

HUMAN SERVICES

DEPARTMENT OF SOCIAL SERVICES (DSS)

- **Establishes Immigration Application Assistance.** In November 2014, the President announced executive actions to allow specified undocumented immigrants to temporarily remain in the country without fear of deportation, with status known as deferred action. The May Revision includes \$5 million General Fund for the Department of Social Services to deliver grants to non-profit organizations that provide application assistance to undocumented immigrants eligible for deferred action. For additional information regarding Presidential Immigration Actions, please see the Health section of this report.
- **Assumes full-year funding for Fair Labor Standards Act.** In September 2013, the U.S. Department of Labor's Fair Labor Standards Act (FLSA) established a Final Rule, which requires overtime pay for domestic workers and payment for activities not previously eligible for compensation, such as travel time between multiple recipients, wait time associated with medical accompaniment, and time spent in mandatory provider training. In January 2015, a federal district court vacated the federal Department of Labor's rule. On May 6, the court considered the federal governor's appeal; but in the interim, the state has halted implementation of required overtime pay.

Although a court decision may be unlikely by June 2015, a decision could result in immediate implementation within the budget year. The Governor's budget includes \$316 million in the budget year for implementation of the federal rule, and the May Revision continues to assume this full-year funding.

- **Adjusts caseload for In-Home Supportive Services (IHSS).** Due to increases in caseload, hours per case, and costs per hour, the May Revision increases funding for the program by \$147.6 million General Fund in current year and \$179.1 million General Fund in budget year.

In addition, the May Revision proposes to use one-time, unspent \$184 million General Fund – the amount included in the current year for implementation of the Fair Labor Standards Act – to offset increasing IHSS costs.

- **No new proposal regarding the restoration of the seven-percent across-the-board reduction.** The Governor's budget includes a proposal to create a new managed care organization (MCO) tax, which is projected to raise an additional \$215.6 million General Fund in revenues (to be matched with federal funds) to fully restore the seven-percent reduction in IHSS hours. The May Revision does not include a new proposal to restore the seven-percent reduction in IHSS services hours.
- **Adjusts caseload for CalWORKs.** The May Revision proposes to decrease General Fund and federal Temporary Assistance for Needy Families (TANF) block grant of \$97 million to reflect updated caseload projections since the Governor's budget. The Administration continues to project a declining CalWORKs caseload in current year (539,000) and budget year (525,000).

DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

PROPOSED DEVELOPMENTAL CENTER CLOSURES

- Proposes to initiate the closure of state developmental centers. Under the Governor's proposal, Sonoma Developmental Center would close by the end of 2018; and Fairview Developmental Center and the non-secure treatment portion of Porterville Developmental Center would close by 2021.
- Provides \$49.3 million (\$46.9 million General Fund) to begin the development of resources necessary to support Sonoma Developmental Center residents in the community and for closure activities. This includes:
 - \$46.7 million for program start-up and placement costs;
 - \$1.3 million for regional center operational costs;
 - \$1.3 million General Fund for 7.0 positions at headquarters, and reimbursement costs for one dedicated staff position at the Department of Social Services, to expedite the licensing of new facilities.

The department will convene a task force to discuss alternative uses for the Sonoma Developmental Center property.

DEVELOPMENTAL CENTERS

- Proposes a decrease of \$2.0 million General Fund, and a reduction of 19.0 positions, in the current year to reflect an updated estimate of admissions to the secure treatment program (STP) at Porterville Developmental Center from 32 to 20; in the budget year, the Governor proposes a net increase of \$0.8 million General Fund and a net reduction of 2.5 positions, updated to expand the STP from 170 beds to 211 (an increase of nine beds over the January budget), and designating the STP as adult beds only.
- Proposes a decrease of \$3.1 million (\$1.9 million General Fund) and a reduction of 46.1 positions in the current year, reflecting slower than expected hiring of key positions to implement program improvement plans (PIP) at both Fairview and Porterville developmental centers; \$1.2 million General Fund increase in the budget year to reflect a miscalculation of the amount of PIP implementation costs eligible for federal funding.
- Proposes a decrease of \$4.4 million in federal funds, offset by a corresponding increase of \$4.4 million General Fund, in the current year, to backfill for an additional four months of lost Medi-Cal reimbursements for the four decertified units at Sonoma Developmental Center; an increase of \$13.2 million to backfill for lost federal funding in the budget year.
- Proposes a net decrease of \$0.4 million (\$0.1 million General Fund increase) and a net reduction of 18.7 positions due to an update of operational needs at the developmental center and an increase of 25 in the average in-center resident population, over the Governor's budget.

COMMUNITY-SERVICES

- Proposes no rate adjustments for community-based services or increases for regional center operations.
- Proposes a \$73.9 million (\$52.4 million General Fund) increase to reflect caseload and utilization increases in regional center purchase-of-services (POS) and operations in the current year; and a \$120.8 million (\$82.9 million General Fund) increase in the budget year.

- Proposes a \$31.2 million decrease (\$16.4 million General Fund) in POS to reflect lower than anticipated costs in the current year associated with the July 1, 2014 minimum wage increase; and a \$31.2 million (\$16.5 million General Fund) decrease in the budget year.
- Proposes a \$20.7 million decrease (\$11.2 million General Fund) in the current year due to the United States District Court action to vacate the federal regulation regarding overtime for companionship service workers. However, the May Revision continues the funding provided in the January budget of \$24.4 million (\$13.1 million General Fund) to reflect the full year implementation of this policy, adjusted by a \$2.0 million increase (\$0.9 million General Fund decrease) to correct an error.
- Proposes an increase of \$1.7 million (\$0.9 million General Fund) to reflect an update of costs associated with the implementation of paid sick days by community service providers.
- Proposes an increase of \$9.8 million General Fund to reflect full year costs associated with the restoration of eligibility in the Early Start Program, approved in the 2014-15 budget.
- Proposes a decrease of \$3.0 million (\$1.5 million General Fund) to reflect an updated caseload estimate for providing behavioral health treatment (BHT) services as a Medi-Cal benefit to eligible recipients.
- Offsets a decrease of \$1.4 million in revenue from the Program Development Fund with an increase of \$1.4 million General Fund.
- Proposes a decrease of \$0.5 million in the Early Start, Part C grant, and a corresponding increase of \$0.5 million General Fund.
- Proposes a net \$61.5 million (General Fund) increase in the current year, reflecting prior year shortfalls in 2011-12 and 2012-13 due to overestimations of federal reimbursements not adjusted for cost-containment proposals enacted during these fiscal years and lower than anticipated savings from use of private insurance coverage of BHT services.