

Efficiently Addressing Unfunded Mandates

Unfunded mandates stemming from changes to local, state, and federal laws and regulations continue to impact the entire developmental disabilities services system. The most significant local and state laws affecting the services system today are related to minimum wage:

- Many California communities, will see a minimum wage increase for hourly employees over the next few years that outpaces scheduled statewide minimum wage increases.
- For instance, the City of Los Angeles and Los Angeles County will see an increase from \$10.50 per hour to \$12.00 per hour effective July 1, 2017. In July, the minimum wage in San Francisco will rise to \$14.00 per hour.
- When the statewide minimum wage is increased, funds are provided to enable service providers to pay their staff members the new minimum wage. Unfunded mandates in these cases include costs to pay all salaried employees at least twice the statewide minimum wage and staff with more seniority or responsibilities above the minimum wage (known as “wage compression”).

The Wrong Tools for the Job

- DDS and regional centers are prohibited from increasing existing service provider rates without following either the unanticipated rate adjustment or health and safety waiver processes.
- According to Title 17¹, community-based day programs and in-home respite providers can seek unanticipated rate adjustments directly from DDS.
- Between FY 2012-13 and FY 2014-15, only 33% of requests were approved. Even those that are approved do not cover the additional costs associated with salaried employees or wage compression.
- For all other services, regional centers must apply to DDS via the health and safety waiver process for each individual they support. Health and safety waivers were designed to increase individual vendor rates due to very unique needs that if not met would jeopardize individuals’ health and safety. One regional center is now expecting to receive 4,000 health and safety requests for transportation. This is a very time-intensive process that leaves providers paying higher wages without compensation for months on end.

Areas of Needed Clarity

- Different statutes conflict on whether individual health and safety waivers must be sought in response to the needs of a single or multiple individuals.² Guidance from DDS has also differed on this issue over time.
- Also unclear in implementation is whether unanticipated rate adjustments will be granted for this purpose without completing the health and safety waiver process.

These challenges reduce the ability of the developmental services system to meet the core mission – supporting people with developmental disabilities to live full, integrated lives in communities of their choosing.

¹ 17 CCR 57920 and 17 CCR 58420

² Welfare and Institutions Code Sections 4691.9 and 4691.6