

TRI-COUNTIES REGIONAL CENTER

EXECUTIVE DIRECTOR REPORT

July 8, 2011

I. FY 2011-2012 BUDGET UPDATE

- **Attachment #1:** Governor Brown's Press Release: Governor Brown Signs Honest, Balanced and On-Time Budget
- **Attachment #2:** 2011-2012 State Budget Summary and Budget for Health and Human Services
- **Attachment #3:** CDCAN Report #133-2011: Governor Brown and Legislative Democratic Leaders Reach Budget Agreement Without Republican Support – Budget Plan Won't Contain Tax Extensions
- **Attachment #4:** CDCAN Report #141-2011: Governor Brown Signs Main Budget Bill – Makes Only \$23 million in Line Item Vetoes – Keeps Funding for Adult Day Health Care
- **Attachment #5:** CDCAN Report #143-2011: Governor Brown Also Signs 10 Budget Trailer Bills Along With Main Budget Bill Including 3 Dealing With “Trigger Cuts”
- **Attachment #6:** Sacramento Bee June 28, 2011 Article: Details on the Budget “Trigger” Mechanism
- **Attachment #7:** Sacramento Bee July 6, 2011 Article: California Republicans Win Tax Argument, Little Else
- **Attachment #8:** TCRC Budget Reduction Analysis Table
- **Attachment #9:** DDS Guidance Letter on Implementation of March 2011 Trailer Bill Language Affecting Regional Centers
- **Attachment #10:** TCRC Trailer Bill Implementation Report
- **Attachment #11:** ARCA Summary of Trailer Bill (AB 104) By Subject Matter
- **Attachment #12:** ARCA Summary of Trailer Bill (AB 104) By Section Number

Governor Brown signed the 2011-2012 California State Budget (SB 87) on June 30, 2011 with a budget plan that reduced State spending by \$15 billion and will not

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include his proposals to extend for five years the 2009 temporary tax increases which expired on June 30, 2011. Giving up on winning support from Legislative Republicans on the extension of the taxes, the enacted budget counts on \$4 billion more in revenues that is hoped California will bring in the 2011-2012 fiscal year. While the enacted budget does not contain any new additional spending cuts to health and human services beyond what was passed by the Legislature in March 2011 and July 15, 2011, it does contain "trigger cuts" that would be automatically implemented in January 2012 in case some or all of the \$4 billion in additional revenues do not materialize. The "trigger cuts" are in three tiers, based on how much of the extra \$4 billion the State receives. If the State receives \$3 billion- \$4 billion of the money, the state will not impose additional cuts and will roll over any balance of the problem into 2012-2013 budget. If the State receives \$2 billion-\$3 billion of the money, the State will impose about \$600 million of additional cuts and roll over the remainder into the 2012-2013 budget. Developmental Services is slated for \$100 million additional reduction under this scenario along with reductions to IHSS, Medi-Cal Managed Care, higher education, public safety programs, and some other state funded programs. It is not at this time clear how the additional potential reduction of \$100 million to developmental services will be implemented. If the State receives \$0 to \$2 billion of the money, the State will also impose as much as \$1.9 billion in additional cuts to K-12 schools and community colleges. (**Attachments #1-#7**).

In addition to the potential \$100 million reduction in automatic mid-year "trigger cuts", the developmental services budget for 2011-2012 contains a total reduction of \$591 million in General Fund (\$576.9 million related to legislative actions and \$14.1 million in additional budget adjustments). This \$591 million General Fund 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 for regional centers and service providers, 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 (DDS) (**Attachment #8**).

DDS and the regional centers are in the process of working together to implement the myriad of new changes and requirements imposed by the Trailer Bills that were enacted in March 2011 and on June 30, 2011. The Trailer Bills implement the main Budget Bill. On June 16, 2011, the regional centers received written guidance from DDS on the implementation of Trailer Bills approved in March 2011 and are now awaiting additional guidance on Trailer Bills approved on June 30, 2011. TCRC has reconvened the internal Infrastructure Committee of the regional center used to implement the 2009 Trailer Bill changes to follow a similar process for the implementation of the new 2011 Trailer Bill changes. Also, TCRC will in the near

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future send a letter to all TCRC stakeholders outlining the new changes and requirements under the law (**Attachment #9-#12**).

II. CASH FLOW UPDATE

With an on time passage of the 2011-2012 State Budget, TCRC does not anticipate any cash flow challenges in the foreseeable future and will not need to rely on a line of credit to continue operations as in prior years when there was a delay in the passage of the budget.

III. QUESTIONS & ANSWERS

Attachment #1

Omar Noorzad - FW: Governor Brown Signs Honest, Balanced and On-Time Budget

From: "Bob Baldo" <Baldob@arcenet.org>
To: <BobH@nbrc.net>, <cflores@sdr.org>, "Carol Fitzgibbons" <cfitzgibbons@i...>
Date: 6/30/2011 1:57 PM
Subject: FW: Governor Brown Signs Honest, Balanced and On-Time Budget
CC: <Nguyena@arcenet.org>, <dsloss@hughes.net>, "David Riester" <davidrieste...>

FYI

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Office of the Governor

FOR IMMEDIATE RELEASE:
Thursday, June 30, 2011

Contact: Governor's Press Office
(916) 445-4571

Governor Brown Signs Honest, Balanced and On-Time Budget

SACRAMENTO – Governor Edmund G. Brown Jr. today signed the 2011-12 California State Budget (SB 87), dropping General Fund spending to the lowest level in decades, returning authority to local government and closing the state's \$26.6 billion deficit.

The budget makes substantial cuts to government programs and reduces state spending by \$15 billion. As a result, California's General Fund spending—as a share of the economy—is now at its lowest level since 1972-73. The budget also takes critical steps to address the state's long-term fiscal challenges by eliminating more than three-quarters of the structural deficit, putting in-place a \$500 million reserve and making a commitment to secure stable funding for core services moving forward.

"This is an honest but painful budget that returns California's General Fund spending to levels unseen since the 1970s. We've cut our deficit by \$15 billion dollars and achieved financial balance this year. This is a huge step forward. But California's long-term stability depends on our willingness to continue to pay down debt and live within our means," said Governor Brown.

The budget recognizes that, since the May Revision, California's tax revenues have continued to increase, providing billions of dollars to help close the budget gap and fund education under Proposition 98. Current projections are that \$4 billion in revenue will be collected during the next fiscal year. As a safeguard, however, if these revenues are not realized, billions of dollars in additional cuts will be triggered to maintain a balanced budget.

The mix of cuts and revenue allow Governor Brown to maintain two key budgetary priorities, protecting K-12 education and funding the historic realignment initiative. Realignment stops the revolving door in California's state prison system by making lower-level offenders eligible for incarceration, alternative

sanctions and supervision at the local level, which is believed to be far more effective. Realignment is supported by the state's police chiefs, peace officers, sheriffs and probation officers.

The budget includes \$23.8 million in line-item vetoes.

The 2011-2012 California State Budget, in full, is available at: www.ebudget.ca.gov.

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Governor Jerry Brown
State Capitol Building
Sacramento, CA 95814

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2011-12 State Budget

Edmund G. Brown Jr. Governor, State of California

INTRODUCTION

The 2011 Budget Act closes a \$26.6 billion budget gap and makes substantial progress in addressing the state's long-term structural budget deficit. It also returns authority to local governments and makes state government more efficient.

As shown in Figure INT-01, the Budget relies on deep spending reductions. In total, the Budget reduces expenditures by \$15.0 billion. Targeted revenue increases of \$0.9 billion and other solutions of \$2.9 billion were also adopted. The remaining \$8.3 billion in changes are from the improvement in the state's revenue outlook. The total of \$27.2 billion in changes balances the Budget and leaves the state with a reserve of \$543 million. General Fund spending totals \$85.9 billion, a 6.1-percent reduction from 2010-11.

Figure INT-01
Closing the Budget Gap
(Dollars in Millions)

	Two-year total	%
Expenditure Reductions	\$15,043	55.3
Revenues	947	3.5
Other	2,920	10.7
Natural Changes	8,287	30.5
Total Solutions and Changes	<u>\$27,197</u>	

REALIGNING SERVICES TO LOCAL GOVERNMENTS

The Budget includes a major realignment of public safety programs from the state to local governments. The realignment moves program and fiscal responsibility to the level of government that can best provide the service, eliminating duplication of effort, generating savings, and increasing flexibility. The implementation of the Community Corrections Grant Program authorized by AB 109 will end the costly revolving door of lower-level offenders and parole violators through the state's prisons. Other realigned programs include local public safety programs, mental health, substance abuse, foster care, child welfare services, and adult protective services.

The Budget funds the \$5.6 billion realignment using two fund sources: (1) the dedication of 1.0625 cents of the existing sales tax rate (\$5.1 billion) and (2) the redirection of vehicle license fee revenues (\$453.4 million).

See Figure INT-02 for a summary of Realignment Funding.

Figure INT-02
Realignment Funding
(Dollars in Millions)

Program	2011-12	2012-13	2013-14	2014-15
Court Security	\$496.4	\$496.4	\$496.4	\$496.4
Local Public Safety Programs	489.9	489.9	489.9	489.9
Local Jurisdiction for Lower-level Offenders and Parole Violators				
Local Costs	239.9	581.1	759.0	782.2
Reimbursement of State Costs	956.7	-	-	-
Realign Adult Parole				
Local Costs	127.1	276.4	257.0	187.7
Reimbursement of State Costs	262.6	-	-	-
Mental Health Services				
EPSDT	-	629.0	629.0	629.0
Mental Health Managed Care	-	183.7	183.7	183.7
Existing Community Mental Health Programs	1,083.6	1,119.4	1,119.4	1,119.4
Substance Abuse Treatment	183.6	183.6	183.6	183.6
Foster Care and Child Welfare Services	1,567.2	1,567.2	1,567.2	1,567.2
Adult Protective Services	55.0	55.0	55.0	55.0
Existing Juvenile Justice Realignment	97.1	104.1	103.2	103.3
Program Cost Growth*	-	339.0	624.5	1,063.9
Total	\$5,559.1	\$6,024.8	\$6,467.9	\$6,841.3
VLF Funds	453.4	453.4	453.4	453.4
1.0625% Sales Tax	5,105.7	5,571.4	6,014.5	6,387.9
Total Revenues	\$5,559.1	\$6,024.8	\$6,467.9	\$6,841.3

*This amount will be subject to discussion and is intended to cover county costs and reimburse reasonable state costs.

REDUCING STATE GOVERNMENT

To reduce spending to match available resources, the Budget makes substantial cuts to state programs. General Fund spending as a share of the economy is now at its lowest level since 1972-73. Figure INT-03 summarizes the \$15 billion in spending reductions included in the Budget. These include the following:

Figure INT-03 Adopted Solutions Reduce Spending (Dollars in Millions)		2-Year Total
<u>EXPENDITURE REDUCTIONS</u>		
<u>Health and Human Services Programs</u>		
Medi-Cal		\$2,036.3
Proposition 63 Community Mental Health Services		861.2
CalWORKs		837.0
Developmental Services		567.2
In-Home Supportive Services (IHSS)		413.0
Supplemental Security Income/State Supplementary Payment Grants		178.4
Other Health and Human Services Programs		106.8
		2,583.2
<u>Realignment Savings</u>		
<u>Education</u>		
Proposition 98		2,082.9
UC and CSU		1,375.0
Cal Grant Program		153.0
Other Education		16.7
<u>All Other Reductions</u>		
Transportation Debt Service		1,130.2
Courts		743.6
Employee Compensation and State Operations Efficiencies		471.1
Corrections and Rehabilitation		366.0
State Mandates		327.5
Other Reductions		793.5
Total Expenditure Reductions		<u><u>\$15,042.6</u></u>

- Maintaining K-12 education funding at a similar level as 2010-11.
- Reducing State Supplementary Payment grants to below the level in effect in 1983.
- Reducing CalWORKs grants to below the 1987 level.
- Reducing California Department of Corrections and Rehabilitation's inmate population by 25 percent once realignment is fully implemented.

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- Requiring recipients of Medi-Cal health benefits to pay a share of the cost for doctor visits and other services.
- Shrinking the state's support for the University of California and California State University by 22 and 25 percent, respectively.
- Requiring community college students to pay \$10 more per class unit.
- Pausing the court system's construction program for one year.
- Eliminating the Adult Day Health Care program, Williamson Act subventions, and the refundable child care and dependent tax credit.
- Reducing the state's workforce by about 5,500 positions.
- Eliminating 20 boards, commissions, task forces, offices, and departments, including the California Medical Assistance Commission and the Office of Insurance Advisor.

IMPROVING REVENUE OUTLOOK

The May Revision reflected the state's continuing recovery from the Great Recession with \$6.6 billion in higher tax receipts compared to the January Budget. Since the May Revision, tax receipts have continued to come in higher than expected by an estimated \$1.2 billion in May and June. With the improved revenue receipts, the Budget projects an additional \$4 billion in estimated 2011-12 revenues.

The Budget recognizes the potential risk to the state's fiscal condition if the higher revenues do not materialize. Under the budget package, if revenues are projected to fall short of expectations by more than \$1 billion, an additional \$600 million in cuts to higher education, health and human services, and public safety would be implemented beginning in January 2012. If revenues are projected to fall short by more than \$2 billion, an additional \$1.9 billion in education reductions would be implemented—shortening the school year by 7 days, eliminating the home-to-school transportation program, and reducing community college apportionments. These potential cuts are summarized in Figure INT-04.

ADDRESSING THE STATE'S LONG-TERM CHALLENGES

In January, California's long-term fiscal problems were immense, with the budget forecast projecting an annual structural deficit of up to \$21.5 billion into the future.

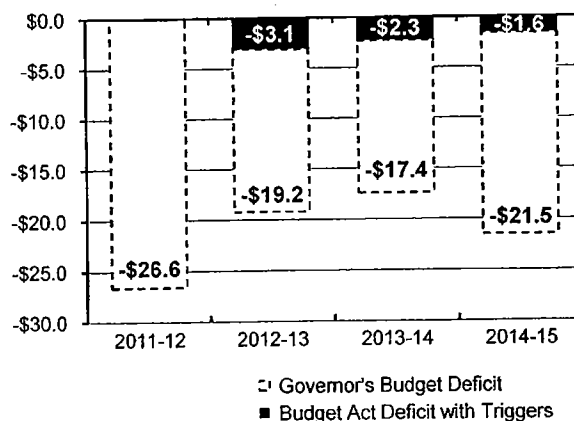
Figure INT-04
Trigger Reductions
 (Dollar in millions)

	2011-12
TIER 1 (If Revenues Fall Short of Budget Act Estimate By More Than \$1 billion)	
Unallocated Reduction to the University of California	\$100.0
Unallocated Reduction to California State University	100.0
Eliminate State Grants for Local Libraries	15.9
Additional Reduction to the Department of Developmental Services	100.0
In Home Supportive Services (IHSS)—20 percent Reduction in Service Hours	100.0
IHSS—Eliminate Funding for Local Anti-Fraud Efforts	10.0
Medi-Cal—Extend Provider Cuts and Copayments to all Managed Care Plans	15.0
Unallocated Reduction to the Department of Corrections and Rehabilitation (CDCR)	20.0
Juvenile Justice—Increase County Charge for Youthful Offenders Sent to CDCR	72.1
Eliminate Vertical Prosecution Grants	15.0
Proposition 98—Community College \$10 per unit fee increase	30.0
Child Care—4 percent Across-the-Board Reduction	23.0
Subtotal	\$601.0
TIER 2 (If Revenues Fall Short of Budget Act Estimate By More Than \$2 billion)	
Proposition 98—Reduce 7 Days of School	\$1,540.0
Proposition 98—Reduce Community College Apportionments	72.0
Proposition 98—Eliminate Home-To-School Transportation	248.0
Subtotal	\$1,860.0
Total Trigger Reductions	\$2,461.0

As shown in Figure INT-05, the 2011 Budget Act makes substantial progress in reducing this deficit through the combination of ongoing spending reductions and an improved revenue outlook. Under current projections, the structural deficit has been reduced to less than \$5 billion annually.

Despite eliminating most of the structural deficit, the state continues to face major long-term challenges and must address the remaining structural problem. California remains

Figure INT-05
State's Budget Gaps Have Been Nearly Eliminated
 (Dollars in Billions)



INTRODUCTION

burdened by \$35 billion in debt from a decade of unprecedented budgetary deferrals and borrowing. Education funding is more than \$6 billion below the level provided in 2007-08.

The Administration plans to seek voter approval of a ballot measure by November 2012 to better position California for the future by constitutionally protecting public safety realignment, supplementing the state's revenues to restore education funding, paying down the state's wall of debt, and balancing the Budget into the future. A structurally balanced Budget that preserves critical levels of government services will lay the groundwork for a strong economic recovery and employment growth. The resulting stability will give businesses the certainty and reassurance they need to expand investments in California.

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees 12 departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California's most vulnerable and at-risk residents.

The 2011 Budget Act includes total funding of \$88.2 billion (\$28.6 billion General Fund and \$59.6 billion other funds) for all programs overseen by this Agency.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services (DHCS). Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals. The federal government dictates a mandatory set of basic services including, but not limited to, physician services, nursing facility services, hospital inpatient and outpatient services, laboratory and radiology services, and family planning. In addition to these mandatory services, the state provides optional benefits such as outpatient drugs, home and community based waiver services, and medical equipment, which avoid more costly services.

Medi-Cal costs historically have grown between 6 and 8 percent annually because of health care inflation and caseload growth. Over the current year, spending is projected to decline by approximately 4.7 percent due to enacted program savings (after adjusting for

HEALTH AND HUMAN SERVICES

the end of federal stimulus funding). Absent these savings, costs would have grown by approximately 4.9 percent.

ADOPTED SOLUTIONS

- **Limit Utilization of Services**—Established utilization controls at a level that ensures that 90 percent of the beneficiaries who utilize a particular service remain unaffected. Specifically, the controls set a maximum annual benefit dollar cap on hearing aids (\$1,510) and limits the number of doctor visits to seven per year prior to physician authorization. The limits on hearing aids save an estimated \$229,000 in 2011-12. The limit on physician visits saves an estimated \$41 million in 2011-12. These changes take effect October 1, 2011.
- **Require Beneficiaries to Share in the Cost of Services**—Beginning November 1, 2011, a \$5 copayment on physician, clinic, and dental services is required, resulting in savings of \$157.3 million in 2011-12. There will also be a \$50 copayment on emergency room services (saves \$96.8 million in 2011-12), a \$100/day and \$200 maximum copayment for hospital stays (saves \$128.7 million in 2011-12), and \$3/\$5 copayments for pharmacy based on the drug status (saves \$128.4 million in 2011-12).
- **Eliminate Adult Day Health Care and Other Benefits**—Eliminated the optional Adult Day Health Care program for savings of \$169.6 million in 2011-12. Approximately 35,000 beneficiaries use Adult Day Health Care services each month in about 330 centers statewide. Other benefit changes include restrictions to supplemental nutrition products (\$13.8 million) and ending coverage of over-the-counter cough and cold medications (\$2.1 million).
- **Provider Payment Reductions**—Reduced provider payments by 10 percent for physicians, pharmacy, clinics, medical transportation, home health, family health programs, certain hospitals, and nursing facilities. Consistent with the 10-percent reductions proposed for other providers, this proposal would also reduce rates for long-term care nursing facilities by 10 percent. This action will require federal approval and save an estimated \$623.4 million in 2011-12.
- **Extend the Existing Hospital Fee**—Extended the existing hospital fee through June 30, 2011. Fee revenue is used to leverage federal funding to provide supplemental payments to hospitals for the provision of Medi-Cal services and to offset General Fund. This is estimated to save \$210 million General Fund in 2010-11.

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- **Collect Managed Care Drug Rebates**—Implemented an option provided by federal Health Care Reform to begin collecting drug rebates for drugs dispensed in managed care plans. The Medi-Cal program already collects significant rebates for drugs dispensed in the fee-for-service component of the program. This is estimated to save \$64 million General Fund in 2011-12.
- **Medi-Cal Waiver**—The recently approved Medi-Cal waiver provides for up to \$400 million in savings annually that can be claimed with expenditures in state-only programs (federal waiver funds can only be claimed if qualifying health care expenses are incurred). Current projections are that the state will fall short of that level in 2010-11. The state will petition the federal government to make additional waiver funds available that will be claimed with expenditures by public hospitals. The state will split the funds with public hospitals until the state achieves the full \$400 million savings target. This is estimated to save up to \$95.2 million General Fund in 2010-11 depending on the final expenditures for state-only programs.
- **State Share of Inter-Governmental Transfers**—Local governments that operate Medi-Cal managed care plans have the option of submitting an Inter-Governmental Transfer (IGT) to fund the non-federal share of rate increases, and this implements a fee equal to 20 percent of the IGT. Fee revenue will be used to offset General Fund costs in the Medi-Cal program. There are currently 17 counties that operate Medi-Cal managed care plans and they will be subject to the fee if they choose to participate in this voluntary program. This is estimated to save \$34.2 million General Fund in 2011-12.

OTHER CHANGES

The Budget includes the following significant changes:

- **Federal Drug Rebate Costs**—An increase of \$70 million in 2011-12 for drug rebate costs to be reimbursed to the federal government as a one-time reconciliation payment resulting from changes made by Health Care Reform.
- **Adult Day Health Care (ADHC) Transition**—An increase of \$85 million in 2011-12 to provide funding for ADHC transition assistance and other long-term care services.

MANAGED RISK MEDICAL INSURANCE BOARD

The Managed Risk Medical Insurance Board administers five programs that provide health coverage through commercial health plans, local initiatives and county-organized health systems to certain persons who do not have health insurance.

ADOPTED SOLUTIONS

- Increase Premiums—Increased Healthy Families Program premiums for families with incomes at or above 150 percent of poverty for General Fund savings of \$22.8 million. Upon federal approval, premiums would increase for the income group from 150 to 200 percent of poverty by \$14 per child (from \$16 to \$30) and increase the maximum limit for a family with three or more children by \$42 for a family maximum of \$90. For families with incomes from 200 to 250 percent of poverty, premiums would increase by \$18 per child (from \$24 to \$42) and the maximum limit for a family with three or more children would increase by \$54 to \$126.
- Increase Co-Payments—Increased Healthy Families Program co-payments for emergency room visits from \$15 to \$50 and inpatient stays from \$0 to \$100 per day (\$200 maximum per admission) to conform to a similar Medi-Cal cost-containment proposal. This would result in savings of \$4.9 million.
- Vision Benefit Cost Containment—Adopted cost containment measures for vision services to achieve \$3.3 million in General Fund savings in 2011-12.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services serves approximately 243,000 individuals with developmental disabilities in the community and 1,970 individuals in state-operated facilities. The Budget includes \$4.6 billion (\$2.6 billion General Fund). Services are provided through the developmental centers and one community facility and the regional center system.

ADOPTED SOLUTIONS

- Developmental Services System Wide Reductions—A net decrease of \$582.2 million over the two-year period from 2010-11 to 2011-12. Legislation authorized various cost containment measures to achieve ongoing savings of \$389.3 million.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health provides oversight of community mental health programs and direct services through state hospitals. The Budget includes \$4.5 billion (\$1.3 billion General Fund) in 2011-12.

ADOPTED SOLUTIONS

- Fund Community Services Programs with the Mental Health Services Fund (MHSF)—A decrease of \$861.2 million in 2011-12. Legislation authorizes the one-time use of the MHSF for the Early and Periodic Screening, Diagnosis and Treatment program, the Mental Health Managed Care program, and mental health services to special education students.
- The Budget provides \$98.6 million MHSF to county mental health agencies on a one-time basis for mental health services to special education students. Ongoing responsibility for these services is realigned to school districts. Shifting the responsibility for providing mental health services, including out-of-home residential services, is expected to contain costs and ensure that services provided are related to educational outcomes.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

ADOPTED SOLUTIONS

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

- Reduce the Time Limit on Aid for Adults—A decrease of \$102.6 million in 2011-12 from reducing the cumulative total number of months aided adults can receive a monthly cash benefit from 60 months to 48 months. This reduction will result in approximately 22,500 adults being removed from aid.
- Reduce Monthly Grants by 8 Percent—A decrease of \$314.3 million in 2011-12 from reducing the maximum monthly CalWORKs aid payment levels by 8 percent. This reduction will reduce the maximum monthly grant for a family of three from \$694 to \$638.

HEALTH AND HUMAN SERVICES

- Reduce Earned Income Disregard—A decrease of \$83.3 million in 2011-12 from reducing the amount of income that is not counted for purposes of calculating a family's monthly grant. The income disregard will be modified to not count the first \$112 of monthly earned income and 50 percent of each dollar earned beyond \$112.
- Extend Short-Term Reforms—A net decrease of \$369.4 million in 2011-12 from extending, for one year, the reduction in the county single allocation for employment services and Stage 1 child care that has been in place since 2009-10.
- Suspend Cal-Learn Program—A decrease of \$43.6 million in 2011-12 from a one-year suspension of the Cal-Learn program, which provides intensive case management, supportive services, and fiscal incentives and disincentives to encourage teen parents to earn a high school diploma or equivalent degree. This reduction would maintain fiscal incentives during this period for pregnant or parenting teenagers who continue to make satisfactory progress on their education.

IN-HOME SUPPORTIVE SERVICES (IHSS)

- Eliminate Services for Recipients without Medical Certification—A net decrease of \$67.4 million in 2011-12 from requiring the provision of IHSS to be contingent upon a written certification from a licensed health care professional that personal care services are necessary to prevent out-of-home care.
- Implement Community First Choice Option—A decrease of \$128 million in 2011-12 from the assumption that the state will receive a 6-percent increase in federal matching funds by exercising a federal option for home and community-based attendant services benefiting all IHSS federally eligible recipients.
- Implement Pilot Project for Medication Dispensing Machines—A decrease of \$140 million in 2011-12 from implementing a pilot project that would utilize automated medication dispensing machines with associated telephonic reporting services for monitoring and assisting Medi-Cal recipients with taking prescribed medications.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP)

- Reduce SSI/SSP Grants for Individuals to the Federal Minimum—A net decrease of \$178.4 million in 2011-12 from reducing monthly SSP grants for individuals to the federal minimum payment standard. With this reduction, the maximum monthly SSI/SSP cash grant for individuals will be reduced by \$15 per month (from \$845 to \$830). SSP grants for couples are already to the federal minimum.

INFORMATION TECHNOLOGY PROJECTS

- Delay Development of the LEADER Replacement Project—A decrease of \$14.1 million in 2010-11 and \$13 million in 2011-12 from delaying development of the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting Replacement (LEADER Replacement) system. This project will replace Los Angeles County's existing automated system for eligibility and benefit determination for CalWORKs, CalFresh, Medi-Cal, and various social services programs.

OTHER CHANGES

The Budget includes the following significant changes:

- Foster Care Rate Increase—An increase of \$17.4 million in 2011-12 to increase payment rates and grant a cost-of-living adjustment for foster family homes as well as prospective Adoption Assistance Payment, Kinship Guardianship Assistance Payment, and Non-Related Legal Guardian payment rates required by judicial decisions.
- Funding for Residential Care for Seriously Emotionally Disturbed Pupils—A decrease of \$68 million in 2011-12 to reflect a shift in responsibility of funding for Seriously Emotionally Disturbed placements from the DSS to schools and a decrease in county administrative costs for this program. Of the total amount, \$66.6 million will now be included in Proposition 98 General Fund for this program.

Attachment #3

Omar Noorzad - Re: [CAL-DD] CDCAN REPORT #133-2011: GOVERNOR & LEGISLATIVE DEMOCRATIC LEADERS REACH BUDGET DEAL WITHOUT REPUBLICAN SUPPORT - CONTAINS "TRIGGER" FOR MORE CUTS IF NEW REVENUES DON'T COME IN BY JANUARY 2012

From: "Marty Omoto, Director - California Disability Community Action Network (CDCAN)" <martyomoto@RCIP.COM>
To: <CAL-DD@LISTSERV.ICORS.ORG>
Date: 6/28/2011 5:09 AM
Subject: Re: [CAL-DD] CDCAN REPORT #133-2011: GOVERNOR & LEGISLATIVE DEMOCRATIC LEADERS REACH BUDGET DEAL WITHOUT REPUBLICAN SUPPORT - CONTAINS "TRIGGER" FOR MORE CUTS IF NEW REVENUES DON'T COME IN BY JANUARY 2012

CDCAN DISABILITY RIGHTS REPORT

**#133-2011 - JUNE 28, 2011 - TUESDAY EARLY MORNING
 CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK**

Advocacy Without Borders: One Community - Accountability With Action

CDCAN Reports go out to over 55,000 people with disabilities, mental health needs, seniors, people with traumatic brain and other injuries, people with MS, Alzheimer's and other disorders, veterans with disabilities and mental health needs, families, workers, community organizations, facilities and advocacy groups including those in the Asian/Pacific Islander, Latino, African-American communities; policymakers, and others across the State.

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To reply to THIS Report write: Marty Omoto at martyomoto@rcip.com Website: www.cdcan.us Twitter: [martyomoto](https://twitter.com/martyomoto)

[Note: Sorry for delay in reporting, but suffered major breakdown of my computer and could not get reports out since Sunday. Attempting to repair and resolve problem today - Marty Omoto]

State Budget Crisis:

GOVERNOR BROWN & LEGISLATIVE DEMOCRATIC LEADERS REACH BUDGET AGREEMENT WITHOUT REPUBLICAN SUPPORT - BUDGET PLAN WON'T CONTAIN TAX EXTENSIONS

Higher Revenue Projections and Additional Cuts to Higher Education Will Close Budget Gap in Democratic Plan - "Trigger" In Budget Plan Would Be Pulled If Revenues Don't Come in As Planned By Next January That Could Impact Health and Human Services, Education and other Budget Areas - Vote on Budget Could Happen As Early As Tuesday or Wednesday - Governor's Position on Adult Day Health Care Not Clear Yet

SACRAMENTO, CALIF (CDCAN) [Last updated 06/28/2011 3:50 AM] - Giving up on winning support from Legislative Republicans, Governor Jerry Brown reached an agreement late Monday afternoon with the Legislature's two Democratic leaders, Senate President Pro Tem Darrell Steinberg (Democrat - Sacramento) and Assembly Speaker John Perez (Democrat - Los Angeles) with a budget plan that will not contain his proposals to extend for five years the 2009 temporary tax increases

scheduled to expire June 30, 2011 but instead counts on \$4 billion more in revenues that he hopes California will bring in next year. The agreement will mean that there will be no special election in 2011 and that any proposal to increase taxes for voters to decide will be placed on the November 2012 general election ballot by petition rather than by a 2/3rds vote of the Legislature that would require at least 2 Republican votes in the State Senate and the Assembly (assuming all Democrats voted for it).

The budget agreement reached on Monday does not contain any new additional spending cuts to health and human services beyond what was passed by the Legislature and approved by the Governor in March, and beyond what the Legislature passed on June 15th (those budget trailer bills have not been sent to the Governor yet). It is not clear from the budget agreement reached yesterday whether or not the Governor will support the Legislature's restoration of partial funding for Adult Day Health Care centers and a separate budget trailer bill that deals with getting federal government approval for the creation of a new model of Adult Day Health Care.

The budget agreement however contains two "triggers" that would be pulled if the State determines in January 2012 whether the higher projected level of \$4 billion in new revenues are actually coming into the State as budgeted. If the funding falls short - one or two "triggers" would be pulled that would automatically implement mid-year cuts of more than \$2.5 billion in State general fund spending including \$200 million in health and human services (the bulk - \$1.9 billion would come from K-12 education).

The Governor said Monday that "we have severe trigger cuts that will be triggered and go into effect without the projected [additional] revenues. And those are real."

Budget Agreement Will Need Only Majority Vote - Vote Could Come As Early As Tuesday or Wednesday

The budget agreement, blasted by legislative Republicans as doing "absolutely nothing to change government as usual" will need only a simple majority vote of at least 41 votes in the Assembly and 21 votes in the State Senate to pass. That vote could happen as early as Tuesday afternoon (June 28th) or Wednesday (June 29th) - though no floor sessions are officially scheduled today in either the Assembly or State Senate.

Democrats hold 52 of the 80 seats in the Assembly and 25 of the 40 seats in the State Senate

It is not clear if either house will hold a informational hearing by the two full Assembly and Senate budget committees before bringing the new agreement for a final vote on the floor of both houses.

Legislative Democrats Passed Majority Vote Budget on June 15th - Governor Vetoed June 16th
Legislative Democrats on June 15th, passed on a majority vote, a revised main budget bill and several budget trailer bills, that did not include extensions of the 2009 temporary tax increases. That plan did include several fee and a sales tax increase that were included that Democrats said only needed a majority vote to pass in part because of how the new revenues would be used - a contention that Legislative Republicans strongly objected to.

The Governor however vetoed the main budget bills on June 16th saying it was unbalanced and did not solve the on-going budget deficits and contained "questionable" legal provisions such as cutting or shifting \$1 billion to the State general fund from Proposition 10's First Five Commissions.

Following the Governor's veto, State Controller John Chiang announced that he would withhold, under Proposition 25, legislator's pay and reimbursements for each day after June 15th that a budget is not passed and presented to the Governor, because the budget plan they passed on June 15th was not balanced. Legislative Democrats strongly criticized not only the Governor for his veto - but Chiang, also a fellow Democrat - nclaiming that he exceed his authority and misread the requirements of Proposition

25 and other state laws governing the State budget.

What The Budget Agreement Contains

* No details are yet available, but generally, the new budget agreement relies on the over \$6 billion in reductions to health and human services and billions in fund shifts and other cuts that the Legislature passed and the Governor approved in March, and much of the provisions of the budget that the Legislature passed on June 15th that the Governor vetoed the next day because he believed it wasn't balanced and contained "legally questionable maneuvers". The budget agreement reached on Monday does not contain additional new cuts to health and human services beyond what the Legislature passed in March and on June 15th.

* To replace the lost revenues that would have come from the extensions of the temporary tax increases the budget agreement would instead include a higher estimate or projection totalling \$4 billion of revenues that they hope the State will bring in during the 2011-2012 State budget year that begins July 1st and make additional reductions to the California State University and University of California systems.

* The budget agreement does contain a "trigger" that would be pulled sometime in January if the Department of Finance director determines that revenues are not coming in as projected - that would mean automatic additional cuts of hundreds of millions of dollars to education, health and human services - including programs and services for people with disabilities, mental health needs, seniors and low income families. See below for information on the "trigger"

* The budget agreement also includes most of the budget trailer bills - including those that details some of the cuts to developmental services - that the Legislature passed - on a majority vote - on June 15th but have not yet sent to the Governor because of his veto of the main budget bills on June 16th. This includes the reduction to redevelopment agencies.

* It was not clear from Monday's press conference by the Governor and Legislative Democratic leaders whether or not the Governor will support the partially restored funding for Adult Day Health Care centers and the budget trailer bill - that the Legislature passed on June 15th but has not yet sent to the Governor. Advocates across the State have been urging the Governor not to line item veto the restored funding in the main budget bill - and to also sign the separate budget trailer bill that would require the Department of Health Care Services to submit to the federal government a federal Medicaid waiver proposal to create a new model of Adult Day Health Care.

* The new budget agreement does contain several fee increases (including a \$12 increase per vehicle registration fee with the Department of Motor Vehicles) that Democrats passed on a majority vote on June 15th over the objections of Legislative Republicans. The agreement also contains a 1.06% point sales tax swap that shifts the money to local government to pay for programs and services that the Governor wants shifted to the counties from the State (referred to as "realignment").

* The budget agreement however deletes out proposals that Democrats included in their June 15th budget plan, including shifting or cutting \$1 billion from the First 5 Commission (under Proposition 10) and a plan to raise \$1.2 billion from selling state buildings. Those reductions that were in the June 15th Democratic passed budget plan were taken out of the new agreement reached Monday (June 27th) by the Governor and Legislative Democratic leaders.

* Though it will not be part of the actual 2011-2012 State budget once it is passed and signed into law, the Governor said Monday that he intended to push forward, by petition, gathering sufficient signatures to qualify ballot initiatives to raise taxes for voter approval for the November 2012 Statewide general election. He did not specify what taxes he would propose to be increased by going the initiative route - but the Democratic Governor underscored that he felt new revenues were needed to solve the on-going budget shortfall - and to pay for certain services and programs that he wants shifted (or "realigned") to the counties.

How The Trigger Would Work

* In recent years the Legislature and Governor have used "triggers" in state budget agreements that if

pulled (or in one instance if not pulled) would result in automatic reductions that don't require additional approval from either the Legislature or Governor.

* This happened in the 2009-2010 State Budget that was passed in February 2009 - four months early and in the revised budget that was passed later in July that year. A "trigger" was link to the actual and projected amount of certain specific federal funds that California would receive that - depending on the amount - could avoid the elimination of 9 Medi-Cal "optional benefits" for adults, the roll-back of wages for In-Home Supportive Services workers and a reduction in grant levels for SSI/SSP (Supplemental Security Income/State Supplemental Payment) .

* A "trigger" was also used that year regarding cuts to developmental services and imposing a higher reduction in payments to regional center providers if savings could not be determined in other cuts to regional centers.

* The 2011-2012 State Budget "trigger" are actually at least two triggers that cover cuts to different budget areas and would be pulled under different circumstances.

* The first step is that the Governor's Department of Finance director determine in January 2012 whether the higher revenue projections in the budget agreement of \$4 billion is on target, using actual budget revenue figures from July through December and new budget projections for the remaining months of the 2011-2012 State budget year (January through June 30, 2012).

* The actual amount of money that comes in - and the amount that the Department of Finance believes in January will come in for the remaining months of the 2011-2012 State budget year, will determine what triggers will be pulled - and what new additional spending cuts will be made (without further approval needed by either the Legislature or Governor) as reported last night by the Sacramento Bee in "tiers" or "levels" :

* "Tier 0" (\$3 to \$4 billion): if the Department of Finance determines in January that the State received or is likely to receive that amount in additional revenues, then no trigger will be pulled and no automatic additional mid-year cuts will be made (and any shortfall between the two amounts would be a problem to resolve in the 2012-2013 State Budget year that begins July 1, 2012.

* "Tier 1" (\$2 to \$3 billion): if the Department of Finance determines in January that the State received or is likely to receive this level of money instead of the projected \$4 billion in new revenues, then automatic mid-year spending cuts of about \$600 million in State general funds would be implemented (with any remainder pushed into the next budget year process). That \$600 million in State general fund spending cuts would include new additional mid-year reductions of \$200 million to health and human services (no details of what specific programs available but could include In-Home Supportive Services), \$100 million to California State University and \$100 million to the University of California. Note: in the budget trailer bill passed in March dealing with IHSS, there is a separate "trigger" regarding additional cuts to that program if a certain medication pilot program does not achieve projected level of new federal funds to California, by October 2012.

* "Tier 2" (\$0 to \$2 billion): if the Department of Finance determines in January 2012 that the State received or is likely to receive this amount of funding instead of the projected \$4 billion in new revenues, then automatic additional mid-year cuts will be made (on top of the \$600 million reduction in State general fund spending in "Tier 1") of up to \$1.9 billion in State general fund reductions, including \$1.5 billion cut to K-12 education (by imposing 7 fewer classroom days and \$250 million cut to school bus transportation excluding transportation that the federal government requires). The level of reductions in this tier (up to \$1.9 billion) will depend on how much of the \$2 billion of the \$4 billion in projected new revenues comes in.

STATEMENT BY SENATE PRESIDENT STEINBERG ON BUDGET AGREEMENT:

The following statement was released Monday afternoon (June 27, 2011) by Senate President Pro Tem Darrell Steinberg following the announcement of a new 2011-2012 State Budget agreement between Governor Brown and Legislative Democratic leaders:

"This is a balanced budget that protects, to the greatest extent possible, California's public education

system, jobs, the economy, and our way of life.

While this budget implements more than \$14.6 billion in harsh and very real cuts, it also puts us on a pathway over the next 18 months to eliminate a structural deficit that's plagued California for a decade. This budget is the most austere fiscal blueprint California has seen in more than a generation. Spending levels are at an historic low, and every sector of society will feel the difficult choices we've made to bring this budget into balance.

Earlier this year, the Governor asked both Democrats and Republicans to get out of their comfort zones and do what was best for California. For Democrats, that meant agreeing to billions of dollars in cuts to programs that are vital to children, the elderly, the sick and the poor. We delivered in March and we're delivering again in June – with billions more in cuts, particularly if revenues fall short of projections. Unfortunately, Democrats were forced to deliver alone. We used all the tools available to us under the Constitution to do just that – deliver. The imperative for revenue is as great as before because there is still a structural deficit looming. We will move forward through the initiative process to put the question before the voters in November of 2012.”

STATEMENT BY SENATE REPUBLICAN LEADER BOB DUTTON :

The following statement was released Monday by Senate Republican Leader Bob Dutton on the budget agreement reached by Governor Brown and Legislative Democratic leaders:

"Californians deserve better than the 'Hope without Change' budget the Democrats announced today. This latest budget is based on the hope that \$4 billion in new revenues will miraculously materialize, but does absolutely nothing to change government as usual. The Democrats have said no to all of the Republican reforms that Californians are demanding, including pension reform, a spending cap and job creation. Californians have the right to a real bi-partisan budget solution that provides for a vibrant economy and job opportunities."

STATEMENT BY ASSEMBLY REPUBLICAN LEADER CONNIE CONWAY:

The following statement was released Monday by Assembly Republican Leader Connie Conway (Republican - Tulare) regarding the agreement reached by the Governor and legislative Democratic leaders on the budget [there was no official statement released by Assembly Speaker John Perez, though he did make some comments at the Governor's press conference Monday afternoon where the agreement was announced.

"Republicans listened to the voters and stayed true to the only special interest we represent - California's taxpayers. Despite every effort by Gov. Brown, legislative Democrats, public employee unions and other Sacramento special interests to pressure us to raise taxes by \$58 billion, we honored the commitment we made to the people of California to stay out of their wallets. While Democrats may still use legally questionable maneuvers to raise taxes, the simple truth is because of Republicans' resolve, temporary tax increases will expire this Friday and the average California family will save nearly \$1,000 per year. Californians deserve a government that understands that money belongs to the people, not the government. While we still haven't seen the details of the Democrats' budget plan, our steadfast opposition to higher taxes has helped remind Sacramento tax-and-spend liberals of the need to live within our means.

In the remaining months of the legislative year, Republicans look forward to passing badly-needed measures like pension reform to fix future state budgets. We will also continue to push our pro-jobs agenda to help the nearly 2 million unemployed Californians get back to work."

HELP - VERY URGENT - JUNE 28, 2011 - PLEASE HELP

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CDCAN - 1225 8th Street Suite 480 - Sacramento, CA 95814

Many, many thanks to all the organizations and individuals for their continued support that make these reports and other CDCAN efforts possible. [Note: As of June 26th due to major problem with my computer and email, I have to use this old format of the CDCAN Reports that unfortunately does not have the list of people and organizations who have generously contributed and supported CDCAN in the past year and in recent weeks and months. I should have computer problem repaired sometime this week hopefully - Marty Omoto]

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Attachment #4

Omar Noorzad - Re: [CAL-DD] CDCAN REPORT #141-2011: BREAKING NEWS - GOVERNOR BROWN SIGNS MAIN BUDGET BILL - KEEPS FUNDING FOR ADULT DAY HEALTH CARE

From: "Marty Omoto, Director - California Disability Community Action Network (CDCAN)" <martyomoto@RCIP.COM>
To: <CAL-DD@LISTSERV.ICORS.ORG>
Date: 6/30/2011 12:57 PM
Subject: Re: [CAL-DD] CDCAN REPORT #141-2011: BREAKING NEWS - GOVERNOR BROWN SIGNS MAIN BUDGET BILL - KEEPS FUNDING FOR ADULT DAY HEALTH CARE

CDCAN DISABILITY RIGHTS REPORT

#141-2011 - JUNE 30, 2011 - THURSDAY

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK

Advocacy Without Borders: One Community - Accountability With Action

CDCAN Reports go out to over 55,000 people with disabilities, mental health needs, seniors, people with traumatic brain and other injuries, people with MS, Alzheimer's and other disorders, veterans with disabilities and mental health needs, families, workers, community organizations, facilities and advocacy groups including those in the Asian/Pacific Islander, Latino, African-American communities; policymakers, and others across the State.

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To reply to THIS Report write: Marty Omoto at martyomoto@rcip.com Website: www.cdcan.us Twitter: [martyomoto](https://twitter.com/martyomoto)

[Note: Sorry for delay in reporting, but suffered major breakdown of my computer and could not get reports out since Sunday. Attempting to repair and resolve problem today - Marty Omoto]

State Budget Crisis - Breaking News:**GOVERNOR BROWN SIGNS MAIN BUDGET BILL - MAKES ONLY \$23 MILLION IN LINE ITEM VETOES - KEEPS FUNDING FOR ADULT DAY HEALTH CARE**

SACRAMENTO, CALIF (CDCAN) [Last updated 06/30/2011 12:50 PM] - Governor Jerry Brown signed SB 87, the main budget for the State's 2011-2012 budget year that begins on Friday, July 1. A full CDCAN Report on the Governor's actions will be issued within the hour. The Governor kept in the budget the funding restored by the Legislature for Adult Day Health Care but deleted a provision in the budget that requires a specified spending level for the program during the 2011-2012 State Budget year because "it does not consider other services available to these individuals [using Adult Day Health Care] that preserve their ability to remain in the community."

"This is an honest but painful budget that returns California's General Fund spending to levels unseen since the 1970s. We've cut our deficit by \$15 billion dollars and achieved financial balance this year. This is a huge step forward. But California's long-term stability depends on our willingness to continue to pay down debt and live within our means," said Governor Brown.

SB 87 - REVISED MAIN BUDGET BILL

AUTHOR: Sen. Mark Leno (Democrat - San Francisco)

CDCAN SUMMARY:

The main revised budget bill for 2011-2012 State budget year that begins July 1, 2011 and ends June 30, 2012.

PREVIOUS ACTION 06/28/2011: PASSED Assembly by vote of 51 to 28. PASSED State Senate by vote of 21 to 19. Sent to Governor at 09:45 PM.

LATEST ACTION 06/30/2011: SIGNED by Governor with \$23 million in State general fund line item vetoes

NEXT STEPS: Legislature can, with 2/3rds votes in both houses, over-ride the Governor's line-item veto and also a veto of any specific bill. However it is extremely rare that the Legislature attempts to over-ride a veto - and even rarer that when they do, that they actually succeed (the last time was in July 1979) during Governor Brown's first term dealing with insurance and pay raises for state employees.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: Replaces SB 69, passed in March (but never sent to the Governor until June 15th) and AB 98, passed on June 15, 2011 - both together the main budget bills for 2011-2012, that the Governor vetoed on June 16th).

Some reductions approved in March or in June, are only in the main budget bill and not in any budget trailer bill - such as the cut to MSSP (Multipurpose Senior Services Program) because no changes in State law was required. (AB 110) This main budget bill is 784 pages long (in the pdf version).

LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_87_bill_20110628_enrolled.html

LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_87_bill_20110628_enrolled.pdf

PRIORITY: VERY HIGH

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Attachment #5

Omar Noorzad - Re: [CAL-DD] CDCAN REPORT #143-2011: Governor Also Signs 10 Budget Trailer Bills Along With Main Budget Bill Including Developmental Services, "Trigger Cuts" & Education - In Addition to 8 Signed Yesterday

From: "Marty Omoto, Director - California Disability Community Action Network (CDCAN)" <martyomoto@RCIP.COM>
To: <CAL-DD@LISTSERV.ICORS.ORG>
Date: 6/30/2011 9:40 PM
Subject: Re: [CAL-DD] CDCAN REPORT #143-2011: Governor Also Signs 10 Budget Trailer Bills Along With Main Budget Bill Including Developmental Services, "Trigger Cuts" & Education - In Addition to 8 Signed Yesterday

CDCAN DISABILITY RIGHTS REPORT

#143-2011 - JUNE 30, 2011 - THURSDAY EVENING

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK

Advocacy Without Borders: One Community - Accountability With Action

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[Note: Sorry for delay in reporting, but suffered major breakdown of my computer and could not get reports out since Sunday. Attempting to repair and resolve problem today or this week! - Marty Omoto]

State Budget Crisis :

GOVERNOR BROWN ALSO SIGNS 10 BUDGET TRAILER BILLS ALONG WITH MAIN BUDGET BILL INCLUDING 3 DEALING WITH "TRIGGER CUTS"

Signs Developmental Services, Education, Transportation Budget Trailer Bills - At Least 2 Bills Remain For the Governor To Act On Including AB 96 Dealing With Adult Day Health Care Which Has Not Yet Been Sent To Governor

SACRAMENTO, CALIF (CDCAN) [Last updated 06/30/2011 08:00 PM] - In addition to signing early this afternoon SB 87, the main State budget bill for 2011-2012 passed by legislative Democrats on a strict party-line majority vote, Governor Brown also signed into law 10 budget "trailer" bills, including three dealing with the so-called "trigger cuts" that are linked to about \$2.5 billion in additional spending cuts to go into effect sometime after January 2012 if a certain level of revenues do not come into the State treasury as hoped for in the budget.

Among the 10 budget trailer bills that the Governor signed today include the developmental services, transportation and education budget trailer bills dealing with making changes in State law to implement certain spending reductions or savings.

The Governor signed into law 8 budget trailer bills on June 29th that the Legislature passed earlier on June 15th but did not send to him until this week. Of the 10 budget trailer bills the Governor signed today, 3 of the bills were passed by the Legislature on June 15th but never sent to the Governor until yesterday - and 7 were passed by the Legislature on June 28th and sent to him yesterday.

Of the 18 budget trailer bills the Governor signed yesterday and today, he included one "signing message" - for the budget trailer bill dealing with education, AB 114 (see below for full text).

Budget Trailer Bills In June In Addition To Those Passed & Signed Into Law In March

- * The budget trailer bills in June are in addition to the budget trailer bills passed and signed into law in March - including those that would made changes in State law to implement over \$6 billion in reductions in State general fund spending in health and human services in the 2011-2012 State Budget year including massive cuts to Medi-Cal, developmental services, CalWORKS, SSI/SSP, In-Home Supportive Services, mental health, Proposition 10 Children and Families First Commission and other areas.
- * The bulk of the cuts authorized in State law took place in the March budget trailer bills.
- * Those budget trailer bills from March, and from June - along with the main budget bill, taken together, make up the 2011-2012 State Budget.

Two Budget Trailer Bills Still Require Action From Governor

- * At least two bills still require action from the Governor - one that was sent to him late yesterday, ABx1 34 dealing with Seniors and People with Disabilities Property Tax Postponement Program, which he is expected to sign.
- * The other, AB 96, dealing with Adult Day Health Care that would require the Department of Health Care Services to develop and submit a proposal to the federal government for a new model of Adult Day Health Care under a new federal Medicaid waiver. That bill, passed by the Legislature on June 15th, has not yet been sent to the Governor, pending further talks between his office and Democratic legislative leaders to avoid a possible veto of the bill.

LATEST STATUS 0 REVISED MAIN BUDGET BILL

SB 87 - REVISED MAIN BUDGET BILL

AUTHOR: Sen. Mark Leno (Democrat - San Francisco)

CDCAN SUMMARY:

The main revised budget bill for 2011-2012 State budget year that begins July 1, 2011 and ends June 30, 2012.

PREVIOUS ACTION 06/28/2011: PASSED Assembly by vote of 51 to 28. PASSED State Senate by vote of 21 to 19. Sent to Governor at 09:45 PM.

LATEST ACTION 06/30/2011: SIGNED by Governor - \$23.8 million in State General Funding reductions from line item vetoes.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: Replaces SB 69, passed in March (but never sent to the Governor until June 15th) and AB 98, passed on June 15, 2011 - both together the main budget bills for 2011-2012, that the Governor vetoed on June 16th).

Some reductions approved in March or in June, are only in the main budget bill and not in any budget trailer bill - such as the cut to MSSP (Multipurpose Senior Services Program) because no changes in State law was required. (AB 110) This main budget bill is 784 pages long (in the pdf version).

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LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_87_bill_20110628_enrolled.pdf

PRIORITY: VERY HIGH

LATEST STATUS OF BUDGET TRAILER BILLS

Here is the status (as of June 30, 2011 08:00 PM) of those budget trailer bills passed by the Legislature on June 15th (for details on these bills see CDCAN Report #128-2011 or go to the CDCAN website at www.cdcan.us - and those passed on June 28th.

CDCAN will issue full report on these bills - on those passed in March and on June 28th once the Governor has taken final action.:

*** Adult Day Health Care ("Keeping Adults Free from Institutions") - AB 96: Passed Legislature 06/15/2011. Not sent yet to Governor**

* CalWORKS - AB 106: SIGNED by Governor 06/29/2011.

* Developmental Services - AB 104: SIGNED by Governor 06/30/2011 (see below)

* Education - SB 85 - Not sent to the Governor [replaced by AB 114 passed on June 28th]

* General Government Omnibus Bill - AB 119: SIGNED by Governor 06/29/2011.

* In-Home Supportive Services - AB 106: SIGNED by Governor 06/29/2011

* Health (including Medi-Cal) - AB 102: SIGNED by Governor 06/29/2011

* Housing (Redevelopment) - ABx1 26 and ABx1 27: SIGNED by Governor 06/29/2011/

* Mental Health - AB 102: SIGNED by Governor 06/29/2011

* Multipurpose Senior Services Program (MSSP) - Part of Main Budget Bill SB 87: SIGNED by Governor 06/30/2011.(see above)

* Nursing Facilities AB 1629 Quality Assurance Fee Renewal - ABx1 19: SIGNED by Governor 06/29/2011.

* Prevention Program for At-Risk Babies - AB 104: SIGNED by Governor 06/30/2011 (see below)

* Redevelopment Agencies - ABx1 26 and ABx1 27: SIGNED by Governor 06/29/2011.

*** Senior and Disabled Citizens Property Tax Postponement - ABx1 34: Sent to Governor 06/29/2011 at 04:45 PM**

* State Government - Changes to 2010 State Budget - AB 112: SIGNED by Governor 06/29/2011.

* Transportation Budget Trailer Bill - AB 115: SIGNED by Governor 06/30/2011 (see below)

* Revenues: Taxation - Use Tax - Online Companies ("Amazon Use Tax") - ABx1 28: SIGNED by Governor 06/29/2011

* Revenues: Public Resources - Fire Prevention Fees - ABx1 29: SIGNED by Governor 06/29/2011

* "Trigger Cuts" - AB 121, SB 73 and AB 114: SIGNED by Governor 06/30/2011 (see below)

* Supplemental Appropriation (Augmentation) Bill - AB 122: SIGNED by Governor 06/30/2011 (see below)

Listed below are the full status and other information including latest versions of the bill for those budget trailer bills that the Governor signed into law today, June 30th. Not included below (but mentioned in the summary above) are budget trailer bills he signed into law yesterday (June 29th), and any budget trailer bill that he has not yet acted on (or has not yet been sent to him). A full report on ALL Budget trailer bills - including those passed by the Legislature and signed into law by the Governor in March, will be sent out tomorrow.

AB 104 - DEVELOPMENTAL SERVICES

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY

This bill contains necessary changes in State law to implement various savings and spending reductions in the developmental services budget during the 2011-2012 State budget year.

PREVIOUS ACTION 06/15/2011: PASSED by Assembly by vote of 52 to 25 (PASSED State Senate by vote of 23 to 14 on 06/10/2011)

PREVIOUS ACTION 06/29/2011: Sent to Governor at 04:45 PM

LATEST ACTION 06/30/2011: SIGNED by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: Contains specifics on achieving budget savings - and reductions to developmental services, including shifting the Prevention Program to Family Resource Centers, imposing parental fees, with exceptions, and other changes [See separate CDCAN Report later today for full details on these reductions and changes - and a special meeting and conference call to go over how changes will be implemented)

LINK TO LATEST VERSION OF BILL - HTML http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_104_bill_20110608_amended_sen_v97.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_104_bill_20110608_amended_sen_v97.pdf

PRIORITY: VERY HIGH

AB 114 - EDUCATION BUDGET TRIGGER CUTS & EDUCATION TRAILER BILL

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY:

Would make changes to existing State law to K-12 education, higher education and child care programs necessary to implement the revised main budget bill. Includes \$1.8 billion in "trigger cuts" if venues fall below projections by \$2 billion or more.

PREVIOUS ACTION 06/28/2011: PASSED State Senate by vote of 23 to 16. PASSED Assembly by vote of 51 to 28. Sent to Governor at 10:45 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

GOVERNOR'S SIGNING MESSAGE:

"To Members of the California State Assembly:

AB 114 directs schools to adhere to the level of state funding provided in the Budget and not assume a different, or lower, state funding level. If, in fact, revenues fall far short of projections - something we don't anticipate - this bill reduces funding beginning in February. It also provides schools the authority to shorten the school year by up to 7 days. This approach avoids the harmful effects of unnecessary cuts. In fashioning their local budgets, school boards may nevertheless need to make reductions due to cost increases, loss of federal funds, enrollment declines or other factors. AB 114 does not interfere with these local school board decisions. School boards should take all reasonable steps to balance their budgets and to maintain positive cash balances.

Let us not forget that schools would have enjoyed billions more in state funding if Republicans in the Legislature had allowed the people of California to vote on tax extensions.

Sincerely, [signed] Edmund G. Brown, Jr. "

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of three bills dealing with the budget "trigger" - including one that gives authority to the Governor's Department of Finance to determine whether sufficient level of new revenues are coming in as projected by January 2012 - and then to implement certain levels of cuts up to \$2.5 billion if it is determined that revenues are not coming in as projected. The other two bills deals with the specific levels of reductions that would occur in K-12 education and health and human services should the triggers be pulled in January 2012.

Note: The Governor's signing message was saved by his office as a pdf image, and as a result, it cannot be read by people who are blind or sight iimpared using screen reading devices. CDCAN has reproduced the entire text of the signing message above however.

LINK TO GOVERNOR'S SIGNING MESSAGE:

http://gov.ca.gov/docs/AB_0114_Signing_Message.pdf

LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_114_bill_20110629_enrolled.html

LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_114_bill_20110629_enrolled.pdf

PRIORITY: VERY HIGH

AB 115 - TRANSPORTATION BUDGET TRAILER BILL

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY: *Makes changes in State law in the area of transportation to implement the 2011-2012 State Budget.*

PREVIOUS ACTION 06/15/2011: PASSED Assembly by vote of 52 to 26 (PASSED State Senate by vote of 24 to 15 on 06/10/2011).

PREVIOUS ACTION 06/29/2011: Sent to Governor at 04:45 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_115_bill_20110608_amended_sen_v98.html

LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_115_bill_20110608_amended_sen_v98.pdf

PRIORITY: HIGH

AB 117 - PUBLIC SAFETY REALIGNMENT #3 BUDGET TRAILER BILL - AB 109 CLEAN-UP

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY:

Budget trailer bill that would make various technical (not major) changes to the provisions of AB 109 dealing with shifting (realigning) certain public safety programs to the counties, as passed by the Legislature and signed by the Governor in March.

PREVIOUS ACTION 06/28/2011: PASSED State Senate PASSED by vote of 24 to 14. Assembly by vote of 51 to 28. Sent to Governor at 07:30 PM

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_117_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_117_bill_20110628_enrolled.pdf

PRIORITY: HIGH

AB 118 - PUBLIC SAFETY REALIGNMENT #2: SALES TAX FUNDING AND ALLOCATIONS

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY:

Would convert \$5 billion in State sales tax to local sales tax to pay for public safety "realignment" program. Would provide for allocations of the funding for the various public safety programs. Implements AB 109 dealing with this issue as passed by the Legislature in March (and signed by the Governor).

PREVIOUS ACTION 06/28/2011: PASSED State Senate by vote of 24 to 15. PASSED Assembly by vote of 51 to 28. Sent to Governor at 07:30 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of four bills dealing with public safety including three dealing with specific issues around "realignment".

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_118_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_118_bill_20110628_enrolled.pdf

PRIORITY: HIGH

AB 121 - BUDGET "TRIGGER" SPENDING REDUCTIONS AUTHORITY FOR DEPARTMENT OF

FINANCE

AUTHOR: Assenbly Budget Committee

CDCAN SUMMARY:

Would give the Governor's Department of Finance with the authority to make up to \$2.5 billion in additional spending cuts in State general funding for certain specified programs, should revenue collections fall short of budget projections in December 2011.

PREVIOUS ACTION 06/28/2011: PASSED State Senate by vote of 23 to 17. PASSED Assembly by vote of 51 to 28. Sent to Governor at 07:30 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of three bills dealing with the budget "trigger" - this one giving the authority to the Governor's Department of Finance to determine whether sufficient level of new revenues are coming in as projected by January 2012 - and then to implement certain levels of cuts up to \$2.5 billion if it is determined that revenues are not coming in as projected. The other two bills deals with the specific levels of reductions that would occur in K-12 education and health and human services should the triggers be pulled in January 2012.

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_121_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_121_bill_20110628_enrolled.pdf

PRIORITY: **VERY HIGH**

AB 122 - BUDGET ACTS OF 2009 and 2010 - SUPPLEMENTAL APPROPRIATION

AUTHOR: Assembly Budget Committee

CDCAN SUMMARY:

This supplemental appropriations billor deficiency bill (for 2009 and 2010 State Budget years) appropriates \$1.2 billion from the State General Fund to the State Controller for allocation to the Department of Corrections and Rehabilitation (CDCR) (\$1.15 billion), the Department of Mental Health (DMH) (\$50 million), CAL FIRE (\$12,600), the Department of Finance (DOF) \$145,000), and \$1.1 million for Mariposa, Modoc and Shasta Counties for homicide trial reimbursement.

PREVIOUS ACTION 06/15/2011: PASSED Assembly by vote of 53 to 24. (PASSED State Senate by vote of 26 to 4 on 06/11/2011).

PREVIOUS ACTION 06/29/2011: Sent to Governor at 04:45 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT:

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_122_bill_20110608_amended_sen_v98.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0101-0150/ab_122_bill_20110608_amended_sen_v98.pdf

PRIORITY: HIGH

SB 73 - BUDGET TRIGGER: HEALTH AND HUMAN SERVICES

AUTHOR: Senate Budget and Fiscal Review Committee

CDCAN SUMMARY:

Would make changes in State law to allow for implementation of \$200 million in reductions in State general fund spending in the health and human services budget, that is part of the \$2.5 billion in "trigger cuts". Would make \$15 million in reductions to Medi-Cal impacting PACE (Program for All Inclusive Care for the Elderly, AIDS Foundation and Senior Action Network; \$100 million in State general fund cuts to developmental services to be identified by the Department of Developmental Services from across the developmental services system and \$100 million in across the board cuts in State general funding to

In-Home Supportive Services

PREVIOUS ACTION 06/28/2011: PASSED Assembly by vote of 51 to 28. PASSED State Senate by vote of 23 to 17. Sent to Governor at 09:50 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of three bills dealing with the budget "trigger" - including one that gives authority to the Governor's Department of Finance to determine whether sufficient level of new revenues are coming in as projected by January 2012 - and then to implement certain levels of cuts up to \$2.5 billion if it is determined that revenues are not coming in as projected. The other two bills deals with the specific levels of reductions that would occur in K-12 education and health and human services should the triggers be pulled in January 2012. **See complete text of this bill below.**

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_73_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_73_bill_20110628_enrolled.pdf

PRIORITY: **VERY HIGH**

SB 89 - PUBLIC SAFETY REALIGNMENT #1 BUDGET TRAILER BILL - VEHICLE LICENSE FEE (VLF) FUNDING

AUTHOR: Senate Budget and Fiscal Review Committee

CDCAN SUMMARY:

Would provide \$453 million in vehicle license fee (VLF) funding to pay for a portion of the public safety "realignment of services from the State to the counties as follows: (1) Vehicle license fee (VLF) funds redirected from administration of the Department of Motor Vehicles (DMV) (\$300 million resulting from corresponding \$12 increase in motor vehicle registration fees) and, (2) Vehicle license fee (VLF) funds that can be redirected from local governments (\$153 million)

PREVIOUS ACTION 06/28/2011: PASSED Assembly by vote of 51 to 27. PASSED by State Senate by vote of 22 to 17 Sent to Governor at 09:50 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of three bills dealing with public safety.

LINK TO LATEST VERSION OF THIS BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_89_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF THIS BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_89_bill_20110628_enrolled.pdf

PRIORITY: **HIGH**

SB 92 - PUBLIC SAFETY BUDGET TRAILER BILL

AUTHOR: Senate Budget and Fiscal Review Committee

CDCAN SUMMARY:

Would make various changes to State law to public safety and correctional (state prison) programs necessary to implement the 2011-2012 revised main state budget bill. including creation of a "Board of Community Corrections".

PREVIOUS ACTION 06/28/2011: PASSED Assembly by vote of 51 to 28. PASSED State Senate by vote of 24 to 15. Sent to Governor at 09:50 PM.

LATEST ACTION 06/30/2011: **SIGNED** by Governor.

EFFECTIVE DATE: Immediate upon signature of Governor.

CDCAN COMMENT: There are a total of four bills dealing with public safety including three dealing with specific issues around "realignment".

LINK TO LATEST VERSION OF BILL - HTML: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_92_bill_20110628_enrolled.html

LINK TO LATEST VERSION OF BILL - PDF: http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0051-0100/sb_92_bill_20110628_enrolled.pdf
PRIORITY: HIGH

HELP - VERY URGENT - JUNE 30, 2011 - PLEASE HELP CDCAN CONTINUE ITS WORK!!!

CDCAN Townhall Telemeetings, CDCAN Reports and Alerts and other activities cannot continue without YOUR help. To continue the CDCAN website and the CDCAN Reports and Alerts sent out and read by over 55,000 people and organizations, policy makers and media across the State, and to continue and resume CDCAN Townhall Telemeetings, trainings and other events, please send your contribution/donation (please make check payable to "CDCAN" or "California Disability Community Action Network" and mail to:

CDCAN - 1225 8th Street Suite 480 - Sacramento, CA 95814

Many, many thanks to all the organizations and individuals for their continued support that make these reports and other CDCAN efforts possible. [Note: As of June 26th due to major problem with my computer and email, I have to use this old format of the CDCAN Reports that unfortunately does not have the list of people and organizations who have generously contributed and supported CDCAN in the past year and in recent weeks and months. I should have computer problem repaired sometime this week hopefully - Marty Omoto]

To leave Cal-DD, send the message UNSUBSCRIBE CAL-DD to listserv@listserv.icors.org. To subscribe, send SUBSCRIBE CAL-DD to the same address. Questions for the listowner can be addressed to Cal-DD-request@listserv.icors.org.

Attachment #6

Omar Noorzad - NEWS: SacBee: Details on the budget "trigger" mechanism

From: "Anh Nguyen" <Nguyena@arcenet.org>
To: <ygratianne@sgprc.org>, <StatewideTIG@yahogroups.com>, "Bob Baldo" <bal...>
Date: 6/28/2011 9:27 PM
Subject: NEWS: SacBee: Details on the budget "trigger" mechanism
CC: "Bob Baldo" <Baldob@arcenet.org>, <Rollensconsult@aol.com>, "Carolyn Sti..."

****Please note proposed DDS budget reductions in Tier 1****

The latest on California politics and government

June 28, 2011

Details on the budget 'trigger' mechanism

The biggest new component of the Democratic budget is a \$4 billion assumption of higher revenues in 2011-12, backed by \$2.5 billion in "trigger" cuts in case some or none of that money materializes. The "trigger" legislation will be either Assembly Bill 121 or Senate Bill 96, depending upon which house votes first.

According to budget sources, the plan requires Gov. **Jerry Brown's** Department of Finance to certify on Dec. 15 whether the \$4 billion projection is accurate. The department is required to choose between its own forecast and the Legislative Analyst's, whichever is higher.

The "trigger" cuts are essentially in three tiers, based on how much of the extra \$4 billion comes in. (We have assigned numbers to the tiers to better explain the system.)

Tier 0: If the state gets \$3 billion to \$4 billion of the money, the state will not impose additional cuts and roll over any balance of the problem into the 2012-13 budget.

Tier 1: If the state gets \$2 billion to \$3 billion of the money, the state will impose about \$600 million of cuts and roll over the remainder into the 2012-13 budget. The \$600 million in cuts include:

- \$100 million cut to UC
- \$100 million cut to CSU
- \$100 million cut to In-Home Supportive Services hours
- \$100 million cut to Department of Developmental Services
- \$80 million cut to public safety programs
- \$30 million cut to community colleges triggering a \$10/unit fee hike
- \$23 million across-the-board cut to childcare funding
- \$20 million cut to Department of Corrections and Rehabilitation
- \$16 million cut to California State Library in library grants
- \$15 million cut related to Medi-Cal Managed Care
- \$15 million cut to California Emergency Management Agency

-- \$10 million cut to Department of Social Services in anti-fraud grants

Tier 2: If the state gets \$0 to \$2 billion of the money, the state will also impose as much as \$1.9 billion in additional cuts, proportionate to revenues:

- \$1.5 billion reduction to K-12 schools that allows districts to drop seven classroom days. That would lower the required total to 168 days, down from 180 days three years ago.
- \$248 million cut that eliminates school bus transportation
- \$72 million cut to community colleges

All cuts would take effect Jan. 1, 2012, except for the school year reduction, which districts could impose starting Feb. 1, 2012.

Read more: <http://blogs.sacbee.com/capitolalert/latest/2011/06/full-details-on-the-trigger-me.html#ixzz1QdNL>

Anh Nguyen

Association of Regional Center Agencies
915 L Street, Suite 1440
Sacramento, CA 95814
(916) 446-7961
(916) 446-6912 FAX

We are never less for helping others be more. - Reuben Morgan



Think before you print

Please consider the environment before printing this e-mail

Attachment #7**Omar Noorzad - NEWS: Sac Bee, 7.6.11, "California Republicans win tax argument, little else"**

From: "Jean Ritchie" <ritchiej@arcenet.org>
To: "Judy Wallace-Patton" <jwp@sdrc.org>, "Michael Statti" <stattimichael@ya...>
Date: 7/6/2011 8:40 AM
Subject: NEWS: Sac Bee, 7.6.11, "California Republicans win tax argument, little else"
CC: "Anh Nguyen" <nguyena@arcenet.org>, "Bob Baldo" <baldob@arcenet.org>, "C..."

THE SACRAMENTO BEE sacbee.comkyamamura@sacbee.com**Published Wednesday, Jul. 06, 2011**

Just before Gov. Jerry Brown signed the state budget with little fanfare last week, Assembly Republicans celebrated at Downtown Ford, standing before cars they said would become cheaper overnight because they blocked tax extensions.

"This is a great day for California," said Assemblyman Tim Donnelly, R-Twin Peaks. "The death of these taxes is the rebirth of our economy."

If Republicans judge themselves by taxes alone, they scored a victory this year.

But Capitol experts say they also lost for the foreseeable future their best opportunity to reduce pensions, impose a stronger spending cap, or roll back regulations that affect businesses.

"It's up to them going forward if they want to put all of their resources into one issue or spread them between more," said Dan Schnur, a former GOP strategist and director of the Jesse Unruh Institute of Politics at the University of Southern California. "Right now, they are a one-issue party in the Legislature."

Under new budget-writing rules, Brown and Democratic lawmakers built a majority-vote spending plan – one that lacked the governance changes sought by Republicans.

Without GOP support, 2009 tax hikes on sales and vehicles expired Friday.

The lack of tax extensions will result in college tuition hikes, delayed payments to K-12 schools and further reductions to courts. Republicans declined to cast votes for many of those cost-cutting measures.

"When you look at this budget that was presented, and it was a Democrat budget, not ours, they are the ones who chose who got cut," said Assembly Republican Leader Connie Conway, R-Tulare. "They are the ones that made the priorities. So if people are suffering and hurting, they need to contact the people who did that to them. Our agenda was to put the money back in the taxpayers' pocket."

Republicans' business allies were less satisfied by last week's budget outcome.

The California Chamber of Commerce sought a bipartisan compromise with governance changes and broad-based taxes. Business groups will consider joining a coalition next year that places such a package

on the ballot, said Allan Zaremborg, president and CEO of the chamber.

"I think there were lost opportunities here," Zaremborg said. "The programs that were not funded are important to creating certainty for someone who wants to come to California. We have not created enough certainty to tell an investor who wants to come here, 'Your taxes are going to be stable and your fees aren't going to go up.' "

Zaremborg said Republicans satisfied their constituents by voting against taxes and refusing to reduce school funding. He also said Republicans felt the governance changes didn't go far enough.

But, he noted, "I think it is really important for all of them to engage."

With strong Democratic majorities in both houses, the GOP in previous years wielded its greatest leverage during budget talks. The state's two-thirds budget vote requirement forced Democrats to negotiate with them.

In some years, that meant providing goodies to individual GOP members – district perks or specific law tweaks. At other times, Republicans negotiated tax cuts or governance changes as a caucus.

Proposition 25 allows Democrats to pass their own budget on a majority vote, but the constitution requires that they obtain a two-thirds supermajority for taxes or placing constitutional amendments on the ballot. Because Brown wanted both as part of his budget plan, Republicans had a negotiating window.

"They missed a chance for reforms," said Senate President Pro Tem Darrell Steinberg, D-Sacramento, on the night of the final budget vote. "They don't just sit on their hands. They sit on their pledges. I feel sad for them. I feel sad for California. There's so much more we could do together."

Still, Jon Fleischman, a Republican state party official and publisher of the conservative Flash Report blog, says GOP members scored a major achievement.

"There are a lot of Republicans out there who want to make it sound like Republicans didn't reach out to grab the brass ring," Fleischman said. "That is dismissive of the substantive policy victory achieved by Republicans. This isn't tax relief for the rich. This is across-the-board tax relief for everyone in California hit hard by the recession."

Democrats say they will still seek curbs on pension abuses, an issue that polls well with voters. But they have little need for Republican votes at this point, giving labor unions a greater say in the outcome.

Some have speculated that Republicans could put a stronger pension measure on the ballot. But there are growing questions about whether they could find the money to gather signatures and run an expensive campaign. Pension measures lack the special-interest financier that successful initiatives typically require, said Rob Stutzman, a GOP strategist who recently examined funding potential.

Republicans and Brown could find themselves negotiating again next spring, since Democrats still want tax measures on the November 2012 ballot.

But that negotiation likely would occur with labor unions holding petitions for tax initiatives over Republicans' heads, leverage for Democrats that didn't exist this year.

Call Kevin Yamamura, Bee Capitol Bureau, (916) 326-5548. Paresh Dave of The Bee's Capitol Bureau contributed to this report.

Attachment #8

TRI-COUNTIES REGIONAL CENTER

6/21/2011

BUDGET REDUCTION ANALYSIS - PROJECTED FY 2011/12

CATEGORY	STATE	Estimated
	Reductions	TCRC Reductions
OPERATIONS (OPS)		
<u>March 2011 Cost Containment Measures</u>		
Administrative Cost Cap	\$1,900,000	\$90,476
Audits	\$300,000	\$14,286
Conflict of Interest	\$1,300,000	\$61,905
Subtotal	\$3,500,000	\$166,667
<u>May 2011 Cost Containment Measures</u>		
SDS - Reduced Staffing	\$861,000	\$172,200
CPP Reduced Staffing	\$315,000	\$15,000
Roll-back of Prior Year Staffing	\$1,902,000	\$90,571
Eliminate Accelerated Enrollment Funding	\$1,771,000	\$84,746
E-Billing - Staff Savings	\$1,316,000	\$62,667
Eliminate One-time Costs	\$3,000,000	\$0
Unallocated Reduction	\$5,400,000	\$257,143
Subtotal	\$14,565,000	\$682,327
Total New Reductions - Operations	\$18,065,000	\$848,994
PURCHASE OF SERVICES (POS)		
<u>March 2011 Cost Containment Measures</u>		
Administrative Cost Cap	\$68,100,000	\$3,242,857
Third Party Liability - Health Plans	\$11,000,000	\$523,810
Audits	\$39,500,000	\$1,880,952
Conflict of Interest	\$18,800,000	\$895,238
Accountability & Transparency	\$50,300,000	\$2,395,238
Subtotal	\$187,700,000	\$8,938,095
<u>May 2011 Cost Containment Measures</u>		
Reduction to Community Placement Plan Funding	\$9,685,000	\$461,190
Rate Equity and Negotiated Rate Control	\$6,008,000	\$286,095
Annual Program Fee	\$3,600,000	\$171,429
Mixed Payment Rates for ARM Facilities	\$2,255,000	\$107,381
Maximize Generic resources - Education Services	\$13,696,000	\$652,190
Supported Living Services - Maximize Resources	\$9,948,000	\$473,714
Individual Choice Day Services	\$12,839,000	\$611,381
Maximize resources - Behavior Services	\$4,893,000	\$233,000
Transportation Access Plans	\$1,473,000	\$70,143
Subtotal	\$64,397,000	\$3,066,524
Total New Reductions - POS	\$252,097,000	\$12,004,619
Prevention Program Reduction	\$13,647,000	\$462,060

Source: State data provided by ARCA.

Attachment #9

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY

EDMUND G. BROWN JR., Governor

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 320, MS 3-9
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-1958



June 16, 2011

TO: REGIONAL CENTER DIRECTORS AND BOARD PRESIDENTS

SUBJECT: MARCH 2011 TRAILER BILL LANGUAGE AFFECTING REGIONAL CENTERS

The purpose of this correspondence is to transmit a summary of the recently enacted Trailer Bill, SB 74 (Chapter 9, Statutes of 2011) that directly affects regional centers or the developmental services system. Trailer Bill Language (TBL) contains an urgency clause, and was therefore effective immediately upon passage, March 24, 2011. Regional centers should continue to educate their communities regarding these legislative changes. While this correspondence provides a high level summary of the TBL, a complete and thorough review of TBL (see www.leginfo.ca.gov) is imperative for regional centers' statutory compliance. While the effective date of the language in SB 74 is March 24, 2011, additional clarifying information regarding implementation is included in several areas below.

Regional Center Board Composition

TBL Section 2: Section 4622.5 was added to the Code, requiring by August 15 of each year, the governing board of each regional center to submit to the Department of Developmental Services (Department) detailed documentation, as determined by the Department, demonstrating that the composition of the board is in compliance with Section 4622.

***Implementation:** The Department will soon provide regional centers with a format for the reporting of all required information by August 15, 2011.*

Regional Center Board Contracting Policy

TBL Section 3: Section 4625.5 was added to the Code, requiring the governing board of each regional center to adopt and maintain a written policy requiring the board to review and approve any regional center contract of two hundred fifty thousand dollars (\$250,000) or more, before entering into the contract. No regional center contract of two hundred fifty thousand dollars (\$250,000) or more is valid unless approved by the governing board of the regional center in compliance with its written policy. Contracts do not include vendor approval letters issued by regional centers pursuant to Title 17, California Code of Regulations (Title 17), section 54322.

"Building Partnerships, Supporting Choices"

Implementation: This statutory requirement for governing board review is applicable to contracts of \$250,000, or more, entered into as of the effective date of the TBL, i.e., March 24, 2011. The law is applicable to all Operations and Purchase of Service contracts for, or over \$250,000, whether multi-year or not.

Conflict of Interest

TBL Section 4: Section 4626 was amended requiring the Department to give a very high priority to ensuring that regional center board members and employees act in the course of their duties solely in the best interest of regional center consumers and their families without regard to the interests of any other organization with which they are associated or persons to whom they are related. Board members, employees, and others acting on the regional center's behalf, as defined in Title 17, must be free from conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the regional center, its consumers, or its mission. A person with a developmental disability who receives employment services through a regional center provider shall not be precluded from serving on the governing board of a regional center based solely upon receipt of these employment services.

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

The Department is required to develop and publish a standard conflict-of-interest reporting statement. The conflict-of-interest statement must be completed by each regional center governing board member and each regional center employee specified in Title 17 including, at a minimum, the executive director, and every administrator, program director, service coordinator, and employee who has decision-making or policymaking authority or authority to obligate the regional center's resources.

Every new regional center governing board member and regional center executive director must complete and file the conflict-of-interest statement described above with his or her respective governing board within 30 days of being selected, appointed, or elected. Every new regional center employee referenced above and every current regional center employee referenced above accepting a new position within the regional center must complete and file the conflict-of-interest statement with his or her respective regional center within 30 days of assuming the position. Every regional center board member and employee referenced above must complete and file the conflict-of-interest statement by August 1 of each year.

Regional Center Directors and Board Presidents

June 16, 2011

Page three

Every regional center board member and employee referenced above must complete and file a subsequent conflict-of-interest statement upon any change in status that creates a potential or present conflict of interest. A change in status includes, but is not limited to, a change in financial interests, legal commitment, regional center or board position or duties, or both, or outside position or duties, or both, whether compensated or not. The governing board must submit a copy of the completed conflict-of-interest statements of the governing board members and the regional center executive director to the Department within 10 days of receipt of the statements.

A person who knowingly provides false information on a conflict-of-interest statement will be subject to a civil penalty in an amount up to fifty thousand dollars (\$50,000), in addition to any civil remedies available to the Department. An action for a civil penalty may be brought by the Department or any public prosecutor in the name of the people of the State of California.

The director of the regional center must review the conflict-of-interest statement of each regional center employee referenced above within 10 days of receipt of the statement. If a potential or present conflict of interest is identified for a regional center employee that cannot be eliminated, the regional center must, within 30 days of receipt of the statement, submit to the Department a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center or the employee, or both, will take to mitigate the conflict of interest.

The Department and the regional center governing board must review the conflict-of-interest statement of the regional center executive director and each regional center board member to ensure that no conflicts of interest exist. If a present or potential conflict of interest is identified for a regional center director or a board member that cannot be eliminated, the regional center governing board must, within 30 days of receipt of the statement, submit to the Department and the State Council on Developmental Disabilities a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center governing board or the individual, or both, will take to mitigate the conflict of interest.

TBL Section 5: Section 4626.5 was added to the Code requiring each regional center to submit a conflict-of-interest policy to the Department by July 1, 2011, and post the policy on its Internet Website by August 1, 2011. The policy must contain the elements in this paragraph and be consistent with applicable law; define conflicts of interest; identify positions within the regional center required to complete and file a conflict-of-interest statement; facilitate disclosure of information to identify conflicts of interest; require candidates for nomination, election, or appointment to a regional center board, and applicants for regional center director to disclose any potential or present conflicts of

interest prior to being appointed, elected, or confirmed for hire by the regional center or the governing board; and require the regional center and its governing board to regularly and consistently monitor and enforce compliance with its conflict-of-interest policy.

Implementation: Regional centers should assure they are taking action to comply with TBL and timeframes specified. Training for both employees and Board members is recommended. The Department is developing the required standard conflict-of-interest reporting statement, and it will soon be published.

TBL Section 6: Section 4627 was amended requiring the Department to monitor and ensure the regional centers' compliance with the laws governing conflict-of-interest. It also specifies that failure to disclose information required by these laws and related regulations may be considered grounds for removal from the board or for termination of employment. The Department is required to adopt emergency regulations by May 1, 2011, regarding conflict-of-interest reporting requirements.

Implementation: Emergency regulations are under development and will be promulgated shortly. The Department will monitor compliance through its fiscal audits and ongoing monitoring of regional centers.

Accountability and Transparency

TBL Section 7: Section 4629.5 was added to the Code, specifying that the Department's contract with a regional center must require the regional center to adopt, maintain, and post on its Internet Website a board-approved policy regarding transparency and access to public information. The transparency and public information policy must provide for timely public access to information, including, but not limited to, information regarding requests for proposals and contract awards, service provider rates, documentation related to establishment of negotiated rates, audits, and IRS Form 990. The transparency and public information policy must be in compliance with applicable law relating to the confidentiality of consumer service information and records, including, but not limited to, Section 4514.

To promote transparency, each regional center must include on its Internet Website, as expeditiously as possible, at least all of the following:

- Regional center annual independent audits.
- Biannual fiscal audits conducted by the Department.
- Regional center annual reports pursuant to Section 4639.5.
- Contract awards, including the organization or entity awarded the contract, and the amount and purpose of the award.
- Purchase of service policies.

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- The names, types of service, and contact information of all vendors, except consumers or family members of consumers.
- Board meeting agendas and approved minutes of open meetings of the board and all committees of the board.
- Bylaws of the regional center governing board.
- The annual performance contract and year-end performance contract entered into with the Department.
- The biannual Home and Community-Based Services Waiver program review conducted by the Department and the State Department of Health Care Services.
- The board-approved transparency and public information policy.
- The board-approved conflict-of-interest policy.
- Reports required pursuant to Section 4639.5.

The Department is required to establish and maintain a transparency portal on its Internet Website that allows consumers, families, advocates, and others to access provider and regional center information. Posted information on the Department's Internet Website transparency portal must include, but need not be limited to, all of the following:

- A link to each regional center's Internet Website information referenced above.
- Biannual fiscal audits conducted by the Department.
- Vendor audits.
- Biannual Home and Community-Based Services Waiver program reviews conducted by the Department and the State Department of Health Care Services.
- Biannual targeted case management program and federal nursing home reform program reviews conducted by the Department.
- Early Start Program reviews conducted by the Department.
- Annual performance contract and year-end performance contract reports.

***Implementation:** If not already posted, regional centers must take immediate action to post the above information on the regional center's Internet home page. This requirement applies to the most current documents in each category and future applicable documents. Also, the Department has been asked if only vendors who have been providing services within the last two years should be included on the regional center's Internet Website. To reiterate, the law requires the names, types of service, and contact information of **all** (emphasis added) vendors, except consumers or family members of consumers.*

Fiscal Accountability

TBL Section 8: Section 4629.7 was added to the Code requiring that all regional center contracts or agreements with service providers in which rates are determined through

negotiations between the regional center and the service provider expressly require that not more than 15 percent of regional center funds be spent on administrative costs. Direct service expenditures are those costs immediately associated with the services to consumers being offered by the provider. Administrative costs include, but are not limited to, any of the following:

- Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the entity, including, but not limited to, directors and chief executive officers.
- Salaries, wages, and benefits of employees who perform administrative functions, including, but not limited to, payroll management, personnel functions, accounting, budgeting, and facility management.
- Facility and occupancy costs, directly associated with administrative functions.
- Maintenance and repair.
- Data processing and computer support services.
- Contract and procurement activities, except those provided by a direct service employee.
- Training directly associated with administrative functions.
- Travel directly associated with administrative functions.
- Licenses directly associated with administrative functions.
- Taxes.
- Interest.
- Property insurance.
- Personal liability insurance directly associated with administrative functions.
- Depreciation.
- General expenses, including, but not limited to, communication costs and supplies directly associated with administrative functions.

Implementation: All contracts or agreements with vendors with a negotiated rate must be amended to expressly require that not more than 15 percent of regional center funds be spent on administrative costs. This law is applicable to all negotiated rates and providers of such services, not just prospectively. Should it be determined that the negotiated rate is comprised of more than 15 percent administrative costs, adjustments must be made to comport with law.

With regard to the question of classifying profit, profit is revenue above cost and the statute only applies to cost. Typically, profit translates into a cost (i.e., wage/salary increase, bonus, etc.).

Section 4629.7 requires that all contracts between the Department and the regional centers require that not more than 15 percent of all funds appropriated through the

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regional center's operations budget be spent on administrative costs. "Direct services" includes, but is not limited to, service coordination, assessment and diagnosis, monitoring of consumer services, quality assurance, and clinical services.

Administrative costs include, but are not limited to, any of the following:

- Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the regional center, including, but not limited to, directors and chief executive officers.
- Salaries, wages, and benefits of employees who perform administrative functions, including, but not limited to, payroll management, personnel functions, accounting, budgeting, auditing, and facility management.
- Facility and occupancy costs, directly associated with administrative functions.
- Maintenance and repair.
- Data processing and computer support services.
- Contract and procurement activities, except those performed by direct service employees.
- Training directly associated with administrative functions.
- Travel directly associated with administrative functions.
- Licenses directly associated with administrative functions.
- Taxes.
- Interest.
- Property insurance.
- Personal liability insurance directly associated with administrative functions.
- Depreciation.
- General expenses, including, but not limited to, communication costs and supplies directly associated with administrative functions.

Implementation: The requirement that regional centers expend no more than 15 percent of their operations allocation on administrative costs became effective March 24, 2011. The Department will monitor compliance through its fiscal audits of regional centers. The addition of the required language in the Department's contracts with regional centers is pending upcoming contract negotiations with the ARCA Contract Negotiations Committee.

TBL Section 9: Section 4639 was amended to specify that, beginning in Fiscal Year (FY) 2011-12, the independent fiscal audit conducted pursuant to this section of law can not be completed by the same accounting firm more than five times in every 10 years.

Implementation: For the FY 2011-12 audit, the regional center may not use an independent accounting firm that has been used five or more times in the previous ten years.

TBL Section 13: Section 4652.5 was added to the Code, requiring any entity receiving payments from one or more regional centers to contract with an independent accounting firm for an audit or review of its financial statements subject to all of the following:

- When the amount received from the regional center(s) during the entity's fiscal year is more than or equal to two hundred fifty thousand dollars (\$250,000) but less than five hundred thousand dollars (\$500,000), the entity must obtain an independent audit or independent review report of its financial statements for the period. Consistent with Subchapter 21 (commencing with Section 58800) of Title 17, this also applies to work activity program providers receiving less than two hundred fifty thousand dollars (\$250,000).
- When the amount received from the regional center(s) during the entity's fiscal year is equal to or more than five hundred thousand dollars (\$500,000), the entity must obtain an independent audit of its financial statements for the period. This does not apply to payments made using usual and customary rates, as defined by Title 17, for services provided by regional centers, nor to state and local governmental agencies, the University of California, or the California State University.

An entity subject to the above must provide copies of the independent audit or independent review report and accompanying management letters, to the vendoring regional center within 30 days after completion of the audit or review. Regional centers receiving the audit or review reports must review and require resolution by the entity for issues identified in the report that have an impact on regional center services. Regional centers must also take appropriate action, up to termination of vendorization, for lack of adequate resolution of issues. Regional centers must notify the Department of all qualified opinion reports or reports noting significant issues that directly or indirectly impact regional center services within 30 days after receipt. The notification must include a plan for resolution of issues.

An independent review of financial statements must be performed by an independent accounting firm and must cover, at a minimum:

- An inquiry as to the entity's accounting principles and practices and methods used in applying them.
- An inquiry as to the entity's procedures for recording, classifying, and summarizing transactions and accumulating information.
- Analytical procedures designed to identify relationships or items that appear to be unusual.
- An inquiry about budgetary actions taken at meetings of the board of directors or other comparable meetings.
- An inquiry about whether the financial statements have been properly prepared in conformity with generally accepted accounting principles and whether any

events subsequent to the date of the financial statements would have a material effect on the statements under review; and,

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

An independent review report must cover, at a minimum:

- Certification that the review was performed in accordance with standards established by the American Institute of Certified Public Accountants.
- Certification that the statements are the representations of management.
- Certification that the review consisted of inquiries and analytical procedures that are lesser in scope than those of an audit; and,
- Certification that the accountant is not aware of any material modifications that need to be made to the statements for them to be in conformity with generally accepted accounting principles.

This new section also prohibits the Department from considering a request for adjustments to rates submitted in accordance with Title 17 by an entity receiving payments from one or more regional centers solely to fund either anticipated or unanticipated changes required to comply with the above requirements.

Implementation: The Department will be sending a letter to vendored entities/providers, based on a Uniform Fiscal System (UFS) data run, that are subject to this law. This letter will be posted on the Department's homepage and regional centers are encouraged to either post the letter on their Internet Websites, or link to it. Regional centers may have other communication avenues with service providers through which they will additionally want to disseminate this information.

Vendor (and regional center) compliance with these requirements will be monitored through audits. Revisions are being made to the Department's vendor audit protocols for the monitoring of compliance with this statute. Corresponding revisions to the DDS-ARCA Regional Center Vendor Audit Protocol, will be discussed for incorporation and regional center use in monitoring providers of residential services receiving funding from regional centers at the qualifying thresholds, or monitoring other vendors with the Department's approval pursuant to audit thresholds in regional centers' contract with the Department.

Lastly, to assist regional centers, the Department will send to regional centers an annual UFS data run identifying vendors/entities, subject to these statutory provisions. This run will be based on the prior State fiscal year expenditures in UFS although the statutory

requirements and dollar thresholds for a fiscal review or audit, are based on the "entity's fiscal year". Given the Department does not have information on each impacted vendor's established fiscal year, the run to be sent to regional centers is simply to be a tool for indentifying an impacted vendor when conducting audits.

Regional Center Staffing

TBL Section 10: Section 4640.6 was amended extending the date that specific consumer to service coordinator caseload ratios do not apply. The caseload ratio of 1:66 is lifted until June 30, 2012 for consumers who have not moved from the developmental centers to the community since April 14, 1993, who are three years of age and older, and who are not enrolled in the Home and Community-Based Services Waiver program for persons with developmental disabilities.

This section was also amended to extend until June 30, 2012, suspension of the requirement that regional centers must have, or contract for, all of the following areas:

- Criminal justice expertise to assist the regional center in providing services and support to consumers involved in the criminal justice system as a victim, defendant, inmate, or parolee.
- Special education expertise to assist the regional center in providing advocacy and support to families seeking appropriate educational services from a school district.
- Family support expertise to assist the regional center in maximizing the effectiveness of support and services provided to families.
- Housing expertise to assist the regional center in accessing affordable housing for consumers in independent or supportive living arrangements.
- Community integration expertise to assist consumers and families in accessing integrated services and supports and improved opportunities to participate in community life.
- Quality assurance expertise, to assist the regional center to provide the necessary coordination and cooperation with the area board in conducting quality-of-life assessments and coordinating the regional center quality assurance efforts.

Medicaid Integrity

TBL Section 11: Section 4648.12 was added to the Code, immediately following Section 4648.1, stating that under federal and state law, certain individuals and entities are ineligible to provide Medicaid services. An individual, partnership, group association, corporation, institution, or entity, and the officers, directors, owners, managing employees, or agents thereof, that has been convicted of any felony or misdemeanor involving fraud or abuse in any government program, or related to neglect or abuse of an elder or dependent adult or child, or in connection with the interference

with, or obstruction of, any investigation into health care related fraud or abuse, or that has been found liable for fraud or abuse in any civil proceeding, or that has entered into a settlement in lieu of conviction for fraud or abuse in any government program, within the previous 10 years, is ineligible to be a regional center vendor. The regional center can not deny vendorization to an otherwise qualified applicant whose felony or misdemeanor charges did not result in a conviction solely on the basis of the prior charges.

This new section requires that to ensure compliance with federal disclosure requirements and to preserve federal funding of consumer services, the Department must:

- Adopt emergency regulations to amend provider and vendor eligibility and disclosure criteria to meet federal participation requirements. The emergency regulations must address, at a minimum, disclosure requirements of current and prospective vendors, including information about entity ownership and control, contracting interests, and criminal convictions or civil proceedings involving fraud or abuse in any government program, or abuse or neglect of an elder, dependent adult, or child.
- Adopt emergency regulations to meet federal requirements applicable to vouchered services.
- Adopt nonemergency regulations to implement the terms of the above two sets of regulations within 18 months of the adoption of these emergency regulations.

Implementation: Emergency regulations are under development and will be promulgated shortly. Pursuant to the statutory language effective March 24, 2011, regional centers should not vendor any new applicants who are listed on either of the Internet Websites below:

Link to the State's Suspended and Ineligible Provider List - http://files.medi-cal.ca.gov/pubsdoco/manuals_menu.asp

Link to the Federal Office of Inspector General "exclusions database" - <http://exclusions.oig.hhs.gov/>

Statewide Collaboration for Administrative Actions

TBL Section 12: Section 4648.14 was added to the Code, immediately preceding Section 4648.2, requiring the State Department of Social Services and the State Department of Public Health to notify the Department of any administrative action initiated against a licensee serving consumers with developmental disabilities.

"Administrative action" includes, but is not limited to, all of the following:

- The issuance of a citation requiring corrective action for a health and safety violation.
- The temporary or other suspension or revocation of a license.
- The issuance of a temporary restraining order; and,
- The appointment of a temporary receiver pursuant to Section 1327 of the Health and Safety Code.

Third-Party Liability

TBL Section 14: Article 2.6 (commencing with Section 4659.10) was added to Chapter 5 of Division 4.5 of the Code.

The provisions in this Article granted regional centers and the Department authority, such as Department of Health Care Services' has under the Medi-Cal program, to pursue third party recovery of the reasonable value of the service provided by the regional center. Third party liability (and subsequently, recovery) includes not only health insurance and health care services plans but also third parties and carriers who may be liable for an injury or wrongful death of a consumer.

***Implementation:** Effective March 24, 2011, regional centers and the Department have the authority to pursue third party recovery as specified in statute. Additional information regarding this change in law and implementation will be sent out shortly to regional centers under separate cover.*

Service Provider Relief

TBL Section 15: Section 4791 was amended extending the sunset date until June 30, 2012, the provision that regional centers may temporarily modify personnel requirements, functions, or qualifications, or staff training requirements for providers, except for licensed or certified residential providers, whose payments are reduced by 4.25 percent pursuant to the amendments to Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 164 of Chapter 717 of the Statutes of 2010.

A temporary modification, effective during any agreed upon period of time between July 1, 2010, and June 30, 2012, may only be approved when the regional center determines that the change will not do any of the following:

- Adversely affect the health and safety of a consumer receiving services or supports from the provider.
- Result in a consumer receiving services in a more restrictive environment.
- Negatively impact the availability of federal financial participation.

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

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

TBL also continued the suspension until June 30, 2012, the requirements described in Sections 56732 and 56800 of Title 17 requiring community-based day programs and in-home respite agencies to conduct annual reviews and to submit written reports to vendoring regional centers, user regional centers, and the Department. Also, from July 1, 2010, to June 30, 2012, a residential service provider, vendored by a regional center and whose payment is reduced by 4.25 percent pursuant to the amendments to Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 164 of Chapter 717 of the Statutes of 2010, is not required to complete quarterly and semiannual progress reports required in subdivisions (b) and (c) of Section 56026 of Title 17. During program review, the provider must inform the regional center case manager of the consumer's progress and any barrier to the implementation of the individual program plan for each consumer residing in the residence.

4.25 Percent Payment Reduction

TBL Section 16: Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 164 of Chapter 717 of the Statutes of 2010, was amended providing that to implement changes in the level of funding for regional center purchase of services, regional centers must reduce payments for services and supports provided pursuant to Title 14 (commencing with Section 95000) of the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Code. From February 1, 2009, to June 30, 2010, regional centers were required to reduce all payments for these services and supports paid from purchase of services funds for services delivered on or after February 1, 2009, by 3 percent, and from July 1, 2010, to June 30, 2012, by 4.25 percent, unless the regional center demonstrates that a nonreduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the Department has granted prior written approval.

Regional centers can not reduce payments for:

- Supported employment services with rates set by Section 4860.

- Services with "usual and customary" rates established pursuant to Section 57210 of Title 17 of the California Code of Regulations; and,
- Payments to offset reductions in Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits for consumers receiving supported and independent living services.

Best Practices

TBL Section 1: Section 4620.3 was added to the Code, requiring the Department, in collaboration with stakeholders, to develop best practices for the administrative management of regional centers and for regional centers to use when purchasing services for consumers and families.

The Purchase Of Service best practices may vary by service category and may do all of the following: establish criteria determining the type, scope, amount, duration, location, and intensity of services and supports purchased by regional centers for consumers and their families; modify payment rates; and reflect family and consumer responsibilities, pursuant to Sections 4646.4, 4659, 4677, 4782, 4783, and 4784, and Government Code Section 95004.

The Department must ensure that implementation of best practices that impact individual services and supports are made through the individual program planning or individualized family service planning processes, and that consumers and families are notified of any exceptions or exemptions to the best practices and their appeal rights established in Section 4701.

This section also required the Department to submit the proposed best practices to the fiscal and applicable policy committees of the Legislature by no later than May 15, 2011.

Implementation: The Department completed the development of the proposals to achieve the required general fund savings following a lengthy stakeholder input process. The TBL for implementation of these General Fund savings proposals were submitted to the Legislature. Enactment of these proposals will occur through adoption of the State Budget for FY 2011-12. A list of the proposals submitted to the Legislature is enclosed and the Department will send additional correspondence once the State Budget has been enacted.

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If you have any questions regarding this correspondence, please contact Brian Winfield,
Manager, Regional Center Operations Section, at (916) 654-1569.

Sincerely,

Original Signed By

RITA WALKER
Deputy Director
Community Operations Division

Enclosure

cc: Robert Baldo, ARCA

FOR LEGISLATIVE REVIEW

**PROPOSALS TO ACHIEVE
\$174 MILLION
GENERAL FUND SAVINGS
PURSUANT TO
WELFARE & INSTITUTIONS CODE
SECTION 4620.3**



**DEPARTMENT OF
DEVELOPMENTAL SERVICES**

MAY 16, 2011

**DEPARTMENT OF DEVELOPMENTAL SERVICES
PROPOSALS TO ACHIEVE \$174 MILLION GENERAL FUND SAVINGS
MAY 16, 2011**

INTRODUCTION

The Department of Developmental Services (the Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that nearly 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.

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in four state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to grow in Fiscal Year (FY) 2011-12 to nearly 250,000. The number of consumers living in state-operated residential facilities is expected to decrease by the end of FY 2011-12 to 1,691.

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. To address prior fiscal pressures, 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, the Department with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members, and legislative staff developed proposals to reduce or restrict General Fund (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 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. Most proposals achieved some or all of the savings, with changes to respite exceeding the savings anticipated. 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 an additional 1.25 percent in FY 2010-11.

Due to continuing and significant pressure on the GF, the Department's budget for FY 2011-12 was decreased by \$576.9 million GF, in addition to other reductions achieved through statewide budget items (e.g. state workforce reductions). Most of the changes necessary to achieve the savings have been identified and adopted by the Legislature. The reductions made to the Department's budget, totaling \$402.9 million GF, will be achieved through continuation of the 4.25 percent payment reduction for regional center operations and purchase of services, additional federal and other alternative funding, administrative cost limits for regional centers and service providers, enhanced auditing, third-party collections and accountability measures, reduced funding for developmental centers, reduced funding for the Prevention Program serving infants and toddlers at risk of a developmental delay or disability, and additional regional center operations reductions.

In addition to reductions in community services, the developmental center budget has continued to decline through closure of state-operated facilities, living unit consolidations, delays in infrastructure repairs, and through cost saving personnel initiatives. In the FY 2011-12 budget, the developmental centers budget was decreased through additional residence consolidations; staffing reductions; delay in infrastructure repairs; additional federal funding; an unallocated reduction; and statewide budget items such as hiring freezes, furloughs, and wage reductions. The Department's headquarters budget has also decreased significantly over the last several years and for the FY 2011-12 budget is impacted by the statewide budget items referenced previously.

This left \$174 million in GF reductions to be achieved through proposals developed by the Department and submitted to the Legislature for consideration. These proposals must be adopted by the Legislature before they can be implemented.

Consistent with the Department's on-going efforts to better align its budget with actual expenditures, a review of the most current expenditure information has identified a savings of \$55.6 million GF available in FY 2011-12 that further reduces the amount necessary to be achieved through legislative proposals. This review of expenditure information also identified \$28.5 million of one-time savings in the current year that will bridge the costs associated with implementation delays of the various proposals being submitted to the Legislature for the budget year.

To achieve the \$174 million savings, the Department considered reductions in headquarters and regional center operations. The Department identified reductions of \$39.3 million associated with contracts administered by the Department, proposals for increased federal financial participation, and additional reductions in regional center operations funding. After accounting for these

proposed reductions, \$79.1 million remained to be achieved through other proposals. All of the proposals are presented later in this document.

Throughout the process, there were many ideas and concepts that were discussed that have significant benefits to our system, but either could not be achieved within the short timeframe or would not generate immediate savings in the budget year. For example, the workgroups discussed: the need to reform the rate-setting systems; the potential benefit to restructuring the service codes used for billing; the need for more direct service providers doing background checks, coupled with increased training and vendorization changes; the value of having a designated benefits coordinator at each regional center; the need for federal, state and local governments to improve coordination of programs and funding; and the benefits and efficiencies of using technological advancements. The Department is committed to pursuing these ideas in the future, as the State's fiscal situation stabilizes and focus can be shifted to long-term improvements in the delivery of services.

PROCESS FOR DEVELOPING PROPOSALS

As the Department bridges this fiscal crisis, we remain committed to maintaining the Lanterman Act entitlement to community-based services and the preservation of the individualized planning process mandated in the Lanterman and Early Intervention Services Acts. For the development of the savings proposals, also referred to in statute as best practices, the Department has undertaken a significant effort to ensure full input was received from consumers, family members, advocates, service providers, regional centers, and the community.

Initial input was received through a statewide survey that was made available through the Department's website, as well as e-mails and letters from over 9,000 interested individuals and organizations. Eight workgroups were subsequently established to provide advice to the Department on savings proposals in the topic areas of behavioral services; day/supported employment/work activity program services; Early Start Program services; health care and therapeutic services; independent and supported living services; residential services; respite services; and transportation services. Representation on each of the eight workgroups included consumers, family members, service providers, advocacy organizations and regional center representatives. The representatives were selected by six statewide organizations with broad interest in regional center services¹, the Association of Regional Center Agencies², statewide organizations who

¹ Statewide organizations with broad interest appointed a consumer/family member, a service provider and an organization representative. These organizations included Disability Rights California, State Council on Developmental Disabilities, People First of California, The ARC of California, State Employees International Union, and California Disability Community Action Network.

² ARCA appointed an organization representative, a regional center employee involved in direct service delivery and an Executive Director or Board Member of a regional center.

represent service providers in the specific topic areas³, and three organizations representing other aspects of our system⁴. Legislative staff also attended the workgroup meetings. The workgroup meetings began in March and continued through mid-April and included over 70 hours of discussion. The Department greatly appreciates the active participation of the workgroup members and their efforts to maintain the system while bridging these difficult budget times.

The savings proposals are intended to provide more uniformity and consistency in the administrative practices and services of the 21 regional centers, promote appropriateness of services, maximize efficiency of funding, and improve cost effectiveness. The Department considered the following in the development of the savings proposals: eligibility, duration, frequency, efficacy, community integration, service provider qualifications and performance, rates, parental and consumer responsibilities, and self-directed service options.

Changes in services based on the proposals will continue to be made through the individual program plan (IPP) or individualized family service plan (IFSP) processes. Consideration was given to the impacts of prior reductions in the specific service areas on consumers, families, and providers. For example, respite services were significantly impacted by the reductions made in 2009-10 to the extent there are no proposals directly associated with this service area.

PUBLIC FORUMS

Following completion of the efforts by the eight workgroups, the Department developed savings proposals based on the discussions in the topic area workgroups, survey results, and other input received from the community. The Department presented these proposals at three public forums held in Los Angeles on May 5, 2011; Sacramento on May 6, 2011; and Oakland on May 9, 2011. Additional input from the community was received and considered, especially regarding the impacts of the proposals. Accessibility by teleconference was provided at each of the forums for those individuals interested in providing input but who were unable to attend the meetings in person.

The public forums were attended by over 1,000 participants with another 170 individuals joining by teleconference. The Department heard testimony from nearly 300 stakeholders during the three forums and received over 150 written comments. Based upon the input received at the public forums and further program and fiscal analysis, revisions were made to the proposals that had previously been published on the DDS website and provided to the public. Following are the final proposals for your consideration and approval.

³ Topic specific organizations appointed a consumer/family member, a service provider and an organization representative.

⁴ These organizations appointed one representative and included the DDS Consumer Advisory Committee, University Centers of Excellence in Developmental Disabilities and an association representing individuals in Developmental Centers (CASHPCR)

PROPOSALS FOR ACHIEVING SAVINGS

1. INCREASING FEDERAL FUNDS FOR REGIONAL CENTER PURCHASED CONSUMER SERVICES.

Summary:

Federal financial participation in the funding of regional center consumer services is a critical component of the State's budget. Currently, federal funding comprises nearly \$1.7 billion of the funding for regional center services. Through this proposal additional federal financial participation in the delivery of regional center consumer services is achieved, with a corresponding decrease in needed State GF dollars.

The Department, through the regional center system, operates a federally approved 1915 (c) Home and Community-Based Services Waiver (Waiver) with a projected 91,933 enrollees in FY 2011-12. Federal reimbursements for the Waiver program in FY 2011-12 are \$1.032 billion (includes Waiver services, clinical teams at regional centers, and administrative costs) per the January 2011 budget. The Department submitted a 1915 (i) State Plan Amendment (SPA) to the federal government in December 2009, with an October 1, 2009 effective date. Through this SPA, the Department will receive federal financial participation in the funding of services received by active regional center consumers (an estimated 40,000) with Medi-Cal benefits who do not meet the level of care criteria for the Waiver. The January 2011 budget reflects an estimated \$160.8 million in federal reimbursement for regional center expenditures associated with the 40,000 consumers projected for coverage under this federal program. Federal funding is also received for the cost of day and transportation services provided to regional center consumers residing in intermediate care facilities. The January 2011 budget includes an estimated \$52.8 million in federal reimbursements associated with the cost of these services for the approximately 7,000 regional center consumers residing in these facilities. The Department also receives federal funding through the Money Follows the Person (MFP) Grant related to individuals moving from developmental centers. MFP funding is available to assist individuals in transitioning out of institutions, such as Lanterman Developmental Center, and provides 12 months of service funding upon relocation into a community setting, at an enhanced federal share. The May Revision budget updates federal funds to reflect implementation of the proposals included in this package.

Workgroup participants discussed possible new funding options through the federal 1915 (k) Community Living Options which becomes available to states in October 2011, as well as ways to expand receipt of federal funding through the Department's Home and Community-based Waiver, the 1915(i) SPA, and the federal MFP Grant in which the Department participates. This proposal assumes increased federal funding in all of these areas. Workgroup members also

recommended consumers and families provide a copy of their Medi-Cal, Medicare, and insurance cards at the time of the IPP to ensure federal and other resources are maximized. The Department's proposal includes this recommendation.

Savings:

FY 2011-12 savings

Total Funds (TF):	\$0 (fund shift)
GF:	\$20,932,000

FY 2012-13 savings

TF:	\$0 (fund shift)
GF:	\$22,515,000

This proposal assumes more federal funding in the Department's budget by adding Voucher – Nursing Services to the Waiver (\$5.5 million GF); claiming federal money at an enhanced federal match for the first 12 months of services under the MFP Grant for consumers moving from intermediate care, nursing and sub-acute facilities to integrated community living arrangements (\$3.4 million GF annually, \$1.9 million GF in FY 2011-12); capturing an additional 6 percent of federal funding for 12 months under the 1915 (k) option for eligible consumer services if such services are added to the State Medicaid Plan (\$1.2 million GF); receiving federal matching funds for the purchase of infant development programs for Early Start consumers with Medi-Cal (\$13.2 million GF); and obtaining additional federal funding based on updated expenditures for the 1915 (i) SPA (\$4.1 million GF).

Implementation:

This proposal will be effective upon approval of the Legislature. The Department will include in its Waiver renewal request the addition of Voucher- Nursing Services for federal approval, effective October 1, 2011. Implementation of the proposals relative to the 1915 (k) option and obtaining federal financial participation for Early Start infant development programs will require approval of the federal government. Legislation will be needed to require the submittal of benefit cards.

Anticipated Impacts:

Additional federal funds will be applied for and received reducing the use of General Fund. To maximize federal financial participation (FFP) and other funding sources, consumers and families will be requested to provide health care benefit cards to the regional centers for possible third-party billing for consumer services.

2. DECREASING DEPARTMENT OF DEVELOPMENTAL SERVICES HEADQUARTERS CONTRACTS

Summary:

The Department contracts with a number of organizations to implement programs and projects that provide support, services, and technical assistance across all regional centers. The January 2011 budget included \$24.1 million (\$21.0 million GF) for system wide contracts. In addition to statewide reductions to the headquarters' budget, such as hiring freezes, furloughs, and wage reductions, the Department proposes to reduce six contracts and discontinue one non-mission critical projects, as follows:

Information Technology: The Department's contract with the state-operated data center for support of data systems and data processing will be reduced from \$4,517,000 to \$3,972,000, consistent with a similar reduction made in the current year due to operational efficiencies. This proposal will save \$545,000 GF.

Clients' Rights Advocacy: The Department's contract with Disability Rights California to provide consultation, representation, training, investigation, and compliance with clients' rights will be held at the current year funding level of \$5.295 million for a savings of \$250,000 (\$200,000 GF).

Quality Assessment: The Department contracts with independent organizations to conduct surveys and analyses of consumers and family members about satisfaction with services and personal outcomes. This project will be reduced to \$3.235 million which does not reduce the contracts below their current year funding. In FY 2009-10, the Department achieved GF savings of \$2.287 million by consolidating Life Quality Assessment and Movers Study into one improved quality assurance project. This proposal will save \$530,000 (\$424,000 GF).

Direct Support Professional Training (DSPT): The Department contracts with the California Department of Education to administer the DSPT training and testing through the Regional Occupational Programs. This contract will be reduced from \$3.582 million to \$3.442 million. This reduction will not affect the Department's ability to schedule DSPT trainings at Lanterman Developmental Center for staff that choose to work in the community. This proposal will save \$140,000 (\$85,000 GF).

Office of Administrative Hearings: The Department contracts with the Office of Administrative Hearings to conduct fair hearings required by the Lanterman Act and mediation and fair hearing services required by the California Early Intervention Services Act. The current year level of funding, \$3.15 million, will be maintained without affecting the rights of consumers and families to the fair hearing and mediation processes. This proposal will save \$250,000 (\$200,000 GF).

Special Incident Reporting/Risk Management: To maintain and increase federal Home and Community-Based Services Waiver funding, the Department contracts with an independent entity to conduct data analysis, training, site reviews, and provides data, training, and analytical services that mitigate and reduce special incidents. The Department will prioritize the work of this contractor such that federal concerns are addressed while achieving savings. This contract will be reduced from \$940,000 to \$840,000 and achieve savings of \$100,000 GF.

Self-Directed Services - Training and Development: The Department will reprioritize existing resources to develop and conduct the anticipated training associated with the Self-Directed Services Waiver, if and when it is approved by the federal government. The Waiver was submitted in 2008. This proposal will save \$200,000 GF.

Savings:

FY 2011-12 savings

TF: \$2,015,000
GF: \$1,754,000

FY 2012-13 savings

TF: \$2,015,000
GF: \$1,754,000

Implementation:

These proposals will be effective upon approval of the Legislature. No statutory changes are required.

Anticipated Impacts:

The savings will be achieved through the reduction of six statewide contracts and discontinuation of one non-mission critical project that will have no direct impact on consumers, families or service providers.

3. REDUCTIONS AND EFFICIENCY IN REGIONAL CENTER OPERATIONS FUNDING

Summary:

The Department contracts with 21 private, nonprofit regional centers to provide, among other activities specified in law, intake and assessment and life long voluntary case management services to eligible individuals pursuant to the Lanterman Act. Regional centers were created in statute to provide fixed points of contact in the community for persons with developmental disabilities and their

families so they may have access to the services and supports best suited to them throughout their lifetime. In FY 2011-12, the regional centers are expected to serve over 250,000 consumers. The law requires that 85 percent of a regional center's operations funding is used for the provision of direct services.

Regional centers play a critical role in the Department's ability to receive and maintain federal funding for the delivery of consumer services. Currently, over \$1.7 billion in federal funding is included in the budget for regional center services. It is through the regional center system that the Department meets the federal requirements for the approved Home and Community-Based Services Waiver program. Regional centers are responsible for ensuring that eligible consumers who want to participate on the Waiver are enrolled, service providers meet the qualifications for providing Waiver services, individual program plans are developed and monitored, consumer health and welfare is addressed, and financial accountability is assured. Regional centers also play a similar role in meeting the federal requirements for the Department's receipt of federal funding in the day and transportation services of approximately 7,000 consumers residing in intermediate care facilities, and the 1915 (i) SPA under review by the Centers for Medicare and Medicaid Services.

The workgroup participants called for reductions to regional center operations as a component of the Department's reduction proposals. There was discussion regarding the implementation of efficiencies that would reduce regional center funding and staffing needs. This proposal achieves reductions through the implementation of provider electronic billing; the elimination of regional center staff positions⁵; funding for one-time costs associated with office relocations or modifications; and funding allocated to regional centers for accelerated enrollment of new Waiver participants (since under the 1915 (i) SPA the Department will receive federal funding for services to virtually all of the remaining Medi-Cal beneficiaries served by the regional centers who reside in non-institutional settings as defined by the federal government, and are not otherwise covered by another federal program). In addition, the proposal assumes an unallocated reduction to the operations budget.

Reductions to regional center operations of \$13.7 million were a component of proposals to achieve the \$334 reduction in FY 2009-10. Funding was eliminated for triennial quality assurance reviews, one-time funding was reduced for office relocations and modifications, and funding was reduced based on eligibility changes in the Early Start Program and the subsequent implementation of the Prevention Program. In addition, the FY 2011-12 budget for regional center operations was reduced by actions already taken by the Legislature totaling \$27.7 million (\$27.4 million GF) including continuation of the 4.25 percent

⁵ Regional center staff-related reductions include elimination of the positions associated with implementation of the Self-Directed Services Waiver for which federal approval has been pending since 2008; savings associated with the Department's overestimated need for community placement plan resources; and rollback of prior year staffing increases.

payment reduction, administrative cost limits, auditing requirements, conflict of interest requirements, staffing reductions, and increased federal funding.

Savings:

FY 2011-12 savings

TF: \$14,565,000

GF: \$14,132,000

FY 2012-13 savings

TF: \$15,881,000

GF: \$15,015,000

The savings will be achieved through staff reductions, efficiencies and an unallocated reduction in operations, as follows:

- Self Directed Services Waiver Reduced Staffing (\$0.9 million GF)
- Community Placement Plan Reduced Staffing (\$0.3 million GF) – described later in this document under the Community Placement Plan proposal.
- Roll Back of Prior Year Staffing Increase (\$1.9 million GF)
- Reduced Accelerated Waiver Enrollment Funding (\$1.8 million GF)
- Administrative Efficiency - Electronic Billing Process to All Providers (\$2.6 million TF, \$1.8 million GF; FY 2011-12 savings due to implementation lags are \$1.3 million TF, \$0.9 million GF)
- Eliminate Costs for Office Relocations and Modifications (\$3.0 million GF)
- Unallocated Reduction (\$5.4 million GF)

Implementation:

This proposal will be effective upon approval of the Legislature. Legislation will be needed to implement the electronic billing administrative efficiencies.

Anticipated Impacts:

The accumulated impact of reductions in regional center operations can impact the responsiveness to consumers, families and service providers; could result in increased case manager caseloads; and could impact the regional centers' ability to meet federal requirements for receipt of federal funding.

4. COMMUNITY PLACEMENT PLAN FUNDING

Summary:

As described in Welfare and Institutions Code section 4418.25, the Department has a statutory responsibility to ensure that individuals with developmental disabilities live in the least restrictive setting, appropriate to their needs. The law

establishes a Community Placement Plan (CPP) process designed to assist regional centers in providing the necessary services and supports for individuals to move from developmental centers. It also provides the resources necessary to stabilize the community living arrangements of individuals who are at risk of placements in a developmental center (deflection).

Under the CPP process, each regional center develops and submits an annual CPP to the Department based on the needed resources, services, and supports for consumers moving from a developmental center, as well as the resources needed to prevent developmental center admission. The Department requests CPP funding through the budget process. CPP has to be implemented in accordance with the plan approved by the Department.

CPP has resulted in more people moving from, and reduced admissions to, the developmental centers. In the past five years, regional centers have facilitated the placement of 1,168 consumers and have reduced admissions. For example, in FY 2005-06, sixty-six (66) consumers were admitted to developmental centers with thirty-four (34) consumers admitted in FY 2009-10.

The Department closed Agnews Developmental Center in FY 2008-09 and the state-operated community facility, Sierra Vista, in FY 2009-10. The Department is in the process of closing Lanterman Developmental Center.

As part of the planning process, regional centers must forecast the dates consumers will move into the community as well as when resources will come on line. Often new vendors are needed and development of individualized resources, especially licensed residential arrangements, can take longer than anticipated. Consequently, the Department and each regional center are continuously harmonizing the amount of funds needed to implement the CPP.

The Department has conducted an extensive analysis of the funds budgeted, allocated, and expended and has determined that CPP can be reduced by \$10 million (\$7.3 million GF) by funding CPP closer to the amount actually needed in the current and immediately prior FYs. Of this amount, \$315,000 is reflected in the proposal to reduce regional center operations funding. This will result in maintaining the level of placements, deflections, start-up activities, and the operational resources needed to design and implement the very individualized CPP. This reduction will not impact the Department and regional center efforts to facilitate consumers moving from a developmental center or prevent admissions to a developmental center.

There were no changes to the CPP in the FY 2009-10 budget reduction process. CPP was not the subject of workgroup discussion.

Savings:

FY 2011-12 savings⁶

TF: \$9,685,000

GF: \$6,966,000

FY 2012-13 savings⁶

TF: \$9,685,000

GF: \$6,966,000

Implementation:

This proposal will be effective upon approval of the Legislature.

Anticipated Impacts:

CPP funds will be reduced to reflect actual annual expenditures based on review and analysis of the past two years of regional center needs to ensure continued placements of individuals residing in developmental centers into the community or the deflection from placement into institutions. This reduction will not impact the Department and regional center efforts to facilitate consumers moving from a developmental center or prevent admissions to a developmental center.

5. RATE EQUITY AND NEGOTIATED RATE CONTROL

Summary:

The rate setting methodologies for services funded by regional centers are specified in law. These methodologies include: negotiations resulting in a rate that does not exceed the regional center's median rate for that service, or the statewide median, whichever is lower, and the provider's usual and customary rate (U&C), which means the rate they charge the members of the general public to whom they are providing services. A 4.25 percent payment reduction to regional center funded services went into effect July 1, 2010 (a 3 percent reduction was previously in effect commencing February 2009), but did not apply to service providers with a U&C rate. The intent of the U&C exemption was for businesses that serve the general public without specialty in services for persons with developmental disabilities. This proposal clarifies that the exemption to the 4.25 percent payment reductions does not apply to providers specializing in services to persons with developmental disabilities. This proposal also calls for the Department to update the calculation of the regional center and statewide median rates, established as part of the 2008-09 budget reductions, applicable to new vendors providing services for which rates are set through negotiation. The

⁶ The remaining \$315,000 GF is reflected in the proposal, Reductions and Efficiency in Regional Center Operations Funding.

proposal only impacts providers who were not previously impacted by the 4.25 percent payment reduction and new providers of negotiated rate services.

This proposal is consistent with workgroup discussions regarding the U&C modification and suggestions that any rate changes be focused on new or higher rate providers.

Savings:

FY 2011-12 savings

TF: \$6,008,000
GF: \$3,432,000

FY 2012-13 savings

TF: \$14,312,000
GF: \$ 9,568,000

Savings Detail:

4.25 Percent Payment Reduction for Usual and Customary Rates

- Annual Savings: \$1.0 million (\$0.8 million GF)
- FY 2011-12 Savings: The annual savings is achievable in FY 2011-12 for savings of \$1.0 million (\$0.8 million GF)

Median Rates

- Annual Savings: \$13.3 million (\$7.0 million GF)
- FY 2011-12 Savings: \$5.0 million (\$2.6 million GF)

Implementation:

This proposal will be effective upon approval of the Legislature. The 4.25 percent payment reduction can be implemented immediately and the Department will update the median rates used by regional centers for new providers of applicable services effective October 1, 2011.

Anticipated Impacts:

The proposal only impacts providers who were not previously impacted by the 4.25 percent payment reduction and new providers of negotiated rate services.

6. ANNUAL FAMILY PROGRAM FEE

Summary:

There are currently two family participation programs in the Department. The first is a Parental Fee for families with children ages 0 through 17 who have been placed out of the family home. The second is the Family Cost Participation Program (FCPP) for families of children ages 0 through 17 who receive day care, respite, and camping services. In response to State budget pressures, both programs were recently changed to increase parental participation.

This proposal establishes an annual family program fee in the amount of \$150 or \$200, depending on family income, that will be assessed for families of consumers receiving services from the regional centers who meet the following criteria:

- The child is under age 18.
- The child lives at home with their parent(s).
- The child is not eligible for Medi-Cal.
- The family's income is at or above 400 percent of the Federal Poverty Level (FPL) based upon family size.
- The child or family receives services beyond eligibility determination, needs assessment, and case management. Families of consumers who only receive respite, day care, and/or camping services are also excluded under the Annual Family Program Fee if assessed separately in the Family Cost Participation Program (FCPP).

The authorizing legislation would include an exemption process for families with special circumstances. Families with two or more children receiving regional center services would be charged only one fee.

Savings:

FY 2011-12 savings

TF: \$3,600,000
GF: \$3,600,000

FY 2012-13 savings

TF: \$7,200,000
GF: \$7,200,000

Implementation:

This proposal will be effective upon approval of the Legislature. The annual family program fee will be assessed by regional centers at the time of the development of the IPP/IFSP, but no later than June 30, 2012, and annually

thereafter. Legislation will be required for implementation and federal approval may be required for consumers in the Early Start Program.

Anticipated Impacts:

It is estimated that there will be over 42,000 families responsible for paying an Annual Family Program Fee. Families of consumers, ages 0 through 17, will be required to pay the fee when they receive services from a regional center, with the exception of eligibility determination, needs assessment, and case management services. If a family only receives respite, day care and camping services, they will not be subject to the fee, as they participate in the Family Cost Participation Program when receiving these services. An exemption process for families with special circumstances would be outlined in the authorizing legislation. Families with two or more children receiving regional center services would be charged only one fee.

7. MAINTAINING THE CONSUMER'S HOME OF CHOICE – MIXED PAYMENT RATES IN RESIDENTIAL FACILITIES WITH ALTERNATIVE RESIDENTIAL MODEL (ARM) RATES

Summary:

Rather than a consumer having to leave their preferred residential living arrangement because their service and support needs have changed, this proposal allows for regional center payment of a lower rate that meets the needs of the individual while leaving intact the higher level of services and support for the other individuals residing in that home and the facility's ARM service level designation.

Current regulations for ARM facilities (Title 17, Section 56902) allow regional centers to negotiate a level of payment for its consumers that is lower than the vendored rate established by the Department (ARM rate). However, the vendor must still provide the same level of service (i.e. staffing ratios and hours, and consultant services) for which they are vendored (i.e. the designated ARM service level for the facility). This proposal would allow, pursuant to the consumer's IPP, and a written agreement between the regional center and residential provider, a lower payment rate for a consumer whose needs have changed but wants to maintain their residency in the home, without impacting the facility's ARM service level designation.

This concept was discussed in the Residential Services Workgroup for potential cost savings.

The majority of consumers living in 24-hour residential care reside in ARM facilities. The FY 2011-12 budget includes \$871.1 million to fund residential services for over 21,000 consumers living in over 4,700 community care facilities.

In the FY 2009-10 adopted budget reduction proposals, residential services were impacted by the implementation of the Uniform Holiday Schedule for Day Programs. When programs impacted by the holiday schedule were closed, residential facilities had associated increased staffing costs.

Savings:

FY 2011-12 savings

TF: \$2,255,000

GF: \$1,364,000

FY 2012-13 savings

TF: \$4,176,000

TF: \$2,526,000

Implementation:

This proposal will be effective upon approval of the Legislature. For the consumer, a change in the level of residential services would be done through the IPP process, and subsequently through a contract between the regional center and residential service provider. If a consumer's needs subsequently increase, the services and the corresponding rate will be adjusted accordingly.

Anticipated Impacts:

Consumers will be able to stay in their home of choice. For the consumer, a change in the level of residential services would be done through the IPP process, and subsequently through a written agreement between the regional center and the residential provider. Although the rate for the service will decrease, the service provider staffing requirements would also be adjusted.

8. MAXIMIZE UTILIZATION OF GENERIC RESOURCES - EDUCATION SERVICES

Summary:

Publicly funded school services are available to regional center consumers to age 22. The Lanterman Act requires the use of generic services to meet the needs of the consumers, as applicable, and further states that regional centers shall pursue all possible sources of funding for consumers receiving regional center services, including school districts (Welfare and Institutions Code section 4659). The California Education Code addresses education and related services to pupils 18 to 22 years of age. The Education Code lists services provided by the school system, including orientation and mobility services, school transition services, specialized driver training instruction, specifically designed

vocational education and career development, and transportation. For consumers who remain eligible for services through the public school system, this proposal requires the regional centers to use the generic education resources in lieu of purchasing day program, work/employment, independent living, mobility training and associated transportation services on their behalf. Regional centers may encourage schools to use existing vendors to meet consumer needs.

Workgroup participants recommended greater reliance on the educational system for services, as appropriate. Participants expressed the need to maximize service provision through the mandated transition plan for individuals with special education needs.

The budget reductions in FY 2009-10 required regional centers to use generic educational services for minor school aged children, with exceptions in statute.

Savings:

FY 2011-12 savings

TF: \$13,696,000

GF: \$10,236,000

FY 2012-13 savings

TF: \$18,188,000

GF: \$13,593,000

Implementation:

This proposal will be effective upon approval of the Legislature. The IPPs of consumers 18 to 22 years of age receiving regional center funded day, independent living, and/or associated transportation services potentially impacted by the implementation of this proposal will need to be reviewed to determine eligibility for the generic educational services. The estimate assumes the use of generic education resources will be addressed through the IPP for consumers currently receiving the identified services through the regional center. All changes to existing plans will be done through the IPP process.

Anticipated Impacts:

Consumers, ages 18 to 22, based upon the services identified in their IPP, will receive generic education services through the public education system, rather than the regional centers.

9. SUPPORTED LIVING SERVICES: MAXIMIZING RESOURCES

Summary:

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

It is estimated that for FY 2011-12, 9,803 consumers will receive SLS at a total cost of approximately \$383 million. In the past five years, the number of consumers using SLS has increased by 33 percent and expenditures have grown by 83 percent.

During workgroup meetings, participants discussed ways to maximize regional center funded services while maintaining the individualized nature of SLS. Consumers who share a household with other adults may also share common tasks. Savings for SLS could be accomplished through identifying the shared tasks that can be provided at the same time, provided each person's needs are met. Identifying, during IPP meetings, shared tasks, such as meal preparation and clean up, menu planning, laundry, shopping, general household tasks, and errands, would enable the SLS provider to provide efficiencies in SLS services.

A second area of discussion among participants was how the amount and type of SLS service is determined. Currently, most providers conduct this assessment as an important component of getting to know the consumer they will be supporting. The workgroup discussed the value of conducting an independent assessment when service needs are significant, while preserving the need for the provider to have a comprehensive understanding of the type and amount of services needed.

To maximize resources in SLS, this proposal would require regional centers to assess during IPP meetings whether there are tasks that can be shared by consumers who live with roommates. Secondly, an independent needs assessment will be required for all consumers who have SLS costs that exceed 125 percent of the annual statewide average cost of providing supported living service. The assessment would be completed by an entity other than the SLS agency providing service and be used during IPP meetings to determine the services provided are necessary and sufficient and that the most cost effective methods of service are utilized.

As part of FY 2009-10 reductions, SLS achieved savings of \$22.9 million in Total Funds and \$15.1 million in GF. Savings were associated with SLS vendors helping consumers get IHSS within five days of moving into supported living; regional centers reviewing SLS rates and only supplementing consumer's rent in extraordinary circumstances; and having consumers using SLS who share a home use the same SLS provider if possible.

Savings:

FY 2011-12 savings

TF: \$9,948,000

GF: \$5,461,000

FY 2012-13 savings

TF: \$19,896,000

GF: \$10,924,000

Savings Detail:

SLS – Independent Assessments

- Annual Savings: \$12.2 million (\$6.7 million GF)
- FY 2011-12 Savings: The savings will be phased-in throughout the first year; therefore, 50 percent of the annual savings is assumed in FY 2011-12 for \$6.1 million (\$3.4 million GF).

SLS – Shared Tasks

- Annual Savings: \$7.7 million (\$4.2 million GF)
- FY 2011-12 Savings: The savings will be phased-in throughout the first year; therefore, 50 percent of the annual savings is assumed in FY 2011-12 for \$3.8 million (\$2.1 million GF).

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature. Changes to an individual's SLS will be made through the IPP process.

Anticipated Impacts:

Consumers will receive SLS services as identified in their IPP. In some instances and where appropriate, some SLS services may be shared with

roommates. The independent assessment will be utilized by the IPP team when determining the appropriate level of services based on the consumer's needs.

10. INDIVIDUAL CHOICE DAY SERVICES

Summary:

Over the past several years there has been extensive community discussion regarding best practices for delivery of day services. Consumers, family members, regional center staff, and vendors have publicly testified that the current array of day services options is insufficient to meet changing consumer needs. Young consumers want the opportunity to attend college and to develop the job skills necessary to get stable employment. Other adults want the opportunity to contribute to their community through volunteerism or simply have the flexibility to tailor when, where, and how often they attend a day program. A number of consumers want the opportunity to direct their day services.

Twenty-five percent of the regional center purchase of service budget is spent on Day Program and Habilitation Services (i.e., work services.) The Department estimates expenditures of nearly \$930 million in FY 2011-12 for these programs.

To achieve savings in FY 2009-10, the Department proposed three strategies that impacted day program services: expansion of the Uniform Holiday Schedule, an option for reduced programming for Seniors, and Custom Endeavor Option (CEO) to allow for more individualized services. The proposed GF savings were Uniform Holiday Schedule \$16.3 million; Senior Option \$1 million; and CEO \$12.7 million. However, only the Uniform Holiday Schedule change achieved savings. Virtually no savings were achieved for the Senior or CEO Options.

During recent workgroup meetings, the Senior and CEO Options, and the barriers associated with implementing them, were discussed. The workgroup members conveyed to the Department that savings were difficult to achieve due to regulatory restrictions on staffing ratios, not being able to backfill if a consumer chose a different option, and the difficulty of implementing the options within the current rate structure. Workgroup participants advised the Department to review individualized day program service options and address the barriers surrounding fixed staffing ratios and operating costs when proposing any individual choice options. The Residential Services workgroup raised concerns about the practice of some day programs ending the program day very early and returning consumers to their residence after a few hours, thereby shifting costs.

The Department considered the input from the workgroups and community concerning the importance of consumers having alternative choices to traditional day programs in its development of the FY 2011-12 proposals. Two of the proposals presented by the Department address the community's eagerness for

greater consumer choice in day services. These proposals also deal with the barriers expressed by providers in implementing the FY 2009-10 proposals.

Tailored Day Program Service Option (TDS): TDS is designed to meet the needs of consumers who choose a program focused on their individualized needs and interests to develop or maintain employment and/or volunteer activities; maximize consumer direction of the service; permit pursuit of post secondary education; and increase the consumer's ability to lead an integrated and inclusive life. In this option, a consumer can choose to attend fewer program days, choose the hours of participation, or change the location. Through the IPP process, the consumer, vendor, and regional center can create a program tailored to the consumer's needs. Once the type and amount of service desired by the consumer is determined, the regional center and vendor can negotiate the appropriate hourly or daily rate. Staffing may be adjusted but must meet all health and safety requirements for the consumer and meet the consumer's tailored needs. Consumers currently engaged in Senior and CEO options will remain in those options, but regional centers will no longer be able to refer to those options.

Vouchered Community-Based Training Service Option (VCTS): VCTS is designed for consumers and/or parents who choose to directly hire a support worker to develop functional skills to achieve community integration, pursue post secondary education, employment, or participation in volunteer activities. A Financial Management Services entity will be available to assist the consumer in payroll activities and up to 150 hours of services are available each quarter.

Modified Full and Half-Day Program Attendance Billing: The proposal modifies the current billing for day programs that bill a daily rate. A full day of service is defined as at least 75 percent of the declared and approved program day; a half day of service is any attendance less than a full day of service. Currently, regulations governing the provision of day programs are silent on what constitutes a full or half-day for billing purposes. This proposal would ensure the consumer is receiving the level of services purchased. This requirement will not apply to TDS or VCTS services.

Savings:

FY 2011-12 savings

TF: \$12,839,000
GF: \$ 9,629,000

FY 2012-13 savings

TF: \$16,477,000
GF: \$12,358,000

The individual choice day service and modified billing proposals combined are designed to achieve the expected but unachieved savings associated with the Senior and CEO Options enacted in the 2009-10 budget process.

Savings Detail:

Tailored Day Program Service Option

- Annual Savings: \$9.4 million (\$7.0 million GF)
- FY 2011-12 Savings: The savings in FY 2011-12 assumes nine months of savings to address delays in identifying and implementing the various consumer driven options. This results in FY 2011-12 savings of \$7.0 million (\$5.3 million GF)

Vouchered Community-Based Training Service Option

- Annual Savings: \$5.2 million (\$3.9 million GF)
- FY 2011-12 Savings: The savings in FY 2011-12 assumes nine months of savings to address delays in identifying and implementing the various consumer driven options. This results in FY 2011-12 savings of \$3.9 million (\$2.9 million GF)

Modified Full and Half-Day Program Attendance

- Annual Savings: \$1.9 million (\$1.4 million GF)
- FY 2011-12 Savings: The annual savings is achievable in FY 2011-12 for savings of \$1.9 million (\$1.4 million GF)

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature. Implementation of the TDS and VCTS options will be individualized and phased in through the IPP process. Federal approval will be needed to receive federal funding for the VCTS program.

Anticipated Impacts:

Based upon their IPP, some consumers will elect to receive TDS or VCTS services for opportunities to develop or maintain employment and/or volunteer activities; maximize direction of their service; pursue post secondary education; and increase their ability to lead an integrated and inclusive life. The proposal

regarding half-day billings will ensure service providers are paid for the services they provide, based on the consumer's actual attendance.

11. MAXIMIZING RESOURCES FOR BEHAVIORAL SERVICES

Summary:

Behavioral Services are services that provide instruction and environmental modifications to promote positive behaviors and reduce behaviors that interfere with learning and social interaction. Behavioral Services can include designing, implementing and evaluating teaching methods, consultation with specialists, and behavioral interventions. It can also include training for consumers and/or parents on the use of behavioral intervention techniques and home-based behavioral intervention programs that are implemented by parents for their children. Department regulations establish the qualifications for the various professionals delivering these services.

This proposal would require parents to verify receipt of Behavioral Services provided to their child. This proposal would also authorize the Department to promulgate emergency regulations to establish a new service to address the use of paraprofessionals in group practice behavioral intervention services and establish a rate.

Spending on Behavioral Services has increased steadily. Last year, nearly \$249 million was spent to provide services to over 20,000 consumers. This year, the Department anticipates spending over \$291 million on Behavioral Services.

During recent workgroup meetings, participants discussed whether having parents confirm the provision of Behavioral Services would reduce the unintended occurrence of incorrect billings. Behavioral Services provided to children are often frequent in occurrence, increasing the possibility of inaccurate billings.

Additionally, workgroup members felt that allowing qualified paraprofessionals to provide intervention services could result in cost savings. Participants considered that undergraduates studying in a field relevant to behavioral intervention and other individuals with experience working with people with developmental disabilities could, with sufficient supervision and training, provide some intervention services. Because these workers would be paraprofessionals operating with a group practice, the rate of pay could be lower while maintaining the quality and consistency of the service.

In FY 2009-10, the Department implemented statute calling for regional centers to purchase Behavioral Services consistent with evidence-based practices and addressing the role of parents in the treatment plan. The usefulness of an

intervention plan is now reviewed on a regular basis to ensure goals and objectives are met. These strategies were estimated to save \$21 million in GF (\$30 million in Total Funds). Savings were partially achieved.

Savings:

FY 2011-12 savings

TF: \$4,893,000
GF: \$3,852,000

FY 2012-13 savings

TF: \$4,893,000
GF: \$3,852,000

Savings Detail:

Parent Verification of Receipt of Services

- Annual Savings: \$2.7 million (\$2.0 million GF)
- FY 2011-12 Savings: The annual savings is achievable in FY 2011-12 for savings of \$2.7 million (\$2.0 million GF)

Establish Paraprofessional Service

- Annual Savings: \$2.5 million (\$1.9 million GF)
- FY 2011-12 Savings: The annual savings is achievable in FY 2011-12 for savings of \$2.5 million (\$1.9 million GF)

Implementation:

This proposal will be effective upon approval of the Legislature. Statutory changes will be required to implement the parental verification. Regulations will be developed to add the paraprofessional services.

Anticipated Impacts:

A new paraprofessional option will be available to provide behavioral services at a lower rate. Parents will be required to confirm the provision of behavioral services.

12. TRANSFER REDUCED SCOPE PREVENTION PROGRAM TO THE FAMILY RESOURCE CENTERS

Summary:

The Prevention Program was established on October 1, 2009, to provide services in the form of intake, assessment, case management, and referral to generic agencies for those infants and toddlers, 0 to 2 years of age, who are not eligible for Early Start services but who are at risk for developmental delay. The program was established subsequent to changing eligibility for the Early Start program to what is required for receipt of grant funding under the federal Individuals with Disabilities Education Act (IDEA), Part C. Prevention Program services are provided through the regional centers.

As of March 2011, there were 3,258 children in the Prevention Program. Regional centers are funded through a block grant, based on caseload. In FY 2010-11, \$18,150,000 of GF was allocated. The Prevention Program is currently budgeted at \$12 million for FY 2011-12.

This proposal would decrease the required functions of the Prevention Program to information, resource, outreach, and referral; transfer responsibility for these functions to Family Resource Centers (FRC); and reduce funding to \$4.5 million in FY 2011-12 and \$2 million in FY 2012-13. Since approximately 3,200 children remain in the Prevention Program, this proposal assumes \$2.5 million for regional centers to complete services to the existing caseload and \$2 million for FRCs to serve new referrals. Beginning July 1, 2012, the program would be completely transferred to the FRCs through a contract between the Department and the Family Resource Center Network of California, or a similar entity.

Regional centers will continue to provide intake, assessment, and evaluation for the Early Start Program. Infants and toddlers ineligible for the Early Start or Lanterman Act Programs would be referred, with parental consent, to the FRCs.

The workgroup participants discussed the under utilization of the Prevention Program and suggested review for cost and program effectiveness.

In FY 2009-10, budget savings of \$54.5 million were achieved through narrowing the criteria for eligibility for the Early Start Program to what is required for the federal IDEA, Part C funding. Additional legislation was passed to discontinue the provision of non-federally required services. Parents were also required to use private insurance, if available, for services.

Savings:

FY 2011-12 savings

TF: \$7,500,000

GF: \$7,500,000

FY 2012-13 savings

TF: \$10,000,000

GF: \$10,000,000

The savings assumes a transition period for individuals currently in the Prevention Program and referral of new infants and toddlers to FRCs.

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature.

Anticipated Impacts:

Infants and toddlers, 0 through 2 years of age, who are not eligible for Early Start services will be referred to Family Resource Centers for services. Infants and toddlers who would have been receiving services in the Prevention Program administered by the regional center, will not receive case management services.

13. ENHANCING COMMUNITY INTEGRATION AND PARTICIPATION – DEVELOPMENT OF TRANSPORTATION ACCESS PLANS

Summary:

Current law provides that regional centers will not fund private, specialized transportation services for an adult consumer who can safely access and utilize public transportation when that transportation modality is available and will purchase the least expensive transportation modality that meets a consumer's needs as set forth in the IPP/IFSP. To maximize consumer community integration and participation and to address barriers to the most integrated transportation services, a transportation access plan would be developed at the time of the IPP, for consumers for whom the regional center is purchasing specialized transportation services or vendored transportation services from the consumer's day, residential or other provider receiving regional center funding to transport the consumer to and from day programs, work and/or day activities. The plan would address the services needed to assist the consumer in developing skills to access the most inclusive transportation option that can meet the consumer's needs. The Transportation Workgroup recommended the requirement for the development of transportation access plans.

The FY 2009-10 reduction proposals resulted in annual savings of \$39.9 million in Total Funds and \$36.6 million in General Funds in the area of transportation. In addition to the statutory provision above regarding the funding of private, specialized transportation services, the law specifies that the regional centers may now only fund transportation for a minor child living in the family residence if the family provides sufficient written documentation to demonstrate that it is unable to provide transportation for the child.

Savings:

FY 2011-12 savings

TF: \$1,473,000

GF: \$1,075,000

FY 2012-13 savings

TF: \$2,945,000

GF: \$2,150,000

In addition to this proposal, transportation savings are also identified in the "Individual Choice Day Services" proposal and the "Maximize Utilization of Generic Resources - Education Services" proposal.

Implementation:

This proposal will be effective upon approval of the Legislature. Through the IPP process, transportation access plans will be developed for consumers as appropriate.

Anticipated Impacts:

Based upon their IPP, adult consumers currently receiving specialized or vendored transportation services will have a transportation plan for developing skills to access the most inclusive transportation option that meets the consumer's needs.

IMPLEMENTING LEGISLATION

Proposed legislation to implement these proposals is attached.

**Department of Developmental Services
Proposals to Achieve \$174 Million in General Fund Savings**

	2011-12		Annual	
	TF	GF	TF	GF
Reduced Expenditure Savings that Allow Reduction in Savings Required through Proposals	\$ 55,603,000	\$ 55,603,000	\$ 55,603,000	\$ 55,603,000
1. Increasing Federal Funding for Regional Center Purchased Consumer Services	\$ -	\$ 20,932,000	\$ -	\$ 22,515,000
• Add Voucher - Nursing Services to the HCBS Waiver	\$ -	\$ 528,000	\$ -	\$ 528,000
• Money Follows the Person for Residents of Institutional Settings	\$ -	\$ 1,881,000	\$ -	\$ 3,464,000
• Enhanced Funding from 1915(k) Medicaid State Plan	\$ -	\$ 1,200,000	\$ -	\$ 1,200,000
• Obtain Federal Funding for Infant Development Program	\$ -	\$ 13,223,000	\$ -	\$ 13,223,000
• 1915(i) New Expenditures	\$ -	\$ 4,100,000	\$ -	\$ 4,100,000
2. Decreasing Department of Developmental Services Headquarters Contracts	\$ 2,015,000	\$ 1,754,000	\$ 2,015,000	\$ 1,754,000
• Information Technology	\$ 545,000	\$ 545,000	\$ 545,000	\$ 545,000
• Clients' Rights Advocacy	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
• Quality Assessment	\$ 530,000	\$ 424,000	\$ 530,000	\$ 424,000
• Direct Support Professional Training	\$ 140,000	\$ 85,000	\$ 140,000	\$ 85,000
• Office of Administrative Hearings	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
• Risk Management	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
• Self Directed Services Training	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
3. Reduction and Efficiency in Regional Center Operations Funding	\$ 14,565,000	\$ 14,132,000	\$ 15,881,000	\$ 15,015,000
• Self Directed Services Waiver Reduced Staffing	\$ 861,000	\$ 861,000	\$ 861,000	\$ 861,000
• Community Placement Plan Reduced Staffing	\$ 315,000	\$ 315,000	\$ 315,000	\$ 315,000
• Roll Back of Prior Year Staffing Increase	\$ 1,902,000	\$ 1,902,000	\$ 1,902,000	\$ 1,902,000
• Reduced Accelerated Waiver Enrollment Funding	\$ 1,771,000	\$ 1,771,000	\$ 1,771,000	\$ 1,771,000
• Administrative Efficiency - Electronic Billing Process to All Providers	\$ 1,316,000	\$ 883,000	\$ 2,632,000	\$ 1,766,000
• Eliminate One-Time Costs for Office Relocations and Modifications	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
• Unallocated Reduction	\$ 5,400,000	\$ 5,400,000	\$ 5,400,000	\$ 5,400,000
Proposals Associated with Purchase of Consumer Services	\$ 71,897,000	\$ 53,115,000	\$ 107,772,000	\$ 79,137,000
4. Community Placement Plan Funding	\$ 9,685,000	\$ 6,966,000	\$ 9,685,000	\$ 6,966,000
5. Rate Equity and Negotiated Rate Control	\$ 6,008,000	\$ 3,432,000	\$ 14,312,000	\$ 9,568,000
6. Annual Family Program Fee	\$ 3,600,000	\$ 3,600,000	\$ 7,200,000	\$ 7,200,000
7. Maintaining the Consumer's Home of Choice - Mixed Payment Rates in Residential Facilities with Alternative Residential Model (ARM) Rates	\$ 2,255,000	\$ 1,364,000	\$ 4,176,000	\$ 2,526,000
8. Maximize Utilization of Generic Resources - Education Services	\$ 13,696,000	\$ 10,236,000	\$ 18,188,000	\$ 13,593,000
9. Supported Living Services: Maximize Resources	\$ 9,948,000	\$ 5,461,000	\$ 19,896,000	\$ 10,924,000
10. Individual Choice Day Services	\$ 12,839,000	\$ 9,629,000	\$ 16,477,000	\$ 12,358,000
11. Maximizing Resources for Behavioral Services	\$ 4,893,000	\$ 3,852,000	\$ 4,893,000	\$ 3,852,000
12. Transfer Reduced Scope Prevention Program to the Family Resource Centers	\$ 7,500,000	\$ 7,500,000	\$ 10,000,000	\$ 10,000,000
13. Enhancing Community Integration and Participation - Development of Transportation Access Plans	\$ 1,473,000	\$ 1,075,000	\$ 2,945,000	\$ 2,150,000
Total Reductions	\$ 144,080,000	\$ 145,536,000	\$ 181,271,000	\$ 174,024,000

TRI-COUNTIES REGIONAL CENTER – SB74 (CHAPTERED) TRAILER BILL LANGUAGE

Attachment #10

IMPLEMENTATION REPORT – JULY 8, 2011

Bill Section	Main Topic	Sub-Topic/Directive	DDS Implementation Memo	Implementation Status
1	Development of Best Practices (See topics 17 – 27 below)	Purchase of Services & Operations	Enactment of these proposals will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
2	Proof that composition of RC board complies with W&I code	By August 15 of each year, the governing board of each RC shall submit to DDS detailed documentation, as determined by DDS, demonstrating that the composition of the board is in compliance with Section 4622 WIC.	DDS will soon provide RCs with a format for reporting required info.	Awaiting further information from DDS.
3	Board approval of contracts over \$250,000	The governing body of each RC shall adopt and maintain a written policy requiring the board to review and approve any RC contract of \$250,000 before entering into the contract. No RC contract of \$250,000 or more shall be valid unless approved by the governing board of the RC in compliance with its written policy.	The statutory requirement for board review is applicable to contracts of \$250K or more, entered into as of the effective date of the TBL, i.e., March 24, 2011. The law is applicable to OPS and POS contracts, for or over \$250K, whether multi-year or not.	Policy to be presented to Board for approval on 7/8/11. Internal procedures being developed.
4	RC Conflict of Interest Policies	Conflict of Interest-DDS shall develop and publish a standard COI reporting statement. The statement shall be completed by each RC governing board member and each RC employee specified in regulations.	RCs should assure they are taking action to comply with TBL and timeframes specified. Training for both employees and board members is recommended. DDS is developing the required COI reporting statement and it will soon be published.	Awaiting further information from DDS.
5	Submission of RC Conflict of Interest Policies to DDS	Each RC shall submit a COI policy to DDS and post COI policy on its website		Draft COI policy submitted to DDS on July 1, 2011. Revised policy to be presented to Board for approval on 7/8/11.

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				Final policy to be posted on website by August 1, 2011.
6	Conflict of Interest Policy regulations - DDS	DDS shall monitor and ensure the RCs' compliance with COI regulations.	Emergency regulations are underdevelopment and will be promulgated shortly. DDS will monitor compliance through its fiscal audits and ongoing monitoring of RCs.	No action required by TCRC at this time.
7	RC Transparency & Access to Public Information	RC shall adopt, maintain, and post on its Internet Web site a board-approved policy regarding transparency and access to public information. Each RC shall include on its Internet Web site, as expeditiously as possible, at least all of the following:	If not already posted, RCs must take immediate action to post the above info on the RCs Internet home page. This requirement applies to the most current documents in each category and future applicable documents. The law requires the names, types of service, and contact info of all vendors, except consumers or family members.	Policy to be presented to Board for approval on 7/8/11. Information has been posted as required with some exceptions, pending clarification from DDS.
8	15% Administrative Costs Cap – Service Providers	All RC contracts/agreements with service providers in which rates are determined through negotiations between the RC and the provider shall expressly require that not more than 15 percent of RC funds be spent on administrative costs.	All contracts or agreements with vendors with a negotiated rate must be amended to expressly require that not more than 15% of RC funds be spent on admin costs. This law is applicable to all negotiated rates and providers of such services, not just prospectively. Should it be determined that the negotiated rate is comprised of more than 15% admin costs, adjustments must be made to comport with law.	Contracts are in the process of being amended. Internal review of negotiated rates and administrative costs is underway.
8	15% Administrative Costs Cap – Regional Centers	All contracts between DDS and the RCs shall require that not more than 15 percent of OPS budget funds be spent on administrative costs.	This requirement became effective March 24, 2011. DDS will monitor compliance through its fiscal audits of RCs. The addition of the required language in the DDS contracts with RCs is pending upcoming contract negotiations with ARCA.	Reclassification of positions using the ARCA approved model is occurring.
9	RC Independent Audits by CPA	For the 2011-12 fiscal year and subsequent years, the [RC annual CPA] audit shall not be completed by the same accounting firm more than five times in every 10 years.	For the FY 2011-12 audit, the RC may not use an independent accounting firm that has been used five or more times in the previous ten years.	Clarification is being sought by ARCA.
10	RC Staffing– Continue no limit	Continues the unlimited caseload ratio for persons who are not on the HCBS		Workload management plan has been implemented and shall continue

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	on non-HCBS waiver caseloads	Waiver, not in Early Start, nor were placed from a DC.		through June 30, 2012.
11	Providers – Medicaid Reporting Requirements	Requires RCs to collect specific information regarding vendors to ensure eligibility for HCBS Waiver reimbursement.	Emergency regulations are under development and will be promulgated shortly. Pursuant to the statutory language effective March 24, 2011, RCs should not vendor any new applicants who are listed on either of the Internet Websites below: -State’s Suspended and Ineligible Provider List -Federal Office of Inspector General	Verification of websites has been implemented 6/20/11.
12	Reporting by DSS & DPH to DDS – Administrative Actions – Licenses homes and programs	Requires DSS and DPH to notify DDS of certain situations.		No action required by TCRC at this time.
13	Providers Audits – Providers receiving more than \$250,000 per year	When the amount received from the RC or RCs during the entity’s fiscal year is more than or equal to \$250,000 but less than \$500,000, the entity shall obtain an independent audit or independent review. When the amount received from the RC or RCs during the entity’s fiscal year is equal to or more than \$500,000, the entity shall obtain an independent audit.	DDS will be sending a letter to vendored entities/ providers, based on UFS data run, that are subject to this law. The letter will be posted on DDS’ homepage and RCs are encouraged to either post the letter on their websites or link to it. RCs may have other communication avenues with providers through which they want to additionally disseminate this info. [See DDS memo for more info.]	Awaiting further information from DDS. Internal data and procedures are being developed. Vendor contracts will be amended with new language.
14	Third Party Liability	Allows DDS and RCs to seek reimbursement for costs of services (injury to or death of a person served) and get information from health insurance plans	Effective March 24, 2011, RCs and DDS have the authority to pursue third party recovery as specified in statute. Additional info regarding this change in law and implementation will be sent out shortly to RCs under separate cover.	Awaiting further information from DDS.

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15	Continuation of Provider workload relief	Continues the provisions for provider workload relief originally enacted with the implementation of the 3%/4.25% payment reduction.		Current efforts to continue through June 30, 2012
16	Continuation of 4.25% payment reduction	Continues the 4.25% payment reduction.		Current efforts to continue through June 30, 2012
17	657-Admin Efficiency Electronic	Requires all Providers (some exceptions) to use Electronic Billing Program.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS. Currently assessing providers not on E-Billing.
18	658-Rate Equity & Negotiated Rate Control	Reduction of Payment to specified U&C vendors not previously applicable.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS. Currently obtaining data of impacted providers.
19	659-Annual Family Program Fee	RCs to assess an annual program fee for parents at or above certain federal poverty levels.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS. Developing information packet, forms and procedures.
20	660 Maintaining Person's Home of Choice	Mixed payment rates in residential facilities with ARM rates.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
21	661-Maximize Utilization of Generic Resources - Education Services	Restrictions on purchasing certain services for persons aged 18 to 22 years who are eligible for special education and related education services.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
22	662-SLS - Maximize Resources	Shared services; persons receiving services that cost > 125% of the annual	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send	Awaiting further information from DDS.

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		statewide average cost for SLS; independent assessments/third party assessors;	additional correspondence once the State Budget has been enacted.	Internal review is occurring of costs. RFP process is being developed to obtain third party assessors.
23	663-Individual Choice Day Services	New day programs: tailored day services and vouchered community-based training services.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
24	664-Maximize Resources - Behavioral Services	Use of paraprofessionals in group practice provider behavioral intervention services and establishment of rate. Form for parents to sign and vendors to submit with their invoices.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
25	665-Transfer Prevention Program to FRCs	DDS shall contract with an organization representing one or more family resource centers; scope of program is reduced.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS. DDS working with our local FRCs.
26	666-Transportation Access Plans	Enhancing community integration and participation by development of transportation access plans. Plan required if person receives private, specialized transportation.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.
27	669-Benefit Cards	At the time of intake, assessment or IPP/IFSP review, copies of any health benefit cards shall be presented by parents, legal guardian, or conservator.	Enactment of proposal will occur through adoption of the State Budget for FY 2011-12. DDS will send additional correspondence once the State Budget has been enacted.	Awaiting further information from DDS.

ASSOCIATION OF REGIONAL CENTER AGENCIES
SUMMARY OF AB 104 (TRAILER BILL) BY SUBJECT MATTER
JUNE 15, 2011

The following is a summary of the major provisions of AB 104. The sections have been grouped by subject matter where there is more than one section related to the same subject. All sections which dealt with unrelated subjects are grouped under "Other".

Health Benefit Cards

Section 1 – Health Benefit Cards – Government Code Section 95020 (Amended)

Requires parents, legal guardians, or conservators of an infant or toddler to provide a copy of any health benefit cards under which the consumer is entitled to benefits at time intake and assessment and at the annual review.

Section 8 – Health Benefit Cards – W&I Code Section 4643 (Amended)

Requires parents, legal guardians, or conservators of a consumer to provide a copy of any health benefit cards under which the consumer is entitled to benefits at time assessment.

Section 9 – Health Benefit Cards – W&I Code Section 4646.4 (Amended)

Requires parents, legal guardians, or conservators of a consumer to provide a copy of any health benefit cards under which the consumer is entitled to benefits at the of development, scheduled review, or modification of an IPP or IFSP.

Electronic Billing

Section 2 – Electronic Billing – Government Code Section 95020.5 (Added)

Beginning July 1, 2011, RCs to transition all providers of early intervention services, except for vouchers, to e-Billing, to be completed by July 1, 2012.

Section 7 – Electronic Billing – W&I Code Section 4641.5 (Added)

Beginning July 1, 2011, RCs to transition all providers, except for vouchers, to e-Billing, to be completed by July 1, 2012.

Prevention Program

Section 5 – Phase-Out of the Prevention Program – W&I Code Section 4435 (Amended)

1. Requires RC's to continue serving Prevention Program consumers until the earliest of:
 - a. Child reaches age 36 months.
 - b. Child is determined eligible for RC Early Start services.
 - c. June 30, 2012.

**ASSOCIATION OF REGIONAL CENTER AGENCIES
SUMMARY OF AB 104 (TRAILER BILL) BY SUBJECT MATTER
JUNE 15, 2011**

2. Effective July 1, 2011 RCs are no longer to refer any at-risk babies to the Prevention Program previously established by this section.

3. The entire section of W&I Code 4435 (Prevention Program) becomes inoperative on July 1, 2012 and is repealed as of January 1, 2013.

Section 6 – Establishes the At-Risk Baby Program – W&I Code Section 4435 (Added)

1. Effective July 1, 2011, DDS to “establish a program for at-risk babies.”

2. Effective July 1, 2011, RCs to refer at-risk babies to the Family Resource Center.

3. Requires DDS to contract with an organization representing one or more family resource centers to provide outreach, information, and referral services to generic agencies for children under 36 months of age who are otherwise not eligible for the California Early Intervention Program or Lanterman services.

Behavior Intervention Services

Section 15 – Paraprofessionals to Provide Behavior Intervention Services – W&I Code Section 4686.3 (Added)

Establishes the use of paraprofessionals to provide behavior modification services.

Section 16 – Attendance Forms for Behavior Modification Services – W&I Code 4686.31 (Added)

Requires DDS to develop attendance forms to be used by providers of certain behavior modification services to consumers under the age of 18. These forms are to be signed by the parents or guardian of the consumers and sent to the RC with the provider’s invoice.

Day Programs

Section 17 – Senior Programs – W&I Code 4688.1 (Amended)

Effective July 1, 2011 RCs are no longer to refer consumers to the Senior Programs established by this section.

Section 18 – Alternative Customized Programs (CEOs) – W&I Code 4688.2 (Amended)

Effective July 1, 2011 RCs are no longer to refer consumers alternative customized programs (also known as Custom Endeavor Options or CEOs) established by this section.

Section 19 – Tailored Day Services and Vouchered Day Services – W&I Code 4688.21 (Added)

1. Establishes the Tailored Day Services which allows consumers to attend day programs on a flex schedule to meet their needs.

**ASSOCIATION OF REGIONAL CENTER AGENCIES
SUMMARY OF AB 104 (TRAILER BILL) BY SUBJECT MATTER
JUNE 15, 2011**

2. Establishes the use of vouchers for day services to replace the traditional day program. Consumers, parents, or Guardians vendored for the voucher must use a Financial Management Services (FMS) entity to provide payroll type services.

Section 21 – Day Programs and Billing for Half Days – W&I Code 4690.6 (Added)

Requires day programs to bill for half days when the consumer’s attendance is less than 65% of the program’s normal “day”.

Juvenile Proceedings

Section 3 – Juvenile Proceedings – W&I Code Section 709 (Amended)

In cases where a minor is suspected of having a developmental disability, changes who the Court will appoint to evaluate the minor from an “expert” to the regional center.

Section 4 – Juvenile Proceedings – W&I Code Section 712 (Amended)

In cases where a minor is suspected of having a developmental disability, changes who the Court will order to evaluate the minor from an “expert” to the regional center in the Court Orders.

ICF SPA Retroactive Billing

Section 11 – Liquidation of FY 2007-08 and FY 2001-09 – W&I Code Section 4646.55 (Amended)

For the purposes of obtaining federal funding for day program and transportation services provided to residents of intermediate care facilities, the liquidation period for FY 2007-08 and FY 2008-09 is extended to December 31, 2011.

Section 25 – Liquidation of FY 2007-08 and FY 2001-09 – Budget Acts of 2007 and 2008 (Amended)

For the purposes of obtaining federal funding for day program and transportation services provided to residents of intermediate care facilities, the liquidation period for FY 2007-08 and FY 2008-09 is extended to December 31, 2011.

Other

Section 10 – Transportation Access Plans – W&I Code Section 4646.5 (Amended)

IPPs to include a Transportation Access Plan when:

- a. The regional center is purchasing private, specialized transportation services or services from a residential, day, or other provider, excluding vouchered service providers, to transport the consumer to and from day or work services.

**ASSOCIATION OF REGIONAL CENTER AGENCIES
SUMMARY OF AB 104 (TRAILER BILL) BY SUBJECT MATTER
JUNE 15, 2011**

- b. The planning team has determined that a consumer's community integration and participation could be safe and enhanced through the use of public transportation services.

- c. The planning team has determined that generic transportation services are available and accessible.

Section 12 – IPPs – W&I Code Section 4648.35 (Amended)

This is a technical revision. Replaces "Effective July 1, 2009" and replaces it with the word "At", so the section now begins:

"At the time of development, review, or modification of a consumer's individual program plan (IPP) or individualized family service plan (IFSP), all of the following shall apply to a regional center:"

Section 13 – Education Funded Day Services – W&I Code Section 4648.55 (Added)

In certain circumstances prohibits RCs from providing day and transportation services if consumer is still eligible for services under the education system for consumers age 18 to 22 who have not yet graduated. The education system should provide appropriate services.

Section 14 – Community Care Facilities (CCFs) and Mixed Rates – W&I Code Sections 4681.7 (Added)

In certain circumstances RCs may pay a CCF a lower rate when consumer, who no longer requires the level of service provided by that CCF, requests to remain in the CCF.

Section 20 – Supported Living Services (SLS): Shared Services and Independent Assessments – W&I Code 4689 (Amended)

1. For consumers receiving SLS and who share a household with another person receiving SLS, the IPP team will consider sharing like services where one service provider can provide a service for both consumers at the same time.

2. Establishes the use of independent assessments of the SLS services to assist the IPP team in evaluating the consumer's needs.

3. Effective July 1, 2011, requires the RCs to have an independent assessment of the consumer's SLS needs if the consumer's SLS expenditures exceed 125% of the statewide average for SLS.

Section 22 – Annual Family Program Fee – W&I Code 4785 (Added)

1. A \$200 fee shall be assessed for all consumers living with their parents under the age of 18 whose family's adjusted gross income is 400% or more of the federal poverty level unless:
 - a. The consumer receives only respite, day care, or camping services.

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b. The consumer does not receive any services beyond eligibility determination, needs assessment, and service coordination.

c. The consumer is on Medi-Cal.

2. The fee may be reduced to \$150 if the family can demonstrate that their adjusted gross income is less than 800% of the federal poverty level.

3. This section sunsets June 30, 2013, unless extended.

Section 23 – Porterville Developmental Center (DC) Secure Treatment Facility Population Cap – W&I Code 7502.5 (Amended)

Limits the population at Porterville’s secure treatment facility at 230 residents.

Section 24 – 4.25% Payment Reduction – Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 16 of Chapter 9 of the Statutes of 2011 (Amended)

This expands the types of vendors who are subject to the 4.25% payment reduction. These vendors had previously been exempt under the “usual and customary” rate exception. The vendors added are:

- a. Crisis and behavioral services provided by a nationally certified or state-licensed professional, consistent with the professional’s scope of practice, as set forth in the Business and Professions Code.
- b. Services of group practices providing behavioral intervention.
- c. Parent-coordinator home-based behavioral intervention for children with autism.
- d. Individual or family training.
- e. Registered nurse services.
- f. Therapy services, including physical, speech, occupational, recreational, and music therapy.
- g. Audiology services.
- h. Independent living specialist services.
- i. Translator and interpreter services.
- j. Mobility training, socialization training, or community integration training services.
- k. Community activities support, program support, or parenting support services.
- l. Personal assistance services.
- m. Tutoring services.
- n. Creative arts services.
- o. Early start specialized therapeutic services.

Section 26 – Review of DDS’s Budgeting Methodology for DCs

DDS to pay the Office of Statewide Audits and Evaluations for a review of DDS’s budgeting methodology for DCs.

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The following is a summary of the major provisions of AB 104. Please see AB 104 for the actual language, details, and exceptions.

Section 1 – Health Benefit Cards – Government Code Section 95020 (Amended)

Requires parents, legal guardians, or conservators of an infant or toddler to provide a copy of any health benefit cards under which the consumer is entitled to benefits at time intake and assessment and at the annual review.

Section 2 – Electronic Billing – Government Code Section 95020.5 (Added)

Beginning July 1, 2011, RCs to transition all providers of early intervention services, except for vouchers, to e-Billing, to be completed by July 1, 2012.

Section 3 – Juvenile Proceedings – W&I Code Section 709 (Amended)

In cases where a minor is suspected of having a developmental disability, changes who the Court will appoint to evaluate the minor from an “expert” to the regional center.

Section 4 – Juvenile Proceedings – W&I Code Section 712 (Amended)

In cases where a minor is suspected of having a developmental disability, changes who the Court will order to evaluate the minor from an “expert” to the regional center in the Court Orders.

Section 5 – Phase-Out of the Prevention Program – W&I Code Section 4435 (Amended)

1. Requires RC's to continue serving Prevention Program consumers until the earliest of:
 - a. Child reaches age 36 months.
 - b. Child is determined eligible for RC Early Start services.
 - c. June 30, 2012.
2. Effective July 1, 2011 RCs are no longer to refer any at-risk babies to the Prevention Program previously established by this section.
3. The entire section of W&I Code 4435 (Prevention Program) becomes inoperative on July 1, 2012 and is repealed as of January 1, 2013.

Section 6 – Establishes the At-Risk Baby Program – W&I Code Section 4435 (Added)

1. Effective July 1, 2011, DDS to “establish a program for at-risk babies.”
2. Effective July 1, 2011, RCs to refer at-risk babies to the Family Resource Center.

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3. Requires DDS to contract with an organization representing one or more family resource centers to provide outreach, information, and referral services to generic agencies for children under 36 months of age who are otherwise not eligible for the California Early Intervention Program or Lanterman services.

Section 7 – Electronic Billing – W&I Code Section 4641.5 (Added)

Beginning July 1, 2011, RCs to transition all providers, except for vouchers, to e-Billing, to be completed by July 1, 2012.

Section 8 – Health Benefit Cards – W&I Code Section 4643 (Amended)

Requires parents, legal guardians, or conservators of a consumer to provide a copy of any health benefit cards under which the consumer is entitled to benefits at time assessment.

Section 9 – Health Benefit Cards – W&I Code Section 4646.4 (Amended)

Requires parents, legal guardians, or conservators of a consumer to provide a copy of any health benefit cards under which the consumer is entitled to benefits at the of development, scheduled review, or modification of an IPP or IFSP.

Section 10 – Transportation Access Plans – W&I Code Section 4646.5 (Amended)

IPPs to include a Transportation Access Plan when:

- a. The regional center is purchasing private, specialized transportation services or services from a residential, day, or other provider, excluding vouchered service providers, to transport the consumer to and from day or work services.
- b. The planning team has determined that a consumer's community integration and participation could be safe and enhanced through the use of public transportation services.
- c. The planning team has determined that generic transportation services are available and accessible.

Section 11 – Liquidation of FY 2007-08 and FY 2001-09 – W&I Code Section 4646.55 (Amended)

For the purposes of obtaining federal funding for day program and transportation services provided to residents of intermediate care facilities, the liquidation period for FY 2007-08 and FY 2008-09 is extended to December 31, 2011.

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Section 12 – IPPs – W&I Code Section 4648.35 (Amended)

This is a technical revision. Replaces “Effective July 1, 2009” and replaces it with the word “At”, so the section now begins:

“At the time of development, review, or modification of a consumer’s individual program plan (IPP) or individualized family service plan (IFSP), all of the following shall apply to a regional center:”

Section 13 – Education Funded Day Services – W&I Code Section 4648.55 (Added)

In certain circumstances prohibits RCs from providing day and transportation services if consumer is still eligible for services under the education system for consumers age 18 to 22 who have not yet graduated. The education system should provide appropriate services.

Section 14 – Community Care Facilities (CCFs) and Mixed Rates – W&I Code Sections 4681.7 (Added)

In certain circumstances RCs may pay a CCF a lower rate when consumer, who no longer requires the level of service provided by that CCF, requests to remain in the CCF.

Section 15 – Paraprofessionals to Provide Behavior Intervention Services – W&I Code Section 4686.3 (Added)

Establishes the use of paraprofessionals to provide behavior modification services.

Section 16 – Attendance Forms for Behavior Modification Services – W&I Code 4686.31 (Added)

Requires DDS to develop attendance forms to be used by providers of certain behavior modification services to consumers under the age of 18. These forms are to be signed by the parents or guardian of the consumers and sent to the RC with the provider’s invoice.

Section 17 – Senior Programs – W&I Code 4688.1 (Amended)

Effective July 1, 2011 RCs are no longer to refer consumers to the Senior Programs established by this section.

Section 18 – Alternative Customized Programs (CEOs) – W&I Code 4688.2 (Amended)

Effective July 1, 2011 RCs are no longer to refer consumers alternative customized programs (also known as Custom Endeavor Options or CEOs) established by this section.

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Section 19 – Tailored Day Services and Vouchered Day Services – W&I Code 4688.21 (Added)

1. Establishes the Tailored Day Services which allows consumers to attend day programs on a flex schedule to meet their needs.
2. Establishes the use of vouchers for day services to replace the traditional day program. Consumers, parents, or Guardians vendored for the voucher must use a Financial Management Services (FMS) entity to provide payroll type services.

Section 20 – Supported Living Services (SLS): Shared Services and Independent Assessments – W&I Code 4689 (Amended)

1. For consumers receiving SLS and who share a household with another person receiving SLS, the IPP team will consider sharing like services where one service provider can provide a service for both consumers at the same time.
2. Establishes the use of independent assessments of the SLS services to assist the IPP team in evaluating the consumer's needs.
3. Effective July 1, 2011, requires the RCs to have an independent assessment of the consumer's SLS needs if the consumer's SLS expenditures exceed 125% of the statewide average for SLS.

Section 21 – Day Programs and Billing for Half Days – W&I Code 4690.6 (Added)

Requires day programs to bill for half days when the consumer's attendance is less than 65% of the program's normal "day".

Section 22 – Annual Family Program Fee – W&I Code 4785 (Added)

1. A \$200 fee shall be assessed for all consumers living with their parents under the age of 18 whose family's adjusted gross income is 400% or more of the federal poverty level unless:
 - a. The consumer receives only respite, day care, or camping services.
 - b. The consumer does not receive any services beyond eligibility determination, needs assessment, and service coordination.
 - c. The consumer is on Medi-Cal.
2. The fee may be reduced to \$150 if the family can demonstrate that their adjusted gross income is less than 800% of the federal poverty level.

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3. This section sunsets June 30, 2013, unless extended.

Section 23 – Porterville Developmental Center (DC) Secure Treatment Facility Population Cap – W&I Code 7502.5 (Amended)

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Section 24 – 4.25% Payment Reduction – Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 16 of Chapter 9 of the Statutes of 2011 (Amended)

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- g. Audiology services.
- h. Independent living specialist services.
- i. Translator and interpreter services.
- j. Mobility training, socialization training, or community integration training services.
- k. Community activities support, program support, or parenting support services.
- l. Personal assistance services.
- m. Tutoring services.
- n. Creative arts services.
- o. Early start specialized therapeutic services.

Section 25 – Liquidation of FY 2007-08 and FY 2001-09 – Budget Acts of 2007 and 2008 (Amended)

For the purposes of obtaining federal funding for day program and transportation services provided to residents of intermediate care facilities, the liquidation period for FY 2007-08 and FY 2008-09 is extended to December 31, 2011.

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