TRI-COUNTIES REGIONAL CENTER
EXECUTIVE DIRECTOR REPORT
June 2, 2012

I. FY 2011-2012 & FY 2012-2013 BUDGET UPDATE

- **Attachment #1:** Department of Developmental Services 2012 – 2013 Governor's May Revision Budget Highlights
- **Attachment #2:** ARCA Analysis of FY 2012 – 2013 Governor's May Revision
- **Attachment #3:** ARCA Position Statement – Governor's May Revision 2012-2013
- **Attachment #4:** CDCAN Report #088-2012 – Governor's Budget Revision Proposal Calls for 1.25% Regional Center and Provider Payment Reduction – Calls for Moratorium on Most Admissions to Developmental Centers
- **Attachment #5:** CDCAN Report #104-2012 – Assembly Budget Subcommittee on Health and Human Services Expected to Meet Today for Last Hearing to Announce Certain Actions – Next Steps in Budget Process Uncertain
- **Attachment #6:** Annual State Budget Process Flow Chart

Governor Brown released his May Revise Budget Proposal on May 14, 2012. The Governor's May Revision Proposal is an update to his initial budget proposal released on January 5, 2012. The Governor announced that California's projected deficit for the new fiscal year that starts July 1, 2012 has grown from $9.2 billion to nearly $16 billion. To close the projected shortfall, the Governor has proposed $4.1 billion in additional spending reductions for a total of $8.3 billion in cuts. The Governor's plan assumes passage of his voter tax initiative on the November ballot that would generate approximately $8.5 billion in new revenues from temporary tax increases on the State's wealthiest tax payers and a one-half percent increase in the State's sales tax. If voters reject his ballot initiative, the Governor's proposed FY 2012-2013 State Budget includes approximately $6.1 billion in additional automatic mid-year "trigger cut" reductions. The trigger cuts that would go into effect on January 1, 2013 now also include a $50 million reduction to the developmental services budget ($100 annualized in 2013-2014 and future fiscal years). The following budget areas will be impacted by the trigger cut reductions:

- K-12 Education - $5.493 billion
- University of California - $250 million
- California State University - $250 million
- Developmental Services - $50 million
- Local Water Safety Patrol - $10.6 million
- Department of Forestry and Fire Protection - $10 million
- Flood Control - $6.6 million
- Fish and Game - $2.5 million
- Park Lifeguards - $1.4 million
- Fish and Game Wardens - $1 million
- Department of Justice - $ 1 million
- Park Rangers - $0.1 million

The Governor's proposed revised budget has called for more reductions to come from numerous Health and Human Services programs including CalWORKS and Child Care, Medi-Cal and In-Home Supportive Services.

For Developmental Services, the Governor's revised proposal continues to call for the implementation of a $200 million reduction ($100 million mid-year trigger reduction from FY 2011-2012 annualized to $200 million reduction for FY 2012-2013). Earlier in the year, DDS completed a stakeholder process to gather ideas about how to achieve the $200 million reduction **(Attachments #1-#4)**. The $200 million in proposed reductions consist of the following areas:

- Regional Center operations and service provider payment reduction of 1.25% instead of a reduction of 4.25% originally proposed (Savings of $30.7 million)
- Moratorium on most admissions to Developmental Centers (Savings of $20 million)
- Federal Funding Increase (Additional federal revenues of $61 million)
- Autism Health Insurance Mandate (Savings of 79.8 million)
- Supported Living independent assessment requirement eliminated (Savings of $4.2 million)
- Other savings measures ($4.3 million)

The Governor's May Revise Budget Proposal is currently going through consideration by the Legislature in Budget Subcommittees in the Senate and the Assembly. Any discrepancies will be sent to the Budget Conference Committee to be resolved. The next subsequent step in the budget process will most likely be floor votes in the Senate and the Assembly sometime on or before the June 15th constitutional deadline that requires the Legislature to pass a budget and present it to the Governor. As a result of the passage of Proposition 25 two years ago, the budget can now be approved by a simple majority vote rather than a 2/3 vote. Penalties imposed by Proposition 25 if a State budget is not passed by June 15th would also take effect including permanent loss of pay and travel/living expenses for legislators for each day the budget is delayed. The penalties could be a significant factor in the passage of an on-time budget, as well as the desire to not stoke voter anger in anticipation of a positive outcome for the Governor's tax initiative on the November ballot. The last time California passed a budget that met the June 15th Constitutional deadline was in 1986. **(Attachments #5-#6)**.

II. CASH FLOW UPDATE

TCRC has a secured a revolving credit line with Union Bank in the amount of $32.9 mil. This revolving credit line is intended to pay for services provided in FY 2011-2012 in the event funding from DDS is delayed. At present TCRC has enough cash on hand to continue business as usual until the July 18, 2012 check run (to pay for part of June, 2012 services) after which TCRC would need to either receive additional payments from DDS or access the revolving line of credit in order to be able to continue operating.

For FY 2012-2013, we have so far been unable to secure a seasonal line of credit with Union Bank. The seasonal line of credit is necessary to assist with regional center cash flow challenges created by possible delays in the Legislature and Governor approving a state budget for the new fiscal year. TCRC is continuing discussions with Union Bank and exploring other banking options to try to secure the necessary seasonal line of credit for FY 2012-2013 in the event of a delay in the passage of an on time budget.

In the event TCRC runs out of cash and is not able to borrow money to continue operating, a 30 day written notice will be provided to all TCRC service providers as required by law. As in past years, we are strongly encouraging TCRC service providers to make efforts to secure their own lines of credit with their banks.

We are hopeful that cash flow delays will not materialize to our worst case projection and believe resolution will occur through a combination of additional payments from DDS and through obtaining a seasonal line of credit through a bank.

III. AUTISM HEALTH INSURANCE PLAN MANDATE (SB 946) IMPLEMENTATION PLAN

- **Attachment #7:** Draft TCRC SB 946 Implementation Plan
- **Attachment #8:** SB 946 Letter to Families

On July 2, 2012 Senate Bill 946 (Steinberg) goes into effect, making California the 28th state in the nation to pass an Autism Insurance Mandate. This new law requires California private insurance companies to contract with Qualified Autism Services Providers and cover behavioral intervention (ABA services). This new law also requires TCRC ensure individuals and families (current and those new to the regional center system) seek payment of all behavioral services through their health insurance carrier or service plan prior to seeking payment from regional centers. Families with Medi-Cal only are not affected by this new law.

TCRC has developed a draft implementation plan that is in the process of being finalized for implementation. This plan includes a written notice sent out to all the individuals and families impacted informing them of the new law and inviting them to attend one of six informational sessions to be held at each TCRC office in June to better understand the law and to answer their questions **(Attachment #7-#8)**. TCRC will work collaboratively with all individuals and families impacted by this change, utilizing the individual planning team process, to ensure as smooth a transition as possible. In the event that a planning team is unable to agree on the transition steps or the transition to insurance is unsatisfactory, the Lanterman Act Fair Hearing procedures remain available to persons served by TCRC and their families.

IV. SUPPORTED LIVING SERVICES GUIDELINES IMPLEMENTATION PLAN UPDATE

Over the last year, Tri-Counties Regional Center (TCRC) has embarked on a process to review the delivery of Supported Living Services (SLS) to adults served by TCRC. This process resulted in the development of the TCRC Supported Living Services Guidelines which was approved by the TCADD Board of Directors on February 18, 2012. The development of the Supported Living Services Guidelines is necessary due to recent changes in the law (Trailer Bill Language changes from 2009 and 2011), the necessity to align TCRC's SLS practices with Title 17 Regulations and with the TCADD SLS Policy, as well as due to funding reductions to TCRC's budget by the State based on the State's use of a new Allocation Methodology.

TCRC has developed a comprehensive SLS Guidelines implementation plan and is currently in the process of working with stakeholders to implement the plan. This plan consists of the following action items:

1. All information shared with the public at the February 18, 2012 Special Board Session will be posted on TCRC's website. Status: **DONE.**

2. Omar Noorzad, TCRC Executive Director and the TCRC Directors to host a debriefing meeting with SLS Providers (agency SLS only) on **Wednesday, February 22, 2012 from 12:00-2:00**. Keeping the continued concerns of the SLS providers in mind, the purpose of the meeting is to debrief the decision of the TCADD Board to approve the SLS Guidelines, review and discuss a plan for the implementation of the SLS Guidelines, discuss the next steps for negotiating and finalizing SLS provider contracts, and obtain input about the structure of quarterly meetings for the remainder of the year to monitor the implementation of the SLS Guidelines. Status: **DONE.**

   Additional follow-up meetings with the SLS providers: **Wednesday, February 29 from 12:00-2:00 and Monday March 12 from 12:00-2:00.** Status: **DONE.**

3. Omar Noorzad, TCRC Executive Director and TCRC Directors to host a debriefing meeting with Parent/Family SLS providers on **Wednesday, March 7, 2012 from 11:00-1:00**. The purpose of this meeting is to debrief with the Parent/Family SLS providers, discuss how the SLS Guidelines apply to these unique service arrangements and to answer questions. Status: **DONE.**

4. Quarterly SLS Provider meetings to be scheduled – **tentatively for early April, July, October and January**, 2012. To be discussed and finalized with SLS Providers. Status: **QUARTERLY MEETINGS SCHEDULED TO OCCUR AS PLANNED.**

5. Letter sent by TCRC to all persons receiving SLS (~700), their families and their conservators (if applicable) that explains the SLS Guidelines, provides a person-served friendly version of the SLS Guidelines, and includes information on frequently asked questions about the SLS Guidelines. The letter invites people to join one of six special Town Hall meetings learn more about TCRC's SLS Guidelines, answer questions and discuss next steps. Staus: **DONE.**

6. Conduct a special Town Hall meetings in each of TCRC's office locations to further explain the SLS Guidelines, answer questions and discuss next steps. The schedule of the Special Town Hall meetings is as follows:

   - **March 5th (Monday) – Santa Barbara**
   - **March 6th (Tuesday) – Oxnard**
   - **March 13th (Tuesday) – Atascadero**
   - **March 19th (Monday) – Simi Valley**
   - **March 26th (Monday) – San Luis Obispo**
   - **March 29th (Thursday) – Santa Maria**

   All meetings to be held at TCRC's local offices from **5:30 – 7:30 pm.** Status: **DONE.**

7. Revise the training module for TCRC's Service Coordinators to reflect the most updated SLS Guidelines language. Train TCRC managers to ensure implementation is consistent agency-wide. Status: **DONE.**

8. Conduct training for TCRC's SLS Providers. Timing to be discussed at the SLS Provider debrief meeting on **February 22nd and/or the Vendor Advisory Meeting on March 1st**. Status: **DONE.**

9. Conduct individual meetings with SLS Providers to discuss contract terms and rates, and review cost data. Status: **TCRC HAS MET WITH 20 OUT OF 21 SLS SERVICE PROVIDERS FOR CONTRACT NEGOTIATIONS. 15 SLS SERVICE PROVIDERS HAVE REACHED FINAL AGREEMENT WITH TCRC AND HAVE SIGNED THEIR CONTRACTS. THE PLAN IS TO CONCLUDE CONTRACT NEGOTIATIONS BY THE MIDDLE OF JUNE.**

10. The TCADD Board of Directors' People's Advisory Committee (PAC) with the assistance of staff and consultation by Stephen Day, former TCRC Supervisor of Peer Advocacy, will develop a pictorial based person-served friendly pamphlet describing the content of the SLS Guidelines. This pamphlet will be used at the time of each individual's IPP meeting to help the person served TCRC to better understand the SLS Guidelines. Status: **FIRST DRAFT HAS BEEN DEVELOPED FOR COMMITTEE REVIEW.**

11. Community and Program Based Client Councils will include a segment on their future agendas to educate persons served about the SLS Guidelines and answer questions. TCRC's Peer Advocacy staff will provide assistance as needed. Status: **CONTINUING TO TAKE PLACE.**

TCRC has also been in contact with DDS regarding a review of the TCRC Guidelines based on concerns raised through the California Supported Living Services Network (CSLN), a supported living services vendor association, as well as some potential concerns raised by the Disability Rights California and Area Board 9 seeking further clarification about the TCRC SLS Guidelines. TCRC has provided additional information to DDS on the SLS Guidelines and will consider any input received from DDS. This information will be shared with the TCADD Board of Directors for review and consideration.

V. ARCA NEW DAY CONFERENCE

- **Attachment #9:** ARCA New Day Conference Brochure

The fourth ARCA conference on employment and housing for persons with developmental disabilities will be held on September 18-19, 2012 in Pasadena. The conference is intended to provide a forum for sharing knowledge and expertise on the promising practices and innovations that make employment and housing a reality for persons with developmental disabilities. TCRC will be sending some employees and Board members to the conference.

VI. THE WAY FORWARD INITIATIVE

The Southern California Conference of Regional Center Directors (SCCRCD) have initiated a dialogue among member Regional Center Executive Directors, Board Presidents and Association of Regional Center Agencies (ARCA) Board delegates on the future direction of the community based developmental disabilities service system. Several Northern California regional centers have also joined the SCCRCD with this effort.

Numerous external forces including chronic and recurring budget reductions have imposed dozens of new changes through Trailer Bills since 2009 impacting every provision of service offered by regional centers. As the gap between expectations and financial support widens accompanied with continued "tinkering" with the system, it appears that the community based services system may be on the wrong path not only unable to effectively address budgetary challenges, but may also result in a system that is unable to carry out its mission of meeting the needs of persons with developmental disabilities and their families as outlined in the Lanterman Act. Regional centers must be willing to take risks, hear the critics, and be open to change and innovation while all stakeholders must recognize the limitations on public funds and the implications of these limitations on provision of services.

In an attempt to respond proactively and more strategically to these pressures, the SCCRCD is utilizing a survey and numerous focus groups to gather input and develop a set of recommendations in the form of a "white paper" to guide the system into the future. The survey is by invite only and was sent to 180 persons in the TCRC area consisting of persons served, families, service providers, Board members, and other stakeholders. The survey is open until June 8, 2012. The focus groups will follow in the near future.

The next full meeting of the Way Forward group is scheduled to take place on June 11, 2012 at Harbor Regional Center.

VII. <u>Q&A</u>

Attachment #1

Department of Developmental Services

2012 May Revision's 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

May 2012

DEPARTMENT OF DEVELOPMENTAL SERVICES
MAY 2012 HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that over 259,000 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 systemwide funding for Fiscal Year (FY) 2012-13 is $4.7 billion ($2.6 billion General Fund (GF)).

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 increase in FY 2012-13 to 255,972. The number of consumers living in state-operated residential facilities will decrease by the end of FY 2012-13 to 1,425.

As a result of the on-going fiscal crisis, the Department's budget has been reduced over the last several years through a variety of strategies such as accessing additional federal funds, reducing or suspending services; and changing eligibility for services. In FY 2009-10, the Department's budget was reduced by approximately $334 million GF and an additional $200 million GF in FY 2010-11. The Department's budget for FY 2011-12 was decreased by $591 million GF, in addition to reductions achieved through statewide budget items (e.g. state workforce reductions). These reductions have kept the Department's budget relatively flat as overall consumer population continues to grow.

Due to lower than anticipated revenue projections, the Department of Finance announced on December 13, 2011, that the DDS Budget would be reduced by $100 Million GF in accordance with Assembly Bill 121, Chapter 41, Statutes of 2011. The Department released its plan to achieve the savings on March 28, 2012, which can be found on the DDS website at www.dds.ca.gov.

The January 2012 Governor's Budget for FY 2012-13 includes the full year impact of the revenue trigger reduction for DDS of $200 million GF. To obtain stakeholder input, the Department held six workgroups throughout the State in Los Angeles, Sacramento, San Diego, Riverside, Oakland and Fresno. Stakeholder organizations were invited to appoint individuals to the workgroups that represent their respective services or role in the provision of services to consumers. To ensure individuals who receive services and their families had the opportunity to participate, the Department asked the organizations to appoint consumer or family representatives to the workgroups.

In January, the full year reduction was reflected in the Regional Center Estimate as a systemwide reduction of $200.0 million GF. The May Revision includes the proposed savings solutions and appropriately assigns them to the various budgets and fund sources, including associated reimbursements. The primary components of the reduction include:

- Maximization of federal funding through aggressive Home and Community Based Services (HCBS) waiver enrollment and participation in the Community First Choice Options funding – 1915(k).

- Implementation of Senate Bill 946 - Insurance coverage of certain behavioral health treatment for individuals with a diagnosis of autism.

- Redesigning services for individuals with challenging service needs, including reduced utilization and long-term reliance on Developmental Centers; reduced utilization of facilities not eligible for federal participation and out-of-state facilities; and realignment of resources to meet the needs of changing population and address health and safety concerns.

- Continuation of a 1.25 percent regional center and provider payment reduction.

- Redesign supported living assessments to eliminate the requirement for an independent assessment and require use of a standardized form for all consumers receiving Supported Living services for a net increase in savings.

- Additional cost savings and efficiencies including reduced "Downsizing" and "Gap" funds based on the decreased need and expanded use of technology to achieve efficiencies.

A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov.

The May Revision proposes a FY 2011-12 increase of $46.9 million ($4.6 million GF decrease). For FY 2012-13, the May Revision proposes an increase of $73.2 million ($27.0 million GF decrease) that is primarily due to maximizing the use of federal funds that reduces the amount of GF savings required to achieve the $200.0 million savings.

COMMUNITY SERVICES PROGRAM

2011-12

To provide services and support to 249,532 persons with developmental disabilities in the community, the May Revision updates FY 2011-12 funding to $4.0 billion total funds ($2.2 billion GF). The May Revision includes an increase of $46.9 million total funds ($15.4 million GF decrease) for regional center operations (OPS) and purchase of services (POS). This is composed of:

Caseload and Utilization

$46.5 million increase ($18.1 million GF decrease) in regional center POS costs primarily due to updated caseload and expenditure data, including Home and Community Based Services (HCBS) waiver enrollment above budgeted levels.

Administrative Fees

$0.1 million increase ($0.3 million GF) in regional center OPS for Intermediate Care Facility-Developmentally Disabled (ICF-DD) State Plan Amendment Administrative (SPA) Fees to reflect updated expenditures. These expenditures are funded by reimbursements from Quality Assurance Fees (QAF), Transfer from Department of Health Care Services (DHCS).

Quality Assurance Fees (QAF)

$0.3 million increase ($0.0 million GF) in POS for to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Fund Shifts:

- **Money Follows the Person (MFP)**

  There is a fund shift of $2.1 million to reflect the new federal restrictions on the amount of MFP expenditures that may be reimbursed at 100 percent which alters the Federal Medical Assistance Percentage from 100 percent federal financial participation (FFP) to 75 percent FFP and 25 percent GF.

- **Targeted Case Management (TCM) Administration**

  There is a fund shift of $0.3 million to reflect decrease in Medicaid federal matching funds for TCM Administration as a result of a decrease in the cost allocation related to DDS' headquarters administrative case management assistance to the regional centers resulting in increased GF costs. The decrease in cost allocation is a result of reduced personnel services expenditures for Fiscal Year 2010-11.

2012-13

The 2012 May Revision projects the total community caseload at 255,972, as of January 31, 2013, and assumes a decrease of 87 consumers over the FY 2012-13 Governor's Budget. The May Revision also projects an increase of $82.2 million TF ($29.6 million GF decrease) due to updated reimbursement, expenditure and utilization change estimates, and proposed savings solutions. The regional center budget changes include:

Caseload and Utilization

$29.3 million increase ($63.3 million GF decrease) in regional center OPS and POS due to updated caseload and expenditure data, including $61.0 million in GF savings achieved through aggressive HCBS waiver enrollment toward meeting the FY 2012-13 reduction amount.

Administrative Fees

$0.1 million increase ($0.3 million GF) in regional center OPS for ICF-DD SPA Administrative Fees to reflect updated expenditures. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Quality Assurance Fees (QAF)

$0.4 million increase ($0.0 million GF) in POS to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Adjustment of the Payment Reduction

$1.6 million increase ($0.4 million GF decrease) in POS to update the amount associated with the scheduled sunset of the payment reduction on June 30, 2012.

Other Agency Costs

$0.3 million increase ($0.0 million GF) in Other Agency Costs to reflect implementation of a federal early start Race-to-the-Top grant that will fund activities focused on the early intervention system; participation in statewide efforts at the regional center, local education agency and family resource center level; and coordination of best practices in developmental and health screening at the local level.

Fund Shifts:

- **California First Five Commission**

  Fund shift of $40.0 million to reflect inclusion of California First Five Commission grant funding.

- **Money Follows the Person**

  Fund shift of $2.1 million to reflect the new federal restrictions on the amount of MFP expenditures that may be reimbursed at 100 percent as discussed earlier for current year.

- **Targeted Case Management Administration**

  Fund shift of $0.3 million to reflect decrease in Medicaid federal matching funds for TCM Administration as a result of a decrease in the in the cost allocation as discussed earlier for current year.

Savings Solutions

$50.5 million increase ($71.4 million GF) to reflect the changes to the Regional Center Estimate based on the proposed savings solutions associated with the full year trigger reduction, as described earlier. In January, the full $200 million GF savings was shown in the Regional Center Estimate, but noted as a systemwide reduction. The Regional Center Estimate is adjusted to accurately reflect the proposals, as follows:

- Reduction in reimbursements associated with the proposed savings solutions in the regional center budget of $20.8 million;
- A fund shift of $61.0 million achieved through aggressive HCBS Waiver enrollments that restores the prior GF reduction; and
- An increase of $10.4 million GF due to savings now reflected in the developmental centers' budget.

A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov.

DEVELOPMENTAL CENTERS PROGRAM

2011-12

To provide services and support for 1,759 residents in developmental centers (average in-center) the May Revision updates FY 2011-12 funding to $569 million ($304.3 million GF) and authorized positions to 5,570.5. There was a fund shift of $10.8 million from Reimbursements to GF for denial of federal certification for a portion of the Porterville Developmental Center Secure Treatment Program (PDC STP) by the Centers for Medicare and Medicaid Services. There is no change in total funds from the Governor's Budget.

2012-13

For FY 2012-13, the May Revision projects 1,544 average in-center residents in developmental centers. Funding decreases to $550.2 million ($286.2 million GF) and authorized positions decreases to 5,156.5; a decrease of $9.0 million ($2.6 million GF increase), and decrease in 96.5 positions.

Adjustments:

- $13.0 million GF fund shift from Reimbursement due to the recent denial of certification for PDC STP.

- $9.1 million decrease ($10.4 million GF) which represents the Developmental Center's portion of the savings solutions to achieve the $200 million General Fund trigger reduction previously displayed in the Regional Center Estimate. A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov . The impact of these changes is not reflected in the Developmental Center admissions and placements contained in the Estimate.

- $0.02 million Federal Fund transfer from the Federal Foster Grandparent/Senior Companion (FGP/SC) program in the developmental centers to the community services program.

- $2.1 million increase ($1.1 million GF) for the restoration of a portion of one-time OE&E reductions.

- $0.9 million ($0.5 million GF) decrease is composed of the following:

    - An increase of 11 residents mainly due to an adjustment in Lanterman's placement due to fewer placements in FY 2011-12.

    - A net reduction of 6.5 positions (-7.0 positions in Level of Care (LOC) and an increase of 0.5 positions in Non-Level of Care (NLOC)) reflects and update for population of 10.5 positions and CDER data adjustment of -17.0 positions. The CDER data adjustment and a new preferred program for individuals with both developmental and mental health diagnoses (dual diagnoses) was based on a recommendation by the Department of Finance – Office of State Audits and Evaluations.

- $1.1 million ($0.6 million GF) decrease compared to the Governor's Budget in Staff Support Costs/Resident Transition for the closure of the Lanterman Development Center. This reduction reflects updated expenditure needs.

- A decrease of 90.0 positions as required by Budget Letter 12-03, entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings." The adjustment reflects a reduction of positions to fund overtime costs.

LANTERMAN DEVELOPMENTAL CENTER CLOSURE UPDATE

The Department, working with regional centers, now anticipates the transition of approximately 70 Lanterman Developmental Center (Lanterman) residents to community living arrangements during FY 2011-12. The May Revision anticipates the transition of another 110 residents to community living arrangements in FY 2012-13. This does not change the total anticipated placements for the two years, but instead adjusts the timing of the community placements. There is no change in funding for FY 2011-12 based on this adjustment. .

For FY 2012-13, Lanterman has a net increase of $0.5 million and a net decrease of 4.0 positions from the January Governor's Budget. This change in costs and positions include the following adjustments: updates to Staff Support Costs / Resident Transition (net decrease of $1.1 million); an increase of 21.0 positions and $1.6 million (average in-center population increase of 10 consumers); and a decrease of 25.0 positions related to Budget Letter 12-03, entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings."

CAPITAL OUTLAY

No update to Capital Outlay for the May Revision.

HEADQUARTERS

2011-12

There is no update to Headquarters' budget for 2011-12 budget in the May Revision.

2012-13

Headquarters' 2012-13 budget continues to reflect $38.5 million ($24.5 million GF). Budget Letter 12-03 entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings" adjust the authorized positions from 380.5 to 374.5. The adjustment reflects a reduction of 12.5 permanent positions to fund temporary help and overtime costs.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 May Revision

FUNDING SUMMARY
(Dollars in Thousands)

	2011-12	2012-13	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	$3,959,921	$4,146,177	$186,256
DEVELOPMENTAL CENTERS	569,041	550,202	-18,839
HEADQUARTERS SUPPORT	35,632	38,505	2,873
TOTALS, ALL PROGRAMS	**$4,564,594**	**$4,734,884**	**$170,290**
FUND SOURCES			
General Fund	$2,550,024	$2,625,715	$75,691
Reimbursements: Totals All	1,951,792	2,042,592	90,800
Medicaid (aka HCBS) Waiver	*1,008,603*	*1,078,771*	*70,168*
Medicaid (HCBS) Waiver Administration	*11,179*	*9,584*	*-1,595*
Medicaid Administration (NHR)	*12,419*	*13,012*	*593*
Targeted Case Management	*131,916*	*139,065*	*7,149*
Targeted Case Management Admin.	*3,963*	*4,015*	*52*
Medi-Cal	*256,728*	*254,064*	*-2,664*
Title XX Block Grant	*225,060*	*225,060*	*0*
ICF-DD/State Plan Amendment	*49,650*	*52,798*	*3,148*
Quality Assurance Fees (DHCS)	*8,837*	*9,620*	*783*
Vocational Rehabilitation	*118*	*118*	*0*
California First Five Commission	*50,000*	*40,000*	*-10,000*
1915(i) State Plan Amendment	*165,500*	*183,362*	*17,862*
1915(k) Medicaid State Plan	*0*	*1,924*	*1,924*
Impacts from Other Departments FFP	*1,000*	*0*	*-1,000*
Money Follows the Person	*13,284*	*14,867*	*1,583*
Homeland Security Grant	*35*	*35*	*0*
Race to the Top	*0*	*286*	*286*
Other	*13,500*	*16,011*	*2,511*
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Program Development Fund (PDF)	6,203	9,805	3,602
Mental Health Services Fund	1,133	1,129	-4
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,759	1,544	-215
Regional Centers	249,532	255,972	6,440
AUTHORIZED POSITIONS			
Developmental Centers	5,570.5	5,156.5	-414.0
Headquarters	380.5	374.5	-6.0

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 May Revision

(Dollars in Thousands)

	2011-12	2012-13	Difference
Community Services Program			
Regional Centers	$3,959,921	$4,146,177	$186,256
Totals, Community Services	**$3,959,921**	**$4,146,177**	**$186,256**
General Fund	$2,222,720	$2,314,964	$92,244
Dev Disabilities PDF	5,926	9,523	3,597
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,986	52,006	20
Reimbursements	1,678,399	1,768,794	90,395
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	$456,668	$447,562	-$9,106
Operating Expense & Equipment	112,373	102,640	-9,733
Total, Developmental Centers	**$569,041**	**$550,202**	**-$18,839**
General Fund	$304,271	$286,242	-$18,029
Federal Trust Fund	524	504	-20
Lottery Education Fund	453	453	0
Reimbursements	263,793	263,003	-790
Headquarters Support			
Personal Services	$30,835	$34,058	$3,223
Operating Expense & Equipment	4,797	4,447	-350
Total, Headquarters Support	**$35,632**	**$38,505**	**$2,873**
General Fund	$23,033	$24,509	$1,476
Federal Trust Fund	2,329	2,530	201
PDF	277	282	5
Reimbursements	9,600	10,795	1,195
Mental Health Services Fund	393	389	-4
Totals, All Programs	**$4,564,594**	**$4,734,884**	**$170,290**
Total Funding			
General Fund	$2,550,024	$2,625,715	$75,691
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Dev Disabilities PDF	6,203	9,805	3,602
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	1,951,792	2,042,592	90,800
Mental Health Services Fund	1,133	1,129	-4
Caseloads			
Developmental Centers	1,759	1,544	-215
Regional Centers	249,532	255,972	6,440
Authorized Positions			
Developmental Centers	5,570.5	5,156.5	-414.0
Headquarters	380.5	374.5	-6.0

DEPARTMENT OF DEVELOPMENTAL SERVICES
PROPOSALS TO ACHIEVE $200 MILLION GENERAL FUND SAVINGS
MAY 2012

INTRODUCTION

The Department of Developmental Services (DDS or Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring over 250,000 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.

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 nonprofit 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 (FY) 2012-13 to nearly 256,000. The number of consumers living in state-operated residential facilities is expected to decrease by the end of FY 2012-13 to 1,440.

Due to lower than anticipated revenue projections, the Department of Finance announced on December 13, 2011, that the Department's Current Fiscal Year (2011-12) budget would be reduced by $100 million General Fund (GF) in accordance with Assembly Bill 121, Chapter 41, (Statutes of 2011). The Department released its plan to achieve the savings on March 28, 2012, which can be found on the Department's website at www.dds.ca.gov .

The January 2012 Governor's Budget for FY 2012-13 includes the full year impact of the revenue trigger reduction for DDS of $200 million GF. To address the budget year reductions, the Department initiated a process to receive stakeholder input in the development of savings proposals.

PROCESS FOR DEVELOPING PROPOSALS

The process to develop proposals was guided by three priorities: 1) preserve the Lanterman Act entitlement; 2) minimize the impact on consumers; and 3) spread the impact across the System. To solicit input, in February and March 2012 the Department held stakeholder workgroups in Los Angeles, Sacramento, San Diego, Riverside, Oakland and Fresno. Similar to the process used to develop reduction proposals for the FY 2011-12 Budget, stakeholder organizations were invited to appoint individuals to the workgroups that represent their respective services or role in the provision of services to consumers. To ensure individuals who receive services and their families had the opportunity to participate, the Department asked the organizations to appoint consumer or family representatives to the workgroups.

This process provided valuable input from a wide variety of stakeholders on various strategies to achieve the required savings. The Department also invited written suggestions and comments from members of the community. The following proposals were developed by DDS informed by the stakeholder process and additional input from the community.

PROPOSALS FOR ACHIEVING SAVINGS

1. MAXIMIZE THE USE OF FEDERAL FUNDING

Summary:
Federal financial participation in the funding of regional center consumer services is a critical component of the State's budget. Currently, federal funding comprises nearly $1.7 billion of the money available for regional center services. Through this proposal, additional federal financial participation is achieved, with a corresponding decrease in needed State GF dollars. The proposal includes two components, as follows:

Aggressive Enrollment to the Home and Community-Based Waiver
Medicaid, known as Medi-Cal in California, is a jointly-funded, federal-state health insurance program for eligible low income people that includes long-term care benefits. In 1981, the Medicaid Home and Community-Based Services Waiver (HCBS Waiver) program, section 1915(c) of the Social Security Act, was established. The HCBS Waiver provides a vehicle for California to offer services not otherwise available through the Medi-Cal program to individuals in their own homes and communities.

The Department, through the regional center system, operates a HCBS Waiver for individuals with developmental disabilities. The Centers for Medicare and Medicaid Services (CMS) recently approved California's five-year renewal of the HCBS Waiver effective March 29, 2012. The approved HCBS Waiver allows enrollment of 100,000 individuals, with an annual increase of 5,000 participants each March. During the workgroup process, the Department received recommendations on expanded receipt of federal funding through maximized enrollment in the HCBS Waiver. With an aggressive enrollment campaign conducted by the regional centers, families, and providers, the Department anticipates savings of $61.0 million GF under the HCBS Waiver Program.

Expansion of the federal Community First Choice Option - 1915(k)
The Community First Choice Option (CFCO) is a State Plan service available under Section 1915(k) of the Social Security Act that provides an additional six percent in federal matching payment for certain eligible personal care activities.

California submitted a CFCO State Plan Amendment which is under consideration by the CMS.

The Department is proposing to amend the State's 1915(k) State Plan Amendment (SPA) to include related services provided by regional centers. State Plan services are available to all Medi-Cal beneficiaries, thereby limiting the regional center services appropriate for inclusion in the CFCO. Although the Department's budget included CFCO funding in both FY 2011-12 ($1.2 million) and FY 2012-13 ($1.9 million), DDS services were ultimately not included in California's initial SPA submittal. This proposal will amend the CFCO one year after the issuance of the federal regulations. This delay will allow California to maximize funding under its existing application, based on recently released federal regulations. The proposal will require some bundled services, such as Supported Living Services, to be restructured to isolate the CFCO eligible services. The Department will work with the Department of Social Services and the Department of Health Care Services to develop the SPA. Inclusion of regional center services will allow reimbursement at the currently budgeted FY 2012-13 amount and increase federal funding in FY 2013-14 to $7.0 million.

Savings:

<u>FY 2012-13 savings</u>

Total Funds (TF):	$0.0 million (fund shift)
GF:	$61.0 million (in addition to $1.9 million already in the budget)

This proposal assumes an aggressive enrollment campaign involving the regional centers, families, and providers to increase the number of HCBS Waiver participants to the 100,000 cap by February 2013. Enrollment would continue with the increase of the cap in March 2013. This aggressive enrollment activity will save $61.0 million GF.

Inclusion of regional center services in the CFCO State Plan will allow reimbursement at the currently budgeted FY 2012-13 amount of $1.9 million GF (no new savings) and increase federal funding in FY 2013-14 to $7.0 million.

2. Implementation of Senate Bill 946 – Insurance Coverage of Behavioral Services

Summary:

Senate Bill (SB) 946, effective July 1, 2012, requires health care insurers to provide coverage for behavioral health treatment, for pervasive developmental disorder or autism. The proposal is consistent with the requirement that regional centers utilize available generic resources before purchasing services. The enacted statute excluded CalPERS and Healthy Families coverage. However, the

California Department of Managed Health Care (DMHC) recently announced that under the requirements of mental health parity, CalPERS and Healthy Families insurance plans would be required to cover behavioral health treatment. The estimate associated with implementation of SB 946 is $69.4 million GF. The recent DMHC announcement increases the anticipated savings by $10.4 million for a total savings in regional center services of $79.8 million.

Savings:

FY 2012-13 savings

TF: $79.8 million
GF: $79.8 million

This proposal assumes certain behavioral services will be available through private health insurance that are currently provided by regional centers to individuals who have a diagnosis of autism, have health care insurance coverage, and are not a Medi-Cal beneficiary . The cost of maintenance therapies was excluded from the estimated savings.

3. Redesign Services For Individuals With Challenging Service Needs

Summary:

California's service delivery system continues to face a growing need for specialty services for individuals with significant challenges and often resorts to high cost State-operated Developmental Centers (DC), locked mental health facilities and out-of-state placements to meet the immediate needs of these consumers. During the workgroup process, there was significant discussion regarding the importance of reducing the long-term reliance on the DC's, mental health facilities not eligible for federal funding and out-of-state placements. This discussion facilitated the development of a package of proposals that represent a multi-year effort to redesign services to address the special needs of the individuals entering and residing in these facilities. This proposal will achieve $20 million in GF savings in FY 2012-13. The primary components of this package include:

- A moratorium on new admissions to DC's, with limited exceptions for individuals who are committed by the criminal or juvenile justice system to restore competency; individuals involved in the criminal or juvenile justice system who are a danger to themselves or others whose competency cannot be restored; or individuals in acute crisis needing short-term stabilization.

- Operation of a short-term crisis program at Fairview Developmental Center to meet the needs of individuals in acute crisis that otherwise would likely result in placement in a locked mental health facility ineligible for federal funding. Crisis admissions will require a time-limited court order; a

- A restriction on admissions to a DC as a result of criminal conviction or where the person is competent to stand trial for a criminal offense and admission is ordered in lieu of trial.

- A restriction on admissions to a DC when the Department determines it cannot safely serve the consumer without placing the safety of other residents at risk.

- Comprehensive assessments of the service and support needs and available resources for current DC residents.

- Expanding the Transition services at Porterville DC – Secure Treatment Program from 30 to 60 residents.

- Reducing reliance on service and supports ineligible for federal funding.

- Maximizing the use of available Community Placement Plan program resources to meet statewide specialized service needs to reduce the reliance on the DC's, locked mental health facilities and out-of-State placements.

- Expanding the development of SB 962 homes (Adult Residential Facilities for Individuals with Special Health Care Needs) statewide to increase community options for DC residents.

Savings:

FY 2012-13 savings

TF: $20.4 million
GF: $20.0 million

The savings associated with this package of proposals is interrelated and impacts both community and DC services. The savings in community services is estimated at $11.7 million TF ($10.0 million GF) primarily related to reduced reliance on facilities that do not receive federal funding participation. The savings in the DC's is estimated at $8.7 million ($10.0 GF) primarily associated with reduced admissions and increased federal funds.

4. Redesign Supported Living Assessments

Summary:

Supported Living Services (SLS) is a community living option that supports adult consumers who choose to live in homes they control through ownership, lease, or rental agreement. In supported living, a consumer pays for living expenses, (e.g. rent, utilities, food, and entertainment) out of Social Security income, work earnings, or other personal resources. The regional center pays the vendor to provide SLS. The consumer may also receive other kinds of publicly-funded services like Medi-Cal, mental health services, vocational services, and In-Home Supportive Services.

Current statute requires an independent needs assessment for all consumers who have SLS costs that exceed 125 percent of the annual statewide median cost of providing supported living services. The assessment is completed by an entity other than the SLS agency providing service and is used during the IPP meetings to determine that authorized services are necessary, sufficient and utilize the most cost effective methods of service.

During the workgroup process, it was suggested that additional savings could be realized if the independent assessment requirement was rescinded, thereby saving the cost of these evaluations, and was replaced by an assessment process applied more broadly. This proposal ensures that consumers in or entering supported living arrangements receive the appropriate amount and type of supports to meet the person's choice and needs as determined by the IPP team and that generic resources are utilized to the fullest extent possible. The IPP team shall complete a standardized assessment questionnaire at the time of development, review, or modification of a consumer's IPP. The questionnaire shall be used during the team meetings, in addition to the provider's assessment, to assist in determining whether the services provided or recommended are necessary and sufficient and that the most cost-effective methods of supported living services are utilized. With input from stakeholders, the department shall develop and post the standardized assessment questionnaire and provide it to the regional centers by June 30, 2012. This proposal achieves a net increase of $4.2 million in GF savings.

Savings:

FY 2012-13 savings

TF: $7.6 million
GF: $4.2 million

The proposal assumes all individuals residing in a supported living setting would receive a standardized assessment rather than the 3,000 consumers required to receive an independent assessment under current statute. Avoiding the cost of independent assessments ($3.0 million TF) also contributes to the net GF savings from this proposal.

5. Regional Center and Provider Rate Reduction

Summary:

Regional Centers and service providers have operated under a payment reduction since February 2009 when a 3 percent reduction was first initiated. The reduction was increased to 4.25 percent on July 1, 2010 and is scheduled to sunset June 30, 2012. The reduction does not apply to payments for supported employment services; usual and customary rates for businesses that serve the general public without specialty services for persons with developmental disabilities; and payments to offset reductions in Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits for consumers receiving supported and independent living services.

The Governor's Budget in January did not assume the extension of the payment reduction but did assume the $200 million GF trigger savings. However, given the size of the budget savings, the continuation of some or all of the current payment reduction was discussed at the workgroups. The Department heard many concerns about the destabilizing affect of the current 4.25 percent payment reduction.

Recognizing the significant impact of the payment reduction at its current level, the Department is proposing to decrease the amount of the reduction by 3 percent and continue a 1.25 percent payment reduction for regional centers and service providers to achieve $30.7 million in GF savings. The provisions for workload relief associated with the current payment reduction will continue as well.

Savings:

FY 2012-13 savings

TF: $45.5 million
GF: $30.7 million

6. Additional Cost Savings and Efficiencies

Summary:

The Department has identified three additional areas of savings associated with reduced need for funding and efficiencies, as follows:

Downsizing Funds
The Department budget includes funds earmarked for the downsizing of Community Care Facilities to allow them to meet federal requirements for funding participation. The need for these funds has declined due to prior proposals that restricted the use of Community Care Facilities that do not qualify for federal funding. The Department is proposing to reduce these funds by $2.0 million GF.

"Gap" Funds
The Department budget includes funds earmarked to address the gap in federal funding when a Community Care Facility transfers ownership and is temporarily ineligible for federal funding until the facility is recertified. The need for Gap funds has declined due to efforts to minimize the time between change of ownership of residential facilities and certification for federal funding. The Department is proposing to reduce these funds by $0.3 million GF.

Use of Technology to Achieve Efficiencies
The Department heard from many participants in the workgroups on how technology can assist in the delivery of services and assist consumers in their day to day lives. The Department is proposing to expand the use of technology that will achieve $2.0 million in GF savings. This proposal will focus, but is not limited to the following areas:

- Remote access to court proceedings for DC residents ($0.4 million GF);
- Expanded use of electronic/virtual Direct Service Provider training methods ($0.5 million GF); and
- Promotion of appropriate service delivery methods using existing and available technology, such as electronic visits to professionals for individual and group services ($1.1 million GF).

Savings:

FY 2012-13 savings
TF: $5.2 million
GF: $4.3 million

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MAY 14, 2012

Trigger Reduction

In FY 2011-12 there was a mid-year reduction to the Department of Developmental Services (DDS) budget in the amount of $100 million General Fund. This reduction increases to $200 million General Fund in FY 2012-13. Section 4792 was added to the Welfare and Institutions Code which states that the General Fund savings shall come "from within the overall developmental services system, including any savings or reductions within state administrative support, operation of the developmental centers, and operation of the regional centers, including administration and the purchase of services where applicable..."

Section 4792 further states: "A variety of strategies, including, but not limited to, savings attributable to caseload adjustments, changes in expenditure trends, unexpended contract funds, or other administrative savings or restructuring can be applied to this reduction with the intent of keeping reductions as far away as feasible from consumer's direct needs, services, and supports, including health, safety, and quality of life."

The Budget Reductions/Savings Solutions adopted by DDS results in a $25.6 million decrease in Purchase of Service in the current year (FY 2011-12) and a $7 million decrease in Operations and a $142.5 million decrease in Purchase of Service in the budget year (FY 2012-13).

There is also a $50 million trigger reduction in FY 2012-13 to developmental services if the Governor's tax initiative does not pass in November, 2012.

Regional Center Operations (OPS)

FY 2011-12

In the current fiscal year, there is a net increase of $3.7 million due to updated caseload numbers. The number of Status 1 (Early Start) and Status 2 (Active) consumers has increased by 1,926 to 248,074.

FY 2012-13

- The budget fiscal year assumes an increase of $14.0 million (2.8%) over current year due to updated caseload numbers. It is assumed that the number of Status 1 and Status 2 consumers will increase by 7,898 consumers (3.2%) to 255,972.
- The 4.25% payment reduction will sunset on June 30, 2012. Consequently, $21.4 million is restored to the OPS budget.
- The administrative fees regional centers receive for processing the ICF-DD SPA invoices has been increased by $108,000 due to projected increases in day program and transportation services for clients residing in ICF-DDs.

- The Operations share of the Trigger Reductions/Savings Solutions for the Budget Year is $7.0 million. Most of this is due to the continuation of a 1.25% payment reduction. In addition to this new reduction, the Operations budget also continues the following reductions from prior fiscal years:
    - $4.5 million for the change in Intake and Assessment guidelines from FY 2003-04
    - $10.6 million unallocated reduction from FY 2001-02
    - $6.0 million "cost containment" from FY 2004-05
    - $14.1 million "savings target" from FY 2009-10
    - $583,000 from the 4.25% payment reduction from FY 2009-10
    - $3.5 million "cost containment" from FY 2011-12
    - $5.4 million unallocated reduction from FY 2011-12

Purchase of Service (POS)

<u>FY 2011-12</u>

- There is a net increase to the POS budget of $43.8 million due to updated caseload and expenditure data.
- There is also a decrease of $47.0 million in the funds reserved for "Impacts from Other Departments". This is due to the delay in the State's implementation of reductions to Adult Day Health Care (ADHC) services. It was assumed that regional centers would pick up paying for these services for consumers in ADHCs.
- The POS budget was reduced by $25.6 million as part of the $100 million trigger reduction for FY 2011-12. This is comprised of the following reductions and savings:
    - $1.0 million reduction in funding available for downsizing of large congregate living facilities.
    - $300,000 reduction in funding available for GAP payments to new ICF-DDs.
    - $4.3 million reduction from the delay in implementation of the Delta Dental contract to replace DentiCal services lost in previous year.
    - $20.0 million in additional HCBS Waiver funds.

<u>FY 2012-13</u>

- POS increases by $127.2 million (3.7%) due to updated caseload and expenditure data.
- There is a net increase to "Impacts from Other Departments" of $28.1 million due to planned reductions in Medi-Cal for enteral nutrition (tube feeding), hearing aid caps, and co-payments.
- There is an increase of $9.0 million for the amount needed for Financial Management Services for Participant Directed Services.
- Quality assurance fees for Intermediate Care Facilities (ICFs) increases by $729,000. This is associated with DDS billing Medi-Cal for day program and transportation services for ICF residents.
- The 4.25% payment reduction will sunset on June 30, 2012. Consequently, $137.4 million is restored to the POS budget.
- The POS budget has been reduced by $142.4 million as part of the $200 million trigger reduction. This reduction is comprised of the following reductions and savings:
    - $79.8 million to be saved by implementation of the provisions of SB 946 which requires insurance companies to cover behavioral health treatments for clients with autism.

- $11.7 million will be saved by redesigning services for clients with challenging service needs.
- $38.5 million will be saved from the continuation of a 1.25% payment reduction.
- $7.6 million will be saved by redesigning the Supported Living assessment process.
- $4.8 million will be saved from the implementation of additional cost savings and efficiencies.

Prevention

Funding for Prevention is reduced to $2.0 million for the contracts with the Family Resource Centers. There is no longer funding for regional center services to Prevention Program consumers.

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FY 2011-12 Adjustments	RC Operations	POS	Prevention	Trigger Reduction	Total
FY 2011-12 Enacted Budget	$502,751,000	$3,457,335,000	$4,503,000	$0	$3,964,589,000
Updated Caseload and Expenditure Data	$3,657,000	$43,767,000	$0	$0	$47,424,000
Decrease in Impacts from Other Departments - Delay in Implementing Cuts to ADHC Services		($46,988,000)			($46,988,000)
Mid-Year Trigger Reduction				($100,000,000)	($100,000,000)
Increase in ICF-SPA Administrative Fees due to updated expenditure estimates	$64,000	$0	$0	$0	$64,000
Increase in QA Fees		$337,000			$337,000
Downsizing Funding Reduction		($1,000,000)		$1,000,000	$0
GAP Funding Reduction		($300,000)		$300,000	$0
Delayed Implementation of Delta Dental Contract		($4,300,000)		$4,300,000	$0
Additional HCBS Waiver Funding		($20,000,000)		$20,000,000	$0
Prior Year Savings - FY 2009-10 and FY 2010-11				$74,400,000	$74,400,000
May Revision Totals for FY 2011-12	**$506,472,000**	**$3,428,851,000**	**$4,503,000**	**$0**	**$3,939,826,000**

FY 2012-13 November Estimate					
Updated Caseload and Expenditure Data	$13,986,000	$127,159,000	($2,500,000)		$138,645,000
Increase in Impacts from Other Departments		$28,101,000			$28,101,000
Increase for FMS for Participant Directed Services		$8,964,000			$8,964,000
Increase in Quality Assurance Fees for ICFs		$729,000			$729,000
Restoration of 4.25% Payment Reduction Savings	$21,391,000	$137,432,000			$158,823,000
Trigger Reductions				($200,000,000)	($200,000,000)
Increase in ICF-SPA Administrative Fees due to updated expenditure estimates	$108,000				$108,000
Maximize Use of Federal Funds				$61,000,000	$61,000,000
Implementation of SB 946		($79,800,000)		$79,800,000	$0
Redesign Services for Individuals with Challenging Needs - RCs		($11,700,000)		$10,000,000	($1,700,000)
Redesign Services for Individuals with Challenging Needs - DCs				$10,000,000	$10,000,000
Continuation of 1.25% Payment Reduction	($7,000,000)	($38,500,000)		$30,700,000	($14,800,000)
Redesign SLS Assessment		($7,600,000)		$4,200,000	($3,400,000)
Additional Cost Savings and Efficiencies - RCs		($4,800,000)		$3,900,000	($900,000)
Additional Cost Savings and Efficiencies - DCs				$400,000	$400,000
May Revision Totals for FY 2012-13	**$534,957,000**	**$3,588,836,000**	**$2,003,000**	**$0**	**$4,125,796,000**

ARCA

ASSOCIATION OF REGIONAL CENTER AGENCIES
915 L Street, Suite 1440 · Sacramento, California 95814 · 916.446.7961 · Fax: 916.446.6912

May 21st, 2012

The Honorable Mark DeSaulnier
Chair, Senate Budget & Fiscal Review – Subcommittee #3
State Capitol, Room 4203
Sacramento, CA 95814
and
The Honorable Holly Mitchell
Chair, Assembly Budget – Subcommittee #1
State Capitol, Room 444
Sacramento, CA 95814

RE: Governor Brown's May Budget Revision and Proposed Trailer Bill Language

Dear Senator DeSaulnier and Assemblymember Mitchell:

The Association of Regional Center Agencies (ARCA) represents the state's community-based network of regional centers, which serves approximately 250,000 Californian children and adults with developmental disabilities. ARCA appreciates the very important and difficult work you are engaged in as you make continued progress towards a budget that balances both human needs and fiscal realities.

ARCA appreciates this opportunity to provide comment on a budget revision that takes recognition of the $1 billion in cuts the developmental services system has already absorbed in the past three years. Specific comments are detailed in the attached Position Statement. Additionally, several modifications to the proposed Trailer Bill Language have been included.

On behalf of the state's 21 regional centers, and the quarter-million Californians with developmental disabilities served through those centers, we thank you for your time and consideration.

Sincerely,
/s/ Eileen Richey

Eileen Richey
Executive Director

Cc: Members, Senate Budget & Fiscal Review Subcommittee #3
Members, Assembly Budget Subcommittee #1
Jennifer Troia, Consultant, Senate Committee on Budget & Fiscal Review
Nicole Vazquez, Staff, Assembly Budget Subcommittee #1
Mareva Brown, Chief Consultant, Senate Human Services Committee
Eric Gelber, Chief Consultant, Assembly Human Services Committee
Kirk Feely, Senate Republican Fiscal Office
Julie Souliere, Assembly Republican Fiscal Office
Shawn Martin, Legislative Analyst's Office
Lishaun Francis, Legislative Analyst's Office
Myesha Jackson, President Pro Tempore's Consultant, Human Services
Diane VanMaren, President Pro Tempore's Consultant, Health
John Doyle, Department of Finance
Carla Castaneda, Department of Finance
Han Wang, Department of Finance
Terri Delgadillo, Department of Developmental Services

Enclosure

ARCA ASSOCIATION OF REGIONAL CENTER AGENCIES
915 L Street, Suite 1440 • Sacramento, California 95814 • 916.446.7961 • Fax: 916.446.6912

ARCA Position Statement
Proposed May Revision Budget for Fiscal Year 2012-13

ARCA would like, first and foremost, to thank the Department of Developmental Services for its diligent work to overcome the challenge of identifying $200 million in further reductions, and locating new revenues, for a system that has endured years of cutbacks. The Department has developed budgetary strategies that are reflective of the core values of the system, including support of community-based services for individuals with developmental disabilities. It has done so under significant staffing constraints, while still taking a full and collaborative accounting of the needs and concerns of the regional centers, service providers, and most importantly, those individuals served by the system.

The developmental services sector has absorbed $1 billion in cuts over the past three years, even as the population served has grown. In short, everyone in the system is already doing more with less.

The following represents ARCA's positions regarding the proposals included in the May Revision Budget for Developmental Services for FY 2012-13.

FY 2012-13 $200 Million General Fund Reduction

1. ARCA supports the increase of $61 million in Federal Funding ($61 million decrease in General Funds) by aggressively enrolling more clients in the HCBS Waiver program and expanding the 1915(k) Community First Choice Option. However, ARCA does have concerns about the ability of regional center staff to absorb the additional workload without additional operations funding.

2. ARCA supports the implementation of Senate Bill 946 ($79.8 million General Fund savings), which requires health care insurers to cover behavioral health treatment for clients with autism. ARCA is concerned about the issue of insurance co-pays as expressed by consumer and advocacy groups, as we do not want insurance co-pays to become a barrier to clients receiving the services they require. The Association also has concerns about the ability of regional center staff to absorb the additional workload without additional operations funding.

3. ARCA supports the proposal to redesign services for individuals with challenging service needs ($20 million General Fund savings). With respect to the Trailer Bill Language (652) regarding this proposal, ARCA supports the moratorium on placements into developmental centers. However, adequate resources must be provided, and there must be close collaboration and coordination among developmental centers, regional centers, DDS, families, and community care providers to address barriers to community placements. These include rates, health and safety exemptions, deflections, Community Placement Plan funds, and other necessary resources.

4. ARCA supports the proposal to redesign the Supported Living assessment process ($4.2 million General Fund savings). We wish to suggest that the proposed Trailer Bill Language (653), the last sentence in Section 4689(p)(1) read: *"With input from stakeholders, the department* ***and the Association of Regional Center Agencies*** *shall develop and post the standardized assessment questionnaire and provide it to the regional centers by June 30, 2012."*

5. ARCA opposes the 1.25% Regional Center and Provider Rate Reduction ($30.7 million General Fund reduction). Regional centers and providers have been subject to a 3% payment reduction since February 2009, which was increased to 4.25% in July 2010. This has seriously impacted the ability of regional centers to recruit new service providers to serve their growing population. We believe, should this proposal be adopted, that the Trailer Bill Language (655) implementing this should be amended to specify that this rate reduction will sunset on June 30, 2013.

6. ARCA opposes the $50 million additional cut if the ballot initiative to increase the state sales and income taxes is not approved by the voters.

Purchase of Service (POS)

The following are ARCA's positions on the major components of the Purchase of Service budget, excluding the Trigger Reductions discussed above:

<u>FY 2011-12</u>

ARCA supports the increase of $46.8 million total funds ($18.1 million General Fund decrease) due to updated caseload and expenditures trends.

<u>FY 2012-13</u>

1. ARCA supports the increase of $24.3 million total funds ($68.3 million General Fund decrease) due to caseload growth and increased service utilization.

2. ARCA supports the increase of $1.6 million total funds ($0.4 million General Fund decrease) to eliminate the 4.25% payment reduction to service providers in the Governor's November Estimate, due to the June 30, 2012 sunset of the payment reduction. The total restoration amount for POS is now $137.9 million Total Funds ($94.2 million General Fund). This began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010. This has been an extreme hardship for the many community service providers who serve people with a developmental disability. Most service providers have had their rates frozen for the past seven years, and this arbitrary reduction only exacerbates the rate inequities among service providers.

3. ARCA supports the increase of $0.4 million total funds ($0.0 General Fund) for Quality Assurance Fees to reflect updated expenditures.

4. ARCA supports the fund shift of $40 million to reflect California First Five Commission (Prop 10) funding for FY 2012-13.

Operations (OPS)

The following are ARCA's positions on the major components of the Operations budget, excluding the Trigger Reductions discussed above:

FY 2011-12

ARCA supports the $64,000 Total Funds ($32,000 General Fund) increase to the ICF-DD SPA Administration Fee, to reflect updated expenditures.

FY 2012-13

1. ARCA supports the restoration of $13.8 million General Fund ($21.9 million total funds), due to the June 30, 2012 sunset of the 4.25 % reduction, to the Operations (OPS) budget as proposed in the Governor's November Estimate. This reduction began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010. This reduction further increased the burden regional centers face in providing services to over 250,000 consumers, while maintaining mandated caseload ratios with an already underfunded budget, and assuring compliance with the Lanterman Act and other State and federal statutory requirements. These reductions in funding have seen the regional centers struggle to comply with the many federal requirements to maintain continued federal funding from the HCBS Waiver, Targeted Case Management, the 1915(i) State Plan Amendment, the 1915(k) State Plan, and Money Follows the Person programs. Regional center staff play a crucial role in bringing in over $1 billion in federal reimbursements from the HCBS waiver and Targeted Case Management programs.

a. Regional center OPS still maintains an unallocated reduction that was instituted in the early 1990s.

b. The bulk of the regional center OPS budget is calculated using the Core Staffing formula. The salaries in the Core Staffing formula, 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.

2. ARCA supports the increase of $5 million Total Funds ($5 million General Fund) for updated intake projections.

3. ARCA supports the increase to the ICF-DD SPA Administration Fees of $108,000 Total Funds ($300,000 General Fund) to reflect updated expenditures.

4. ARCA opposes the decrease of $7 million Total Funds ($4.5 million General Fund) to reflect the Operations' portion of the proposed savings solutions to the $200 million General Fund Trigger Reduction. As noted above, regional center OPS has absorbed millions of dollars in budget reductions over the years, while its budget base is calculated using a core staffing formula whose salaries, with a few exceptions, have not been updated since 1991.

Early Start

ARCA continues to oppose the cuts to services for at-risk infants and the transfer of the Prevention Program to the Family Resource Centers. ARCA continues to support the full restoration of services to at-risk infants and toddlers through the regional center Early Start Program to ensure seamless provision of services to children at this vulnerable developmental stage.

Omar Noorzad - Re: CDCAN REPORT #088-2012: GOVERNOR BUDGET REVISION PROPOSES 1.25% PAYMENT REDUCTION TO REGIONAL CENTER OPS AND MOST PROVIDERS - MORATORIUM ON DEVELOPMENTAL CENTER ADMISSIONS WITH CERTAIN EXCEPTIONS

From: "Marty Omoto - CDCAN (California Disability Community Action Network)" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 5/14/2012 10:38 AM
Subject: Re: CDCAN REPORT #088-2012: GOVERNOR BUDGET REVISION PROPOSES 1.25% PAYMENT REDUCTION TO REGIONAL CENTER OPS AND MOST PROVIDERS - MORATORIUM ON DEVELOPMENTAL CENTER ADMISSIONS WITH CERTAIN EXCEPTIONS

CDCAN DISABILITY RIGHTS REPORT

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK
#088-2012 – MAY 14, 2012 – MONDAY

CDCAN

Advocacy Without Borders: One Community – Accountability With Action

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Sign up for these free reports by going to the CDCAN website. Website: www.cdcan.us
To reply to THIS Report write:
Marty Omoto at martyomoto@rcip.com Twitter: martyomoto NEW Phone: 916-757-9549

State Budget Crisis:

GOVERNOR'S BUDGET REVISION PROPOSAL CALLS FOR 1.25% REGIONAL CENTER AND PROVIDER PAYMENT REDUCTION – CALLS FOR MORATORIUM ON MOST ADMISSIONS TO DEVELOPMENTAL CENTERS

SACRAMENTO, CA (CDCAN) [Last updated 05/014/2012 10:25 AM] - Governor Brown's revised budget proposal – known as the "May Revise" – calls for implementing a $200 million in State general fund reductions with a partial extension of the existing payment reductions to regional center operations and most regional center providers. The Governor's plan calls for a 1.25% payment reduction for a savings to the State general fund of $30.7 million beginning July 1, 2012, instead of the existing 4.25% payment cut. The reduction is less than what many advocates feared given the size the budget hole the State is facing. However the Governor's proposal now includes the developmental services budget - $50 million in State general fund spending for the 2012-2013 State budget year in unspecified cuts – if voters reject his tax initiative proposal on the November 2012 ballot. That number would expand to $100 million in subsequent years.

In a major development, the Governor's budget revision also proposes a moratorium on most admissions to the State's four developmental centers and one smaller community facility except for limited circumstances, where the courts refer people with developmental disabilities due to competence related issues. The department would work to restore competency for those individuals.

Other major areas where the Governor is proposing to achieve the $200 million reduction to developmental services budget:

- $30.7 million in State general fund cuts resulting from partial extension of payment reduction to regional center operations and most providers (1.25% instead of the existing 4.25%) beginning July 1, 2012.
- $61 million in State general fund savings resulting from an "aggressive" effort to add more people with developmental disabilities onto the federal Medicaid waivers under the developmental services budget
- $79.8 million in State general fund savings as a result of the July 1, 2012 implementation of SB 946, the autism health insurance mandate bill. The original savings estimate of $61 million was increased as a result of a determination by the Department of Managed Health Care that CALPERS and the Healthy Families program would be required to comply with the provisions of SB 946 due to compliance of the mental health parity law.
- $4.2 million in savings to the State general fund by implementing the independent assessments of people with developmental disabilities in the Supported Living program, but eliminating the previous proposal that called for an independent assessor to do that work. $3 million of the $4.2 million savings would result from not going forward with an independent assessor – and adopting the proposal put forward by the association of supported living agencies.
- $20 million in reductions and savings to the State general fund impacting people with developmental disabilities identified as people with "challenging needs" or "difficult to serve". That would be achieved through a moratorium on most admissions to the developmental centers and the one community facility. Would include a new program at Fairview Developmental Center for those persons who are admitted through a court referral to restore "competence" in a 30 or 90 day program. The Department of Developmental Services will be proposing budget related legislative language to implement this reduction and savings program.

CDCAN will issue additional reports within the next hour or two covering more details on this budget area and other budget areas including IHSS and Medi-Cal.

Not part of the $200 million reduction in State general fund spending is the inclusion of developmental services – about $50 million in State general funding that may be part of the 2012-2013 State Budget "trigger cuts" if the Governor's proposed tax initiatives does not pass in November. The $50 million would expand to $100 million in the following budget years.

The proposed reduction was announced this morning (May 14) as part of the Governor's proposed budget revisions to the 2012-2013 State Budget plan he submitted to the Legislature in January. His proposals, especially those requiring changes in State law to implement actual spending reductions, will require approval from the Legislature.

Both houses will be holding a final round of budget subcommittee hearings likely to begin the week of May 21st, taking final actions before the budget process moves to a special joint committee composed of members of both houses called a "budget conference committee".

The developmental services budget funds many – but not all - services and supports for over 250,000 eligible children and adults with developmental disabilities coordinated by the 21 non-profit regional centers under the Department of Developmental Services. The department also owns and operates four facilities known as developmental centers and one smaller community facility where approximately 1,800 adults with developmental disabilities reside. The department also is the lead agency of the State's early intervention program – called "Early Start" that provides certain services for eligible families whose infants or toddlers have a developmental delay or disability or an established risk condition with a high probability of resulting in a delay.

SENATE SUBCOMMITTEE HEARING ON DEVELOPMENTAL SERVICES BUDGET MAY 22ND

As previously reported, the Senate released on May 11th, Friday a tentative final round hearings of the Senate Budget Subcommittee on Health and Human Services, where action on many of the Governor's proposals – including new proposals in his "May Revise" – will be taken up.
The Assembly has not yet released a specific schedule of final budget subcommittee hearings to take final action and also to review and act on new proposals from the Governor's May Revise but is expected to do so sometime this week.
CDCAN will issue a report when this information becomes available:

MAY 21, 2012 – MONDAY (subject to change)
SENATE BUDGET SUBCOMMITTEE #3 ON HEALTH AND HUMAN SERVICES
10:00 AM
State Capitol – Room 4203
Budget Items: Mainly health budget items
CDCAN COMMENT: Could include Medi-Cal related issues, including proposed expansion from 4 to 10 counties of the demonstration project plan to shift people with disabilities and seniors who are eligible for both Medicare and Medi-Cal into Medi-Cal managed care-type plans beginning in January 2013 [Note: developmental services budget items will be heard on May 22 under "human services" in the Senate Budget Subcommittee #3 on Health and Human Services].

MAY 22, 2012 – TUESDAY (subject to change)
SENATE BUDGET SUBCOMMITTEE #3 ON HEALTH AND HUMAN SERVICES
01:30 PM
State Capitol – Room 4203
Budget Issues: mainly Human Services budget items and issues
CDCAN Note: these items will include developmental services budget items and any In-Home Supportive Services budget items

MAY 24, 2012 – THURSDAY (subject to change)
SENATE BUDGET SUBCOMMITTEE #3 ON HEALTH AND HUMAN SERVICES
Upon Adjournment of Senate Appropriations Committee hearing
State Capitol – Room 112
Budget Issues: Health and Human Services Realignment and "open" issues
CDCAN COMMENT: Could include Governor's proposals regarding CalWORKS, Child Care, etc.

WHAT HAPPENS NEXT

- FULL BUDGET COMMITTEE INFORMATIONAL HEARINGS – The full budget committees of both the Assembly and State Senate will likely hold overview informational hearings on the Governor's proposed budget revisions sometime this week, hearing an overview – but not specific details of each proposal – from the Governor's Department of Finance and the non-partisan Legislative Analyst Office which reviews budget issues for the Legislature. Action on budget items are not taken at these hearings and public comment is usually not taken before the full budget committee for these informational hearings [public comment on new or revised proposals contained in the Governor's May Revise will be taken during the budget subcommittee hearings the following week however].
- BUDGET SUBCOMMITTEE HEARINGS - The Legislature will resume a quick round of budget subcommittee hearings likely the week of May 21st, with many actions taken. Public comments will be taken likely only on new budget proposals by the Governor (or budget proposals with new details,

including those impacting developmental services). Both the Senate and Assembly have largely held off taking action on the Governor's major reductions proposals he made in January, with the Democratic leadership in both houses saying they wanted to delay action until the Governor's budget revisions – and new updated spending and revenue numbers would be available before taking final action on cuts.

- BUDGET CONFERENCE COMMITTEE – the final round of budget subcommittee hearings will be followed within days of the formation of a special joint committee of the State Senate and Assembly – called a budget conference committee, made up of 3 Assemblymembers (2 Democrats and 1 Republican) and 3 State Senators (2 Democrats and 1 Republican). That conference committee will meet through early to mid-June, and will attempt to resolve any different actions taken on the Governor's proposals, or come up with new proposals each house can agree on. While these hearings are public, no public comment is taken.
- FINAL FLOOR VOTES ON BUDGET BY ASSEMBLY AND SENATE – Sometime before July 1st, both the full Senate and Assembly will take final floor votes on the proposed 2012-2013 State Budget as modified by the subcommittees and budget conference committee. Even at this stage, changes, new proposals can be added – or taken out of the budget. Floor action is televised and streamed live on the CalChannel website – but no public comment is taken (people can write letters, call or visit legislator's offices however). A budget is expected to pass, by majority vote, on or before July 1st avoid members being penalized (losing a day of pay each day a budget is not passed).

URGENT!!!!!!

MAY 14, 2012 - MONDAY

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CDCAN Townhall Telemeetings, CDCAN Reports and Alerts and other activities cannot continue without YOUR help. To continue the CDCAN website and the CDCAN Reports and Alerts sent out and read by over 60,000 people and organizations, policy makers and media across the State, and to continue and resume CDCAN Townhall Telemeetings, trainings and other events, please send your contribution/donation (please make check payable to "CDCAN" or "California Disability Community Action Network" and mail to:

CDCAN - 1225 8th Street Suite 480 - Sacramento, CA 95814 (new mailing address coming this week – but you can still write to this address – mail will be forwarded)
NEW Phone: 916-757-9549 (replaces 916-212-0237)

Many, many thanks to all the organizations and individuals for their continued support that make these reports and other CDCAN efforts possible.
Note: As of January 13, 2012 - some friends donated a new laptop computer which will soon be up and running. Thanks so much - using a lap top with several keys missing or not working makes typing reports very difficult! Many thanks to Anna and Albert Wang.

Attachment #5

From: "Marty Omoto - CDCAN (California Disability Community Action Network)" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 5/31/2012 10:43 AM
Subject: Re: CDCAN REPORT #104-2012: Assembly Budget Subcommittee on Health & Human Services Expected to Meet Today for Last Hearing To Announce Certain Actions - Next Steps in Budget Process Uncertain - Updated Proposed Trailer Bill Language Released
Attachments: 20120530 - Revised Budget Trailer Bill Language from Brown Administration - 1.25 Percent Regional Center Operations and Provider Payment Reductions - RN1213245 May 30 2012 (15 Pages).pdf; 20120529 - Revised Budget Trailer Bill Language from Brown Administration - Early Start RN1213246 May 29 2012 (6 Pages).pdf; Part.008

CDCAN DISABILITY RIGHTS REPORT

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK

#104-2012 - MAY 31, 2012 - THURSDAY MORNING

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To reply to THIS Report write:

Marty Omoto at <mailto:martyomoto@rcip.com> martyomoto@rcip.com Twitter: martyomoto New Phone: 916-757-9549

State Budget Crisis:

ASSEMBLY BUDGET SUBCOMMITTEE ON HEALTH & HUMAN SERVICES EXPECTED TO HOLD FINAL HEARING TODAY - LIKELY TO BE ANNOUNCEMENT OF ACTIONS ONLY

. No Time Yet Announced for Assembly Budget Subcommittee

. Full Senate Budget Committee Scheduled to Meet Next Week - No Senate Budget Committee Hearings This Week

. Next Steps Uncertain In State Budget Process - Possibility of Resolving Different Actions by Senate and Assembly Without Budget Conference Committee

. Brown Administration Releases Two Updated Budget Trailer Bill Language This Week - Dealing with Early Start and 1.25% Regional Center Cut; No Significant Changes But Language Does Not Supersede Changes Made by Legislative Budget Subcommittees

SACRAMENTO, CA (CDCAN) [Last updated 05/31/2012 09:40AM] - The Assembly Budget Subcommittee #1 on Health and Human Services is expected to hold its final hearing for the budget year sometime today (May 31st) at the State Capitol, in Room 437. No agenda is yet available but the subcommittee is expected to take up "for vote only" or simply announce its actions on several budget items. No public comment will likely be taken at this hearing.

The Assembly Budget Subcommittee finished up last week on Friday, reviewing and hearing details on the Governor's May 14th budget revision proposals and taking public comment. In most instances the subcommittee kept nearly all of the major items "open" for later action - possibly for today including the Governor's May 14th proposed 7% across-the-board cut to all people with disabilities, mental health needs, the blind and seniors who receive In-Home Supportive Services.

The Senate Budget Subcommittee #3 on Health and Human Services, and the other Senate budget subcommittees, completed their hearings last week on Thursday. Like the Assembly, most major items were kept "open".

WHAT HAPPENS NEXT UNCERTAIN

. Next steps in the budget process in both houses are - at least publicly - uncertain. What would normally happen next would be the formation and public hearings of a special joint committee called a "budget conference committee" composed of 3 Assemblymembers and 3 State Senators to resolve different actions taken in both houses by the subcommittees.

. This year what happens next is not clear yet, with the possibility of both houses somehow resolving those different actions with or without a conference committee, and sending a budget plan to the Assembly and Senate floors by June 15th.

. The situation is fluid however, and the next steps could be the normal process of a budget conference committee and floor votes that follow - or an entirely different approach in the budget process, similar to what happens to two or more policy bills covering the same issues.

. The major impact to such a change in the next steps to people with disabilities, mental health needs, the blind, seniors, their families and low income families, community organizations, agencies, facilities and workers who provide supports and services is the ability to track, monitor and respond to changes occurring to proposed budget trailer bill language and other provisions before a final version of the budget is sent to the floor for final votes by June 15th.

GOVERNOR'S NOVEMBER TAX MEASURE PUTS PRESSURE ON LEGISLATIVE DEMOCRATS TO PASS BUDGET ON TIME

. The Governor's proposed temporary tax increase November 2012 ballot measure is putting additional pressure on legislative Democrats - and the Governor - to pass a state budget on time, by the June 15th State constitutional deadline.

. With the implementation last year of Proposition 25, which voters approved in November 2010, that permits passage of a State budget by a simple majority vote (but still requiring 2/3rds super majority to approve any tax or other revenue increases), legislative Democrats see no need to actively seek out legislative Republican support for the budget. Legislative Democrats are anxious to pass a budget on time and mitigate certain proposed cuts in order to build support for passage of the Governor's temporary tax measures in November - and also to possibly win enough new seats - at least in State Senate - to have a "super majority" during the 2013 Legislative Session.

SAVINGS AND REDUCTIONS PROPOSAL FOR DEVELOPMENTAL SERVICES APPROVED LAST WEEK

. As previously reported last week, both the Assembly and Senate budget subcommittees did approve, with some changes, the Brown Administration's proposals to achieve $200 million in savings and reductions in State general fund spending to the developmental services budget.

. The bulk of the reduction would come from projected savings resulting from implementation of SB 946, the "autism health insurance mandate" (about $80 million in State general fund savings) and a hoped for effort for new federal matching funds (about $61 million in State general fund savings). Savings would also be achieved by the implementation, effective July 1, 2012 (if budget plan is approved by Legislature) of a 1.25% payment reduction for regional center operations and most regional center providers - to replace the existing 4.25% cut that is set to expire June 30, 2012, and the implementation of a series of measures to reduce spending of State general funds for persons referred to as "people with challenging service needs" including proposal for a moratorium, with certain exceptions, of admissions to the State's developmental centers.

. Neither house took action however on the Governor'[s May 14th budget revision proposal that calls for including the developmental services budget as part of the over $6 billion in new budget "trigger cuts", to be implemented in January 2013 if voters reject the Governor's proposed temporary tax increase ballot measure in November.

. The proposed inclusion of developmental services in the "trigger cut" is small compared to the $6 billion in cuts that would largely hit education - but the new reduction, if implemented, would be a enormous hit on the system of services and supports that serve children and adults with developmental disabilities. The Governor's May 14th budget revision proposal calls for an additional $50 million in State general fund reductions effective January 1, 2013 and on-going permanent reduction of $100 million in State general fund spending cuts for the full 2013-2014

State budget year that begins July 1, 2013 if voters reject his proposed temporary tax increase ballot measure in November.

UPDATED PROPOSED TRAILER BILL LANGUAGE FROM BROWN ADMINSTRATION RELEASED COVERING EARLY STATR AND 1.25% PAYMENT CUT TO REGIONAL CENTERS

. The Brown Administration released yesterday - and on Tuesday, two updated or revised versions of budget trailer bill language dealing with Early Start (the State's early intervention program that is matched with federal funds) and implementation of the proposed 1.25% payment reduction for regional center operations and most regional center providers. This is proposed language from the Brown Administation - and not from the Legislative budget subcommittees, whose actions last week made changes to the Brown Administration's proposed language. Those changes are not reflected in the latest revised versions by the Brown Administration.

. No other new or updated proposed budget trailer bill language has been released this week.

. The versions dealing with Early Start and the 1.25% payment reduction to regional center operations and most providers do not differ in any significant way from the previous proposed language by the Brown Administration released in earlier this month.

. As mentioned, the updated language for the 1.25% cut does not reflect the provisions for a sunset (ending date) that both the Assembly and Senate subcommittees want (the Assembly with a June 30, 2014 ending date, and the Senate with a one year sunset of June 30, 2013 - the different actions would be resolved by the full budget committees).

. The new language by the Brown Administration does not supersede or replace whatever the Legislature ends up agreeing to and passing as part of the overall State Budget. The revised versions are part of the normal budget process of putting proposed language into a more formal draft language format.

. The two proposed updated trailer bill language dealing with Early Start and the 1.25% cut to regional center operations and providers is attached to this CDCAN Report, saved as a document pdf file titled: "20120529 - Budget Trailer Bill Language - Early Start RN1213246 May 29 2012 (6 Pages)" and"20120530 - Budget Trailer Bill Language - 1.25 Percent Regional Center and Provider Payment Reductions - RN1213245 May 30 2012 (15 Pages).pdf"

. The Legislature has not yet released any versions of proposed trailer bill language where the subcommittees made changes, for any of the budget items.

NEXT STEPS

While the timing of when a budget will be passed and sent to the Governor seems all but certain (by June 15th), the actual next steps leading up to that is still uncertain.

STATE SENATE

. The Senate Budget Subcommittee #3 on Health and Human Services finished up its hearings on Thursday (May 24th). No further hearings are scheduled by any of the Senate subcommittees.

. The full Senate Budget and Fiscal Review Committee is scheduled - at this point - to meet next week, though it is not clear yet what issues they will take up or what actions will be taken.

ASSEMBLY

. The Assembly Budget Subcommittee #1 on Health and Human Services did not meet on May 29th or May 30th but will hold its final hearing sometime today (May 31st) to likely either announce or take actions on several budget items. No public comment will likely be taken at this hearing.

. It is not certain yet what happens in the Assembly after that - though the full Assembly Budget Committee is expected to meet sometime next week.

BUDGET CONFERENCE COMMITTEE

. In every previous budget year, any issue left "open" or where the Senate and Assembly took different actions would normally be referred to a special joint committee called a "Budget Conference Committee" to resolve.

. That special committee, composed of 3 Assemblymembers (2 Democrats and 1 Republican) and 3 State Senators (2 Democrats and 1 Republican) would normally begin meeting the first full week of June (the week of June 4th) and complete its work for final votes on the 2012-2013 State Budget and budget trailer bills by the full Assembly and full State Senate by June 15th - the State constitutional deadline to pass a budget and send it to the Governor.

. However this year it is not certain if the State Senate and Assembly will be using the budget conference committee in the budget process in the same way as in previous years. Both houses could - and in fact are - resolving different actions and other differences in the various budget issues and budget items, and could then present a "unified" budget plan for a vote on the Senate and Assembly floors by June 15th or sooner. This is similar to how both houses in recent years resolve different actions or different provisions in two or more similar policy bills without using a conference committee.

. The situation is fluid however and can change - though no public announcements have yet been made (nor would be at this point) on any next steps or if and when a budget conference committee will meet. CDCAN will issue a report as soon as information becomes available.

LEGISLATURE'S DEADLINE TO PASS A BUDGET

. If the Legislature fails to pass a budget before the end of June 15th (midnight), than penalties under Proposition 25 passed by voters in 2010 kick in, with every legislator forfeiting their pay and travel and living expenses for each day a budget is not passed and sent to the Governor.

. That forfeiture of pay and expenses is permanent and cannot be paid to them retroactively after a budget is passed.

. Proposition 25 - passed by voters in November 2010 - allows the Legislature to approve a State budget by a simple majority vote in both houses (41 votes in the 80 member Assembly instead of the 2/3rds or 54 votes that used to be required for passage and 21 votes in the 40 member State Senate instead of the 2/3rds or 27 votes that used to be required for passage). Any increase in revenues or taxes in the budget plan however still requires 2/3rds vote in both houses.

. With Proposition 25 - and the Governor's proposed tax measure on the November 2012 ballot - Legislative Democrats are anxious not to further anger voters by not passing a budget on time. Not doing so - with Democrats having large majorities in both houses - could undermine voter support for the Governor's tax initiative in November - and voter support for Democratic candidates for the State Senate and Assembly.

URGENT!!!!!!

MAY 31, 2012 - THURSDAY

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CDCAN - NEW MAILING ADDRESS:

1500 West El Camino Avenue Suite 499

Sacramento, CA 95833

[replaces 1225 8th Street Suite 480, Sacramento, CA 95814]

NEW Phone: 916-757-9549 (replaces 916-212-0237)

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Attachment #6

THE ANNUAL BUDGET PROCESS

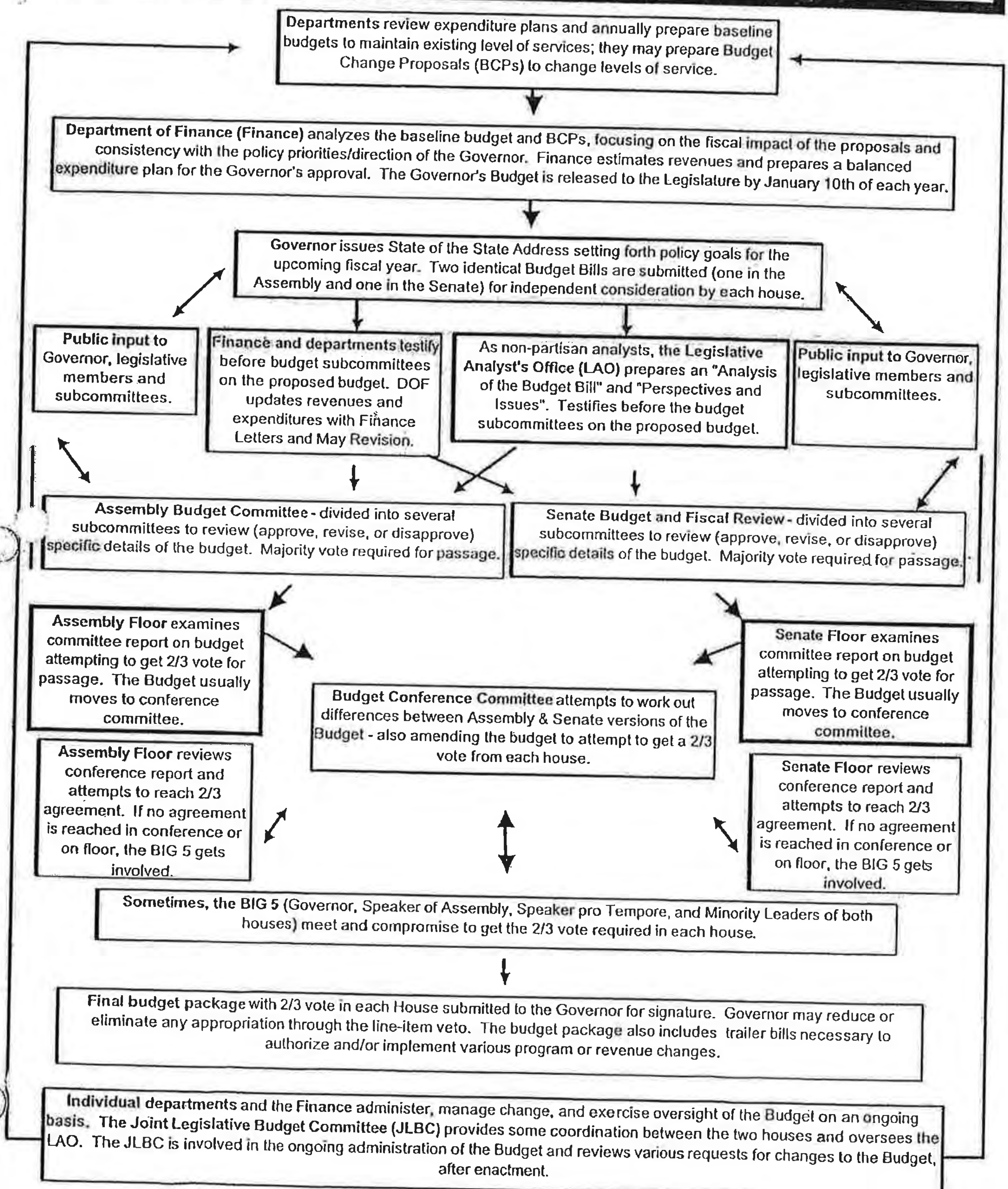


CHART P

HISTORICAL DATA
DATES FOR MAY REVISION
AND BUDGET BILL ENACTMENT

YEAR	MAY REVISION LETTER DATE(S)		BUDGET ACT DATES	
	Revenues	Expenditures	Passed	Signed
1977-78	5-23-77	5-23-77	6-24-77	6-30-77
1978-79	5-25-78	5-25-78	7-5-78	7-6-78
1979-80	5-10-79	5-10-79	7-11-79	7-13-79
1980-81	5-29-80	5-29-80	7-16-80	7-16-80
1981-82	5-7-81	5-7-81	6-15-81	6-28-81
1982-83	5-5-82	5-5-82	6-25-82	6-30-82
1983-84	5-9-83	5-9-83	7-19-83	7-21-83
1984-85	5-10-84	5-9-84	6-15-84	6-27-84
1985-86	5-10-85	5-10-85	6-13-85	6-28-85
1986-87	5-9-86	5-9-86	6-12-86	6-25-86
1987-88	5-19-87	5-11-87 5-19-87	7-1-87	7-7-87
1988-89	5-20-88	5-20-88	6-30-88	7-8-88
1989-90	*	*	6-29-89	7-7-89
1990-91	*	*	7-28-90	7-31-90
1991-92	5-21-91	5-21-91	6-20-91	7-16-91
1992-93	5-21-92	5-21-92	8-29-92	9-2-92
1993-94	5-20-93	5-20-93	6-22-93	6-30-93
1994-95	5-20-94	5-20-94	7-4-94	7-8-94
1995-96	5-22-95	5-22-95	8-2-95	8-3-95
1996-97	5-21-96	5-21-96	7-8-96	7-15-96
1997-98	5-14-97	5-14-97	8-11-97	8-18-97
1998-99	5-14-98	5-14-98	8-11-98	8-21-98
1999-00	5-14-99	5-14-99	6-16-99	6-29-99
2000-01	5-14-00	5-14-00	6-22-00	6-30-00
2001-02	5-14-01	5-14-01	7-22-01	7-26-01
2002-03	5-14-02	5-14-02	8-31-02	9-5-02
2003-04	5-14-03	5-14-03	7-29-03	8-2-03
2004-05	5-13-04	5-13-04	7-29-04	7-31-04
2005-06	5-13-05	5-13-05	7-7-05	7-11-05
2006-07	5-12-06	5-12-06	6-27-06	6-30-06
2007-08	5-14-07	5-14-07	8-21-07	8-24-07
2008-09	5-14-08	5-14-08	9-16-08	9-23-08
2009-10	5-29-09 ***	5-29-09 ****	2-19-09 **	2-20-09 **
2009-10			7-23-09*****	7-28-09*****
2010-11	5-14-10	5-14-10	10-8-10	10-8-10

* No Formal May Revision - All changes were handled by negotiations between the Administration and Legislature and reflected as legislative changes to the January Budget Bill.

** February 2009 Budget Act (Chapter 1, Statutes of 2009, Third Extraordinary Session)

*** Per Control Section 35.10 Legislature provided extension due to statewide election. Formal publication on 5/14, updated numbers released on website 5/26 and 5/29.

**** Finance Letters were delivered 5/2/09-6/2/09

***** Chapter 1, Statutes of 2009, Fourth Extraordinary Session

Attachment #7

Draft SB 946 Implementation Plan
TCRC Insurance Subgroup

Plan Components:

- Families will be Mailed a Notice
- The *Behavior Intervention Services Policy and Procedure 10601* will be Revised and will Include an *Insurance Procedure*
- Training will be Provided to both Staff and Families of Persons Served
- A New Form for HIPAA Purposes will Require Family Signature
- A list of TCRC Vendored Behavioral Services Providers will be Published on the TCRC Website
- Some Potential ARCA Standards for Co-Pays for all Regional Centers to Use
- Clarification on Who will Benefit from SB 946

A notice will be mailed to all families of individuals served by the regional center with a diagnosis of autism. This will inform families of important changes in the law which affects how medical insurance will pay for behavior therapy. This letter will be sent in the language of preference. Notice will also be emailed to providers.

Existing *Behavior Intervention Services Policy and Procedure 10601* will be revised to include a procedure for assisting families with private medical insurance regarding IBI services. This procedure will include a 90 day transition period for families to contact and access insurance. This may include a request for a behavior services Planning Team meeting. This timeline will include reference to California regulations which require insurance companies to respond to requests for appointments within 10 days, and completion of any appeal, grievance or complaint process within 30 days.

Both staff and parents will be trained on accessing private medical insurance regarding IBI during June, 2012. The training will be offered in both English and Spanish and the schedule will be posted on the TCRC web site and communication will be sent via the Family Resource Centers in each county. Colleen Duncan, TCRC Autism Coordinator, will be TCRC's designated contact liaison with Health Plans.

In compliance with HIPAA, families will be asked to sign a form regarding their insurance information and allowing TCRC information sharing (e.g. progress reports, assessments, etc.).

A list of TCRC vendored behavioral services providers who have approved and contracted by various insurance companies has been posted internally and will be posted on the TCRC web site. This list will be updated regularly.

DOFA will be tracking the POS cost impact. ARCA is planning to get cooperation from all regional centers on the co-pay issue using the FCPP guidelines. It appears that most regional centers are considering only paying the co-pay for hours approved by the Planning Team, and not for hours over and above what has been recommended by the Planning Team. It is important to note that deductibles are usually tied to an entire family, not just the person served, and thus would not be paid by TCRC unless hardship is identified and an exception approved. Co-pays should not cost more than the services TCRC typically pays for. FMS will not be used for parent reimbursement of co-pays.

Families who receive Medi-Cal ***only*** are not subject to the new law; however they will receive the letter informing them of the change. Families who receive Medi-Cal ***and*** private insurance **WILL** be subject to SB 946 because the private insurance is primary. Please note that SB 946 applies to individuals of any age, not just children.

In the event that a Planning Team is unable to agree on the transition steps or the transition to insurance is unsatisfactory, the Lanterman Fair Hearing procedures remain available to persons served and their families.

Attachment #8

Tri-Counties Regional Center
SAN LUIS OBISPO • SANTA BARBARA • VENTURA

520 E. Montecito Street
Santa Barbara, CA 93103
T/ 800.322.6994
F/ 805.884.7229
www.tri-counties.org

May 31, 2012

Dear Parent,

These are exciting times of change in California and we are writing to let you know about a new law that will help you obtain behavioral intervention treatment, including applied behavioral analysis (ABA) for your child or adult loved one with autism or pervasive developmental disorder (PDD).

On July 1, 2012, Senate Bill 946 becomes law, making California the 28th state in the nation to pass an Autism Insurance Mandate. This new law requires California private insurance companies to contract with Qualified Autism Services Providers and cover behavioral intervention. **Families with Medi-Cal only are not affected by this new law**. More information about this new law is enclosed.

Tri-Counties Regional Center (TCRC) will be holding information sessions in each office during the month of June to help families understand the law and how TCRC will be working with families and providing assistance to you during the transition. In the event that the Planning Team is unable to agree on the transition steps or the transition to insurance is unsatisfactory, the Lanterman Fair Hearing procedures remain available to persons served and their families.

Please join us to learn more. RSVP as soon as possible by calling your local TCRC office. Spanish translation will be available. Please request Spanish translation when calling to RSVP.

Autism Insurance Training Schedule

All Sessions will be held from 6:00pm -7:30pm

Wednesday	June 6	Atascadero	(805) 461-7402
Thursday	June 7	San Luis Obispo	(805) 543-2833
Wednesday	June 13	Santa Maria	(805) 922-4640
Wednesday	June 20	Simi Valley	(805) 522-8030
Thursday	June 21	Santa Barbara	(805) 962-7881
Thursday	June 27	Oxnard	(805) 485-3177

Senate Bill 946 is Good News for California and brings families a new opportunity to receive essential services. TCRC looks forward to working with you and the health insurance providers to implement this historic change.

Sincerely,

Omar Noorzad, Ph.D.
Executive Director

ENHANCING THE QUALITY OF LIFE FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

Tri-Counties Regional Center

AUTISM *Services*

NEW LAW REQUIRES INSURANCE COVERAGE OF BEHAVIORAL SERVICES

June 1, 2012

Providers Gear Up

TCRC has received information from our contracted behavioral services providers as they are becoming contracted with multiple insurance plans in an effort to help families retain the same provider if possible when making the transition to insurance.

TCRC appreciates and encourages collaboration and cooperation among our provider partners and welcomes the opportunity to work with insurance companies collaboratively to implement the new regulations with minimal disruption for families.

The New Law

Health and Safety Code, section 1374.73*, *requires that most health care service plans and health insurance carriers are to provide coverage for behavioral health treatment services for autism and pervasive developmental disorder or PDD. Behavioral health treatment includes the service provided by the regional center under applied behavior analysis ("ABA") or behavioral services to maximize the functioning of an individual with autism or PDD. Individuals receiving health care coverage under Medi-Cal only are exempt from this requirement.*

**1374.73 will change to 1374.74 on July 1, 2012*

Effective July 1 2012, a new law will go into effect that will change how individuals and their families receive behavioral services through the regional center. Please know that Tri-Counties Regional Center will be using Individual Program Planning Team (IPP) process and Person Centered Thinking practices to work with you through the implementation of the new law.

TCRC is dedicated to the provision of services to you and your child and we will make every effort to assist you with the transition. Please contact your service coordinator if you have questions about this information.

Tri-Counties Regional Center

TCRC is also affected by this new law, as the Lanterman Act requires regional centers to seek all sources of funding for services, including private entities, which are responsible to pay for services, aid, insurance, or medical assistance. Further, the Lanterman Act prohibits regional centers from purchasing a service that is available from private insurance carrier or a health care service plan when an individual or family is eligible for coverage.

This change in law requires that TCRC ensures that individuals and families seek payment of all behavioral (ABA) services through their health insurance carrier or service plan prior to seeking payment from the regional center.

Further information about this new legislation under Senate Bill 946 can be found at www.tri-counties.org and from the Dept of Managed Health Care sb946questions@dmhc.ca.gov

Senate Bill 946 Statement

Senate Bill 946 was signed by Governor Brown in September 2011 and goes into effect on July 1, 2012. At that time, all private insurance companies in California which are not funded by State of California general funds will be required to have adequate panels of qualified providers in place to deliver medically necessary Applied Behavioral Analysis treatment. Families with **Medi-Cal only are not affected** by this new law. The passage of SB 946 makes California the 28th state in the nation to implement an insurance mandate for autism.

THIS IS NOT UNIQUE

California has also had a law in place since 2000, the Mental Health Parity Act, which required private insurance coverage, yet many insurance providers failed to comply with that law and are now increasing the coverage as a result of settlement agreements established with Anthem Blue Cross and Blue Shield.

WE WILL WORK TOGETHER

At this time, local behavioral services providers are actively working to become approved in-network providers for many local insurance providers. Concurrently, TCRC is obtaining updates from our providers on their status with various insurance companies.

Service Coordinators will be requesting a copy of your insurance information.

In the event that a Planning Team in unable to agree on the transition steps or the transition to insurance is unsatisfactory, the Lanterman Act Fair Hearing procedures remain available to persons served and their families.

If you need assistance with questions about your personal coverage and are unable to obtain satisfactory response from your insurance customer service source, you may also contact

California Department of Insurance

1-800-927-4357

www.insurance.ca.gov




Attachment #9

The Association of Regional Center Agencies Proudly Presents

September 18 –19th
Pasadena Hilton
Pasadena, California

A NEW DAY 2012

WORKING TOWARD A POSITIVE FUTURE

The Fourth ARCA Conference on Employment and Housing for People with Developmental Disabilities

REGISTER NOW!

Early Bird Deadline Ends July 2, 2012

ANEW 2012

The conference will provide a forum for sharing knowledge and expertise on the promising practices and innovations that make employment and housing a reality for people with developmental disabilities. The Conference is a place where advocates, self-advocates, and a wide range of professionals and academics converge to share ideas, discuss priorities, and take action to create positive change in the lives of people with disabilities.

KEYNOTE SPEAKERS

DALE DILEO

Dale is a widely sought-after speaker and consultant, and well-known advocate for people with disabilities. He is the Past President of the Board of the Association for Persons in Supported Employment (APSE) and is the lead author of that organization's highly respected Ethical Guidelines in Supported Employment. His popular book, Raymond's Room, focuses on ending the shameful segregation of people with disabilities in community life.

ROBIN COOPER

Robin works with state, county, and local governments as well as advocacy and provider organizations on issues in long-term community services for people with disabilities. She has focused on assisting states to redesign support coordination systems and providing technical assistance to states to modify their Medicaid-financed home and community-based waiver, and state plan programs to include more person-centered and participant-directed options.

PETER GERHARDT

Peter Gerhardt is the Director of Education - Upper School for the McCarton School in New York City. Dr. Gerhardt has over 30 years experience utilizing the principles of Applied Behavior Analysis in support of adolescents and adults with ASD in educational, employment, residential, and community-based settings. He is the author or co-author of articles and book chapters on the needs of adolescents and adults with autism spectrum disorder and he has presented nationally and internationally on this topic.In addition, he serves as Chairman of the Scientific Council for the Organization for Autism Research, on the Editorial Board of Behavior Analysis in Practice, and on numerous professional advisory boards including the Autism Society of America.

ERIN RIEHLE

Erin is a recognized authority and national leader in promoting employment opportunities for people with disabilities and other barriers to employment. She is a founder and Senior Director of Project SEARCH, an employment and transition program that has received national recognition for innovative practices pioneered under Ms. Riehle's guidance.

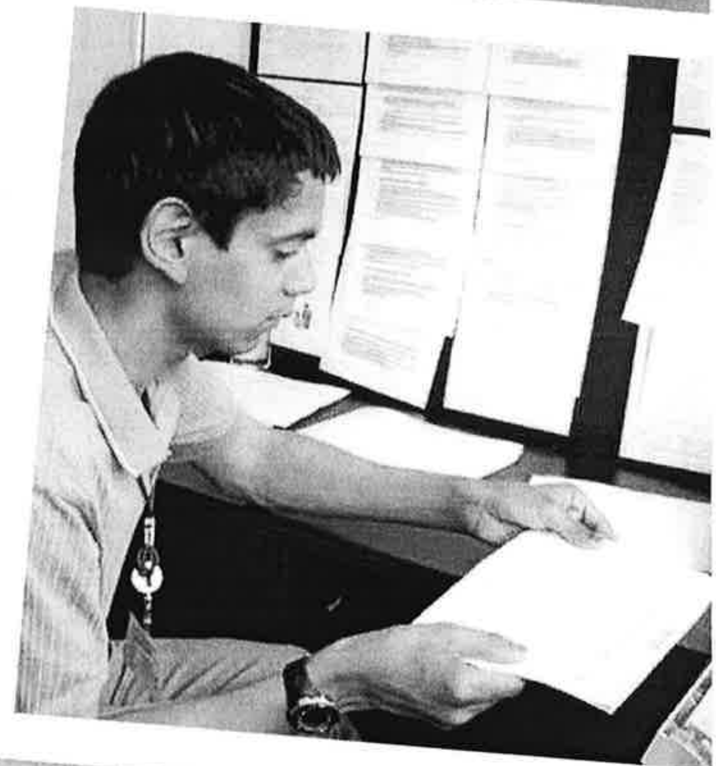
In addition the conference will have workshops on housing and employment including the following topics:

- Job development and marketing
- Transformation of services
- Job support resources
- Internship programs and self-employment
- Microenterprise
- Public policy and systems change
- The future of housing for people with developmental disabilities
- Sustainable housing
- Case studies of successful housing developments

EXHIBITORS
Plan now to participate in this exciting conference!

The 2012 New Day Conference provides a priceless opportunity to meet professionals dedicated to providing services to people with developmental disabilities in an environment dedicated to networking and sharing ideas. This event will be a great opportunity to share your information with professionals from around California.

Visit **http://arcanet.org/new-day/exhibitors** to apply or call Lisa Jackson at (408) 218-2409. Reservations will be taken on a first come, first served basis. Each exhibit space is $250.



MICRO ENTERPRISE OWNERS
We are looking for successful micro-business owners to participate by showcasing their products and/or services. You will need to staff your booth during the hours posted:
- September 18 – 9:00 a.m. to 6:30 p.m.
- September 19 – from 8:00 a.m. to 3:00 p.m.

Please complete your application online to reserve your space. Space will be reserved on a first come first served basis. There is no cost for the exhibit space and a continental breakfast will be provided at no cost to you. Your participation will provide a unique opportunity to showcase your products/services to a wide variety of potential clients, as well as to support the Association of Regional Center Agencies' efforts to increase the employment outcomes of people with disabilities.

NEW! Pre-service Institutes
Featuring Peter Gerhardt, Cary Griffin, Erin Riehle, and Joe Wykowski

Monday September 17, 2012

Specialized, pre-conference institute trainings are for attendees looking for more in-depth information on employment and housing. Additional fees apply.

See Web site for complete listing of conference times and activities, and register online at http://arcanet.org/new-day

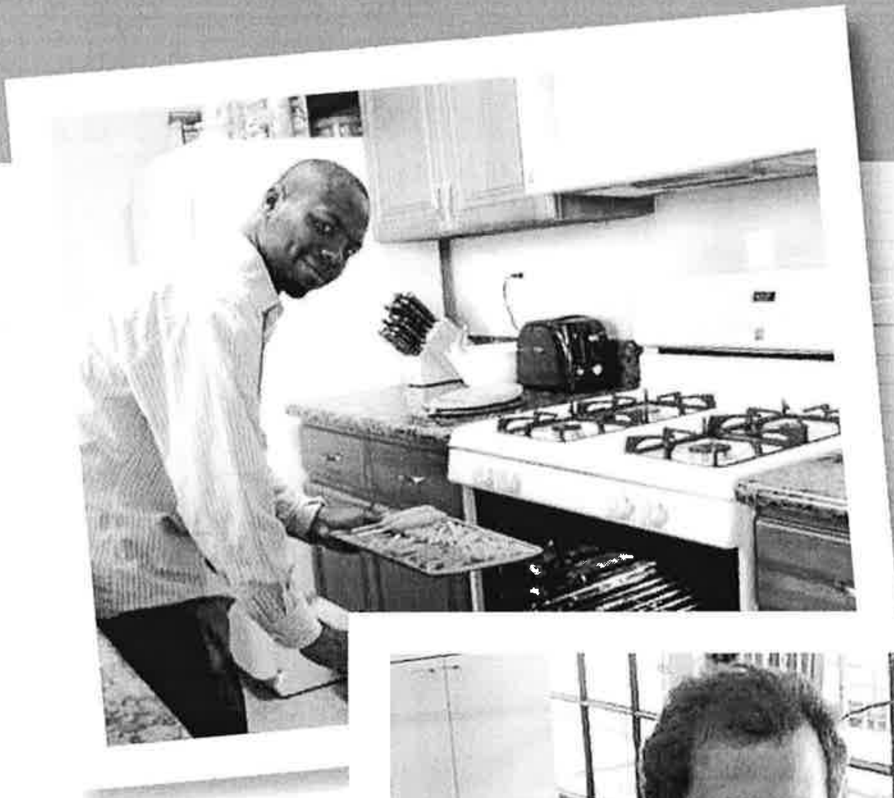
REGISTRATION

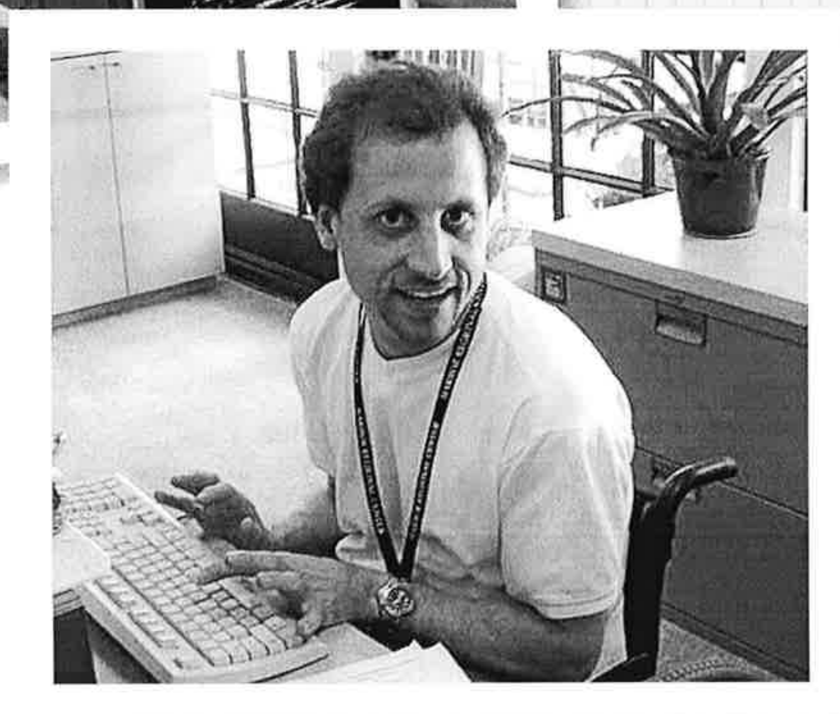
Early Bird
(by July 2, 2012)...........$200

Regular Registration
(after July 2, 2012)........$250

Regional Center Clients,
Support Staff,
and Family $200

Register online at
http://arcanet.org/new-day





ARCA

Association of
Regional Center Agencies
915 L Street, Suite 1440
Sacramento, CA 95814
916.446.7961
arcanet.org