

TRI-COUNTIES REGIONAL CENTER

EXECUTIVE DIRECTOR REPORT

March 12, 2011

I. FY 2010-2011 & FY 2011-2012 BUDGET UPDATE

- **Attachment #1:** CDCAN Report #011-2011 – Governor Brown Proposes Massive Cut to Developmental Services; Major Cuts to IHSS. . .
- **Attachment #2:** FY 2011-2012 Governor’s Budget Highlights for Department of Developmental Services
- **Attachment #3:** ARCA Analysis of FY 2011-2012 Governor’s Budget Proposal
- **Attachment #4:** ARCA FY 2011-2012 Governor’s Budget Proposal Position Statement
- **Attachment #5:** ARCA Guiding Principles for 2011
- **Attachment #6:** CDCAN Report #019-2011 – Assemblymember Beall Introduces Bill That Would Require Private Health Insurance To Pay For Critical Services For People With Autism Spectrum Disorders
- **Attachment #7:** CDCAN Report #039-2011 – Thousands at State Capitol Hearing And Rally Protest Governor’s Budget Cuts to Regional Centers & Other Health & Human Services as Legislature Moves Closer to Taking Final Action
- **Attachment #8:** CDCAN Report #067-2011 – Budget Conference Committee Will Meet at 2:00 PM Today – Additional 12 Page Agenda Released – Additional \$50 million in State General Fund Cut Added to Developmental Services Reductions
- **Attachment #9:** ARCA Outline of Actions by the Budget Conference Committee
- **Attachment #10:** Trailer Bills Issued by the Department of Finance Pertaining to Regional Centers

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- **Attachment #11:** DDS Letter to ARCA Regarding Process for Development of Statewide POS Standards

Governor Brown issued his official annual state budget proposal on January 10, 2011. The budget proposal attempts to address the continuing unprecedented budget crisis facing the state for the current FY 2010-2011 and the new budget year, FY 2011-2012 that begins on July 1, 2011. The state is facing a total projected budget shortfall of approximately \$25 billion by the end of the FY 2011-2012 budget year and ongoing projected budget deficits of over \$20 billion every year through at least 2016 unless permanent actions are taken regarding revenues and spending by the Governor and the Legislature. The Governor has proposed \$12.5 billion in spending reductions and a 5 year extension of \$8 billion in temporary tax increases that are scheduled to expire this year unless voters agree to extend them in a yet to be scheduled June special election. The Governor is seeking a supermajority vote of the Legislature that would necessitate support from at least four Republican legislators to place the continuation of the tax increases on the June ballot for voters to decide. As of March 10, 2011 the Governor and the Republican legislators are at an impasse.

The Governor's plan has called for major reductions to numerous health and human services programs including Medi-Cal (\$1.7 billion), In-Home Supportive Services (additional 8.6% across the board reduction in service hours and requirement of doctor's certification for eligibility), Supplemental Security Income/State Supplemental Payment Program (Reduction of monthly benefit from \$845 to \$830), CalWORKS (\$1.5 billion), Healthy Families (Increase in premiums and co-payments and elimination of vision care benefit), and Mental Health Services (**Attachment #1**).

For developmental services, including regional centers, the Governor proposed a total reduction of \$750 million effective July 1, 2011. This proposed reduction consists of continuing the existing 4.25% payment reduction to regional center operations and service provider rates, implementation of statewide service standards and implementation of transparency and accountability measures. The overall reduction also assumes a \$50 million infusion from Proposition 10 funds and another \$65 million from the Medicaid 1915(i) waiver. The Governor's proposal also included building into the regional center budget a \$67.1 million increase to offset general fund reductions in other programs which will increase regional center purchase of service expenditures. (**Attachments #2-#6**).

Since the Governor's release of his budget proposal, numerous budget subcommittee and budget committee hearings have been held in the Assembly and the Senate, as well as several hearings by the joint Assembly and Senate Budget Conference Committee. The budget subcommittee and budget committee hearings were attended by thousands of persons with developmental disabilities,

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families, advocates, community based service providers, regional centers and other system stakeholders many of whom testified on the impact the proposed reductions would have on people's lives. There were several dozen advocates from the TCRC area including several members of the board of directors of TCRC (TCADD Board of Directors) who traveled to Sacramento to participate and testify at these hearings (**Attachment #7**). Due to the effective advocacy efforts by stakeholders, budget committees in both houses of the legislature voted to decrease the budget for developmental services by \$527.2 million, \$222.8 million less than the proposed \$750 million reduction proposed by the Governor. However, subsequently upon further review, the joint Assembly and Senate Budget Conference Committee increased the reduction by another \$50 million (**Attachments #8-#9**).

Several Trailer Bills were also recently released by the Department of Finance pertaining to the regional center system. These Trailer Bills address issues pertaining to accountability and transparency such as regional center audits, conflict of interest, administrative costs, and caseload ratios. Other trailer bills deal with the other cost saving strategies proposed including establishment of Statewide POS Standards intended to save the state \$174 million in annual costs (**Attachment #10**). While these trailer bills are in the process of being reviewed by the Legislature, DDS recently notified the developmental services community of their intent to move forward with a multi-step process to develop the proposed standards in order to maximize the opportunity for stakeholder input (**Attachment #11**). Per DDS the process consists of the following:

1. Soliciting input from stakeholders through a survey on the DDS website (completed February 15, 2011).
2. Establishing workgroups in eight topic areas to discuss possible standards. The workgroup topic areas include: Behavioral Services; Day, Supported Employment and Work Activity Programs; Early Start Services; Healthcare and Therapeutic Services; Independent Living and Supported Living Services; Residential Services; Respite and Other Family Supports; and Transportation Services. DDS is anticipating about 30-35 people to participate in each workgroup. The ARCA Executive Committee recently selected the representatives from ARCA and the regional centers to recommend to DDS to participate in these workgroups (**Attachment #12**). Other statewide organizations were similarly asked by DDS to select representatives to participate in the workgroups.
3. Conduct three public hearings throughout the state, following the development of draft standards by DDS, to obtain public input on the proposed standards.

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4. Submit the proposed standards to the Legislature with accompanying fiscal information and draft statutory language necessary to implement required changes.

Additionally, the Legislature is expected to hold budget subcommittee hearings to review and receive public comment on the draft standards before taking final action sometime in May or June. The Standards are slated for implementation effective July 1, 2011.

Tri-Counties Regional Center (TCRC) also has developed a “Budget Watch” page on the TCRC website (www.tri-counties.org). Current information and resources related to the budget is posted on this page in an effort to keep the TCRC community informed of the ongoing budget related developments.

II. Q&A

Omar Noorzad - Re: CDCAN REPORT #011-2011: HUGE CUTS PROPOSED FOR DEVELOPMENTAL SERVICES; MAJOR CUTS TO IHSS INCLUDING INCREASING ACROSS THE BOARD CUT IN IHSS HOURS BY ANOTHER 8.4% & REQUIRING DOCTORS CERTIFICATION FOR ELIGIBILITY

From: "Marty Omoto" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 1/10/2011 12:11 PM
Subject: Re: CDCAN REPORT #011-2011: HUGE CUTS PROPOSED FOR DEVELOPMENTAL SERVICES; MAJOR CUTS TO IHSS INCLUDING INCREASING ACROSS THE BOARD CUT IN IHSS HOURS BY ANOTHER 8.4% & REQUIRING DOCTORS CERTIFICATION FOR ELIGIBILITY

CDCAN DISABILITY RIGHTS REPORT



#011-2011 – JANUARY 10, 2011 MONDAY

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK: *Advocacy Without Borders: One Community – Accountability With Action - California Disability Community Action Network Disability Rights News goes out to over 55,000 people with disabilities, mental health needs, seniors, traumatic brain & other injuries, veterans with disabilities and mental health needs, their families, workers, community organizations, including those in Asian/Pacific Islander, Latino,*

African American a

To reply to this report write: MARTY OMOTO at martyomoto@rcip.com

WEBSITE: www.cdcan.us TWITTER: www.twitter.com - "MartyOmoto"

REMEMBERING THE LIFE OF TOMMY YERBY OF MORGAN HILL

California State Budget Crisis:

GOVERNOR BROWN PROPOSES MASSIVE CUT TO DEVELOPMENTAL SERVICES; MAJOR CUTS TO IHSS INCLUDING ADDITIONAL 8.6% ACROSS BOARD CUT IN SERVICE HOURS; REQUIREMENT OF DOCTOR'S CERTIFICATION FOR ELIGIBILITY

Proposes Reducing SSI/SSP Individual Grant To Lowest Level Allowed by Federal Government - Proposed Cuts Will Have Major Impact On Children & Adults with Disabilities (including Developmental), mental health needs, the blind, seniors, their families, low income workers, community organizations, facilities and workers who provide supports & services across State

SACRAMENTO, CALIF (CDCAN) [Updated 01/10/2011 11:40 AM (Pacific Time)] - Governor Jerry Brown, released his proposed 2011-2012 spending plan, is calling for massive permanent reductions to a wide range of state funded programs, including regional centers, In-Home Supportive Services, CalWORKs, Medi-Cal, SSI/SSP, mental health and more.

The Governor proposed this morning over \$12.5 billion in spending cuts including over \$750 million in cuts to developmental services (regional centers and developmental centers), \$1.5 billion cuts to CalWORKS, the state's "welfare to work" program that includes many parents and children with special needs, \$1.7 billion in reductions to Medi-Cal. Most of these spending cuts would take effect July 1, 2011.

In a press statement issued this morning, Governor Brown said that the spending cuts

"...will be painful, requiring sacrifice from every sector of the state, but we have no choice. For 10 years, we've had budget gimmicks and tricks that pushed us deep into debt. We must now return California to fiscal responsibility and get our state on the road to economic recovery and job growth."

All of the Governor's proposals require approval of the Legislature.

Huge Cuts Proposed for Regional Centers

The cuts to developmental services – including regional centers - total \$750 million state general fund spending, to be effective July 1, 2011, including permanent continuation of the 4.25% payment reduction to regional center operations and providers,

IHSS Hit Hard By Cuts

In-Home Supportive Services (IHSS) was particularly hard hit, with a permanent continuation proposed of the existing 3.6% across the board cut in service hours for all IHSS recipients – and an additional 8.4% cut on top of that (effective July 1, 2011) for a total of 12% cut. In addition as a requirement for eligibility, a doctor's certification would be required for all persons currently in IHSS or who are applying for services as a condition of eligibility.

The Governor also proposes to eliminate domestic and related services for children under age of 18 years who live at home and eliminate domestic and related services for adults who reside in "shared living arrangements" (with a relative, friend or other person). The state would allow exceptions to this if the roommate certifies that they cannot provide the domestic or related services or if the shared living arrangement with the other person does not allow for domestic and related services to be shared.

The Governor also proposes eliminating all state funding for all of the IHSS Advisory Committees.

Governor Proposes Extension of Temporary Tax Increases

He is also proposing placing on a special election ballot in June for voter approval the extension of over \$8 billion in temporary tax increases set to expire this year that were enacted in February 2009 as part of the 2009-2010 State Budget passed four months early.

SUMMARY OF PROPOSALS IMPACTING PEOPLE WITH DISABILITIES, MENTAL HEALTH NEEDS, THE BLIND, SENIORS & FAMILIES

Here are some of the proposed reductions (CDCAN will issue within the hour details on these proposed reductions and other proposals in the Governor's budget plan). CDCAN will issue a separate report with details on the cuts to Medi-Cal and education.

SSI/SSP (Supplemental Security Income/State Supplemental Payment) & Cash Assistance Program for Immigrants (CAPI)

WHAT THE GOVERNOR IS PROPOSING: Reduce state portion of the maximum SSI/SSP individual grants to the lowest level allowed by the federal government (\$845 to \$830. The Governor's proposal impacts the Cash Assistance Program for Immigrants (CAPI) – the program that provides SSI/SSP level grants to legal immigrants with disabilities, the blind and low income seniors who do not qualify for the SSI grants.

CDCAN NOTE:

The federal government portion would remain at \$674, while the state portion would be reduced from the current \$171 to \$156 for a total of \$830 per month). The Legislature in 2009, already reduced the state portion of the SSI/SSP grants to couples to the lowest level permitted by the federal government (\$1,407 per month or \$396 for the SSP or state portion and \$1,011 for the SSI or federal portion of the grant)

Also in 2009 the Legislature approved the Governor's proposal to permanently eliminate the state cost of living (COLA) for the SSP (including CAPI) part of the grants for individuals and couples (after suspending the increase for several years)

There has been no cost of living increase for the federal SSI part for January 2010 or for January 2011

because economic measurements the federal government uses did not require it.

DEVELOPMENTAL SERVICES (regional centers and developmental centers)

WHAT THE GOVERNOR IS PROPOSING:

- \$750 million (state general fund) reduction in spending for developmental services under the Department of Developmental Services. Part of that reduction will come from reducing funding for growth. The Brown Administration in proposing this cut would maintain the Lanterman Act entitlement and include additional federal funding (to off set State general fund spending) for Porterville. It would assume continuation – likely permanent of the existing 4.25% payment reduction to both regional center operations and providers; assumes \$50 million from Proposition 10 money and another \$65 million from the Medicaid 1915(i) waiver. The overall reduction includes – with no dollar amount attached yet – for accountability and transparency measures; and also imposing statewide service standards. Some of these issues will be discussed in a stakeholder process still to be determined.
- With exception of some minor adjustments to the current year budget, all the proposed reductions totaling \$750 million in state general funds would occur after July 1, 2011 during the 2011-2012 State budget year.
- Continue the closure and transition process for Lanterman Developmental Center in Pomona as proposed by Governor Schwarzenegger and approved by the Legislature last year

CDCAN NOTE:

Over 240,000 infants, children and adults with developmental disabilities are served through community-based services coordinated by the 21 non-profit regional centers and overseen by the Department of Developmental Services. The department also operates 4 developmental centers and one smaller facility where about 2,000 people with developmental disabilities reside.

The Governor proposed and the Legislature approved in February 2009 and July 2009 reductions to developmental services – including the State’s early intervention program (called “Early Start”) of over \$500 million (including lost federal matching funds).

IN-HOME SUPPORTIVE SERVICES (IHSS)

WHAT THE GOVERNOR IS PROPOSING:

- Continue implementation of the IHSS provider tax (that would be matched by federal funds – the provider would not actually pay any tax or fee) for a State general fund savings of \$131 million during the 2011-2012 State budget year
- Permanent continuation of the 3.6% across the board reduction in hours for all IHSS recipients (the current budget would have those reductions end on June 30, 2012) which goes into effect February 1, 2011 for a reduction in state general funds of \$65.4 million
- An additional 8.4% across the board cut reduction in hours (on top of the 3.6%) for all IHSS recipients, effective July 1, 2011 for a reduction to IHSS of \$127.5 million state general funds. This reduction will include an appeals process that will allow for waiving this cut for persons at risk.
- Elimination of State general fund spending for all IHSS Advisory Committees for a reduction of \$1.6 million (effective July 1, 2011)
- Narrow eligibility for IHSS by requiring all new persons applying for IHSS and reassessments of all persons currently receiving IHSS, a certification by a physician that the person is “at risk” of institutionalization, effective July 1, 2011. Persons who do not receive this certification from a doctor would lose eligibility for iHSS>
- Eliminate for persons under the age of 18 living at home and receiving IHSS, all domestic and related services (impacting about 7,200 persons) for a reduction of \$1.6 million, effective July 1, 2011. Does not include protective supervision.
- Eliminates for adults domestic and related services who live in “shared living arrangements” with a family member or other adults and relatives, effective July 1, 2011 for a reduction of \$235 million.

There would be an exception to this for persons who can document that their domestic and related services needs could not be met “in common” or that the roommate certifies that they cannot provide those services (for example, if the roommate is another person with disabilities).

- Would propose “realignment” of IHSS by eliminating the county’s required share of funding, making IHSS a state and federal funded program only, effective July 1, 2011 (realignment would also include shifting adult protective services to the counties)

CDCAN NOTE:

Over 436,000 children and adults with disabilities (including developmental), mental health needs, the blind and low income seniors are recipients (as of September 2010) of IHSS.

The Governor’s budget plan includes continuing appeals in federal court to overturn lower court decisions that blocked the State from implementing 2009 cuts to IHSS (reduction of the state participation for IHSS worker wages and reduction or elimination of IHSS services for persons, based on their functional index ranking and functional index ranking (internal assessment tools used by county social workers to determine level of IHSS services))

The 2010-2011 State Budget approved in October 2010 (four months late) assumes a July 1, 2012 effective date for those two reductions unless a court ruling prevents it.

CALWORKS (California Work Opportunity and Responsibility To Kids)

WHAT THE GOVERNOR IS PROPOSING

- Cut maximum grants levels by 13% (effective July 1, 2011)
- Narrow eligibility for persons to qualify for program grants by imposing, retroactively, a 48 time limit.
- Repeal entirely the “long term reforms” under the Schwarzenegger Administration
- Total state general fund reduction (including shifting of funds) is about \$1.5 billion

CDCAN NOTE:

- *CalWORKS is the state’s “welfare to work” program that had, as of September 2010, over 576,000 families in the program (and over 1,101,000 children). Many are parents or children with special needs and disabilities.*
- *Several of the proposals by Governor Brown are the same or similar to what Governor Schwarzenegger previously proposed.*

FOSTER CARE PROGRAM

WHAT THE GOVERNOR IS PROPOSING:

An unallocated reduction of about \$19 million to the foster care program

CHILDREN’S PROGRAM (PROPOSITION 10)

WHAT THE GOVERNOR IS PROPOSING:

Proposes to change Proposition 10 (Children and Families First) approved by voters to allow the funding generated by tobacco taxes for State general fund spending.

CDCAN NOTE:

- *This proposal would have to be placed on the June special election ballot for voter approval.*
- *Governor Schwarzenegger and the Legislature previously – in May 2009 – attempted to suspend Proposition 10 and temporarily shift funding to the State general fund – but that proposal (like the proposal for Proposition 63) was rejected by a large margin by voters.*

HEALTHY FAMILIES

WHAT THE GOVERNOR IS PROPOSING:

Increase premiums and co-payments

Eliminate vision care in the program

CDCAN NOTE:

- *This program is matched by funding from the federal State Children's Health Insurance Program (SCHIP) and serves thousands of children from low income families who do not qualify for Medi-Cal.*
- *The proposals by Governor Brown are basically the same as previous proposals by Governor Schwarzenegger. No other details yet.*

VERY URGENT!!!!

PLEASE HELP CDCAN CONTINUE ITS WORK!!!

JANUARY 10, 2011 – YOUR HELP IS NEEDED



CDCAN Townhall Telemeetings, reports and alerts and other activities cannot continue without your help. To continue the CDCAN website, the CDCAN News Reports. sent out and read by over 55,000 people and organizations, policy makers and media across California and to continue the CDCAN Townhall Telemeetings which since December 2003 have connected thousands of people with disabilities, seniors, mental health needs, people with MS and other disorders, people with traumatic brain and other injuries to public policy makers, legislators, and issues.

Please send your contribution/donation (make payable to "CDCAN" or "California Disability Community Action Network):

CDCAN

1225 8th Street Suite 480 - Sacramento, CA 95814

paypal on the CDCAN site is not yet working – will be soon.

MANY, MANY THANKS TO CALIFORNIA ASSOCIATION OF ADULT DAY HEALTH CENTERS, VENTURA COUNTY AUTISM SOCIETY, RESPITE, INC., LOS ANGELES RESIDENTIAL COMMUNITY SERVING DEVELOPMENTALLY DISABLED ADULTS LARC RANCH, FEAT OF SACRAMENTO, EASTER SEALS OF SOUTHERN CALIFORNIA, EMMANUEL AND FAMILY, MICHAEL DIMMITT, PEOPLE FIRST OF SAN LUIS OBISPO, BOB BENSON, the Pacific Homecare Services, Toward Maximum Independence, Inc (TMI), Friends of Children with Special Needs, Southside Arts Center, San Francisco Bay Area Autism Society of America, Hope Services in San Jose, FEAT of Sacramento (Families for Early Autism Treatment), Sacramento Gray Panthers, Bill Wong, Tri-Counties Regional Center, Life Steps, Parents Helping Parents, Work Training, Foothill Autism Alliance, Arc Contra Costa, Pause4Kids, Training Toward Self Reliance, Californians for Disability Rights, Inc (CDR) including CDR chapters, CHANCE Inc, Strategies To Empower People (STEP), Harbor Regional Center, Asian American parents groups, Resources for Independent Living and many other Independent Living Centers, several regional centers, People First chapters, IHSS workers, other self advocacy and family support groups, developmental center families, adoption assistance program families and children, and others across California.

Department of Developmental Services

2011-12 Budget Highlights



**Edmund G. Brown Jr.
Governor
State of California**

**Diana S. Dooley
Secretary
California Health and Human Services Agency**

**Terri Delgadillo
Director
Department of Developmental Services**

January 2011

DEPARTMENT OF DEVELOPMENTAL SERVICES 2011-12 BUDGET HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that more than 246,000 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives. Proposed system-wide funding for 2011-12 is \$4.5 billion (\$2.4 billion General Fund).

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in four state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to grow in fiscal year 2011-12 to 251,702. The number of consumers living in state-operated residential facilities will decrease by the end of fiscal year 2011-12 to 1,691.

During the development of the 2009-10 and 2010-11 Governor's Budgets, the Department with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members, and legislative staff developed proposals to reduce or restrict General Fund growth in the Department's budget. In 2009-10, the Department developed proposals that resulted in approximately \$334 million in General Fund savings and an additional \$200 million in 2010-11. Savings proposals impacted both the developmental center and regional center budgets, and included a variety of strategies such as restructuring, reducing or suspending various services, restricting eligibility for certain services, and maximizing other available funding sources, primarily federal funds. In addition to these proposals, payments for community services were reduced by 3 percent in 2009-10 and 4.25 percent in 2010-11.

The Department's budget was expected to grow in 2011-12 by \$289.9 million compared to the enacted budget due to increased caseload; utilization and the expiration of the 4.25 percent payment reduction. In addition, the General Fund need was increasing by \$195.6 million due to the end of the federal stimulus funding. Given the continued pressure on the General Fund, the Governor's Budget proposes to reduce from the projected budget \$750 million in General Fund system wide through additional federal revenues, increased accountability, further expenditure reductions and cost containment measures, with the intent of maintaining the Lanterman entitlement to community-based services for individuals to avoid more costly institutionalization. The Department remains committed to the preservation of services and supports and the continued implementation of the individualized planning process mandated in the Lanterman Act and the Early Intervention Services Act as the state bridges this fiscal crisis.

The Department will pursue system-wide proposals to achieve the \$750 million General Fund savings contained in the Governor's Budget for 2011-12, including but not limited to:

- Pursuing additional federal funds for treatment services provided to individuals residing in the secure facility at Porterville Developmental Center. It is anticipated that this will result in General Fund savings of \$10 million in 2011-12. The Department will also consider other proposals to achieve General Fund savings.
- Continuation of the temporary regional center and service provider payment reductions. The 2010-11 budget contains a 4.25 percent reduction to regional centers and service provider payments. These payment reductions are scheduled to sunset on June 30, 2011. The Governor's Budget proposes to extend both payment reductions for another year resulting in General Fund savings of \$91.5 million in 2011-12.
- Continued Proposition 10 funding. The regional center budget includes \$50 million in reimbursement funding in 2010-11 from the California Children and Families Commission (Proposition 10). These funds are used to provide services to consumers from birth to age five. The Governor's Budget proposes to continue this funding in 2011-12, resulting in a General Fund savings of \$50 million.
- Increased federal funds for community services. The Department has been successful in maximizing available federal funds associated with the Medicaid Home and Community-Based Services Waiver, and recouping federal funding for certain services provided through Intermediate Care Facilities for the developmentally disabled. This proposal would focus on increasing federal funding by: (1) expanding the pending federal 1915(i) State Plan Amendment to include additional consumers and related expenditures consistent with recent federal healthcare reforms, (2) maximizing use of federal "Money Follows the Person" funding for individuals placed out of institutions and (3) pursuing other enhanced federal funding opportunities. This proposal would at a minimum save \$65 million General Fund in 2011-12.
- Increased accountability and transparency. This proposal would set parameters on the use of state funds for administrative expenditures of regional centers and service providers; increase auditing requirements; increase disclosure requirements; and maximize recoveries from other responsible parties.
- Implementation of statewide service standards. This proposal would establish statewide service standards that set parameters and promote consistency in the array of services available through the regional centers. The Department, with input from stakeholders, will develop standards for regional centers to use when purchasing services for consumers and families. In developing these standards, the Department will consider eligibility for the

service, duration, frequency and efficacy of the service, service provider qualifications and performance, rates, parental and consumer responsibilities, and self-directed services options. The Department will also consider the impact of the standards, coupled with prior reductions in the service area, on consumers, families and providers. The Department will ensure that changes are made consistent with the Lanterman Act and Government Code (Early Start program) and specify notification requirements. Standards may vary by service category. It is anticipated the implementation of additional service standards will result in significant General Fund savings.

COMMUNITY SERVICES PROGRAM

2010-11 Updates

To provide services and support to 244,108 persons with developmental disabilities in the community, the Governor's Budget updates 2010-11 funding to \$4.1 billion total funds (\$2.2 billion General Fund). The Governor's Budget includes an increase of \$0.1 million total funds (decrease of \$169 million General Fund) for regional center operations and purchase of services (POS). This is composed of:

Caseload and Utilization

- \$12.4 million increase in POS costs primarily due to updated caseload and expenditure data.
- \$18.1 million decrease in Prevention Program costs due to updated caseload data.
- \$0.5 million decrease due to the delayed implementation of the Self Directed Services program.
- \$0.5 million increase in Quality Assurance Fees due to technical adjustments.
- \$2.6 million increase in regional center operations costs primarily due to increases in Home and Community-Based Services (HCBS) Waiver enrollments that result in more of the community caseload at the 1:62 case manager ratio.

Federal Stimulus Funds

- An increase of \$100.9 million in reimbursements and corresponding decrease in General Fund due to additional federal stimulus funding carried in a state-wide budget item in the enacted budget that is now reflected in the Department's budget.

Homeland Security Grant

- \$0.2 million increase to reflect the implementation of a State Homeland Security Grant award that will fund projects to regional centers to prevent, protect against, respond to and recover from acts of terrorism and other catastrophic events.

Impacts from Other Departments

- \$3.0 million increase to reflect the impact of service reduction proposals in Medi-Cal and Supplemental Security Income/State Supplementary Payment (SSI/SSP) programs that are included in the Governor's Budget and increase regional centers POS costs in 2010-11. These programs are considered generic resources, with regional centers being the payor of last resort when services are not available from a generic resource. The service reductions include:
 - \$0.4 million increase to reflect the reduction of the maximum monthly State Supplementary Payment grant to aged/disabled individuals to the Maintenance of Effort (MOE) floor effective June 1, 2011; and
 - \$2.6 million increase to reflect the elimination of Adult Day Health Care (ADHC) services, effective June 1, 2011.

2011-12

For 2011-12, the budget projects the total community caseload at 251,702, an increase of 7,594 consumers over the revised 2010-11 caseload. The budget proposes 2011-12 funding for services and support to persons with developmental disabilities in the community at \$3.8 billion total funds (\$2.0 billion General Fund), a decrease of \$329.3 million (\$322.2 million General Fund) over the enacted 2010-11 budget; or compared to the updated 2010-11 budget, a decrease of \$329.5 million (\$153.1 million General Fund). This is composed of:

Caseload and Utilization

- \$149.7 million increase in POS and Prevention Program due to increased caseload and utilization.
- \$0.5 million decrease due to the delayed implementation of the Self-Directed Services program.
- \$13.0 million increase in regional center operations costs primarily due to caseload increases and additional HCBS waiver enrollments.

Federal Stimulus Funds

- An increase of \$134.1 million in General Fund and corresponding decrease in reimbursements due to the end of federal stimulus funding. The federal government assumed a greater share of program costs during the stimulus period of October 2008 through June 2011.

Continuation of Temporary 4.25 Percent Regional Center and Provider Payment Reduction

- The Governor's Budget proposes continuation of the 4.25 percent payment reduction in 2011-12. The reduction impacts both regional center operations and POS for a total decrease of \$165.5 million (\$91.5 million General Fund).

There is an incremental decrease from 2010-11 of \$2.8 million due to the reduced total funding level in 2011-12.

Proposition 10 Funding

- The Governor's Budget proposes to continue reimbursement funding from the California Children and Families Commission (Proposition 10) in 2011-12, resulting in a General Fund savings of \$50 million. These funds are used to provide services to consumers from birth to age five.

Quality Assurance Fees

- \$27.2 million decrease in 2011-12, as the 2010-11 budget included costs associated with retroactive processing of claims for 2007-08 through 2010-11 (four years) that is not required in the budget year. These costs related to increasing FFP for day treatment and transportation costs for residents of Intermediate Care Facilities for individuals with developmental disabilities (ICF-DD). The 2011-12 budget retains \$9.5 million for budget year claims.

New Major Assumption, Financial Management Services (FMS) for Participant-Directed Services

- \$1.7 million increase to establish FMS as an option for vouchered respite, transportation, and day care services consistent with federal requirements to renew the HCBS waiver.

Impacts from Other Departments

- \$70.1 million increase to reflect the impact of service reductions proposals in Medi-Cal and SSI/SSP programs that will increase regional centers POS costs in 2011-12. The service reductions include:
 - \$5.0 million increase to reflect the reduction of the maximum monthly State Supplementary Payment grant to aged/disabled individuals to MOE floor, effective June 1, 2011;
 - \$32.1 million increase to reflect the elimination of ADHC services, effective June 1, 2011; and
 - \$33.0 million increase to reflect costs associated with Medi-Cal reductions due to the addition of co-payments and service limits effective October 1, 2011.

Increased Accountability and Transparency and System-wide Cost Containment Measures

- The Governor's Budget proposes increased accountability and transparency and system-wide cost containment measures to generate significant General Fund savings necessary to achieve the balance of overall required reduction of \$750 million. The proposal would set parameters on the use of state funds for administrative expenditures of regional centers and service providers;

increase auditing requirements; increase disclosure requirements; and maximize recoveries from other responsible parties. In addition, the proposals would establish statewide service standards that set parameters and promote consistency in the array of services available through the regional centers. These proposals will be adjusted in the May Revision to reflect savings in the Department's headquarters, developmental center, regional center operations or purchase of service budgets consistent with the Department's proposals.

DEVELOPMENTAL CENTERS PROGRAM

2010-11 Update

To provide services and support for persons with developmental disabilities that live in four state-operated developmental centers and one state-operated community facility the budget updates 2010-11 funding to \$607.6 million (\$282.8 million General Fund), a decrease of \$38.5 million total funds (\$32.1 million General Fund) from the Budget Act of 2010. The decrease reflects a variety of adjustments including salary reductions consistent with Executive Order S-01-10 to lower state staffing costs (a.k.a. Workforce Cap Plan) and statewide employee compensation adjustments from changes to collective bargaining agreements, including the elimination of the state furlough program accompanied by salary reductions and other leave and benefit contribution changes. Developmental Centers authorized positions are updated from 6,237.6 to 6,210.6, a reduction of 27 positions from the Budget Act.

Developmental Center Population Adjustments

The Governor's Budget does not change the Budget Act's assumption of consumers residing in a Developmental Center or Community Facility of 1,979.

2011-12

The Governor's Budget proposes 2011-12 funding for services and supports to persons with developmental disabilities that live in four state-operated developmental centers and one state-operated community facility at \$618.1 million (\$324.0 million General Fund), a decrease of \$28.0 million total funds (\$9.1 million General Fund increase) over the Budget Act of 2010; or compared to the updated 2010-11 budget, an increase of \$10.6 million (\$41.2 million General Fund). The changes primarily include an increase in General Fund and corresponding decrease in reimbursements due to the end of federal stimulus funding (\$27 million); staffing adjustments for decreased resident population; salary reductions consistent with Executive Order S-01-10 to lower state staffing costs and statewide employee compensation adjustments from changes to collective bargaining agreements, including the elimination of the state furlough program accompanied by salary reductions and other leave and benefit contribution changes. Some savings associated with collective bargaining are not included in the Department's budget, but rather reflected in a statewide budget item, giving the misleading appearance of a cost increase. Total authorized positions decline from 6,237.6 to 5,922.0, a reduction of 315.6 positions from the Budget Act.

Cost Containment Measure - Additional Federal Funds

- As part of the \$750 million savings proposal, the Department will pursue additional federal funds for treatment services provided to individuals residing in the secure facility at Porterville Developmental Center. It is anticipated this will result in General Fund savings of \$10 million in 2011-12. The Department will also consider other proposals to achieve General Fund savings.

Developmental Center Population Adjustments

Considering the timing of consumer placements, an average annual population is used to develop the budget estimate. The budget reflects an average population reduction of 196 consumers (from 1,979 to 1,783). The number of consumers living in state-operated residential facilities will decrease by the end of fiscal year 2011-12 to 1,691.

HEADQUARTERS

2010-11 Update

In support of the Community Services and Developmental Center Programs, the budget updates the 2010-11 funding for headquarters operations to \$35.8 million (\$22.8 million General Fund), a decrease of \$2.4 million (\$1.6 million General Fund) compared to the Budget Act of 2010, primarily due to salary reductions consistent with Executive Order S-01-10 to lower state staffing costs and statewide employee compensation adjustments from changes to collective bargaining agreements, including the elimination of the state furlough program accompanied by salary reductions and other leave and benefit contribution changes.

2011-12

The Governor's Budget provides funding for 2011-12 headquarters operations of \$38.6 million (\$24.6 million General Fund), an increase of \$0.4 million (\$0.2 million General Fund) compared to the Budget Act of 2010, primarily due to statewide employee compensation adjustments from changes to collective bargaining agreements, including the elimination of the state furlough program accompanied by salary reductions and other leave and benefit contribution changes. Some savings associated with collective bargaining are not included in the Department's budget, but rather reflected in a statewide budget item, giving the misleading appearance of a cost increase.

CLOSURE OF LANTERMAN DEVELOPMENTAL CENTER

As part of the Governor's Budget, the Department has provided a comprehensive update on the closure activities at Lanterman Developmental Center (LDC). The Department is now proceeding with implementation activities consistent with the Closure Plan presented on April 1, 2010. The initiation of most activities was delayed until October 2010, after enactment of the Budget Act of 2010 and the associated trailer bill.

DEVELOPMENTAL CENTERS CAPITAL OUTLAY

(Funding not included in the Budget Highlights totals)

Developmental Centers

Federal mandates require automatic fire sprinkler systems for Acute Care hospitals and Nursing Facilities by August 2013 (Federal Rule 42, Code of Federal Regulations 483.70). The capital outlay budget includes \$2.0 million General Fund to design and install automatic fire sprinklers in 13 buildings that house Nursing Facility and General Acute Care consumers at the Fairview, Porterville and Sonoma Developmental Centers. The project also includes necessary associated work, such as asbestos removal, electrical and plumbing renovations, and minor construction as necessary to meet code requirements to accommodate the automatic fire sprinkler system installations. The proposal funds the preparation of preliminary plans and working drawings for the project.

Fairview Developmental Center

The Governor's Budget includes reappropriation of funding for an addressable fire alarm system, already approved by the Legislature, in consumer utilized buildings at Fairview Developmental Center. This project continues to be a critical safety improvement, licensing and code compliance need for Fairview's consumers, staff, and visitors. The capital outlay budget has already funded the preliminary plans and drawings for this project. The 2011-12 capital outlay budget includes \$8.6 million General Fund for the construction phase to complete the project.

Sonoma Developmental Center

The Governor's Budget includes funding for the construction phase for a new piping system, already approved by the Legislature, to supply additional oxygen, medical air and suction, and a new oxygen storage tank at the Johnson/Ordahl building at Sonoma Developmental Center. The project was delayed as part of the \$334 million General Fund savings in 2009-10, but remains a critical health and safety need for Sonoma's medically fragile consumers and for the staff. The 2011-12 capital outlay budget includes \$2.7 million General Fund to complete the project.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2011-12 NOVEMBER ESTIMATE**

FUNDING SUMMARY

(Dollars in Thousands)

	2010-11	2011-12	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$4,126,757	\$3,797,294	-\$329,463
DEVELOPMENTAL CENTERS	607,565	618,127	10,562
HEADQUARTERS SUPPORT	35,796	38,607	2,811
TOTALS, ALL PROGRAMS	\$4,770,118	\$4,454,028	-\$316,090
FUND SOURCES			
General Fund	\$2,505,611	\$2,395,521	-\$110,090
Reimbursements: Totals All	2,204,480	1,998,494	-205,986
<i>Home & Community Based Serv. (HCBS) Waiver</i>	1,180,472	1,012,350	-168,122
<i>HCBS Waiver Administration</i>	8,690	9,101	411
<i>Medicaid Administration</i>	13,412	13,676	264
<i>Targeted Case Management</i>	163,397	131,204	-32,193
<i>Targeted Case Management Administration</i>	3,659	3,693	34
<i>Targeted Case Management SPA, ICF-DD</i>	6,421	5,377	-1,044
<i>Medi-Cal</i>	304,943	272,346	-32,597
<i>Title XX Social Services Block Grant</i>	225,060	225,060	0
<i>Self-Directed HCBS Waiver</i>	346	384	38
<i>Self-Directed HCBS Waiver Administration</i>	431	431	0
<i>ICF-DD/State Plan Amendment</i>	62,295	52,780	-9,515
<i>Quality Assurance Fees (DHCS)</i>	34,565	8,727	-25,838
<i>Vocational Rehabilitation</i>	118	118	0
<i>Counties Children & Families Account</i>	50,000	50,000	0
<i>1915(i) State Plan Amendment</i>	120,383	160,807	40,424
<i>Impacts from Other Departments FFP</i>	1,550	16,037	14,487
<i>Money Follows the Person</i>	3,537	8,537	5,000
<i>Homeland Security Grant</i>	0	210	210
<i>All Other</i>	25,201	27,656	2,455
Federal Trust Fund	54,793	54,782	-11
Lottery Education Fund	372	372	0
Program Development Fund (PDF)	3,579	3,576	-3
Mental Health Services Fund	1,133	1,133	0
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,979	1,783	-196
Regional Centers	244,108	251,702	7,594
AUTHORIZED POSITIONS			
Developmental Centers	6,210.6	5,922.0	-288.6
Headquarters	380.5	380.5	0.0

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2011-12 NOVEMBER ESTIMATE**

(Dollars in Thousands)

	2010-11	2011-12	Difference
Community Services Program			
Regional Centers	\$4,126,757	\$3,797,294	-\$329,463
Totals, Community Services	\$4,126,757	\$3,797,294	-\$329,463
General Fund	\$2,200,022	\$2,046,895	-\$153,127
Dev Disabilities PDF	3,292	3,296	4
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,898	51,898	0
Reimbursements	1,870,655	1,694,315	-176,340
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$480,001	\$490,609	\$10,608
Operating Expense & Equipment	127,564	127,518	-46
Total, Developmental Centers	\$607,565	\$618,127	\$10,562 *
General Fund	\$282,785	\$323,992	\$41,207
Federal Trust Fund	529	530	1
Lottery Education Fund	372	372	0
Reimbursements	323,879	293,233	-30,646
Headquarters Support			
Personal Services	\$30,541	\$33,335	\$2,794
Operating Expense & Equipment	5,255	5,272	17
Total, Headquarters Support	\$35,796	\$38,607	\$2,811 *
General Fund	\$22,804	\$24,634	\$1,830
Federal Trust Fund	2,366	2,354	-12
PDF	287	280	-7
Reimbursements	9,946	10,946	1,000
Mental Health Services Fund	393	393	0
Totals, All Programs	\$4,770,118	\$4,454,028	-\$316,090
Total Funding			
General Fund	\$2,505,611	\$2,395,521	-\$110,090
Federal Trust Fund	54,793	54,782	-11
Lottery Education Fund	372	372	0
Dev Disabilities PDF	3,579	3,576	-3
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,204,480	1,998,494	-205,986
Mental Health Services Fund	1,133	1,133	0
Caseloads			
Developmental Centers	1,979	1,783	-196
Regional Centers	244,108	251,702	7,594
Authorized Positions			
Developmental Centers	6,210.6	5,922.0	-288.6
Headquarters	380.5	380.5	0.0

* Compared to the Budget Act, the Developmental Centers budget is reduced by \$27,964,000 and the Headquarters budget increased by \$380,000.

**ASSOCIATION OF REGIONAL CENTER AGENCIES
ANALYSIS OF THE FY 2011-12 NOVEMBER ESTIMATE
(GOVERNOR'S BUDGET)
JANUARY 10, 2011**

SPECIAL NOTE

The 3.0% payment reductions in Operations and Purchase of Services instituted in February, 2008, carried through into FY 2009-10, and increased to 4.25% in FY 2010-11, will continue in Budget Year 2011-12 at 4.25%.

FY 2010-11 (Current Year)

1. CASELOAD

The FY 2010-11 May Revision estimated the regional center Community Caseload to be 243,704 consumers for January 31, 2011. The November Estimate increases the January 31, 2011 caseload to 244,108, which includes 3,525 Prevention Program consumers.

2. OPERATIONS - \$2.4 Million Increase

- \$2.3 million increase due primarily to an increase in HCBS enrollments that result in more consumers at the 1:62 case manager ratio.
- \$0.2 million increase to implement a State Homeland Security Grant
- \$0.1 million decrease to the Quality Assessment Contract

3. PURCHASE OF SERVICE - \$12.4 million Increase

The \$12.4 million increase to Purchase of Services in the current fiscal year is due to updated caseload and expenditure data.

FY 2011-12 (Budget Year)

Overall, the budget for FY 2011-12 is \$329.5 million (8%) total funds less than the revised budget of \$4.127 billion for the current fiscal year.

Unless otherwise stated, all following amounts are expressed in total funds.

1. CASELOAD

The budget anticipates an increase of 7,594 consumers (a 3.1% increase) over the 244,108 consumers projected for January 31, 2011.

2. OPERATIONS – \$5.2 Million Increase Over Current Year

- \$9.6 million increase in Staffing due to the projected increase in caseload.
- \$0.2 million increase in Federal Compliance due to the projected increase in caseload.
- \$4.6 million decrease in Operations for implementing the ICF-SPA. FY 2010-11 had 4-years worth of administrative fees due to the three years of retro-active billings to be completed in FY 2010-11. This reduction represents three years worth of administrative fees.

3. PURCHASE OF SERVICE - \$196.9 Million Increase

- \$151.1 million increase over current fiscal year for caseload and utilization growth.
- \$1.8 million increase to implement the CMS requirement that Participant-Directed Services have the option of utilizing an FMS. See number 6, below.
- \$23.1 million decrease in Quality Assurance fees related to the ICF-SPA. FY 2010-11 had 4 years worth of fees. This adjustment reflects a reduction of 3 years worth of fees.
- \$67.1 million increase to offset reductions in other departments which will increase POS expenditures.
 - \$4.6 million increase for reduction in SSP payments to the MOE floor.
 - \$29.5 million increase due to the elimination of ADHC services.
 - \$33.0 million due to the changes in Medi-Cal for co-payments and service limits.

4. PREVENTION - \$1.9 Million Increase

Prevention Program funding was decreased by \$18.1 million in current fiscal year to \$18.1 million due to the low caseload for this program. This money was redirected to Early Start services. In FY 2011-12, the Prevention Program will get \$1.9 million of this back for a total of \$20.0 million for FY 2011-12.

5. SYSTEM-WIDE COST CONTAINMENT MEASURES - \$533.5 Million Decrease

The \$533.5 million **General Fund** system-wide savings is to be achieved "through a variety of mechanisms including additional developmental center expenditure reductions, increased accountability and transparency, and implementation of statewide service standards."

6. NEW MAJOR ASSUMPTION – Financial Management Services (FMS) for Participant-Directed Services

When the consumer functions as the managing employer of workers who provide waiver services (participant-directed services), CMS requires that the option of a FMS be offered to assist the participant in functions such as processing payroll, withholding federal, State, and local taxes, performing fiscal accounting and producing expenditure reports for the participant or family and State authorities. DDS' current HCBS Waiver includes three vouchered services that fall within the CMS definition of participant-directed services: respite, transportation and day care. DDS must submit the HCBS Waiver renewal application to the CMS in 2010-11 as the current Waiver expires September 30, 2011. To establish FMS as an option for vouchered respite, transportation and day care, DDS will need to revise Title 17 regulations to include FMS for these services and establish a rate methodology for procuring the FMS.

The total estimated funding for new FMS services assumes 18,560 vouchers will be utilized annually by consumers of day care, respite and transportation services at a flat fixed rate of \$95 per month for total expenditures of \$1,763,200 (\$1,763,000 rounded) in 2011-12 of which 50 percent (\$882,000) will be eligible for FFP in 2011-12.

7. FUTURE FISCAL ISSUE – Federal Medicaid Requirements for RC Vended Providers of Home and Community-Based Services (HCBS)

To comply with the federal rules, address the audit findings in Centers for Medicare and Medicaid Services' (CMS) 2010 draft, "*Medicaid Integrity Program, California Comprehensive Program Integrity Review*" and avoid a potential loss

of approximately \$1.6 billion in federal financial participation (FFP) the Department of Developmental Services (DDS) must develop and promulgate significant changes to its Title 17 regulations governing RC vendorization of service providers. The necessary regulatory changes would be completed by July 1, 2011, requiring RCs to gather and review business ownership, control and relationship information from prospective and current vendors (an estimated 17,000 current vendors will need to undergo this type of review). Additionally, pursuant to regulatory changes the RCs will be required to determine that all prospective and current vendors (about 67,000) are eligible and remain eligible to participate as Medicaid service providers by verifying that they have not been convicted of a crime related to the Medicare, Medicaid or Title XX programs. Furthermore, on a periodic basis, RCs will be required to verify that vendors (about 3,700) continue to meet all applicable vendorization requirements (e.g. professional licensure), including those identified above, in order for the State to comply with the federal law and meet the CMS mandated HCBS Waiver assurance that only qualified providers deliver Medicaid funded services. The current HCBS Waiver expires on September 30, 2011, and renewal of the Waiver will be contingent upon demonstrated compliance with the requirement to verify the eligibility of vendors to participate as Medicaid service providers. This requirement also applies to the Intermediate Care Facility-Developmentally Disabled and 1915(i) State Plan Amendments currently pending CMS' approval. Failure to comply with the requirement would jeopardize DDS' ability to collect over \$300 million in FFP already budgeted for these services.

This would appear to be a major regional center staff workload for which there are no regional center Operations funds allocated.



ASSOCIATION OF REGIONAL CENTER AGENCIES

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ARCA Position Statement Governor's Proposed Budget for Fiscal Year 2011-12

The following represent ARCA's positions regarding the proposals included in the Governor's budget proposed for FY 2011-12.

ARCA appreciates the fact that the State is facing an unprecedented fiscal crisis and will work with the Department of Developmental Services (Department) to explore alternative means to generate the needed savings.

The budget for the Department of Developmental Services (DDS) contains a \$750 million General Fund reduction. The \$334 million General Fund reductions from the 2009-10 FY together with the proposed \$750 million reduction will have a crippling effect on the regional center system's ability to continue providing services.

Regional centers recognize the magnitude of the state's deficit and that some reductions may be necessary. However, the proposed \$750 million General Fund reduction to the regional center budget coupled with the compound effect of cuts over the past decade will result in further erosion to an already fragile community-based service delivery system for people with developmental disabilities in California.

The regional center system has sustained hundreds of millions of dollars in reductions over the last decade. The proposed reductions to this system will continue to diminish the level and quality of services regional centers provide to people with developmental disabilities. This proposal will result in the reduction or elimination of some services, compromise consumer choice, impact the quality of remaining services, lead to ever higher caseloads for regional center case workers, and stretch the resources of the care providers who provide the needed services to regional center consumers which ultimately could jeopardize the health and safety of consumers.

For these reasons ARCA opposes the \$750 million General Fund reduction.

In an effort to minimize the direct impact of reductions to the lives of people served by regional centers, ARCA proposes two concepts for the Legislature to consider:

Accessing private insurance; regional centers as payers of last resort

Third party payers such as private insurance can help offset costs historically covered by the state through regional centers. By law, as outlined in the Lanterman Developmental Disabilities Services Act, regional centers are payers of *last* resort. Assembly Bill 171 (Beall) could provide an avenue for cost avoidance by mandating insurance carriers cover costs associated with screening, diagnosis and treatment of autism, an eligible condition for regional center services under California law.

Consolidation of vendor quality assurance

Many providers who are vendorized by regional centers are also licensed and overseen by multiple agencies such as Department of Social Services Community Care Licensing (CCL) and other entities.

Costs associated with compliance activities on quality assurance are redundant and consolidation of these activities could result in cost savings and streamline oversight.

Purchase of Service (POS)

DDS has identified a number of ways to achieve General Fund reductions. The following are ARCA's position on each of the proposals:

a. Proposal to Continue the 4.25% Payment Reduction – ARCA opposes continuation of the 4.25% payment reduction to service providers, which is due to expire in June 2011, and which began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010 (a reduction of \$165.5 million total funds, \$91.5 million General Fund).

(1) Most services have had their rates frozen for the past six years and this arbitrary reduction further exacerbates the rate inequities among service providers.

(2) ARCA also opposes the indefinite continuation of this proposed reduction and, if the reduction is implemented, believes these funds should be restored once the fiscal crisis has passed.

b. Proposal to Seek \$50 Million in Proposition 10 Funding – ARCA supports this proposal. This will result in a \$50 million General Fund reduction.

c. Proposal to Add Consumers to the 1915(i) State Plan Amendment (SPA) – ARCA supports including additional consumers and related expenditures in the 1915(i) SPA and maximizing the use of the "Money Follows the Person" funding for individuals placed out of institutions for a \$65 million General Fund reduction.

d. Proposal to Secure an Additional \$10 Million in Federal Financial Participation (FFP) for Certification of the Secure Treatment Facility at Porterville Developmental Center (DC) – ARCA supports this proposal.

e. Proposal to Achieve Additional General Fund Reductions Through Additional DC Expenditure Reductions – ARCA supports this proposal in concept.

f. Proposal for Increased Regional Center Accountability and Transparency – ARCA supports this proposal in concept.

g. Proposal for Implementation of Regional Center Statewide Service Standards – ARCA is neutral on this proposal as the Department's purchase-of-service standards have not been developed and conceptually lacks specificity. ARCA commits to actively participate in the development of statewide purchase of service standards at the request and invitation of the Department of Developmental Services.

2. ARCA supports the \$151.1 million adjustment (total funds) due to caseload growth and increase service utilization.

3. ARCA supports the \$1.8 million to implement the federal Centers for Medicare and Medicaid Services (CMS) requirement that consumers and their families with "Participant-Directed Services" have the option of utilizing a Fiscal Management Service (FMS) to pay for their direct support services.

4. ARCA supports the \$67.1 million to offset the reductions in other departments.

a. \$4.6 million to offset the reduction in SSP payments to the maintenance of effort floor.

b. \$29.5 million to offset the elimination of Adult Day Health Care services.

c. \$33.0 million to offset the changes in Medi-Cal for co-payments and service limits.

d. Any offsets to changes made to In-Home Support Services (IHSS).

Operations (OPS)

The following are ARCA's positions on the major components of the Operations budget:

1. Oppose the continuation of the 4.25 % reduction to the Operations budget which is due to expire in June 2011, and which began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010 (a reduction of \$22.8 million total funds of the total funds amount addressed in POS, above).

This reduction will further exacerbate the burden regional centers face to provide services to over 7,500 additional consumers entering the regional center system in the Budget Year while maintaining mandated caseload ratios with an already underfunded budget.

a. Regional center Operations budget continues to receive an annual \$10 million unallocated reduction that was instituted in the early 1990's.

b. The bulk of the regional center Operations budget is calculated using the Core Staffing formula. The salaries in the Core Staffing formula do not reflect actual current day salaries, with few exceptions, have not been updated since 1991. This has resulted in the regional center Operations budget being underfunded by approximately \$166 million.

c. Continued erosion of caseload ratios will lead to reduced monitoring of consumer services which could undermine the health and safety of consumers, jeopardize the continued receipt of over \$1 billion in HCBS waiver funds, and prevent regional centers from providing the current level of advocacy for school-age consumers.

d. Support consideration of workload efficiencies for regional center staff to mitigate the loss of these funds.

2. Support the adjustment of \$9.8 million for updated caseload.

Other Issues

1. Oppose further reduction of SSI/SSP benefits (\$177 million General Fund savings). Regional center consumers who live independently rely on these benefits to pay their rent and buy food. These reductions would be a hardship for these individuals.
2. Oppose elimination of Adult Day Health Care Benefits from Medi-Cal funding (\$176.6 million General Fund savings). Many regional center consumers currently receive this service.
3. Oppose changes in Medi-Cal for increased co-payments (\$557.1 million General Fund savings) and limits on services (\$217.4 million General Fund savings). Some of the neediest regional center consumers who receive Medi-Cal services may be negatively impacted by these changes.
4. Oppose reductions in IHSS services (\$486.1 million General Fund savings). Some regional center consumers depend on IHSS to assist them in living on their own. If their IHSS is eliminated, they may have to move into a more restrictive and costly community care facility.



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Association of Regional Center Agencies Guiding Principles for 2011

The Association of Regional Center Agencies (ARCA) will use the following guidelines in the development of our legislative and budget priorities for 2011.

Person/family-centered focus and self-direction:

We support implementation of self-directed services contingent upon collaboration, full funding, and safeguards to all consumers and regional centers.

We support provisions that will address resolution of payment disputes between regional centers and other publicly funded agencies so regional center consumers and their families will continue receiving services without interruption.

We support the core concept of the Individual Choice Budget to retain person/family-centered options.

Lanterman Act entitlement and client rights:

We support policy discussions regarding full access and funding for services to ensure the continuation of the entitlement, promote full community inclusion and the preservation of consumer and family rights.

We support the rights of persons with developmental disabilities to a free and appropriate education in the least restrictive environment as well as access to all community services available to the general population.

We fully support a single, unified system for seamless service delivery to all persons with developmental disabilities, regardless of where they reside. We support uniform developmental center commitment procedures, including annual judicial review to ensure the appropriateness of placement.

We encourage placements from state developmental centers into the community and support the creation of community options for people currently residing in the developmental centers.

We support efforts to reduce the incidence of abuse perpetrated on persons with developmental disabilities.

We also support the protection of client rights by requiring providers to maintain proper insurance coverage and to list the regional center as an additional insured.

Availability of quality services/service development:

We support eliminating the prohibition on using purchase-of-service (POS) funds for the development of necessary programs to best fit consumer needs. We also support eliminating the provider rate freeze and instituting an outcome-based system for adjusting rates for regional center providers.

We support expansion of the Medi-Cal Emergency Fund to ensure adequate resources are available to serve people with developmental disabilities during budget delays.

We promote the flexible use of regional center negotiated rates not associated with a local or statewide median rate to ensure adequate reimbursement to service providers.

We endorse a rate system that takes into account the reasonable cost of doing business and geographic differentials for service providers.

We support provisions to ensure adequate funding for research into the causes and incidences of autism and other developmental disabilities and efficacy of various treatments and interventions.

Housing and residential services:

We support the development of community-based housing alternatives which would remain in the system for the sole use of persons with developmental disabilities. These alternatives and service delivery options may include ownership of property by a non-profit housing corporation rather than the service provider, allowing for additional stability for consumers and their families.

We support the use of regional center purchase-of-service funds to enable non-profit entities to provide rental assistance for and/or purchase housing for persons with developmental disabilities.

We support funding a rate system that promotes group homes of four persons or less with each individual having their own bedroom.

We support efforts to provide a clear definition regarding maximum costs for persons residing in supported living. It is recommended that the maximum cost for an individual placement shall not exceed the average annual cost of persons residing in state developmental centers.

We promote the concept of funds from the sale or lease of state developmental center property be placed in a revolving fund solely for the use of developing new, innovative programs and affordable housing for persons with developmental disabilities.

Employment and alternate day time activities for adults:

We promote the inclusion of adults with developmental disabilities into existing community services, programs, and activities already available to those without disabilities.

We support the development of competitive employment opportunities for people with developmental disabilities in where they will acquire marketable job skills, develop relationships, and earn their own money.

We support the use of natural supports and existing training networks by employers to minimize the need for paid support and to promote further independence.

Behavioral services:

We support the development of community-based supports to serve people with developmental disabilities and behavioral/mental health challenges.

We advocate for the development of secure living options and services for people with developmental disabilities and forensic needs as an alternative to state developmental center placement.

Health-related services:

We support rate adjustments for Medi-Cal providers to better reflect the additional time and expertise required to serve people with developmental disabilities.

We support the continuation of Department of Developmental Services Wellness Initiatives.

Services for infants and toddlers:

We support initiatives which will adequately fund regional center caseload average ratios of 45:1 for Early Start infants and toddlers.

We support funding to ensure services to infants and toddlers are provided in natural environments.

We support adequate funding for the Prevention Program to serve at-risk infants and toddlers.

Availability of quality services/support for regional center mandates:

We reaffirm our belief in the community-based nature of regional centers and our need to use public funds in a responsible and reasonable manner while being allowed the flexibility to be responsive to the local community.

We support adequate funding to meet regional center staffing and compensation needs and mandates to better maintain quality services for regional center consumers and families.

We support initiatives that provide adequate rates to support a "market wage" to regional center service provider direct care staff.

We support initiatives to secure funding that reflects the real cost of doing business by regional center service providers.

We promote service quality through the funding and coordination of quality management (including quality assurance) processes including identification of clear expectation, effective management of resources, data collection, and targeted system reform. Specifically, we support the ability for regional center to negotiate rates and performance outcome measures with service providers.

We support the full funding of any additional mandates placed on regional centers to ensure quality services can continue being provided to consumers and their families.

We support the reestablishment of incentives for regional centers that meet or exceed their performance contract objectives.

We support short and long-term budget strategies that recognize the dynamic and growing nature of demands for regional center purchase-of-services funds. We also recognize the need for program development in high cost, high growth and rural areas to meet consumer and family needs.

Approved by the ARCA Board of Directors January 21, 2011

Omar Noorzad - Re: CDCAN REPORT #019-2011: Assemblymember Beall Introduces AB 171 - Proposes Sweeping Private Health Insurance Reforms To Require Health Plans To Cover Critical Services for Children & Adults With Autism Spectrum & Other Disorders - Major Budget Impact

From: "Marty Omoto" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 1/20/2011 10:48 PM
Subject: Re: CDCAN REPORT #019-2011: Assemblymember Beall Introduces AB 171 - Proposes Sweeping Private Health Insurance Reforms To Require Health Plans To Cover Critical Services for Children & Adults With Autism Spectrum & Other Disorders - Major Budget Impact

CDCAN DISABILITY RIGHTS REPORT



CDCAN

#019-2011 – JANUARY 20, 2011 THURSDAY

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK: Advocacy Without Borders: One Community – Accountability With Action - California Disability Community Action Network Disability Rights News goes out to over 55,000 people with disabilities, mental health needs, seniors, traumatic brain & other injuries, veterans with disabilities and mental health needs, their families, workers, community organizations, including those in Asian/Pacific Islander, Latino, African American communities, policy makers and others across California.

To reply to this report write: MARTY OMOTO at martyomoto@rcip.com
 WEBSITE: www.cdcan.us TWITTER: www.twitter.com - "MartyOmoto"

REMEMBERING GEORGE MOORE, RESPECTED CALIFORNIA AND SACRAMENTO AREA DISABILITY ADVOCATE, MEMBER OF CALIFORNIANS FOR DISABILITY RIGHTS (CDR) WHO DIED TODAY

California State Budget Crisis:

ASSEMBLYMEMBER BEALL INTRODUCES BILL THAT WOULD REQUIRE PRIVATE HEALTH INSURANCE TO PAY FOR CRITICAL SERVICES FOR PEOPLE WITH AUTISM SPECTRUM DISORDERS

AB 171 Would Enact Most Sweeping Private Health Insurance Reforms in Nation and Have Major Impact in Reducing State General Fund Costs Advocates Say

SACRAMENTO, CALIF (CDCAN) [Updated 01/20/2011 08:55 PM (Pacific Time)] - Legislation that could have major impacting in reducing State general fund costs in



developmental and other services by requiring private health insurers to pay for critical services for children and adults with autism spectrum and related disorders was introduced today by Assemblymember Jim Beall, Jr. (Democrat – San Jose) [photo left]

The issue has been the focus of intense advocacy by many families of children with autism spectrum disorders, including a Bay Area mother, Feda Almaliti, who fought a long and ultimately successful battle against her managed care plan to provide services to her son with autism spectrum disorders.

In introducing his bill today, Beall said that he stands with "...the thousands of California parents and their children with autism spectrum and related disorders in the fight for justice to insure that California's HMO's [health maintenance organizations] and other private insurers bear

their fair share of the responsibility of providing essential services to those impacted by these conditions.”

The legislation, AB 171, is sponsored by the Alliance of California Autism Organizations (ACAO) which is comprised of over 40 California parent founded and supported local, state, and nationally based autism advocacy and support organizations and their local chapters.

SUMMARY OF WHAT AB 171 WOULD DO:

As introduced today, AB 171 would make the following changes in State law:

- *Require health plans to cover screening, diagnosis and treatment of autism spectrum disorders.*
- *Require health plans to develop and maintain networks of qualified autism service providers.*
- *Prohibit health plans from denying essential treatments to individuals with autism spectrum and related disorders.*

Beall says his bill intends to “leave the practice of medicine to doctors instead of insurance companies.”

Last year Senate President Pro Tem Darrell Steinberg (Democrat – Sacramento) pushed legislation, SB 1283, that focused on health insurance grievances that touched on a part of the larger issue of health insurance plans and children with autism spectrum disorders and their families, focusing on the handling of grievances against a health plan.

That bill was passed by the Assembly and State Senate but was vetoed on September 30, 2010 by Governor Arnold Schwarzenegger, who said the bill was “overbroad in its application and would affect all of the Department’s grievance procedures” and was not necessary.

Advocates – and Beall – are hopeful that Brown – a Democrat – is more likely to embrace health insurance reforms as proposed in AB 171, especially given the assertion that those reforms would mean significant savings to the State general fund.

Issue Has Major Impact on State Budget Crisis and Spending Cuts To Developmental Services

- The controversy regarding private health insurance plans and children with autism spectrum disorders and their families and what the health plans should cover has major potential impact on the State budget.
- Many advocates for families with children with autism spectrum disorders claim that the State could save tens of millions of dollars if insurance companies covered many of the services currently paid for by the State. Some advocates claim the savings could be well over \$200 million in State general funds – savings that could off-set cuts in actual spending in the developmental services budget.
- Those advocates also claim that private health insurance companies should have been required to provide certain intervention services for children with autism spectrum disorders, which could have prevented the need for more expensive services that the State is paying for now and in future years.
- Private health insurance companies have previously have strongly disagreed with the assertions made by advocates and are likely to mount a major campaign to oppose the bill, including during the hearings in the coming months (likely in late March or April).

"We cannot continue to expect taxpayers to exclusively foot the bill for vital health care services and programs such as Applied Behavior Analysis (ABA), Speech Therapy, Occupational Therapy and other essential medical and mental health services for children and adults with autism spectrum and related disorders.

"The private insurance industry must once and for all be mandated to provide these services and share the fiscal burden that many of us here in Sacramento believe has been purposely and disingenuously avoided for many years by the private insurance industry."

Beall says that his bill if enacted, would provide significant and immediate cost savings to the State, which he says is currently paying the cost of health care services for many insured Californians with autism spectrum disorders through the Regional Centers, counties and school districts.

Beall believes his legislation will provide long term cost savings in the form of reduced state spending on special education, welfare and other ongoing social services by ensuring that children and adults with autism spectrum and related disorders receive comprehensive treatment.

Rick Rollens, a Sacramento area parent of a son with autism spectrum disorders and a longtime advocate, praised Beall for introducing what he called a "historic bill".

Health Insurance Reforms Not Specifically Part of Governor's Budget

- Health insurance reforms such as Beall's legislation is technically not part of Governor Jerry Brown's budget plan as proposed – though would impact the plan by off-setting potentially tens of millions of dollars in State general spending cuts proposed to developmental services.
- The bulk of Governor's proposal for spending cuts to developmental services of over \$750 million in State general funds is largely unspecified at this point – to be identified by the Department of Developmental Services in the coming months that will include spending cuts that could be achieved by imposing accountability, transparency, state purchase of service standards – and also health insurance reforms.
- It is not clear at this point if Beall's bill will somehow be included in whatever the Brown Administration will submit back to the Legislature later in the budget process. *[CDCAN will be issuing Action Alert urging that these reforms are included as part of the Brown Administration's plan to achieve spending cuts in state general fund spending in developmental services]*

Issue Was Focus of June 10, 2010 Info Hearing By Senate Select Committee on Autism and Related Disorders

The issues surrounding requiring private health insurance plans to cover critical services for people with autism spectrum and other disorders was the focus of a special informational hearing held June 10, 2010 by the Senate Select Committee on Autism and Related Disorders, chaired by Senate President Pro tem Darrell Steinberg (Democrat – Sacramento).

To view the a video recording of the hearing go to CalChannel:

<https://www.calchannel.com/channel/viewvideo/1491>

Steinberg convened the hearing last year because he wanted to bring together all the representatives and advocates of all the parties connected to this issue to hear the different perspectives and concerns that could lead to possible solutions, including discussion on who and what must be covered under the federal Mental Health Parity Act.

Regional Centers Coordinate Services Under Contract by State

- The 21 non-profit regional centers under contract with the Department of Developmental Services, coordinates community-based services and supports to over 240,000 children and adults with developmental disabilities, including autism spectrum disorders (ASD)/
- The numbers of persons diagnosed with autism spectrum disorders and eligible for regional center coordinated services has exploded into what advocates and policymakers alike say is an "epidemic", with the population served growing from over 8,700 in 1997 to nearly 37,000 persons as of December 2007.
- That number does not include thousands of other children and young adults who may be diagnosed with Autism Spectrum Disorders but are not eligible for regional center coordinated services after the State significantly narrowed eligibility in 2004 as one of the budget reduction measures enacted.
- Regional Centers and developmental services overall have been hit with State budget cuts since late 2001, with a permanent reduction of over \$500 million in State funds (including lost federal matching funds) in 2009 and another \$750 million permanent reduction in state general fund spending proposed by Governor Brown in the 2011-2012 State Budget year.

NEXT STEPS

Unless an urgency (emergency) bill or part of the budget as a budget trailer bill, the following are the usual next steps for bills introduced:

- Regular bills introduced must wait 30 days from the date of its introduction before it can be heard in any committee (that would mean sometime after February 20th)
- This bill will be referred to at least one – possibly two different policy committees and then to Assembly Appropriations Committee if it passes out of policy committee.
- This bill will likely be heard sometime during March and April in policy committee in the Assembly
- May 6, 2011 – last day for policy committees to hear and report out bills to Assembly (or Senate) Appropriations Committee
- May 27, 2011 – last day for Assembly (and Senate) Appropriations Committee to report bills to the Assembly (and Senate) floor
- June 3, 2011 – Last day for Assembly to pass Assembly bills in order for those bills to continue on in the 2011 session (this rule does not apply to urgency bills)
- July 8, 2011 – If AB 171 makes it out of the Assembly, it must pass out of Senate policy committee or committees and be referred to Senate Appropriations Committee by this date in order to be considered for passage during the 2011 session
- August 26, 2011 – Last day for Senate (and Assembly) Appropriations to hear and report out bills to the Senate (and Assembly) floors.
- September 9, 2011 – Last day for any bill to be passed on the Senate or Assembly floors [bills not passed are carried over to the 2012 session in January]
- October 9, 2011 – Last day for Governor to sign or veto bills sent to him by the Legislature and in his possession after September 9th.
- January 1, 2012 – Regular bills signed by the Governor during the 2011 session take effect (unless it is an urgency bill, which take effect immediately or whenever stated in the bill)

VERY URGENT!!!!

PLEASE HELP CDCAN CONTINUE ITS WORK!!!

JANUARY 20, 2011 – YOUR HELP IS NEEDED



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1225 8th Street Suite 480 - Sacramento, CA 95814

paypal on the CDCAN site is not yet working – will be soon.

MANY, MANY THANKS TO CALIFORNIA ASSOCIATION OF ADULT DAY HEALTH CENTERS, VENTURA COUNTY AUTISM SOCIETY, RESPITE, INC., LOS ANGELES RESIDENTIAL COMMUNITY SERVING DEVELOPMENTALLY DISABLED ADULTS LARC RANCH, FEAT OF SACRAMENTO, EASTER SEALS OF SOUTHERN CALIFORNIA, EMMANUEL AND FAMILY, MICHAEL DIMMITT, PEOPLE FIRST OF SAN LUIS OBISPO, BOB BENSON, the Pacific Homecare Services, Toward Maximum Independence, Inc (TMI), Friends of Children with Special Needs, Southside Arts Center, San Francisco Bay Area Autism Society of America, Hope Services in San Jose, FEAT of Sacramento (Families for Early Autism Treatment), Sacramento Gray Panthers, Bill Wong, Tri-Counties Regional Center, Life Steps, Parents Helping Parents, Work Training, Foothill Autism Alliance, Arc Contra Costa, Pause4Kids, Training Toward Self Reliance, Californians for Disability Rights, Inc (CDR) including CDR chapters, CHANCE Inc, Strategies To Empower People (STEP), Harbor Regional Center, Asian American parents groups, Resources for Independent Living and many other Independent Living Centers, several regional centers, People First chapters, IHSS workers, other self advocacy and family support groups, developmental center families, adoption assistance program families and children, and others across California.

Omar Noorzad - Re: [CAL-DD] CDCAN REPORT #039-2011: Thousands Turn Out for Senate Budget Hearing At State Capitol and For Los Angeles (Van Nuys) Protest Against Governor's Proposed \$750 Million Reduction In General Fund Spending for Regional Centers & Developmental Services

From: Marty Omoto <martyomoto@RCIP.COM>
To: <CAL-DD@LISTSERV.ICORS.ORG>
Date: 2/11/2011 11:21 AM
Subject: Re: [CAL-DD] CDCAN REPORT #039-2011: Thousands Turn Out for Senate Budget Hearing At State Capitol and For Los Angeles (Van Nuys) Protest Against Governor's Proposed \$750 Million Reduction In General Fund Spending for Regional Centers & Developmental Services

CDCAN DISABILITY RIGHTS REPORT



#039-2011 – FEBRUARY 11, 2011 FRIDAY

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK: Advocacy Without Borders: One Community – Accountability With Action - California Disability Community Action Network Disability Rights News goes out to over 55,000 people with disabilities, mental health needs, seniors, traumatic brain & other injuries, veterans with disabilities and mental health needs, their families, workers, community organizations, including those in Asian/Pacific Islander, Latino,

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State Budget Crisis:

THOUSANDS AT STATE CAPITOL HEARING AND LA RALLY PROTEST GOVERNOR'S BUDGET CUTS TO REGIONAL CENTERS & OTHER HEALTH & HUMAN SERVICES AS LEGISLATURE MOVES CLOSER TO TAKING FINAL ACTION SOON

Over 1,000 Pack Hearing Rooms, Overflow Rooms and Hallways At State Capitol for Senate Budget Subcommittee 6 Hour Hearing on Governor's Proposed \$750 Million Reduction in General Fund Spending for Regional Centers & Other Developmental Services – Over 1,000 Show Up At Los Angeles Rally At State Building To Protest Cuts

SACRAMENTO, CALIF (CDCAN) [Updated 02/11/2011 – 09:00 AM (Pacific Time) –

Thousands of people with developmental disabilities, families, advocates, community-based providers, workers, regional centers and others filled to capacity the hearing room, overflow rooms, and hallways at the State Capitol for a 6 hour Senate Budget Subcommittee hearing and at a protest rally in Los Angeles – both held at the same time yesterday – in opposition to Governor Jerry Brown's proposed \$750 million reduction in State general fund



spending for regional center and other developmental services. *[Photo above left of part of the crowd in the hallways outside the hearing room waiting to testify – photo by Shella DuMong]*

Well over 1,000 people filled to capacity the main hearing room, balcony, overflow rooms, hallways at the State Capitol were even larger than the enormous crowds that packed a similar Assembly Budget Subcommittee hearing on February 3rd, covering the same budget issues. Many were protesting outside the State Capitol.

The lines of people wanting to testify filled both sides of the main hearing room, and then continued outside the room down the entire length of the hallway to the other end of the building (see photo above). Well over 150 people –including from people from an impromptu meeting immediate after the end of the hearing by Sen. Mark DeSaulnier, subcommittee chair, with nearly 200 advocates who were among the many who could not get into the main hearing room. The gave the senator a standing ovation when he entered the room for his willingness to meet and hear additional public comments.

The turn-out for the February 3rd and 10th budget subcommittee hearings were the largest in several years, according to State Capitol police and other security.



At a protest rally held to coincide with the budget hearing, drew well over 1,000 people, at the State office building in Van Nuys (Los Angeles) *[photo of part of the large crowd by Aaron Kitzman]*. That office building houses several state offices, including the district office of Assemblymember Bob Blumenfield (Democrat – Van Nuys), who is also the chair of the Assembly Budget Committee.

CDCAN will issue later today a full report on what happened at the Senate Budget Subcommittee and other budget subcommittee hearings later today – and also more details of the Los Angeles rallies and upcoming events.

Persons having additional photos or videos, please sent to Marty Omoto at martyomoto@rcip.com

What Action the Senate Budget Subcommittee Took:

- The Senate Budget Subcommittee #3 on Health and Human Services heard several budget items, including the Governor's proposed \$750 million reduction in State general fund spending to regional centers and other developmental services but kept all items "open" for later final action likely next week.

What Action the Assembly Budget Subcommittee Took

- The Assembly Budget Subcommittee #1 on Health and Human Services, chaired by Assemblymember Holly Mitchell (Democrat – Los Angeles, 47th Assembly District) also met on the same day and time, and took final action on about 12 budget issues - including 5 dealing with regional centers and 2 dealing with the Long Term Care Ombudsman. The 12 items listed "for vote only" (meaning no public testimony because the issues were previously heard and public testimony taken) were not considered major or controversial budget items.
- Those items approved by the Assembly Budget Subcommittee did not include the proposed budget related language dealing with statewide purchase of services standards or the actual overall reduction amount that Governor Brown is proposing.

- Three of the five developmental services related budget issues “for vote only” that the Assembly Budget Subcommittee did take final action on Thursday deal with the overall \$750 million cut indirectly. Those three of the regional center budget items – actually proposed budget trailer bill language – are part of the Governor’s overall proposed \$750 million reduction in State general fund spending to regional centers and other developmental services.
- The amount of reduction in State general funding resulting from the three trailer bills dealing with accountability and transparency that would be achieved out of the \$750 million is not specified.
- *[CDCAN Note: it is called trailer bills because those are bills that make necessary changes in State law to implement a reduction or other change in the main budget bill. The main budget bill is passed and signed into law first – followed or trailed by the budget trailer bills]*

The specific developmental services budget issues approved by the Assembly Budget Subcommittee were:

- *Fairview Developmental Center Fire Alarm System Upgrade*
- *Prevention Program Budget Bill Language (Budget Bill Language (BBL) would allocate \$16.3 million out of the \$36.3 million allocated to the Prevention Program for Purchase of Services for Early Start consumers. This does not appropriate additional Regional Center Operation funding for Early Start. This leaves the Prevention program with a budget of \$20 million to serve a projected population of 10,860 unduplicated children in 2011-12.)*
- *Regional Center Conflict of Interest Budget Trailer Bill Language [CDCAN Note: This is part of the overall \$750 million reduction in State general fund spending proposed by the Governor – the agenda lists the reduction as \$533 million because it is not including the new federal funds and funds being shifted that will replace existing State general funds. If added together it would equal \$750 million reduction in State general funding]*
- *Regional Center Third Party Liability Budget Trailer Bill Language [CDCAN Note: This is part of the overall \$750 million reduction in State general fund spending proposed by the Governor]*
- *Regional Center Audits Budget Trailer Bill Language [CDCAN Note: This is part of the overall \$750 million reduction in State general fund spending proposed by the Governor]*

Full Budget Committees In Both Houses To Meet Next Week

- As previously reported in an earlier CDCAN Report today, in a sign that both houses are moving forward toward taking final action on the Governor’s proposals, both the Assembly and Senate full budget committees have scheduled hearings next week to take final action on many of the Governor’s proposals.
- The Senate Budget and Fiscal Review Committee, chaired by Sen. Mark Leno (Democrat – San Francisco) is scheduled to meet February 16th and 17th, at the State Capitol in Room 4203, including those impacting health and human services (including regional centers and other developmental services, Medi-Cal). Hearing dates can change,
- Assembly Budget Committee, chaired by Assemblymember Bob Blumenfield (Democrat – Van Nuys) is set to meeting February 18th, Friday at the State Capitol in Room 4202 to close out or take final action on a number of the Governor’s proposals including health and human services

NEXT STEPS

- **NO MAJOR ACTION YET FROM EITHER HOUSE:** As of February 11th, both the Assembly and Senate Budget Subcommittees have heard nearly all of the Governor’s

proposed reductions in hearings that began the week of January 24th and taking in public comment. Nearly all of the Governor's major proposals have been kept "open" for later action.

- **WHEN WILL LEGISLATURE TAKE FINAL ACTION:** The full budget committees in both houses have scheduled hearings next week (see above for details) to close many "open" budget items. Beyond that, the process and timing is not certain at this point. Those items not closed (final action taken) or those items where the Senate and Assembly took different action will likely then go to a budget conference committee (which would be chaired by Assemblymember Blumenfield this year) – and then for a final vote by the entire Assembly and Senate.
- **BUDGET PROCESS ON FAST TRACK** - The Governor and Legislature – at the Governor's urging – have put his proposed 2011-2012 State Budget spending plan on a fast track, to take action on his major proposals before March 1st. The normal State budget process takes months – with subcommittee hearings normally spread out from February to May. Governor has urged the Legislature to move quickly because a key part of his plan is to place on a special election ballot in June for voter approval his proposal to extend for five years temporary tax increases that are scheduled to expire this year.
- The Governor also wants quick action on his spending reduction proposals in order for the State to be able to move to implement them by July 1st – and in some cases, within a few months – in order to achieve the greatest savings in State general funding from the cuts.
- **MORE BUDGET HEARINGS LIKELY IN MAY OR JUNE** – While this week is likely the final time for public comment at a budget subcommittee hearing (people can still contact their own legislators or write letters to members) before the Legislature takes final action on the Governor's proposals, there will likely be additional budget hearings in May or early June. Those hearings – which will likely take public comment – will likely hear whatever details the Brown Administration submits to the Legislature on how it plans to achieve whatever reduction amount is targeted for regional centers and other developmental services. Other issues – possibly In-Home Supportive Services – might come up for hearing at that time as further details on various proposals become available.

VERY URGENT!!!!

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Attachment #8

From: "Marty Omoto" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 3/3/2011 1:47 PM
Subject: Re: CDCAN REPORT #067-2011: Budget Conference Committee Will Meet at 2:00 PM Today - Additional 12 Page Agenda Released - Additional \$50 Million in State General Fund Cut Added to Developmental Services Reductions
Attachments: 20110303-BudgetConferenceCommittee-Errata.pdf; Part.005

CDCAN DISABILITY RIGHTS REPORT

CDCAN Logo#067-2011 - MARCH 03, 2011 - THURSDAY

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK: Advocacy Without Borders:

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State Budget Crisis:

Budget Conference Committee Will Meet At 2:00 PM Today - Additional 12 Page Agenda Items Released - New Item Calls For Additional \$50 Million Reductions to Developmental Services

SACRAMENTO, CALIF (CDCAN) [Updated 03/03/2011 - 01:25 PM (Pacific Time) - The Budget Conference Committee will meet today (March 3, Thursday) at 2:00 PM at the State Capitol in Room 4203. The hearing - like all other budget committee hearings - will be televised live and webcasted live through CalChannel (go to www.calchannel.com <<http://www.calchannel.com>> for more information) . The Budget Conference Committee last met on Monday (February 28th) focusing on realignment or shifting of certain state services to the counties, though took no action.

The Budget Conference Committee released this afternoon a 12 page addition (errata) to the original two part agenda that the conference committee worked on since it held its first hearing last week. The additional new items include a new adjustment or reductions of \$50 million in State general funds to developmental services - including an additional \$24 million reduction on top of the \$150 million cut in State general fund spending that is currently not specified, but could be achieved by statewide standards to limit spending on regional center community-based services.

The 12 page errata is attached as a pdf file saved as a document (so people who are blind and persons with sight impairments can read using screen reading devices). It is titled:
"20110303-BudgetConferenceCommittee-Errata.pdf"

As reported earlier, several critical issues remain "open" on the Budget Conference Committee agenda still to be resolved before the budget package goes to the Assembly and Senate floors next week for final votes including the Governor's proposed elimination of Adult Day Health Care, Multipurpose Senior Services Program, elimination proposed for domestic and related services for most people in the IHSS program. It is not certain what "open" issues the Budget Conference Committee will take up today if it meets.

Both the Assembly and Senate held brief floor sessions this morning but adjourned until Monday.

Budget committee staff from both houses have been working to finalize possible actions and details on the various "open" budget items - many which are controversial and difficult to find agreement. "Open" budget items are those issues before the Budget Conference Committee which it has not yet taken final action on. Only those issues where the Senate and Assembly Budget Committees last month took different actions were on the Budget Conference Committee agenda.

Here is the new item in the additional 12 page (errata) agenda:

[Budget Item] 4300-Various Department of Developmental Services
New Additional System-Wide Adjustment to Developmental Services.

Both Houses adopted a system-wide reduction of \$527.2 million (GF) [State general funds] to Developmental Services through a series of reductions and adjustments to community-based services as well as the State Developmental Centers.

The Governor proposed a system-wide reduction of \$750 million (GF) [State general funds].

Due to the fiscal crisis, an additional reduction of \$50 million (GF) [State general funds] from the Conference Budget Bill (SB 69) is proposed as follows:

- * Delete \$2.7 million (GF) [State general fund] for capital outlay project at Sonoma Developmental Center for medical gases;
- * Reduce by \$15 million (GF) from State Developmental Centers by further adjusting for population decreases, program consolidations, and related factors;
- * Reduce by \$8 million (GF) the Prevention Program; and
- * Reduce by \$24 million (GF) by increasing the regional centers Purchase of Services adjustment (for a total of \$174 million GF).[State general funds]

Omar Noorzad - ACTIONS: Budget Conference Committee

From: "Anh Nguyen" <Nguyena@arcenet.org>
To: "Anh Nguyen" <Nguyena@arcenet.org>, "Yvonne Gratianne" <ygratianne@sgprc...
Date: 3/3/2011 4:03 PM
Subject: ACTIONS: Budget Conference Committee
CC: "Bob Baldo" <Baldob@arcenet.org>, <Rollensconsult@aol.com>, "Carolyn Sti..."

Earlier this afternoon, we sent you a copy of the Budget Conference Committee agenda that included a proposal to reduce the Developmental Services budget by an additional \$50 million.

The proposal from the Administration/Department of Finance:

Due to the fiscal crisis, an additional reduction of \$50 million (GF) from the Conference Budget Bill is proposed:

1. Delete \$2.7 million (GF) for capital outlay project at Sonoma for medical gases;
2. Reduce by \$15 million (GF) from DCs by further adjusting for population decreases, program consolidations and related factors;
3. Reduce by \$8 million (GF) the Prevention Program;
4. Reduce by \$24 million (GF) by increasing the POS adjustment (for a total of \$174 million GF).

During his opening remarks, Michael Cohen, Chief Deputy Director of the Department of Finance stated he did not think the full \$15 million savings proposed to come out of the developmental centers could be realistically achieved. He proposed adding the \$15 million to the proposed \$24 million to the purchase-of-service reduction for a full \$39 million proposed reduction to POS.

There were questions from Senator Mark Leno (D – San Francisco), Vice Chair of the Conference Committee about why savings could not be achieved by taking into account the developmental center population reduction in the current year as well in some other areas, such as program consolidation and contract review. After much questioning from different members of the committee (both Democrats and Republicans) about the impact additional reductions would have on the community and people served by regional centers, there was a counter proposal introduced by Senator Bill Emerson (R – Riverside) to look for additional savings out of the Regional Center Operations budget and DDS headquarters.

Senator Leno stated that regional centers and the community have already taken reductions and we should really begin to continue looking for savings in the developmental centers as their population decreases.

The final action was the Budget Conference Committee approved the proposed reduction (as listed above) of the additional \$50 million to the developmental services budget, 5-0 on the Assembly side and 5-0 on the Senate side.

If you have any questions or concerns regarding today's hearing, please don't hesitate to contact our office.

Anh Nguyen

Association of Regional Center Agencies
915 L Street, Suite 1440
Sacramento, CA 95814

ARCA
PROPOSED BUDGET REDUCTIONS - TOTAL FUNDS
FY 2011-12 - AFTER CONFERENCE COMMITTEE ACTIONS
MARCH 4, 2011

Total Funds					
RC Operations	POS	Prevention Prog	Fund Shift	DCs	Total

Specified Reductions in November Estimate to Achieve Savings target

Continuation of 4.25% Reduction to POS & OPS	\$22,700,000	\$142,800,000		\$0	\$165,500,000
Prop 10 Funding				\$50,000,000	\$50,000,000
Expansion of 1915(i) SPA				\$60,000,000	\$60,000,000
Expansion of Money Follows the Person Grant				\$10,000,000	\$10,000,000
Additional FFP - Porterville Secure Treatment Fac.				\$13,000,000	\$13,000,000

GF Savings from POS Standards and other savings		\$174,000,000			\$174,000,000
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Changes to November Estimate

Trailer Bill - Administrative Cost Cap	\$1,900,000	\$68,100,000			\$70,000,000
Trailer Bill - Third Party Liability - Health Plans		\$11,000,000			\$11,000,000
Trailer Bill - Audits	\$300,000	\$39,500,000			\$39,800,000
Trailer Bill - Conflict of Interest	\$1,300,000	\$18,800,000			\$20,100,000
Trailer Bill - Accountability & Transparency		\$50,300,000			\$50,300,000
DC Residence & Program Consolidation				\$42,600,000	\$42,600,000
Reductions to DC Operations & Equipment				\$6,600,000	\$6,600,000
Reductions to Lanterman DC Staff				\$2,100,000	\$2,100,000
Reject Fairview DC Fire Alarm System				\$8,600,000	\$8,600,000
Reject Sonoma DC Medical Gases Project				\$2,700,000	\$2,700,000
Reduction to Agnews CPP Staff	\$1,500,000				\$1,500,000
Funds Shift - Certain RC OPS to FFP			\$3,000,000		\$3,000,000
Funds Shift - Adj. for Large Facilities - Obtain FFP			\$1,700,000		\$1,700,000
Reduction to Funds for Effect of Medi-Cal Reductions		\$15,000,000			\$15,000,000
Reduce Prevention Program			\$8,000,000		\$8,000,000

Total Savings and Fund Shifts	\$27,700,000	\$519,500,000	\$8,000,000	\$137,700,000	\$62,600,000	\$755,500,000
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Changes Made In Conference Committee

ARCA
PROPOSED BUDGET REDUCTIONS - TOTAL FUNDS
FY 2011-12 - AFTER CONFERENCE COMMITTEE ACTIONS
MARCH 4, 2011

COMPARISON OF ADJUSTED PROPOSED BUDGET FOR FY 2011-12 TO FY 2010-11

	RC Operations	POS	Prevention Prog	ES Part-C Other	Cost Containment	Total
Regional Center Budget per November Estimate	\$523,827,000	\$3,766,870,000	\$20,003,000	\$20,095,000	(\$533,501,000)	\$3,797,294,000
Cost Containment Included in Governor's Budget						\$163,367,000
Continuation of 4.25% Payment Reduction	\$22,338,000	\$141,029,000				\$533,501,000
Cost Containment Measures					\$533,501,000	\$533,501,000
Regional Center Budget w/o Cost Containment	\$546,165,000	\$3,907,899,000	\$20,003,000	\$20,095,000	\$0	\$4,494,162,000
Total Savings to RC Budgets (from Page 1)	\$27,700,000	\$519,500,000	\$8,000,000	\$0	\$0	\$555,200,000
TOTAL RC BUDGET AFTER CONFERENCE COMM	\$518,465,000	\$3,388,399,000	\$12,003,000	\$20,095,000	\$0	\$3,938,962,000
FY 2010-11 BUDGET - PER NOVEMBER ESTIMATE	\$518,589,000	\$3,569,923,000	\$18,150,000	\$20,095,000	\$0	\$4,126,757,000
INCREASE (DECREASE) FROM FY 2010-11	(\$124,000)	(\$181,524,000)	(\$6,147,000)	\$0	\$0	(\$187,795,000)

PERCENT INCREASE (DECREASE) FROM FY 2010-11 -0.02% -5.08% -33.87% -4.55%

Changes Made in Conference Committee		
	General Fund	Total Fund
Reject Sonoma DC Medical Gases Project	\$2,700,000	\$2,700,000
DC Residence & Program Consolidation - Additional Savings	\$15,000,000	\$29,300,000
Reduce Prevention Program	\$8,000,000	\$8,000,000
Increase Savings from POS Standards	\$24,000,000	\$24,000,000
Total Changes	\$49,700,000	\$64,000,000

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An act to add Section 4629.5 to the Welfare and Institutions Code, relating to developmental services, and declaring the urgency thereof, to take effect immediately.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4629.5 is added to the Welfare and Institutions Code, to read:

4629.5. (a) Notwithstanding any other provision of law, all regional center contracts or agreements with service providers in which rates are determined through negotiations between the regional center and the service provider shall expressly require that at least 85 percent of regional center funds be spent on direct services. For purposes of this subdivision, direct service expenditures are those costs immediately associated with the services being offered by the provider. Funds spent on direct services shall not include any administrative costs. Administrative costs include, but are not limited to, any of the following:

- (1) Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the entity, including, but not limited to, directors and chief executive officers.
- (2) Salaries, wages, and benefits of other nondirect service employees, including, but not limited to, payroll management, personnel functions, accounting, budgeting, auditing, and facility management.
- (3) Facility operation costs, except those immediately associated with direct services, as defined in this subdivision.
- (4) Maintenance and repair.
- (5) Data processing and computer services.
- (6) Contract and procurement activities.
- (7) Training.



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- (8) Nondirect service travel.
- (9) Licenses.
- (10) Taxes.
- (11) Interest.
- (12) Insurance.
- (13) Depreciation.
- (14) General administrative expenses.

(b) Notwithstanding any other provision of law, all contracts between the department and the regional centers shall require that at least 85 percent of all funds appropriated through the regional center's operations budget shall be spent on direct services. For purposes of this subdivision, "direct services" includes service coordination, assessment and diagnosis, monitoring of consumer services, and clinical services. Funds spent on direct services shall not include any administrative costs. For purposes of this subdivision, administrative costs include, but are not limited to, any of the following:

- (1) Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the regional center, including, but not limited to, directors and chief executive officers.
- (2) Salaries, wages, and benefits of other nondirect service employees, including, but not limited to, payroll management, personnel functions, accounting, budgeting, auditing, and facility management.
- (3) Facility operation costs, except those immediately associated with direct services, as defined in this subdivision.



- (4) Maintenance and repair.
- (5) Data processing and computer services.
- (6) Contract and procurement activities.
- (7) Training.
- (8) Nondirect service travel.
- (9) Licenses.
- (10) Taxes.
- (11) Interest.
- (12) Insurance.
- (13) Depreciation.
- (14) General administrative expenses.

(c) Consistent with subdivision (a), service providers and contractors, upon request, shall provide regional centers with access to any books, documents, papers, computerized data, source documents, consumer records, or other records pertaining to the service providers' and contractors' negotiated rates.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make changes necessary to implement the Budget Act of 2011, it is necessary for this act to take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Regional center contracts: direct services.

Under existing law, the Lanterman Developmental Disabilities Services Act, the State Department of Developmental Services is responsible for providing various services and supports to individuals with developmental disabilities, and for ensuring the appropriateness and quality of those services and supports. Under existing law, regional centers contract with the department, as well as other service providers, to provide services and supports to persons with developmental disabilities.

This bill would require, notwithstanding any other provision of law, all regional center contracts with the department, and all regional center contracts or agreements with service providers, to require that at least 85% of regional center funds be spent on direct services, as defined. The bill would specifically exclude designated administrative costs from being included in the definition of direct services. This bill would require service providers and contractors, upon request, to provide regional



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centers with access to specified information pertaining to the service providers' and contractors' negotiated rates.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



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An act to amend Section 4639 of, and to add Section 4652.5 to, the
Welfare and Institutions Code, relating to developmental services, and
declaring the urgency thereof, to take effect immediately.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4639 of the Welfare and Institutions Code is amended to read:

4639. (a) The governing board of a regional center shall annually contract with an independent accounting firm for an audited financial statement. The audit report and accompanying management letter shall be reviewed and approved by the regional center board and submitted to the department within 60 days of completion and before April 1 of each year. Upon submission to the department, the audit report and accompanying management letter shall be made available to the public by the regional center. It is the intent of the Legislature that no additional funds be appropriated for this purpose.

(b) The audit specified in subdivision (a) shall not be completed by the same accounting firm more than five times in every 10 years.

SEC. 2. Section 4652.5 is added to the Welfare and Institutions Code, to read:

4652.5. (a) (1) An entity receiving payments from one or more regional centers shall contract with an independent accounting firm for an audit or review of its financial statements subject to all of the following:

(A) When the amount received from the regional center or regional centers during the entity's fiscal year is more than or equal to ____ dollars (\$____) but less than ____ dollars (\$____), the entity shall obtain an independent audit or independent review of its financial statements for the period. This subdivision shall also apply to work activity program providers receiving less than ____ dollars (\$____).



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(B) When the amount received from the regional center or regional centers during the entity's fiscal year is equal to or more than ____ dollars (\$____), the entity shall obtain an independent audit of its financial statements for the period.

(2) This requirement does not apply to payments made using usual and customary rates, as defined by Title 17 of California Code of Regulations, for services provided by regional centers.

(3) This requirement does not apply to state and local governmental agencies, the University of California, or the California State University.

(b) An entity subject to subdivision (a) shall provide copies of the independent audit or independent review report required by subdivision (a), and accompanying management letters, to each vendoring regional center within 30 days after completion of the audit or review.

(c) Regional centers receiving the audit or review reports required by subdivision (b) shall review and require resolution by the entity for issues identified in the report that have a direct or indirect impact on regional center services. Regional centers shall take appropriate action, up to termination of vendorization, for lack of adequate resolution of issues.

(d) Regional centers shall notify the department of all qualified opinion reports or reports noting significant issues that directly or indirectly impact regional center services within 30 days after receipt. Notification shall include a plan for resolution of issues.



(e) For purposes of this section, an independent review of financial statements must be performed by an independent accounting firm and shall cover, at a minimum, all of the following:

(1) An inquiry as to the entity's accounting principles and practices and methods used in applying them.

(2) An inquiry as to the entity's procedures for recording, classifying, and summarizing transactions and accumulating information.

(3) Analytical procedures designed to identify relationships or items that appear to be unusual.

(4) An inquiry about budgetary actions taken at meetings of the board of directors or other comparable meetings.

(5) An inquiry about whether the financial statements have been properly prepared in conformity with Generally Accepted Accounting Principles and whether any events subsequent to the date of the financial statements would have a material effect on the statements under review.

(6) Working papers prepared in connection with a review of financial statements describing the items covered as well as any unusual items, including their disposition.

(f) For purposes of this section, an independent review report shall cover, at a minimum, all of the following:

(1) Certification that the review was performed in accordance with standards established by the American Institute of Certified Public Accountants.

(2) Certification that the statements are the representations of management.



(3) Certification that the review consisted of inquiries and analytical procedures that are lesser in scope than those of an audit.

(4) Certification that the accountant is not aware of any material modifications that need to be made to the statements for them to be in conformity with Generally Accepted Accounting Principles.

(g) The department shall not consider a request for adjustments to rates submitted in accordance with Title 17 of the California Code of Regulations by an entity receiving payments from one or more regional centers solely to fund either anticipated or unanticipated changes required to comply with this section.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make necessary changes for the implementation of the Budget Act of 2011, it is necessary that this act take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

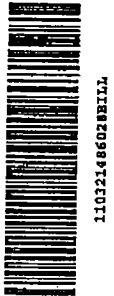
General Subject: Developmental services: audits.

Under existing law, the Lanterman Developmental Disabilities Services Act, the State Department of Developmental Services is authorized to contract with regional centers to provide support and services to individuals with developmental disabilities. Existing law requires the governing board of a regional center to annually contract with an independent accounting firm for an audited financial statement.

This bill would prohibit the audit of a regional center from being completed by the same accounting firm more than 5 times in every 10 years.

Under existing law, regional centers purchase needed services for individuals with developmental disabilities through approved service providers or arrange for their provision through other publicly funded agencies.

This bill would require an entity receiving payments from one or more regional centers, except for state and local governmental agencies, the University of California,



or the California State University, to contract with an independent accounting firm for an audit or review of its financial statements, as specified. The bill would require regional centers to review and require resolution by the entity for issues identified in the report that have a direct or indirect impact on regional center services and to take appropriate action, up to termination of vendorization, for lack of adequate resolution of issues. The bill would require a regional center to notify the department of all qualified opinion reports or reports noting significant issues that directly or indirectly impact regional center services within 30 days after receipt. The bill would make related changes.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



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An act to amend Sections 4626 and 4627 of, and to add Section 4626.5 to, the Welfare and Institutions Code, relating to developmental services, and declaring the urgency thereof, to take effect immediately.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4626 of the Welfare and Institutions Code is amended to read:

4626. (a) ~~In~~ The department shall give a very high priority to ensuring that regional center board members and employees act in the course of their duties solely in the best interest of the regional center consumers and their families without regard to the interests of any other organization with which they are associated or persons with whom they are related. Board members, employees, and others acting on the regional center's behalf, as defined in regulations issued by the department, shall be free from conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the regional center, its consumers, or its mission.

(b) In order to prevent potential conflicts of interest, no member of the governing board or member of the program policy committee of a regional center shall be any of the following:

(1) An employee of the State Department of Developmental Services or any state or local agency ~~which that~~ provides services to a regional center ~~client~~ consumer, if employed in a capacity which includes administrative or policymaking responsibility, or responsibility for the regulation of the regional center.

(2) An employee or a member of the state council or an area board.

(3) Except as otherwise provided in subdivision (h) of Section 4622, an employee or member of the governing board of any entity from which the regional center purchases ~~client~~ consumer services.



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(4) Any person who has a financial interest, as defined in Section 87103 of the Government Code, in regional center operations, except as a consumer of regional center services.

~~(b) Notwithstanding paragraph (1) of subdivision (a), members serving on the governing board or program policy committee of a regional center on January 1, 1982, may continue to serve on the board or committee until the expiration of their term as defined in subdivision (f) of Section 4622. Notwithstanding any other provision of this section, members serving on the governing board or program policy committee of a regional center on January 1, 1982, may continue to serve on the board or committee until the expiration of their current term. Changes in the composition of the board or committee required by amendments to this section that are operative on January 1, 1982, shall apply only to subsequent vacancies on the board or committee.~~

(c) The department shall ensure that no regional center employee or board member has a conflict of interest with an entity that receives regional center funding, including, but not limited to, a nonprofit housing organization and an organization qualified under Section 501(c)(3) of the Internal Revenue Code, that actively functions in a supporting relationship to the regional center.

(d) The department shall develop and publish a standard conflict-of-interest reporting statement. The conflict-of-interest statement shall be completed by each regional center governing board member and each regional center employee specified in regulations, including, at a minimum, the executive director, every administrator, every program director, and every employee who has decisionmaking or policymaking authority or authority to obligate the regional center's resources.



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(e) Every new regional center governing board member and regional center executive director shall complete and file the conflict-of-interest statement described in subdivision (d) with his or her respective governing board within 30 days of being selected, appointed, or elected. Every new regional center employee referenced in subdivision (d) and every current regional center employee referenced in subdivision (d) accepting a new position within the regional center shall complete and file the conflict-of-interest statement with his or her respective regional center within 30 days of assuming the position.

(f) Every regional center board member and regional center employee referenced in subdivision (d) shall complete and file the conflict-of-interest statement by August 1 of each year.

(g) Every regional center board member and regional center employee referenced in subdivision (d) shall complete and file a subsequent conflict-of-interest statement upon any change in status that creates a potential or present conflict of interest. For the purposes of this subdivision, a change in status includes, but is not limited to, a change in financial interests, legal commitment, regional center or board position or duties, or both, or outside position or duties, or both, whether compensated or not.

(h) The governing board shall submit a copy of the completed conflict-of-interest statements of the governing board members and the regional center executive director to the department within 10 days of receipt of the statements.

(i) All conflict-of-interest statements required pursuant to this section or Sections 4626.5 and 4627 shall be signed under penalty of perjury.



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(j) The director of the regional center shall review the conflict-of-interest statement of each regional center employee referenced in subdivision (d) within 10 days of receipt of the statement. If a potential or present conflict of interest is identified for a regional center employee that cannot be eliminated, the regional center shall, within 30 days of receipt of the statement, submit to the department, the state council, and the respective area board, a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center or the employee, or both, will take to mitigate the conflict of interest.

(k) The department and the regional center governing board shall review the conflict-of-interest statement of the regional center executive director and each regional center board member to ensure that no conflict of interests exist. If a present or potential conflict of interest is identified for a regional center director or a board member that cannot be eliminated, the regional center governing board shall, within 30 days of receipt of the statement, submit to the department, the state council, and the respective area board, a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center governing board or the individual, or both, will take to mitigate the conflict of interest.

SEC. 2. Section 4626.5 is added to the Welfare and Institutions Code, to read:

4626.5. Each regional center shall submit a conflict-of-interest policy to the department by July 1, 2011, and shall post the policy on its Internet Web site by August 1, 2011. The policy shall do, or comply with, all of the following:

- (a) Contain the elements of this section and be consistent with applicable law.
- (b) Define conflicts of interest.



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(c) Identify positions within the regional center required to complete and file a conflict-of-interest statement.

(d) Facilitate disclosure of information to identify conflicts of interest.

(e) Require candidates for nomination, election, or appointment to a regional center board, and applicants for regional center director to disclose any potential or present conflicts of interest prior to being appointed, elected, or confirmed for hire by the regional center or the regional center governing board.

(f) Require the regional center and its governing board to regularly and consistently monitor and enforce compliance with its conflict-of-interest policy.

SEC. 3. Section 4627 of the Welfare and Institutions Code is amended to read:

4627. (a) The director of the department shall ~~promulgate~~ adopt and enforce ~~conflict of interest~~ conflict-of-interest regulations to ~~insure~~ ensure that members of the governing board, program policy committee, and employees of the regional center make decisions with respect to the regional centers that are in the best interests of the center's-clients consumers and families.

(b) The department shall monitor and ensure the regional centers' compliance with this section and Sections 4626 and 4626.5. Failure to disclose information pursuant to these sections and related regulations may be considered grounds for removal from the board or for termination of employment.

(c) The department shall adopt regulations to develop standard conflict-of-interest reporting requirements.

(d) The department shall adopt emergency regulations to implement this section and Sections 4626 and 4626.5 by _____. The adoption, amendment, repeal, or



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readoption of a regulation authorized by this section is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.9 of the Government Code, and the department is hereby exempted from that requirement. For purposes of subdivision (e) of Section 11346.1 of the Government Code, the 120-day period, as applicable to the effective period of an emergency regulatory action and submission of specified materials to the Office of Administrative Law, is hereby extended to 180 days.

(e) The department shall adopt regulations to implement the terms of subdivision (d) through the regular rulemaking process pursuant to Sections 11346 and 11349.1 of the Government Code within 18 months of the adoption of emergency regulations pursuant to subdivision (d).

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:



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In order to make changes necessary for implementation of the Budget Act of 2011, it is necessary that this act take effect immediately.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Regional centers: conflicts of interest.

Existing law, the Lanterman Developmental Disabilities Services Act, requires the State Department of Developmental Services to enter into contracts with private nonprofit corporations to operate regional centers for the provision of community services and support for persons with developmental disabilities and their families, including, but not limited to, residential placement. Existing law sets forth the duties of the regional centers, including, but not limited to, development of individual program plans, the purchase of needed services to implement the plan, and the monitoring of services.

Existing law requires the department to adopt and enforce conflict-of-interest regulations to insure that members of the governing board, program policy committee, and employees of the regional center make decisions with respect to the regional centers that are in the best interests of consumers and families.



This bill would, in addition, require that the department adopt emergency and other regulations to establish standard conflict-of-interest reporting requirements to require regional center board members, directors, and identified employees to complete and file conflict-of-interest statements. The bill would make conforming changes and would delete provisions permitting persons who served on a board or program policy committee on January 1, 1982, to continue to serve. The bill would require each regional center to submit a conflict-of-interest policy to the department by July 1, 2011, and to post the policy on its Internet Web site by August 1, 2011.

By requiring that the conflict-of-interest statements be signed under penalty of perjury, this bill would impose a state-mandated local program by changing the definition of an existing crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



An act to amend Sections 4640.6 and 4791 of the Welfare and Institutions Code, and to amend Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, relating to developmental services, and declaring the urgency thereof, to take effect immediately.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4640.6 of the Welfare and Institutions Code is amended to read:

4640.6. (a) In approving regional center contracts, the department shall ensure that regional center staffing patterns demonstrate that direct service coordination are the highest priority.

(b) Contracts between the department and regional centers shall require that regional centers implement an emergency response system that ensures that a regional center staff person will respond to a consumer, or individual acting on behalf of a consumer, within two hours of the time an emergency call is placed. This emergency response system shall be operational 24 hours per day, 365 days per year.

(c) Contracts between the department and regional centers shall require regional centers to have service coordinator-to-consumer ratios, as follows:

(1) An average service coordinator-to-consumer ratio of 1 to 62 for all consumers who have not moved from the developmental centers to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 79 consumers for more than 60 days.

(2) An average service coordinator-to-consumer ratio of 1 to 45 for all consumers who have moved from a developmental center to the community since April 14, 1993. In no case shall a service coordinator for these consumers have an assigned caseload in excess of 59 consumers for more than 60 days.

(3) Commencing January 1, 2004, the following coordinator-to-consumer ratios shall apply:



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(A) All consumers three years of age and younger and for consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, an average service coordinator-to-consumer ratio of 1 to 62.

(B) All consumers who have moved from a developmental center to the community since April 14, 1993, and have lived continuously in the community for at least 12 months, an average service coordinator-to-consumer ratio of 1 to 62.

(C) All consumers who have not moved from the developmental centers to the community since April 14, 1993, and who are not described in subparagraph (A), an average service coordinator-to-consumer ratio of 1 to 66.

(4) For purposes of paragraph (3), service coordinators may have a mixed caseload of consumers three years of age and younger, consumers enrolled in the Home and Community-based Services Waiver program for persons with developmental disabilities, and other consumers if the overall average caseload is weighted proportionately to ensure that overall regional center average service coordinator-to-consumer ratios as specified in paragraph (3) are met. For purposes of paragraph (3), in no case shall a service coordinator have an assigned caseload in excess of 84 for more than 60 days.

(d) For purposes of this section, "service coordinator" means a regional center employee whose primary responsibility includes preparing, implementing, and monitoring consumers' individual program plans, securing and coordinating consumer services and supports, and providing placement and monitoring activities.



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(e) In order to ensure that caseload ratios are maintained pursuant to this section, each regional center shall provide service coordinator caseload data to the department, annually for each fiscal year. The data shall be submitted in the format, including the content, prescribed by the department. Within 30 days of receipt of data submitted pursuant to this subdivision, the department shall make a summary of the data available to the public upon request. The department shall verify the accuracy of the data when conducting regional center fiscal audits. Data submitted by regional centers pursuant to this subdivision shall:

(1) Only include data on service coordinator positions as defined in subdivision (d). Regional centers shall identify the number of positions that perform service coordinator duties on less than a full-time basis. Staffing ratios reported pursuant to this subdivision shall reflect the appropriate proportionality of these staff to consumers served.

(2) Be reported separately for service coordinators whose caseload includes any of the following:

(A) Consumers who are three years of age and older and who have not moved from the developmental center to the community since April 14, 1993.

(B) Consumers who have moved from a developmental center to the community since April 14, 1993.

(C) Consumers who are younger than three years of age.

(D) Consumers enrolled in the Home and Community-based Services Waiver program.



(3) Not include positions that are vacant for more than 60 days or new positions established within 60 days of the reporting month that are still vacant.

(4) For purposes of calculating caseload ratios for consumers enrolled in the Home- and Community-based Services Waiver program, vacancies shall not be included in the calculations.

(f) The department shall provide technical assistance and require a plan of correction for any regional center that, for two consecutive reporting periods, fails to maintain service coordinator caseload ratios required by this section or otherwise demonstrates an inability to maintain appropriate staffing patterns pursuant to this section. Plans of correction shall be developed following input from the local area board, local organizations representing consumers, family members, regional center employees, including recognized labor organizations, and service providers, and other interested parties.

(g) Contracts between the department and regional center shall require the regional center to have, or contract for, all of the following areas:

(1) Criminal justice expertise to assist the regional center in providing services and support to consumers involved in the criminal justice system as a victim, defendant, inmate, or parolee.

(2) Special education expertise to assist the regional center in providing advocacy and support to families seeking appropriate educational services from a school district.

(3) Family support expertise to assist the regional center in maximizing the effectiveness of support and services provided to families.



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(4) Housing expertise to assist the regional center in accessing affordable housing for consumers in independent or supportive living arrangements.

(5) Community integration expertise to assist consumers and families in accessing integrated services and supports and improved opportunities to participate in community life.

(6) Quality assurance expertise, to assist the regional center to provide the necessary coordination and cooperation with the area board in conducting quality-of-life assessments and coordinating the regional center quality assurance efforts.

(7) Each regional center shall employ at least one consumer advocate who is a person with developmental disabilities.

(8) Other staffing arrangements related to the delivery of services that the department determines are necessary to ensure maximum cost-effectiveness and to ensure that the service needs of consumers and families are met.

(h) Any regional center proposing a staffing arrangement that substantially deviates from the requirements of this section shall request a waiver from the department. Prior to granting a waiver, the department shall require a detailed staffing proposal, including, but not limited to, how the proposed staffing arrangement will benefit consumers and families served, and shall demonstrate clear and convincing support for the proposed staffing arrangement from constituencies served and impacted, that include, but are not limited to, consumers, families, providers, advocates, and recognized labor organizations. In addition, the regional center shall submit to the department any written opposition to the proposal from organizations or individuals, including, but not limited to, consumers, families, providers, and advocates, including



recognized labor organizations. The department may grant waivers to regional centers that sufficiently demonstrate that the proposed staffing arrangement is in the best interest of consumers and families served, complies with the requirements of this chapter, and does not violate any contractual requirements. A waiver shall be approved by the department for up to 12 months, at which time a regional center may submit a new request pursuant to this subdivision.

(i) From February 1, 2009, to June 30, 2010, inclusive, the following shall not apply:

(1) The service coordinator-to-consumer ratio requirements of paragraph (1), and subparagraph (C) of paragraph (3), of subdivision (c).

(2) The requirements of subdivision (e). The regional centers shall, instead, maintain sufficient service coordinator caseload data to document compliance with the service coordinator-to-consumer ratio requirements in effect pursuant to this section.

(3) The requirements of paragraphs (1) to (6), inclusive, of subdivision (g).

(j) From July 1, 2010, to June 30, ~~2011~~, 2012, inclusive, the following shall not apply:

(1) The service coordinator-to-consumer ratio requirements of paragraph (1), and subparagraph (C) of paragraph (3), of subdivision (c).

(2) The requirements of paragraphs (1) to (6), inclusive, of subdivision (g).

(k) (1) Any contract between the department and a regional center entered into on and after January 1, 2003, shall require that all employment contracts entered into with regional center staff or contractors be available to the public for review, upon



request. For purposes of this subdivision, an employment contract or portion thereof may not be deemed confidential nor unavailable for public review.

(2) Notwithstanding paragraph (1), the social security number of the contracting party may not be disclosed.

(3) The term of the employment contract between the regional center and an employee or contractor shall not exceed the term of the state's contract with the regional center.

SEC. 2. Section 4791 of the Welfare and Institutions Code is amended to read:

4791. (a) Notwithstanding any other provision of law or regulation, between July 1, 2010, and June 30, ~~2011~~, 2012, inclusive, regional centers may temporarily modify personnel requirements, functions, or qualifications, or staff training requirements for providers, except for licensed or certified residential providers, whose payments are reduced by 4.25 percent pursuant to the amendments to Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, ~~as contained in Section 164 of the act that adds this section~~ as amended by Section 164 of Chapter 717 of the Statutes of 2010.

(b) A temporary modification pursuant to subdivision (a), effective during any agreed upon period of time between July 1, 2010, and June 30, ~~2011~~, 2012, inclusive, may only be approved when the regional center determines that the change will not do any of the following:

(1) Adversely affect the health and safety of a consumer receiving services or supports from the provider.

(2) Result in a consumer receiving services in a more restrictive environment.



(3) Negatively impact the availability of federal financial participation.

(4) Violate any state licensing or labor laws or other provisions of Title 17 of the California Code of Regulations not eligible for modification pursuant to this section.

(c) A temporary modification pursuant to subdivision (a) shall be described in a written services contract between the regional center purchasing the services and the provider, and a copy of the written services contract and any related documentation shall be retained by the provider and the regional center purchasing the services from the provider.

(d) Notwithstanding any other provision of law or regulation, the department shall suspend, from July 1, 2010, to June 30, ~~2011~~, 2012, inclusive, the requirements described in Sections 56732 and 56800 of Title 17 of the California Code of Regulations requiring community-based day programs and in-home respite agencies to conduct annual reviews and to submit written reports to vendoring regional centers, user regional centers, and the department.

(e) Notwithstanding any other provision of law or regulation, from July 1, 2010, to June 30, ~~2011~~, 2012, inclusive, a residential service provider, vendored by a regional center and whose payment is reduced by 4.25 percent pursuant to the amendments to Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, ~~as contained in Section 163 of the act that adds this section~~ as amended by Section 164 of Chapter 717 of the Statutes of 2010, shall not be required to complete quarterly and semiannual progress reports required in subdivisions (b) and (c) of Section 56026 of Title 17 of the California Code of Regulations. During program review, the provider shall inform the regional center case manager of the consumer's progress and any



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barrier to the implementation of the individual program plan for each consumer residing in the residence.

SEC. 3. Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 164 of Chapter 717 of the Statutes of 2010, is amended to read:

Sec. 10. (a) Notwithstanding any other provision of law, in order to implement changes in the level of funding for regional center purchase of services, regional centers shall reduce payments for services and supports provided pursuant to Title 14 (commencing with Section 95000) of the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code. From February 1, 2009, to June 30, 2010, inclusive, regional centers shall reduce all payments for these services and supports paid from purchase of services funds for services delivered on or after February 1, 2009, by 3 percent, and from July 1, 2010, to June 30, ~~2011~~, 2012, inclusive, by 4.25 percent, unless the regional center demonstrates that a nonreduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.

(b) Regional centers shall not reduce payments pursuant to subdivision (a) for the following:

(1) Supported employment services with rates set by Section 4860 of the Welfare and Institutions Code.



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(2) Services with "usual and customary" rates established pursuant to Section 57210 of Title 17 of the California Code of Regulations.

(3) Payments to offset reductions in Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits for consumers receiving supported and independent living services.

(c) Notwithstanding any other provision of law, in order to implement changes in the level of funding appropriated for regional centers, the department shall amend regional center contracts to adjust regional center budgets accordingly for the 2008-09 fiscal year through the ~~2010-11~~ 2011-12 fiscal year. The contract amendments and budget adjustments shall be exempt from the provisions of Article 1 (commencing with Section 4620) of Chapter 5 of Division 4.5 of the Welfare and Institutions Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make changes necessary for implementation of the Budget Act of 2011, it is necessary that this act take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Developmental services: regional centers.

Under existing law, the Lanterman Developmental Disabilities Services Act, the State Department of Developmental Services is authorized to contract with regional centers to provide support and services to individuals with developmental disabilities. Under existing law, regional center contracts require certain specified staffing levels and expertise, which have been suspended from July 1, 2010, to June 30, 2011.

This bill would suspend those staffing requirements through June 30, 2012.

Under existing law, the regional centers purchase needed services for individuals with developmental disabilities through approved service providers or arrange for their provision through other publicly funded agencies. Existing law requires regional centers, in order to implement changes in the level of funding for regional center purchase of services, to reduce certain payments for services delivered by 4.25% from July 1, 2010, to June 30, 2011, except as specified, and authorizes the temporary modification of



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personnel requirements, functions, or qualifications, or staff training requirements, and suspends prescribed annual review and reporting requirements for affected providers, until June 30, 2011.

This bill would continue those provisions until June 30, 2012.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



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DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 240, MS 2-13
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-1897



February 25, 2011

Bob Baldo, Executive Director
Association of Regional Center Agencies
915 L Street, Suite 1440
Sacramento, CA 95814

Dear Mr. Baldo:

Thank you for your continued efforts in support of California's Developmental Disabilities System. During this unprecedented fiscal crisis, your organization's expertise is invaluable as we are challenged to maximize limited resources while maintaining our commitment to the Lanterman Act.

As you know, the Governor's January 2011 budget proposes significant reductions for the Department of Developmental Services (DDS) to be achieved through a variety of strategies, including the establishment of statewide standards for regional centers to use when purchasing consumer services. While this proposal is still under consideration by the Legislature, to maximize the opportunity for stakeholder input, the Department is implementing the following multi-step process to develop the proposed standards. Unfortunately, due to the State's budget constraints the entire process will need to be completed in the next few months.

1. Soliciting input and ideas from consumers, family members, service providers, regional centers, advocates, policy advisors, and the general public through a survey on the DDS website (completed February 15, 2011) or any other means available (e.g. letters, e-mail, etc.).
2. Establishing workgroups in eight topic areas to discuss possible standards. The workgroup topic areas include: Behavioral Services; Day, Supported Employment and Work Activity Programs; Early Start Services; Healthcare and Therapeutic Services; Independent Living and Supported Living Services; Residential Services; Respite and Other Family Supports; and Transportation Services;
3. Conducting three public hearings throughout the State, following development of draft standards by DDS, to obtain public input on the proposed standards; and
4. Submitting the proposed standards to the Legislature with accompanying fiscal information and draft statutory language necessary to implement required changes.

"Building Partnerships, Supporting Choices"

Bob Baldo, Executive Director
February 25, 2011
Page two

As Executive Director of the Association of Regional Center Agencies (ARCA), representing the 21 regional centers in the service delivery system, the Department is inviting ARCA to participate in all eight workgroups. These workgroups will range in size and consist of approximately one-third consumers and family members, one-third service providers and one-third advocacy/stakeholder organizations. To ensure full representation, we are requesting that for each workgroup you identify three participants:

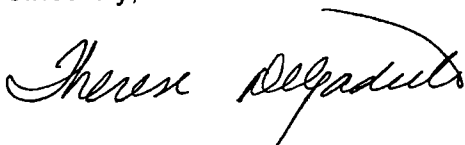
- 1) One representative of ARCA;
- 2) One Regional Center employee involved in service delivery (e.g. case manager, clinician, etc.);
- 3) One Regional Center Executive Director or Board Member.

Please use the enclosed form to provide the names and contact information to the Department by March 4, 2011.

It is anticipated that the workgroup effort will commence in two weeks, conclude in early April, and involve multiple meetings held in Sacramento. Your organization and representatives will be notified of the meeting dates and times.

Please feel free to contact me at (916) 654-1897 or Patti Samuel at (916) 651-1484 or email at patti.samuel@dds.ca.gov if you would like to discuss this request. Your input to this process is invaluable and we sincerely hope you will be able to participate. Thank you for your continued commitment to the people we serve.

Sincerely,



TERRI DELGADILLO
Director

Enclosure