

DEPARTMENT OF DEVELOPMENTAL SERVICES

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December 17, 2021

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: MINIMUM WAGE INCREASE EFFECTIVE JANUARY 1, 2022

Effective January 1, 2022, due to the implementation of Senate Bill (SB) 3, the minimum wage in California will increase from \$14.00 to \$15.00 per hour for employers with 26 or more employees and from \$13.00 to \$14.00 per hour for employers with 25 or fewer employees. As authorized by the current state budget and Welfare & Institutions (W&I) Code 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. Due to an increase in the State's minimum wage under Senate Bill (SB) 3, many vendors will be eligible to request a rate increase if necessary to adjust employees' pay to comply with the new minimum wage.

Providers with Rates Set by the Department

The changes in W&I Code referenced above allow Community-Based Day Programs, In-Home Respite Agencies, and Work Activity Programs to submit rate adjustment requests to the Department of Developmental Services (Department) due to the increase in minimum wage. 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 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 2021, or an applicable period of up to three (3) months from January through December 2021. The Department will provide regional centers a copy of all letters sent to service providers in response to rate adjustment requests.

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, 2022. 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/rc/vendor-provider/minimum-wage/

"Building Partnerships, Supporting Choices"

Providers with Rates Set through Negotiation by the Regional Centers

Statute allows regional centers to negotiate rate adjustments with providers in order to pay employees no less than the minimum wage effective January 1, 2022. 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 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 referenced above to assist in processing negotiated rate adjustment requests and must maintain documentation on the process for granting any rate adjustment associated with minimum wage. Vendors should submit rate adjustment requests to the vendoring regional center by March 1, 2022.

By April 30, 2022, 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

Rates updated as applicable for the following services, effective January 1, 2022, are as follows:

- Non-Mobile Supplemental Staffing (Reimbursement pursuant to Title 17, California Code of Regulations section 57530)
 - o The new rate for service codes 505 and 525 is \$1.80 per consumer hour.

Rate Schedules

Alternative Residential Model (ARM) Rates effective January 1, 2022:

- ARM rates were previously emailed to regional centers on December 3, 2021, and can be found on the Department's website.

Notification to Providers

The Department will notify applicable community-based day programs and in-home respite agencies of their new rates for minimum wage rate increases; regional centers will also receive this information so that provider rates can be adjusted. Regional centers will need to notify the community care facilities and all other applicable service providers of the new rates and make the necessary rate adjustments.

Regional Center Executive Directors
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If you have any questions regarding this correspondence, please contact Yasir Ali, Chief, Rates and Fiscal Support Section, at (916) 654-2302 or yasir.ali@dds.ca.gov.

Sincerely,

Original signed by:

MARICRIS ACON
Deputy Director
Federal Programs Division

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Services Directors
Association of Regional Center Agencies
Nancy Bargmann, Department of Developmental Services
Carla Castañeda, Department of Developmental Services
Brian Winfield, Department of Developmental Services
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Jim Knight, Department of Developmental Services
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