



**A. Budget Request Summary**

The Department of Developmental Services (DDS or Department) requests \$752,000 (\$513,000 General Fund (GF)) to fund 5.0 positions and temporary help for its Headquarters programs to implement the requirements of ABX2 1. More specifically, DDS requests positions and resources to collaborate with regional centers and a wide variety of other stakeholders to implement recommendations and plans to reach underserved populations, complete a rate study addressing the sustainability of community based services, and establish guidelines for two new initiatives related to statewide competitive integrated employment for individuals with developmental disabilities. The resources will also provide for the oversight and reporting of new competitive integrated employment initiatives, the allocation and reporting of funds and effects of regional center and provider salary and rate increases, and the monitoring and analysis of regional center expenditures and utilization of service codes as a basis to inform future estimates.

Without additional positions and funding, DDS will be unable to develop and implement in a timely manner the new program requirements in ABX2 1, or monitor and report on the effectiveness of the funds appropriated to regional centers and community providers as required by statute.

**B. Background/History**

ABX2 1 both amends and adds to the Welfare and Institutions (W&I) Code, and makes an appropriation to DDS of \$287 million GF (\$473 million estimated total funds). The W&I Code sections amended or added by ABX2 1 that require DDS action are as follows:

Code Section	Action/Requirement
4519.5 (h)	Allocate \$11 million to regional centers to assist with the implementation of recommendations and plans to reduce disparities in the provision of developmental services to underserved populations, and provide a pay differential to direct care bilingual staff.
4519.8	Submit a rate study to Legislature by 3/1/19 addressing the sustainability, quality, and transparency of community based services.
4639.5 (c)	Allocate \$31.1 million GF plus matching funds to regional centers for staff salary and/or benefit increases, and administrative expenses.
4639.5 (e)	Report on implementation of 4639.5 (c) in the 2017-18 May Revision.
4689.8 (c)	Increase supported living services rates by 5%.
4691.6 (k)	Increase in-home respite service agency rates by 5%.
4691.6 (l)	Increase independent living service rate schedule by 5%.
4691.9 (e)	Increase transportation service rates by 5%.
4691.10 (a)	Allocate \$169.5 million GF plus matching federal funds to increase rates for service providers to provide wage and benefit increases to staff who spend a minimum of 75% of their time providing direct services.
4691.10 (b) (1)	Conduct initial random sample to determine rate increases.
4691.10 (b) (4) and (f)	Survey providers who received increases and include this information in the 2017-18 May Revision.
4691.11	Allocate \$9.9 million GF plus matching funds to service providers for administrative expenses.
4860 (f) and (g)	Conduct annual survey of employment placement information and include in the 2017-18 May Revision.
4870 (a)	Establish a provider-administered competitive integrated employment program and make payments for internships and sustained placements.
4870 (c)	Include in annual May Revision the results of the competitive integrated employment program in 4870 (a).

## Analysis of Problem

### Resource History – DDS Headquarters (Dollars in thousands)

Program Budget	PY – 10/11	PY – 11/12	PY – 12/13	PY – 13/14	PY 14/15
Authorized Expenditures	\$25,008	\$23,961	\$24,787	\$24,895	\$25,916
Actual Expenditures	\$21,424	\$21,149	\$21,039	\$22,903	\$23,927
Revenues	\$2,825	\$5,158	\$5,468	\$5,941	\$5,493
Authorized Positions	380.5	380.5	374.5	374.5	381.5
Filled Positions	330.5	302.3	316.0	320.8	337.2
Vacancies	50.5	78.2	58.5	53.7	44.3

Source: Schedule 7A and Fund Condition Statements

### C. State Level Considerations

The \$287 million GF appropriation (\$473 million estimated total funds) included in ABX2 1 provides a substantial increase to fund community services for individuals with developmental disabilities. With the ABX2 1 appropriation, the community services budget will exceed \$6.1 billion total funds in fiscal year 2016-17, and will provide financial resources to 21 regional centers and more than 35,000 service providers statewide, with the intent to improve services to 300,000 consumers.

In addition to this proposal, the Department's Regional Center May Revision Estimate includes \$4.5 million (\$3.1 million GF) to provide regional centers with resources to implement the requirements of ABX2 1. This includes funding for cross-cultural specialists to oversee implementation of cultural programs to promote equity and reduce disparities, as well as community employment specialists to lead competitive integrated employment activities at the local level. Further, the Estimate requests \$3.0 million GF to contract for the completion of a study to assess current provider rates, rate methodologies, and service codes, and an overall determination of the sustainability of the community based services program.

### D. Justification

ABX2 1 requires new policy development, oversight, and reporting related to its new programs and funding increases for community-based services. This new workload cannot be absorbed in light of concurrent priorities related to closing the three remaining developmental centers, efforts to comply with new HCBS regulations and the State's associated transition plan, implementation of the Self-Determination Program, and the development of community crisis home regulations.

With this proposal, DDS requests the following 5.0 positions totaling \$624,000 (\$426,000 GF):

- (1) Community Program Specialist IV
- (1) Community Program Specialist III
- (1) Staff Services Manager I (Specialist)
- (1) Associate Governmental Program Analyst
- (1) Research Program Specialist I

These positions will be responsible for implementing the ABX2 1 requirements related to reaching underserved populations, completing a rate study, allocating funds to regional centers, establishing and overseeing a statewide competitive integrated employment program, monitoring and reporting on the effects of regional center and provider salary and rate increases, and analyzing individual regional center expenditure trends. The anticipated assignment areas and tasks for the requested positions are as follows:

## Analysis of Problem

<b>Community Program Specialist IV – Community Services Division</b>		
The Community Program Specialist IV will lead the statewide initiative and activities to promote equity and reduce disparities in the purchase of services. [W&I Code Section 4519.5 (h)]		
TASKS	TOTAL HOURS	PERSONNEL YEARS
Become and stay familiar with research and best practices regarding the identification of the causes of disparities and methods for improvement.	240	
Collaborate with regional centers and other stakeholders to develop guidelines and processes for documenting, reviewing, and approving proposals to reach underserved populations.	300	
Develop a methodology for, and communicate with, regional centers on the allocation of funds appropriated in ABX2 1.	240	
Obtain, review, and prioritize proposals to reach underserved populations as basis for allocating funds.	240	
Develop methodology and communicate with regional centers on process for paying bilingual pay differentials.	240	
Develop standard reporting metrics and oversee the collection of provider and regional center data regarding implementation of plans to reduce disparities and reach underserved populations.	300	
Compile regional center metrics into annual report to identify the statewide effectiveness of the expenditure of funds related to reducing disparities.	240	
<b>Community Program Specialist IV</b>	<b>1,800</b>	<b>1.0 FTE</b>

<b>Community Program Specialist (III) – Community Services Division</b>		
The Community Program Specialist III will lead the statewide initiative and activities for a competitive integrated employment program for persons with developmental disabilities. [W&I Code Section 4870]		
TASKS	TOTAL HOURS	PERSONNEL YEARS
Collaborate with stakeholders, clients rights advocates, and regional centers to establish a paid internship program.	360	
Collaborate with employers to identify and resolve barriers to implementing paid internship programs.	360	
Develop guidelines and policy manuals for regional center implementation of the paid internship program.	300	
Develop and disseminate employer informational materials regarding the paid internship program.	240	
Develop standard reporting metrics and oversee the collection of provider and regional center data on expenditures and employment outcomes.	300	
Compile regional center metrics into report on the statewide effectiveness of the expenditure of funds related to improving competitive integrated employment outcomes for inclusion in the annual May Revision.	240	
<b>Community Program Specialist III</b>	<b>1,800</b>	<b>1.0 FTE</b>

**Analysis of Problem**

<b>Staff Services Manager I (Specialist) – Community Services Division</b>		
<p>The Staff Services Manager I will be the project leader and contact for a system-wide rate study developed in collaboration with stakeholders, compile and report on the allocation of salary and benefit increases to regional centers, and compile and report on rate increases for community service providers. [W&amp;I Code Sections 4519.8, 4639.5 (e), and 4691.10 (4), (f)]</p>		
TASKS	TOTAL HOURS	PERSONNEL YEARS
<b>California Developmental Disability Provider Rate Study</b>		
Assess contractor proposals for the completion of the system wide rate study.	200	
Meet and inform successful contractor and staff on current and historical program information. Obtain and provide data and background materials.	460	
Review and approve project deliverables in conjunction with executive staff.	300	
Oversee collection, maintenance, and analysis of data regarding the allocation of salary and benefit increases to regional centers.	300	
Oversee collection, maintenance, and analysis of data regarding rate increases paid to community service providers.	300	
Compile regional center metrics into Legislative reports.	240	
<b>Staff Services Manager I (Spec)</b>	<b>1,800</b>	<b>1.0 FTE</b>

<b>Associate Governmental Program Analyst – Administration Division</b>		
<p>The Associate Governmental Program Analyst will assist with the allocation and monitoring of operations and purchase of services funds allocated to regional centers, coordinate with the Community Services Division to include required ABX2 1 annual reporting in the Regional Center Estimate as part of the Governor's Budget and May Revision processes, conduct analyses of increased regional center-specific expenditures, and serve as a resource for the rate study, providing past and current information regarding core staffing and purchase of services expenditure allocations. [W&amp;I Code Sections 4519.5 (h), 4639.5 (c), 4691.10 (a), 4691.11, 4870 (c)]</p>		
TASKS	TOTAL HOURS	PERSONNEL YEARS
Develop methodologies for allocating purchase of service and operations funds to regional centers.	280	
Obtain, review, and analyze regional center-specific monthly expenditure reports and compare to prior years to identify trends and anomalies.	320	
Obtain and review regional center projections and compare to DDS' estimates. Identify utilization changes, population fluctuations, and change in the use of service codes.	320	
Conduct quarterly monitoring meetings with individual regional centers to discuss projections and trends.	320	
Collaborate with Estimates staff in the preparation of the Governor's Budget and May Revision to account for trends identified at the regional center level. Research and provide historical allocation formulas and methodologies as requested for system-wide rate study.	300	
Collaborate with Community Services Division staff to obtain data and develop reporting metrics for inclusion in the Estimate to meet ABX2 1 reporting requirements.	260	
<b>AGPA</b>	<b>1,800</b>	<b>1.0 FTE</b>

## Analysis of Problem

<b>Research Program Specialist I – Fiscal and Programmatic Research Unit</b>		
The Research Program Specialist I will work collaboratively with the Fiscal Forecasting Branch and the Community Services Division to analyze the impacts of increased appropriations and rate increases per ABX2 1. [W&I Code Sections 4639.5 (e), 4691.10 (b) (4) and (f)]		
TASKS	TOTAL HOURS	PERSONNEL YEARS
In collaboration with the Fiscal Forecasting Branch, conduct in-depth research and analysis to explain expenditure trends and utilization.	800	
In collaboration with the Community Services Division, obtain and analyze data regarding the allocation of salary and benefit increases to regional centers.	360	
In collaboration with the Community Services Division, obtain and analyze data regarding rate increases paid to community service providers.	360	
Assist with the preparation of required reports.	280	
<b>Research Program Specialist I</b>	<b>1,800</b>	<b>1.0 FTE</b>

In addition to the above positions, the Department requests \$128,000 (\$87,000 GF) to fund Temporary Help to hire retired annuitants with expertise and knowledge of the Department’s programs and rate setting methodologies to assist in gathering and providing data related to the system-wide rate study and provider rate increase surveys.

### E. Outcomes and Accountability

Included in ABX2 1 are several reporting requirements with which regional centers, providers, and DDS must comply. The positions requested in this proposal will enable the Department to compile and submit the reports, which will measure the effectiveness of the additional funds appropriated for improving equity in the provision of services to underserved populations, reducing caseload ratios, increasing rates paid to community providers, and increasing competitive employment placements.

### F. Analysis of All Feasible Alternatives

1. Provide resources as requested for 5.0 positions and temporary help. (Recommended Alternative)

Pros:

- Provides resources necessary to implement new program requirements of ABX2 1.
- Provides resources to oversee and report effectiveness of the additional funds and new programs.

Con:

- Increases General Fund expenditures.

2. Maintain Status Quo.

Pro:

- Will not require new funding or positions.

Cons:

- Activities and efforts needed to implement ABX2 1 may be delayed.
- Redirection of Headquarters staffing cannot be absorbed within the current resources without negatively affecting other priorities, including the closure of the developmental centers,

## Analysis of Problem

compliance with new HCBS regulations, implementation of the Self-Determination Program, and development of community crisis home regulations.

### 3. Approve funding for positions but not Temporary Help.

Pro:

- Will reduce General Fund request by \$87,000.

Cons:

- Will limit the Department's ability to inform contractor rate study.
- May delay efforts of other initiatives, including compliance with new HCBS regulations, the Self-Determination Program, and community crisis home regulations.

## G. Implementation Plan

DDS has begun recruitment activities to fill the requested positions, contingent upon approval of the budget, and anticipates making hires in July 2016. Once positions are in place, they will begin collaborating with regional centers, service providers, and other stakeholders to improve cultural equity and competitive integrated employment programs. DDS has already begun calculating increased operations and purchase of services allocations to regional centers. Upon allocation, DDS will develop reporting metrics to compile and report effectiveness as required by statute, and begin quarterly monitoring meetings with each regional center to provide oversight of expenditures and understand unique trends as a basis to inform Estimate development. Further, DDS will develop the Request for Proposal (RFP) for the contractor rate study, and begin to gather historical data for the successful contractor to utilize in its analysis.

## H. Supplemental Information

The Department assumes that the Community Program Specialist III and IV positions will travel throughout the State to meet with regional centers and other stakeholders in the development of cultural disparity and competitive integrated employment programs, and has included a mid-range travel budget for these activities. All other costs reflect the standard average of personal services and operating expense for DDS – Headquarters.

## I. Recommendation

DDS recommends Alternative 1, which will provide the resources necessary to carry out the multiple requirements of ABX2 1 that cannot be absorbed with existing resources.