

**Department of Developmental Services**

**Governor's Budget Highlights**



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## **DEPARTMENT OF DEVELOPMENTAL SERVICES 2022 GOVERNOR'S BUDGET HIGHLIGHTS**

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

The number of individuals served by regional centers (consumers) is expected to be 386,431 in the current year and increase to 407,634 in fiscal year (FY) 2022-23. In addition, 322 individuals are projected to be served in state-operated facilities as of July 1, 2022.

The Governor's Budget continues to support the needs of consumers during the public health crisis and reflects the need for increased supports in specified service categories. The Governor's Budget also proposes new policies to continue efforts to improve service access and to achieve better outcomes and consumer experiences.

### **2022 GOVERNOR'S BUDGET SUMMARY**

The Governor's Budget includes \$12.4 billion total funds (TF) (\$7.5 billion General Fund [GF]) for FY 2022-23; a net increase of \$1.5 billion TF (\$1.2 billion GF) over the updated FY 2021-22 budget, or a 13.8 percent TF increase.

In addition to caseload and utilization updates, the proposed FY 2022-23 funding supports the following new and updated items:

- Home and Community-Based Services (HCBS) American Rescue Plan (ARPA) Act (\$1.6 billion TF, \$1.1 billion ARPA): The Budget includes approximately \$1.1 billion in HCBS funding made available by ARPA through FY 2023-24. The funding is allocated to six initiatives: Service Provider Rate Reform, Social Recreation and Camp Services, Language Access and Cultural Competency, Coordinated Family Support Services, Enhanced Community Integration for Children and Adolescents, and Modernization of Developmental Services Information Technology Systems.
- Early Start – Part C to B Transitions (\$65.5 million TF, \$45.1 million GF): The Budget includes funding for six headquarters positions to enhance oversight and outcomes of services for children and their families. In addition, funding is included to reduce caseload ratios for children birth through age five, provide technical support for service coordinators, and promote inclusive preschool options.

- Communications Assessments for Consumers Who Are Deaf (\$15 million TF, \$9 million GF): One-time funding to complete communications assessments for individuals who are deaf or hard of hearing to improve services. Funding includes \$700,000 to contract with an individual or entity to advise the Department on the most appropriate assessment tools and services.
- Subminimum Wage Phaseout (\$8.4 million TF, \$5.1 million GF): The Budget includes funding for one headquarters position and funding for a three-year pilot of a service model focused on career readiness for consumers exiting WAP or secondary education.
- Enrolling Vendors as Medicaid Providers (\$550,000 GF, \$400,000 GF ongoing): Funding supports screening activities for regional centers and vendors, staffing to coordinate screening, and contract resources to conduct the federal database checks.
- Fairview and Sonoma Developmental Centers (\$18.2 million TF, \$11.7 million GF): The Governor's Budget proposes an extension of the warm shutdown funding for Sonoma Developmental Center and Fairview Developmental Center.

## Program Highlights

(Dollars in Thousands)

	FY 2021-22*	FY 2022-23	Difference
<b>Community Services Program</b>			
Regional Centers	\$10,387,266	\$11,918,702	\$1,531,436
<b>Total, Community Services</b>	<b>\$10,387,266</b>	<b>\$11,918,702</b>	<b>\$1,531,436</b>
General Fund	\$5,943,001	\$7,131,876	\$1,188,875
Program Development Fund	\$204	\$204	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$84,798	\$54,063	(\$30,735)
Reimbursements	\$4,130,909	\$4,099,188	(\$31,721)
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$138,850	\$382,700	\$243,850
HCBS ARPA Reimbursements	\$88,614	\$249,781	\$161,167
<b>State Operated Facilities Program</b>			
Personal Services	\$266,915	\$267,397	\$482
Operating Expense & Equipment	\$68,144	\$48,123	(\$20,021)
<b>Total, State Operated Facilities</b>	<b>\$335,059</b>	<b>\$315,520</b>	<b>(\$19,539)</b>
General Fund	\$298,355	\$281,890	(\$16,465)
Lottery Education Fund	\$130	\$130	\$0
Reimbursements	\$36,574	\$33,500	(\$3,074)
<b>Headquarters Support</b>			
Personal Services	\$91,864	\$95,634	\$3,770
Operating Expense & Equipment	\$75,093	\$39,867	(\$35,226)
<b>Total, Headquarters Support</b>	<b>\$166,957</b>	<b>\$135,501</b>	<b>(\$31,456)</b>
General Fund	\$86,751	\$80,664	(\$6,087)
Federal Trust Fund	\$2,742	\$2,787	\$45
Program Development Fund	\$425	\$425	\$0
Reimbursements	\$50,278	\$44,864	(\$5,414)
Mental Health Services Fund	\$511	\$511	\$0
HCBS ARPA	\$23,500	\$5,000	(\$18,500)
HCBS ARPA Reimbursements	\$2,750	\$1,250	(\$1,500)
<b>Total, All Programs</b>	<b>\$10,889,282</b>	<b>\$12,369,723</b>	<b>\$1,480,441</b>
<b>Total Funding</b>			
General Fund	\$6,328,107	\$7,494,430	\$1,166,323
Federal Trust Fund	\$87,540	\$56,850	(\$30,690)
Lottery Education Fund	\$130	\$130	\$0
Program Development Fund	\$629	\$629	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$4,217,761	\$4,177,552	(\$40,209)
Mental Health Services Fund	\$1,251	\$1,251	\$0
HCBS ARPA	\$162,350	\$387,700	\$225,350
HCBS ARPA Reimbursements	\$91,364	\$251,031	\$159,667
<b>Total, All Funds</b>	<b>\$10,889,282</b>	<b>\$12,369,723</b>	<b>\$1,480,441</b>

\*Does not include \$2.7 million deferred maintenance re-appropriation in FY 2021-22.

**Program Highlights  
(CONTINUED)**

	FY 2021-22	FY 2022-23	Difference
<b>Caseloads</b>			
State Operated Facilities	322	322	0
Regional Centers*	386,431	407,634	21,203
<b>Departmental Positions</b>			
State Operated Facilities	1,955.2	1,955.2	0.0
Headquarters	519.0	549.0	30.0

\*Does not include children who meet provisional eligibility.

**COMMUNITY SERVICES PROGRAM**

**FY 2021-22**

Costs and Fund Sources

The FY 2021-22 updated Regional Center budget includes \$10.4 billion TF (\$5.9 billion GF), a net decrease of \$116.3 million TF (\$288.9 million GF decrease) as compared to the Enacted Budget. This includes a projected decrease of \$115.6 million TF in Purchase of Services (POS) expenditures and a decrease of \$117,000 TF in Operations costs.

<b>Costs and Fund Sources</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Operations	\$1,046,395	\$1,046,278	(\$117)
Purchase of Services	\$9,411,608	\$9,295,961	(\$115,647)
Early Start Part C/Other Agency Costs	\$43,556	\$43,024	(\$532)
Early Start Family Resource Services	\$2,003	\$2,003	\$0
<b>Total Costs</b>	<b>\$10,503,562</b>	<b>\$10,387,266</b>	<b>(\$116,296)</b>
General Fund (GF)	\$6,231,905	\$5,943,001	(\$288,904)
<i>GF Match</i>	\$3,289,901	\$3,037,942	(\$251,959)
<i>GF Other</i>	\$2,942,004	\$2,905,059	(\$36,945)
Reimbursements	\$3,964,334	\$4,130,909	\$166,575
Program Development Fund/Parental Fees	\$204	\$204	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$138,850	\$138,850	\$0
HCBS ARPA Reimbursements	\$88,614	\$88,614	\$0
Federal Funds	\$78,765	\$84,798	\$6,033
<b>Fund Sources</b>	<b>\$10,503,562</b>	<b>\$10,387,266</b>	<b>(\$116,296)</b>

Population

There is no change to the current year caseload from the Enacted Budget.

<b>Caseload*</b>	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Active (Age 3 & Older)	332,465	332,465	0
Early Start (Birth through 35 Months)	53,966	53,966	0
<b>Total Community Caseload</b>	<b>386,431</b>	<b>386,431</b>	<b>0</b>

\*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

The Governor's Budget reflects a decrease of \$117,000 TF (\$5.7 million GF decrease) as compared to the Enacted Budget.

<b>Operations – Caseload</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Staffing Expenditures	\$833,096	\$833,073	(\$23)
Federal Compliance	\$48,349	\$48,349	\$0
Projects	\$32,171	\$32,171	\$0
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$1,782	\$1,688	(\$94)
<b>Total Operations – Caseload</b>	<b>\$915,398</b>	<b>\$915,281</b>	<b>(\$117)</b>

Regional Center Operations – Policy

There is no change to the current year Operations policy from the Enacted Budget.

<b>Operations – Policy</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Specialized Caseload Ratio	\$4,200	\$4,200	\$0
Specialized Home Monitoring	\$8,315	\$8,315	\$0
Trauma Informed Services for Foster Youth	\$1,600	\$1,600	\$0
Systemic Therapeutic Assessment Resources and Treatment (START) Training	\$10,215	\$10,215	\$0
Regional Center Emergency Coordinators	\$2,017	\$2,017	\$0
Community Navigators	\$5,300	\$5,300	\$0
Tribal Engagement for Early Start Services	\$500	\$500	\$0
Enhanced Service Coordination	\$12,800	\$12,800	\$0
DSP Workforce Training and Development	\$4,300	\$4,300	\$0
Implicit Bias Training	\$7,029	\$7,029	\$0
Emergency Preparedness	\$4,300	\$4,300	\$0
Resources to Support Individuals Who Are Deaf	\$2,379	\$2,379	\$0
Employment Grant	\$14,706	\$14,706	\$0
Performance Incentives Program	\$3,676	\$3,676	\$0
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Health and Safety Waiver Assistance	\$4,412	\$4,412	\$0
Forensic Diversion	\$534	\$534	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$7,600	\$7,600	\$0
Service Provider Rate Reform	\$12,647	\$12,647	\$0
<b>Total Operations – Policy</b>	<b>\$130,997</b>	<b>\$130,997</b>	<b>\$0</b>

Purchase of Services (POS) – Caseload

Updated POS expenditures reflect a net increase of \$712.4 million (\$391.5 million GF) as compared to the Enacted Budget. Several policy items (e.g. Provider Supplemental Rate Increases, SB 3 Minimum Wage 2021, Uniform Holiday Schedule, and Increased Costs for COVID-19) previously displayed separately in the Enacted Budget, are now incorporated in the updated FY 2021-22 figures displayed below. The table below displays adjustments from the Enacted Budget.

<b>Purchase of Services Caseload (Utilization and Growth)</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Community Care Facilities	\$2,319,185	\$2,609,939	\$290,754
Medical Facilities	\$51,741	\$43,036	(\$8,705)
Day Programs	\$1,256,003	\$1,365,380	\$109,377
Habilitation Services	\$141,080	\$132,688	(\$8,392)
<i>Work Activity Program</i>	\$20,404	\$19,247	(\$1,157)
<i>Supported Employment Program – Group</i>	\$74,798	\$75,107	\$309
<i>Supported Employment Program – Individual</i>	\$45,878	\$38,334	(\$7,544)
Transportation	\$424,563	\$370,920	(\$53,643)
Support Services	\$2,056,833	\$2,298,543	\$241,710
In-Home Respite	\$959,831	\$1,097,217	\$137,386
Out-of-Home Respite	\$57,525	\$67,782	\$10,257
Health Care	\$251,424	\$231,511	(\$19,913)
Miscellaneous Services	\$660,090	\$674,177	\$14,087
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$9,612	\$9,115	(\$497)
<b>Total POS – Caseload</b>	<b>\$8,187,887</b>	<b>\$8,900,308</b>	<b>\$712,421</b>



**POS – Policy**

There is a net decrease of \$828.1 million TF (\$465.3 million GF decrease) in policy related expenditures as compared to the Enacted Budget. This is primarily driven by the following:

- Shift of \$776.2 million TF from policy to POS budget categories for items displayed under policy in the Enacted Budget, including Provider Supplemental Rate Increases, SB, 3 Minimum Wage 2021, Uniform Holiday Schedule, and Increased Costs for COVID-19.
- SB 3, Minimum Wage Increase, Effective January 1, 2022: Decrease of \$52.7 million (\$20.7 million GF decrease) based on updated expenditure data.

<b>Purchase of Services – Policy</b>			
<i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Ongoing Purchase of Service Items	\$46,000	\$46,000	\$0
Electronic Visit Verification Penalty	\$10,020	\$10,220	\$200
Provider Supplemental Rate Increases	\$470,762	\$0	(\$470,762)
SB 3, Minimum Wage Increase, Effective January 1, 2021	\$198,626	\$0	(\$198,626)
Uniform Holiday Schedule	\$56,812	\$0	(\$56,812)
Increased Costs for COVID-19	\$50,000	\$0	(\$50,000)
Health Facility Rate Increase	\$422	\$1,103	\$681
SB 3, Minimum Wage Increase, Effective January 1, 2022	\$159,237	\$106,488	(\$52,749)
Youth Returning from Out-of-State Foster Care	\$1,800	\$1,800	\$0
Bilingual Differentials for Direct Service Professionals	\$3,600	\$3,600	\$0
Social Recreation and Camping Services	\$29,400	\$29,400	\$0
Coordinated Family Support Services	\$41,667	\$41,667	\$0
Forensic Diversion	\$3,200	\$3,200	\$0
START Training	\$6,392	\$6,392	\$0
Self-Determination Ongoing Implementation	\$2,500	\$2,500	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$16,200	\$16,200	\$0
Service Provider Rate Reform	\$127,083	\$127,083	\$0
<b>Total POS – Policy</b>	<b>\$1,223,721</b>	<b>\$395,653</b>	<b>(\$828,068)</b>

American Rescue Plan Act (ARPA) Funding

There is no change to the ARPA Funding of \$138.9 million and \$88.6 million in matching reimbursements from the Enacted Budget, inclusive of purchase of services and operations.

<b>American Rescue Plan Act Funding</b> (Dollars in Thousands)			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
HCBS ARPA	\$138,850	\$138,850	\$0
HCBS ARPA Reimbursements	\$88,614	\$88,614	\$0
<b>Total HCBS ARPA</b>	<b>\$227,464</b>	<b>\$227,464</b>	<b>\$0</b>

Reimbursements

The updated current year reflects a net increase of \$166.6 million in reimbursements as compared to the Enacted Budget. Adjustments are reflected in the table below. The main driver is due to a six-month extension of the Families First Coronavirus Response Act (FFCRA) which is anticipated to continue the temporary 6.2 percentage point increase through June 30, 2022.

<b>Reimbursements</b> (Dollars in Thousands)			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Home and Community-Based Services (HCBS) Waiver	\$2,805,082	\$2,926,868	\$121,786
HCBS Waiver Administration	\$21,514	\$19,821	(\$1,693)
Medicaid Administration	\$18,168	\$19,048	\$880
Targeted Case Management	\$271,487	\$294,680	\$23,193
Title XX Block Grant	\$213,421	\$213,421	\$0
(1) Social Services	\$136,264	\$136,264	\$0
(2) Temporary Assistance for Needy Families	\$77,157	\$77,157	\$0
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$62,207	\$63,256	\$1,049
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$10,503	\$9,959	(\$544)
1915(i) State Plan Amendment	\$497,281	\$522,254	\$24,973
Early Periodic Screening Diagnosis and Treatment	\$31,946	\$28,514	(\$3,432)
Behavioral Health Treatment Fee-for-Service	\$13,492	\$13,296	(\$196)
Self-Determination Program Waiver	\$19,233	\$19,792	\$559
<b>Total Reimbursements</b>	<b>\$3,964,334</b>	<b>\$4,130,909</b>	<b>\$166,575</b>

Federal Funds

The updated current year reflects a net increase of \$6.0 million in Federal Funds as compared to the Enacted Budget for prior year grant funds.

<b>Federal Funds</b> <i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Early Start Part C/Other Agency Costs	\$77,625	\$83,658	\$6,033
Foster Grandparent Program	\$1,140	\$1,140	\$0
<b>Total Federal Funds</b>	<b>\$78,765</b>	<b>\$84,798</b>	<b>\$6,033</b>

**FY 2022-23**

**Costs and Fund Sources**

The FY 2022-23 Regional Center budget includes \$11.9 billion TF (\$7.1 billion GF), a net increase of \$1.5 billion TF (\$1.2 billion GF) compared to the updated current year. This includes a projected \$176.0 million TF increase in Operations costs, and \$1.4 billion TF increase in Purchase of Services expenditures.

<b>Costs and Fund Sources</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Operations	\$1,046,278	\$1,222,245	\$175,967
Purchase of Services	\$9,295,961	\$10,675,360	\$1,379,399
Early Start Part C/Other Agency Costs	\$43,024	\$19,094	(\$23,930)
Early Start Family Resource Services	\$2,003	\$2,003	\$0
<b>Total Costs</b>	<b>\$10,387,266</b>	<b>\$11,918,702</b>	<b>\$1,531,436</b>
General Fund (GF)	\$5,943,001	\$7,131,876	\$1,188,875
<i>GF Match</i>	\$3,037,942	\$3,850,655	\$812,713
<i>GF Other</i>	\$2,905,059	\$3,281,221	\$376,162
Reimbursements	\$4,130,909	\$4,099,188	(\$31,721)
Program Development Fund/Parental Fees	\$204	\$204	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$138,850	\$382,700	\$243,850
HCBS ARPA Reimbursements	\$88,614	\$249,781	\$161,167
Federal Funds	\$84,798	\$54,063	(\$30,735)
<b>Fund Sources</b>	<b>\$10,387,266</b>	<b>\$11,918,702</b>	<b>\$1,531,436</b>

**Population**

The Department is forecasting an increase of 21,203 consumers compared to the updated current year. The increase assumes a return to typical caseload growth as the state recovers from the public health emergency.

<b>Caseload*</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Active (Age 3 & Older)	332,465	349,619	17,154
Early Start (Birth through 35 Months)	53,966	58,015	4,049
<b>Total Community Caseload</b>	<b>386,431</b>	<b>407,634</b>	<b>21,203</b>

\*Does not include children who meet provisional eligibility.

Regional Center Operations – Caseload

The budget year includes \$955.3 million TF (\$667.1 million GF) for regional center operations, an increase of \$40.0 million (\$29.9 million GF) as compared to the updated current year budget. The increase is mainly attributed to anticipated caseload growth.

<b>Operations – Caseload</b> <i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Staffing Expenditures	\$833,073	\$870,248	\$37,175
Federal Compliance	\$48,349	\$49,271	\$922
Projects	\$32,171	\$34,051	\$1,880
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$1,688	\$1,688	\$0
<b>Total Operations – Caseload</b>	<b>\$915,281</b>	<b>\$955,258</b>	<b>\$39,977</b>

Regional Center Operations – Policy

The budget year includes \$267.0 million TF (\$166.7 million GF) for policies impacting regional center operations, an increase of \$136.0 million TF (\$91.8 million GF) compared to the updated current year budget.

Updated Policies:

- Performance Incentives Program: Increase of \$83.8 million TF (\$57.0 million GF) to reflect the implementation of the performance improvement plan and prioritize the reduction of caseload ratios.
- Employment Grant: Decrease of \$14.7 million TF (\$10.0 million GF) due to one-time funding in FY 2021-22.
- DSP Workforce Training and Development: Increase of \$11.9 million TF (\$8.1 million GF) to reflect costs related to wage differentials for staff who complete the training/certification requirements.
- START Training: Decrease of \$10.2 million TF (\$7.2 million GF decrease) due to one-time funding in FY 2021-22.
- Emergency Preparedness: Decrease of \$4.1 million GF due to one-time funding for preparation efforts in FY 2021-22.
- Specialized Home Monitoring: Increase of \$1.9 million TF (\$1.3 million GF) to reflect monitoring additional new homes.
- Enhanced Service Coordination: Increase of \$1.4 million TF (\$1.1 million GF) to include 10.5 supervisor positions.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$545,000 GF to reflect the year-over-year increase in caseload.
- Regional Center Emergency Coordinators: Increase of \$483,000 TF (\$328,000 GF) to reflect reclassification of positions to Senior Emergency Services Coordinators.
- Specialized Caseload Ratio: Increase of \$200,000 TF (\$96,000 GF) to reflect the year-over-year increase in high risk consumers.

New Policies:

- Reduced Caseload Ratio for Children through Age 5: Increase of \$51.1 million TF (\$31.9 million GF) to fund additional regional center staff to achieve a 1:40 caseload ratio for children birth through age 5.
- Early Start – Part C to B Transitions: Increase of \$13.2 million TF (\$12.2 million GF) to promote inclusive preschool options and provide technical support for service coordinators.
- Enrolling Vendors as Medicaid Providers: Increase of \$550,000 GF to reflect costs for screening activities and background checks.

<b>Operations – Policy</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Specialized Caseload Ratio	\$4,200	\$4,400	\$200
Specialized Home Monitoring	\$8,315	\$10,201	\$1,886
Trauma Informed Services for Foster Youth	\$1,600	\$1,600	\$0
START Training	\$10,215	\$0	(\$10,215)
Regional Center Emergency Coordinators	\$2,017	\$2,500	\$483
Community Navigators	\$5,300	\$5,300	\$0
Tribal Engagement for Early Start Services	\$500	\$500	\$0
Enhanced Service Coordination	\$12,800	\$14,172	\$1,372
DSP Workforce Training and Development	\$4,300	\$16,200	\$11,900
Implicit Bias Training	\$7,029	\$7,029	\$0
Emergency Preparedness	\$4,300	\$200	(\$4,100)
Resources to Support Individuals Who Are Deaf	\$2,379	\$2,379	\$0
Employment Grant	\$14,706	\$0	(\$14,706)
Performance Incentives Program	\$3,676	\$87,500	\$83,824
Language Access and Cultural Competency	\$16,667	\$16,667	\$0
Health and Safety Waiver Assistance	\$4,412	\$4,412	\$0
Enrolling Vendors as Medicaid Providers	\$0	\$550	\$550
Reduced Caseload Ratio for Children through Age 5	\$0	\$51,084	\$51,084
Early Start – Part C to B Transitions	\$0	\$13,167	\$13,167
Forensic Diversion	\$534	\$534	\$0
Self-Determination Ongoing Implementation	\$7,800	\$7,800	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$7,600	\$8,145	\$545
Service Provider Rate Reform	\$12,647	\$12,647	\$0
<b>Total Operations – Policy</b>	<b>\$130,997</b>	<b>\$266,987</b>	<b>\$135,990</b>

**Purchase of Services (POS) Caseload**

The budget year includes \$9.7 billion TF (\$6.1 billion GF) for purchase of services, an increase of \$811.4 million TF (\$552.2 million GF), or a 9.1 percent increase compared to the updated current year budget. The net increase is primarily due to continued caseload and utilization changes in various budget categories. Note: The impacts of the COVID-19 pandemic on POS expenditures had a significant effect on 'Difference' and 'Percent Change' comparisons displayed below.

<b>Purchase of Services Caseload (Utilization and Growth)</b> <i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Community Care Facilities	\$2,609,939	\$2,751,449	\$141,510
Medical Facilities	\$43,036	\$59,052	\$16,016
Day Programs	\$1,365,380	\$1,407,794	\$42,414
Habilitation Services	\$132,688	\$126,829	(\$5,859)
<i>Work Activity Program</i>	\$19,247	\$15,095	(\$4,152)
<i>Supported Employment Program – Group</i>	\$75,107	\$69,142	(\$5,965)
<i>Supported Employment Program – Individual</i>	\$38,334	\$42,592	\$4,258
Transportation	\$370,920	\$468,788	\$97,868
Support Services	\$2,298,543	\$2,485,930	\$187,387
In-Home Respite	\$1,097,217	\$1,284,971	\$187,754
Out of Home Respite	\$67,782	\$63,907	(\$3,875)
Health Care	\$231,511	\$316,953	\$85,442
Miscellaneous Services	\$674,177	\$736,936	\$62,759
Intermediate Care Facility-Developmentally Disabled			
Quality Assurance Fees	\$9,115	\$9,115	\$0
<b>Total POS – Caseload</b>	<b>\$8,900,308</b>	<b>\$9,711,724</b>	<b>\$811,416</b>

### POS – Policy

The budget year includes \$963.6 million TF (\$227.0 million GF) for policies impacting regional center purchase of services, an increase of \$568.0 million TF (\$92.7 million GF) compared to the updated current year budget.

#### Updated Policies:

- Service Provider Rate Reform: Increase of \$427.1 million HCBS ARPA Funding to reflect the full-year cost of the initial rate adjustment and provide the initial funding for the quality incentive program.
- SB 3, Minimum Wage Increase, Effective January 1, 2022: Increase of \$131.3 million TF (\$77.6 million GF) represents full-year implementation of the policy and updated expenditures.
- Coordinated Family Support Services: Decrease reflects one-time funding of \$41.7 million HCBS ARPA Funding in FY 2021-22 to improve service equity for adults who live with their families and improve individual supports at home.
- Social Recreation and Camping Services: Increase of \$19.6 million HCBS ARPA Funding to reflect 18-month ramp up.
- START Training: Increase of \$11.5 million TF (\$7.2 million GF) to reflect a full year of services that will be provided by the START teams.
- Electronic Visit Verification Penalty Payment: Decrease of \$10.2 million GF reflects compliance with federal electronic visit verification requirements.
- Bilingual Differentials for Direct Service Professionals: Increase of \$3.6 million TF (\$2.2 million GF) to reflect projected increase in staff receiving the pay differential in FY 2022-23.
- Lanterman Act Provisional Eligibility Ages 3 and 4: Increase of \$1.2 million GF for projected increase in caseload.
- Health Facility Rate Increase: Decrease of \$1.1 million GF reflects the end of the temporary rate increase during the COVID-19 pandemic.

#### New Policies:

- Communications Assessments for Consumers Who Are Deaf: One-time funding of \$14.3 million TF (\$8.4 million GF) to fund communication assessments that will be used in developing Individual Program Plans for consumers identified as being deaf or hard of hearing.
- Work Activity Programs (WAP): New Service Model: Increase of \$8.2 million TF (\$4.9 million GF) to support a three-year pilot to focus on career readiness for consumers exiting WAP to prepare them to enter competitive and integrated workplaces.
- SB 3, Minimum Wage Increase, Effective January 1, 2023: Increase of \$4.1 million TF (\$2.5 million GF) for increase of the minimum wage from \$14.00 to \$15.00 for employers with 25 employees or less.



<b>Purchase of Services – Policy</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Ongoing Purchase of Service Items	\$46,000	\$46,000	\$0
Electronic Visit Verification Penalty	\$10,220	\$0	(\$10,220)
Health Facility Rate Increase	\$1,103	\$0	(\$1,103)
SB 3, Minimum Wage Increase, Effective January 1, 2022	\$106,488	\$237,810	\$131,322
Youth Returning from Out-of-State Foster Care	\$1,800	\$1,800	\$0
Bilingual Differentials for Direct Service Professionals	\$3,600	\$7,200	\$3,600
Social Recreation and Camping Services	\$29,400	\$49,000	\$19,600
SB 3, Minimum Wage Increase, Effective January 1, 2023	\$0	\$4,146	\$4,146
Coordinated Family Support Services	\$41,667	\$0	(\$41,667)
WAP: New Service Model	\$0	\$8,233	\$8,233
Forensic Diversion	\$3,200	\$3,200	\$0
START Training	\$6,392	\$17,865	\$11,473
Self-Determination Ongoing Implementation	\$2,500	\$2,500	\$0
Lanterman Act Provisional Eligibility Ages 3 and 4	\$16,200	\$17,415	\$1,215
Service Provider Rate Reform	\$127,083	\$554,167	\$427,084
Resources to Support Individuals Who Are Deaf	\$0	\$14,300	\$14,300
<b>Total POS – Policy</b>	<b>\$395,653</b>	<b>\$963,636</b>	<b>\$567,983</b>

American Rescue Plan Act Funding

The budget year includes \$382.7 million in ARPA funding and \$249.8 million in matching reimbursements, inclusive of purchase of services and operations. This reflects an increase of \$243.9 million and \$161.2 million, respectively compared to the updated current year budget. Adjustments are reflected in the table below:

<b>American Rescue Plan Funding</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
HCBS ARPA	\$138,850	\$382,700	\$243,850
HCBS ARPA Reimbursements	\$88,614	\$249,781	\$161,167
<b>Total HCBS ARPA</b>	<b>\$227,464</b>	<b>\$632,481</b>	<b>\$405,017</b>

Reimbursements

The budget year includes \$4.1 billion in reimbursements, a decrease of \$31.7 million as compared to the updated current year budget. Adjustments are reflected in the table below and the main driver is due to the anticipated end of the temporary 6.2 percentage point increase authorized by the FFCRA.

<b>Reimbursements</b> (Dollars in Thousands)			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Home and Community-Based Services (HCBS) Waiver	\$2,926,868	\$2,865,498	(\$61,370)
HCBS Waiver Administration	\$19,821	\$24,708	\$4,887
Medicaid Administration	\$19,048	\$19,048	\$0
Targeted Case Management	\$294,680	\$312,457	\$17,777
Title XX Block Grant	\$213,421	\$213,421	\$0
(1) Social Services	\$136,264	\$136,264	\$0
(2) Temporary Assistance for Needy Families	\$77,157	\$77,157	\$0
Intermediate Care Facility-Developmentally Disabled State Plan Amendment	\$63,256	\$56,277	(\$6,979)
Intermediate Care Facility-Developmentally Disabled Quality Assurance Fees	\$9,959	\$9,959	\$0
1915(i) State Plan Amendment	\$522,254	\$515,380	(\$6,874)
Early Periodic Screening Diagnosis and Treatment	\$28,514	\$27,272	(\$1,242)
Behavioral Health Treatment Fee-for-Service	\$13,296	\$13,296	\$0
Self-Determination Program Waiver	\$19,792	\$41,872	\$22,080
<b>Total Reimbursements</b>	<b>\$4,130,909</b>	<b>\$4,099,188</b>	<b>(\$31,721)</b>

Federal Funds

The budget year includes \$54.1 million in Federal Funds, a net decrease of \$30.7 million compared to the updated current year budget. The decrease is due to receipt of one-time federal funds in FY 2021-22 to support Part C (Early Start) services through the Individuals with Disabilities Education Act.

<b>Federal Funds</b> (Dollars in Thousands)			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Early Start Part C/Other Agency Costs	\$83,658	\$52,923	(\$30,735)
Foster Grandparent Program	\$1,140	\$1,140	\$0
<b>Total Federal Funds</b>	<b>\$84,798</b>	<b>\$54,063</b>	<b>(\$30,735)</b>

**STATE OPERATED FACILITIES****FY 2021-22**

The FY 2021-22 updated State Operated Facilities budget includes \$335.1 million TF (\$298.4 million GF), a net increase of \$7.7 million TF (\$6.1 million GF) compared to the Enacted Budget. The increase reflects various control section adjustments.

**Policy**

There is a net increase of \$7.7 million TF (\$6.1 million GF) in policy expenditures as compared to the Enacted Budget.

**Updated Policies:**

- Item 9800 increases employee compensation by \$10.7 million TF (\$9.7 million GF).
- Control Section 4.05 reduces ongoing expenditures by \$2.0 million TF (\$1.0 million GF).
- Enhanced Federal Funding: A decrease of \$1.6 million GF due to an anticipated extension through June 30, 2022 of the FFCRA, which provides a temporary 6.2 percentage point increase.
- Control Section 3.60 reduces employee retirement by \$546,000 GF.
- Retention Stipend Reappropriation: A decrease of \$500,000 GF reflects the delay in final disposition of Fairview and Sonoma Developmental Center properties.

<b>Costs and Fund Sources</b>			
<i>(Dollars in Thousands)</i>			
	<b>Enacted Budget</b>	<b>FY 2021-22</b>	<b>Difference</b>
Personal Services	\$259,253	\$266,915	\$7,662
Operating Expenses and Equipment	\$58,986	\$58,990	\$4
Lease Revenue Bond	\$9,151	\$9,154	\$3
<b>Total Costs</b>	<b>\$327,390</b>	<b>\$335,059</b>	<b>\$7,665</b>
General Fund (GF)	\$292,225	\$298,355	\$6,130
<i>GF Match</i>	\$25,471	\$23,888	(\$1,583)
<i>GF Other</i>	\$266,754	\$274,467	\$7,713
Reimbursements	\$35,039	\$36,574	\$1,535
Lottery Fund	\$126	\$130	\$4
<b>Fund Sources</b>	<b>\$327,390</b>	<b>\$335,059</b>	<b>\$7,669</b>

**FY 2022-23**

The FY 2022-23 includes \$315.5 million (\$281.9 million GF), a net decrease of \$19.5 million (\$16.5 million GF decrease) compared to the updated current year.

**Updated Policies:**

- COVID-19 Response: A decrease of \$15.0 million GF due to one-time funding in FY 2021-22 for surge sites.
- Deferred Maintenance: A decrease of \$5.0 million GF due to one-time funding in FY 2021-22.
- Enhanced Federal Funding: A decrease of \$3.1 million in reimbursements due to the anticipated end of the temporary 6.2 percentage point increase authorized by FFCRA.
- Retention Stipend Reappropriation: An increase of \$500,000 GF due to the continued warm-shutdown operations at Fairview and Sonoma Developmental Centers.
- Item 9800 increases employee compensation by \$482,000 TF (\$437,000 GF).

<b>Costs and Fund Sources</b>			
<i>(Dollars in Thousands)</i>			
	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>Difference</b>
Personal Services	\$266,915	\$267,397	\$482
Operating Expenses and Equipment	\$58,990	\$38,965	(\$20,025)
Lease Revenue Bond	\$9,154	\$9,158	\$4
<b>Total Costs</b>	<b>\$335,059</b>	<b>\$315,520</b>	<b>(\$19,539)</b>
General Fund (GF)	\$298,355	\$281,890	(\$16,465)
<i>GF Match</i>	\$23,888	\$27,051	\$3,163
<i>GF Other</i>	\$274,467	\$254,839	(\$19,628)
Reimbursements	\$36,574	\$33,500	(\$3,074)
Lottery Fund	\$130	\$130	\$0
<b>Fund Sources</b>	<b>\$335,059</b>	<b>\$315,520</b>	<b>(\$19,539)</b>

**Capital Outlay**

The Governor's Budget includes a reappropriation of \$3.9 million GF in FY 2022-23 for the construction phase to install a fire sprinkler system capital outlay project at the Porterville Developmental Center.

**HEADQUARTERS****FY 2021-22**

FY 2021-22 includes \$167.0 million TF (\$86.8 million GF), a net increase of \$16.1 million TF (\$4.6 million GF decrease) from the Enacted Budget. The change reflects employee retirement and ongoing expenditure reductions from Control Section 3.60 and Control Section 4.05; adjustments to employee compensation in Item 9800; and the following.

- Enhanced Community Integration for Children and Adolescents: One-time funding of \$12.5 million ARPA to support community social recreational connections for children.
- Reimbursement System Project: Reappropriation of \$6.1 million GF due to unanticipated delays.
- Modernize Developmental Services Information Technology Systems: One-time funding of \$6 million ARPA and \$1.5 million in matching reimbursements to support the initial planning process to update the regional center fiscal system and implement a statewide Consumer Electronic Records Management System.

**FY 2022-23**

FY 2022-23 includes \$135.5 million TF (\$80.7 million GF), a net decrease of \$31.5 million TF (\$6.1 million GF decrease) compared to the updated current year budget. The decrease is comprised of employee retirement and ongoing expenditure reductions from the Control Section 3.60 and Control Section 4.05; adjustments to employee compensation in Item 9800; and nine Budget Change Proposals.

- Early Start – Part C to B Transitions: Increase of \$1.2 million TF (\$1.0 million GF), two CEAs, one SSM III, three CPS II, and contracting costs to improve the management and outcomes of statewide services for children and their families. These resources will also oversee implementation of statewide initiatives that are responsive to stakeholder recommendations for improving the transition of children from Part C Early Start services to Part B special education services.
- Clinical Monitoring Team Support: Increase of \$698,000 TF (\$558,000 GF), four Behavior Specialist (BS) II, and one Staff Services Manager (SSM) II to provide technical support for the development and monitoring of specialized community homes and services for consumers currently placed in or at risk for placement in congregate/institutional type settings and/or consumers in crisis.
- Safety Net Program Support: Increase of \$546,000 TF (\$437,000 GF), one Career Executive Assignment (CEA), one SSM II, and one Research Data Specialist (RDS) I to enhance the developmental services safety net program and focus on resource and navigation needs of consumers and/or their caregivers who are aging.

- Compliance with Federal Medicaid and HCBS Requirements: Increase of \$1.2 million TF (\$993,000 GF), three one-year limited term Community Program Specialist (CPS) II, four CPS II, one SSM I, and contracting costs to comply with the requirements for continued federal funding for Home and Community-Based Services programs and support legislative reporting requirements on the effectiveness of the Self-Determination Program.
- Administrative Support – STAR Homes, CAST, and Protective Services: Increase of \$968,000 TF (\$774,000 GF), two Associate Governmental Program Analyst, one Health Record Technician, one Standards compliance Coordinator, one SSM I, one Senior Personnel Specialist, and one Investigator to address mission-critical administrative support, protective services, and other related workload increases as STAR homes activate in the community.
- Information Security Staffing Support: Increase of \$905,000 TF (\$774,000 GF), one Information Technology Associate, two Information Technology Specialist (ITS) I, one ITS II, and consulting costs to support risk and compliance requirements and address network security needs.
- Reimbursement System Project Implementation and Maintenance and Operation Costs: Increase of \$6.5 million TF (\$6.4 million GF), two ITS II, and contracting costs to continue with the project implementation. This amount includes \$6.1 million GF reappropriated from FY 2021-22.
- Subminimum Wage Phaseout: Increase of \$253,000 TF (\$202,000 GF), one limited term SSM I for two years to implement Chapter 339, Statutes of 2021 (Senate Bill 639) to phase out the payment of subminimum wages for work performed by individuals with intellectual and developmental disabilities.
- Electronic Visit Verification (EVV) Phase II: Increase of \$5.9 million TF (\$2.3 million GF) for state and contract services to support the EVV project's continued progress towards implementation and operation.