

Contra Costa DD Council

Governor's January Budget Analysis

1/25/2023

Will Sanford, EBLC Co-Chair

The Plan for the Walk-thru

State High Level View

Department of Developmental Services Budget

- The component parts
- Individuals Served
- Community Services
 - Regional Center Operations
 - Purchase of Service
- Areas that need to be addressed

JANUARY BUDGET RELEASED NOW WHAT BUDGET TIMELINE

[Budget Summary \(ca.gov\)](https://www.ca.gov/budget)

Governor met the Statutory requirement to release on January 10th

Legislature Review Process

- Budget Hearings in March
 - Senate Budget Sub-Committee #3 Hearing on March 23rd
 - Assembly Budget Sub-Committee #1 – Not scheduled yet

Governor releases May Revise (update from January)

Legislature has until June 15th to submit a balanced Budget to the Governor, who has till June 30th to sign

High-Level Points

State is projecting a \$ 22.5 Billion Shortfall for Budget Year 2023-24

What changed?

- Less revenue from Capital Gains, Inflation and increase in Interest rates by the Federal Reserve.
- Due to the State Surpluses the last 2 years, the State invested heavily in:
 - K-12 education, expanding Transitional Kindergarten
 - Early Childhood supports
 - Expanded Health Care Coverage
 - Expanding housing availability
 - Reducing homelessness
 - Climate change efforts, etc.
- Maintain State reserves at their current levels

Governor's Proposed Actions

The Governor's proposed budget is planning to get to even by:

Funding Delays – **\$ 7.4 billion** {changing the start dates and timing of activities and projects – DDS – shift some grants to FY 2024-25}

Reductions/Pullbacks - **\$ 5.7 Billion** {funds proposed to be set-aside for future challenges}

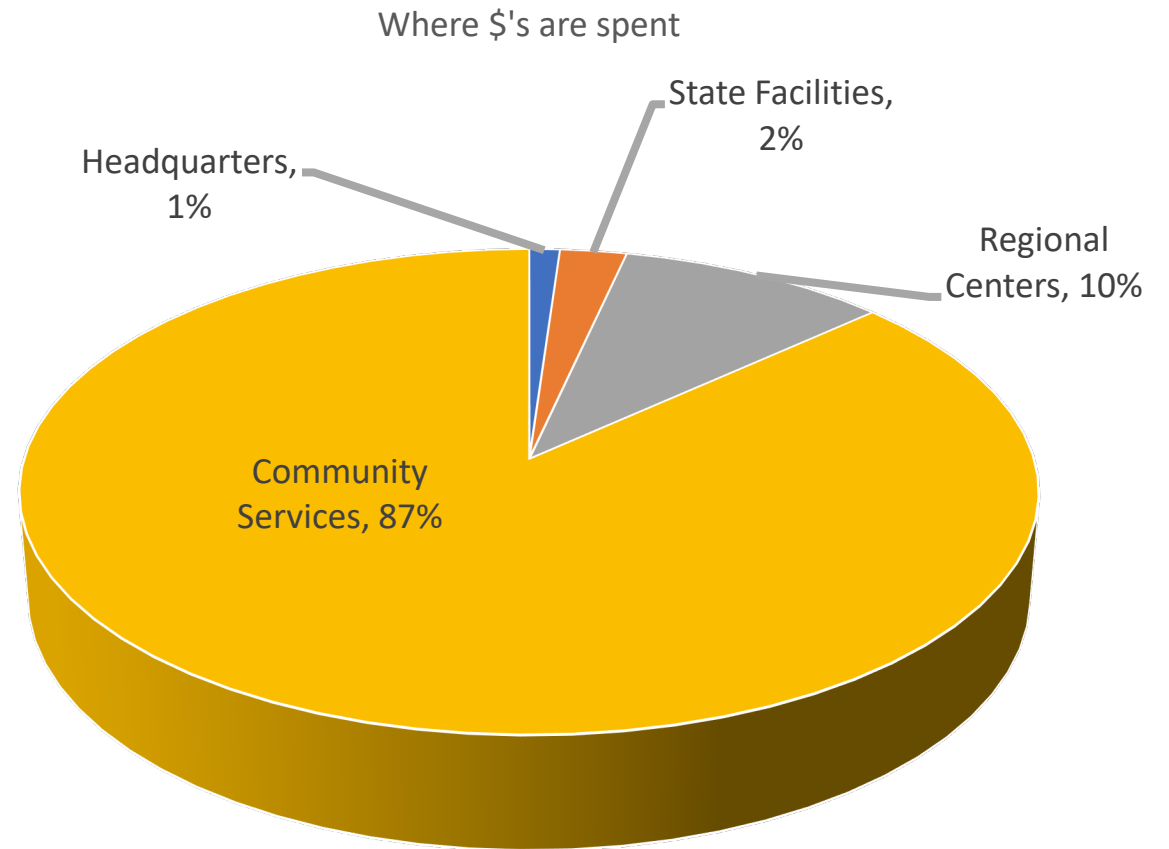
Fund Shifts - **\$ 4.3 Billion** {moving how funds will be used or acquired}

Reductions - **\$ 3.9 Billion** {reductions put in place now that can be restored if certain targets are hit – Climate and Transportation, housing, parks and Workforce Training}

Limited Revenue Generation and borrowing **\$ 1.2 billion**

DDS - Components

- The Department of Developmental Services Budget has 4 Components and the proposed budget for FY 2023-24 is:
 - Headquarters (DDS Staff)
\$155,651,000
 - State Operated Facilities
\$340,794,000
 - Regional Center Operations
\$1,385,303,000
 - Purchase of Service
\$12,269,203,000
 - Total DDS Budget
\$14,150,951,000



DDS – Where does the Money come from?

Funding Sources	FY 2022-23 – 1/10/2023	FY 2023-24 – 1/10/2023	Dollar Change	Percent Change
General Fund (State)	\$ 7,157,010,000	\$ 8,593,599,000	\$ 1,436,589,000	20%
Reimbursements (Fed)	\$ 4,484,944,000	\$ 4,828,847,000	\$ 343,903,000	7.6%
HCBS ARPA & Reimbursements (Fed)	\$ 851,470,000	\$ 669,194,000	<\$ 182,276,000>	<21.4%>
All other funds (Var)	<u>\$ 61,598,000</u>	<u>\$ 59,311,000</u>	<u><\$ 2,287,000></u>	<u><3.7 %></u>
Total I/DD Support	\$ 12,555,022,000	\$ 14,150,951,000	\$ 1,595,929,000	11.8%

Individuals Projected to be Served

Category	FY 2022-23 Enacted	FY 2022-23 – 1/10/2023	FY 2023-24 – 1/10/2023	Percent Change
Community-Based Individuals Served				
- Early Start	57,915	57,915	61,647	6.44 %
- 3 and over	<u>342,570</u>	<u>342,570</u>	<u>359,280</u>	<u>4.88%</u>
Total Community	400,485	400,485	420,927	5.10%
State Operated				
- Canyon Springs	56	56	56	0 %
- Porterville STP	231	231	221	<4.3%>
- STAR and CAST	<u>35</u>	<u>35</u>	<u>35</u>	<u>0%</u>
Total State Operated	322	322	312	<3.1%>

Regional Center Operations

- Regional Center Operations has 2 main components:
 - Caseload Support - \$ 1,033,031,000 {This provides the funds for Regional Center Staffing – using the Core Staffing Formula and related operating expenses}
 - Policy Support - \$ 352,272,000 {This provides funding for projects, changes in support, etc.} This year it has four pieces
 - Updates or changes to the current year spending
 - Updates to current policies for the next Fiscal Year
 - Continuation of current polices with no funding changes
 - New Policies to be implemented in Fiscal Year 2023-24

Policy Changes during FY 22-23 - Operations

- Updated Policy Changes and Funding during FY 2022-23
 - Early Start – Part C to B Transitions – **decrease of \$ 10 M**
 - The Early Start proposed grants are being delayed until FY 24-25
 - Lanterman Act Provisional Eligibility - increase of \$ 1.2 M due to caseload

Policy Changes for FY 23-24 - Operations

- Updated Policy Changes and Funding from FY 2022-23
 - One-Time Funding FY 2022-23 (**overall decrease \$ 196.3 M**)
 - Promoting Workforce Stability – **decrease \$ 185.3 M**
 - Service Access and Equity Grant Program – **decrease \$ 11 M**
 - On-going policy changes FY 2023-24 (overall increase \$1116.2M)
 - Enrolling Vendors as Medicaid Providers – **decrease of \$ 150,000**
 - Trauma Informed Services for Foster Youth – increase of \$ 1.6 M
 - Early Start Eligibility – increase of \$ 5.9 M
 - Lanterman Act Provisional Eligibility - increase of \$ 6.4 M
 - Reduced Caseload for children thru Age Five – increase of \$ 102.1 M

Policy Continuations for FY 23-24 - Operations

- Early Start – Part C to B Transitions - \$ 3.2 M
- Enhance Service Coordination - \$ 14.2 M
- Language Access and Cultural Competency - \$16.7 M
- Performance Incentives - \$ 87.5 M
- DSP Workforce training and development (tiers) – \$ 4.3 M
- Resources to support individuals who are Deaf - \$ 4.5 M
- Self-Determination On-going Implementation - \$ 7.8 M
- Service Provider Rate Reform - \$ 21.2 M

Proposed New Policy Changes for FY 23-24 - Operations

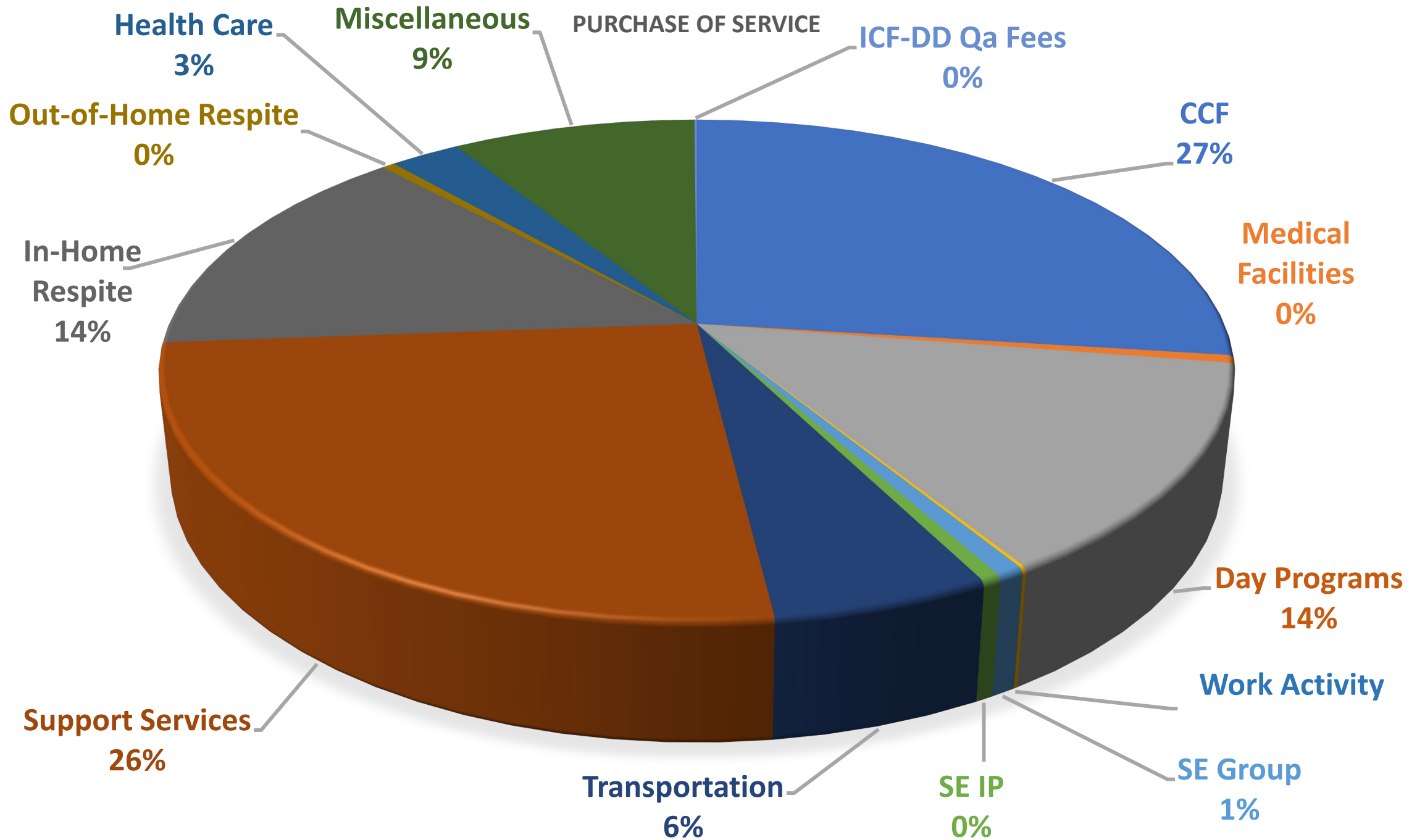
- New Proposed Policies FY 2023-24 (overall Increase \$ 12 M)
- UFSM (Uniform Fiscal System Modernization) & CERMS (Consumer Electronic Records Management System): Consulting contract to assist with Project approval Lifecycle change, Organizational change management and data management services – Increase of \$ 9.8 M
- Disparities within the Developmental Services System – implement statutory changes in public reporting on IPP's and Purchase of Service for individuals with IDD – Increase \$ 2.2 M

Purchase of Service

The funding for Caseload/Utilization based on Service types

Purchase of Service Policy – This is where new and/or changes to policies are identified, until they can be rolled into the overall Caseload/Utilization section, by service type. This year it has four pieces

- Updates or changes to the current year spending
- Updates to current policies for the next Fiscal Year
- Continuation of current polices with no funding changes
- New Policies to be implemented in Fiscal Year 2023-24



Policy changes during FY 22-23 - Community

- Updated and/or Funding Shift - Policy Changes during FY 2022-23
 - Shift of funds from Policy to POS Categories (decrease of \$ 232.3 M)
 - Forensic Diversion Program – decrease \$ 3.2 M
 - Half-Day Billing Elimination – decrease of \$ 2.85 M
 - Health Facility Rate increase for COVID– decrease of \$ 1.4 M
 - SB3, Minimum wage Increase 1/1/2022 – decrease of \$ 228.4 M
 - Youth returning from Out of State Foster Care – decrease of \$1.8 M
 - Adjustments to FY 2022-23 Policy Changes (overall increase \$ 5.3 M)
 - SB3, Minimum Wage increase 1/1/23 – decrease of \$ 9.3 M
 - Lanterman Provisional eligibility (ages 3 and 4) – increase of \$ 14.6 M {caseload}

Policy changes for FY 23-24 - Community

- Updated Policy Changes and Funding for FY 2023-24
 - One-Time Funding FY 2022-23 (**decrease of \$ 27 M**)
 - Work Activity Program: New Service Model – **decrease \$ 8.2 M**
 - Suspension of Annual Family Program Fee – **decrease of \$ 4.5 M**
 - Resources to support individuals who are deaf – **decrease of \$ 14.30 M**
 - On-going policy increases FY 2023-24 (overall increase \$ 536.9)
 - Service Provider Rate Reform – Increase of \$ 355.9 M
 - SB3, Minimum Wage increase 1/1/23 – increase of \$ 68.3
 - **NEW** SB3, Minimum wage (CPI Adjustment) 1/1/24 – increase of \$ 78.2 M
 - START Training for full year – increase of \$ 1.7 M
 - Lanterman Provisional eligibility – increase of \$ 22.1M {caseload}
 - Early Start Eligibility Change – increase of 9.3 M
 - Self-Determination On-going implementation – increase of \$ 1.4 M

Policy Continuations for FY 23-24 - Community

- Best Buddies Support - \$ 2 M
- HCBS Settings rule support - \$ 15 M
- Paid Internship Support and CIE incentives - \$ 29 M
- Bilingual differentials for DSPs - \$ 7.2 M
- Financial Management Services for SDP Participants – \$ 7.2 M
- DSP Workforce Training and Development - \$ 11.9 M
- Social Recreation and Camping Services - \$ 51.9 M

Our Ask (as of January 2023)

- EBLC is proposing the following as the key asks in January 2023
 - Regional Center Core Staffing Formula Reimagining/ Investment – Provide necessary supports to the community by funding Case Managers competitively across all levels.
 - Permanently, eliminate the Annual Family Program Fee and Family Costs program – It has promoted disparities and lack of access from many underserved communities.
 - Correct Rate Model issues, oversights and challenges – The implementation of the Rate Study is strongly investing in the needed services and supports for individuals with I/DD. It can be improved!