Sources

The FY 2022-23 updated regional center budget includes \$11.8 billion TF (\$6.7 billion GF), a net decrease of \$253.9 million TF (\$106.1 million GF) as compared to the Governor’s Budget. This includes a projected decrease of \$235.5 million TF in purchase of services (POS) expenditures and a decrease of \$18.4 million TF in operations costs.

The FY 2022-23 updated budget reflects a net decrease of \$636.6 million TF (\$630.4 million GF), as compared to the Enacted Budget.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Operations	\$1,408,459	\$1,390,108	(\$18,351)
Purchase of Services	\$10,640,119	\$10,404,589	(\$235,530)
Early Start Part C/Other Agency Costs	\$21,538	\$21,538	\$0
Early Start Family Resource Services	\$2,003	\$2,003	\$0
Total Costs	\$12,072,119	\$11,818,238	(\$253,881)
General Fund (GF)	\$6,771,147	\$6,665,064	(\$106,083)
<i>GF Match</i>	\$3,356,569	\$3,261,565	(\$95,004)
<i>GF Other</i>	\$3,414,578	\$3,403,499	(\$11,079)
Reimbursements	\$4,399,361	\$4,238,551	(\$160,810)
Program Development Fund/Parental Fees	\$0	\$0	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$468,376	\$476,579	\$8,203
HCBS ARPA Reimbursements	\$375,844	\$380,653	\$4,809
Federal Funds	\$56,501	\$56,501	\$0
Fund Sources	\$12,072,119	\$11,818,238	(\$253,881)

Population

The updated current year caseload projections reflect a net decrease of 4,110 in projected consumers compared to the Governor’s Budget. However, this reflects an increase of 24,987 individuals compared to the prior year (2021-22).

Caseload*	Governor’s Budget	May Revision	Difference
Active (Age 3 & Older)	342,570	338,460	(4,110)
Early Start (Birth through 35 Months)	57,915	57,915	0
Total Community Caseload	400,485	396,375	(4,110)

*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

There is no change to the current year from the Governor’s Budget.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Staffing Expenditures	\$902,498	\$902,498	\$0
Federal Compliance	\$49,271	\$49,271	\$0
Projects	\$34,396	\$34,396	\$0
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$1,647	\$1,647	\$0
Total Operations – Caseload	\$987,812	\$987,812	\$0

Regional Center Operations – Policy

The current year includes \$400.3 million TF (\$281.2 million GF) for policies impacting regional center operations. There is a net decrease of \$20.4 million TF (\$11.4 million GF) compared to the Governor’s Budget. This is primary driven by the following:

- Reduced Caseload Ratio for Children through Age Five: decrease of \$20.6 million (\$14.0 million GF) to reflect hiring trends in current year.
- Lanterman Act Provisional Eligibility Ages 0 through 4: increase of \$237,000 GF due to updated caseload growth.

Operations – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Early Start – Part C to B Transitions	\$3,167	\$3,167	\$0
Enhanced Service Coordination	\$14,172	\$14,172	\$0
Enrolling Vendors as Medicaid Providers	\$550	\$550	\$0
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Performance Incentives	\$87,500	\$87,500	\$0
Promoting Workforce Stability	\$185,300	\$185,300	\$0
Reduced Caseload Ratio for Children through Age Five	\$51,084	\$30,496	(\$20,588)
Service Access and Equity Grant Program	\$11,000	\$11,000	\$0
Trauma Informed Services for Foster Youth	\$1,600	\$1,600	\$0
Direct Service Professional Workforce Training and Development	\$4,300	\$4,300	\$0
Early Start Eligibility	\$2,530	\$2,530	\$0
Lanterman Act Provisional Eligibility Ages 0 through 4	\$9,325	\$9,562	\$237
Resources to Support Individuals Who Are Deaf	\$4,505	\$4,505	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Service Provider Rate Reform	\$21,147	\$21,147	\$0
Total Operations – Policy	\$420,647	\$400,296	(\$20,351)

Regional Center Operations – Control Section 19.56 Augmentation

Control Section 19.56 of the 2022 Budget Act allocated \$2.0 million GF to the California Policy Center for Intellectual and Developmental Disabilities.

Purchase of Services (POS) – Caseload

Updated POS expenditures reflect a net decrease of \$193.4 million TF (\$96.4 million GF) as compared to the Governor’s Budget. The decrease in total funds reflects updated expenditures by category. The table below displays adjustments from the Governor’s Budget.

Purchase of Services Caseload (Utilization and Growth) (Dollars in Thousands)			
	Governor’s Budget	May Revision	Difference
Community Care Facilities	\$2,755,164	\$2,722,375	(\$32,789)
Medical Facilities	\$40,381	\$38,879	(\$1,502)
Day Programs	\$1,429,208	\$1,389,120	(\$40,088)
Habilitation Services	\$133,401	\$133,370	(\$31)
<i>Work Activity Program</i>	\$15,552	\$14,055	(\$1,497)
<i>Supported Employment Program – Group</i>	\$74,911	\$75,898	\$987
<i>Supported Employment Program – Individual</i>	\$42,938	\$43,417	\$479
Transportation	\$424,100	\$414,585	(\$9,515)
Support Services	\$2,480,167	\$2,424,501	(\$55,666)
In-Home Respite	\$1,254,112	\$1,182,597	(\$71,515)
Out-of-Home Respite	\$47,356	\$45,799	(\$1,557)
Health Care	\$224,522	\$224,690	\$168
Miscellaneous Services	\$772,794	\$791,706	\$18,912
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$8,879	\$9,053	\$174
Total POS – Caseload	\$9,570,084	\$9,376,675	(\$193,409)

POS – Policy

There is a net decrease of \$43.7 million TF (\$3.1 million GF) in policy-related expenditures as compared to the Governor’s Budget. This is primarily driven by the following:

- Social Recreation and Camping Services: Decrease of \$40.8 million HCBS ARPA funding (including reimbursements) based on updated expenditure data.
- Lanterman Act Provisional Eligibility: Increase of \$1.1 million GF based upon projected caseload growth.
- SB 3, Minimum Wage Increase, Effective January 1, 2023: decrease of \$1.0 million (\$0.6 million GF) due to updated expenditures.

Purchase of Services – Policy <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Bilingual Differentials for Direct Service Professionals	\$7,200	\$7,200	\$0
Financial Management Services for SDP Participants	\$7,200	\$4,259	(\$2,941)
Ongoing Purchase of Service Items	\$46,000	\$46,000	\$0
SB 3, Minimum Wage Increase, Effective January 1, 2023	\$54,188	53,173	(\$1,015)
Social Recreation and Camping Services	\$51,868	\$11,084	(\$40,784)
START Training	\$17,865	\$17,865	\$0
Suspension of Annual Family Program Fee & Family Costs	\$4,450	\$4,450	\$0
Work Activity Programs: New Service Model	\$8,233	\$8,233	\$0
Direct Service Professional Workforce Training and Development	\$11,900	\$11,900	\$0
Early Start Eligibility	\$3,962	\$3,962	\$0
Lanterman Act Provisional Eligibility Ages 0 through 4	\$32,035	\$33,104	\$1,069
Resources to Support Individuals Who Are Deaf	\$14,300	\$14,300	\$0
Self-Determination Ongoing Implementation	\$2,500	\$2,500	\$0
Service Provider Rate Reform	\$808,334	\$808,334	\$0
Total POS – Policy	\$1,070,035	\$1,026,364	(\$43,671)

POS – Control Section 19.56 Augmentation

Control Section 19.56 of the 2022 Budget Act allocated \$1.6 million GF to Easterseals Southern California (\$1 million GF), Exceptional Minds (\$250,000 GF), and the City of Elk Grove for Project R.I.D.E. (\$300,000 GF).

American Rescue Plan Act (ARPA) Funding

There is a net increase of \$13.0 million as compared to the Governor’s Budget, inclusive of purchase of services and operations, reflecting updated expenditures and funding for the spending plan initiatives.

American Rescue Plan Act Funding <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
HCBS ARPA	\$468,376	\$476,579	\$8,203
HCBS ARPA Reimbursements	\$375,844	\$380,653	\$4,809
Total HCBS ARPA	\$844,220	\$857,232	\$13,012

Reimbursements

The updated current year reflects a net decrease of \$160.8 million in reimbursements as compared to the Governor’s Budget as a result of lower than projected expenditures and a reduction of the 6.2 percentage point increase in enhanced federal funding down to a 5.0 percentage point increase in the fourth quarter of the 2022-23 fiscal year. Adjustments are reflected in the table below.

Reimbursements <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Home and Community-Based Services (HCBS) Waiver	\$3,027,712	\$2,896,546	(\$131,166)
HCBS Waiver Administration	\$21,470	\$21,470	\$0
Medicaid Administration	\$20,618	\$20,618	\$0
Targeted Case Management	\$337,268	\$327,104	(\$10,164)
Title XX Block Grant	\$213,421	\$213,421	\$0
(1) Social Services	\$136,264	\$136,264	\$0
(2) Temporary Assistance for Needy Families	\$77,157	\$77,157	\$0
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$60,803	\$61,696	\$893
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$9,703	\$9,877	\$174
1915(i) State Plan Amendment	\$593,559	\$572,594	(\$20,965)
Early Periodic Screening Diagnosis and Treatment	\$21,720	\$18,244	(\$3,476)
Behavioral Health Treatment Fee-for-Service	\$11,014	\$11,481	\$467
Self-Determination Program Waiver	\$82,073	\$85,500	\$3,427
Total Reimbursements	\$4,399,361	\$4,238,551	(\$160,810)

Federal Funds

There is no change as compared to the Governor’s Budget.

Federal Funds <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Early Start Part C/Other Agency Costs	\$55,358	\$55,358	\$0
Foster Grandparent Program	\$1,143	\$1,143	\$0
Total Federal Funds	\$56,501	\$56,501	\$0

FY 2023-24

Costs and Fund Sources

The FY 2023-24 regional center budget includes \$13.6 billion TF (\$8.1 billion GF), a net decrease of \$50.2 million TF (\$61.4 million GF) as compared to the Governor’s Budget. This includes a projected \$33.4 million TF increase in regional center operations costs, and \$83.6 million TF decrease in purchase of services expenditures.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Operations	\$1,385,303	\$1,418,703	\$33,400
Purchase of Services	\$12,248,105	\$12,164,516	(\$83,589)
Early Start Part C/Other Agency Costs	\$19,095	\$19,095	\$0
Early Start Family Resource Services	\$2,003	\$2,003	\$0
Total Costs	\$13,654,506	\$13,604,317	(\$50,189)
General Fund (GF)	\$8,189,476	\$8,128,058	(\$61,418)
<i>GF Match</i>	\$4,497,778	\$4,234,395	(\$263,383)
<i>GF Other</i>	\$3,691,698	\$3,893,663	\$201,965
Reimbursements	\$4,744,836	\$4,651,996	(\$92,840)
Program Development Fund/Parental Fees	\$434	\$434	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$475,794	\$451,440	(\$24,354)
HCBS ARPA Reimbursements	\$189,018	\$314,029	\$125,011
Federal Funds	\$54,058	\$57,470	\$3,412
Fund Sources	\$13,654,506	\$13,604,317	(\$50,189)

Population

There is no change as compared to the Governor’s Budget.

Caseload*	Governor’s Budget	May Revision	Difference
Active (Age 3 & Older)	359,280	359,280	0
Early Start (Birth through 35 Months)	61,647	61,647	0
Total Community Caseload	420,927	420,927	0

*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

The budget year includes \$1.0 billion TF (\$753.5 million GF) for regional center operations, an increase of \$16.8 million (\$18.5 million GF increase) as compared to the Governor’s Budget. The increase is mainly attributed to regional center operation costs update.

Operations – Caseload <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Staffing Expenditures	\$944,637	\$961,384	\$16,747
Federal Compliance Projects	\$49,538	\$49,552	\$14
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$37,211	\$37,259	\$48
	\$1,645	\$1,677	\$32
Total Operations – Caseload	\$1,033,031	\$1,049,872	\$16,841

Regional Center Operations – Policy

The budget year includes \$368.8 million TF (\$240.3 million GF) for policies impacting regional center operations, an increase of \$16.6 million TF (\$6.3 million GF) as compared to the Governor’s Budget.

Updated Policies:

- Performance Incentives: Increase of \$9.9 million TF (\$6.7 million GF) due to regional center operation position cost updates, consistent with state equivalent costs.
- Early Start Eligibility: Increase of \$1.4 million GF based upon regional center operation position cost updates, consistent with state equivalent costs.
- Enhanced Service Coordination: Increase of \$284,000 TF (\$222,000 GF) due to regional center operation position cost updates, consistent with state equivalent costs.
- Lanterman Act Provisional Eligibility Ages 0 through 4: Increase of \$590,000 GF based upon projected caseload growth.
- START Training: Increase of \$330,000 TF (\$231,000 GF) to include service provider network fees for certified START teams.

New Policies:

- Compliance with Federal Home and Community Services-Based Requirements: Increase of \$4.0 million TF (\$2.7 million GF) to support regional center resources (50 positions) to address and sustain new and ongoing efforts to comply with federal requirements.

Operations – Policy <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Disparities Within the Developmental Services System	\$2,241	\$2,241	\$0
Early Start – Part C to B Transitions	\$3,167	\$3,167	\$0
Enhanced Service Coordination	\$14,172	\$14,456	\$284
Enrolling Vendors as Medicaid Providers	\$400	\$400	\$0
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Performance Incentives	\$87,500	\$97,408	\$9,908
Reduced Caseload Ratio for Children through Age Five	\$153,212	\$153,212	\$0
Trauma Informed Services for Foster Youth	\$3,200	\$3,200	\$0
UFSM & CERMS	\$9,830	\$9,830	\$0
Compliance with HCBS Requirements	\$0	\$4,044	\$4,044
Direct Service Professional Workforce Training and Development	\$4,300	\$4,300	\$0
Early Start Eligibility	\$8,432	\$9,835	\$1,403
Lanterman Act Provisional Eligibility Ages 0 through 4	\$15,699	\$16,289	\$590
Resources to Support Individuals Who Are Deaf	\$4,505	\$4,505	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Service Provider Rate Reform	\$21,147	\$21,147	\$0
START Training	\$0	\$330	\$330
Total Operations – Policy	\$352,272	\$368,831	\$16,559

Purchase of Services (POS) Caseload

The budget year includes \$10.6 billion TF (\$6.7 billion GF) for purchase of services, a decrease of \$107.5 million TF (\$34.8 million GF), as compared to the Governor's Budget. The net decrease is primarily due to updated expenditure trends in utilization of the various budget categories.

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Community Care Facilities	\$2,882,632	\$2,884,241	\$1,609
Medical Facilities	\$52,494	\$49,590	(\$2,904)
Day Programs	\$1,457,383	\$1,439,930	(\$17,453)
Habilitation Services	\$139,084	\$140,264	\$1,180
<i>Work Activity Program</i>	\$11,991	\$11,267	(\$724)
<i>Supported Employment Program – Group</i>	\$74,031	\$75,560	\$1,529
<i>Supported Employment Program – Individual</i>	\$53,062	\$53,437	\$375
Transportation	\$596,572	\$578,281	(\$18,291)
Support Services	\$2,744,836	\$2,700,083	(\$44,753)
In-Home Respite	\$1,531,812	\$1,440,982	(\$90,830)
Out of Home Respite	\$48,438	\$47,085	(\$1,353)
Health Care	\$269,784	\$270,411	\$627
Miscellaneous Services	\$936,120	\$1,000,604	\$64,484
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$8,879	\$9,053	\$174
Total POS – Caseload	\$10,668,034	\$10,560,524	(\$107,510)

POS – Policy

The budget year includes \$1.6 billion TF (\$469.8 million GF) for policies impacting regional center purchase of services, an increase of \$23.9 million TF (\$51.5 million GF decrease) as compared to the Governor’s Budget.

Updated Policies:

- Service Provide Rate Reform: Increase of \$15.0 million (\$8.5 million GF) supports adjustments to the service provider rates for Independent Living Services reflecting more equivalent occupations and duties performed by those occupations.
- Social Recreation and Camping Services: Decrease of \$9.2 million HCBS ARPA Funding based upon updated expenditure data.
- Lanterman Act Provisional Eligibility Ages 0 through 4: Increase of \$2.4 million GF based upon updated caseload growth. Additionally, this initiative includes a \$13 million GF decrease and \$13 million Federal Financial Participation increase resulting from a proposed expansion of eligibility to children birth through 2 years of age.
- SB 3, Minimum Wage Increase, Effective January 1, 2023: Decrease of \$1.3 million TF (\$733,000 GF) based upon updated expenditure data.
- SB 3, Minimum Wage Increase, Effective January 1, 2024, Consumer Price Index Adjustment: Decrease of \$1.0 million TF (\$657,000 GF) based upon updated expenditure data.

New Policies:

- Coordinated Family Support Services: Increase of \$18.0 million TF (\$10.8 million GF) to continue the pilot program through 2023-24.

Purchase of Services – Policy			
<i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Coordinated Family Support Services	\$0	\$18,000	\$18,000
Bilingual Differentials for Direct Service Professionals	\$7,200	\$7,200	\$0
Financial Management Services for SDP Participants	\$7,200	\$7,200	\$0
Ongoing Purchase of Services Items	\$46,000	\$46,000	\$0
SB 3, 2023	\$122,557	\$121,233	(\$1,324)
SB 3, 2024 CPI Adjustment	\$78,203	\$77,188	(\$1,015)
Social Recreation and Camping Services	\$51,868	\$42,700	(\$9,168)
START Training	\$19,632	\$19,632	\$0
Direct Service Professional Workforce Training and Development	\$11,900	\$11,900	\$0
Early Start Eligibility	\$13,208	\$13,208	\$0
Lanterman Act Provisional Eligibility Ages 0 through 4	\$54,112	\$56,540	\$2,428
Self-Determination Ongoing Implementation	\$3,925	\$3,925	\$0
Service Provider Rate Reform	\$1,164,266	\$1,179,266	\$15,000
Total POS – Policy	\$1,580,071	\$1,603,992	\$23,921

American Rescue Plan Act Funding

The budget year includes \$451.4 million in HCBS ARPA funding and \$314.0 million in matching reimbursements, inclusive of purchase of services and operations. This reflects an increase of \$100.7 million as compared to the Governor’s Budget, reflecting a shift in expenditures between current year and budget year. The Administration is extending the deadline to fully expend these resources from March 31, 2024 to September 30, 2024. Adjustments are reflected in the table below:

American Rescue Plan Funding* <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
HCBS ARPA	\$475,794	\$451,440	(\$24,354)
HCBS ARPA Reimbursements	\$189,018	\$314,029	\$125,011
Total HCBS ARPA	\$664,812	\$765,469	\$100,657

*FY 2023-24 does not include \$14.7 million reduction adjustment (ARPA and ARPA Reimbursements) to the Coordinated Family Support Service.

Reimbursements

The budget year includes \$4.7 billion in reimbursements, a decrease of \$92.8 million as compared to the Governor’s Budget. Changes reflect reduced expenditures and the extension of the enhanced Federal Medical Assistance Percentages (FMAP) authorized by the Families First Coronavirus Response Act (FFCRA), which is anticipated to continue through December 31, 2023.

Reimbursements <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Home and Community-Based Services (HCBS) Waiver	\$3,249,018	\$3,148,162	(\$100,856)
HCBS Waiver Administration	\$22,065	\$23,400	\$1,335
Medicaid Administration	\$20,618	\$20,618	\$0
Targeted Case Management	\$350,577	\$359,201	\$8,624
Title XX Block Grant	\$213,421	\$213,421	\$0
(1) Social Services	\$136,264	\$136,264	\$0
(2) Temporary Assistance for Needy Families	\$77,157	\$77,157	\$0
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$54,821	\$56,875	\$2,054
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$9,701	\$9,891	\$190
1915(i) State Plan Amendment	\$633,689	\$620,506	(\$13,183)
Early Periodic Screening Diagnosis and Treatment	\$20,845	\$20,147	(\$698)
Behavioral Health Treatment Fee-for-Service	\$11,014	\$11,481	\$467
Self-Determination Program Waiver	\$159,067	\$168,294	\$9,227
Total Reimbursements	\$4,744,836	\$4,651,996	(\$92,840)

Federal Funds

The budget year includes \$57.0 million in federal funds, a net increase of \$3.4 million as compared to the Governor’s Budget reflecting an update in anticipated grant funding.

Federal Funds <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Early Start Part C/Other Agency Costs	\$52,915	\$56,325	\$3,410
Foster Grandparent Program	\$1,143	\$1,145	\$2
Total Federal Funds	\$54,058	\$57,470	\$3,412

STATE OPERATED FACILITIES

FY 2022-23

The FY 2022-23 updated state-operated facilities budget includes \$326.7 million TF (\$289.1 million GF), largely unchanged compared to the Governor’s Budget. Facilities Update:

- Lottery Funds: A decrease of \$16,000 due to an update to lottery funds.

Policy

- Enhanced Federal Funding: An increase of \$151,000 GF due to a reduction of the 6.2 percentage point increase down to a 5.0 percentage point increase in the fourth quarter of the 2022-23 fiscal year.

Costs and Fund Sources			
<i>(Dollars in Thousands)</i>			
	Governor's Budget	May Revision	Difference
Personal Services	\$271,084	\$271,084	\$0
Operating Expenses and Equipment	\$47,333	\$47,317	(\$16)
Lease Revenue Bond	\$8,264	\$8,264	\$0
Total Costs	\$326,681	\$326,665	(\$16)
General Fund (GF)	\$288,910	\$289,061	\$151
<i>GF Match</i>	\$24,955	\$25,106	\$151
<i>GF Other</i>	\$263,955	\$263,955	\$0
Reimbursements	\$37,641	\$37,490	(\$151)
Lottery Fund	\$130	\$114	(\$16)
Fund Sources	\$326,681	\$326,665	(\$16)

FY 2023-24

The FY 2023-24 includes \$340.8 million, a decrease of \$16,000 TF (\$681,000 GF decrease) compared to the Governor’s Budget due to an increase in reimbursements with the extension of the enhanced FMAP authorized by the FFCRA, which is anticipated to continue through December 31, 2023.

Facilities Update:

- Lottery Funds: a decrease of \$16,000 due to an update to lottery funds.

Policy

- Enhanced Federal Funding: A decrease of \$681,000 GF due to an extension of the Enhanced Federal Funding to December 31, 2023. The percentage of additional funding is 2.5 percent for the first quarter and 1.5 percent for the second quarter of the 2023-24 fiscal year.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Governor’s Budget	May Revision	Difference
Personal Services	\$271,030	\$271,030	\$0
Operating Expenses and Equipment	\$61,483	\$61,467	(\$16)
Lease Revenue Bond	\$8,281	\$8,281	\$0
Total Costs	\$340,794	\$340,778	(\$16)
General Fund (GF)	\$306,632	\$305,951	(\$681)
<i>GF Match</i>	\$34,032	\$33,351	(\$681)
<i>GF Other</i>	\$272,600	\$272,600	\$0
Reimbursements	\$34,032	\$34,713	\$681
Lottery Fund	\$130	\$114	(\$16)
Fund Sources	\$340,794	\$340,778	(\$16)

HEADQUARTERS

FY 2022-23

The May Revision reflects \$163.1 million TF (\$97 million GF), a net increase of \$6.9 million compared to the Governor's Budget due to increased availability of HCBS-ARPA funding.

FY 2023-24

The May Revision reflects \$158.4 million TF (\$98.9 million GF), a net increase of \$2.8 million TF (\$1.4 million GF) compared to the Governor's Budget. The changes include:

April 1, 2023 Finance Letters

- Compliance with Federal Home and Community-Based Services Requirements – Increase of \$1.3 million TF (\$1 million GF) and 9.0 positions consisting of the conversion of three limited-term Community Program Specialist II to permanent, 4.0 additional Community Program Specialist II and 2.0 Community Program Specialist III to address and sustain new and ongoing efforts to comply with federal requirements.
- Porterville Developmental Center Facility Support – Increase of \$201,000 (161,000 GF) and 1.0 permanent Associate Construction Analyst position to support the increased project and facility maintenance activities at PDC.
- Information Security Office Support – Increase of \$174,000 TF (\$139,000 GF) and 1.0 permanent IT Specialist I position to support regional center information security efforts, augmenting the original Budget Change Proposal submitted in the 2023 Governor's Budget.
- Headquarters Position Authority – Increase of 71.0 permanent positions to help right-size the number of permanent staff funded by recent legislative augmentations and existing resources.