California State Auditor

BUREAU OF STATE AUDITS

Department of Developmental Services:

Without Sufficient State Funding, It Cannot Furnish Optimal Services to Developmentally Disabled Adults

October 1999
99112

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CALIFORNIA STATE AUDITOR

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October 20, 1999 99112

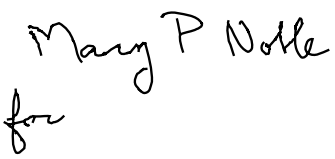
The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the ability of the State of California's 78,000 adults with developmental disabilities (consumers) to receive optimal services from organizations in the community (providers) and the statewide network of 21 independent, nonprofit regional centers.

This report concludes that although the State's service delivery system was designed to provide optimal services to consumers, its success has been undermined by insufficient state funding and budget cuts. The providers we surveyed unequivocally agree that their inability to compete for direct care staff—those individuals who work directly with the consumers—and receiving insufficient state financial support are the primary obstacles to consistently delivering quality services. Providers report that most of their direct care staff, who earn an average of $8.89 per hour, remain on the job barely two years. It takes providers almost three months to replace these staff, thus creating disruptions in services and impeding continuity for the consumers. Regional centers also report similar delays in replacing their case managers who leave, causing consumers to lose contact with the person who is key to ensuring that they get their services. The Department of Developmental Services is taking some steps to improve the system. However, until the State commits to ensuring that sufficient funding is available for this program, consumers will continue to receive less-than-optimal services to facilitate their inclusion into the community.

Respectfully submitted,



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Our review of the Department of Developmental Services' (department) program for adults with disabilities reveals that direct care staff:

- ☑ *Earn an average of $8.89 per hour with fewer than 40 percent offered benefits such as health insurance or sick leave.*
- ☑ *Remain on the job not quite two years.*
- ☑ *Have an average turnover rate of 50 percent.*

Regional center case managers, providing the primary contact for ensuring services to these adults:

- ☑ *Earn an average of $17.50 per hour, 6 percent less than case managers in public and private businesses performing comparable duties.*
- ☑ *Remain on the job at least three years.*
- ☑ *Have a much lower turnover rate (14 percent) than direct care staff.*

Furthermore, our review found that the State has not appropriated sufficient funds to ensure that consumers receive optimal services.

RESULTS IN BRIEF

The Lanterman Developmental Disabilities Services Act (Lanterman Act) charges the State of California with overseeing services to assist all people with developmental disabilities (consumers) who wish to become a part of their communities. The Department of Developmental Services (department) uses a statewide network of 21 independent, nonprofit regional centers to coordinate these consumer services. Case managers at the centers assist consumers with individual program plans that outline all services consumers need to achieve their desired goals, ranging from transportation to training in job or life skills. To carry out the plans, regional centers contract with organizations (providers) in the community for certain services. The providers hire the direct care staff that work directly with consumers.

The State's system was designed to provide optimal service to consumers, but its success has been undermined by insufficient state funding and more than $106 million in budget cuts over a four-year period. The cuts occurred in the early 1990s and have not been fully restored, preventing the program from paying rates that reflect current economic conditions. Some providers did not receive any rate increases for more than six years. Only within the last year has the State granted $33 million to increase rates for these providers.

Insufficient state funding figures prominently as one of the major obstacles that program providers report in delivering quality services to consumers. Providers we surveyed unequivocally agree that funding keeps them from effectively competing for qualified direct care staff in California's flourishing job market. On average, direct care staff make $8.89 per hour. Fewer than 40 percent of the providers we surveyed offer benefits such as health insurance or sick leave. Providers find it difficult to attract candidates who could easily make the same or more money in equivalent positions with seemingly less stressful duties. Once providers hire direct care staff, they find it difficult to retain them: The average turnover rate for the last approximately 3.5 years was 50 percent, with most staff staying not quite two years.

Lengthy job vacancies create further disruptions in services. Providers need almost three months to fill openings and new direct care staff require time to get to know the consumers and learn their needs. Continually establishing new relationships affects consumers as well; they regularly experience the loss of continuity in their services as well as the personal loss of familiar staff who assist them.

The regional centers we surveyed also report difficulties with hiring and retaining staff. The turnover rate for case managers was fairly low (14 percent) during the same period, and they remained in their positions three years or longer. However, these positions also have fairly lengthy vacancy rates. It takes about 2.5 months to fill the openings. The regional centers cite numerous causes for these delays, such as an unavailability of qualified personnel, the stressful nature of the work, and their inability to offer competitive salaries and career opportunities. Lengthy vacancies create further stress for the remaining staff, who must handle increased caseloads. The regional centers do not have sufficient state funding to hire enough case managers to relieve other case managers' loads. As a result, the managers are squeezed for enough time to properly address the consumers' needs, which can delay or disrupt services.

We found that direct care staff in the developmental centers serve a different, more profoundly needy population, so their duties generally do not compare to the provider's direct care staff. Therefore, we compared the wages of direct care staff and case managers under contracts with the department to those in comparable programs, specifically providers working for the Departments of Aging and Rehabilitation. Direct care staff under all three departments earn an average wage ranging between $8.60 and $9.10 per hour. Case managers under the department earn an average of $17.50 per hour, while those under the Department of Aging make about 40 cents per hour less. However, our survey indicates that there is no correlation between wages and required experience for either position among the departments. We further found that case workers in public and private businesses performing comparable duties earn an average of $18.55 per hour, more than case managers for the two state departments.

Although we found it difficult to assess the direct impact that insufficient state funding and staffing difficulties have on individual consumers, our survey indicates that the State must improve this delivery system so consumers can receive

consistent services, maintain long-term relationships with direct care staff, and thus integrate successfully with their communities. The department is taking some steps to improve the existing system, such as examining ways to revise the method it uses to pay certain providers and engaging a consultant to evaluate its budget process for the regional centers. However, until the State commits to ensuring that sufficient funding is available for this program, it will never be able to realize the spirit of the Lanterman Act.

RECOMMENDATIONS

To ensure that consumers receive optimal services from the State in accordance with the Lanterman Act, the Legislature must take interim measures to align state funding with program costs until the department improves the existing service delivery system and implements a new budget process for the regional centers. Any additional funding should be earmarked specifically for increasing compensation for qualified direct care staff and reducing the caseloads for regional center case managers.

To ensure that providers continuously receive funding that reflects current economic conditions, thus allowing them to compete for qualified direct care staff, the department should expedite the completion of its service delivery reform efforts.

Finally, to effectively oversee consumer plans at the regional centers, the department should carefully consider its consultants' recommendations for the regional center budget process and implement those it deems beneficial as quickly as possible.

AGENCY COMMENTS

The department shares the concerns expressed in our report regarding the importance of ensuring the availability of qualified and competent direct care staff for all programs serving persons with developmental disabilities. However, it believes that expenditure decisions should be made in the context of the needs of its service delivery system as a whole. ■

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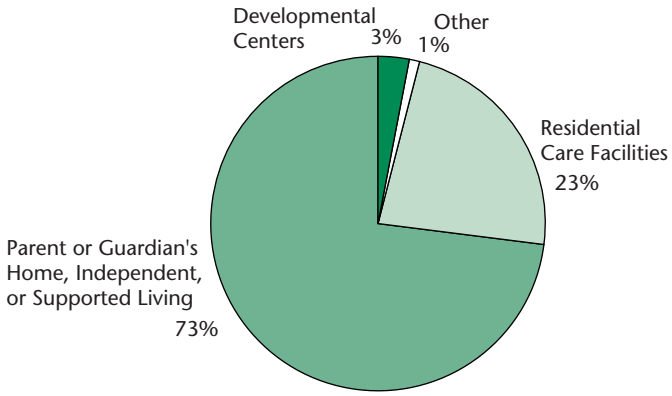
INTRODUCTION

BACKGROUND

The Lanterman Developmental Disabilities Services Act (Lanterman Act) charges the State with establishing a service delivery system for all people with developmental disabilities (consumers) to facilitate their integration into the community. Consumers with mental retardation, cerebral palsy, epilepsy, autism, or other conditions requiring similar treatment as for mental retardation can receive services for life as long as their disability begins before their 18th birthday. The Department of Developmental Services (department) administers the service delivery system. About 133,000 consumers receive services through the department. Most (73 percent) live at home with a parent or guardian, live independently and receive services as needed, or have a supported-living arrangement and receive continuous services. About 23 percent live in 24-hour residential care facilities, while only 3 percent reside in state-operated developmental centers. Figure 1 indicates what percentage of consumers live in each type of residence.

FIGURE 1

Department's Consumer Population Served by Resident Type as of June 30, 1999



Source: Department of Developmental Services' June 30, 1999, Report on Statewide Consumers by Age, Group, and Residence Type.

THE STATE'S SERVICE DELIVERY SYSTEM

In fiscal year 1999-2000, the State expects to spend more than $2 billion on its two primary programs for consumers: community services and developmental centers. To administer the community services program, the department contracts with a statewide network of 21 independent, nonprofit regional centers. The regional centers in turn assess and determine whether consumers should enter a developmental center or remain in the community. If the consumers remain in the community, the centers' case managers work with them, their families, and their advocates to choose the services that will best meet the consumers' needs and to develop an individual program plan. Figure 2 illustrates the process that regional centers use to ensure that consumers receive services under its community services program.

Few Consumers Live in Developmental Centers

The State operates five developmental centers, which provide 24-hour care and supervision to consumers. Residents of these facilities have greater medical and behavioral problems than do those living in the community. Of 3,700 residents living in developmental centers as of June 30, 1999, 67 percent have profound retardation, 70 percent have major medical problems, and more than 40 percent are frequently violent. To meet the residents' needs, the developmental centers use staff who are primarily psychiatric technicians and nurses.

Similar to the Lanterman Act, a 1993 lawsuit settlement, known as the Coffelt Settlement, calls for the State to help residents of developmental centers to integrate into their communities. As a result of this settlement, more than 2,300 consumers who have left the centers are now served by the community services program.

Services Available Through the Community Services Program

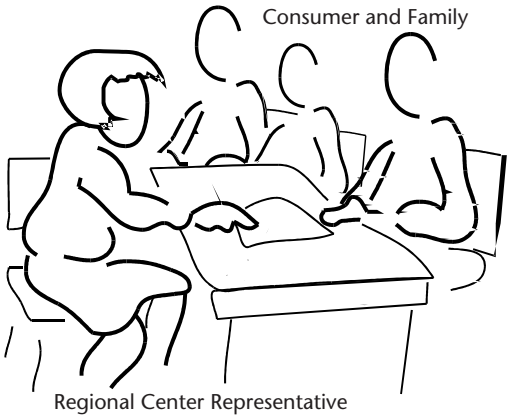
The regional centers' case managers are the primary contact for consumers in the community services program. They ensure that consumers receive the services outlined in their individual plans. Many services are available to consumers and their families, from community-based day programs that help consumers improve their social skills in community settings to programs that prepare infants and their families for school. Other services help consumers live in their own homes and travel to activities or include adult day care and in-home respite to caregivers. In

addition to referring consumers to services designed just for the developmentally disabled population, case managers refer consumers to public school system programs or to federal, state, and local government health and social programs.

FIGURE 2

Regional Centers Contract With Providers to Fulfill Consumer Needs

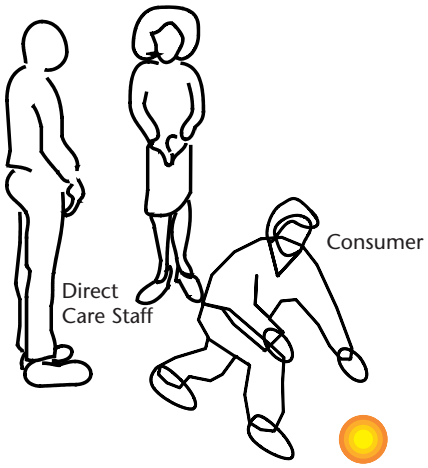
A planning team composed of the consumer, parents, guardians, or advocates, and a regional center representative jointly prepare the consumer's program plan. The planning team meets periodically to discuss the consumer's progress.



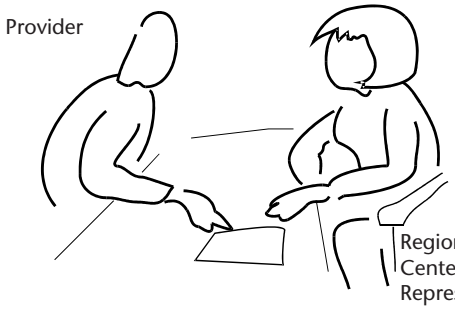
An individual program plan is an outline of agreed upon services aimed at achieving the consumer's desired goals. The plan considers the consumer's strengths, capabilities, preferences, lifestyle, and cultural background. It can include:

Objective
A consumer wants appropriate social and recreational opportunities.

Plan
The consumer will participate in a provider's recreational program.



The direct care staff work closely with the consumer to realize his or her goals and objectives.



Regional centers contract with various organizations (providers) to provide the services outlined in the consumer's plan. Additionally, they research other publicly funded programs available to consumers.

Direct Care Staff Perform Many Duties

The regional centers contract with providers, who are either private companies or nonprofit organizations, to assist the consumers with daily living or integration into the community. The providers hire direct care staff to meet their contractual obligations. For purposes of this audit, "direct care staff" are those employees whose primary duties require hands-on, face-to-face contact with consumers. This definition excludes professionals such as psychologists, nurses, and others whose primary job duties do not include direct care, as well as managers and supervisors who oversee staff.

Direct care staff perform different personal services, such as helping consumers select activities or access community resources. They also may assist consumers with daily life skills, such as managing money, cooking, and shopping, or may teach consumers self-advocacy and empowerment skills. Other direct care staff may coordinate recreational activities.

IMPOSING TRAINING REQUIREMENTS AND INCREASING WAGES WILL IMPROVE SOME DIRECT CARE SERVICES

In January 1998, the federal Health Care Financing Administration (HCFA), the agency that administers the nation's Medicaid program, reviewed certain home- and community-based services for consumers. Its review found serious deficiencies in the quality of care consumers receive, citing, among other things, that direct care staff in residential community care facilities lacked sufficient skills and training. To address this criticism, the department has established training requirements for these direct care staff and has increased their wages to retain qualified personnel.

HCFA reviewed the regional centers' records for 91 consumers; observed and interviewed the consumers at home and in their day programs; and interviewed providers, family members, and regional center staff. For purposes of this audit, we reviewed only those deficiencies HCFA identified in services from community-based providers. In this area, HCFA cited the skills and training of direct care staff. It found, for example, that direct care staff at one community care facility were unable to describe or present documentation of their training or their relevant work experience, even though they assisted consumers with

severe behavioral problems. Additionally, HCFA representatives observed that direct care staff at the visited sites could not readily identify conditions requiring prompt medical evaluation, nor did they know medical emergency procedures. The facilities also failed to offer regular, ongoing training for these direct care staff.

Responding to HCFA's findings, the State now requires the direct care staff of these facilities to complete 70 hours of training within their first two years of employment. Thus far, the State has completed the training curriculum for the first 35 hours, which includes an overview of developmental disabilities, effective communication, and basic knowledge of medications, emergency procedures, and personal care for consumers. In addition, the State has approved pay increases to these direct care staff while they meet training requirements. Their wages rose 10 percent in fiscal year 1998-99. Effective January 1, 2000, wages will rise an additional 10 percent, increasing the average hourly rate of $7 per hour to $8.48, including wages and benefits.

TWO OTHER STATE DEPARTMENTS OFFER SIMILAR PROGRAMS

The Department of Aging (Aging) and the Department of Rehabilitation (Rehabilitation) also offer services to the developmentally disabled population. Aging administers home- and community-based services to seniors, as well as to adults who become disabled after age 18, via a statewide network of 33 Area Agencies on Aging (area agencies). Under the provisions of the federal Older Americans Act of 1965, consumers can receive adult day care. Like the department's regional centers, the goal of the area agencies is to increase consumers' independence. They serve consumers directly or through nonprofit organizations or government agencies, such as cities and counties.

Likewise, Rehabilitation works with local community organizations to assist persons with disabilities to reach social and economic independence. Rehabilitation's primary goal is to rehabilitate individuals with physical and mental disabilities and place them into meaningful employment. To accomplish this, the agency sponsors supported employment services under its Habilitation Services program. Rehabilitation pays the salaries of "skill trainers" or "job coaches" who train, support, and counsel consumers at their job sites about work ethics and behavior on the job.

SCOPE AND METHODOLOGY

The Joint Legislative Audit Committee (JLAC) asked the Bureau of State Audits (bureau) to examine how turnover affects the ability of providers of direct care services for adults with developmental disabilities to provide quality care. Additionally, JLAC asked the bureau to identify and compare compensation and qualifications of direct care staff in community-based programs with those of staff that perform similar duties in developmental centers, regional centers, and other programs.

Of the 133,000 consumers the department serves, about 78,000 are adults (adult consumers). More than 60 percent of those adults live with a parent or guardian, independently, or in a supported-living arrangement. Because most of the consumers the department serves do not live in licensed residential facilities or developmental centers, our audit does not address the direct care staff in either of these facilities. Rather, our audit focuses on the direct care staff providers hire for selected services to adult consumers on an hourly or daily basis. Further, since the case managers at the 21 regional centers work closely with these consumers and their representatives to ensure that consumers receive necessary services, they too are included in our scope.

To understand the intent and design of the State's service delivery system, we interviewed the department's management and staff and reviewed relevant information such as department regulations, the Lanterman Act, and the Coffelt Settlement. Additionally, reviewing a January 1998 federal report and departmental budget information assisted us in understanding recent changes to the wages and training requirements for certain providers.

We surveyed 732 organizations to gather information on turnover of direct care staff, their compensation, the qualifications of staff hired, service delivery challenges, and the quality of care that consumers receive. Because some organizations provide more than one of the services we selected, we distributed 1,003 surveys. About 300 organizations returned 541 surveys, a response rate of 54 percent. We also surveyed and received responses from the 21 regional centers. The conclusions we drew from the survey are based on the organizations' actual responses. We excluded questions that organizations left blank. However, we did not perform independent tests of the accuracy of the information provided to us in the surveys. Please refer to the Appendix for additional information on our survey.

We took several steps to compare the compensation and qualifications of direct care staff working for the department's providers with those of staff who perform similar duties for developmental centers and for other state agencies. We found that staff in the developmental centers serve a different, more profoundly needy population, so their duties generally do not compare to the providers' direct care staff. We did, however, find comparable positions under certain programs administered by Aging and Rehabilitation and surveyed providers for these programs.

We mailed 180 surveys to providers offering supported employment services under Rehabilitation's Habilitation Services program. We also sent 210 surveys to 13 of Aging's area agencies and their providers. Aging does not maintain a comprehensive list of its providers, so we judgmentally selected the 13. The response rates for Rehabilitation and Aging's providers were 68 percent and 50 percent, respectively. Finally, using the California Employment Development Department's labor market information, we compared wages for positions with duties similar to those of the department's providers and the regional center's case managers.

Unfortunately, our attempt to evaluate the effect of turnover on the quality of consumers' care, using consumer complaints as an indicator, was unsuccessful. During our site visits to selected providers and regional centers, and in discussions with the department's staff, we noted that although the department has formal processes in place to address certain consumer complaints, a vast majority of complaints are handled informally by the regional centers and providers. Formal records are not maintained for all consumer complaints, so we do not know just what effect turnover has on the consumers.

Finally, to understand the status of the service delivery reform mandated by the Legislature, we interviewed the department's management and staff. We also reviewed a draft final report from the department's consultant that suggests ways to improve the regional centers' services to consumers. ■

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AUDIT RESULTS

Insufficient Funding Undermines Optimal Service Delivery to the State's Developmentally Disabled Population

SUMMARY

Inadequate state funding and budget cuts sustained in the early 1990s hamper the ability of regional centers and providers to adequately serve the State's 78,000 adult consumers. The providers we surveyed unequivocally agree that their inability to compete for direct care staff in California's flourishing job market and receiving insufficient state financial support are primary obstacles to consistently delivering quality services.

Providers also report an average turnover rate for their direct care staff of 50 percent for the past approximately 3.5 years, with most employees remaining on the job barely two years. It takes providers almost three months to replace these staff, thus creating disruptions in services and impeding continuity for the consumers, who are continually experiencing the loss of familiar faces and establishing new routines and relationships with different staff.

Although turnover is a serious problem among providers' direct care employees, it is not as much of a dilemma for the regional centers, who hire case managers to oversee the providers' delivery of services. The centers report a much lower turnover rate for their case managers during the same time period and take less time to replace the ones that move on. Specifically, the centers' case managers remain on the job an average of three years. When they do leave, they are replaced within about 2.5 months.

The regional centers do, however, contend with other obstacles. A shortage of qualified personnel and the stressful nature of the case managers' duties are the centers' primary difficulties in attracting, hiring, and retaining these staff. The delays of up to 2.5 months, coupled with insufficient state funds to increase wages and hire more staff, still disrupt the case managers' services to consumers. Most importantly, because the remaining

managers are forced to take on heavier caseloads, they have less time to properly manage their cases and address the consumers' needs. The case managers' ability to sustain regular contact with consumers is essential to ensuring quality services.

We found it difficult to assess the direct impact these factors have on individual adult consumers, but it is reasonable to conclude that this delivery system needs many improvements to reduce disruptions in their services. The Department of Developmental Services (department) is taking some steps to improve the existing system; however, until the State commits sufficient funding to this program, consumers will continue to receive less-than-optimal services to facilitate their inclusion into the community.

PROVIDER RATES AND CASE MANAGER SALARIES DO NOT REFLECT CURRENT ECONOMIC CONDITIONS

Direct care services to consumers are funded almost exclusively by the State.

The services of the providers and regional centers, whose goal is to assist consumers to integrate with their communities, are funded almost exclusively by the State. The State's system was designed to provide optimal service to adult consumers, yet insufficient funding hampers providers' and regional centers' ability to appropriately supply services and retain staff. Inadequate state funding often forces regional centers to pay providers rates that do not reflect current economic conditions, which increases the chance that consumers will receive fewer or inferior services and increases the difficulty providers have in retaining staff. Likewise, case manager salaries lag behind salaries for similar positions. The length of time it takes for regional centers to fill these vacancies and the managers' heavy caseload hinder the timely delivery of services to consumers.

Pay Rates for Some Provider Services Are Based on Outdated Cost Data

Regional centers base the amount they pay providers on the customary rate the general public pays for the same services, rates they agree upon in contract negotiations, or rates set by the department. Although the customary and negotiated rates may more accurately represent the centers' current costs, some rates set by the department may not. In particular, rates for community-based day programs—which develop the social and daily living skills of the consumers in the community, and for those who provide in-home respite services for caregivers—do not.

The department uses a method developed in the late 1980s to establish these rates: It compares the actual costs of similar programs throughout the State to develop a range of rates. The belief was that the rates would evolve over time to allow for differences in geographical areas and flexibility in program services. Beginning in fiscal year 1990-91, the department set each provider's rate based on the provider's costs from the previous fiscal year and continues to pay them as long as their costs fall below or within the allowable range. Providers whose costs exceed the upper limit of the range do not receive full compensation.

For six years the State did not provide sufficient funding to allow certain providers to receive rate increases.

If the State had increased funding, providers would have received a rate adjustment every two years; however, there were no rate increases between fiscal years 1992-93 and 1997-98. Even though the department estimated it would need $7 million to $11 million more annually to fund increased costs for day programs and in-home respite care, it was not until September 1998 that the State granted about $33 million in additional funding. Although the increase allowed these providers to receive rate adjustments, it was only enough to fund rates based on their fiscal year 1995-96 costs and to bring rates for some providers up to the lower limit of the allowable range. Furthermore, their rates will remain at this level until the department revises its current rate-setting process or receives additional state funding.

To compensate for the shortfall in state funding, some providers are at times forced to use creative means to raise extra money or add staff. They sometimes seek donations, hold fund-raisers, or even use interns from the local high school and colleges to attract competent staff. Providers believe that an inability to offer competitive compensation and benefits to staff and the lack of state financial support are the primary hurdles to delivering quality care in these programs. Please see Table 1 for all hurdles that providers reported in the survey. Responses are in the order of the department providers' frequency of response. The percentages of the top three responses of the three departments' providers are in bold face print.

TABLE 1

What Providers Believe Hinders Quality Care

Hurdles	Department Providers	Aging Providers	Rehabilitation Providers
Lack of competitive compensation/benefits	**64.7%**	**42.9%**	**65.0%**
Lack of state financial support	**55.8**	**51.4**	**61.8**
Lack of experienced and trained staff	**44.7**	**25.7**	**53.7**
High staff turnover	32.5	19.0	31.7
Insufficient resources for staff training	28.7	20.0	30.1
Insufficient technical assistance*	13.3	8.6	8.1
Lowering of minimum requirements for staff	7.9	3.8	12.2
Other†	7.2	21.0	8.1
Inability to reach consumers in remote areas	7.2	21.9	6.5

* The department's providers responded to "Insufficient regional center technical assistance," while Rehabilitation's providers responded to "Insufficient state technical assistance." However, Aging's providers responded to "Insufficient Area Agency on Aging technical assistance."

† Because they are the focus of our report, we discuss only the department's providers' specific responses below.

The department's providers other comments varied, but include concerns such as staff burnout due to stressful duties, low referral rates from regional centers, low pay for demanding jobs, and lack of jobs for consumers with significant disabilities.

Delayed Budget Adjustments Cause Case Managers' Salaries to Lag

Insufficient funding for regional center operations does not enable the centers to hire enough case managers to oversee consumer services. As a result, these managers have heavy caseloads, which may delay services to consumers or diminish their quality, and create a stressful work environment.

When developing the budget for its 21 regional centers, the department uses salary estimates for case managers that lag behind the inflation rate. Since 1978, the department has used a legislatively mandated model called the "core staffing formula" for determining the regional centers' budget for staff wages. However, between fiscal years 1990-91 and 1998-99, the core

staffing formula salary estimates remained the same, keeping case manager salaries static while California's inflation rate rose by 21 percent. The State has recently acknowledged this problem and will allot regional centers $21 million over the next two years, starting with fiscal year 1998-99, to increase the wages of current staff.

We asked regional centers to report on the three major hurdles they face in delivering quality care. One of their primary challenges is an inability to offer competitive compensation and benefits to case managers; however, the centers listed "other" concerns with equal frequency. The other concerns include heavy caseloads, the need for bilingual staff, and a shortage of available providers. The centers believe that insufficient resources for staff training and a lack of state financial support present further barriers to delivering quality direct care services. Please see Table 2 for all hurdles that regional centers reported in the survey.

TABLE 2

What Regional Centers Believe Hinders Quality Care

Hurdles	Response
Lack of competitive compensation/benefits	**47.6%**
Other*	**47.6**
Insufficient resources for staff training	**42.9**
Lack of state financial support	33.3
Lack of experienced and trained staff	28.6
High staff turnover	14.3
Inability to reach consumers in remote areas	14.3
Lowering of minimum requirements for staff	9.5
Insufficient state technical assistance	0

* The regional centers' other comments are varied, but include concerns such as the need for bilingual staff, heavy caseloads, a shortage of providers, and continually changing requirements.

Only Part of the Budget Cuts Were Restored

Between fiscal years 1991-92 and 1994-95, the State reduced funding to regional centers by more than $106 million. Centers use these funds to manage their operations and to purchase services for consumers. As of June 30, 1999, the State has given the centers only $9 million to compensate for these budget cuts. The State plans to allocate an additional $9 million for regional center operations. These funds will be used to hire more case managers. Table 3 details the budget cuts by year.

TABLE 3

Regional Centers Suffered Significant Budget Cuts

Fiscal Years	Reductions in Funds for Regional Center Operations	Reductions in Funds Used to Purchase Services for Consumers
1991-92	$15,757,340	$15,757,340
1992-93	18,620,000	31,380,000
1993-94	1,250,000	3,750,000
1994-95	5,000,000	15,000,000
Subtotal	**40,627,340**	**65,887,340**
Restoration as of June 30, 1999	(8,938,000)	0
Remaining budget shortfall	$31,689,340	$65,887,340

Source: Department of Developmental Services.

Because the department's purchases for consumers are based on historical data through November 1998, it is unable to determine exactly how much of the $66 million has not been restored.

PROVIDERS REPORT THAT LOW PAY AND FEW QUALIFIED PERSONNEL HINDER ATTRACTING, HIRING, AND RETAINING STAFF

Providers say they face significant obstacles in attracting, hiring, and retaining staff to supply direct care to consumers. Their direct care staff perform an array of services, ranging from

assisting consumers with personal care, shopping, and cooking to developing basic self-help skills for their health, money management, or self-advocacy. Because of the wide variety of duties they perform, no single set of standards or qualifications can be established. Nevertheless, those working under the three state agencies (Aging, Rehabilitation, and the department) unequivocally agree that low pay and the lack of skilled personnel keep them from hiring enough qualified staff. Please see Table 4 for more complete information from the survey. Responses are in the order of the department providers' frequency of response. The percentages of the top three responses of the three departments' providers are in bold face print.

TABLE 4

Providers' Hurdles to Adequate Staffing

Hurdles	Department Providers	Aging Providers	Rehabilitation Providers
Noncompetitive salaries/benefits	**63.8%**	**41.9%**	**71.5%**
Salary not commensurate with area cost of living	**49.0**	**39.0**	**55.3**
Lack of qualified personnel	**32.9**	**41.0**	**43.1**
Stressful nature of work	28.3	6.7	11.4
Lack of career opportunities	23.8	19.0	20.3
Insufficient labor pool	21.8	29.5	32.5
Candidates unsuitable for the type of work	20.1	21.0	16.3
Inability to hire full-time staff	19.8	21.9	20.3
Employee transportation issues	7.9	5.7	6.5
Other*	7.8	7.6	4.1
Repetitive nature of work	6.8	4.8	3.3

* Because they are the focus of our report, we discuss only the department's providers' specific responses below.

The department's providers' other comments include varied concerns, such as the inability or expense in conducting complete reference checks for prospective employees, lack of opportunity for advancement, irregular or insufficient work hours, and salaries that are not commensurate with competing employers.

Direct care staff, earning an average of $8.89 per hour, could readily become teachers' aides, hospital orderlies, or janitors, and receive comparable pay for seemingly less stressful jobs.

Based on the California Employment Development Department's (EDD) labor information, we found that jobs with comparable duties usually pay more than what direct care staff receive. Coordinating group recreational activities for boarding schools and college fraternities or sororities, for example, pays an average hourly wage of $9.64, about 75 cents per hour or 8 percent more than providers pay their direct care staff. The average hourly wage for full-time and part-time direct care staff is $8.89 per hour. Also, only 39 percent of providers offer any benefits to their direct care staff such as time off, insurance, or retirement. Direct care staff could readily become teachers' aides, hospital orderlies, or janitors to receive comparable wages for seemingly less stressful jobs.

High turnover is a further indication that these positions are difficult to fill. Providers report a 50 percent turnover rate for direct care jobs in the last approximately 3.5 years. They also say it takes almost three months to fill vacant positions, disrupting services to consumers.

Insufficient Funding Hinders Providers' Competitive Edge for Qualified Staff

Inadequate state funding leaves community-based providers in a less advantageous position to compete for employees in California's flourishing job market. Between 1993 and 1998, service industry jobs in California increased 22 percent, with strong growth specifically in home health care services and health-related personal care. Meanwhile, the average annual unemployment rate has dropped from 9.4 percent in 1993 to 5.7 percent in 1999. Strong job growth, coupled with low unemployment rates, creates more attractive employment options and diminishes providers' ability to compete for employees.

Full-Time Staff Have Higher Wages and More Benefits Than Part-Time Workers

The department's providers employ roughly equal numbers of full-time and part-time staff. In comparing staff compensation packages and turnover rates for both groups, we found that 55 percent of the providers offer some benefits to full-time staff, yet only 25 percent offer any to part-time staff. Table 5 indicates the differences in pay and benefits.

TABLE 5

Full-Time Staff Receive Higher Wages and More Benefits and Stay Longer

Category	All Direct Care Staff	Full-Time	Part-Time
Average hourly wage	$8.89	$9.37	$8.26
Percent of providers offering any benefits	39%	55%	25%
Turnover rate	50%	43%	57%

Source: Bureau of State Audits' survey results.

Note: The turnover rate was computed using an average of rates from January 1, 1996, to May 31, 1999.

COMPENSATION FOR DIRECT CARE STAFF IS NOT UNIFORM THROUGHOUT THE STATE

Providers working with the three state departments report differences in wages, turnover rates, and the time it takes to fill vacant positions. For example, the department's providers pay their direct care staff varying wages, depending on where they work. Also, these providers usually pay employees with only a high school education more than Aging's and Rehabilitation's providers do. However, for some positions with comparable duties, providers working with Aging pay higher wages and require staff to have more education.

Overall, direct care staff under all three departments earn average wages ranging between $8.60 and $9.10 per hour. However, we noted differences among—as well as within—the departments in average hourly wages, turnover rates, and the time it takes to fill vacant positions for full-time versus part-time staff. Please see Table 6 for a detailed comparison for providers of all three departments.

TABLE 6

Wages, Turnover, and Vacancy Rates for Direct Care Staff Under Three State Departments

	Average Hourly Wage	Turnover Rate	Average Number of Months to Fill Vacancies
All Positions			
Department	**$8.89**	**50.0%**	**2.9**
Aging	8.59	31.5	1.7
Rehabilitation	9.11	51.0	4.5
Full-Time Only			
Department	**9.37**	**42.5**	**2.7**
Aging	10.68	30.6	1.9
Rehabilitation	9.29	41.9	4.1
Part-Time Only			
Department	**8.26**	**56.6**	**3.0**
Aging	7.57	31.9	1.4
Rehabilitation	8.35	61.8	4.9

Source: Bureau of State Audits' survey results.

Note: The turnover rate was computed using an average of rates from January 1, 1996, to May 31, 1999.

Bay Area Providers Pay Substantially More Than Most Providers Pay Elsewhere

Depending on their location, some direct care staff working for the department's providers can receive significantly higher wages—sometimes over $3 per hour more—than do staff in other areas. For instance, staff working in the far northern region of the State make an average of $7.58 per hour, yet staff working within the counties of Marin and San Mateo make an average of $10.78 per hour. Figure 3 shows average hourly wages by geographical area.

FIGURE 3

Average Hourly Wages for Direct Care Staff Can Vary Sharply by Geographical Area

Source: Bureau of State Audits' survey results.

*Los Angeles includes seven regional centers.

The Department's Providers Pay Higher Wages to Some Staff Than Other State Agencies Do

The department's providers generally pay more than other state agencies do for certain direct care staff and even report lower turnover rates for some positions. Respite workers who work mostly part-time, for example, earn an average of $7.51 per hour from the department's providers while those who work for Aging's providers earn $7.18, the lowest rates for all positions we compared. Although providers for both departments require respite workers to have comparable experience, more of the department's providers offer training and benefits. However, both experience similar difficulty in filling vacancies for respite worker positions, even though the department's providers report a lower turnover rate.

Regular respite workers provide the consumer with companionship and their families or caregivers with temporary relief. Some of their duties include light housekeeping, cooking, and assisting with personal care, shopping, or personal business.

The department's providers generally require:

- high school education or its equivalent
- about 11 months of experience

And report that:

- about 64 percent offer training
- about 39 percent offer benefits

Aging's providers generally require:

- high school education or its equivalent
- about 11 months of experience

And report that:

- about 32 percent offer training
- about 21 percent offer benefits

Similarly, the department's providers pay their socialization coaches on average $9.24 per hour while providers for Aging pay just $7.45 per hour. The differences in wages may be reflective of the additional responsibility for planning activities that the department's providers require. However, the turnover rates are quite different; the department's providers report a rate of 50 percent while providers for Aging report a comparatively low rate of 30 percent. Conditions do not improve when the department's providers attempt to fill these vacant positions. They take nearly three times longer to fill socialization coach positions than providers for Aging do.

Socialization coaches primarily plan, prepare, and conduct activities to develop consumers' social skills.

Department's providers generally require:

- high school education or its equivalent
- about 12 months of experience

And report that:

- about 29 percent offer training
- about 27 percent offer benefits

Aging's providers generally require:

- high school education or its equivalent
- about 10 months of experience

And report that:

- about 47 percent offer training
- about 41 percent offer benefits

Further, the department's providers pay job coaches $1 more per hour, or 14 percent more, than Rehabilitation's providers pay, despite the fact that the experience requirements are comparable. Turnover rates vary greatly and, interestingly enough, seem to depend on whether the position is full-time or part-time. For example, the turnover rate is more than 70 percent for full-time job coaches working with the department's providers but only 42 percent for full-time coaches with Rehabilitation's providers. On the other hand, the turnover rate of 30 percent for part-time coaches working for the department's providers is significantly lower than the 62 percent turnover rate for part-time coaches working with Rehabilitation's providers. The department's providers also take much less time to fill vacant job-coach positions.

Job coaches train, support, and counsel consumers on the job site regarding work ethics and behavior. They also assist in developing job sites, coordinating public relations, and community interactions.

Department's providers generally require:

- high school education or its equivalent
- about 14 months of experience

And report that:

- about 44 percent offer training
- about 39 percent offer benefits

Rehabilitation's providers generally require:

- high school education or its equivalent
- about 11 months of experience

And report that:

- about 98 percent offer training
- about 78 percent offer benefits

The Department of Aging's Providers Offer Better Wages for Remaining Positions in Our Survey

The department's providers pay significantly less for life skills coaches and recreation program leaders than providers contracting with Aging. Specifically, the department's providers pay life skills coaches an average of $9.69 per hour while providers for Aging pay an average of $13.67. The pay difference could be attributed to the additional educational requirements that Aging providers generally require. Turnover rates under the department are higher as well. The department's providers have a turnover rate of more than 48 percent, while the rate for providers under Aging is about 33 percent. Additionally, it takes the department's providers more than three months to fill vacant positions compared with providers for Aging, who take about one month.

Life skills coaches plan and conduct activities for consumers that develop their daily living skills.

Department's providers generally require:

- high school education or its equivalent
- about 16 months of experience

And report that :

- about 44 percent offer training
- about 42 percent offer benefits

Aging's providers generally require:

- often more than high school education or its equivalent
- about 18 months of experience

And report that:

- about 48 percent offer training
- about 48 percent offer benefits

Recreation program leaders organize and lead diversified recreation, social, and developmental activities.

Department's providers generally require:

- high school education or its equivalent
- about 12 months of experience

And report that:

- about 55 percent offer training
- about 50 percent offer benefits

Aging's providers generally require:

- often more than high school education or its equivalent
- about 14 months of experience

And report that:

- about 48 percent offer training
- about 45 percent offer benefits

Recreation program leaders are additional direct care staff who get significantly lower wages from the department's providers. In fact, they make about $2.50 less per hour than employees who work for Aging's providers in the same classification. Again, as with its life skills coaches, Aging's providers generally require more education for these recreation positions and have a lower turnover rate (30 percent) than the 45 percent rate the department's providers experience. Additionally, the department's providers take almost twice as long to fill their vacancies.

DELAYS IN FILLING CASE MANAGER POSITIONS DISRUPT SERVICE

Although the situation is not as bleak as it is for providers seeking direct care staff, regional centers have similar difficulties in attracting, hiring, and retaining staff for their critical case management positions. Most case managers work full-time and stay on the job at least three years. Although their turnover rate for the past approximately 3.5 years was a fairly low 14 percent, when case managers do leave, it takes about 2.5 months to fill the vacancies. Centers contracting with the department also take more than twice as long to fill these vacancies as those who contract with Aging, which can create lengthy disruptions in consumer services.

Case managers assist consumers by participating in their plan development, purchasing services, making referrals to available public programs, and monitoring their progress.

For this position, regional centers report that:

- There is a 13.7 percent turnover rate
- It takes about 2.6 months to fill vacant positions

They generally require:

- A four-year degree
- About 2.4 years of experience

Most regional centers state that they offer new employee training and benefits 100 percent of the time to their full-time case managers.

The regional centers explained that several factors contribute to delays in replacing their case managers. Listed in order of importance, their obstacles to attracting, hiring, and retaining case managers are lack of qualified personnel, stressful nature of the work, noncompetitive salaries and benefits, lack of career opportunities, and an insufficient labor pool. Please see Table 7 for more information on responses to the survey.

TABLE 7

Regional Centers' Hurdles to Adequate Staffing

Hurdles	Response
Lack of qualified personnel	**57.1%**
Stressful nature of work	**47.6**
Noncompetitive salaries/benefits	**33.3**
Lack of career opportunities	**33.3**
Insufficient labor pool	**33.3**
Other*	23.8
Salary not commensurate with area cost of living	19.0
Repetitive nature of work	9.5
Candidates unsuitable for the type of work	4.8
Inability to hire full-time staff	0
Employee transportation issues	0

* Regional centers' other comments are varied, but include concerns about the excessive documentation required and the lack of opportunities to obtain work hours needed for licensure.

Delays in filling these vacant positions may mean that consumers lose contact with the person who is key to ensuring that they get services or to making important decisions concerning their plans. Furthermore, the remaining case managers must absorb the consumers into their own caseloads. Increased caseloads create a stressful work environment for the managers and hamper them from properly addressing consumers' needs.

Recent reviews by a federal agency and a consultant underscore the stressful work environment that case managers must endure. In January 1998, the federal Health Care Financing Administration (HCFA) noted that high turnover and heavy caseloads basically limit case managers' duties to crisis management. When case managers must focus only on urgent issues, their productivity decreases. They do not have the time to become familiar with individuals' needs and developmental progress. The consultant reviewing the department's budget process for

regional center operations further reported that the most frequent consumer and provider complaint was the inability to talk to the appropriate regional center staff on a timely basis. This suggests that case managers are too busy to properly follow up with their consumers.

Although Regional Center Case Managers Earn Wages Comparable to Those Working in Aging Programs, the Pay Still Trails the Market Rate

Individuals in social work positions with similar functions earn an average of $18.55 per hour, or 6 percent more than regional center case managers.

Most regional centers require new case managers to hold at least a bachelor's degree and have approximately 2.5 years of experience, while almost a quarter require their case managers to have certifications or licenses. Although the average wage for case managers working for the regional centers is about $17.50 per hour, the range of salaries varies a great deal. The average minimum salary is as low as $14.50 per hour and the average maximum rate is more than $21 per hour, yet there is no pattern by geographic area. The regional centers in Los Angeles illustrate this point. Two of the seven centers pay their case managers wages below the average minimum, but managers in other Los Angeles centers earn closer to the average maximum wage.

Furthermore, the regional center case managers earn wages comparable to their contemporaries who contract with Aging to provide similar services to seniors. Regional center case managers make about 40 cents an hour more than those working for Aging's providers, who earn an average $17.10 per hour, but their requirements for education, licenses, or certifications are less stringent.

Finally, case managers working for both the regional centers and Aging's providers earn about 6 percent less than the average the EDD reports for equivalent positions in private and public industry. According to EDD's annual survey of employers, individuals in social work positions with similar functions earn an average of $18.55 per hour and most have attended more than two years of college.

THE STATE MUST UNDERTAKE INTERIM MEASURES TO ALIGN ITS FUNDING WITH PROGRAM COSTS

The department is taking some steps to improve the existing service delivery system, such as examining ways to revise the method it uses to pay certain providers and engaging a consultant

to evaluate its budget process for regional centers. However, unless the State supports the department's efforts by allotting sufficient funds for this program, the efforts to improve this service delivery system will not succeed.

One struggle the department faces in implementing its new rate structure is how to measure the quality of service that consumers receive from providers. Each consumer's plan is different, so the department's challenge is to devise an equitable evaluation of the providers' performance that takes into account consumers' progress toward their goals. However, the primary struggle will be obtaining sufficient funding to implement any changes the department makes to the existing service delivery system.

As part of the Budget Act of 1998, the Legislature directed the department to reform its rate structure. The department is developing a new performance-based rate structure for certain providers, which will be based on consumer outcomes. In the fall of 1998, the department convened a service delivery reform committee composed of interested stakeholders, including consumers, their families, providers, and service provider associations, to assist in the development of its rate structure. The committee's mission is to assure that services are consistent with the intent of the Lanterman Developmental Disabilities Services Act (Lanterman Act).

The department believes that system reforms will provide consumers with enhanced services focusing on individual outcomes and satisfaction.

There are also subcommittees for the five programs under review: residential services, supported living, adult day care, infant development, and respite care. For these programs, the committee plans to update the definition of services available to consumers, adopt personal outcome statements, establish performance indicators and measurements, reach an agreement on the system for paying providers, and recommend changes to the existing laws and regulations. The department expects to take up to four years to fully implement the committee's recommendations.

The department expects that its significant reforms will reflect a continuing shift in its service delivery system. Currently, the regional centers purchase services for consumers and their families based on the availability of programs that providers offer. The department believes that under the new system, instead of placing consumers in available programs, regional centers will develop services that focus on consumer outcomes and satisfaction. Further, providers will be held accountable for achieving consumer goals and evaluated on their success in

ensuring that goals are met. The new system also will contain incentives for providers to improve and enhance services to consumers. However, unless the State apportions sufficient funding for these changes, consumers will continue to receive less-than-optimal services despite the department's efforts.

Key Improvements to the Regional Center Budget Process Will Require $14 Million

Recognizing that the "core staffing" formula it uses to determine regional center funding is outdated, the department hired a consultant to develop a more appropriate budget methodology. In a June 1999 draft of its final report, the department's consultant commented that the "core staffing formula has outlived its usefulness and was designed to budget for a different environment than exists today." As one example, the formula does not include sufficient resources for the centers' information technology and training support staff. The department estimates it needs $14 million to fund these and other essential positions that the existing formula excludes.

RECOMMENDATIONS

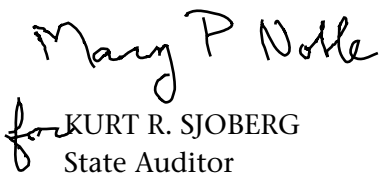
To ensure that consumers receive optimal services from the State in accordance with the Lanterman Act, the Legislature must take interim measures to align state funding with program costs until the department completes its reforms. Any additional funding should be earmarked specifically for increasing compensation for qualified direct care staff and reducing the caseloads for regional center case managers.

To ensure that providers continuously receive funding that reflects current economic conditions, thus allowing them to compete for qualified direct care staff, the department should expedite its service delivery reforms.

Finally, to effectively oversee consumer plans at the regional centers, the department should carefully consider its consultants' recommendations for the regional center budget process and implement those it deems beneficial as quickly as possible.

We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



KURT R. SJOBERG
State Auditor

Date: October 20, 1999

Staff: Karen L. McKenna, CPA, Audit Principal
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APPENDIX

A Description of Our Survey Process and Selected Results

This appendix provides a more thorough description of our survey and a summary of results for certain questions organizations providing services to adult consumers in the community (providers) and the 21 independent, nonprofit regional centers (regional centers) answered.

Using the Department of Developmental Services' (department) databases, we created a listing of purchases for consumers by service code for the period of July 1, 1998, to March 31, 1999. These data allowed us to select the services described in our glossary, which are provided on an hourly or daily basis to consumers in the community. From this list, we excluded providers who were identified as parents and those who did not provide services more than once during the period. We also obtained a list from the department for providers of supported living services.

In developing our survey questionnaires, we conducted site visits to obtain an understanding of the practical implementation of the service delivery system and to gain some insight into the challenges that both providers and regional centers face. We asked representatives from the department, Association of Regional Center Agencies, California Rehabilitation Association, ARC, and California Coalition of United Cerebral Palsy Associations to assess our cover letter and survey. In addition, we asked them to describe any other concerns or questions we should address. We assessed their responses and made any necessary changes to the survey questionnaires before distributing them to the regional centers and providers.

We employed the assistance of a consultant to design our survey, tabulate the survey responses, and provide us with various reports to allow us to analyze and interpret the results. However, we did not perform independent tests of the accuracy of the information provided to us in the surveys.

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GLOSSARY

The following is a description of the services that we examined in our report:

Activity Center: These centers serve adults that have most basic self-care skills and some ability to interact with others or make their needs known, and an ability to respond to instructions. Activity centers develop and maintain the functional skills required for self-advocacy, community integration, and employment.

Adult Day Care Facility: Centers that provide nonmedical care to persons 18 years of age or older who need personal services, supervision, or assistance essential for daily living or for their protection on less than a 24-hour basis.

Adult Development Center: Centers that help adults acquire self-help skills. Individuals who attend these centers generally need sustained support and direction to interact with others, make their needs known, and respond to instructions. Adult development center programs develop and maintain the functional skills required for self-advocacy, community integration, employment, and self-care.

Behavior Management Program: These services are for adults with severe behavior disorders or dual diagnosis who, because of their behavior problems, are not eligible for any other community-based day program. A consumer with a dual diagnosis is developmentally disabled and mentally ill.

Community Integration Training Program: A program that teaches consumers to interact with others in the community.

Homemaker Program: A program that provides services to maintain, strengthen, or safeguard the care of individuals in their homes.

Independent Living Program: Independent living trains adult consumers for a self-sustaining, independent living situation in the community. Independent living programs focus on functional skills training for consumers with basic self-help skills and those who, because of their physical disabilities, do not possess basic self-help skills. These programs employ aides to assist adult consumers in meeting their personal needs.

In-Home Respite Services: Services furnished in the consumer's own home designed to temporarily relieve family members from the constant demands of caring for a consumer; assist family members in maintaining the consumer at home; provide appropriate care and supervision to protect the consumer's safety in the absence of family members; and assist the consumer with basic self-help needs and other activities of daily living, including interaction, socialization, and the continuation of daily routines.

Mobile Day Program: Services provided to consumers who are unable to attend day programs outside their homes.

Social Recreation Program: A program that provides community integration and self-advocacy training in recreational and leisure pursuits.

Socialization Training Program: A program that provides socialization opportunities for school age developmentally disabled persons.

Supported Living Services: Services provided to consumers who choose to live in their own homes. These services are offered regardless of the degree of disability and are provided as often as needed. The choice to live in a supported living arrangement must be specified in the consumer's individual program plan. Typically, a service agency works with the consumer to coordinate needed services.

BENEFITS EMPLOYERS OFFER THEIR DIRECT CARE STAFF

Provider responses to the question: What benefits do you offer your employees?

TABLE 8

Benefits Offered to Direct Care Staff

	Department Providers	Aging Providers	Rehabilitation Providers
Insurance			
Medical	29.6%	33.2%	58.7%
Dental	25.7	28.0	54.1
Vision	13.8	20.3	34.0
Life insurance	18.1	21.0	42.3
Other insurance*	9.2	9.5	20.6
Retirement			
Other retirement*	13.8	16.9	34.5
Pension	7.3	14.7	20.1
Time off benefits			
Holiday	30.6	40.2	67.0
Vacation	30.3	39.7	63.9
Sick leave	27.8	38.4	61.8
Other time-off benefits*	11.0	15.5	29.4
Other benefits*	9.8	12.2	22.2
No answer	60.2	58.5	22.2

* Because they are the focus of our report, we discuss only the department's providers' specific responses below.

Some of the department's providers report they offer other insurance for long- and short-term disability, other retirement includes tax-sheltered annuities or retirement options, and other time-off benefits for personal and bereavement leave. Additional other benefits that some of the department's providers offer include cafeteria plans, employee assistance programs, educational assistance, health club or gym memberships, and reimbursement for mileage or personal automobile use.

BENEFITS REGIONAL CENTERS OFFER THEIR CASE MANAGERS

Regional center responses to the question: What benefits do you offer your employees?

TABLE 9

Benefits Offered to Case Managers

Benefits	Response
Insurance	
Medical	84.6%
Dental	84.6
Vision	51.3
Life insurance	87.2
Other insurance*	66.7
Retirement	
Other retirement*	38.5
Pension	84.6
Time off benefits	
Holiday	84.6
Vacation	84.6
Sick leave	84.6
Other time-off benefits*	56.4
Other benefits*	59.0
No answer	7.7

* Some of the regional centers report they offer insurance for long-term disability, other retirement that includes tax-sheltered annuities, and other time-off benefits for educational and bereavement leave.

NEW EMPLOYEE TRAINING EMPLOYERS OFFER THEIR DIRECT CARE STAFF

Provider responses to the question: What training do you provide new employees?

TABLE 10

New Employee Training for Direct Care Staff

	Department Providers	Aging Providers	Rehabilitation Providers
Policies and procedures	46.3%	44.3%	97.9%
Reporting requirements such as special incidence reporting	45.3	42.2	95.3
Consumer rights and services	45.1	36.6	96.9
Health issues such as personal care, nutrition, and infection control	44.7	38.2	85.1
Safety issues including first aid and CPR	44.4	41.5	91.2
Other*	12.6	12.2	21.2
No answer	53.3	53.3	2.1

* Because they are the focus of our report, we discuss only the department's providers' specific responses below.

Some of the department's providers report they offer other types of training to new employees, including behavior management, crisis intervention and prevention, health and safety issues other than those listed above, and training on the delivery system.

NEW EMPLOYEE TRAINING REGIONAL CENTERS OFFER THEIR CASE MANAGERS

Regional center responses to the question: What training do you provide new employees?

TABLE 11

New Employee Training for Case Managers

Training	Response
Policies and procedures	94.9%
Reporting requirements such as special incidence reporting	94.9
Consumer rights and services	94.9
Quality assurance	87.2
Technical/computer training	89.7
Other*	41.1
No answer	5.1

* The regional centers report they offer other training to new employees. Each regional centers' training is distinct.

CONTINUING EDUCATION EMPLOYERS OFFER THEIR DIRECT CARE STAFF

Provider responses to the question: What continuing education do you offer your employees?

TABLE 12

Continuing Education for Direct Care Staff

	Department Providers	Aging Providers	Rehabilitation Providers
Behavior training such as intervention and coaching strategies	38.8%	28.9%	84.0%
Safety issues such as disaster preparation, and drug and alcohol awareness	37.6	38.8	69.1
Federal, state, and local requirement updates	29.3	28.7	51.5
Interpersonal skill development, including conflict resolution and leadership	27.4	31.6	50.0
Other*	8.1	9.9	6.7
No answer	56.4	56.4	11.9

* Because they are the focus of our report, we discuss only the department's providers' specific responses below.

Some of the department's providers report they offer other continuing education in health and safety issues other than those listed above, including CPR, first aid, defensive driving and vehicle safety, and training on the delivery system.

CONTINUING EDUCATION REGIONAL CENTERS OFFER THEIR CASE MANAGERS

Regional center responses to the question: What continuing education do you offer your employees?

TABLE 13

Continuing Education for Case Managers

Continuing Education	Response
Behavior training such as intervention and coaching strategies	59.0%
Safety issues such as disaster preparation, and drug and alcohol awareness	66.6
Federal, state, and local requirement updates	71.8
Interpersonal skill development, including conflict resolution and leadership	76.9
Other*	20.5
No answer	17.9

* The regional centers report they offer other continuing education, but the subject matter varies.

SUGGESTIONS FROM PROVIDERS AND REGIONAL CENTERS ON IMPROVING THE QUALITY OF SERVICES THAT CONSUMERS RECEIVE

We asked the department's providers how their programs could be improved. We also asked regional centers how services for consumers could best be improved. The following represents a few of their verbatim responses.

Providers' Comments:

- By being able to offer competitive salaries and therefore increasing ability to hire and retain qualified staff.
- Continue to assist with rate increase and training.
- Increase our rates enough to allow us to compete in the marketplace.
- Increase salaries to reduce staff turnover, which leads to consistency in services provided to clients.
- Improve vendor payment rates so as to make it a cost-effective, as well as personally rewarding, business choice.
- Increasing wages to attract and maintain people who would choose human services as a career rather than attracting those who are looking for a "job."
- There needs to be more funding to pay higher wages and increase benefits. That will alleviate some staff turnover, allow us to hire more qualified staff, and be able to provide higher quality care to our clients.

Regional Centers' Comments:

- Reduce caseloads lower than 1:62.
- Continue to lower caseload size and improve salaries.
- Funding level consistent with federal and state mandates, and consistent with area cost of living.
- We have been forced to lower our years-of-experience requirement from four to three to two due to low salaries—make budget appropriate to the task.
- The capability of individual case managers to know their clients by increasing face-to-face contact, and the knowledge of resources and expertise of case managers.

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Agency's response provided as text only.

Department of Developmental Services
1600 Ninth Street, Room 310, MS 3-3
Sacramento, CA 95814

October 8, 1999

Mr. Kurt R. Sjoberg
State Auditor
California State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

> Draft Audit Report Entitled "Department of Developmental Services: Without Sufficient State Funding, It Cannot Furnish Optimal Services To Developmentally Disabled Adults"

Department of Developmental Services (DDS) appreciates the opportunity to provide feedback on this important issue. First, we wish to compliment the work done by your audit team, who were very courteous, open, and willing to listen to the many people who had perspectives on this issue which is reflective in the quality of the product that was produced.

RESPONSE TO RECOMMENDATIONS

DDS appreciates the attention being paid to issues which directly affect the quality of services provided to our clients. We share the concern expressed by the audit team, and by our many constituents, regarding the importance of ensuring the availability of qualified and competent direct care staff for all of the programs serving persons with developmental disabilities.

Towards this end, the State has, over the past two years, taken a number of actions designed to enhance service quality. In doing so, we have taken a broad approach that views the system as a whole, rather than focusing on single issues in isolation. We believe this is essential because our consumers, by and large, interact with an entire system, not simply with one service or provider.

Thus, over the past two years we have worked to focus our improvements on key elements that will improve the systemwide functioning of our programs. Some of the salient changes include the following:

- Wage Increases and Training Programs for direct care staff in community care facilities. Through these efforts, staff wages will increase by an average of 20 percent, and the staff will receive training and must pass a competency exam to continue working with consumers living in the community. This cost of these will exceed $90 million annually.

- Day Program and In-Home Respite Rate Increases. A total of $27.4 million was appropriated for this purpose in 1998-99. Also added was a requirement that the Department redesign its day program service system so as to establish a new performance-based consumer outcome rate setting methodology.

- Increase in Regional Center Case Managers. A total of $56 million has been funded (1)* to add 855 additional case managers in the regional centers, and to improve the salaries of these staff.

- Quarterly Monitoring of Consumers in the Community. More than $9 million was added to provide sufficient staffing to enable the regional centers to conduct quarterly face-to-face visits with consumers in all types of community living situations.

- Clinical Teams. Thirty-five teams of health professionals were established at the regional centers, at a cost of $10 million annually. These teams provided the resources to ensure that consumers have access to medical, dental and behavioral services they need, as well as providing the regional centers with the ability to carefully monitor consumer health care .

(2) • Minimum Wage. Over $40 million was provided to increase the wages of the direct care staff working both in day programs and in residential programs.

The foregoing augmentations reflect the State's legitimate interest in improving the care of–and the lives of–persons with developmental disabilities. Moreover, it is important to remember that, while these improvements constitute the largest and most critical changes to our service system, a substantial number of other enhancements have been made as well in areas such as rates for supported living and increased access to community health care.

This is not to say that we believe the current service system is perfect and needs no further change. On the contrary, we continually review the functioning of our system, utilizing not only information from automated data systems, but input from clients and

* California State Auditor's comments on this response appear on page 49.

their families, regional center staff and management, the Legislature, advocacy groups and interested external parties. All of these voices have helped guide the direction we have taken over the past few years, and can share in the credit for the improvements we have put in place. We will continue listen to and work with these individuals in the future.

At the present time, one of our major activities involves reforming the system by which we provide residential services, day programs, supported living programs, respite services, and infant programs to thousands of individuals. As in prior efforts, we are involving a broad array of interested parties. This effort is as complex as it is critical, yet it offers the promise of establishing not only a more equitable rate system, but a more consumer-oriented service model that is focused on meaningful individual outcomes.

With respect to the report's recommendation regarding regional centers' case management staff, DDS has just received the final report by the consultant. Please note that the study conducted by the consultant is much broader than case management staff and addresses all staffing needed by regional centers to meet state and federal mandates. DDS is reviewing the report and will forward its recommendations to the Legislature.

Lastly, though the report recommends that any available funds be earmarked for increasing compensation for direct care staff and reducing the caseloads of regional center managers, we believe it is important that expenditure decisions be made in the context of the needs of our service system as a whole. It is important that all constituencies with an interest in our issues have an opportunity to discuss expenditure priorities, and we believe that our annual Budget and Legislative processes afford the best opportunities for such participation.

Again, DDS wishes to thank you and your staff for the work done on this report.

Cordially,

(Signed by: Kenneth Buono for)

CLIFF ALLENBY
Director

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COMMENTS

California State Auditor's Comments on the Response From the Department of Developmental Services

To provide clarity and perspective, we are commenting on the Department of Developmental Services' (department) response to our audit report. The numbers correspond to the numbers we have placed in the response.

(1) The department's depiction of the use of the $56 million is not quite accurate. Only $39 million has been specifically earmarked to reduce regional center case manager's workloads from staff to consumer ratios as high as 1:90 to 1:62 and to improve the salaries of these staff. The department is silent on the fact that the remaining amount will fund other than case manager positions. Some regional centers, as stated on page 43 of the report, believe that services to consumers can be improved by further reducing caseloads.

(2) Compliance with revisions to the State's minimum hourly wage does not demonstrate a departmental initiative to increase the wages for direct care staff.

cc: Members of the Legislature
Office of the Lieutenant Governor
Attorney General
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps