TRI-COUNTIES REGIONAL CENTER
EXECUTIVE DIRECTOR REPORT
June 4, 2011

I. FY 2011-2012 BUDGET UPDATE

- **Attachment #1:** Department of Developmental Services 2010-2011 Governor's May Revision Highlights
- **Attachment #2:** ARCA Analysis of the FY 2011-2012 Governor's May Revision
- **Attachment #3:** CDCAN Report #104-2011 – Governor Releases Budget Revisions - No Major New Reductions – Still Assumes Extension of 2009 Temporary Tax Increases
- **Attachment #4:** ARCA Positions on Governor's May Revise and the DDS Draft Trailer Bill Language to Achieve General Fund Savings
- **Attachment #5:** ARCA Notes on Senate Budget and Fiscal Review Committee Hearing on 5/27/11
- **Attachment #6:** ARCA Notes on Assembly Budget Committee Hearing 5/25/11
- **Attachment #7:** CDCAN Report #118-2011: What Next for the State Budget As Crisis Continues – Budget Subcommittee Hearings Process Ended Friday May 27th – No Budget Conference Committee Likely – Floor Vote Probably Week of June 6th
- **Attachment #8:** The Annual Budget Process Flow Chart and Historical Data for May Revision and Budget Bill Enactment

Governor Brown released his May Revise Budget Proposal on May 16, 2011. The Governor's May Revise proposal is an update to his initial budget proposal released on January 10, 2011. The Governor announced that California can count on $6.6 billion in surprise tax revenues through June 2012 which will reduce the state budget deficit for this fiscal year to $9.6 billion. However, the Governor's plan assumes that the 2009 temporary tax increases will be extended effective July 1st with voter approval in a special election to follow, possibly in the fall, if the Legislature is able to get the necessary 2/3rds vote in both the Assembly and the Senate. The Governor still maintained the need for tax extensions for the next five years as part of his overall budget solution for this year and for several years to come. The state has already adopted $13.4 billion in cuts to state funded services and the Governor does not want to reduce services any further.

The Democratic Governor has not yet been able to secure the four Republican votes in the Senate and the Assembly necessary to reach a budget agreement. The stalemate on passing the budget bill is due to opposition from the Republicans who either want additional reforms or proposals in exchange for their votes or are opposed to any proposal to extend the temporary tax increases or for any new taxes.

For developmental services, the Governor did not propose any new additional reductions. The Governor's May Revise confirmed a total reduction of $591 million General Fund (GF) to the developmental services budget ($576.9 million related to legislative actions and $14.1 million in additional budget adjustments). This $591 million GF reduction includes the continuation of the 4.25% regional center operations and service provider payment reduction, additional federal funding for regional centers and developmental centers, continued funding from the California First Five Commission, a decrease in the Prevention Program, cost avoidance and savings proposals that include a 15% cap on administrative costs, extended audit requirements for regional centers and service providers, improved third party liability efforts, expanded conflict of interest requirements for regional centers and service providers, and cost containment/best practices measures proposed by the Department of Developmental Services **(Attachments #1-#4)**.

The Governor's May Revise Budget Proposal was followed by budget committee hearings in both houses of the Legislature where all of the Governor's proposals for the developmental services system were approved with slight modifications to two of the proposals. The Annual Family Program Fee proposal was approved with a two year sunset clause added to this item and the transfer of the Prevention Program to the Family Resource Centers is to be accompanied by an implementation report submitted to the Legislature by the Department of Developmental Services **(Attachments #5-#6)**.

The next step in the budget process will most likely be floor votes in the Assembly and the Senate sometime on or before the June 15th Constitutional deadline that requires the Legislature to pass a budget and present it to the Governor. While as a result of the passage of Proposition 25 last year, the Legislative Democrats can pass a budget with a majority vote, a 2/3rds vote is needed to pass a budget that includes tax extensions or increases requiring at least two Republican votes each in the Assembly and the Senate. Penalties imposed by Proposition 25 if a state budget is not passed by the Legislature and presented to the Governor by June 15 would also take effect including permanent loss of pay and travel/living expenses each day for every legislator until a budget is passed and sent to the Governor. The penalties could be a significant factor in the passage of an on-time budget. The last time California passed a budget that met the June 15th Constitutional deadline was in 1986. As of June 1, 2011 the Governor, the Legislative Democrats and Republicans are at a stalemate **(Attachments #7-#8)**.

II. 2011 CASH FLOW CRISIS UPDATE

- **Attachment #9: Summary of Credit Line Efforts – Spring 2011**

TCRC and eleven other regional centers that bank with Union Bank have so far been unable to secure a revolving and year end lines of credit with Union Bank as in previous years. These lines of credit are necessary to assist with regional center cash flow challenges created by late payments to regional centers by DDS and the state due to the state budget and cash flow problems. Given this instability with the state finances, Union Bank is requiring some form of an assurance from DDS in case of a regional center default on the lines of credit. DDS has so far been unwilling to provide any type of an acceptable assurance to Union Bank stating that it is statutorily prohibited from complying with this request. At present TCRC has enough cash on hand to continue business as usual until June 17, 2011 after which TCRC would need to either receive additional payments from DDS or access a revolving line of credit in order to be able to continue operating.

TCRC, ARCA and the other regional centers that bank with Union Bank have been working closely with ARCA staff and legal counsel, DDS and Union Bank to try to reach an agreement that will satisfy Union Bank and secure the lines of credit needed by the regional centers. Additionally, TCRC has been in contact with numerous other banks to try to secure the necessary lines of credit. We have so far been rejected by all these banks except for RaboBank which is considering our request for a $40 million line of credit **(Attachment #9)**.

In the event TCRC runs out of cash and is not able to borrow money to continue operating, a 30 day written notice as required by law will be provided on or about June 17, 2011 to all TCRC service providers informing them that TCRC will not be able to make any payments after July 17, 2011. We are strongly encouraging TCRC service providers to make efforts to secure their own lines of credit with their banks.

We are hopeful that the cash flow issue will soon be resolved through a combination of additional payments from DDS and through DDS and Union Bank reaching a compromise agreement that will lead to approval of the lines of credit for TCRC and the other eleven regional centers that are with Union Bank.

III. Questions & Answers

Attachment #1

Department of Developmental Services

2011-12 May Revision Highlights

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May 2011

DEPARTMENT OF DEVELOPMENTAL SERVICES
2011-12 MAY REVISION HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that 245,000 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives. Proposed system-wide funding for 2011-12 is $4.6 billion ($2.6 billion General Fund).

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in four state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to increase in fiscal year 2011-12 to 250,000. The number of consumers living in state-operated residential facilities will decrease by the end of fiscal year 2011-12 to less than 1,700.

As a result of the on-going fiscal crisis in California over the last few years, the Department's budget, along with the budgets for many other state departments, has been reduced. Service rates established by statute or by the Department have been frozen for many years and rates negotiated by the regional centers were limited in 2008 with the establishment of median rate caps for new providers. During the development of the FY 2009-10 and FY 2010-11 Governor's Budgets to address fiscal pressures, the Department with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members developed proposals to reduce or restrict General Fund (GF) growth in the Department's budget. In FY 2009-10, the Department developed proposals that resulted in approximately $334 million in GF savings and an additional $200 million GF in FY 2010-11. Savings proposals impacted both the developmental centers and regional centers, and included a variety of strategies such as restructuring, reducing or suspending various services; restricting eligibility for certain services; and maximizing other available funding sources, primarily federal funds. In addition to these proposals, payments for regional center operations and to providers of consumer services were reduced by 3 percent in FY 2009-10 and by an additional 1.25 percent for a total reduction of 4.25 percent in FY 2010-11 and 2011-12.

Due to continuing and significant pressure on the GF, the Department's budget for FY 2011-12 faces continuing decreases of $591 million GF ($576.9 related to legislative actions and $14.1 million in additional budget adjustments), in addition to reductions achieved through statewide budget items (e.g. state workforce reductions). This $591 million GF reduction includes the continuation of the 4.25 percent operations and payment reduction, additional federal funding for developmental centers and regional centers, continued funding from California First Five Commission, additional developmental center reductions, a decrease in the Prevention Program, cost avoidance and savings proposals that include a 15% cap on administrative costs, expanded audit requirements for regional centers and providers, improved third party liability efforts, expanded conflict of interest requirements and additional accountability and transparency requirements for regional centers and providers. As part of the recently adopted solutions, the Department's budget was reduced by $189 million GF to meet Welfare and Institutions (W & I) Code Section 4620.3 ($174 million GF) and an unallocated reduction in the developmental center budget ($15 million GF). The Department's May Revision reflects budget solutions and policy proposals to fully achieve those GF savings.

COMMUNITY SERVICES PROGRAM

2010-11

To provide services and support to 242,977 persons with developmental disabilities in the community, the May Revision updates 2010-11 funding to $4.1 billion total funds ($2.1 billion GF). The May Revision includes a decrease of $66 million total funds ($51.1 million GF) for regional center operations (OPS) and purchase of services (POS). This is composed of:

Caseload and Utilization

$49.7 million decrease ($37.9 million GF) in regional center OPS and POS costs primarily due to updated caseload and utilization data, and reimbursement funding.

Community Placement Plan

$12 million decrease ($11.1 million GF) in Community Placement Plan (CPP) costs due to updated costs associated with individuals placed from Developmental Centers into the community.

Quality Assurance Fees (QAF) and Intermediate Care Facilities for individuals with Developmental Disabilities (ICF-DD) State Plan Amendment (SPA) Administration Fees

$0.8 million decrease ($0.2 million decrease ($0.1 million GF) ICF-DD SPA regional center administration fees and $0.6 million decrease ($0.0 GF) in QAF) due to updated expenditures for day treatment and transportation costs of ICF-DD residents.

Control Section 15.30 Reduction Plans

A decrease of $0.5 million GF in Information Technology costs for regional center operations projects to reflect Control Section 15.30 reduction plans.

Impacts from Other Departments

$3.0 million decrease ($1.5 million GF) to reflect costs that will not occur in 2010-11 associated with delays in the reduction proposals to the maximum monthly Department of Social Services SSI/SSP program and the elimination of Adult Day Healthcare Centers (ADHC). The new implementation date for these proposals is July 1, 2011.

2011-12

For 2011-12, the May Revision projects the total community caseload at 249,674, an increase of 6,697 consumers or 2.8 percent over the revised 2010-11 caseload. While caseload increases, the May Revision projects savings of $55.6 million GF due to updated reimbursement, expenditure and utilization change estimates. The regional center budget changes are:

Cost Containment Measures Pursuant to W & I Code Section 4620.3

Cost containment measures adopted by the Legislature pursuant to W & I Code Section 4620.3 require the Department to achieve GF savings of $174.0 million. The savings target was reduced by $55.6 million to reflect reduced expenditure savings in 2011-12, leaving $118.4 million to be achieved through the proposals put forward by the Department with input from consumers, family members, advocates, service providers, regional centers, and others in the community. Proposals to meet these savings require on an annual basis $1.5 million for additional federal funds. Proposals also reflect expenditure reductions in headquarter contracts, reduction and efficiencies in regional center operations, and reductions in purchase of consumer services. These proposals can be found at: http://www.dds.ca.gov/PublicForums/Index.cfm. As the proposals assume varying implementation dates in 2011-12, $28.5 million GF will be achieved through one-time current year 2010-11 GF savings.

Caseload and Utilization

$43.4 million decrease ($56.5 million GF) in regional center OPS and POS due to updated caseload and utilization change.

Agnews Ongoing Workload

$0.8 million decrease ($0.3 million GF) and 31.5 positions to conform to the Legislative reduction in regional center OPS costs for Agnews ongoing workload. The reduction in positions includes 16.6 state employees in the community, 7.9 quality assurance and resource development personnel, and 7.0 client program coordinators.

Federal Medicaid Requirements for Regional Centers to Vendor Providers of Home and Community Based Services

$1.0 million increase ($0.5 million GF) to comply with March 2011 Trailer Bill Language (TBL) for Accountability and Transparency that requires regional centers to gather and review business ownership, control and relationship information, pursuant to federal law, from prospective and current vendors. Additionally, regional centers will be required to determine that all prospective and current vendors are eligible to participate as Medicaid service providers by verifying that they have not been convicted of a crime related to the Medicare, Medicaid or Title XX programs.

QAF and ICF-DD SPA Administration Fees

$0.4 million increase in 2011-12 ($0.5 million increase ($0.0 GF) QAF and $0.1 million decrease ($0.1 million GF) ICF-DD SPA Administration Fees) to updated expenditures for day treatment and transportation costs of ICF-DD residents. These are fees related to increasing FFP for day treatment and transportation costs for residents of ICF-DDs.

DEVELOPMENTAL CENTERS PROGRAM

2010-11

To provide services and support for 1,970 residents of developmental centers (average in-center) the May Revision updates 2010-11 funding to $601.8 million ($279.1 million GF) and authorized positions to 6,210.6, a decrease of $5.8 million ($3.6 million GF). The decrease of 9 residents reflects adjustments to align the budget with updated population projections.

Reductions

- Staffing Adjustment reduction of $3.3 million ($1.4 million GF) due to an update for projected population; and
- Operating Expenses and Equipment (OE&E) Savings of $2.5 million ($2.2 million GF) which represents one-time reductions in Occupational, Physical, and Speech Therapy contracts, system-wide reductions in janitorial services, major equipment and general expenses.

These current year GF savings will be used to offset implementation lags associated with the policy proposals to save $15 million GF in 2011-12.

2011-12

For 2011-12, the May Revision projects 1,752 residents of developmental centers (average in-center). Funding is decreases to $577.2 million ($296.5 million GF) and authorized positions decrease to 5,570.5. The developmental centers' GF budget has been reduced through Legislative actions and other statewide administrative savings.

Summary of Recently Adopted Legislative Actions:

- Lanterman Staff Reduction of $2.1 million ($1.2 million GF) which reflects a reduction of 28.0 positions in staffing retained for closure;
- Program and Unit Consolidations at the four developmental centers which reduce $13.3 million ($6.8 million GF) and 140.0 positions;
- An OE&E reduction of $6.6 million ($5.2 million GF);

- Reduced capital outlay projects at Fairview and Sonoma developmental centers for savings of $11.1 million ($11.1 million GF); and
- $15 million ($15 million GF) unallocated reduction.

The May Revision reflects the following reductions to achieve the unallocated reduction:

- Staffing adjustment of $6.1 million ($3.2 GF) reduction and a decrease of 82.0 positions;
- Agnews Closure update eliminates the Primary Care Clinic and Warm Shut down staffing at Agnews for a reduction of $3.4 million in unmatched reimbursements and 30.5 positions;
- Porterville suspension of admission and reduce cap on residential population in the Secured Treatment Program to 230 residents (30 in transition program) from the current cap of 297 residents (30 in transition program) for savings of $5.1 million GF and a decrease of 71.0 positions; and
- One-time OE&E reduction of $4.2 million ($3.1 GF).

May Revision Population Adjustments

The budget reflects an average in-center reduction of 31 consumers from the November Estimate (from 1,783 to 1,752). The number of consumers living in state-operated residential facilities will decrease by the end of fiscal year 2011-12 to 1,651.

LANTERMAN DEVELOPMENTAL CENTER CLOSURE UPDATE

The Department, working with regional centers, now anticipates the transition of approximately 64 residents to community living arrangements during 2010-11. The May Revision continues to anticipate the transition of another 100 residents to community living arrangements in 2011-12.

Due to the delay in the signing of the 2010-11 budget, there was a delay in initiating closure activity. As a result, Lanterman's population is higher than had been projected which resulted in an increase of 23 positions in 2011-12. The Department determined that 22 of these positions were not needed. OE&E was increased as OE&E is primarily tied to the costs to provide food, drugs, and clothing for residents and not tied to staffing.

Lanterman's allocation was also reduced by $2.3 million (and 29 positions) to reflect the Legislative action to consolidate programs and units, and by $2.4 million in OE&E reductions to meet the system-wide unallocated reduction.

The updated Lanterman allocation for 2011-12 reduces 159 positions and retains $12.9 million ($5.5 million GF) for the ongoing deliver of services to residents during the closure process, preparation for closure such as costs related directly to the transfer of residents to new living arrangements and costs for "cash out" of accrued leave for employees separating from state services due to retirement or layoffs. This includes 60 positions retained for closure activities.

CAPITAL OUTLAY

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

HEADQUARTERS

2010-11

In support of the Community Services and Developmental Center Programs, the budget updates the 2010-11 funding for headquarters operations to $35.3 million ($22.4 million GF), a decrease of $0.5 ($0.5 million GF) compared to the Governor's Budget, due to OE&E reductions that reflect Information Technology savings, rent reductions, and general expense related to the implementation of the Workforce Cap savings.

2011-12

The May Revision provides funding for 2011-12 headquarters operations of $38.6 million ($24.6 million GF). The Department's budget will be further reduced due to statewide reductions, such as hiring freezes, furloughs, and wage reductions. The Department proposes to reduce contracts and discontinue a non-mission critical project as part of the proposal for cost containment pursuant to W&I code section 4620.3.

FUNDING SUMMARY

(Dollars in Thousands)

	2010-11	2011-12	Difference	
BUDGET SUMMARY				
COMMUNITY SERVICES	$4,060,759	$3,982,972	-$77,787	
DEVELOPMENTAL CENTERS	601,789	577,150	-24,639	
HEADQUARTERS SUPPORT	35,297	38,607	3,310	
TOTALS, ALL PROGRAMS	**$4,697,845**	**$4,598,729**	**-$99,116**	
FUND SOURCES				
General Fund	$2,450,424	$2,611,198	$160,774	*
Reimbursements: Totals All	2,188,083	1,928,194	-259,889	*
Home & Community Based Serv. (HCBS) Waiver	*1,184,481*	*945,081*	*-239,400*	
HCBS Waiver Administration	*8,710*	*12,471*	*3,761*	
Medicaid Administration	*13,381*	*12,308*	*-1,073*	
Targeted Case Management	*154,566*	*132,492*	*-22,074*	
Targeted Case Management Administration	*3,893*	*4,001*	*108*	
Targeted Case Management SPA, ICF-DD	*3,605*	*3,067*	*-538*	
Medi-Cal	*302,759*	*258,897*	*-43,862*	
Title XX Social Services Block Grant	*225,060*	*225,060*	*0*	
Self-Directed HCBS Waiver	*346*	*384*	*38*	
Self-Directed HCBS Waiver Administration	*431*	*0*	*-431*	
ICF-DD/State Plan Amendment	*57,590*	*48,928*	*-8,662*	
Quality Assurance Fees (DHCS)	*33,811*	*9,959*	*-23,852*	
Vocational Rehabilitation	*118*	*118*	*0*	
Counties Children & Families Account	*50,000*	*50,000*	*0*	
1915(i) State Plan Amendment	*120,383*	*164,907*	*44,524*	
Impacts from Other Departments FFP	*0*	*16,037*	*16,037*	
Money Follows the Person	*3,537*	*15,418*	*11,881*	
Homeland Security Grant	*210*	*210*	*0*	
1915(k) Medicaid State Plan	*0*	*1,200*	*1,200*	
All Other	*25,202*	*27,656*	*2,454*	
Federal Trust Fund	54,793	54,799	6	
Lottery Education Fund	372	372	0	
Program Development Fund (PDF)	2,890	2,883	-7	
Mental Health Services Fund	1,133	1,133	0	
Developmental Disabilities Svs Acct	150	150	0	
AVERAGE CASELOAD				
Developmental Centers	1,970	1,752	-218	
Regional Centers	242,977	249,674	6,697	
AUTHORIZED POSITIONS				
Developmental Centers	6,210.6	5,570.5	-640.1	
Headquarters	380.5	380.5	0.0	

* *GF increase and Reimbursement decreases primarily reflect the end of enhanced FMAP under the American Recovery and Reinvestment Act (ARRA) on June 30, 2011.*

DEPARTMENT OF DEVELOPMENTAL SERVICES
2011-12 MAY REVISION

(Dollars in Thousands)

	2010-11	2011-12	Difference
Community Services Program			
Regional Centers	$4,060,759	$3,982,972	-$77,787
Totals, Community Services	**$4,060,759**	**$3,982,972**	**-$77,787**
General Fund	$2,148,885	$2,290,100	$141,215
Dev Disabilities PDF	2,603	2,603	0
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,898	51,915	17
Reimbursements	1,856,483	1,637,464	-219,019
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	$477,824	$460,509	-$17,315
Operating Expense & Equipment	123,965	116,641	-7,324
Total, Developmental Centers	**$601,789**	**$577,150**	**-$24,639**
General Fund	$279,132	$296,464	$17,332
Federal Trust Fund	529	530	1
Lottery Education Fund	372	372	0
Reimbursements	321,756	279,784	-41,972
Headquarters Support			
Personal Services	$30,541	$33,335	$2,794
Operating Expense & Equipment	4,756	5,272	516
Total, Headquarters Support	**$35,297**	**$38,607**	**$3,310**
General Fund	$22,407	$24,634	$2,227
Federal Trust Fund	2,366	2,354	-12
PDF	287	280	-7
Reimbursements	9,844	10,946	1,102
Mental Health Services Fund	393	393	0
Totals, All Programs	**$4,697,845**	**$4,598,729**	**-$99,116**
Total Funding			
General Fund	$2,450,424	$2,611,198	$160,774 *
Federal Trust Fund	54,793	54,799	6
Lottery Education Fund	372	372	0
Dev Disabilities PDF	2,890	2,883	-7
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	2,188,083	1,928,194	-259,889 *
Mental Health Services Fund	1,133	1,133	0
AVERAGE CASELOAD			
Developmental Centers	1,970	1,752	-218
Regional Centers	242,977	249,674	6,697
Authorized Positions			
Developmental Centers	6,210.6	5,570.5	-640.1
Headquarters	380.5	380.5	0.0

* *GF increase and Reimbursement decreases primarily reflect the end of enhanced FMAP under the American Recovery and Reinvestment Act (ARRA) on June 30, 2011.*

ASSOCIATION OF REGIONAL CENTER AGENCIES ANALYSIS OF THE FY 2011-12 MAY REVISION CHANGES FROM THE FY 2010-11 BUDGET MAY 16, 2011

SPECIAL NOTE

The figures in the **FY 2011-12 Regional Center Budget – Schedule of Changes from FY 2010-11** includes the effect of the 4.25% payment reduction. This payment reduction began as a 3% payment reduction in Operations and Purchase of Services instituted in February, 2008, carried through into FY 2009-10, increased to 4.25% in FY 2010-11, and will continue in Budget Year 2011-12 at the 4.25% level. For FY 2011-12 this 4.25% payment reduction amounts to $165,314,000 total funds.

Budget Area	Amount
Regional Center Operations	$21,456,000
Projects	$1,058,000
Purchase of Service	$142,800,000

1. CASELOAD

The May Revision projects a caseload of 249,674 consumers for January 31, 2012. This is an increase of 6,697 consumers (2.8%) from the actual caseload of 242,977 consumers as of January 31, 2011. However, this is 2,056 consumers less than the caseload of 251,702 consumers originally projected for January 31, 2012 in the November Estimate.

2. OPERATIONS

Note 1 – Increase of $984,000 for Staffing for Federal Medicaid Requirements

An audit of the State by the Center for Medicare and Medicaid Services (CMS) found DDS to be out of compliance with federal Medicaid rules regarding vendorization of service providers. To correct this, the March 2011 Trailer Bill Language (TBL) for Accountability and Transparency requires regional centers to gather and review business ownership, control and relationship information, pursuant to federal law, from prospective and current vendors. Additionally, regional centers will be required to determine that all prospective and current vendors are eligible to participate as Medicaid service providers by verifying that they have not been convicted of a crime related to the Medicare, Medicaid or Title XX programs. Furthermore, on an a periodic basis, regional centers will be required to verify that vendors continue to meet all applicable vendorization requirements, in order for the Department to comply with federal law and meet the mandated HCBS Waiver assurance that only qualified providers deliver Medicaid-funded services.

To accomplish this task, DDS has budgeted 16 full-time Program Evaluators to be allocated to regional centers.

Note 2 – Decrease of $4,535,000 for the ICF-DD Administrative Fee

DDS has obtained approval from CMS for a State Plan Amendment (SPA) to allow DDS to bill the HCBS waiver for the cost of day programs and transportation services received by consumers who reside in Intermediate care Facilities (ICFs). This approval allowed DDS to bill retroactively to FY 2007-08. The budgeted amount of the administrative fee for regional centers to do the billing was initially calculated to be $1,550,000 per year. In FY 2010-11, $6,200,000 was initially budgeted for the work associated with performing the billings for four fiscal years, FY 2007-08 through FY 2010-11. This adjustment reflects the reduction from four years of fees to one year of fees.

Note 3 – Decrease of $3,486,000 for March 2011 Cost Containment Measures

On March 24, 2011 Senate Bill 74 was enacted to institute certain cost containment measures.

Note 4 – Decrease of $14,565,000 for May 2011 Cost Containment

These are the proposed cost containment measures which resulted from the stakeholder group meetings to develop "Best Practices" and deal with a projected $174 million reduction in the regional center budget.

Note 5 – Decrease of $35,137,000 for Prior Years' Budget Reductions

In addition to the above Cost Containment budget reductions and the 4.25% reduction, there are other budget reductions made in prior years that are carried over and continue to reduce the RC Operations budget. The figures in the **FY 2011-12 Regional Center Budget – Schedule of Changes from FY 2010-11** include the following reductions:

Intake and Assessment (60 to 120 days)	$4,465,000
FY 2001-02 Unallocated Reduction	$10,559,000
FY 2004-05 Cost Containment	$5,968,000
FY 2009-10 Savings Target	$14,145,000

3. PURCHASE OF SERVICE

Note 6 – Increase of $1,763,000 for FMS for Participant-Directed Services

CMS requires recipients of vouchered services to have the option of utilizing a Financial Management Service (FMS) to perform such functions as processing payroll, withholding federal, State, and local taxes, performing fiscal accounting and producing expenditure reports for the participant or family and State authorities. Currently there are three services that will require this option: respite, transportation and day care.

Note 7 – Decrease of $21,875,000 for QA Fees for ICFs

This adjustment in the Quality Assurance fees for ICFs is related to the ICF SPA explained in Note 2, above. In FY 2010-11 there were four years worth of fees budgeted. This adjustment reflects the reduction from four years of fees to one year of fees.

Note 8 – Increase of $55,082,000 for Impacts from Other Departments

These amounts reflect the estimated increase in costs to regional centers' POS to make up for the decrease in services in other Departments. As other departments cut services, regional centers are normally asked to fund those services that the other departments no longer fund.

Note 9 – Decrease of $187,791,000 for March 2011 Cost Containment Measures

On March 24, 2011 Senate Bill 74 was enacted to institute certain cost containment measures.

Note 10 – Decrease of $64,397,000 for May 2011 Cost Containment

These are the proposed cost containment measures which resulted from the stakeholder group meetings to develop "Best Practices" and deal with a projected $174 million reduction in the regional center budget.

4. PREVENTION

Note 11 – Decrease of $8,000,000 for the March 2011 Cost Containment Reduction

During the budget hearings in March 2011, the Legislature reduced spending for the Prevention Program by $8 million.

Note 12 – Decrease of $7,500,000 for May 2011 Cost Containment

These are the proposed cost containment measures which resulted from the stakeholder group meetings to develop "Best Practices" and deal with a projected $174 million reduction in the regional center budget. For the Prevention Program, this represents a shift of responsibility for serving these infants from the regional centers to the Family Resource Centers.

Association of Regional Center Agencies
FY 2011-12 Regional Center Budget
Schedule of Changes from FY 2010-11
May 17, 2011

Caseload Growth

Estimated Caseload for January 21, 2012	249,674
Actual Caseload as of January 31, 2011	242,977
Projected Caseload Growth	6,697
Percent Increase	*2.76%*

Operations		RC Operations	Projects	Total
FY 2010-11 Budget per May Revise		**$492,210,000**	**$23,446,000**	**$515,656,000**
Caseload Growth		$9,135,000		$9,135,000
Federal Compliance for Caseload Growth		$2,742,000		$2,742,000
IT Costs - Growth			$545,000	$545,000
Client's Rights Advocacy Growth			$125,000	$125,000
QA Contract Growth			$322,000	$322,000
OAH Decrease			($500,000)	($500,000)
Adjustment to 4.25% Reduction for Projects			$48,000	$48,000
Agnews Ongoing Workload		($2,326,000)		($2,326,000)
Lanterman DC Closure		$0		$0
Staffing for Federal Medicaid Requirements	**Note 1**	$984,000		$984,000
ICF-DD Administrative Fee	**Note 2**	($4,535,000)		($4,535,000)
March 2011 Cost Containment Measures	**Note 3**	($3,486,000)		($3,486,000)
Administrative Cost Cap		*($1,900,000)*		*($1,900,000)*
Audits		*($300,000)*		*($300,000)*
Conflict of Interest		*($1,300,000)*		*($1,300,000)*
Rounding		*$14,000*		*$14,000*
May 2011 Cost Containment	**Note 4**	($14,565,000)	($2,015,000)	($16,580,000)
SDS - Reduced Staffing		*($861,000)*		*($861,000)*
CPP Reduced Staffing		*($315,000)*		*($315,000)*
Roll-back of Prior Year Staffing		*($1,902,000)*		*($1,902,000)*
Eliminate Accelerated Enrollment Funding		*($1,771,000)*		*($1,771,000)*
E-Billing - Staff Savings		*($1,316,000)*		*($1,316,000)*
Eliminate One-time Costs		*($3,000,000)*		*($3,000,000)*
Unallocated Reduction		*($5,400,000)*		*($5,400,000)*
Reductions in Projects			*($2,015,000)*	*($2,015,000)*
Total Changes to the Operations Budget - FY 2011-12		($12,051,000)	($1,475,000)	($13,526,000)
Percent Change		*-2.45%*	*-6.29%*	*-2.62%*
Total FY 2011-12 Operations Budget		**$480,159,000**	**$21,971,000**	**$502,130,000**

Association of Regional Center Agencies
FY 2011-12 Regional Center Budget
Schedule of Changes from FY 2010-11
May 17, 2011

Purchase of Service

FY 2010-11 Budget per May Revise		**$3,506,858,000**
Caseload and Utilization Growth		$166,604,000
FMS for Participant-Directed services	**Note 6**	$1,763,000
QA Fees for ICFs	**Note 7**	-$21,875,000
Impacts from Other Departments:	**Note 8**	$55,082,000
Reduce SSP to Maintenance of Effort Level		*$5,008,000*
Elimination of ADHC Services		*$32,074,000*
Medi-Cal Caps and Co-pays		*$18,000,000*
March 2011 Cost Containment Measures:	**Note 9**	-$187,791,000
Administrative Cost Cap		*($68,100,000)*
Third Party Liability - Health Plans		*($11,000,000)*
Audits		*($39,500,000)*
Conflict of Interest		*($18,800,000)*
Accountability & Transparency		*($50,300,000)*
Rounding		*($91,000)*
May 2011 Cost Containment	**Note 10**	($64,397,000)
Reduction to Community Placement Plan Funding		*($9,685,000)*
Rate Equity and Negotiated Rate Control		*($6,008,000)*
Annual Program Fee		*($3,600,000)*
Mixed Payment Rates for ARM Facilities		*($2,255,000)*
Maximize Generic resources - Education Services		*($13,696,000)*
Supported Living Services - Maximize Resources		*($9,948,000)*
Individual Choice Day Services		*($12,839,000)*
Maximize resources - Behavior Services		*($4,893,000)*
Transportation Access Plans		*($1,473,000)*
Total Changes to the POS Budget - FY 2011-12		($50,614,000)
Percent Change		*-1.44%*
Total FY 2011-12 POS Budget		**$3,456,244,000**

Association of Regional Center Agencies
FY 2011-12 Regional Center Budget
Schedule of Changes from FY 2010-11
May 17, 2011

Early Start - Part-C - Other Departments		**$20,095,000**
Prevention Program		
FY 2010-11 Budget per May Revise		$18,150,000
Budgeted Increase to Prevention Program	**Note 11**	$1,853,000
March 2011 Cost Containment Reduction	**Note 12**	($8,000,000)
May 2011 Cost Containment		($7,500,000)
Total Prevention Program - FY 2011-12		**$4,503,000**
Total Regional Center Budget		**$3,982,972,000**

Attachment #3

From: "Marty Omoto" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 5/16/2011 1:42 PM
Subject: Re: CDCAN REPORT #104-2011: Governor Releases Budget Revisions - Still Pushing for Extension of 2009 Temporary Tax Increases Effective July 1st With Special Election To Ratify Increases Possibly in Fall - DDS Budget Related Legislative Language Released
Attachments: 20110516-DDS Proposals Summary (May 16 2011).pdf; Part.006

CDCAN DISABILITY RIGHTS REPORT
CDCAN Logo#104-2011 - MAY 16, 2011 - MONDAY
CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK: Advocacy Without Borders: One Community - Accountability With Action - California Disability Community Action Network Disability Rights News goes out to over 55,000 people with disabilities, mental health needs, seniors, traumatic brain & other injuries, veterans with disabilities and mental health needs, their families, workers, community organizations, including those in Asian/Pacific Islander, Latino, African American communities, policy makers and others across California.
To reply to this report write: MARTY OMOTO at martyomoto@rcip.com
WEBSITE: www.cdcan.us TWITTER: www.twitter.com - "MartyOmoto"

State Budget Crisis
GOVERNOR RELEASES BUDGET REVISIONS - NO MAJOR NEW REDUCTIONS - STILL ASSUMES EXTENSION OF 2009 TEMPORARY TAX INCREASES

* Says On-Going Budget Deficits Still Serious Despite Higher Than Expected Revenues
* Budget Legislative Language for Developmental Services $174 million State General Fund Savings and Reductions Released
* Governor Proposes Merging Healthy Families Program Into Medi-Cal
* No Major New Cuts to SSI/SSP, Developmental Services, CalWORKS
* IHSS Lower Caseload Projection Could Have Major Impact on IHSS Public Authorities - But No Other Cuts to Services To IHSS
* Proposes Elimination of 43 Boards and Commissions Including Rehabilitation Appeals Board, Managed Risk Medical Insurance Board, Commission on Status of Women, California Law Revision Commission

SACRAMENTO, CALIF (CDCAN) [Last Updated 05/16/2011 12:30 PM] - Governor Brown released this morning his proposed revisions to his 2011-2012 State Budget that calls for no additional major budget reductions beyond what was either proposed in January or enacted in March, and still proposes - subject to voter approval in a special election - a five year extension of most of the 2009 temporary tax increases. The Governor plan assumes that the 2009 temporary tax increases will be extended effective July 1st with voter approval in a special election to follow, possibly in the fall, if the Legislature is able to get the necessary 2/3rds vote in both the Assembly and State Senate.

The Democratic Governor said he was hopeful in getting the necessary 2 Republican votes in the Assembly and 2 votes in the State Senate, and said he has been talking with several Republican legislators over the past couple of weeks. He declined to name who they were but joked that the number was "more than 4 but less than 10".

The stalemate on passing the main budget bill - which the Governor had hoped would have been done four months early in March - is due to opposition from Legislative Republicans who either want additional reforms or proposals in exchange for their votes or are opposed to any proposal to extend the temporary tax increases or for any other new taxes.

Higher Than Expected Revenues Help Budget Problem - But Doesn't Solve It Says Governor

With actual revenues flowing into the State treasury higher than expected since April, the Governor's revised spending plan increased the revenue projection (not including the money from the proposed tax extensions) by about $6.6 billion. The Governor said that the remaining on-going State budget deficit for 2011-2012 and several budget years beyond that is now projected at $10.8 billion. The Governor however warned of the still serious on-going budget shortfalls that require what he termed as a budget plan that was "honest" with no "gimmicks" that he said were used to paper over previous budget holes.

The Governor said there was "no plan B" in terms of his budget proposal if the tax extensions are not part of the final budget approved by the Legislature and said that he was not going to give legislative Republicans a ".road map to ruin" by presenting what has been termed as an "all cuts budget".

Brown said that both Democrats and Republicans in the Legislature had to get out of their "comfort zones" in order to solve the on-going budget problems of the State. He said that Democrats won't cut various entitlement programs and Republicans won't cut tax breaks for the rich and that both would need to revisit and reconsider those positions.

He said, in response to a reporter's question, that he would favor a spending cap proposal to be placed on a special election ballot in order to control State general fund spending, and assumes that various pension reform proposals pushed by various groups would also be on the ballot.

The Governor said that the Legislature approved $13.4 billion in "serious cuts" and other solutions to close the current and on-going budget deficits in March - but that extension of the temporary tax increases is needed to close the remaining on-going gap.

Governor's Budget Revision Proposals

The Governor however is proposing some major changes that Administration officials says do not represent reductions in services including:

HEALTHY FAMILIES

* Proposes merging the Healthy Families program, matched by the federal State Children's Health Insurance Program money, into the State's Medicaid program (called "Medi-Cal"), that would eliminate the need for the Managed Risk Medical Insurance Board which oversees the children's health insurance program.
* The Brown Administration anticipates that the merger of the Healthy Families program and the elimination of the Managed Risk Medical Insurance Board would be completed by the end of the calendar year.
* The Brown Administration says that every child in the Healthy Program now would continue to receive services after the program is merged.
* Concerns were raised by some advocates regarding new persons enrolling into the program - though State officials said they will work with stakeholders to minimize any problems and harm.

MENTAL HEALTH

* Governor proposes as part of his overall "realignment" or shifting of some State programs to the counties (as he proposed in January) creating a new Department of Mental Health State Hospitals to oversee the state operated and staffed mental health state hospitals once the State mental health community-based services are shifted to the counties under his plan.

* No dates were mentioned on implementing the new department.

ADULT DAY HEALTH CARE

* The Governor proposed in January and the Legislature approved in March the elimination of Adult Day Health Care as an optional Medi-Cal benefit, to take effect 60 days after necessary approval by the federal government.
* The Governor is proposing in his budget revisions released today an allocation of $25 million in State general funds during the 2011-2012 State budget year to provide funding for the transition of recipients in the Adult Day Health Care program into other Medi-Cal services. This money is not for creation of a new adult day health care program. The Legislature would need to push forward - either through a separate policy bill or budget related (trailer bill) language that specifically authorizes or requires the Department of Health Care Services to apply for a waiver to the federal government to create a new version of adult day health program.
* The Governor's budget revisions makes no appropriation or proposes no new budget related legislation regarding authorizing the Department of Health Care Services to seek a new Medicaid waiver to create a new version of adult day health care services.
* Department of Health Care Services said today that the effective date of the elimination of the Adult Day Health Care benefit is the first day of the month 60 days after the federal government approves the State's proposed amendment (to eliminate it) to California's Medicaid State Plan.
* The Department of Health Care Services sent the proposed amendment to the federal government last week, on May 12th and hopes for approval sometime in June - which would mean an effective date of September 1, 2011.

AB 3632 MENTAL HEALTH SPECIAL EDUCATION SERVICES

* Governor proposes that these services will not be part of his plan to shift or realign certain State services to the counties.

IN-HOME SUPPORTIVE SERVICES

* No other additional cuts to services to recipients or to providers.
* Governor proposes another budget adjustment due to a lower caseload projection (in addition to the lower caseload as projected by the Governor in January) that in turn results in a lower allocation to IHSS Public Authorities.
* The Governor's budget revision released today would propose cutting State funding to Public Authorities (due to the lower IHSS caseload projection) by another $7.517million in State general funds on top of the January reduction of $2.476 million (for a total reduction in State general funding of $9.993 million to Public Authorities when compared to the money they received in the current 2010-2011 State Budget.
* The Department of Social Services, the state agency that oversees the IHSS program, indicated it would work with advocates to find a solution to help to minimize the problems or harm due to the reduction in funding resulting from lower projected IHSS caseloads.

BOARDS AND COMMISSIONS
* Governor proposes elimination of 43 boards and commission including the Managed Risk Medical Insurance Board (that oversees the Healthy Families program, Access for Infants and Mothers Program, County Health Initiative Matching Fund Program); Rehabilitation Appeals Board (and instead shift appeals to hearing officers); California Postsecondary Education Commission; the Commission on the Status of Women; and the California Law Revision Commission.

REDEVELOPMENT AGENCIES & ENTERPRISE ZONES
* Governor's budget revisions would still continue to propose elimination of the redevelopment agencies that he proposed in January but which the Legislature has not yet approved but rescinded his proposal for the elimination of the enterprise zone credits and instead will propose a change to the program.

BUDGET RELATED OR TRAILER BILL LANGUAGE
* Brown Administration officials said today that proposed budget related (trailer bill) language to make any necessary changes to State law to implement the Governor's new proposals - such as the merging of Healthy Families into the Medi-Cal program, or elimination of the 43 Boards and Commissions, etc will be available in the coming days - though no exact date was mentioned.
* Budget related language however regarding cuts to developmental services was released as part of the Governor's budget revisions (see below).

Developmental Services Budget Related Legislative Language Released With Updated Proposal for $174 Million in State General Fund Savings & Cuts
* As part of the Governor's budget revisions, the Department of Developmental Services released proposed budget legislative language that would make the necessary changes to existing State law in order to implement $174 million in State general fund savings and reductions to developmental services.
* Of that amount, about $79 million in State general fund money would be - if approved by the Legislature - as a result of actual spending reductions to programs under the developmental services budget that includes regional center funded community-based services and supports and also the state owned and operated health facilities known as developmental centers.
* The $174 million State general fund savings and reductions to developmental services is part of the overall approximately $577 million in savings and spending cuts to developmental services that the Governor proposed and the Legislature approved in March.
* Attached is the updated version of the Department of Developmental Services 29 page summary that outlines its proposal to achieve the $174 million in State general fund savings and reductions. The document is titled "20110516-DDS Proposals Summary (May 16 2011).pdf"

The budget related language is available to be viewed on downloaded on the Department of Developmental Services website at http://www.dds.ca.gov/PublicForums/Index.cfm

1. Administrative Efficiency-Electronic Billing Process for All Providers
2. Annual Family Program Fee
3. Benefit Cards

4. Enhancing Community Integration Participation Development Transportation Access Plans
5. Individual Choice Day Services (NOT A DRAFT COPY)
6. Maintaining Consumer's Home of Choice-Mixed Payment Rates in Residential Facilities with Alternative Residential Model (ARM) Rates
7. Maximizing Resources Behavioral Services
8. Maximize Utilization Generic Resources-Education Services
9. Rate Equity Negotiated Rate Control
10. Supported Living Services-Maximize Resources
11. Transfer Reduced Scope Prevention Program to the Family Resource Centers

Legislature Previously Passed 13 Budget Related Bills That Governor Signed in March - But Never Sent the Main Budget Bill to the Governor

* The Legislature approved 13 budget related bills - referred to as "budget trailer bills" (because they are supposed to follow or trail the main budget bill) on March 17, which the Governor signed into law on March 24th.
* Those budget trailer bills included changes to State law in order to implement reductions to Medi-Cal, SSI/SSP (Supplemental Security Income/State Supplemental Payment grants), CalWORKS, developmental services (regional centers and developmental centers), and higher education.
* While the Legislature - controlled by Democrats - did pass on a majority vote the main budget bill for 2011-2012 on March 17th, it did not send that bill to the Governor yet because there was no agreement reached on the Governor's proposals regarding extending for five years the 2009 temporary tax increases that are scheduled to end June 30, 2011. The Governor and Legislative Democrats at the time were hoping to place the issue - through the Legislature - on a June special election ballot for voters to ultimately decide.
* Legislative Democrats will pull back the main budget bill is passed in March (but never sent to the Governor), revise it (or another bill) to reflect the latest actual budget spending and revenue numbers and projections for 2011-2012 - and also revise to reflect how they want to extend the 2009 temporary taxes - and then send the revised main budget bill and any additional budget "trailer bills" to the Governor with a target date of June 15th - the deadline in the State Constitution for the Legislature to send a budget bill to the Governor.
* That deadline, which has rarely been met in previous years, is more significant this year (and beyond) due to the passage in November 2010 of Proposition 25, which not only allows for approval of a State budget by majority vote in both the Assembly and State Senate (providing there are no tax increases - which would still require 2/3rds vote) but would impose penalties on each legislator if a budget is not passed and presented to the Governor by June 15th. For every day it is not passed and presented to the Governor, each legislator loses permanently their pay and living/travel expenses. That new incentive could help provide the means to break a budget stalemate from continuing for weeks or months on end.

NEXT STEPS

* Legislative Analyst Office - the Legislative Analyst, the non-partisan office that analyzes and reviews budget issues for the Legislature will issue this week their review of the Governor's proposed budget revisions, including their own projections on spending and revenues, based on actual numbers.
* Legislative Budget Subcommittee Hearings - Both the Assembly and State Senate Budget subcommittees will likely hold public hearings - and

take in public comment - on the Governor's new proposals, likely the week of May 23rd and the week of May 30th (not including the Memorial Day holiday). [CDCAN will issue an Action Alert and Reports as information on these hearings are announced]

* Budget Conference Committee - though it is not certain how the Legislature will actually proceed beyond their subcommittee hearing process - in a normal budget year the Budget Conference Committee would hold hearings (no public comment taken) in early June to resolve any different actions taken by the Assembly and State Senate. The Budget Conference Committee this year is chaired by Assemblymember Bob Blumenfield (Democrat - Van Nuys - 40th Assembly District) and would finish up before June 15th to allow both houses to vote on a final budget package.
* Assembly and State Senate on or just before June 15th, vote on the main budget bill for 2011-2012 and any additional budget trailer bills. Because the main budget bill would likely contain proposals to extend the 2009 temporary tax increases (or contain other new revenue increases) it would require 2/3rds vote in both houses (54 in the Assembly and 27 in the State Senate, meaning if all Democrats vote for it, at least 2 Republicans in both houses would also be needed to pass it) .
* 2011-2012 State budget year - different from the federal budget year - begins July 1, 2011 and ends June 30, 2012. Nearly all of the reductions passed by the Legislature and approved by the Governor in March take effect either on July 1st or sometime during the 2011-2012 State budget year that begins on that date.

HELP!!!! VERY URGENT!!!!!
PLEASE HELP CDCAN CONTINUE ITS WORK!!!
MAY 16, 2011 - YOUR HELP IS NEEDED

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

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

CDCAN
1225 8th Street Suite 480 - Sacramento, CA 95814
paypal on the CDCAN site is not yet working - will be soon.

MANY, MANY THANKS FOR CONTINUED SUPPORT THAT MAKE THESE REPORTS, ALERTS, TOWNHALLS POSSIBLE TO: WESTSIDE REGIONAL CENTER, LANTERMAN REGIONAL CENTER, CALIFORNIA ASSOCIATION OF ADULT DAY HEALTH CENTERS, VENTURA COUNTY AUTISM SOCIETY, RESPITE, INC., LOS ANGELES RESIDENTIAL COMMUNITY SERVING DEVELOPMENTALLY DISABLED ADULTS LARC RANCH, FEAT OF SACRAMENTO, EASTER SEALS OF SOUTHERN CALIFORNIA, EMMANUEL AND FAMILY, PEOPLE FIRST OF SAN LUIS OBISPO, BOB BENSON, the Pacific Homecare Services, Toward Maximum Independence, Inc (TMI), Friends of Children with Special Needs, Southside Arts Center, San Francisco Bay Area Autism Society of America, Hope Services in San Jose, FEAT of Sacramento (Families for Early Autism Treatment), Sacramento Gray Panthers, Bill Wong, Tri-Counties Regional Center, Life

Steps, Parents Helping Parents, Work Training, Foothill Autism Alliance, Arc Contra Costa, Pause4Kids, Training Toward Self Reliance, Californians for Disability Rights, Inc (CDR) including CDR chapters, CHANCE Inc, Strategies To Empower People (STEP), Harbor Regional Center, Asian American parents groups, Resources for Independent Living and many other Independent Living Centers, several regional centers, People First chapters, IHSS workers, other self advocacy and family support groups, developmental center families, adoption assistance program families and children, and others across California.

Attachment #4

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

May 20, 2011

Honorable Mark Leno
Chair, Senate Budget Committee

Honorable Bob Huff
Vice-Chair, Senate Budget Committee

Honorable Bob Blumenfield
Chair, Assembly Budget Committee

Honorable Jim Nielsen
Vice-Chair, Assembly Budget Committee

Honorable Carol Liu
Chair, Senate Human Services Committee

Honorable Bill Emmerson
Vice-Chair, Senate Human Services Committee

Honorable Jim Beall
Chair, Assembly Human Services Committee

Honorable Brian Jones
Vice-Chair, Assembly Human Services Commitee

ARCA Positions on Governor's May Revise and the
Department of Developmental Services Draft Trailer Bill Language to Achieve General Fund Savings

The Association of Regional Center Agencies represents the nonprofit agencies providing services to California's over 246,000 children and adults with developmental disabilities. We appreciate the opportunity to provide our comments on the Department of Developmental Services (Department/DDS) trailer bill language to achieve $174 million general fund savings.

ARCA has begun a review of the trailer bill language and is providing additional comments to our previous statement on a number of the DDS proposals. The comments expressed in this statement are in response to the draft trailer bill language provided by the Department on May 16, 2011.

Prior to the release of trailer bill language this past week, ARCA drafted a preliminary statement outlining our initial positions on the various cost-saving measures. This document is attached for reference and comparison purposes.

ARCA recognizes the heavy investment of time and work the Department made to develop these recommendations to the Legislature through the workgroup process and the three public forums where DDS solicited input from the community at large. We look forward to working with the Legislature and the DDS to ensure the final version of these proposals will continue to be respectful of the state's dire fiscal situation and also preserves the longstanding commitment made in the Lanterman Act to people with developmental disabilities.

In analyzing the Department's proposals, ARCA and the regional centers remain deeply concerned regarding the additional workload burden being placed on regional center staff. These recommendations do not seem to take into account the unintended consequences of staff processing time and high caseload ratios when drafting the proposals. With the passage of SB 74 and new requirements for regional centers to maintain operational expenses to 15% or less, we believe there will be multiple challenges in implementing a number of the DDS recommendations and still meet federal and state mandatory timelines for service provision.

ARCA appreciates the savings identified by the Department through "reduced expenditure savings" of the $55.6 million to help offset the initial $174 million. Had this savings not been achieved, the impact on services to people served by the regional center and their families would be much greater.

ARCA updated comments on DDS Trailer Bill Language

1. **Increasing federal funds for Regional Center Purchased Consumer Services**
    a. Benefit Cards (669) – ARCA is neutral on this provision as currently drafted. However, as noted above, ARCA remains concerned about the increased workload associated with this language. When service coordinators are conducting family home visits, they are not equipped with tools or technology to make copies of the benefit cards for case files.

2. **Reduction and Efficiency in Regional Center Operations Funding (657)** - ARCA maintains the same positions on recommendations as previously stated with an additional comment related to the "Administrative Efficiency – Electronic Billing."

    a. Self Directed Services wavier reduced staffing – ARCA is neutral with the caveat that once the Self Directed Services Waiver is approved regional centers will need the positions restored to implement the program.
    b. Community Placement Plans reduced staffing – ARCA supports this provision as currently drafted.
    c. Reduced accelerated waiver enrollment – ARCA is neutral on this provision but remains concerned that this proposal will result in another unallocated reduction to regional centers.
    d. Administrative Efficiency – Electronic Billing Process to All Providers – ARCA continues to be in support of this provision, but has the following comments:
        1. ARCA believes this provision should also apply to all vouchered services on a voluntary basis.
        2. In Section 2, subsection (a), the last sentence reads, "Effective July 1, 2011, regional centers shall begin transitioning all vendors of all regional center services to electronic billing for services purchased through a regional center. All vendors and contracted providers, with the exception of the following, shall submit all billings electronically for services provided on or after *July 1, 2011*." We believe this date should be *July 1, 2012* to be consistent with Section 1 of the proposed trailer bill language.
        3. While eventually regional centers will realize a workload reduction once all vendors are on the system, ARCA is deeply concerned about costs associated with the workload involved in transitioning vendors to the electronic billing system during the first year.
    e. Elimination of one-time costs – funding for office relocations or modifications – ARCA continues to support this provision as currently drafted.
    f. Unallocated reduction – ARCA continues to oppose this provision as currently drafted.

3. **Rate Equity and Negotiated Rate Control (658)** – ARCA supports this provision as currently drafted.

4. **Annual Family Program Fee (659)** – ARCA continues to maintain our opposition to this provision. On page 2, Section 4(b)(1)(e) the process outlined in current language lacks clarity in the regional centers' role in the proposed collection of funds associated with the Annual Family Program Fee. We respectfully request additional review of this provision prior to commenting further.

5. **Mixed Payment Rates in Residential Facilities with Alternative Residential Model (ARM) Rates (660)** - ARCA continues to support this provision as currently drafted.

6. **Maximizing Utilization of Generic Resources – Education Services** - ARCA continues to support this provision as currently drafted and also recommends the expansion of Welfare and Institutions Code § 4659.5 to have the age cap on the regional centers' existing dispute resolution raised from age 6 to age 22.

7. **Support Living Services – Maximize Resources (662)** - ARCA continues to support this provision as currently drafted.

8. **Individual Choice Day Services (663)** - ARCA is in support of this provision as currently drafted.

9. **Maximizing Resources for Behavioral Services (664)** - ARCA has two separate positions on this proposal.

   a. ARCA continues to oppose the use of paraprofessionals due to concerns that a per-hour cost savings at the direct service level may compromise the quality of services.

   b. ARCA continues to support the verification of service, however we see the need for additional clarification in Section 2.

   In subsection (a)(2) the parent or legal guardian has 30 days after the month of service to sign and return the attendance form to the vendor. Most vendors typically bill the regional center within 10 days after the month of service. Since, according to subsection (a)(3), the vendor is to submit the signed forms with their billing to the regional center, the proposed trailer bill language would require the vendor hold off on billing the regional center until the forms are returned from all the consumers they serve.

   Additionally, in proposal 657 all vendors, with some exceptions, are to begin billing the regional centers using the electronic billing process. Should this new process be implemented, we would request further clarification on how the vendor will be expected to submit the attendance form and whether an electronic copy of the signed form will be sufficient.

10. **Transfer Reduced Scope Prevention Program to the Family Resource Centers (665)** - ARCA continues to oppose this recommendation.

    In 2009, in an effort to reduce costs, DDS established the Prevention Program for infants and toddlers who do not meet the federal Early Start Program or Lanterman Act eligibility requirements. The Prevention Program provides, at a minimum, intake, assessment, case management and referral to generic resources. When this program was implemented and the Early Start eligibility criteria changed, there was a widespread misunderstanding by referral agencies (hospitals, clinics, and physicians). As a result, there was a significant decline in the number of infant referrals made to regional centers for assessment. This required regional centers to undertake an extensive effort to reinstate the referrals of infants and toddlers with high risk conditions. Another change to this program will require the re-education of the medical communities that refer high infants and toddlers for assessment and evaluation, thus confusing families and result in high risk infants and toddlers not receiving needed services.

    The children impacted by this proposal includes extremely premature infants, children at risk due to their medically complex conditions, as well as children who already have evidence of delays, but are no longer eligible for the Early Start Program. Many of these children are referred to regional centers upon discharge from Neonatal Intensive Care Units. Regional centers' clinically trained service coordinators work in partnership with regional center clinical staff to provide developmental surveillance for these high risk infants. When delays are suspected, a full developmental evaluation is conducted. If delays are present, they are immediately transitioned into the Early Start program where full services are provided. Regional center service coordinators have established relationships with community partners and resources to meet the unique needs of high risk infants and toddlers. This continuity of service coordination is essential, as many of the children served by the Prevention Program become eligible for services under the Early Start program. Establishing and maintaining relationships with families assures that these children receive periodic developmental monitoring to detect delays as soon as they become significant. The current single point of entry program provides a seamless and efficient transition to needed services. This is critical, as time is of the essence to ensure that Early Start services are provided immediately to remediate disabilities or risk conditions and to prevent further delays.

    The family resource centers (FRCs) were established to play an important role by serving as a place families could be referred for additional information and support. Currently, a majority of the regional centers work in close partnership with their FRC to ensure parents and families have an opportunity to access information and support through community connections.

The work of the of FRCs is valuable to our system, however we believe due to the diversity of capacity and capability at the different FRCs, it would be a challenge to expect FRCs to have clinical monitoring and assessment capabilities that currently exist at regional centers.

The scope of the FRCs and the regional centers are dynamically different. We hope these differences will be taken into consideration as the Legislature reviews this proposal and the weight of infants and toddlers being lost in our system and going unserved through their critical developmental years will be factored into the final decision.

The most optimal alternative to this proposal would be to revert to the previous model of serving infants and toddlers in the state Early Start program with commensurate transfer of funding.

11. **Enhanced Community Integration and Participation – Development of Transportation Access Plans (666)** - ARCA continues to support this provision as currently drafted.

12. **Porterville Developmental Center Secure Treatment Facility Capacity** - ARCA has two separate positions on the two provisions as currently drafted in this proposal.

    a. Modifies new law regarding the competency of minors appearing before the court: ARCA is in support of this provision.
    Welfare and Institutions Code §709 states that if it is suspected that a minor is incompetent due to a developmental disability, developmental immaturity or mental illness, the court will appoint an expert to assess. This language, as currently drafted would have the court appoint the regional center director to evaluate when a developmental disability is suspected to determine if the child or adolescent is, in fact, developmentally disabled as defined in Welfare and Institutions Code §4512. We feel this is necessary because regional centers have the clinical expertise necessary to make the determination in accordance with state's definitions of developmental disabilities.
    b. Limits the capacity of the Porterville Developmental Center Secure Treatment Program, including those in the transition program, to 230: ARCA is opposed to this provision.
    Currently, Welfare and Institutions Code §7502.5 limits capacity, including those in the transition program to 297. The reference to the transition program followed the legislative mandate in the 2010-11 budget that DDS move 10% of residents from the secure treatment program into the developmental center's general population to access federal reimbursement for their care. This limits beds "behind the fence" (in the secure treatment facility) to 267. The new limit, less 10% is 207, a net loss of 60 beds located "behind the fence." There also would be no additional admissions until the population falls below 230. Furthermore, there shall not be any more than 104 people "who are ineligible to participate in programs certified for federal financial participation." Those the court ordered as incompetent to stand trial or danger to self or others are not eligible for federal funding.

    ARCA remains concerned that sufficient community alternatives to the secure treatment program at Porterville Developmental Center do not currently exist. The current alternative is to have people with developmental disabilities languish in county jails awaiting placement in a secure setting, due to the risk of violence. We believe that the loss of beds will result in the further backlog of individuals with developmental disabilities not being served in a safe setting for themselves or others.

13. **Intermediate Care Facility – Developmentally Disabled (ICF-DD)** – Appropriation Extension: ARCA is in support of this provision as currently drafted.

14. **Agnews Transition Ongoing Workload** – In the May Revise, there is a $2.3 million general fund reduction to the Agnews Developmental Center Ongoing Workload. ARCA is opposed to this proposal and is concerned this reduction will affect the ability of the Bay Area regional centers to maintain the Legislature's commitment to families and people who moved from Agnews into the community. This allocation was established to cover costs associated with ongoing specialized services to consumers who transitioned from Agnews in accordance with the "Report on the Plan for the Closure of Agnews Developmental Center."

ARCA recognizes this is the first step in a process that will require this draft trailer bill language to be reviewed not only be the Assembly and Senate fiscal committees but also by the respective policy committees in both houses. ARCA and the regional centers will continue to serve as a resource to all legislative staff to provide technical assistance and recommendations as necessary in the upcoming months.

Please do not hesitate to contact our office if you have additional questions or concerns regarding any of the above stated positions.

Sincerely,

ORIGINALLY SIGNED BY

Robert J. Baldo
Executive Director

cc: Members, Senate Budget Committee
Members, Assembly Budget Committee
Members, Senate Human Services
Members, Assembly Human Services
Diane Van Maren, Senate Budget Committee
Kirk Feely, Senate Republican Fiscal Office
Daisy Gonzales, Assembly Budget Committee
Julie Souliere, Assembly Republican Fiscal Office
Lark Park, Senate Human Services Committee
Joe Parra, Senate Republican Office of Policy
Eric Gelber, Assembly Human Services Committee
Mary Bellamy, Assembly Republican Office of Policy
Shawn Martin, Legislative Analyst's Office
Lishaun Francis, Legislative Analyst's Office
John Doyle, Department of Finance
Carla Castenada, Department of Finance
Han Wang, Department of Finance
Terri Delgadillo, Department of Developmental Services

ARCA Association of Regional Center Agencies
915 L Street, Suite 1440 • Sacramento, California 95814 • 916.446.7961 • Fax: 916.446.6912

Memorandum

DATE: May 27, 2011

TO: ARCA Board of Directors

FROM: Bob Baldo, Executive Director

SUBJECT: Notes on Senate Budget and Fiscal Review Committee Hearing on 05/27/11

The Senate Budget and Fiscal Review Subcommittee #3 held a hearing on May 27, 2011 to vote on various matters regarding the Fiscal Year 2011-12 budget. The following items related to the Department of Developmental Services were voted on:

Vote Only Items

1. Technical May Revision Changes – The May Revision contains adjustments to projected expenditures and reimbursements in the Governor's Budget due to caseload and population changes as well as correction of errors in the Budget Bill (SB 69).

2. Intermediate Care Facility Developmentally Disabled State Plan – TBL to extend the liquidation period for FY 2007-08 and FY 2008-10 to December 31, 2011. This will allow additional time for DDS to complete processing of the retro claims for day program and transportation services for residents of Intermediate Care Facilities (ICFs) for those fiscal years to capture Medi-Cal funds. There is also a technical adjustment to the projected fees for the fiscal year.

3. Regional Center Operations: Meeting Federal Medicaid Requirements – A $984,000 ($492,000 General Fund [GF]) increase to the regional center (RC) Operations (OPS) budget for the new Federal Medicaid requirements for vendoring RC service providers. Regional Centers will now be required to collect additional information about the owners and managers of service providers.

4. Offset to Regional Center Cost Containment – The May Revision contains an adjustment of $28.5 million from savings carried over from FY 2010-11.

5. Capital Outlay: Fairview Developmental Center Fire Alarm System – DDS requests re-appropriation of $8.6 million (GF) for the Fairview DC fire alarm system upgrade. The funds were originally in the FY 2008-09 budget.

The Subcommittee approved the Vote Only items by a majority vote.

Discussion Items – Regional Centers

1. Proposed Purchase of Service Reductions

a. Decreasing CPP POS funding by $9.7 million ($7.0 million GF).

b. Decreasing POS by $13.0 million ($9.6 million GF) by expanding the current 4.25% payment reduction to certain service providers previously exempted from this reduction and by revising the median rates for providers with a negotiated rate.

c. Decreasing POS by $7.2 million GF by instituting an Annual Family Program Fee to be paid by families of consumers up to the age of 18 where the families have income 400% above the federal poverty level. *On May 21, the Assembly Subcommittee #1 approved the addition of a two-year sunset clause to this item.*

d. A $4.2 million ($2.5 million) savings in POS by allowing residential facilities to be paid a mixed rate to allow consumers to remain in a facility they consider home even when they no longer require the level of service normally provided by that facility.

e. An $18.2 million ($13.6 million GF) savings by relying on public schools to fund appropriate programs for consumers up to age 22 when appropriate.

f. A $19.9 million ($10.9 million GF) savings in Supported Living Services by requiring an independent assessment of the SLS services in certain circumstances and, at the time of the IPP, when the consumer with SLS has a roommate, review the services they receive to determine if they can share some of the services.

g. A $16.5 million ($12.4 million GF) savings by allowing consumers some flexibility in their day program services by negotiating a flexible schedule, using day program vouchers, and requiring day programs to bill for only a half day in certain circumstances.

h. A $5.1 million ($3.8 million GF) savings by requiring parents to verify services received and by allowing the use of paraprofessionals to provide the behavioral services.

i. A decrease to the Prevention Program of $10.0 million GF by transferring some of the program's responsibilities to the Family Resource Centers and eliminating the rest of the Prevention Program under the regional centers. *On May 21, the Assembly Subcommittee #1 approved the following Supplemental Reporting Language (SRL to address concerns about the transfer of the Prevention Program:*

> ***Supplemental Reporting Language (SRL)*** *to have the Department report to the Legislature on the implementation of the transfer of services from the Prevention Program to the Family Resource Centers. The report may include: an assessment of the Family Resource Center's ability to provide information, resources, outreach and referral and to monitor and make referrals to the Regional Center for reassessment; caseload trends in the Early Start Program beginning one year prior to the establishment of the Prevention Program; numbers of children screened but not referred to the Early Start Programs; and an assessment of any disparities or disparities based on race, ethnicity, or geography.*

j. A $2.9 million ($2.1 million GF) savings by using Transportation Access Plans, where advisable, to transition consumers to less expensive modes of transportation.

2. Governor's May Revision Proposals: Federal Funds, Contracts & Regional center Operations

a. Increase Federal Funding for RC POS ($21 million GF) – This proposal would add vouchered nursing services to the HCBS Waiver, expand the use of the Money Follows the Person Grant and the 1915(i) State plan Amendment (SPA), and applying for the 1915(k) option.

b. Decreasing DDS Headquarters contracts by $2.0 million ($1.7 million GF) for information technology, clients' rights advocacy, quality assessments, direct support professional training, administrative hearings, risk management, and Self Directed Services training.

c. Decreasing RC Operations by $15.9 million ($15.0 million GF) by reducing staff for Self Directed Services, Community Placement Plans (CPP), prior year staffing increase, accelerated HCBS Waiver enrollment, and mandatory electronic billing, and a $5.4 million unallocated reduction.

Discussion Items – Developmental Centers

1. Adjustments to Achieve $15 Million (GF) Reduction Allocation by Legislature – Reductions to the DC budget due to decreased population, capping the number of residents allowed in the Porterville secure Treatment Program at 230, and reductions in DC operating expenses and equipment.

Public testimony was heard and was mostly concerned with the proposal to have independent assessments performed, in certain circumstances, on persons receiving SLS and the proposal to pay day programs a half-day rate in certain circumstances.

The Subcommittee approved by a majority vote the following:

1. To adopt the Governor's May Revision proposals.

2. To adopt as placeholder language the proposed TBL.

3. To adopt the Assembly's action to add a two-year sunset provision to the Annual Family Program Fee proposal.

4. To adopt the Supplemental Reporting Language added to the proposal to transfer the Prevention Program to the Family Resource Centers.

5. To adopt the recommended placeholder language for an analysis of the budgeting methodology for Developmental Centers.

ARCA Association of Regional Center Agencies
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Memorandum

DATE: May 26, 2011

TO: ARCA Board of Directors

FROM: Bob Baldo, Executive Director

SUBJECT: Notes on Assembly Budget Committee Hearing 05/25/11

Subcommittee No. 1 of the Assembly Budget Committee held a hearing on May 25, 2011 to vote on items related to the Department of Developmental Services (DDS) budget:

Consent Items

1. Technical Adjustments to the Developmental Center (DC) Budget – the May Revise had three technical adjustments to the DC budget due to decreased caseload and program consolidations.

2. The May Revise had a $900,000 increase in reimbursements related to the Conflict of Interest Trailer Bill Language (TBL).

3. There was an $11.7 million adjustment to correct a scheduling error in the Governor's Budget.

NOTE: Item number 3 corrects an error made in SB 69, the budget bill that was passed in March. The figures in the May Revise are correct and are not changed. This correction aligns the budget bill with the May Revise.

The Subcommittee approved the Consent Items by a majority vote.

Vote Only Items

1. The May Revise contains adjustments to the Governor's Budget for caseload and population changes.

2. A $984,000 ($492,000 General Fund [GF]) increase to the regional center (RC) Operations (OPS) budget for the new Federal Medicaid requirements for vendoring RC service providers. Regional Centers will now be required to collect additional information about the owners and managers of service providers.

3. A $1.7 million ($881,000 GF) increase to the RC Purchase of Service (POS) to pay for Financial Management Services (FMS) for consumers using vouchered services. In accordance with the Home and Community Base Services (HCBS) waiver, consumers who receive vouchered services must have the option of using an FMS to pay for those services and perform the necessary payroll management functions.

4. A $3.5 million decrease in the budget for the ongoing costs associated with the closure of Agnews DC. This reduction is for the elimination of the Primary Care Clinic and Warm Shutdown staff (30.5 positions).

5. DDS requests reappropriation of $8.6 million (GF) for the Fairview DC fire alarm system upgrade. The funds were originally in the FY 2008-09 budget.

The Subcommittee approved the Vote Only Items by a majority vote.

Discussion Items

Issue 1. TBL to extend the liquidation period for FY 2007-08 and FY 2008-10 to December 31, 2011. This will allow additional time for DDS to complete processing of the retro claims for day program and transportation services for residents of Intermediate Care Facilities (ICFs) for those fiscal years to capture Medi-Cal funds.

The Subcommittee approved this item by a majority vote.

Issue 2. Reductions to the DC budget due to decreased population, capping the number of residents allowed in the Porterville secure Treatment Program at 230, and reductions in DC operating expenses and equipment.

The Subcommittee approved this item by a majority vote.

Issue 3. Proposals to Achieve $174 million in General Fund Reductions:

1. Increase Federal Funding for RC POS ($21 million GF) – This proposal would add vouchered nursing services to the HCBS Waiver, expand the use of the Money Follows the Person Grant and the 1915(i) State plan Amendment (SPA), and applying for the 1915(k) option.

2. Decreasing DDS Headquarters contracts by $2.0 million ($1.7 million GF) for information technology, clients' rights advocacy, quality assessments, direct support professional training, administrative hearings, risk management, and Self Directed Services training.

3. Decreasing RC Operations by $15.9 million ($15.0 million GF) by reducing staff for Self Directed Services, Community Placement Plans (CPP), prior year staffing increase, accelerated HCBS Waiver enrollment, and mandatory electronic billing, and a $5.4 million unallocated reduction.

4. Decreasing CPP POS funding by $9.7 million ($7.0 million GF).

5. Decreasing POS by $13.0 million ($9.6 million GF) by expanding the current 4.25% payment reduction to certain service providers previously exempted from this reduction and by revising the median rates for providers with a negotiated rate.

6. Decreasing POS by $7.2 million GF by instituting an Annual Family Program Fee to be paid by families of consumers up to the age of 18 where the families have income 400% above the federal poverty level.

7. A $4.2 million ($2.5 million) savings in POS by allowing residential facilities to be paid a mixed rate to allow consumers to remain in a facility they consider home even when they no longer require the level of service normally provided by that facility.

8. An $18.2 million ($13.6 million GF) savings by relying on public schools to fund appropriate programs for consumers up to age 22 when appropriate.

9. A $19.9 million ($10.9 million GF) savings in Supported Living Services by requiring an independent assessment of the SLS services in certain circumstances and, at the time of the IPP, when the consumer with SLS has a roommate, review the services they receive to determine if they can share some of the services.

10. A $16.5 million ($12.4 million GF) savings by allowing consumers some flexibility in their day program services by negotiating a flexible schedule, using day program vouchers, and requiring day programs to bill for only a half day in certain circumstances.

11. A $5.1 million ($3.9 million GF) savings by requiring parents to verify services received and by allowing the use of paraprofessionals to provide the behavioral services.

12. A decrease to the Prevention Program of $10.0 million GF by transferring some of the program's responsibilities to the Family Resource Centers and eliminating the rest of the Prevention Program under the regional centers. Legislative staff suggested the following Supplemental Reporting Language (SRL) be added to address concerns about the transfer of the Prevention Program:

> ***Supplemental Reporting Language (SRL)*** *to have the Department report to the Legislature on the implementation of the transfer of services from the Prevention Program to the Family Resource Centers. The report may include: an assessment of the Family Resource Center's ability to provide information, resources, outreach and referral and to monitor and make referrals to the Regional Center for reassessment; caseload trends in the Early Start Program beginning one year prior to the establishment of the Prevention Program; numbers of children screened but not referred to the Early Start Programs; and an assessment of any disparities or disparities based on race, ethnicity, or geography.*

13. A $2.9 million ($2.2 million GF) savings by using Transportation Access Plans, where advisable, to transition consumers to less expensive modes of transportation.

After the Department's presentation of these proposals there were presentations by a panel made up of:

Evelyn Abouhassan, Disability Rights California
Bob Baldo, Association of Regional Center Agencies
Connie Lapin, Parent and Advocate
Fran Chasen, Infant Development Association of California
Carol McKinney, California Supported Living Network
Marty Omoto, California Disability Community Action Network

Public testimony was provided by a large number of consumers and SLS providers who were mainly concerned with the proposal regarding the independent assessments of SLS in certain circumstances. Consumers and providers thought someone who did not know the consumer would not be able to provide an adequate assessment of the consumer's needs.

The Subcommittee voted by a majority to approve these budget reductions with the addition of a two-year sunset clause on the Annual Family Program Fee, the recommended Supplemental Reporting Language regarding the transfer of the Prevention Program, and the understanding that the associated TBL was placeholder language.

Attachment #7

Omar Noorzad - Re: CDCAN REPORT #118-2011: WHAT NEXT FOR THE STATE BUDGET AS CRISIS CONTINUES - BUDGET SUBCOMMITTEE HEARINGS PROCESS ENDED FRIDAY MAY 27th - NO BUDGET CONFERENCE COMMITTEE LIKELY - FLOOR VOTE NEXT PROBABLY WEEK OF JUNE 6TH

From: "Marty Omoto" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 5/31/2011 3:26 AM
Subject: Re: CDCAN REPORT #118-2011: WHAT NEXT FOR THE STATE BUDGET AS CRISIS CONTINUES - BUDGET SUBCOMMITTEE HEARINGS PROCESS ENDED FRIDAY MAY 27th - NO BUDGET CONFERENCE COMMITTEE LIKELY - FLOOR VOTE NEXT PROBABLY WEEK OF JUNE 6TH

CDCAN DISABILITY RIGHTS REPORT

CDCAN

#118-2011 – MAY 31, 2011 – EARLY TUESDAY

***CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK**: Advocacy Without Borders: One Community – Accountability With Action - California Disability Community Action Network Disability Rights News goes out to over 55,000 people with disabilities, mental health needs, seniors, traumatic brain & other injuries, veterans with disabilities and mental health needs, their families, workers, community organizations, including those in Asian/Pacific Islander, Latino, African American communities, policy makers and others across California.*
To reply to this report write: MARTY OMOTO at martyomoto@rcip.com
WEBSITE: www.cdcan.us TWITTER: www.twitter.com - "MartyOmoto"

State Budget Crisis

WHAT NEXT FOR THE STATE BUDGET?

- **Budget Subcommittee Hearings Ended Friday May 27th**
- **No Budget Conference Committee - Floor Vote Next**

Work on "Placeholder" Trailer Bill Language Ranging from Adult Day Health Care, Developmental Services, Mental Health, Medi-Cal, IHSS Public Authorities Continues and Will Be Finalized As Part of Final Floor Vote on Budget

SACRAMENTO, CALIF (CDCAN) [Last Updated 05/31/2011 01:20 AM] - With the last of the budget subcommittee hearings held on Friday (May 27th), the State budget crisis now moves to its final crucial stage, with likely floor votes in both the Assembly and State Senate sometime on or before the June 15th State Constitutional deadline that requires the Legislature to pass a budget and present it to the Governor. [CDCAN will issue a report later on Tuesday morning summarizing all the actions taken by the budget subcommittees]

The Governor and Legislative Democrats still have not yet nailed down the two Republican votes they need in both the Assembly and State Senate in order to pass the Governor's proposed 2011-2012 State Budget that hinges on over $9 billion in revenue solutions, including extension of the 2009 temporary tax increases that are set to expire June 30th (see below for details on the revenue solutions).

The Budget Conference Committee will likely not reconvene. No hearings of the Budget Conference Committee, the full Assembly and Senate Budget Committees or additional hearings of the budget subcommittees have been announced or scheduled this week or in the following weeks and none are expected.

Both Assembly and Senate budget subcommittees in hearings held last week, took identical actions in nearly every vote on the budget, leaving no need for the Budget Conference Committee, which last met in March, to reconvene again (there are other reasons why the conference committee won't likely reconvene, including the fact that the main budget bill was already passed by the Legislature in March, though not sent to the Governor).

Main Budget Bill Passed In March But Not Sent to Governor – Will Be Revised & Voted On Again Along With Several New Budget Trailer Bills

- As mentioned, also complicating the "normal State budget process" is the fact that the Assembly and State Senate passed on March 17th the original main budget bill for 2011-2012, but never sent it to the Governor because there was no agreement on the issue of extending the temporary 2009 tax increases due to expire June 30, 2011.
- That main budget bill will be revised, and then voted on again sometime on or before June 15th along with several new budget trailer bills.
- What was passed by the Legislature on March 17th and approved by Governor Brown on March 24th were 13 budget trailer bills that included over $11 billion in cuts in State general fund spending largely achieved by actual program or service cuts, and also by fund shifts and bringing in new federal dollars – over $6 billion of the reductions and savings from health and human services.

Revenue Piece Unresolved – Along With Major Reduction Proposal

Still not resolved is the issue of revenues, and some major reductions. Governor Brown wants to extend or maintain, effective July 1, 2011, for five years most of the 2009 temporary tax increases due to expire June 30, 2011, with a special election to be held sometime likely in the fall to ratify the action by the Legislature, as follows:

- $1.4 billion – extending the 2009 temporary increase of the vehicle license fee (VLF) at current levels for another five years. Of this amount, $1.1 billion would go to local (county) public safety programs and $270 million would go to schools.
- $4.5 billion from extending the 2009 temporary increase of the sales tax rate at current levels for another five years for local (county) public safety programs.
- $2.2 billion from extending the 2009 temporary personal income tax (PIT) dependent exemption credit and maintaining it at the current level for another five years to fund schools.
- $1.3 billion from continuing the personal income tax (PIT) surcharge in 2012 through 2015 at the 2010 level of 0.25% for schools. The surcharge would not be in effect for state tax year of 2011.

Legislative Democratic leaders, while generally supporting the Governor, have said in recent weeks that they prefer approving extending the 2009 tax increases to go into effect July 1st, with no special election in the fall, but instead have voters ratify the decision by the Legislature in the June 2012 statewide primary. Some Legislative Democrats want the Legislature to approve extending the 2009 temporary tax increases as part of the 2011-2012 State Budget without going to the voters for later approval - a position that will likely be met with stiff Republican opposition.

The Legislative Republican leadership however believes there are sufficient new revenues coming in from higher than projected tax receipts and with additional new spending cuts, would make extending temporary tax increases – or raising any new revenues – unnecessary.

The Governor – and Legislative Democratic leaders have said in recent weeks that talks with some individual Legislative Republican members have continued though no agreement has been reached or announced. Talks include possible budget spending cap that would limit more significantly state spending than current laws; possible pension reforms; and possible regulatory reforms.

Assuming all 52 Assembly and all 25 State Senate Democrats vote for the revised version of the main budget bill, at least two Republican votes would be needed in each house in order to pass it.

While Proposition 25, passed by voters last November, authorizes a majority vote State budget – it still leaves in place the State Constitution provision that requires 2/3rds vote (54 votes in the Assembly and 27 in the State Senate) to approve a budget with tax increases. Penalties imposed by Proposition 25 if a State budget is not passed by the Legislature and presented to the Governor on by June 15th, would also kick in – including loss of pay and travel/living expenses each day for every legislator until a budget is passed and sent to the Governor (the loss of pay and travel/living expense is forfeited permanently).

Those penalties will be a significant factor on how long a budget stalemate goes on – if one does, though it is not clear if the penalties will have a greater impact on legislative Democrats than legislative Republicans.

In addition the Governor's proposal to eliminate redevelopment agencies, which fell one vote short of approval in March (the State Senate never voted on the proposal) is still on the table, with the Governor urging, as part of his May 16th budget revisions, to approve his proposal. That proposal to eliminate redevelopment agencies would mean a reduction – or savings to the State general fund of over $1.7 billion, according to the Brown Administration. Some affordable housing advocates – including those who are advocates for people with disabilities, seniors and low income families – opposed last March the elimination of the redevelopment agencies because of its links to affordable housing that the Governor's proposal they say, did not address.

Adding to the budget crisis the fall-out of last week's landmark US Supreme Court decision that ordered California to take immediate steps to correct the overcrowding in its state prisons or release thousands of prisoners.

SOME QUESTIONS ANSWERED ON NEXT STEPS

Question: What happens next on the budget related language?
CDCAN Answer: *Assembly and State Senate budget committee staff are working to finalize dozens of budget related legislative language that were either proposed by the Brown Administration or by subcommittee staff, which the subcommittees approved as "placeholder" language including language impacting Adult Day Health Centers; developmental services; In-Home Supportive Services Public Authorities funding; mental health services, and more.*
The term "placeholder" means while the subcommittee approved the intent or concept as proposed last week, the actual language needs to still be finalized.
This is a very dangerous time in terms of any placeholder budget trailer bill language because over the next several days the language can go in different directions – sometimes at the last moment – given the pressures of getting a budget deal and passing a budget. In some cases the language can get more restrictive, or more flexible or have the impact of producing more or less reductions or savings. Meanwhile, talks with individual Legislative Republicans and the Governor will continue (along with talks with Legislative Democratic leaders) in order to reach a budget agreement before June 15th.

Question: Can the public still offer ideas or suggestions regarding "placeholder" budget trailer bill language?
CDCAN Answer: *Yes, but time is of the essence. With deadline to finish work on the budget fast approaching, persons interested in making suggestions on budget related legislative language – referred to as budget trailer bill language (because the bill containing the language will follow or trail the main budget bill) – can still send letters to the two budget committee chairs and/or contact their own*

legislators who represent them (to have them forward their suggestions to the budget committees). However any proposed changes would need to achieve the same level of reduction or savings to the State general fund that the subcommittees (or the Budget Conference Committee last March) approved. See below for address and phone number.

Question: Will the budget subcommittees or full budget committees or Budget Conference Committee need to meet to approve final versions of the "placeholder" budget trailer bill language?

CDCAN Answer: *Probably not. In normal times, "placeholder" budget trailer bill language that both the Assembly and State Senate budget subcommittees gave approval for, is drafted and finalized by budget committee staff from both houses – and is given final approval when the entire budget trailer bills are taken up for final votes on the Assembly and Senate floors.*

Unfortunately there is usually not more than a day advance notice that the Assembly or Senate will be voting on the main budget and trailer bills. Versions of the budget trailer bills that members vote on usually are not in official form – (meaning formally amended into a bill).

It is not clear yet when the public will be able to see and review the various "placeholder" budget trailer bill language that need to be finalized in the coming days. [CDCAN will send out any information or draft copies as they become available]

Versions of various budget trailer bill language posted on the Department of Finance and also individual department websites most likely will not reflect the latest changes made by legislative budget staff and members or reflect the versions that the Assembly and Senate will actually vote on.

Question: When will the Assembly and State Senate vote on the budget and budget trailer bills?

CDCAN Answer: *As early as the week of June 6th with June 8th or 9th talked about as possible dates for budget floor votes. No dates have been formally announced or scheduled – though as mentioned, the State Constitutional deadline of June 15th (Wednesday) remains in place – and there will be a vote on the budget in both houses on or by that date whether there are votes to pass it or not.*

ADDRESS OF ASSEMBLY AND SENATE BUDGET COMMITTEES

- CDCAN advises that people interested in making suggestions to proposed budget trailer bill language that has not yet been finalized (referred to as "placeholder" budget trailer bill language) should also contact directly their own legislators who represent them, in their district office.
- Have them contact and forward your ideas and suggestions to the two budget committees – and have them keep you posted on what is happening.

Sen. Mark Leno, Chair
Senate Budget and Fiscal Review Committee
State Capitol
Sacramento, CA 95814

Assemblymember Bob Blumenfield, Chair
Assembly Budget Committee
State Capitol
Sacramento, CA 95814

HELP!!!!

VERY URGENT!!!!!

PLEASE HELP CDCAN CONTINUE ITS WORK!!!

MAY 31, 2011 – YOUR HELP IS NEEDED

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

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

CDCAN
1225 8th Street Suite 480 - Sacramento, CA 95814
paypal on the CDCAN site is not yet working – will be soon.

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

THE ANNUAL BUDGET PROCESS

Departments review expenditure plans and annually prepare baseline budgets to maintain existing level of services; they may prepare Budget Change Proposals (BCPs) to change levels of service.

Department of Finance (Finance) analyzes the baseline budget and BCPs, focusing on the fiscal impact of the proposals and consistency with the policy priorities/direction of the Governor. Finance estimates revenues and prepares a balanced expenditure plan for the Governor's approval. The Governor's Budget is released to the Legislature by January 10th of each year.

Governor issues State of the State Address setting forth policy goals for the upcoming fiscal year. Two identical Budget Bills are submitted (one in the Assembly and one in the Senate) for independent consideration by each house.

Public input to Governor, legislative members and subcommittees.

Finance and departments testify before budget subcommittees on the proposed budget. DOF updates revenues and expenditures with Finance Letters and May Revision.

As non-partisan analysts, **the Legislative Analyst's Office (LAO)** prepares an "Analysis of the Budget Bill" and "Perspectives and Issues". Testifies before the budget subcommittees on the proposed budget.

Public input to Governor, legislative members and subcommittees.

Assembly Budget Committee - divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

Senate Budget and Fiscal Review - divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

Assembly Floor examines committee report on budget attempting to get 2/3 vote for passage. The Budget usually moves to conference committee.

Senate Floor examines committee report on budget attempting to get 2/3 vote for passage. The Budget usually moves to conference committee.

Budget Conference Committee attempts to work out differences between Assembly & Senate versions of the Budget - also amending the budget to attempt to get a 2/3 vote from each house.

Assembly Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 gets involved.

Senate Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 gets involved.

Sometimes, the BIG 5 (Governor, Speaker of Assembly, Speaker pro Tempore, and Minority Leaders of both houses) meet and compromise to get the 2/3 vote required in each house.

Final budget package with 2/3 vote in each House submitted to the Governor for signature. Governor may reduce or eliminate any appropriation through the line-item veto. The budget package also includes trailer bills necessary to authorize and/or implement various program or revenue changes.

Individual departments and the **Finance** administer, manage change, and exercise oversight of the Budget on an ongoing basis. **The Joint Legislative Budget Committee (JLBC)** provides some coordination between the two houses and oversees the LAO. The JLBC is involved in the ongoing administration of the Budget and reviews various requests for changes to the Budget, after enactment.

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	5-6-84	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 #9

6/1/2011

TRI-COUNTIES REGIONAL CENTER
Summary of Credit Line Efforts - Spring 2011

Request was for $55 million for 90 days - mid-July through mid-October.

Bank	Status	Notes
US Bank	Declined	Concerns about the budget impasse and the bank's large California government exposure.
City National Bank	Declined	Cannot accept any more RCs; they are at their maximum lending limit for agencies with State of California liability.
Santa Barbara Bank & Trust	Declined *	Bank does not feel the budget climate has improved and is not confident that the legislators are motivated to approve a budget soon which would lead to a longer lending period. Also, they are not comfortable with the sole source of repayment being the State of California.
Wells Fargo Bank	Declined	Problems primarily associated with the State of California in relation to our business funding.
JP Morgan Chase Bank	Declined	Struggling with the singular source of re-payment. Usually for a non-for-profit deal there would be a couple sources of repayment; maybe some government sources, an endowment on the side or a board who would step up.
Capital One Bank	Declined	Target focus is manufacturers, distributors and retailers and this segment does not fall within their target market.
Morgan Stanley	No Response	No Response.
Rabobank	Pending	Discussions are continuing with local VPs. The loan committee is reviewing. Credit line request is for $40 mil. We expect a response before June 15th.

* SBB&T's maximum lending limit is $15 million.