

DEPARTMENT OF DEVELOPMENTAL SERVICES

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December 22, 2016

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: MINIMUM WAGE INCREASE

Effective January 1, 2017, due to the implementation of Senate Bill (SB) 3, the minimum wage in California will increase from \$10.00 to \$10.50 per hour for employers with 26 or more employees. As authorized by the 2016 State budget and the 2016 changes to the Welfare and Institutions Code (WIC) sections 4681.6(b), 4691.6(f) and (g), and 4691.9(b), many vendors will either receive, or be eligible to request, a rate increase if necessary to adjust employees' pay to comply with the new minimum wage. This letter contains information on the types of vendors that are affected and what process will be used to make necessary rate adjustments.

Providers with Rates set by the Department of Developmental Services (Department):

The changes in the WIC referenced above, allow Community-Based Day Programs, In-Home Respite Agencies, and Work Activity Programs, to submit rate adjustment requests to the Department due to the increase in minimum wage for vendors employing 26 or more employees. To request a rate adjustment, providers of these services must submit to the Department, information on only those costs necessary to increase an employee's actual hourly wage to the new \$10.50 per hour minimum wage rate and associated mandated employer costs (e.g. Social Security, Medicare, and workers' compensation).

Vendors must submit actual wage and mandated employer cost information for affected employees only and total program units of service provided for the period of July, August, and September 2016, or an applicable period of up to three (3) months. The Department will provide regional centers a copy of all letters sent to service providers in response to rate adjustment requests.

“Building Partnerships, Supporting Choices”

Vendors may begin submitting requests to the Department, with a copy to the vendoring regional center. However, all rate adjustment requests must be received by the Department no later than March 1, 2017.

General information about the increase in minimum wage, as well as detailed instructions and a workbook for submitting rate adjustment requests to the Department, can be found at the following website: www.dds.ca.gov/minwage/

Providers with Rates set through Negotiation by Regional Centers:

The changes in 2016 Statute also allows regional centers to negotiate rate adjustments with providers in order to pay employees no less than the minimum wage effective January 1, 2017. The rate adjustment must be specific to the unit of service that is affected by the new minimum wage and shall only include those costs necessary to increase an employee's actual hourly wage to the new \$10.50 per hour minimum wage rate and associated mandated employer costs (e.g. Social Security, Medicare, and workers' compensation). Regional centers may use a worksheet similar to the one developed by the Department discussed above, to assist in processing negotiated rate adjustment requests; and must maintain documentation on the process to determine the rationale for granting any rate adjustment associated with minimum wage. Vendors should submit rate adjustment requests to the vendoring regional center by March 1, 2017

By April 30, 2017, regional centers must provide the Department information on all rate adjustments negotiated with vendors. The Department will follow up with regional centers on the process for reporting the needed information.

Providers with Other Rates:

- Alternative Residential Model (ARM) rates/respice facilities: The ARM rates, effective January 1, 2017, for community care facilities, are enclosed. These rates also affect respice facilities (service code 869).
- Non-Mobile Supplemental Rate: Pursuant to Title 17, section 57530, the supplemental reimbursement rate for Community-Based Day Programs will increase to \$1.40 per hour.

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If you have any questions regarding this letter, please contact Mayra Jimenez, Assistant Chief, Rates and Fiscal Support Section, at (916) 654-2300.

Sincerely,

Original signed by

JIM KNIGHT
Assistant Deputy Director
Community Services Division

Enclosure

cc: Regional Center Community Services Directors
Regional Center Administrators
Regional Center Chief Counselors
Association of Regional Center Agencies