

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

WEDNESDAY, FEBRUARY 17, 2021

2:30 P.M. – STATE CAPITOL, ROOM 4202

Due to the regional stay-at-home order and guidance on physical distancing, seating for this hearing will be very limited for the public and for the press. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://www.assembly.ca.gov/todaysevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub1@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

*A moderated telephone line will be available to assist with public participation. After all witnesses on all panels and issues have concluded, and after the conclusion of member questions, the public may provide public comment by calling the following toll-free number: **1-877-692-8957 / Access Code: 131 54 202.***

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LIST OF PANELISTS IN ORDER OF PRESENTATION

All panelists are asked to please be succinct and brief in their presentations (3-5 minutes is suggested) in order to facilitate the flow of the hearing. Thank you.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 1: VACCINE ACCESS AND OTHER CRITICAL ISSUES IN COVID RESPONSE

- Nancy Bargmann, Director, Department of Developmental Services
- Pete Cervinka, Chief, Data Analytics and Strategy, Department of Developmental Services
- Steven Pavlov, Department of Finance
- Sonja Petek, Legislative Analyst's Office
- Lisa Kleinbub, Executive Director, Regional Center of the East Bay
- Carlos Flores, Executive Director, San Diego Regional Center
- Elizabeth Gomez, Director, Integrated Community Collaborative
- Aaron Carruthers, Executive Director, State Council on Developmental Disabilities and Member, Department of Public Health California Community Vaccine Advisory Committee

ISSUE 2: ADEQUACY AND SUSTAINABILITY OF THE DEVELOPMENTAL SERVICES PROVIDER NETWORK

- Nancy Bargmann, Director, Department of Developmental Services
- Jim Knight, Deputy Director, Administration Division, Department of Developmental Services
- Steven Pavlov, Department of Finance
- Sonja Petek, Legislative Analyst's Office
- Eric Zigman, Executive Director, Golden Gate Regional Center
- Harry Bruell, President/CEO, PathPoint
- Jordan Lindsey, Executive Director, The Arc and UCP California Collaborative
- Jacquie Dillard-Foss, Executive Director, STEP and Board Member, California Community Living Network
- Judy Mark, President, Disability Voices United

There are no panels for the Non-Presentation Items on this agenda.

Public Comment will be taken after the completion of the two panels and any discussion from the Members of the Subcommittee.

ITEMS TO BE HEARD

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

OVERVIEW

The Subcommittee will be hearing from two panels in this hearing, which are designed to focus on the priority issues for this current era in the developmental services system. These topics have been elevated by people served by the system, their family members, and by representatives of vendored providers of developmental services in the community. These issues are:

- **Issue 1 – Vaccine Access and Other Critical Issues in COVID Response**
- **Issue 2 – Adequacy and Sustainability of the Developmental Services Provider Network**

The panelists for each Issue were selected to offer a full and comprehensive set of perspectives for the Subcommittee to consider. The questions that each panelist has been requested to respond to are included in the panel listing, so that the Subcommittee and the public can understand what has been requested in each individual panelist's presentation. Subcommittee staff have urged presenters, where they are raising issues of concern or system deficiencies, to offer ideas for tangible and concrete budget and policy interventions that can help to ameliorate the problem or problems presented.

The presentations and answers offered through the panels will inform the Assembly's work moving forward as the Subcommittee both considers the proposals for the Department of Developmental Services (DDS) in the Governor's Budget and additional initiatives to continue to improve the quality of services enabled and fostered by the Lanterman Act for the Individuals for Developmental Disability (IDD) community. By offering a public forum on the DDS budget and these high priority issues, the discussion may also influence pending, current conversations occurring within the Governor's administration on these topics.

For context, a brief overview of the DDS system and a snapshot of its budget and how it is proposed to change -- at high level -- is included prior to the panel listing and background on the subject for each panel.

ISSUE 1: VACCINE ACCESS AND OTHER CRITICAL ISSUES IN COVID RESPONSE**PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER****1. Nancy Bargmann, Director, Department of Developmental Services**

- A. Please provide an update on the state's most current approach on vaccine strategy and distribution to the DDS consumer population, the providers in the system, and Regional Center staff.
- B. What concerns does the Department have about vaccine access for the DDS population?
- C. Are there state directives born out of the authority provided through Executive Order that could, as a group, be codified and extended through the balance of the current calendar year, 2021, or for the entirety of the 2021-22 fiscal year?
- D. What has DDS asked Regional Centers to provide in pending COVID-related plans and how will that inform administrative action and policy or budget changes that could be sought by the Administration?
- E. Please briefly outline the State's COVID response regarding the DDS population and any major changes that are included in the Governor's Budget for 2021-22. As part of this, please present on the \$36.7 million investment included in the Governor's Budget for DDS direct response operations.
- F. What factors are influencing caseload projections for DDS?

2. Pete Cervinka, Chief, Data Analytics and Strategy, Department of Developmental Services

- A. What have been the trends in COVID infections and deaths in the DDS population? To what factors do you attribute any deviations that have occurred in the DDS population compared to the overall California population?
- B. How will the state monitor vaccine distribution to DDS persons served and provider populations for both the first and second dose of the vaccine? Will this data be available by setting, and with what other data indicators, such as age, race, gender, and Regional Center?
- C. What is the intersection between the DDS population and the IHSS caseload, i.e. how many DDS persons served receive IHSS services?
- D. Do we know how many DDS persons served intersect with other vaccine-prioritized groups, such as those 65 and older, and what remaining number of DDS-served individuals that leaves as a yet-to-be-vaccinated group?

3. Steven Pavlov, Department of Finance (DOF)

- A. Which General Fund investments for DDS in the Governor's Budget does DOF identify as specifically COVID or equity related?
- B. Would DOF be amenable to assist in costing out the codification and extension for DDS directives that arguably should extend through the public health emergency and/or the 2021-22 fiscal year?

4. Sonja Petek, Legislative Analyst's Office

- A. Please share with the Subcommittee your insights and perspective on trade-offs of prioritizing the vaccine for the DDS served population.
- B. How does California compare to other states regarding the vaccine prioritization for the DDS-served population?
- C. What are your observations on other fiscal and policy dynamics in COVID for which you would want the Subcommittee to be aware?
- D. Does the LAO have observations on caseload and budgeted expenditures for DDS that you can share?

5. Lisa Kleinbub, Executive Director, Regional Center of the East Bay

- A. What have been the lessons learned so far in COVID for your Regional Center clients and families?
- B. What are the major challenges and difficulties at this moment?
- C. How can the state work to support Regional Centers and the DDS population in the coming months and in the 2021-22 fiscal year?
- D. What is your vision and what are your concerns once we emerge from the pandemic? How can the system change to manifest change or address challenges?

6. Carlos Flores, Executive Director, San Diego Regional Center

- A. What have been the lessons learned so far in COVID for your Regional Center clients and families?
- B. What are the major challenges and difficulties at this moment?
- C. How can the state work to support Regional Centers and the DDS population in the coming months and in the 2021-22 fiscal year?
- D. What is your vision and what are your concerns once we emerge from the pandemic? How can the system change to manifest change or address challenges?

7. Elizabeth Gomez, Director, Integrated Community Collaborative

- A. What stories and concerns are you hearing from families and how has that changed in the course of the pandemic?
- B. How can the state help struggling families in our DD system at this time?
- C. What specific strategies should the state be considering now that would aid in addressing racial, ethnic, linguistic, and geographic disparities for the IDD population?

8. Aaron Carruthers, Executive Director, State Council on Developmental Disabilities and Member, Department of Public Health California Community Vaccine Advisory Committee

- A. Please share with the Subcommittee your perspective on the iterative framework for vaccine prioritization, including status, top of mind issues/questions, and what drivers for decision-making you recommend?
- B. What has been the representation of the IDD perspective in the various forums for state decisions on vaccine strategy? How can this be improved?

BRIEF DEPARTMENT OVERVIEW

The Department of Developmental Services (DDS) 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 developmental disabilities to lead more independent, productive, and integrated lives. Additionally, the Early Start Program provides for the delivery of 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.

Caseload. The number of individuals served by regional centers (consumers or persons served) is expected to be 357,819 in the current year and increase to 386,431 in 2021-22. These figures include an estimated 322 individuals served in state-operated facilities as of July 1, 2021. The current year estimate reflects a reduction of 8,534 consumers when compared to the enacted 2020 Budget, which is primarily due to a reduction in new consumer referrals, which coincided with the beginning of the novel coronavirus (COVID-19) pandemic.

Governor's Budget for DDS at a Glance. The Governor's Budget updates the 2020-21 budget to include \$9.8 billion total funds, \$5.9 billion of which is General Fund (GF), and includes \$10.5 billion (\$6.5 billion GF) for 2021-22; a net increase of \$665.5 million (\$587.7 million GF) over the updated 2020-21 budget.

The table on the next page provides a more detailed, but still high-level portrait of the changes between the current state fiscal year and what is being proposed in the Governor's Budget for DDS in 2021-22.

2021-2022 Governor's Budget

Program Highlights

(Dollars in Thousands)

	FY 2020-21*	FY 2021-22*	Difference
Community Services Program			
Regional Centers	\$9,368,590	\$10,038,087	\$669,497
Totals, Community Services	\$9,368,590	\$10,038,087	\$669,497
General Fund	\$5,521,629	\$6,108,245	\$586,616
Program Development Fund (PDF)	837	1,876	1,039
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	54,307	54,307	0
Reimbursements	3,790,927	3,872,769	81,842
Mental Health Services Fund	740	740	0
State Operated Facilities Program			
Personal Services	\$233,958	\$259,253	\$25,295
Operating Expense & Equipment	129,745	84,858	(44,887)
Total, State Operated Facilities	\$363,703	\$344,111	(\$19,592)
General Fund	\$315,616	\$308,947	(\$6,669)
Federal Trust Fund	0	0	0
Lottery Education Fund	126	126	0
Reimbursements	47,961	35,037	(12,924)
Headquarters Support			
Personal Services	\$75,244	\$84,452	\$9,208
Operating Expense & Equipment	32,704	39,105	6,401
Total, Headquarters Support	\$107,948	\$123,557	\$15,609
General Fund	\$65,768	\$73,491	\$7,723
Federal Trust Fund	2,715	2,742	27
PDF	412	413	1
Reimbursements	38,553	46,411	7,858
Mental Health Services Fund	500	500	0
Totals, All Programs	\$9,840,241	\$10,505,755	\$665,514
Total Funding			
General Fund	\$5,903,013	\$6,490,683	\$587,670
Federal Trust Fund	57,022	57,049	27
Lottery Education Fund	126	126	0
PDF	1,249	2,289	1,040
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	3,877,441	3,954,217	76,776
Mental Health Services Fund	1,240	1,240	0
Totals, All Funds	\$9,840,241	\$10,505,755	\$665,514
Caseloads			
State Operated Facilities	302	322	20
Regional Centers	357,819	386,431	28,612
Departmental Positions			
State Operated Facilities	1,953.2	1,985.7	32.5
Headquarters**	516.0	517.0	1.0

*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$1.5 million and \$15.7 million in 2020-21. The incentives were added by the 2016 Budget Act and displayed as a Carryover/Re-appropriation in the Governor's Budget Galley. Above figures do not include Capital Outlay.

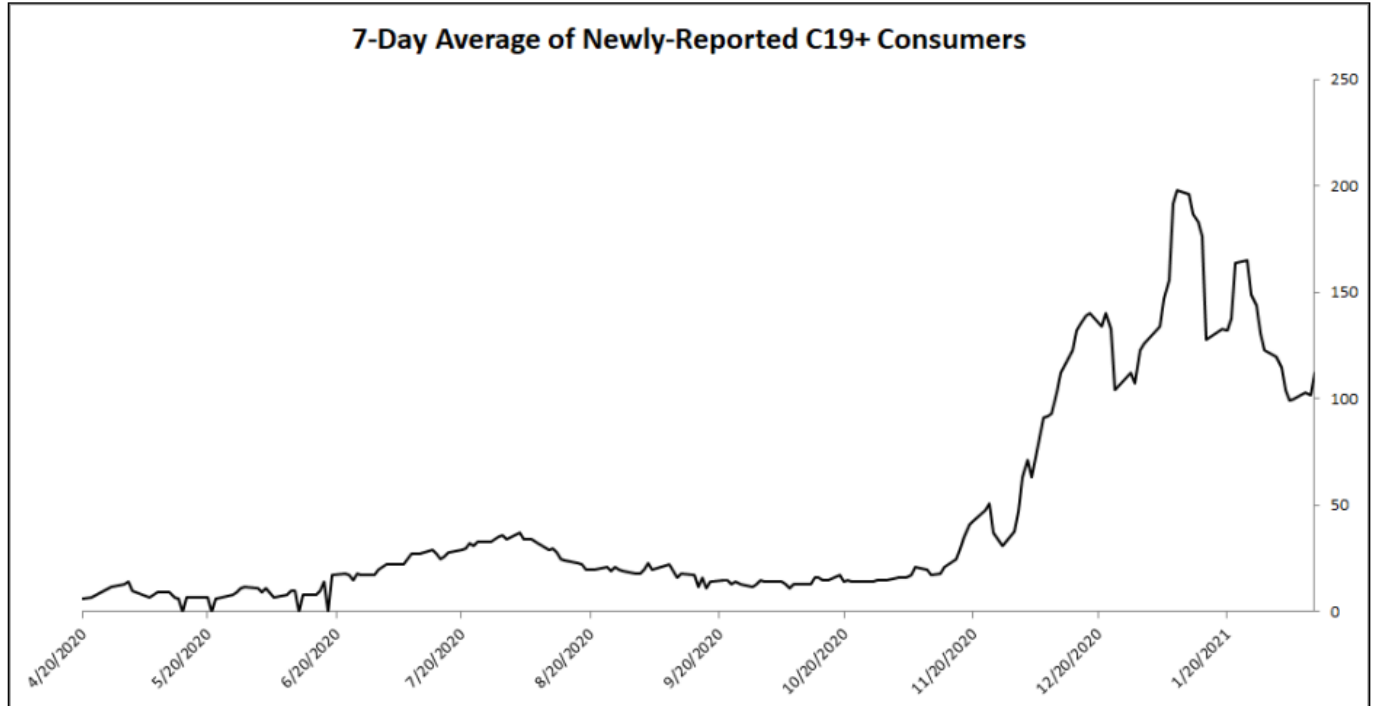
**Departmental positions are from the Salaries and Wages Schedule Reconciliation.

COVID AND LANTERMAN ACT SERVED PEOPLE

The Governor's Budget for 2021-22 anticipates costs reflecting the ongoing response to the COVID-19 pandemic and related public health emergency. These costs are \$265.1 million total funds, \$183.2 million General Fund for 2021-22 (more details are provided further in this write-up). The funding supports utilization increases for purchase of services above base funding levels and direct response expenditures for surge capacity at the Fairview and Porterville Developmental Centers and other operating costs in state-operated facilities.

As of February 10, 2021, 13,102 DDS consumers had tested positive for COVID-19 and 476 consumers had died of the disease. A disproportionate share of deaths have occurred among consumers living in congregate settings, such as community care and skilled nursing facilities. The DDS system has worked through the duration of the crisis to address the availability of personal protective equipment (PPE), testing capacity and infection control, and accommodation of physical distancing and remote services where possible. Today, the question of access to the required doses of the vaccine for the IDD population, considering the innate serious and complicated health conditions existing for these individuals, is top of mind for the community.

Below are graphical reports on COVID-19 positivity and morbidity trends and tables from DDS that indicate the effects of the virus on the DDS-served community.



7-Day Averages of Newly-Reported Hospital Admissions and Newly-Reported Deaths of Consumers Reported as C19+

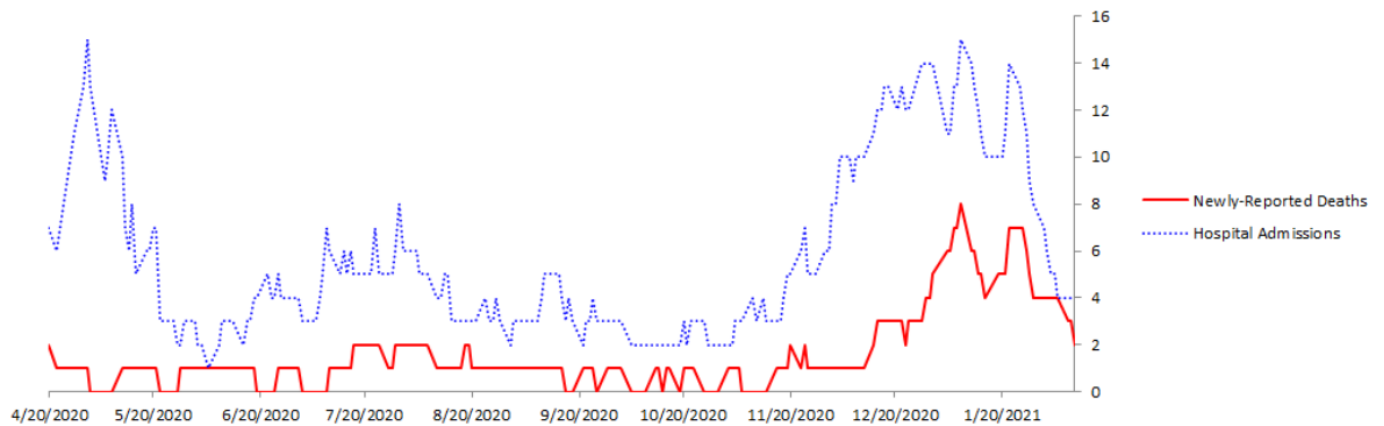


TABLE 1: CONSUMERS REPORTED AS COVID-19-POSITIVE, BY GENDER, AGE AND ETHNICITY

CONSUMER CHARACTERISTICS	NUMBER OF CONSUMERS REPORTED AS HAVING TESTED POSITIVE FOR COVID-19	THIS GROUP AS A SHARE OF ALL CONSUMERS REPORTED AS COVID-19 POSITIVE	FOR COMPARISON: NUMBER OF CONSUMERS AT ALL REGIONAL CENTERS	FOR COMPARISON: THIS GROUP AS A SHARE OF ALL CONSUMERS
TOTAL	13,102	100%	356,351	100%
GENDER ¹ : FEMALE	5,338	41%	121,426	34%
GENDER: MALE	7,761	59%	234,925	66%
AGE GROUP: 0 - 2 years	610	5%	38,328	11%
AGE GROUP: 3 - 17 years	1,604	12%	138,772	39%
AGE GROUP: 18 - 24 years	1,335	10%	50,589	14%
AGE GROUP: 25 - 34 years	2,404	18%	52,601	15%
AGE GROUP: 35 - 44 years	1,789	14%	28,932	8%
AGE GROUP: 45 - 64 years	3,616	28%	36,700	10%
AGE GROUP: 65 years and older	1,744	13%	10,429	3%
ETHNICITY: Asian	576	4%	33,368	9%
ETHNICITY: Black/African American	1,033	8%	30,469	9%
ETHNICITY: Hispanic	5,398	41%	142,224	40%
ETHNICITY: Other ²	794	6%	44,874	13%
ETHNICITY: White	5,301	40%	105,416	30%

Note: The availability of testing for COVID-19 varies. Changes in the number of reported COVID-positive consumers may include cases resulting from record reconciliation.

¹ Three consumers do not have a listed gender.

² "Other" includes multiple ethnicities and individuals with no recorded ethnicity.

Source: DDS analysis of COVID-19 surveillance data provided by regional centers as of 2/5/21 and Client Master File data as of December 2020.

TABLE 2: CONSUMERS REPORTED AS COVID-19-POSITIVE, BY RESIDENCE TYPE				
RESIDENCE TYPE	NUMBER OF CONSUMERS REPORTED AS HAVING TESTED POSITIVE FOR COVID-19	THIS GROUP AS A SHARE OF ALL CONSUMERS REPORTED AS COVID-19 POSITIVE	FOR COMPARISON: NUMBER OF CONSUMERS AT ALL REGIONAL CENTERS	FOR COMPARISON: THIS GROUP AS A SHARE OF ALL CONSUMERS
Community Care Facility (CCF)	3,610	28%	23,566	7%
ICF for the Developmentally Disabled (ICF/DD)	278	2%	536	0%
ICF/DD-Habilitative (ICF/DD-H)	1,089	8%	3,688	1%
ICF/DD-Nursing (ICF/DD-N)	545	4%	2,138	1%
Family Home Agency (FHA)	87	1%	1,611	0%
Supported Living Services (SLS)	814	6%	9,311	3%
Independent Living Services (ILS)	665	5%	17,722	5%
Family	5,088	39%	288,894	81%
Own home	152	1%		
Skilled Nursing Facility (SNF)	535	4%	1,006	0%
State-Operated Facilities	67	1%	272	0%
Other	172	1%	7,607	2%
Total	13,102	100%	356,351	100%

Note: The availability of testing for COVID-19 varies. Changes in the number of reported COVID-positive consumers may include cases resulting from record reconciliation.

Source: DDS analysis of COVID-19 surveillance data provided by regional centers as of 2/5/21, DDS data on state-operated facilities as of December 2020, and Client Master File data as of December 2020.

TABLE 4: REPORTED NUMBER OF DEATHS OF CONSUMERS WHO TESTED POSITIVE FOR COVID-19, BY RESIDENCE TYPE				
RESIDENCE TYPE	NUMBER OF CONSUMERS	THIS GROUP AS A SHARE OF ALL DECEASED CONSUMERS REPORTED AS COVID-19 POSITIVE	FOR COMPARISON: NUMBER OF CONSUMERS AT ALL REGIONAL CENTERS	FOR COMPARISON: THIS GROUP AS A SHARE OF ALL CONSUMERS
Community Care Facility (CCF)	122	26%	23,566	7%
ICF for the Developmentally Disabled (ICF/DD)	21	4%	536	0%
ICF/DD-Habilitative (ICF/DD-H)	42	9%	3,688	1%
ICF/DD-Nursing (ICF/DD-N)	47	10%	2,138	1%
Family Home Agency	0	0%	1,611	0%
Supported Living Services (SLS)	32	7%	9,311	3%
Independent Living Services (ILS)	*	*	17,722	5%
Family Own Home	93	20%	288,894	81%
Skilled Nursing Facility (SNF)	95	20%	1,006	0%
State-Operated Facilities	0	0%	272	0%
Other	*	*	7,607	2%
Total	476	100%	356,351	100%

Note: The availability of testing for COVID-19 varies. Changes in the number of reported COVID-positive consumers may include cases resulting from record reconciliation.

*In accordance with DDS Data De-Identification Guidelines, counts between one and ten have been suppressed.

Source: DDS analysis of COVID-19 surveillance data provided by regional centers as of 2/5/21, DDS data on state-operated facilities as of December 2020, and Client Master File data as of December 2020.

TABLE 3: CONSUMERS REPORTED AS COVID-19-POSITIVE, BY REGIONAL CENTER				
REGIONAL CENTER	NUMBER OF CONSUMERS	THIS REGIONAL CENTER AS A SHARE OF ALL CONSUMERS REPORTED AS COVID-19 POSITIVE	FOR COMPARISON: NUMBER OF CONSUMERS AT ALL REGIONAL CENTERS	FOR COMPARISON: THIS GROUP AS A SHARE OF ALL CONSUMERS
ACRC	638	5%	25,602	7%
CVRC	861	7%	21,521	6%
ELARC	561	4%	12,447	3%
FDLRC	600	5%	10,800	3%
FNRC	286	2%	8,084	2%
GGRC	317	2%	9,467	3%
HRC	420	3%	15,013	4%
IRC	1,445	11%	38,403	11%
KRC	399	3%	10,143	3%
NBRC	271	2%	9,158	3%
NLACRC	1,026	8%	26,908	8%
RCEB	473	4%	21,664	6%
RCOC	914	7%	22,354	6%
RCRC	67	1%	4,014	1%
SARC	476	4%	17,352	5%
SCLARC	694	5%	17,776	5%
SDRC	1,041	8%	31,938	9%
SGPRC	960	7%	13,746	4%
TCRC	760	6%	15,367	4%
VMRC	548	4%	15,487	4%
WRC	345	3%	9,107	3%
Total	13,102	100%	356,351	100%

Note: The availability of testing for COVID-19 varies. Changes in the number of reported COVID-positive consumers may include cases resulting from record reconciliation.

Source: DDS analysis of COVID-19 surveillance data provided by regional centers as of 2/5/21 and Client Master File data as of December 2020.

DETAIL ON COVID EXPENDITURES

As noted previously, the proposed 2021-22 budget for DDS includes funding to support the anticipated costs reflecting the ongoing response to COVID-19 (\$265.1 million TF, \$183.2 million GF). Detail on the cost categories and information on recovery assumption for the 2021-22 year as provided by DDS is included in the table on the next page.

Increased Costs for COVID-19 (dollars in thousands)

Regional Center Services		2020-21	2021-22	Recovery Assumptions
Community Care Facilities		104,133	8,010	The increased expenditures are primarily due to the need for additional staffing because consumers are not spending as much time in day services. The estimate assumes the need for additional staffing begins to decrease in July 2021 and expenditures return to their historical trend by January 2022.
Day Program Services		-28,556	0	The decreased expenditures are related to the reduced number of children in the Early Start program. The estimate assumes expenditures (and the Early Start caseload) will begin increasing in October 2020 and return to their historical trend by July 2021.
Habilitation Services		-2,567	0	The decrease in expenditures is for supported employment services. The estimate assumes expenditures will begin increasing in October 2020 and return to their historical trend by February 2021.
Transportation		-13,152	-13,973	The estimate assumes that transportation expenditures will return to their typical historical trend in July 2020, but from a reduced base.
Support Services		49,501	3,176	There are two service types within this category that are the main drivers of the COVID-19 impact on expenditures: <u>Supported Living</u> —The assumptions align with those for Community Care Facilities; <u>Behavior Intervention</u> —The estimate assumes increased expenditures beginning to decrease in December 2020 and returning to their historical trend by January 2022.
In-Home Respite		76,950	56,110	The increased expenditures are assumed to be related to school closures/remote learning and consumers not spending as much time as previously in day services. This increased need is assumed to begin decreasing in January 2022 and returning to historical trend by July 2022.
Out-of-Home Respite		-4,048	0	The estimate assumes that expenditures in this category begin to increase in April 2021 and return to their historical trend by November 2021.
Health Care		-20,300	0	The estimate assumes expenditures in this category begin to increase in October 2020 and return to their historical trend by May 2021.

Miscellaneous		10,029	0	There are two different service types within this category that are the main drivers of the COVID-19 impact on expenditures: <u>Behavior Intervention</u> —The estimate assumes increased expenditures beginning to decrease in December 2020 and returning to their historical trend by January 2022; <u>Early Start</u> —The estimate assumes expenditures (and the Early Start caseload) will begin increasing in October 2020 and return to their historical trend by July 2021.
RC Surge		170,000	175,000	Includes costs to support development of surge sites to support individuals diagnosed with or exposed to COVID-19, and higher costs based on delayed claims data pending further analysis for the May Revision.
Total Regional Center Costs		341,990	228,323	
	<i>GF</i>	196,637	146,419	
	<i>Reimb</i>	145,353	81,904	
State-Operated				
Fairview and Porterville		82,628	36,746	Current year costs support varying capacity at developmental centers; and budget year reflects estimated costs for an average of 25 beds through December 2021. Cost estimates are net of coordinated supports with EMSA and CalOES.
Total State-Operated		82,628	36,746	
	<i>GF</i>	66,734	36,746	
	<i>Reimb</i>	15,894	0	

Developmental Centers (DCs) Are Providing Surge Capacity. Fairview DC and Porterville DC's general treatment area, both of which had moved their final residents by February 2020, have been set up as health care surge capacity sites for patients with intellectual or developmental disabilities who have tested positive for, or are at risk of contracting, COVID-19. Fairview DC has 241 beds available (including 75 for individuals without disabilities), while Porterville DC has 102 beds available.

Various Flexibilities Have Been Allowed in Response to the Crisis. While not part of the spending plan specifically, numerous service delivery flexibilities have been implemented to protect consumer safety, while still providing necessary services and supports. For example, RC service coordinators can meet with consumers via telephone or through electronic means rather than meet in person. In addition, nonresidential service providers, such as day program providers, were allowed to receive retainer payments for about five months and are now allowed to bill for services delivered in alternative ways, such as via video conference. Many of these directives could be formally extended until the end of the public health emergency, the end of the 2021 calendar year, which would ease the month to month extension responsibility currently at the discretion of the director of DDS.

**VACCINE ACCESS AND LANTERMAN ACT
SERVED PEOPLE**

As DDS continues to engage with stakeholders to provide updates and identify issues or concerns, recent DDS efforts include:

- Coordinated efforts among government agencies resulted in the vaccination of consumers and staff at Porterville and Fairview Developmental Centers.
- Scheduled additional vaccination clinics for second doses, and first doses for remaining staff at all state-operated facilities.
- Revised vaccination guidelines clarify eligible caregivers supporting individuals with intellectual or developmental disability, including regional center monitoring and clinical staff.
- Directed regional centers to check on all consumers within 30 days to inquire about the health, safety and well-being of the consumer and family, and to obtain information regarding testing and vaccinations and any outstanding needs, such as services and supports and personal protective equipment. This directive is available here: https://www.dds.ca.gov/wp-content/uploads/2021/01/DDSDirective_ContactingConsumers-PlanningCOVID-19Activities_01292021.pdf
- Ongoing analysis of data regarding positive cases, hospitalizations, and deaths to focus work with caregivers and service providers on best practices for prevention and infection control.
- Informing the Administration's efforts to use data and improve the state's COVID-19 response.

Stakeholders have strongly advocated having individuals with intellectual/developmental disabilities (IDD) be prioritized for vaccines. During the COVID-19 briefing on February 8, 2021, the Governor shared his intent to have decisions made about priorities for individuals with an IDD. The Department reports that even with a decision, there will be ongoing work with partners throughout the state to identify how individuals with IDD will access the vaccine as well as continued efforts to protect the health of individuals in the face of limited vaccine supply across a variety of conditions and geographies.

As the availability of vaccines and federal guidance continues to evolve, the latest vaccination information is maintained here: www.covid19.ca.gov/vaccines.

The DDS FAQ, eligibility letters and links to other information for caregivers and consumers is found here:

<https://www.dds.ca.gov/corona-virus-information-and-resources/vaccine-testing/>.

**ROLE OF REGIONAL CENTER LIAISONS IN THE
PANDEMIC**

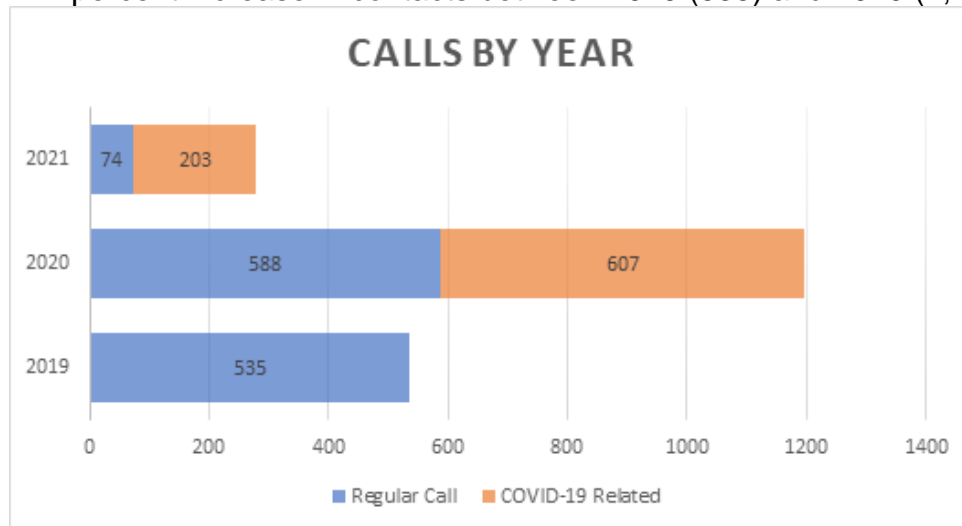
The 2019 Budget authorized a reorganization of divisions within DSS. To implement the reorganization, the Budget Act included funding for 57 new positions for safety net services,

program modernization, risk management, federal and state compliance, and fiscal accountability. As part of the reorganization, the Office of Community Operations (OCO) was restructured and expanded to increase monitoring efforts, ensure comprehensive compliance review, enhance remediation, and improve data analysis.

OCO is comprised of seven Liaison teams with three members per team. There are three teams in the North assigned to nine regional centers (RCs) and four teams in the South assigned to 12 RCs. Prior to the reorganization, OCO had four Liaison staff for the 21 RCs. The additional positions include a diverse, bilingual staff who speak a variety of languages including Spanish, French and Hindi. DDS indicates that the reorganization and additional resources have been essential to the Department's response to the COVID-19 pandemic.

In addition to their regular Liaison/monitoring work, RC Liaisons have taken on additional work during the COVID-19 pandemic, including:

- Serving as a communication bridge by assisting consumers, families, RCs, providers and others in understanding Department-issued, COVID-19 related directives, including interpreting and translating documents.
 - 124 percent increase in contacts between 2019 (535) and 2020 (1,184).



- Assisting families in understanding directives related to visitation with individuals residing in congregate settings and assisting in the development of safe visitation plans for the social and emotional wellbeing of residents.
- Engaging more frequently with RCs and their local community groups, OCO staff have attended nearly all public meetings to increase awareness of resources available in the local communities, issues and concerns, and unmet service needs.
 - In 2020, OCO staff attended over 350 meetings compared to 98 meetings in 2019, a 257 percent increase.
 - OCO staff have responded to inquiries addressing a wide variety of needs in local communities, such as food resources, housing and unemployment benefits.
 - Feedback and information shared at RC Board and community meetings have influenced policy decisions and directives (i.e., respite overtime to reduce the

number of people in the family home, additional participant-directed service options, and plain language directives).

- Assisting in facilitating trainings and information sharing regarding service delivery changes as a result of the COVID-19 pandemic (e.g. alternative services, billing under the State of Emergency, participant directed services).
- Collaborating with RCs to identify residential resources for individuals who are displaced as a result of COVID-19 (i.e. surge resources) and working with the California Hospital Association to transition individuals from hospitals.
- Creating COVID-19 profiles for each RC, which include surveillance tracking of positive COVID-19 incidents, related hospitalizations and deaths, PPE supplies provided, available surge placements, and the number of related communications by contact type (e.g., day program shutdowns, difficulty accessing services, visitation, etc.). The purpose of the profiles is to have immediate access to information about each RC.
- Reviewing Special Incident Reports related to COVID-19 and the health and safety of consumers, and conducting follow up as necessary.
- Participating in and leading COVID-19 related workgroups (e.g. alternative services, staffing, plain language communications).
- Tracking COVID-19 related calls, emails, correspondence and complaints, and using this information to develop clarification, guidance and FAQ documents.
- Assisting with CHHS contact tracing and vaccine efforts.
- Supporting other Department sections (e.g. Clinical and Safety Net).

STAFF COMMENTS AND QUESTIONS

Regarding Vaccine Access. At the time of this writing, there is a just-released announcement from the state on the prioritization of the IDD community in the state's vaccination approach. Under new guidance from the Department of Public Health announced Friday, February 12, 2021, Californians under 65 with severe health conditions or high risk disabilities will be eligible to get COVID-19 vaccines starting March 15. The new guidance will give health care providers discretion to allow people between the ages of 16 and 65 who are at high risk of dying from COVID-19 because of a health problem or disability. The severe health conditions on the state's list are: cancer, chronic kidney disease of stage 4 or above, down syndrome, weakened immune system from a solid organ transplant, pregnancy, sickle cell disease, heart conditions, severe obesity, and Type 2 diabetes with hemoglobin A1c greater than 7.5%.

Staff recommends that DDS, in conjunction with the Health and Human Services Agency and the Department of Finance, devise an accountability data tracking system on vaccinations to the IDD population, clearly indicating how many individuals in the DDS system, by Regional Center, need to be vaccinated (and in what setting they are, and accounting for demographic details), and transparency around how many are receiving the first dose and then the second dose, unless there is deployment of a single dose vaccine. This framework should clearly indicate: (a) the balance of individuals who have not received the vaccine; (b) the known and potential reasons why (e.g. lack of supply, diagnosis not qualifying under the new order, linguistic barriers, outreach challenges, etc.); and, (c) suggestions for strategies to rapidly

respond going forward – through an equity lens so as to not further exacerbate the disparities that exist in the DDS system.

Regarding On-Going Response to COVID. Pursuant to the Governor’s Proclamation of a State of Emergency dated March 4, 2020 and Executive Order N-25-20 issued on March 12, 2020, the DDS Director is permitted to issue numerous directives to regional centers waiving or modifying certain requirements of the Lanterman Developmental Disabilities Services Act, the California Early Intervention Services Act, and/or certain provisions of Title 17, Division 2 of the California Code of Regulations. Additionally, the Director has issued several directives pursuant to Welfare and Institutions (W&I) Code section 4639.6 to protect consumer rights, health, safety, or welfare, or in accordance with W&I Code section 4434. These waivers, modifications, or directives can and have been extended an additional 30 days from the current date of expiration, with some modifications.

Many policy and program flexibilities in federal and state law are effective until the end of the current calendar year or current fiscal year, while others have been adopted indefinitely, intended to outlast the current pandemic. Staff recommends that DDS, in conjunction with the Health and Human Services Agency and the Department of Finance, consider and submit a set of directives that are appropriate to be codified and extended. The Subcommittee can request for this to be submitted by Monday, April 5, 2021, which allows time for the Legislature to work with the Administration jointly on a proposal for budget trailer bill to accompany the 2021 Budget.

Regarding Regional Center Plans. DDS has asked regional centers to submit plans on testing and vaccines in COVID. The Subcommittee may wish to ask for summary of this planning and issues/difficulties that regional centers are facing and have discussed in their plans. Subcommittee staff can work with DDS on a mutually agreeable target date for this summary to be shared.

Staff Recommendation: Request (1) a public-facing data dashboard on vaccine access in the DDS-served population, (2) a proposed set of directives that are appropriate to extend and codify from the Administration by April 5, 2021, and (3) a summary of the regional center plans by a date decided mutually between the Administration and Subcommittee staff.

ISSUE 2: ADEQUACY AND SUSTAINABILITY OF THE DEVELOPMENTAL SERVICES PROVIDER NETWORK**PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER****1. Nancy Bargmann, Director, Department of Developmental Services**

- A. What is the state of the DDS provider network and workforce currently as compared to the pre-pandemic picture? What do you expect to emerge post-pandemic?
- B. What are the impacts of the net loss of providers seen in the pandemic?
- C. Are there specific dynamics within setting types that you would call out for the Subcommittee to be aware of?

2. Jim Knight, Deputy Director, Administration Division, Department of Developmental Services

- A. What is the status of compliance with the federal Home and Community Based Services (HCBS) requirements and how has this been impacted by COVID?
- B. What is the status of implementation of the Self Determination Waiver and how has this been impacted by COVID?
- C. What are the remaining, major challenges from a state perspective on maintaining a healthy and robust provider network?
- D. What are the department's priorities for the DDS provider network and workforce in the pandemic and post-pandemic?
- E. How did the minimum wage increase implement and please discuss any unexpended funds from the current year or prior years?

3. Steven Pavlov, Department of Finance

- A. What is the rationale for the suspension policy affecting the DDS supplemental provider rates?
- B. What would be the impact of the suspension policy pursuant to the Governor's Budget if it took place December 31, 2022?
- C. How would providers likely respond to this apprehension around loss of the rate increase in the intervening period of time?

4. Sonja Petek, Legislative Analyst's Office

- A. What are your observations and questions regarding the suspension policy affecting the DDS supplemental provider rates?
- B. What are you hearing about the sustainability of the provider network and are there additional action steps for the state to take to ensure that the network is able to serve the DDS population post pandemic?
- C. What are some ideas for how the DDS business model could change as a result of lessons learned in the pandemic that could improve quality of services, access to services, and the addressing of disparities in the system?

5. Eric Zigman, Executive Director, Golden Gate Regional Center

- A. What steps did Golden Gate Regional Center take to ensure that community services were maintained during the pandemic?
- B. What state measures were especially helpful to ameliorate the struggle of the pandemic and what is your reaction to these being made permanent for the 2021 calendar or for the duration of the 2021-22 budget year?
- C. What are the challenges you're most concerned about for the coming weeks and months, and how might the state assist with law changes or investments, if necessary, that would help to ensure best outcomes for people served in the DDS system in your area?

6. Harry Bruell, President/CEO, PathPoint

- A. What did you experience as a provider in COVID and how have the people served by your network fare in your estimation?
- B. What are the challenges you're most concerned about for the coming weeks and months, and how might the state assist with law changes or investments, if necessary, that would help to ensure best outcomes for people served in the DDS system in your area?
- C. What are some ideas for how the DDS business model could change as a result of lessons learned in the pandemic that could improve quality of services, access to services, and the addressing of disparities in the system?

7. Jordan Lindsey, Executive Director, The Arc of California

- A. What is your organization's position regarding the suspension policy affecting the DDS supplemental provider rates?
- B. Do you have a position on the Community Navigator proposal included in the Governor's Budget? How is it relevant and helpful in the current situation?
- C. What are your thoughts on the new formula for minimum wage?
- D. What is your position on case coordinator ratios and why?
- E. How would you suggest the state view the Rate Study in light of all else facing the DDS system?

8. Jacquie Dillard-Foss, Executive Director, STEP and Board Member, California Community Living Network

- A. What have been the challenge and triumphs for in person services -- for people served, direct service providers, and in-person service providers -- throughout this public health crisis?
- B. How did we maintain the quality of in-person supports and ensure the health and safety for the whole person?
- C. What can we do ongoing to ensure that these services are sustainable?
- D. What should be the long-term outcomes for the system moving forward with an eye on HCBS compliance?

9. Judy Mark, President, Disability Voices United

- A. What have been the real experiences of families receiving services in COVID and what steps would you recommend to the state to ameliorate adverse effects?

- B. What better alternatives could be engineered to assure quality of services or to bridge the difference that may exist between more active and less active providers?
- C. Are there specific strategies on a specific timeframe that advocates would urge for this Legislature and Administration to consider to advance equity and reduce disparities in the DDS system?

STATUS OF THE DDS PROVIDER NETWORK

Subcommittee staff requested information from DDS on the provider network pre-pandemic and how the provider community is faring now in the pandemic. The following is information received from DDS:

The total number of providers are 21,990 for the period July 2019-Feb 2020 and 21,692 for the period July-December 2020. DDS does not have details on the number of people employed by these providers. To determine the possible effect of COVID on the service provider (vendor) community, DDS compared the number of vendors that submitted claims before COVID (July 2019-February 2020) to the number of vendors that submitted claims from July 2020-December 2020. In summary this comparison found:

- There was a net decrease of 298 vendors (approximately 1.3 percent) who submitted claims in the period after COVID began.
- The most significant reductions in the number of vendors who submitted claims were for out-of-home respite services and public transportation/taxi services, and supplemental staffing for and transportation provided by day program providers. There were 1,454 fewer providers that submitted claims for these services in the period after COVID began.
- At the same time, there was a significant increase in the number of vendors who submitted claims for supplemental services primarily for individuals residing in residential facilities. There were 2,386 additional providers submitting claims for these services in the period after COVID began.
- Due to the delay, or lag, that exists between when services are provided and when claims are submitted to DDS, the net reduction of 298 vendors submitting claims may be overstated. A vendor may provide multiple services (e.g. day services and supplemental staffing), therefore a change in the number of services for which claims were received does not expressly equal the change in the total number of providers delivering services.

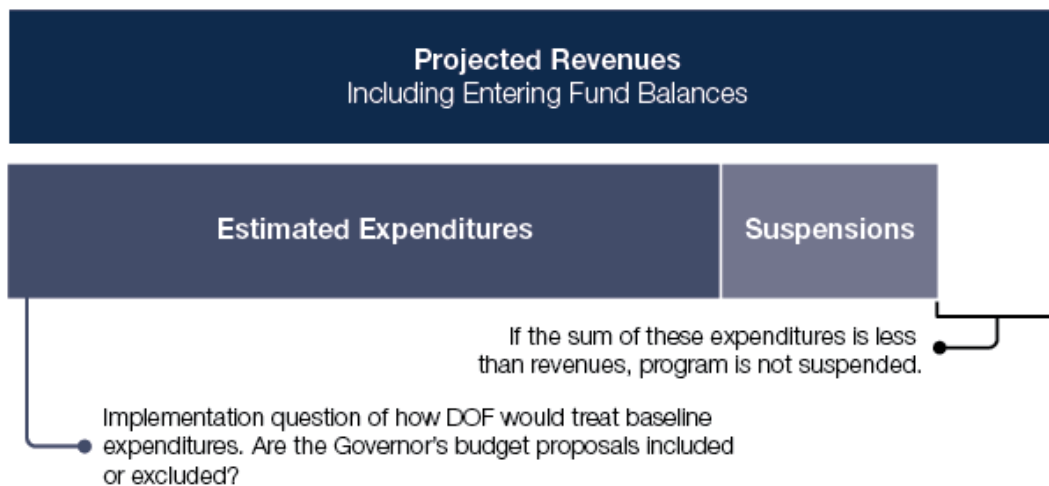
PROVIDER RATES SUBJECT TO SUSPENSION

The 2019 Budget included \$124.5 million General Fund (\$206.2 million total funds) to implement supplemental service provider rate increases in numerous service categories. The increases took effect in January 2020 and were subject to possible suspension on December 31, 2021 if General Fund revenues did not meet a certain threshold. The 2020 Budget included an additional \$124.5 million General Fund (\$206.2 million total funds) to annualize the supplemental provider rate increases. They remained subject to possible suspension on December 31, 2021.

The supplemental rate increases approved in 2019-20 did not include three service categories that should have been included – early intervention services, Early Start therapeutic services, and independent living services. DDS had used draft findings from a three-year rate study to identify which service rates to increase in 2019-20; these three services were not included. As the study was finalized, however, assumptions about how these services are delivered and how much that delivery model costs were reexamined, which led to the conclusion they should have been included. The 2020 Budget includes \$10.8 million General Fund (\$18 million total funds) to supplement the rates for these three services starting in January 2021. These supplemental payments are also subject to suspension in December 2021.

How the Suspensions Work. Current law empowers the Department of Finance (DOF) to administer the suspension calculation. Under the formula, illustrated by the Legislative Analyst's Office (LAO) in the figure below, DOF compares estimates of General Fund revenues to General Fund expenditures – without suspensions – in 2021-22 and 2022-23. If DOF determines projected revenues will exceed expenditures, then the programs' ongoing expenses continue on an ongoing basis. If not, expenditures across nearly a dozen different programs are automatically suspended (with no explicit provision for reinstatement). For the purposes of the calculation, DOF would include the entering fund balance (the carry-in from the previous year's budget) in revenues.

How the Suspension Calculation Works



Rather than executing the suspension calculation this May, the Governor's budget proposes a new suspension calculation in 2022. Specifically, the Governor proposes that the Legislature enact new suspension language that would give DOF the authority to make this calculation again at the time of the May Revision in 2022. In this case, the calculation would apply to 2022-23 and 2023-24. Suspensions would occur, under the Governor's proposal, on December 31, 2022 if revenues were not sufficient to cover expenditures.

The next two charts from the LAO display the programs subject to the suspensions, with the items relevant for DDS highlighted in yellow:

Programs or Augmentations Subject to Suspension and Proposed in Governor's Budget

Program	Funding Subject to Suspension	2019 Budget Act	2020 Budget Act	2021 Governor's Budget
Medi-Cal	Use of Proposition 56 revenues for provider payment increases	X	X	X
IHSS	Continued restoration of 7 percent service hour reduction	X	X	X
DDS/DOR	Supplemental provider payment increases	X	X	X
Medi-Cal	Extension of coverage for postpartum mental health	X	X	X
Medi-Cal	Restoration of optional benefits	X	X	X
DDS	Non-enforcement of uniform holiday schedule policy	X	X	X
Child welfare	Funding for Family Urgent Response System	X	X	X
Senior nutrition	Augmentation for Senior Nutrition Program	X	X	X
UC and CSU	Student financial aid during the summer term	X	X	X
Aging	Aging and Disability Resource Connections	X	X	X
Child welfare	Emergency Child Care Bridge program supplement	X	X	X
Child welfare	Public health nursing early intervention pilot program in Los Angeles County	X	X	X
HCD	All Transitional Housing Program grants to counties for former foster youth	X	X	X
Child welfare	Foster Family Agency social worker rate increase	X	X	X
DPH	STD prevention	X		
DPH	HIV prevention and control	X		
DPH	Hepatitis C virus prevention and control	X		
Medi-Cal	Expansion of screening and intervention to drugs other than alcohol ^a	X	X	

^aThis benefit is now federally required.

IHSS = In-Home Supportive Services; DDS = Department of Developmental Services; DOR = Department of Rehabilitation; HCD = California Department of Housing and Community Development; DPH = Department of Public Health; and STD = sexually transmitted disease.

General Fund Cost of Rejecting Governor's Proposal

(In Millions)

Program	Funding Subject to Suspension	2022-23	2023-24
Medi-Cal	Use of Proposition 56 revenues for provider payment increases	\$760	\$840
IHSS	Continued restoration of 7 percent service hour reduction	243	540
DDS/DOR	Supplemental provider payment increases	139	284
Medi-Cal	Extension of coverage for post-partum mental health	29	57
Medi-Cal	Restoration of optional benefits	23	47
DDS	Nonenforcement of uniform holiday schedule policy	20	41
Child welfare	Funding for Family Urgent Response System	15	30
Senior nutrition	Augmentation for Senior Nutrition Program	9	18
UC and CSU	Student financial aid during the summer term	5	10
Aging	Aging and Disability Resource Connections	5	10
Child welfare	Emergency Child Care Bridge program supplement	5	10
Child welfare	Public health nursing early intervention pilot program in LA County	4	8
HCD	All Transitional Housing Program grants to counties for former foster youth	4	8
Child welfare	Foster Family Agency social worker rate increase	3	7
		\$1,263	\$1,909
IHSS = In-Home Supportive Services; DDS = Department of Developmental Services; DOR = Department of Rehabilitation; and HCD = California Department of Housing and Community Development.			

LAO Comments and Recommendations. The LAO states the following: “The suspension language treats policies that are fundamentally ongoing in nature as temporary. For example, health and developmental services-related spending amounts subject to suspension generally support core programmatic funding intended to improve consumer access to an entitlement program. Some reductions—such as the IHSS 7 percent service hour reduction—also could present legal risks in addition to being a reduction to a core service. Treating ongoing program costs as temporary fundamentally understates the true ongoing cost of the state’s policy commitments.

Many of the suspension items, particularly the larger ones, are related to core government services. The suspension language creates uncertainty in these programs, which can pose problems for providers and recipients of these services. The potential suspension of supplemental rate increases for developmental services providers makes staffing and planning more difficult. For example, hiring permanent staff to work directly with program consumers is more challenging when the funding is uncertain. Similarly, retaining staff may be more difficult

if a provider cannot assure employees that any pay increase will remain intact. More staff turnover means less stability for consumers. In some cases, this uncertainty can work against the Legislature's objectives for the spending.

The suspension language enacted into law in 2019-20 was framed as a one-time determination made in May 2021. By proposing a new suspension calculation, however, the administration appears to intend to make this calculation ongoing. This is not consistent with our understanding of what the Legislature envisioned.

We recommend the Legislature reject the Governor's proposal to create new budget bill suspension language. Considering that most of the costs of the suspension items directly fund core state services, including those costs in multiyear fiscal projections is appropriate. Given the state's multiyear deficits, however, the state likely will need to make changes to its budget within the next few years. As it stands, the state probably cannot afford existing programs, avoid the suspensions, and fund the Governor's proposals over the next few years. The Governor's proposal to include new suspension language simply papers over a portion of a larger structural problem."

ALTERNATIVE SERVICES

On August 31, 2020, DDS released its directive on the Alternative Nonresidential Services Model, with the requirement that beginning September 1, 2020, regional centers and providers follow the policies and procedures as outlined. The purpose of these policies and procedures is to permit Alternative Services that meet individual needs of consumers, sustain the state's developmental services provider network, and continue receipt of federal reimbursement for services provided to consumers during the COVID-19 State of Emergency.

The details of how Alternative Services work between providers, regional centers, and DDS has been iterative over the past several months since the directive went into effect.

UNIQUE CHALLENGES OF IN-PERSON SERVICES

Since the start of the shelter in place order, those providing in-person services have focused on assuring that the consumers are receiving the supports they require to stay healthy and to avoid contracting COVID-19. Staffing needs were only compounded because of the need to provide support in hours that were typically provided by Day Program services. The service delivery system has struggled with staffing shortages in the past and this was only magnified in the crisis. The other challenge faced by providers occurred when direct service providers (DSPs) were exposed to COVID-19 or tested positive. Not only would this result in the loss of the DSP who worked those hours, but it would have a domino effect on now possible exposure to those supported.

The staff shortages being experienced by Providers across the state providing in-person services has been the biggest struggle throughout the pandemic. A majority of the workforce are women, single mothers, and individuals from minority and underrepresented communities. Compounding the issue further is that these workers had the responsibility to do home

schooling, which has led many to leave the workforce based on having no additional support system to provide childcare or the homeschooling necessary.

GOVERNOR'S PROPOSAL	COMMUNITY	NAVIGATOR
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The Governor's Budget proposes additional resources to support community navigators and improve access to generic and regional center services (\$5.3 million TF, \$3.2 million GF). There is proposed trailer bill for this initiative available at <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/318>.

A review of 2018-19 purchase of service (POS) expenditures reflects the following average per capita expenditures for all age groups by ethnicity, illustrating existing disparity gaps:

- \$27,931 for individuals who are White
- \$22,941 for individuals who are Black/African American
- \$14,836 for individuals who are Asian
- \$11,760 for individuals who are Latinx/Hispanic

The Administration states that COVID-19 has made access to generic and RC services even more critical given the intersecting pandemic and economic hardships facing many families. Families served by RCs continue to identify a need for assistance with understanding the system (including accessing generic resources) and receiving culturally and linguistically appropriate, person-centered services. This proposal expands and standardizes navigation services to support local needs and is based on the effective, evidence-based Promotora service model.

This proposal expands Navigator services statewide to improve access to services that meet the needs of individuals and families and standardizes certain program activities and measures to allow for a more robust program monitoring and evaluation. Standardizing program elements means that Community Navigators will more closely follow evidence-based and peer-reviewed program designs. Specifically, this proposal implements statewide strategies to better address barriers that individuals of color face in accessing and utilizing generic and RC services in their communities. Strategies include, but are not limited to, building trust with RC staff, providing education on available services and guidance on how to identify and request needed services, and connecting families with peer support that has experience with the RC system.

Based on a DDS analysis of POS expenditures, service access increased 72 percent for participants in a DFP Promotora project, compared to 13 percent for participants who did not participate in a DFP Promotora project. In other projects, participants reported an increased ability to navigate the RC system, more knowledge about generic services, and a greater sense of empowerment in seeking needed supports. Evaluations of Promotora projects for Latinx parents who had children with disabilities found increased access to services as well as improved satisfaction with disability-related services and improved emotional well-being. A similar project for low-income Chinese mothers found the peer support model significantly increased parenting competence and quality of life.

STAFF COMMENT/QUESTIONS

The Governor's Budget states that it supports the additional needs of consumers throughout the public health crisis and reflects the need for additional supports for individuals where they live due to COVID-19 stay-at-home guidelines. While many aspects of the proposed DDS budget as proposed by the Governor bear out this purpose, the continuation of the suspension policy undermines and conflicts with that goal.

The Administration has taken many significant steps in the pandemic to assure that the provider network on which the promise of the Lanterman Act depends does not crumble in the pandemic. The question of the appropriateness of the suspension policy remains, along with the question of what next step to realize the requirements of the 2019 Rate Study can be achieved in the foreseeable future. These questions are central to any discussion of the future of the Developmental Services system in and emerging from the pandemic.

Staff Recommendation: Hold open all issues for action at a later time.

NON-PRESENTATION ITEMS

There are no panels for non-presentation items.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

OVERVIEW

Information on adjustments to the 2020-21 budget and the Governor's proposals for 2021-22 are included in this section. Staff are continuing to review these proposals. Where there is a major policy change or new proposal, staff will reach out to the Administration to further understand the proposal and potentially to recommend changes based on what is heard in the hearing through panelists, under public comment, from Members, from the LAO, and as advocates continue to weigh in on proposals.

Therefore, these proposals are included here without prejudice, reliant on the iterative nature of the budget process as we move forward.

ISSUE 3: Governor's DDS Adjustments for the Current Fiscal Year

COMMUNITY SERVICES ADJUSTMENTS FOR 2020-21

Costs and Fund Sources. The 2020-21 updated Regional Center budget includes \$9.4 billion (\$5.5 billion GF), a net increase of \$56.0 million (\$64.0 million GF) as compared to the enacted 2020 Budget. This includes a projected \$57.4 million increase in Purchase of Services (POS) expenditures. The updated budget also includes a decrease of \$1.5 million in Operations cost.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2020-21	Difference
Operations	\$908,763	\$907,268	(\$1,495)
Purchase of Services	8,382,779	8,440,225	57,446
Early Start - Other Agency Costs	19,094	19,094	0
Early Start Family Resource Services	2,003	2,003	0
Total Costs	\$9,312,639	\$9,368,590	\$55,591
General Fund (GF)	\$5,457,660	\$5,521,629	\$63,969
<i>GF Match</i>	3,180,149	2,767,145	(413,004)
<i>GF Other</i>	2,277,511	2,754,484	476,973
Reimbursements	3,797,502	3,790,927	(6,575)
Program Development Fund	2,280	837	(1,443)
Developmental Disabilities Services Account	150	150	0
Mental Health Services Fund	740	740	0
Federal Funds	54,307	54,307	0
Fund Sources	\$9,312,639	\$9,368,590	\$55,951

Population. The updated current year caseload projections reflect a net decrease of 8,534 consumers as compared to the Enacted Budget. The decrease is primarily attributed to a reduction in new consumer referrals and a resulting decrease in caseload beginning with the onset of the COVID-19 pandemic.

	Enacted Budget	FY 2020-21	Difference
CASELOAD			
Active (Age 3 & Older)	316,153	313,354	(2,799)
Total Early Start (Birth through 35 Months)	50,200	44,465	(5,735)
Total Community Caseload	366,353	357,819	(8,534)

Regional Center Operations – Caseload. To support regional centers in addressing changes to the demand for services created by the COVID-19 pandemic, and address the anticipated backlog in new referrals, regional center operations were not adjusted for the lower caseload. The portion of the regional center operations budget driven by changes in caseload reflects a net increase of \$147,000 (\$10.0 million GF). This increase is mostly attributed to the enhanced caseload ratio for a higher number of consumers moving from more restrictive settings.

	Enacted Budget	FY 2020-21	Difference
Operations - Caseload	<i>(Dollars in Thousands)</i>		
Core Staffing	\$694,519	\$694,577	\$58
Federal Compliance	48,127	48,127	0
Projects	30,828	30,915	87
Intermediate Care Facility-Developmentally Disabled (ICF-DD) Administration Fee	1,780	1,782	2
Total Operations - Caseload	\$775,254	\$775,401	\$147

Regional Center Operations – Policy. There is a net decrease of \$1.6 million (\$5.0 million GF) in policy expenditures as compared to the Enacted Budget. This is primarily driven by a decrease of \$1.7 million in the Medicaid Claiming Adjustment item, related to consumers not eligible for federal reimbursements.

Operations Policy			
<i>(Dollars in Thousands)</i>			
Operations	Enacted Budget	FY 2020-21	Difference
Ongoing Operations Policy Items	\$86,866	\$86,866	\$0
DC Closure Ongoing Workload	8,302	8,302	0
Self-Determination Program OPS	4,073	4,073	0
Specialized Caseload Ratios	3,800	3,800	0
Specialized Home Monitoring	6,842	6,930	88
Trauma Informed Services for Foster Youth	1,600	1,600	0
Medicaid Claiming Adjustment OPS	22,026	20,296	(1,730)
Total Operations Policy	\$133,509	\$131,867	(\$1,642)

Purchase of Service (POS) – Caseload. Updated POS expenditures reflect a net increase of \$386.9 million (\$319.6 million GF) as compared to the Enacted Budget. It should be noted that funding for some policy items (e.g. COVID-19 response, SB 3 Minimum Wage 2020) previously displayed as separate policy items in the enacted Budget, are now incorporated in the updated FY 2020-21 figures displayed below. The primary driver is the estimated need for additional supports for individuals where they live due to COVID-19 stay-at-home guidelines.

Increases are reflected in the Community Care Facilities, Support Services and In- Home Respite categories in the table below:

Purchase of Services Caseload (Utilization and Growth) <i>(Dollars in Thousands)</i>				
	Enacted Budget	FY 2020-21	Difference	Percent Change
Community Care Facilities	\$1,941,646	\$2,175,401	\$233,755	12.0%
Medical Facilities	19,884	22,744	2,860	14.4%
Day Programs	1,177,419	1,184,415	6,996	0.6%
Habilitation	153,169	140,235	(12,934)	(8.4%)
<i>Work Activity Program</i>	27,190	24,537	(2,653)	(9.8%)
<i>Supported Employment</i>	81,700	77,617	(4,083)	(5.0%)
Program - Group				
<i>Supported Employment</i>	44,279	38,081	(6,198)	(14.0%)
Program - Individual				
Transportation	414,983	393,945	(21,038)	(5.1%)
Support Services	1,790,612	1,849,308	58,696	3.3%
In-Home Respite	691,796	810,063	118,267	17.1%
Out of Home Respite	53,659	50,463	(3,196)	(6.0%)
Health Care	184,043	186,808	2,765	1.5%
Miscellaneous	595,806	596,544	738	0.1%
Quality Assurance Fees	9,612	9,623	11	0.1%
TOTAL	\$7,032,629	\$7,419,549	\$386,920	5.5%

POS – Policy. There is a net decrease of \$329.5 million (\$260.5 million GF) in policy related expenditures as compared to the Enacted Budget. This is primarily driven by the following:

- The decrease of \$360.8 million for items displayed in policy in the Enacted Budget, including SB 3 Minimum Wage 2020 and Increased Costs for Covid-19, are now displayed in various POS caseload categories in this estimate.
- Medicaid Claiming Adjustment: Decrease of \$38.9 million (\$75.1 million GF) reflects updated data associated with this adjustment for consumers not eligible for federal reimbursements.
- Provider Supplemental Rate Increases: Increase of \$6.4 million (\$13.4 million GF decrease) based on updated expenditure data.
- SB 3 Minimum Wage Increase – January 2021: Decrease of \$26.7 million (\$12.4 million GF) based on updated expenditure data.
- Increased Costs for COVID-19: Increase of \$87.9 million (\$25.9 million GF) based on updated expenditure data. The total included for the impacts of COVID-19 is \$342 million. Of this total, \$172 million is incorporated in the POS - Caseload figures above; the remaining \$170 million is reflected below.
- Health Facility Rate Increase (New Policy): Increase of \$673,000 GF is due to a rate increase provided by the Department of Health Care Services.
- Youth Returning Out-of-State Foster Care (New Policy): Increase of \$900,000 (\$500,000 GF) to support youth in their transition back to California.

Policy			
<i>(Dollars in Thousands)</i>			
Purchase of Services (POS)	Enacted Budget	FY 2020-21	Difference
Ongoing Purchase of Services Policy Items	\$46,000	\$46,000	\$0
BHT - Consumers with no Autism Spectrum Disorder Diagnosis*	(6,955)	0	6,955
Early Start Co-Pays*	1,000	0	(1,000)
EBSHs with DESP	7,500	7,500	0
Electronic Visit Verification Penalty	5,219	5,219	0
Provider Supplemental Rate Increases POS	430,308	436,669	6,361
SB 3 Minimum Wage Increase: Effective January 1, 2020*	194,754	0	(194,754)
SB 3 Minimum Wage Increase: Effective January 1, 2021	120,323	93,619	(26,704)
Uniform Holiday Schedule	51,511	52,639	1,128
Increased Costs for COVID 19 POS	254,101	170,000	(84,101)
Health Facility Rate Increase	0	673	673
Youth Returning from Out-of-State Foster Care	0	900	900
Medicaid Claiming Adjustments POS	246,389	207,457	(38,932)
Total POS Policy	\$1,350,150	\$1,020,676	(\$329,474)

Reimbursements. The updated current year includes a net decrease of \$6.6 million in reimbursements as compared to the enacted Budget. Adjustments are reflected in the table below:

Reimbursements (Dollars in Thousands)			
	Enacted Budget	FY 2020-21	Difference
Home and Community-Based Services (HCBS) Waiver	\$2,712,285	\$2,682,158	(\$30,127)
HCBS Waiver Administration	17,489	17,390	(99)
Medicaid Administration	14,553	18,168	3,615
Targeted Case Management (TCM)	255,116	253,302	(1,814)
TCM Administration	8,137	0	(8,137)
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
ICF-DD	65,648	65,901	253
Quality Assurance Fees (QAF)	10,502	10,514	12
1915(i) SPA	435,422	483,458	48,036
Early Periodic Screening Diagnosis and Treatment	34,601	28,299	(6,302)
Behavioral Health Treatment Fee-for-Service	13,806	13,492	(314)
Self-Determination Program (SDP) Waiver	16,522	4,824	(11,698)
TOTAL	\$3,797,502	\$3,790,927	(\$6,575)

Federal Funds. There are no updates to Federal Funds in the Governor's Budget.

Federal Funds (Dollars in Thousands)			
	Enacted Budget	FY 2020-21	Difference
Early Start/Part C Grant	\$53,106	\$53,106	\$0
Foster Grandparent Program	1,201	1,201	0
TOTAL	\$54,307	\$54,307	\$0

**STATE-OPERATED FACILITIES ADJUSTMENTS
FOR 2020-21**

Costs and Fund Sources. The 2021-22 updated State Operated Facilities budget includes \$363.7 million (\$315.6 million GF), a net decrease of \$19.1 million (\$18.2 million GF) as compared to the Enacted Budget. The decrease reflects various control section adjustments.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	Enacted Budget	FY 2020-21	Difference
Personal Services	\$252,659	\$233,958	(\$18,701)
Operating Expenses and Equipment	121,005	121,265	260
Lease Revenue Bond	9,151	8,480	(671)
Total Costs	\$382,814	\$363,703	(\$19,111)
General Fund (GF)	\$333,860	\$315,616	(\$18,244)
<i>GF Match</i>	42,478	35,416	(7,062)
<i>GF Other</i>	291,383	280,200	(11,183)
Reimbursements	48,762	47,961	(801)
Lottery Fund	192	126	(66)
Fund Sources	\$382,814	\$363,703	(\$19,111)

Policy. There is a net decrease of \$19.1 million (\$18.2 million GF) in policy expenditures as compared to the enacted 2020 Budget.

- Control Section 3.90 reduces employee salaries by 9.23 percent effective July 1, 2020, resulting in a decrease of \$22.6 million (\$18.8 million GF).
- Control Section 3.60 reduces employee retirement by \$3.4 million (\$3.1 million GF).
- Item 9800 increases employee compensation by \$5.6 million (\$5.0 million GF).
- Enhanced Federal Funding: A decrease of \$3.1 million GF due to the Families First Coronavirus Act (FFCRA), which provides a temporary 6.2 percentage point increase to California's Federal Medical Assistance Percentage (FMAP).
- Youth Returning from Out-of-State Foster Care (New Policy): Increase of \$2.0 million (\$1.3 million GF) to support youth in their transition back to California.

**ADJUSTMENTS FOR DDS HEADQUARTERS FOR
2020-21**

The Governor's Budget includes \$107.9 million (\$65.8 million GF), a net decrease of \$6.9 million (\$4.8 million GF). The decrease is comprised of compensation and retirement reductions from the Control Section 3.90 and Control Section 3.60; and compensation and retirement adjustments approved through the collective bargaining process and included Item 9800 – Employee Compensation Adjustments.

Staff Recommendation: Hold open all DDS budget and issues, pending action at the May Revision hearings.

ISSUE 4: GOVERNOR'S DDS ADJUSTMENTS AND PROPOSALS FOR 2021-22**COMMUNITY SERVICES ADJUSTMENTS FOR 2021-22**

In addition to caseload and utilization, the proposed FY 2021-22 funding supports the following new and updated items:

- Anticipated costs reflecting the ongoing response to COVID-19 (\$265.1 million TF, \$183.2 million GF).
- Extension of the provider supplemental rates and the Uniform Holiday Schedule suspension through December 31, 2022 (\$510.5 million TF, \$297.0 million GF).
- Ongoing resources for regional center coordination with state and local entities supporting foster youth (\$7.4 million TF, \$4.6 million GF).
- Ongoing resources to support emergency planning and preparation coordination by regional centers (\$2 million TF, \$1.4 million GF).
- Additional resources to support community navigators and improve access to generic and regional center services (\$5.3 million TF, \$3.2 million GF).
- Full-year implementation of the expanded diversion program services (\$4.3 million TF, \$2.9 million GF).

Costs and Fund Sources. The 2021-22 proposed Regional Center budget includes \$10.0 billion (\$6.1 billion GF), a net increase of \$669.5 million (\$586.6 million GF) as compared to the updated current year. The increase in GF is primarily driven by the assumed December 31, 2021 suspension of the temporary 6.2 percent enhanced Federal Medical Assistance Percentage (FMAP) authorized by the Families First Coronavirus Response Act.

Costs and Fund Sources (Dollars in Thousands)			
	FY 2020-21	FY 2021-22	Difference
Operations	\$907,268	\$940,594	\$33,326
Purchase of Services	8,440,225	9,076,396	636,171
Early Start - Other Agency Costs	19,094	19,094	0
Early Start Family Resource Services	2,003	2,003	0
Total Costs	\$9,368,590	\$10,038,087	\$669,497
General Fund (GF)	\$5,521,629	\$6,108,245	\$586,616
<i>GF Match</i>	<i>2,767,145</i>	<i>3,205,542</i>	<i>438,397</i>
<i>GF Other</i>	<i>2,754,484</i>	<i>2,902,703</i>	<i>148,219</i>
Reimbursements	3,790,927	3,872,769	81,842
Program Development Fund	837	1,876	1,039
Developmental Disabilities Services Account	150	150	0
Mental Health Services Fund	740	740	0
Federal Funds	54,307	54,307	0
Fund Sources	\$9,368,590	\$10,038,087	\$669,497

Population. The Department is forecasting an increase of 28,612 consumers as compared to the updated current year. The increase assumes a return to typical caseload growth subsequent to the decreases in growth related to the COVID-19 pandemic.

	FY 2020-21	FY 2021-22	Difference
CASELOAD			
Active (Age 3 & Older)	313,354	332,465	19,111
Total Early Start (Birth through 35 Months)	44,465	53,966	9,501
Total Community Caseload	357,819	386,431	28,612

Regional Center Operations – Caseload. The budget year includes \$815.8 million (\$573.7 million GF) for regional center operations, an increase of \$40.4 million (\$31.2 million GF) as compared to the updated current year budget. The increase is mainly attributed to anticipated caseload growth.

	FY 2020-21	FY 2021-22	Difference
Operations - Caseload	<i>(Dollars in Thousands)</i>		
Core Staffing	\$694,577	\$733,525	\$38,948
Federal Compliance	48,127	48,349	222
Projects	30,915	32,106	1,191
Intermediate Care Facility-Developmentally Disabled (ICF-DD) Administration Fee	1,782	1,782	0
Total Operations - Caseload	\$775,401	\$815,762	\$40,361

Regional Center Operations – Policy. The budget year includes \$124.8 million (\$74.6 million GF) for policies impacting regional center operations, a decrease of \$7.0 million (\$1.7 million GF increase) compared to the updated current year.

- Specialized Caseload Ratios: Increase of \$400,000 (\$274,000 GF) reflects an increase in the number of consumers with complex needs.
- Specialized Home Monitoring: Increase of \$470,000 (\$320,000 GF) – Updated for monitoring additional Enhanced Behavioral Support and Community Crisis Homes.
- Systemic, Therapeutic, Assessment, Resources and Treatment Training (New Policy): Increase of \$4.5 million (\$3.2 million GF) to support individuals in their current residential arrangement and prevent disruptions and admissions into more restrictive settings.
- Regional Center Emergency Coordinators (New Policy): Increase of \$2.0 million (\$1.4 million GF) for 21 emergency coordinator positions to coordinate emergency preparedness, response, and recovery activities for community consumers.
- Community Navigators (New Policy): Increase of \$5.3 million (\$3.2 million GF) to implement a statewide navigator model to increase access to and utilization of needed services in diverse communities.
- Medicaid Claiming Adjustments: Decrease of \$20.3 million GF as the needed adjustments were completed in the current year.
- Forensic Diversion: Increase of \$534,000 (\$363,000 GF) is for five forensic specialist positions to support the expanded multifaceted forensic diversion program.

Operations Policy			
<i>(Dollars in Thousands)</i>			
Operations	FY 2020-21	FY 2021-22	Difference
Ongoing Operations Policy Items	\$86,866	\$86,866	\$0
DC Closure Ongoing Workload	8,302	8,302	0
Self-Determination Program OPS	4,073	4,073	0
Specialized Caseload Ratios	3,800	4,200	400
Specialized Home Monitoring	6,930	7,400	470
Trauma Informed Services for Foster Youth	1,600	1,600	0
START Training	0	4,540	4,540
Regional Center Emergency Coordinators	0	2,017	2,017
Community Navigators	0	5,300	5,300
Medicaid Claiming Adjustments OPS	20,296	0	(20,296)
Forensic Diversion	0	534	534
Total Operations Policy	\$131,867	\$124,832	(\$7,035)

Purchase of Services (POS) Caseload. The budget year includes \$8.0 billion (\$5.0 billion GF) for purchase of services, an increase of \$556.6 million (\$446.5 million GF), or a 7.5 percent increase, as compared to the updated current year. The net increase is primarily due to continued caseload and utilization changes in various budget categories. It should be noted that the impacts of the COVID-19 pandemic on POS expenditures had a significant effect on 'Difference' and 'Percent Change' comparisons to the current year displayed below.

Purchase of Services Caseload (Utilization and Growth)				
<i>(Dollars in Thousands)</i>				
	FY 2020-21	FY 2021-22	Difference	Percent Change
Community Care Facilities	\$2,175,401	\$2,229,993	\$54,592	2.6%
Medical Facilities	22,744	22,412	(332)	(1.5%)
Day Programs	1,184,415	1,251,147	66,732	5.6%
Habilitation	140,235	141,241	1,006	0.7%
<i>Work Activity Program</i>	24,537	20,281	(4,256)	(17.3%)
<i>Supported Employment</i>	77,617	74,064	(3,553)	(4.6%)
<i>Program - Group</i>				
<i>Supported Employment</i>	38,081	46,896	8,815	23.1%
<i>Program - Individual</i>				
Transportation	393,945	419,210	25,265	6.4%
Support Services	1,849,308	2,023,618	174,310	9.4%
In-Home Respite	810,063	928,188	118,125	14.6%
Out of Home Respite	50,463	57,437	6,974	13.8%
Health Care	186,808	254,266	67,458	36.1%
Miscellaneous	596,544	639,047	42,503	7.1%
Quality Assurance Fees	9,623	9,623	0	0.0%
TOTAL	\$7,419,549	\$7,976,182	\$556,633	7.5%

POS – Policy. The budget year includes \$1.1 billion (\$449.6 million GF) for policies impacting regional center purchase of services, an increase of \$79.5 million (\$107.3 million GF) as compared to the updated current year.

- Enhanced Behavioral Support Home (EBSH) with Delayed Egress and Secured Perimeters (DESP): Decrease of \$7.5 million GF adjusts for one-time funding in 2020-21.
- Electronic Visit Verification Penalty Payment: Increase of \$603,000 GF based on updated expenditure data.
- Provider Supplemental Rate Increase: Increase of \$18 million (\$14.8 million GF) based on updated expenditure data.
- SB 3 Minimum Wage Increase, January 1, 2021: Increase of \$105.0 million (\$55.1 million GF) represents full year implementation of the policy and updated expenditures.
- Uniform Holiday Schedule: Increase of \$3.3 million (\$2.1 million GF) for based on updated expenditure data.
- COVID-19 Costs: An increase of \$5.0 million (\$1.0 million GF decrease) associated with costs to support consumers diagnosed with, exposed to, or at high risk of COVID-19.
- Health Facility Rate Increase: Decrease of \$673,000 GF reflects the anticipated end of the temporary rate increase provided by the Department of Health Care Services.
- SB 3 Minimum Wage Increase, January 1, 2022 (New Policy): Increase \$159.2 million (\$83.7 million GF) for increase of the minimum wage from \$14.00 to \$15.00, effective January 1, 2022.
- Youth Returning from Out-of-State Foster Care: Increase of \$900,000 (\$500,000 GF) to support youth in their transition back to California.
- Medicaid Claiming Adjustments: Decrease of \$207.5 million GF as the needed adjustments were completed in the current year.
- Forensic Diversion: Increase of \$3.2 million (\$2.0 million GF) is for a contractor to provide wrap-around services to individuals with IDD.

Policy			
<i>(Dollars in Thousands)</i>			
Purchase of Services (POS)	FY 2020-21	FY 2021-22	Difference
Ongoing Purchase of Services Policy Items	\$46,000	\$46,000	\$0
EBSHs with DESP	7,500	0	(7,500)
Electronic Visit Verification Penalty	5,219	5,822	603
Provider Supplemental Rate Increases POS	436,669	454,634	17,965
SB 3 Minimum Wage Increase: Effective January 1, 2021	93,619	198,626	105,007
Uniform Holiday Schedule	52,639	55,895	3,256
Increased Costs for COVID 19 POS	170,000	175,000	5,000
Health Facility Rate Increase	673	0	(673)
SB 3 Minimum Wage Increase: Effective January 1, 2022	0	159,237	159,237
Youth Returning from Out-of-State Foster Care	900	1,800	900
Medicaid Claiming Adjustments POS	207,457	0	(207,457)
Forensic Diversion	0	3,200	3,200
Total POS Policy	\$1,020,676	\$1,100,214	\$79,538

Reimbursements. The budget year includes \$3.9 billion in reimbursements, an increase of \$81.8 million in as compared to the updated current year. Adjustments are reflected in the table below and include the impact of assumed December 31, 2021 suspension of the temporary 6.2 percent enhanced Federal Medical Assistance Percentage (FMAP) authorized by the Families First Coronavirus Response Act.

Reimbursements (Dollars in Thousands)			
	FY 2020-21	FY 2021-22	Difference
Home and Community-Based Services (HCBS) Waiver	\$2,682,158	\$2,767,125	\$84,967
HCBS Waiver Administration	17,390	19,903	2,513
Medicaid Administration	18,168	18,168	0
Targeted Case Management (TCM)	253,302	251,204	(2,098)
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
ICF-DD	65,901	62,266	(3,635)
Quality Assurance Fees (QAF)	10,514	10,514	0
1915(i) SPA	483,458	466,268	(17,190)
Early Periodic Screening Diagnosis and Treatment	28,299	38,117	9,818
Behavioral Health Treatment Fee-for-Service	13,492	13,492	0
Self-Determination Program (SDP) Waiver	4,824	12,291	7,467
TOTAL	\$3,790,927	\$3,872,769	\$81,842

Federal Funds. The budget year includes \$54.3 million in Federal Funds, which is consistent with the updated current year amount.

Federal Funds (Dollars in Thousands)			
	FY 2020-21	FY 2021-22	Difference
Early Start/Part C Grant	\$53,106	\$53,106	\$0
Foster Grandparent Program	1,201	1,201	0
TOTAL	\$54,307	\$54,307	\$0

STATE-OPERATED ADJUSTMENTS FOR 2021-22

The budget year includes \$344.1 million (\$308.9 million GF), a net decrease of \$19.6 million (\$6.7 million GF) as compared to the updated current year.

Costs and Fund Sources <i>(Dollars in Thousands)</i>			
	FY 2020-21	FY 2021-22	Difference
Personal Services	\$233,958	\$259,253	\$25,295
Operating Expenses and Equipment	121,265	75,707	(45,558)
Lease Revenue Bond	8,480	9,151	671
Total Costs	\$363,703	\$344,111	(\$19,592)
General Fund (GF)	\$315,616	\$308,947	(\$6,669)
<i>GF Match</i>	35,416	25,471	(9,945)
<i>GF Other</i>	280,200	283,476	3,276
Reimbursements	47,961	35,037	(12,923)
Lottery Fund	126	126	0
Fund Sources	\$363,703	\$344,111	(\$19,592)

BUDGET-RELATED POLICY FOR 2021-22

There is a net decrease of \$19.6 million (\$6.7 million GF) in policy expenditures as compared to the updated current year.

- Control Section 3.90 is a one-year reduction, the proposed budget does not reflect the 9.23 percent reduction for 2021-22.
- COVID-19 Response: A net decrease of \$45.9 million (\$30.0 million GF) associated with projected costs to support consumers diagnosed with, exposed to, or at high risk of COVID-19.
- Retention Stipend Reallocation (New Policy): Increase of \$1.0 million GF to pay the remaining employees at Fairview and Sonoma for the accrued retention stipend earned during the closure process.
- Forensic Diversion: Increase of \$0.3 million GF for two senior psychologist specialists.
- Youth Returning from Out-of-State Foster Care: Increase of \$4.0 million (\$2.5 million GF) to support youth in their transition back to California.

CAPITAL OUTLAY PROPOSALS FOR 2021-22

The Governor's Budget includes \$221,000 GF for installing fire sprinkler system capital outlay project and Porterville Developmental Center.

STATE OPERATIONS ADJUSTMENTS FOR 2021-22

The Governor's Budget includes \$123.6 million (\$73.5 million GF) for Headquarters, an increase of \$15.6 million (\$7.7 million GF) compared to the updated current year. The net increase reflects employee compensation and retirement adjustments approved through the collective bargaining process, including Control Section 3.60 and Item 9800-Employee Compensation Adjustments, and two Budget Change Proposals.

- Forensic Diversion: Increase of one (1.0) Attorney III position to implement and assist with the forensic diversion program.
- Electronic Visit Verification: Increase of \$11.4 million (\$3.9 million GF) for state and consultant resources for project management, solution development, and project readiness and approval to complete Project Approval Lifecycle (PAL) processes and to start implementing an EVV Phase II solution that complies with federal requirements.

TRAILER BILL PROPOSALS

The Subcommittee is aware of the following four trailer bill pieces for DDS:

- Community Navigators
- Acute Crisis Clarification and Admission Extension
- Suspension Extension for Provider Rates and Uniform Holiday Schedule
- Residential Facilities for Special Health Care Needs

Staff Recommendation: Hold open all DDS budget and issues, pending action at the May Revision hearings.

**PUBLIC COMMENT
(PUBLIC COMMENT WILL BE TAKEN ON ALL ITEMS)**

This agenda and other publications are available on the Assembly Budget Committee's website at: <https://abgt.assembly.ca.gov/sub1hearingagendas>. You may contact the Committee at (916) 319-2099. This agenda was prepared by Nicole Vazquez.