Tri-Counties Regional Center
Executive Director's Report
February 3, 2012

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Attachment #1

Department of Developmental Services

2012-13 Governor's Budget Highlights

Edmund G. Brown Jr.
Governor
State of California

Diana S. Dooley
Secretary
California Health and Human Services Agency

Terri Delgadillo
Director
Department of Developmental Services

January 5, 2012

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 GOVERNOR'S BUDGET HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that approximately 258,000 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives. Proposed system-wide funding for Fiscal Year (FY) 2012-13 is $4.7 billion ($2.7 billion General Fund).

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A smaller 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 estimated to increase in 2012-13 to 256,000, an increase of 2.5 percent over the FY 2011-12 enacted budget. The number of consumers living in state-operated residential facilities is estimated to decrease by the end of 2012-13 to 1,438, a decrease of 12 percent over the FY 2011-12 enacted budget.

The Governor's Budget proposes additional FY 2011-12 reductions of $157.2 million total funds ($131 million GF) compared to the FY 2011-12 enacted budget. This includes a $100 million GF reduction due to the revenue triggers in the FY 2011-12 enacted budget. Assembly Bill (AB) 121 authorized the Department of Finance to reduce up to $100 million GF from the Department's budget if State revenues were insufficient. Senate Bill (SB) 73 directs the Department to consider a variety of strategies including savings attributable to caseload and expenditure adjustments, unexpended contract funds, or other administrative savings to meet the target. For FY 2011-12, the Department will look to achieve these savings within the statutory authority provided by SB 73.

For FY 2012-13, the Governor's Budget proposes an increase of $61.2 million ($41.5 million GF) over the enacted budget, which represents an increase of $218 million ($172.5 million GF) over the revised current year budget. This increase primarily reflects the expiration of a 4.25 percent payment reduction in regional centers, increases due to regional center caseload changes and the full year impact of the AB 121 revenue trigger reduction. Stakeholders will be convened to provide input on how to achieve the required FY 2012-13 revenue trigger savings of $200 million GF in the Developmental Services system. Consideration will be given to the extension of all or part of the 4.25 percent payment reduction, strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, reduced expenditures associated with recently enacted legislation and other savings proposals. Specific information regarding the stakeholder process will be released soon.

COMMUNITY SERVICES PROGRAM

2011-12

To provide services and support to approximately 250,000 persons with developmental disabilities in the community, the Governor's Budget updates FY 2011-12 funding to $3.8 billion total funds ($2.2 billion GF). This represents a decrease of $146.1 million total funds ($126.4 million GF) over the FY 2011-12 enacted budget for regional center operations (OPS) and purchase of services (POS):

Caseload and Utilization

$2.2 million increase ($5.9 million GF) in regional center OPS and POS based on the most updated caseload, utilization, and reimbursement data.

Administrative Fees

$0.6 million decrease ($0.3 million GF) in regional center OPS for ICF-DD SPA Administrative Fees to reflect updated expenditures.

Quality Assurance Fees (QAF)

$0.7 million decrease ($0.0 million GF) transfer of funds from DHCS to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents.

Impacts from Other Departments

$47.0 million decrease ($32.0 million GF) to reflect revised implementation dates for the elimination of Adult Day Healthcare Care (ADHC) program and implementation of Medi-Cal Caps and Co-pays.

Revenue Trigger Reduction

$100.0 million GF decrease to reflect trigger reductions to be achieved system wide through a variety of strategies including savings attributable to caseload and expenditure adjustments, unexpended contract funds, or other administrative savings within the statutory authority provided by SB 73.

2012-13

The Governor's Budget projects the total community caseload of approximately 256,000 and assumes an increase of 6,232 consumers or 2.5 percent over the FY 2011-12 enacted budget. The Governor's Budget proposes an increase of $79.3 million TF ($54.5 million GF) over the enacted budget, which represents an increase of $225.3 million ($180.9 million GF) over the revised current year budget, due to updated

COMMUNITY SERVICES PROGRAM (cont'd)

reimbursements as well as expenditure and utilization change estimates. The regional center budget changes include:

Caseload and Utilization

$162.7 million increase ($115.2 million GF) in regional center OPS and POS due to updated caseload and utilization change.

Administrative and Quality Assurance Fees (QAF)

$0.6 million decrease ($0.3 million GF) ICF-DD SPA Administration Fees and QAF to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents.

Impacts from Other Departments

$18.9 million decrease ($2.8 million GF) to reflect revised implementation dates for the elimination of ADHC and implementation of Medi-Cal Caps and Co-Pays.

Expiration of a 4.25 percent Payment Reduction

$158.2 million increase ($108.4 million GF) to reflect the restoration of the 4.25 percent payment reduction for regional center operations and service providers scheduled to sunset June 30, 2012.

Financial Management Services (FMS) for Participant-Directed Services

$9.0 million increase ($4.5 million GF) to reflect updated assumptions related to rates for FMS to account for tiered rates and 100 percent of consumers using participant directed option for certain services being covered. In addition, community based training services were added.

Annualized Cost Savings Proposals

$31.1 million decrease ($20.5 million GF) to reflect full year implementation of the savings proposals adopted in the FY 2011-12 enacted budget.

California First Five Commission

An increase of $50.0 million GF to reflect a shift of funds from California First Five Commission to the General Fund for costs associated with services to children ages zero to five.

COMMUNITY SERVICES PROGRAM (cont'd)

Revenue Trigger Reduction

Stakeholders will be convened to provide input on how to achieve the required FY 2012-13 revenue trigger savings of $200 million GF in the Developmental Services system. Consideration will be given to the extension of all or part of the 4.25 percent payment reduction, strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, reduced expenditures associated with recently enacted legislation and other savings proposals.

DEVELOPMENTAL CENTERS PROGRAM

2011-12

To provide services and support for 1,759 residents (average in-center population) in developmental centers the Governor's Budget updates 2011-12 funding to $569 million ($293.4 million GF), a decrease of $8.1 million ($3.0 million GF) over the FY 2011-12 enacted budget. Authorized positions remain at 5,570.5. The developmental center budget changes are:

- Net Decrease of $5.2 million ($2.6 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the Administration in employee compensation;
- Decrease of $3.0 million ($2.5 million GF) due to updated Quality Assurance Fees paid by Developmental Centers;
- Increase of $0.0 million ($2.2 million GF – Fund Shift) due to a two month delay in conducting the CMS survey for certification of a portion of the Porterville Secure Treatment Program; and
- Increase of $0.1 million ($0.1 million GF) for miscellaneous adjustments, including cell phone reductions as part of state wide efficiencies and funding changes.

2012-13

For 2012-13, the Governor's Budget provides services and supports for 1,533 residents (average in-center population) in developmental centers, a decrease of 12.8 percent or 226 residents. Funding declines to $559.2 million ($283.6 million GF), a decrease of $18 million ($12.8 million GF) over the FY 2011-12 enacted budget. Authorized positions are reduced by 317.5 to 5,253.0. The developmental center budget has been

DEVELOPMENTAL CENTERS PROGRAM (cont'd)

reduced through updated population estimates as well as adjustments due to state wide control sections. In addition, the budget assumes continued closure of Lanterman Developmental Center. The developmental center budget changes are:

- Decrease of $24.5 million ($14.4 million GF) for Level of Care and Non-Level of Care updated staffing. A portion of the staffing updates are counted towards the Administration's state wide operational efficiencies savings plan [Control Section 3.91(b) reductions];

- Net Increase of $4.5 million ($2.7 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates;

- Decrease of $3.0 million ($2.5 million GF) due to updated Quality Assurance Fees paid by Developmental Centers;

- Increase of $2.9 million ($1.6 million GF) to retain 28 positions for enhanced Lanterman Closure staffing. These staff ensure the continued safe and successful transition of residents and continuation of all closure related activities in support of approximately 180 residents transitioning to community living arrangements between FY 2011-12 and FY 2012-13;

- Increase of $2.4 million in reimbursement authority for the State Staff in the Community program; and,

- Decrease of $0.4 million ($0.2 million GF) for miscellaneous reductions, including cell phone reductions as part of state wide efficiencies and funding changes.

CAPITAL OUTLAY

The Governor's Budget does not include any new Capital Outlay requests.

HEADQUARTERS

2011-12

The Department has internally redirected staff and resources to achieve the implementation of the previously discussed system wide budget reductions. In support of the Community Services and Developmental Center Programs, the Governor's Budget updates the FY 2011-12 funding for headquarters operations to $35.6 million ($23 million GF), a decrease of $3.0 million ($1.6 million GF) compared to the FY 2011-12 enacted budget. The Headquarters budget changes are:

- Net Decrease of $2.8 million ($1.5 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the

Administration in employee compensation and one time savings as part of the Administration's state wide operational efficiencies savings plan [Control Section 3.91(b)]; and,

- Decrease of $0.1 million ($0.1 million GF) due to state wide efficiencies that resulted in decreased building lease and cell phone costs.

2012-13

The Governor's Budget proposes headquarters operations funding for FY 2012-13 of $38.6 million ($24.6 million GF), a decrease of $0.1 million ($0.1 million GF) compared to the FY 2011-12 enacted budget. The Headquarters budget changes are:

- Net decrease of $0.3 million ($0.2 million GF) due to state wide Control Sections that drove adjustments in retirement and health benefits rates;

- Decrease of $0.1 million ($11.0 thousand GF) due to the elimination of one time operating expenses to shift Limited Term positions to Permanent positions; and,

- Net increase of $0.3 million ($0.1 GF) for miscellaneous adjustments including a technical budget adjustment to move costs for DOJ Legal Services from Developmental Centers into Headquarters and cell phone reduction for administrative efficiencies.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 Governor's Budget

FUNDING SUMMARY

(Dollars in Thousands)

	2011-12	2012-13	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	$3,838,586	$4,063,943	$225,357
DEVELOPMENTAL CENTERS	569,041	559,196	-9,845
HEADQUARTERS SUPPORT	35,632	38,505	2,873
TOTALS, ALL PROGRAMS	**$4,443,259**	**$4,661,644**	**$218,385**
FUND SOURCES			
General Fund	$2,480,170	$2,652,715	$172,545
Reimbursements: Totals All	1,900,311	1,942,352	42,041
Medicaid (aka HCBS) Waiver	*938,472*	*1,003,702*	*65,230*
Medicaid (HCBS) Waiver Administration	*11,179*	*12,091*	*912*
Medicaid Administration (NHR)	*12,419*	*13,012*	*593*
Targeted Case Management	*131,912*	*139,061*	*7,149*
Targeted Case Management Admin.	*4,295*	*4,347*	*52*
Medi-Cal	*254,729*	*252,809*	*-1,920*
Title XX Block Grant	*225,060*	*225,060*	*0*
ICF-DD/State Plan Amendment	*48,338*	*51,509*	*3,171*
Quality Assurance Fees (DHCS)	*8,778*	*9,481*	*703*
Vocational Rehabilitation	*118*	*118*	*0*
California First Five Commission	*50,000*	*0*	*-50,000*
1915(i) State Plan Amendment	*171,002*	*183,362*	*12,360*
1915(k) Medicaid State Plan	*1,227*	*1,924*	*697*
Impacts from Other Departments FFP	*1,000*	*0*	*-1,000*
Money Follows the Person	*15,418*	*17,001*	*1,583*
Homeland Security Grant	*35*	*35*	*0*
Other	*26,329*	*28,840*	*2,511*
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Program Development Fund (PDF)	6,203	9,805	3,602
Mental Health Services Fund	1,133	1,129	-4
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,759	1,533	-226
Regional Centers	249,827	256,059	6,232
AUTHORIZED POSITIONS			
Developmental Centers	5,570.5	5,253.0	-317.5
Headquarters	380.5	380.5	0.0

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 Governor's Budget

(Dollars in Thousands)

	2011-12	2012-13	Difference
Community Services Program			
Regional Centers	$3,838,586	$4,063,943	$225,357
Totals, Community Services	**$3,838,586**	**$4,063,943**	**$225,357**
General Fund	$2,163,696	$2,344,564	$180,868
Dev Disabilities PDF	5,926	9,523	3,597
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,986	51,986	0
Reimbursements	1,616,088	1,656,980	40,892
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	$456,668	$448,979	-$7,689
Operating Expense & Equipment	112,373	110,217	-2,156
Total, Developmental Centers	**$569,041**	**$559,196**	**-$9,845**
General Fund	$293,441	$283,642	-$9,799
Federal Trust Fund	524	524	0
Lottery Education Fund	453	453	0
Reimbursements	274,623	274,577	-46
Headquarters Support			
Personal Services	$30,835	$33,035	$2,200
Operating Expense & Equipment	4,797	5,470	673
Total, Headquarters Support	**$35,632**	**$38,505**	**$2,873**
General Fund	$23,033	$24,509	$1,476
Federal Trust Fund	2,329	2,530	201
PDF	277	282	5
Reimbursements	9,600	10,795	1,195
Mental Health Services Fund	393	389	-4
Totals, All Programs	**$4,443,259**	**$4,661,644**	**$218,385**
Total Funding			
General Fund	$2,480,170	$2,652,715	$172,545
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Dev Disabilities PDF	6,203	9,805	3,602
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	1,900,311	1,942,352	42,041
Mental Health Services Fund	1,133	1,129	-4
Caseloads			
Developmental Centers	1,759	1,533	-226
Regional Centers	249,827	256,059	6,232
Authorized Positions			
Developmental Centers	5,570.5	5,253.0	-317.5
Headquarters	380.5	380.5	0.0

Attachment #2

ASSOCIATION OF REGIONAL CENTER AGENCIES
ANALYSIS OF THE NOVEMBER ESTIMATE FOR FY 2012-13
REGIONAL CENTER BUDGET
JANUARY 9, 2012

Trigger Reduction

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

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

As of this date, how these reductions will be achieved has not yet been determined. The total amount of these reductions show as a reduction in the Regional Center budget even though, as indicated above, these reductions may also come from the DDS headquarters budget or the Development Center budget. Therefore, the following analysis excludes these reductions since the amount of reductions to either the RC Operations (OPS) or Purchase of Service (POS) budgets is unknown. However the reader should keep in mind that there will most likely be reductions to both the OPS and POS budgets in both FY 2011-12 and FY 2012-13. Additionally these reductions are General Fund reductions, therefore, depending on how and where the reductions are made, the total funds reduction may be greater.

Regional Center Operations (OPS)

<u>FY 2011-12</u>

In the current fiscal year, there is an increase of $3.7 million due to updated caseload numbers. The number of Status 1 (Early Start) and Status 2 (Active) consumers has increased by 1,952 to 248,100.

<u>FY 2012-13</u>

- The budget fiscal year assumes an increase of $9.2 million (1.8%) due to updated caseload numbers. It is assumed that the number of Status 1 and Status 2 consumers will increase by 7,959 consumers (3.2%) to 256,059.

- The 4.25% payment reduction will sunset on June 30, 2012. Consequently, $21.3 million is restored to the OPS budget.

- In FY 2012-13, OPS increases by 6.8% over the FY 2011-12 Enacted Budget, but only 6.02% over the revised FY 2011-12 OPS budget per the November Estimate. If the restoration of the 4.25% payment reduction savings is excluded, the OPS increase is only 2.6% over the FY 2011-12 Enacted Budget and 1.8% over the revised FY 2011-12 budget per the November Estimate.

Purchase of Service (POS)

FY 2011-12

- There is a net decrease to the POS budget of $2.8 million due to updated caseload and expenditure data.

- There is also a decrease of $47.0 million in the funds reserved for "Impacts from Other Departments". This is due to the delay in the State's implementation of reductions to Adult Day Health Care (ADHC) services. It was assumed that regional centers would pick up paying for these services for consumers in ADHCs.

FY 2012-13

- POS increases by $123.8 million (3.6%) due to updated caseload and expenditure data.
- There is a net increase to "Impacts from Other Departments" of $28.1 million due to planned reductions in Medi-Cal for enteral nutrition (tube feeding), hearing aid caps, and co-payments.
- There is an increase of $9.0 million for the amount needed for Financial Management Services for Participant Directed Services.
- Quality assurance fees for Intermediate Care Facilities (ICFs) increases by $655,000. This is associated with DDS billing Medi-Cal for day program and transportation services for ICF residents.
- The 4.25% payment reduction will sunset on June 30, 2012. Consequently, $135.8 million is restored to the POS budget.

- In FY 2012-13, POS increases by 7.2% over the FY 2011-12 Enacted Budget, and 8.7% over the revised FY 2011-12 POS budget per the November Estimate. If the restoration of the 4.25% payment reduction savings is excluded, the POS increase is only 3.0% over the FY 2011-12 Enacted Budget and 4.8% over the revised FY 2011-12 budget per the November Estimate.

Prevention

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

ASSOCIATION OF REGIONAL CENTER AGENCIES
ANALYSIS OF NOVEMBER ESTIMATE FOR FY 2012-13 REGIONAL CENTER BUDGET
JANUARY 9, 2012

FY 2011-12 Adjustments	RC Operations	POS	Prevention	Trigger Reduction	Total
FY 2011-12 Enacted Budget	$502,751,000	$3,457,335,000	$4,503,000	$0	$3,964,589,000
Updated Caseload and Expenditure Data	$3,657,000	($2,767,000)	$0	$0	$890,000
Decrease in Impacts from Other Departments - Delay in Implementing Cuts to ADHC Services		($46,988,000)			($46,988,000)
Mid-Year Trigger Reduction				($100,000,000)	($100,000,000)
November Estimate for FY 2011-12	**$506,408,000**	**$3,407,580,000**	**$4,503,000**	**($100,000,000)**	**$3,818,491,000**

FY 2012-13 November Estimate	RC Operations	POS	Prevention	Trigger Reduction	Total
Updated Caseload and Expenditure Data	$9,162,000	$123,813,000	($2,500,000)		$130,475,000
Increase in Impacts from Other Departments		$28,101,000			$28,101,000
Increase for FMS for Participant Directed Services		$8,964,000			$8,964,000
Increase in Quality Assurance Fees for ICFs		$655,000			$655,000
Subtotal - Before Restoration of 4.25% Payment Reduction Savings	*$515,570,000*	*$3,569,113,000*	*$2,003,000*	*($100,000,000)*	*$3,986,686,000*
Restoration of 4.25% Payment Reduction Savings	$21,348,000	$135,814,000			$157,162,000
Increase in Trigger Reductions				($100,000,000)	($100,000,000)
November Estimate for FY 2012-13	**$536,918,000**	**$3,704,927,000**	**$2,003,000**	**($200,000,000)**	**$4,043,848,000**

Increase Over Enacted Budget for FY 2011-12 *Before* Restoration of 4.25% Payment Reduction Savings

Amount	$12,819,000	$111,778,000	($2,500,000)	($100,000,000)	$22,097,000
Percent	2.55%	3.23%	-55.52%		0.56%

Increase Over Enacted Budget for FY 2011-12 *After* Restoration of 4.25% Payment Reduction Savings and Trigger Reduction Increase

Amount	$34,167,000	$247,592,000	($2,500,000)	($200,000,000)	$79,259,000
Percent	6.80%	7.16%	-55.52%		2.00%

Increase Over November Estimate for FY 2011-12 *Before* Restoration of 4.25% Payment Reduction Savings

Amount	$9,162,000	$161,533,000	($2,500,000)	$0	$168,195,000
Percent	1.81%	4.74%	-55.52%	0.00%	4.40%

Increase Over November Estimate for FY 2011-12 *After* Restoration of 4.25% Payment Reduction Savings and Trigger Reduction Increase

Amount	$30,510,000	$297,347,000	($2,500,000)	($100,000,000)	$225,357,000
Percent	6.02%	8.73%	-55.52%	100.00%	5.90%

Attachment #3

Raquel Blanford - Re: CDCAN REPORT #004-2012: GOVERNOR PROPOSES OVER $2 BILLION REDUCTIONS TO HEALTH & HUMAN SERVICES - SUMMARY OF CUTS AND NEXT STEPS

From: "Marty Omoto, Director - California Disability Community Action Network (CDCAN)" <martyomoto@rcip.com>
To: <CDCANreportlist01@rcip.com>
Date: 1/6/2012 6:47 PM
Subject: Re: CDCAN REPORT #004-2012: GOVERNOR PROPOSES OVER $2 BILLION REDUCTIONS TO HEALTH & HUMAN SERVICES - SUMMARY OF CUTS AND NEXT STEPS

CDCAN DISABILITY RIGHTS REPORT

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK
#004-2012 - JANUARY 06, 2012 - FRIDAY
REMEMBERING THE LIFE & WORK OF STEVE ELIAS (Nolo Press Author)
Advocacy Without Borders: One Community - Accountability With Action
CDCAN Reports go out to over 60,000 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

State Budget Crisis - Summary of Proposals:

GOVERNOR PROPOSES OVER $2 BILLION REDUCTIONS TO HEALTH AND HUMAN SERVICES - BULK OF CUTS TARGET CALWORKS & MEDI-CAL PROGRAMS -

MAJOR CUTS PROPOSED ALSO TO DEVELOPMENTAL SERVICES AND IN-HOME SUPPORTIVE SERVICES; PROPOSES ELIMINATION OF CAREGIVER RESOURCE CENTERS - GOVERNOR HOPES VOTERS IN NOVEMBER WILL APPROVE $7 BILLION IN TEMPORARY TAX INCREASES TO AVOID ADDITIONAL NEW CUTS TO K-12 EDUCATION & HIGHER EDUCATION - ALL PROPOSALS STILL REQUIRE APPROVAL OF LEGISLATURE - STEINBERG NOT INCLINED FOR STATE SENATE TO PASS CUTS UNTIL UPDATED REVENUE NUMBERS ARE AVAILABLE IN MAY

SACRAMENTO, CA (CDCAN) [Last updated 01/06/2012 05:00 PM] - Governor Jerry Brown released his proposed 2012-2013 State Budget plan late Thursday afternoon (January 5th) that calls for a staggering $4 billion in additional massive spending cuts and nearly $7 billion in new revenues from temporary tax increases on the state's wealthiest taxpayers and a one-half percent increase in the state's sales tax, to close what the Governor said is a projected $9.2 billion budget deficit.

Over $2 billion of the total $4 billion in new cuts will come from health and human services, with reductions there largely centered on four major programs - CalWORKS and child care, Medi-Cal, In-Home Supportive Services and developmental services. Major and dramatic changes proposed by the Governor will also impact other areas, including proposals to replace the Department of Mental Health with a new Department of State Hospital which was previously brought up last May; the proposed elimination of the 11 Caregiver Resource Centers, and a proposal calling for the elimination of the Managed Risk Medical Insurance Board.

The new proposed reductions appear to be addition to the $1 billion in spending cuts announced in mid-December by the Governor when he also announced that the 2011-2012 State Budget "trigger cuts" would be pulled because projected revenues fell below what was budgeted. However the Governor's budget summary totals do not appear to reflect those reductions, though the narrative and specific details from department estimates do.

The Governor wants theLegislature to fast-track some of his proposals - including his proposals impacting CalWORKS and child care - seeking passage of those proposals by March. State Senate President Darrell Steinberg (Democrat - Sacramento, 6th State Senate District) said yesterday that he was not inclined to fast-track proposed cuts given the chance that the economy could continue to improve bringing in higher than expected state revenues by May - and indicated he wanted to wait until then to make decisions on program cuts (see below for full text of his statement).

Impact of Proposed Cuts Will Touch Hundreds of Thousands - But Impact Will Vary
The impact of the sweeping reductions to hundreds of thousands of children and adults with disabilities - including those with developmental disabilities - people with mental health needs, the blind, seniors and their families, community-based organizations, facilities, individual workers and low income families will vary because some proposed cuts deal with potential loss of actual services (as in the case of CalWORKS and In-Home Supportive Services) or outright elimination of a program (such as the Caregiver Resource Centers), while other cuts will result in a reduction in State spending due to significant decrease in the use or cost of certain services (referred to as "utilization") - as in the case of people transitioning from Medi-Cal "fee for service" into Medi-Cal managed care plans.

And in some cases the impact is not yet known because the specific cuts have not yet been identified (as in the case of developmental services).

Others are still reeling from the impact of reductions and program eliminations carriedout in the past year and half including the spreading impact of previous cuts made in 2009, 2010 and 2011 to the community-based system funded by regional centers to serve people with developmental disabilities, and the elimination of Adult Day Health Care as a Medi-Cal benefit now scheduled at the end of February. Adult Day Health Care will be in part, replaced as Medi-Cal benefit by the creation of the new "Community-Based Adult Services" program,that will serve about 15,000 of the 34,000 people with disabilities and seniors who are in the Adult Day Health Care program.

California Health and Human Services Agency Secretary Diana Dooley, who, along with her department directors and staff, held a two hour long conference call late Thursday afternoon to provide an update on the Governor's proposed budget and to answer questions with a large statewide audience of advocates and other members of the public,.said the Administration understood the deep concerns of loss of services and supports, saying that she knew that "...there are consequences to every one of these reductions" . Dooley and the department directors stayed on the conference call for the entire over two hours until every question was answered and was praised for her candid responses and willingness to listen.

Governor Warns Budget Plan Hinges on Temporary Tax Increases, Prevailing In Court and the Economy

The Governor warned during his press conference Thursday that success of his budget plan hinged on many factors including both the State, national and world economic picture over the coming year and also whether or not voters approve his proposal to temporarily raise taxes. The Governor has launched an effort to place on the November 2012 ballot by petition his tax proposals but had in his budget new "trigger cuts" in the event voters rejected his proposal..

The size of the shortfall is less than the nearly $13 billion hole the non-partisan Legislative Analyst projected in mid-November that the State would face by the end of June 2013 unless the Governor and Legislature took action.

The proposed budget plan - originally scheduled to be released January 10th - was moved up hastily because some budget documents were posted by mistake on the Governor's Department of Finance websiteon Thursday. The unexpected early release of the budget caught many by surprise, resulting in state agency and department officials, advocates, lobbyists, media, legislators and staff by scrambling at the last minute to react and respond.

November 2012 Ballot State Budget Trigger Cuts
The Governor's proposed 2012-2013 State Budget includes $5.390 billion in additional automatic spending cuts to go into effect if voters reject his ballot initiatives that call for $7 billion in temporary tax increases.
These new "trigger cut" reductions do not include any health and human services budget areas since those programs were hit hard by when the 2011-2012 State budget "trigger cut" was pulled in mid-December when state revenues it was determined by the Governor's Department of Finance that state revenues would fall significantly short of what was budgeted.
The Governor's proposed spending cuts in his 2012-2013 State Budget - including the over $2 billion in cuts to health and human services will go forward - if approved by the Legislature - whether or not the temporary tax increse ballot initiative passes or fails in November.

The following budget areas would be impacted by the November 2012 ballot "trigger cut":
* *K-12 education and community colleges - $4.800 billion reduction*
* *University of California - $200 million reduction*
* *California State University - $200 million reduction*
* *Courts - $125 million reduction*
* *Department of Forestry and Fire Protection - $15 million reduction*
* *Flood Control - $6.6 million reduction*
* *Fish and Game - Non-Warden Programs - $2.5 million reduction*
* *Fish and Game Wardens - $1 million reduction*
* *Park Rangers - $1 million reduction*
* *Park Lifeguards - $1 million reduction*
* *Department of Justice - $1 million reduction*

NEXT STEPS
LEGISLATURE:
* Both Assembly and State Senate full budget committees will likely hold hearings within the next week to provide an overview of the Governor's budget proposal - though not hear specific details and public testimony. No hearings have yet been officially announced - though that is expected by early next week.
* It is not clear yet how the Assembly and Senate will proceed in considering the Governor's budget proposals. Most of the proposals are clearly for implementation sometime during the 2012-2013 State Budget year and would go the normal budget process route with subcommittee hearings beginning likely in late February through May. However the Governor wants the Legislature to fast-track some of his proposals - including his proposals impacting CalWORKS and child care - seeking passage of those

proposals by March. State Senate President Darrell Steinberg (Democrat - Sacramento, 6th State Senate District) said yesterday that he was not inclined to fast-track proposed cuts given the chance that the economy could continue to improve bringing in higher than expected state revenues by May - and indicated he wanted to wait until then to make decisions on program cuts (see below for full text of his statement).

GOVERNOR:

* The Brown Administration, while releasing the Governor's proposed budget plan five days early, still needs to release more details, and any proposed budget legislative language (called "budget trailer bill language") that is needed to make changes to existing State law in order to implement his proposal. The proposed language is important - more than the Governor's budget summary of his proposals or even the details provided in the more extensive department budget summaries - because it is the language that adds or makes changes to State law to actually implement his proposal, including a proposed cut.

* The Governor will make revisions to his January budget proposal in mid-May - referred to as the "May Revision" or the "May Revise" using more updated spending and revenue figures. Governors often change, add or rescind budget proposals - and it is that document that the Legislature really takes final action from.

* Governor is pursuing efforts to qualify his proposed temporary tax increase initiative for the November 2012 ballot (via signatures) and is talking with various groups on possibly getting them to withdraw or hold off on placing their own tax increase initiatives on the same election.

OTHERS

* Legislative Analyst Office (LAO), the non-partisan budget analyst for the Legislature, will release its analysis and review of the Governor's proposed spending plan, usually in early February, with an updated forecast on the state's budget shortfall, including updated spending and revenue numbers.

REACTION BY LEGISLATIVE LEADERS TO GOVERNOR'S BUDGET

State Senate President Darrell Steinberg (Democrat - Sacramento, 6th State Senate District) in response to the Governor's budget said that "Together, we have made a giant dent in a once overwhelming budget deficit. The price has been high for students, working families and those struggling to improve their lives. Those cuts have real consequences on the lives of real people, and I am wary of immediately continuing down that path."

But Steinberg was not inclined to fast-track certain spending cuts through the budget process by March as the Governor is asking, saying that "Between revenue estimates by the Legislative Analyst's Office in November, and the Department of Finances numbers in December, projected revenues increased $1.5 billion. If that trend continues even slightly, we may avoid the need to make the kinds of cuts the Governor now suggests. While in the end we may have to cut more, doing it now should be a last resort. We will begin budget hearings this month on the 2012-13 budget."

Assembly Speaker John Perez (Democrat - Los Angeles, 46th Assembly District) issued this brief statement on the Governor's proposed budget: ""The Governor's budget plan reflects the fact that even though California's economic recovery is gaining strength, we still face a year of difficult choices. His plan underscores the need for new revenues to avoid cuts that will be a major drag on the recovery, and I am looking forward to working with the Governor and my colleagues to produce an on-time budget that reflects California's values by our June 15th deadline."

Newly elected Senate Republican Leader Bob Huff (Republican - Diamond Bar, 29th State Senate District) praised Brown's budget plan as "...a good first step" but that said that it "...relies far too much on a $7 billion tax hike that voters are likely to reject."

Huff said that "Senate Republicans are pleased to hear the Governor admit that the economy is improving. Revenues are up by 3.5% this year and are projected to grow at a faster pace in the years to come. We remain focused on working with the Governor and our colleagues in the Legislature to reduce the wall of debt and to adopt the reforms needed to make California government more efficient, effective and competitive. The anticipated growth in revenues will help us to bring spending in line with revenues without a $7 billion increase in taxes."

Assembly Republican Leader Connie Conway (Republican - Tulare, 34th Assembly District) criticized governor Brown's budget plan in a statement saying that "It is disappointing to see Governor Brown propose yet another reckless budget scheme. His plan relies upon a painful $35 billion tax increase on hard-working California families so Sacramento can grow General Fund spending by 7 percent. With the economy improving and revenues on the rise naturally, we must live within our means. '
"The Governor's budget also expands his dangerous public safety realignment plan, which will lead to more criminals being housed in communities across the state. Ironically, the Governor's budget will grow Corrections spending, despite the fact that 10,000 inmates have been sent to already overcrowded local jails.
"The news that tax revenue to the state is growing significantly shows that lowering taxes stimulates the economy. Assembly Republicans will again stand as the last line of defense for taxpayers, fighting hard to bring back private sector jobs, reform government, end wasteful spending and stop the Governor's costly tax increase. We believe Sacramento's focus should be growing the economy and getting spending under control, not trying to raise taxes."

TEXT OF GOVERNOR'S MESSAGE TO LEGISLATURE
To the Senate and the Assembly of the California Legislature:

I hereby submit to you my proposed Budget for 2012–13.
When I came into office, California was facing an immediate $26.6 billion budget gap and future budget deficits of $20 billion a year.
In January of 2011, I proposed a budget that combined deep cuts with a temporary extension of some existing taxes. It was a balanced approach that would have finally closed our budget gap. In the end, the taxes were not extended and massive cuts — totaling $16 billion — were enacted.
The 2011 budget did, however, lay the foundation for fiscal stability. It cut the annual budget shortfall by three–quarters — from $20 billion to $5 billion or less. It shrunk state government, reduced our borrowing costs and gave local governments more authority to make decisions.
The budget that I am submitting today keeps the cuts made last year and adds new ones. The stark truth is that without some new taxes, damaging cuts to schools, universities, public safety and our courts will only increase.
That is why I will ask the voters to approve a temporary tax increase on the wealthy, a modest and temporary increase in the sales tax and to guarantee that the new revenues be spent only on education. I am also asking that the voters guarantee ongoing funding for local public safety programs. This ballot measure will not solve all of our fiscal problems, but it will stop further cuts to education and public safety and halt the trend of double–digit tuition increases.
My budget plan also includes important reforms. It improves government efficiency and pays down debt. It reorganizes state government to make it more efficient and saves tax dollars by consolidating or eliminating functions. It restructures social service programs to better support working families. It gives substantially more flexibility and decision–making to local school districts. The plan also calls for bold investments in our future: to assure a reliable water supply, build high speed rail and reduce greenhouse gas emissions.
As California's economy continues to slowly recover — and recover it will — our plan will provide fiscal stability and make California government more transparent and responsive to the people.
I look forward to working with you in the coming year.
[signed]
Edmund G. Brown, Jr.

CDCAN SUMMARY OF GOVERNOR'S BUDGET PROPOSALS IMPACTING HEALTH AND HUMAN SERVICES

The following is a CDCAN summary of the Governor's budget proposals - good, bad and uncertain - in the health and human services budget that impacts children and adults with disabilities, mental health needs, the blind, seniors, their families, community-based organizations, facilities and individual workers and low income families:

MENTAL HEALTH

Mental health services, as authorized by the 2011-2012 State Budget last year, is going through a major transition, with many community-based services being shifted to the counties, some services – such as those mandated by AB 3632 being shifted back to the schools – and other services or oversight transferred to the Departments of Health Care Services, Public Health or the Mental Health Services Act Oversight Commission. Operations of the state hospital will be overseen by a newly created Department of State Hospitals, that will replace the existing Department of Mental Health.

NEW DEPARTMENT OF STATE HOSPITALS

* The Governor's budget establishes, as announced December 7, 2011, a new Department of State Hospitals that will replace the existing Department of Mental Health (the community-based mental health services are being transitioned to other departments – including Department of Health Services, Public Health or to the counties or to the Mental Health Services Act Oversight Commission).

* The new Department of State Hospitals structure will be implemented at California's five mental health hospitals: Metro, Atascadero, Napa, Coalinga and Patton, along with two psychiatric programs at Vacaville and Salinas Valley state prisons.

ELIMINATION OF CAREGIVER RESOURCE CENTER FUNDING

* Governor is proposing a reduction of $2.9 million in State general fund spending in the 2012-2013 State Budget due to eliminating all contract funding for these centers.

* The 11 centers were created about 28 years ago by the Comprehensive Act for Families and Caregivers of Brain-Impaired Adults and serve thousands of families and caregivers of persons with Alzheimer's, strokes, Parkinson's and other disorders. .

SSI/SSP

The federal Supplemental Security Income (SSI) and the state funded portion – State Supplemental Payment (SSP) provide cash monthly grants to eligible individuals and couples. In the 2010-2011 State Budget year that ended June 30, 2011, the caseload for SSI/SSP was 1,266,6552 people of which 70% (886,666 people) are persons with disabilities, 28% (360,547 people) of that total are seniors (aged); 2% (19,439 people) are persons who are blind.

COST OF LIVING ADJUSTMENT

* The automatic federal cost of living adjustment (COLA) that goes into effect each year on January 1st, was passed through and (and will continue to be passed through) to SSI/SSP recipients.

* No federal cost of living adjustments were given in January 2010 and 2011 because the economic measurement by which the COLA is determined did not provide for any increase. (California cannot withhold this and future cost of living adjustments from the federal government because it lowered the SSP portion of the grants for both couples and individuals to the lowest level allowed by the federal government in previous budget years)

NO NEW REDUCTIONS

* No new reductions or other changes in the Governor's proposed 2012-2013 State Budget to SSI/SSP

CAPI (CASH ASSISTANCE PROGRAM FOR IMMIGRANTS)

This program serves eligible legal immigrants who are seniors (aged), blind, and/or persons with disabilities who are not eligible for SSI/SSP, providing grants equal to SSI/SSP, minus $10 per individual grant and minus $20 per grant for couples.

NO NEW REDUCTIONS
* No new reductions or proposals to eliminate this program in the Governor's proposed 2012-2013 State Budget.

DEVELOPMENTAL SERVICES (REGIONAL CENTERS & DEVELOPMENTAL CENTERS)
The total budget for the Department of Developmental Services proposed in the 2012-2013 State Budget year is $4.661 billion (of which $2.652 billion is State general funds), to serve a projected caseload of 256,059 children and adults with developmental disabilities in community-based services coordinated through the 21 non-profit regional centers, and 1,759 people with developmental disabilities who reside in one of the four remaining developmental centers or a smaller health facility that are operated by the State. The budget for regional centers proposed for 2012-2013 totals 4.063 billion ($2.344 billion of that State general funds). The Developmental Center budget proposed for the 2012-2013 State Budget year totals $559 million ($283.6 million of that State general funds). [CDCAN Note: CDCAN will issue a more detailed report on the proposals impacting developmental services later today or by the weekend]

CASELOAD FUNDING INCREASE
* The Governor's budget proposes an increase of $162.7 million ($115.2 million of that State general funds) for regional center operations and the purchase of services (purchase of services is the part of the regional center budget that pays for community-based services) due to a projected increase in regional center caseload of 6,232 people during the 2012-2013 State budget year.

FINANCIAL MANAGEMENT SERVICES INCREASE
* Governor proposing a $9 million increase ($4.5 million of that State general funds) for financial management services (required by the federal government) to account for tiered rates and 100% of people with developmental disabilities using participant directed option for certian services being covered. Community-based training services were added.

EXPIRATION OF 4.25% REGIONAL OPERATIONS AND PROVIDER PAYMENT REDUCTION
* Governor's budget includes an increaseof $158.2 million ($108.4 million of that State general funds) in the 2012-2013 State Budget as a result of the current 4.25% payment reduction to most regional center providers and to regional center operations that is set to expire on June 30, 2012.
* It is possible that this payment reduction – or some form of it – could be extended into the 2012-2013 Budget year if the Brown Administration eventually decides – with stakeholder input – that extending the cut would help achieve the overall $200 million reduction in State general fund spending in the developmental services budget required by the 2011-2012 State Budget "trigger cut" that was pulled in mid-December.

STATE BUDGET TRIGGER CUT - $200 MILLION
* The Governor's budget includes a total $200 million reduction in State general fund spending covering both the 2011-2012 State Budget year – and the 2012-2013 State Budget year. There is no indication that this $100 million reduction is a permanent on-going cut that will automatically be applied to subsequent budget years.
* The Department of Developmental Services indicated earlier that it believes that much of the reduction for the 2011-2012 State Budget year can come from higher than expected savings resulting from implementation of previously approved budget reductions and policy changes, caseload and expenditure adjustments, unexpended contract funds and other administrative savings.
* However achieving the $100 million reduction during the 2012-2013 State Budget year will require

likely actual cuts in spending, possibly by extending the 4.25% payment reduction to most regional center providers and regional center operations or some other similar type of program reduction.
* The Governor's budget does not specify how the $200 million overall spending reduction is to be achieved – but allows the Department of Developmental Services to consider many options including payment reductions to regional center providers and operations, cuts to the developmental center budget, to headquarters, and other savings.
* The actual size of the reduction - when taking into account possible loss of federal matching funds, could mean the hit to the developmental services system could be twice as high - meaning a $100 million cut that is to programs or services matched by federal Medicaid dollars would mean the actual cut to the system would be $200 million, depending how reductions are identified and made.
* The department will be convening a stakeholder process to receive input and ideas on how to achieve the reduction target. Any actual reduction to programs or services – such as extending or increasing payment reductions to providers or operations – would require legislation and approval of the Legislature. The Department of Developmental Services under the Brown Administration will consider various options to achieve the target of $200 million in cuts in State general fund spending including the extension of all or part of the 4.25% payment reduction (set to expire June 30, 2012), ideas to decrease the need for admissions from the community into Developmental Centers, opportunities to achieve "efficiencies through emerging technologies" and, as mentioned earlier, additional savings and reduced spending due to recently enacted legislation and budget reductions.
DEVELOPMENTAL CENTERS
* The Governor's budget assumes that caseload in the developmental centers (and one smaller health facility) operated by the State will fall from 1,759 in the current budget year to 1,533 during the 2012-2013 State budget year, for a decrease of 226 people.
* The Department of Developmental Services indicated that most of that number will result from the transition of people moving from Lanterman Developmental Center – but some of the number would be a result of other factors, including the cap on referring people to the Porterville Developmental Center's secure treatment program.
* Closure process of Lanterman Developmental Center in Pomona will continue into the 2012-2013 State Budget year, though no exact closure date is set. Increase of $2.9 million ($1.6 million of that State general funds) to retain 28 positions for "enhanced" Lanterman Developmental Center Closure staffing, that the department says is needed for the "...continued safe and successful transition of residents and continuation of all closure related activities in support of approximately 180 residents transitioning to community living arrangements" during the 2011-2012 and 2012-2013 State Budget years.
* Increase of $2.4 million in reimbursement authority for the state staff in the Community program
* Decrease of $24.5 million ($14.4 million of that State general funds) for Level of Care and Non-Level of Care updated staffing. The department says that a portion of the staffing updates are "counted towards the Administration's state wide operational efficiencies savings plan."
* Net decrease of $5.2 million ($2.6 million of that State general funds) due to statewide changes (referred to as 'control sections") that resulted in adjustments in retirement, health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the Governor in state employee compensation during the 2011-2012 State Budget year.
* Net increase of $4.5 million ($2.7 million of that State general funds) due to statewide changes (referred to as "control sections") that resulted in adjustments in retirement and health benefits rates.
* Decrease of $3 million ($2.5 million of that State general funds) due to updated Quality Assurance fees paid by Developmental Centers for the 2011-2012 State Budget year.
* Decrease of $3 million ($2.5 million of that State general funds) due to updated Quality Assurance fees paid by Developmental Centers for the 2012-2013 State Budget year.

MEDI-CAL MANAGED CARE FOR PERSONS ELIGIBLE FOR MEDI-CAL & MEDICARE
* The Governor proposes (see details under "Medi-Cal" and "IHSS") to shift people eligible for both Medi-Cal and Medicare (referred to as "dual eligible") from Medi-Cal "fee for service" to Medi-Cal

managed are plans and make certain community-based services – such as In-Home Supportive Services, Community-Based Adult Services (which is the new model of Adult Day Health Care) – Medi-Cal managed care plan benefits.
* The Governor's proposal specifically mentioned however that community-based services coordinated by regional centers under the Home and Community-Based Developmental Disabilities (DD) Medicaid waiver, would still continue to be administered by the Department of Developmental Services – meaning it would not be a Medi-Cal managed care benefit.
* However people with developmental disabilities will be impacted by the transition, since those who are dual eligible for Medi-Cal and Medicare would be transitioned into a Medi-Cal managed care plan for their health services – and for those community-based services, such as IHSS, which regional centers do not coordinate or fund.

IHSS (IN-HOME SUPPORTIVE SERVICES)
Over 433,000 children and adults with disabilities (including developmental), the blind, mental health needs and seniors are in the IHSS program that is almost completely Medi-Cal funded. .

DOMESTIC AND RELATED SERVICES REDUCTION
* Governor proposes elimination of domestic and related services (ie housework, shopping for food, meal preparations and clean-up and laundry).for IHSS recipients living in a "shared living arrangement" – excluding those IHSS recipients who reside only with other IHSS recipients.
* A "shared living arrangement" is defined as a living arrangement in which a IHSS recipient lives in a dwelling with another individual.
* The IHSS services provided in common to an IHSS recipient only "shared living arrangement" (meaning a living situation of only IHSS recipients) will be prorated against the IHSS service hours or each of the recipients.
* This proposal will require budget related legislation (referred to as 'budget trailer bill language") that the Department of Social Services will need to submit the Legislature in the coming weeks or months.

STATE BUDGET TRIGGER CUT - 20% ACROSS THE BOARD CUT (STOPPED FOR NOW BY COURT ORDER)
* Authorized in the 2011-2012 State Budget as one of the automatic additonal spending cuts if the state budget "trigger cut" was pulled in December. That trigger was pulled in December because the Governor's Department of Finance determined that state revenues would fall short of what was budgeted.
* The $100 million reduction in State general fund spending to the IHSS program from this "trigger cut" would be achieved by implementing a 20% across-the-board cut in IHSS service hours for all IHSS recipients, with several important exceptions. (exempting recipients under protective supervision or receiving paramedical services; also partial or complete restoration of the 20% cut to those IHSS recipients who are eligible and file for "Supplemental Care).
* This reduction would be on top of the existing 3.6% cut for a total of reduction of 23.6%
* Originally scheduled to go into effect January 1, 2012, but is currently blocked by a temporary restraining order issued in December by a federal district court, with a court hearing set for January 19th that could extend that order for a longer period of time.
* Governor's proposed budget assumes it will win in the courts and that this reduction will go into effect April 1, 2012. However the Governor's proposed budget does include state general funds "set aside" for the IHSS program if the courts rule against the State and the 20% across-the-board cut continues to be blocked.

3.6% ACROSS-THE-BOARD IHSS SERVICE HOURS REDUCTION
* The Governor is not proposing to extend this 3.6% cut in his 2012-2013 State Budget, which means this particular cut will end as of June 30, 2012 unless the Governor and Legislature decide later in the budget process to extend it.

IHSS PUBLIC AUTHORITY ADMINISTRATION
* No change or additional new reductions

IHSS ADVISORY COMMITTEES
* No other changes or additional new reductions proposed by the Governor in his 2012-2013 State Budget.

FUNDING INCREASES DUE TO DELAYS IN PROJECT OR PROGRAM IMPLEMENTATION
* The proposed budget for 2012-2013 includes an increase of $231 million in state general fund in for the IHSS program for various projects and programs that were supposed to be implemented during the current budget year but were delayed. including IHSS Provider fee (6 month delay with starting date now assumed to be January 1, 2012)

MEDICATION DISPENSING MACHINE PILOT PROGRAM
* The Governor is proposing that the state law provisions regarding the medication dispensing machine pilot proposal that was passed as part of the 2011-2012 State Budget be rescinded. Unless rescinded, current state law included another trigger cut reduction of additional cuts in IHSS service hours if the target of $140 million in State general fund savings resulting from the medication dispensing machine pilot proposal, will not be met. The Department of Social Services will need to submit budget related legislative language (referred to as "budget trailer bill language") to the Legislature regarding this.

DUAL ELIGIBLE (MEDI-CAL AND MEDICARE) - IHSS MANAGED CARE BENEFIT
* Governor proposing, starting January 1, 2013, over a three year period, to transition the 1.2 million persons with disabilities and seniors who are eligible for both programs ("dual eligible"). In that first year, IHSS – and other community based services (though not those funded through regional centers) will become Medi-Cal managed care plan benefits.
* The Governor's proposed budget says the IHSS program, under this change, will "essentially operate as it does today" except all authorized IHSS benefits will be included in managed care plan rates.
* Recipients in 8 to 10 selected counties will also receive their Medicare benefits and long term care services through their Medi-Cal managed care plan. These changes will be phased in over a 12 month period beginning January 1, 2013.
* The Governor's plan indicates that "over time, [Medi-Cal] managed care plans will take on increasing responsibility for home and community-based services including IHSS." It is not clear what that will mean to the existing structure of IHSS.
* There is no savings – or reduction to the IHSS program budget in the Governor's proposed budget for this transition of IHSS for persons who are "dual eligible" – though there is a major savings over-all to the Medi-Cal program budget that could swell to over $1 billion in the 2013-2014 State Budget year.

PREVIOUS REDUCTION: 2009 STATE PARTICIPATION (STOPPED FOR NOW BY COURT ORDER)
* The State Participation IHSS Wage Reduction to $9.50 in Wages and $0.60 in Health Benefits – passed as part of the 2009-2010 State Budget was supposed to go into effect July 1, 2009 but was blocked from implementation by a federal court order, upheld by the US 9th Circuit Court of Appeals.
* The case – Dominguez v. Schwarzenegger – is linked to several Medi-Cal related lawsuits that was heard before the US Supreme Court on October 3, 2011.
* A ruling by the high court is expected before June 2012. The Governor's 2012-2013 State Budget still assumes implementation of the reduction July 1, 2012, assuming the US Supreme Court rules in the State's favor and all legal issues are resolved.

PREVIOUS REDUCTION: 2009 COST CONTAINMENT (STOPPED FOR NOW BY COURT

ORDER)
* The 2009 Cost Containment (reductions using a minimum "functional index" score 2.00 to determine eligibility for any IHSS services; and a "functional index ranking" of "4" or "5" to be eligible for domestic and related services (ie housework, shopping for food, meal preparations and clean-up and laundry). These new eligibility restrictions would not apply to IHSS recipients under protective supervision or receiving paramedical services.
* These reductions were scheduled to go into effect November 1, 2009 but were blocked by federal court order on October 19, 2009 in a lawsuit originally V.L. v. John Wagner (now known as "David Oster, et al v. Will Lightbourne, et al"
* The case was appealed by the State to the US 9th Circuit Court of Appeals, which heard the case on January 28, 2011 but has delayed taking action until a ruling from the US Supreme Court is handed down on the Medi-Cal cases (including the lawsuit dealing with State participation of IHSS worker wages).
* The Governor's 2012-2013 State Budget still assumes implementation of the reduction July 1, 2012, assuming the US Supreme Court rules in the State's favor and all legal issues are resolved. It appears additional budget related legislation will likely be needed to implement this reduction even if the State prevails in court however, becauseof the way the original budget trailer bill language was written.

MEDI-CAL PROGRAM
The state's Medi-Cal program serves over 7.7 million Californians including about 1.7 million people with disabilities (including developmental), the blind and low income seniors.

DUAL ELIGIBLES (MEDI-CAL AND MEDICARE)
* Governor proposing, starting January 1, 2013, over a three year period, to transition the 1.2 million persons with disabilities and seniors who are eligible for both programs ("dual eligible").
* This includes, in the first year, making IHSS and other home and community-based services and nursing home care funded by Medi-Cal to become Medi-Cal managed care benefits (as mentioned in the section on IHSS).
* However community-based services funded through regional centers under the home and community-based Medicaid waiver will continue to be administered by the Department of Developmental Services
* The transition of Medicare benefits to Medi-Cal managed care will occur over a three year period starting first with 8 to 10 counties that the State believes already have the capacity to serve these individuals. The Governor's budget proposes to expand Medi-Cal managed care statewide starting June 2013
* Dual eligible recipients in these managed care counties will transition during the 2014-2015 State Budget year.
* The Governor's proposal says it will achieve savings and reductions in State general fund spending as recipients transition from Medi-Cal "fee-for-service" to Medi-Cal managed care plans due to a reduction in utilization including a reduction in hospital and nursing home costs.
* The Governor's budget estimates that this expansion will mean a reduction in State general fund spending to the Medi-Cal program of about $678.8 million during the 2012-2013 State Budget year which will grow to over $1 billion during the 2013-2014 State budget year.

MEDI-CAL MANAGED CARE EXPANSION
* The Governor proposes, beginning in June 2012, to expand Medi-Cal managed care into rural counties that are currently only provide Medi-Cal "fee for service".
* The Governor's budget assumes that this proposal will result in a $2.7 million reduction in State general fund spending in the Medi-Cal program during the 2012-2013 State budget year, which will grow to $8.8 million during the 2013-2014 State budget year.

MEDI-CAL MANAGED CARE ANNUAL OPEN ENROLLMENT RESTRICTION
* Current law allows Medi-Cal recipients in Medi-Cal managed care plans to change plans once per

month or up to 12 times in a year. The Governor proposes instead a once a year open enrollment period for Medi-Cal recipients in managed care plans, who would have to receive care through that plan for the entire year.
* The Governor's budget assumes that this proposal will result in a $3.6 million reduction in State general fund spending in the Medi-Cal program during the 2012-2013 State Budget year, to grow to $6 million during the 2013-2014 State budget year.

MEDI-CAL MANAGED CARE GROSS PREMIUM TAX
* Governor proposes to eliminate the sunset (or ending) date of this special tax on Medi-Cal managed care plans.
* The Governor's budget assumes that this proposal will result in $161.8 million in reductions in State general fund spending during the 2012-2013 State budget year, which will grow to $259.1 million during the 2013-2014 State budget year.

MEDI-CAL PROVIDER PAYMENT DEFERRAL & MANAGED CARE PAYMENT POLICIES
* Linked to the proposal to transition persons dually eligible for Medi-Cal and Medicare into Medi-Cal managed care plans, to speed up those budget savings during the 2012-2013 State budget year, the Governor is proposing one payment deferral for all Medi-Cal providers during that budget year.
* His budget also proposes to bring together (or align) payment policies for all Medi-Cal managed care plans. The savings from these two proposals is part of the overall spending reduction of State general funds total ($678.8 million) tied to the transition of persons who are dual eligible for Medi-Cal and Medicare during the 2012-2013 State Budget year.

MEDI-CAL "OPERATIONAL FLEXIBILITIES"
* With the current projected number of Medi-Cal recipients of 8.3 million Californians expected to swell to over 10 million by January 2014 when the federal health care reform is implemented, the Governor is proposing a new process that will "incorporate stakeholder input and determine cost-effectiveness" before implementing changes in benefits to the Medi-Cal program.
* This would include an assessment of the impact of changes made, changes proposed in payment rates and policies.
* The Governor's budget indicates that State general fund spending in the Medi-Cal program will be reduced by $75 million during the 2012-2013 State Budget year as a result of this proposal.

FEDERALLY QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS CUTS
* The Governor is proposing that payments made to these health centers and clinics participating in Medi-Cal managed care plan contracts will change from a cost and volume-based payment to a fixed payment to provide a broad range of services to those Medi-Cal recipients.
* A new Medi-Cal waiver will be developed to allow these centers and clinics to follow "efficient best practices" including group visits, telehealth, telephonic disease management, and allow clinics to perform multiple services on the same day.
* Governor's proposal assumes a spending reduction in State general fund spending in the Medi-Cal program of $27.8 million during the 2012-2013 State budget year, that will grow to $58.1 million during the 2013-2014 State budget year.

PRIVATE AND NON-DESIGNATED PUBLIC HOSPITAL "STABILIZATION" FUNDING CUT
* Governor proposes that Private and Non-Designated Public Hospital "Stabilization" funding that has not yet been paid for the State budget years 2005-2006 through 2009-2010, will instead be put back into the State general fund.
* The Governor's budget assumes that this proposal will mean a $42.9 million in State general fund spending reduction.

NURSING HOME FEE PROGRAM
* Governor's budget includes funding to restore the 10% provider rate reduction ($171.1 million in State general funds) and also includes supplemental payments ($245.6 million in State general funds).
* The Governor's budget however does not include the maximum 2.4% cumulative rate increase for 2011-2012 and 2012-2013 because "preliminary fee revenues [from the nursing homes] are insufficient to support such an increase."
* The Governor proposes to permanently extend the rate methodology and nursing home fee initially established by AB 1629 in 2004. The Governor's budget says that this action is necessary "to continue to fund the current payment methodology without a greater impact to the General Fund."

MEDICAL THERAPY PROGRAM ELIGIBILITY RESTRICTION
* The Governor proposes to put in place income eligibility requirements or means testing for the Medical Therapy Program linked to the California Children's Services (CCS) program.
* Under the proposed new requirements, families with annual incomes less than $40,000 or with annual California Children's Services medical expenses exceeding 20% of their annual income, will be eligible for the Medical Therapy Program.
* The Governor's budget assumes this proposal will result in a $9.1 million reduction in State general fund spending during the 2012-2013 State budget year, and $10.9 million during the 2013-2014 State budget year.

MEDI-CAL MANAGED CARE RATE ADJUSTMENT
* The Governor's budget includes an increase of $203.4 million in State general fund fpr the 2012-2013 State Budget as a result of increasing managed care rates by 3.61%.
* The rate adjustments are based on the previous year's increase. The managed care rate increase for 2012-2013 will be updated in the Governor's revised budget proposal in May.

FUNDING TO RESTORE PROVIDER RATE CUTS IF STATE FAILS IN LAWSUITS
* The Governor's budget includes a "set aside" of $86.8 million in State general funds for the current 2011-2012 State Budget year and $260.4 million in State general funds for the 2012-2013 State Budget year in the event that various lawsuits blocking or seeking to stop the Medi-Cal provider rate reductions end up being successful.

<u>HEALTHY FAMILIES</u>
This program, administered by the Managed Risk Medical Insurance Board, is matched by funds from the federal State Children's Health Insurance Program (SCHIP), provides comprehensive health, dental and vision benefits through participating health plans for children not eligible for Medi-Cal.

HEALTHY FAMILIES PROGRAM RATE REDUCTION
* Governor proposes to reduce Healthy Families managed care rates by 25.7%, effective October 1, 2012. This cut will result in a $64.4 million reduction in State general fund spending in the program during the 2012-2013 State budget year and another $91.5 million during the 2013-2014 State budget year.

TRANSITION OF CHILDREN FROM HEALTHY FAMILIES TO MEDI-CAL
* Governor proposes transferring about 875,000 children in the Healthy Families program to the Medi-Cal program over a nine month period beginning October 2012.
* The Governor's budget indicates that this transition will simplify eligibility and coverage for children and families, improve coverage through "retroactive benefits, increase access to vaccines,and expanded mental health coverage" and eliminate premiums for lower income recipients.
* There was no budget savings or spending reduction listed resulting from this proposal .

ELIMINATION OF MANAGED RISK MEDICAL INSURANCE BOARD
* Governor proposes elimination of this board by July 1, 2013, with the remaining programs administered by the board shifted to the Department of Health Care Services by that date.
* Those programs include Access for Infants and Mothers, California Health Initiative Matching Fund Program, the Major Risk Medical Insurance Program (MRMIP), the Pre-Existing Conditions Insurance Plan (PCIP).
* The MRMIP and PCIP programs will be eliminated in January 2014, according to the Governor's budget because individuals in those programs will be able to purchase health insurance through the California Health Benefits Exchange as part of the roll-out of the federal health care reform implementation.

CALWORKS
The CalWORKS (California Work Opportunity and Responsibility to Kids) program is California's "welfare to work" program designed for low-income families with children, and provides temporary cash assistance for basic needs and services so families may become self-sufficient. Over 580,000 families are in the CalWORKS program including thousands of children and parents with special needs, disabilities and/or mental health needs. The Governor's proposed reductions and changes to the program – if approved by the Legislature – would result in a significant 44.8% drop in the program caseload during the 2012-2013 State Budget year, decreasing from over 580,000 families to 324,000 families.

REDUCTION OF $1.1 BILLION
* Governor proposes to achieve this reduction by eliminating grants for parents who don't meet federal work requirements after 24 months, compared with 48 months now in a new "CalWORKS Basic Program" while others who met federal work participation requirements would be placed in a new "CalWORKS Plus Program" that include possibility of higher benefits and higher income disregards and ability to stay in the program up to 48 months.
* The Governor's budget assumes that these changes will result in a $1.1 billion reduction in State General Fund spending during the 2012-2013 State Budget year.
* Note: CalWORKS – along with the child care proposed reductions – are those proposals which the Governor wants the Legislature to consider approving by March 2012 to allow early ramp-up and implementation to achieve the highest level of savings (or reduction depending on how one views it). The creation of the new "Child Maintenance Program" partially reduces the savings of this spending reduction, according to the Governor's budget, to about $946.2 million.

NEW CHILD MAINTENANCE PROGRAM
* Governor proposes the creation of a new "Child Maintenance Program" that, beginning October 2012, would provide basic support to children whose parents would not eligible under the restructured CalWORKS program, assuming that proposal is approved by the Legislature.
* Eligibility for this program for those families would be the same as for families in the CalWORKS program, but the Child Maintenance program grant will be less than the current amounts available for child-only cases, dropping the average monthly grant from $463 to $392. The family would eligible for CalFresh benefits according to the Governor's proposal.

HELP - VERY URGENT!

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 soon.- Marty Omoto]

Attachment #4

State of California
Department of Developmental Services

DDS 2012-13 Budget: Stakeholder Process

Spanish

While California's budget situation continues to improve, current year State revenues remain insufficient. In December, the Director of Finance informed the Legislature that revenues were less than anticipated and that several statutorily authorized "trigger" reductions were necessary, including a reduction to the Department of Developmental Services' (Department) budget.

The January 5, 2012, Governor's Budget for Fiscal Year (FY) 2012-13 includes the full year impact of the revenue trigger reduction for DDS of $200 million General Fund (GF). The proposed budget also assumes expiration of the 4.25 percent payment reduction to regional centers and providers, due to sunset June 30, 2012, and recognizes caseload growth in the community. To address the budget year reductions, the Department is initiating a process to receive stakeholder input in the development of reduction proposals.

The Department has successfully used a variety of approaches to work with our stakeholders in developing cost saving measures. These processes have enabled California to maintain the Lanterman Act for individuals with developmental disabilities while realizing the required budget reductions. To ensure sufficient time is available to develop proposals for legislative consideration for the FY 2012-13 Budget, DDS has scheduled six stakeholder workgroup meetings throughout the State in February and March, as follows:

- Los Angeles – Friday, February 3, 2012
- Sacramento – Tuesday, February 7, 2012
- San Diego – Thursday, February 16, 2012
- Riverside – Friday, February 17, 2012
- Oakland – Friday, February 24, 2012
- Fresno – Thursday March 1, 2012

Similar to the process used to develop reduction proposals for the FY 2011-12 Budget, stakeholder organizations are being invited to appoint individuals to the workgroups that represent their respective services or role in the provision of services to consumers. To ensure individuals who receive services and their families have the opportunity to participate, we are asking the organizations to appoint consumer or family member representatives to the workgroups. Each workgroup will include:

- Three representatives from statewide organizations representing individuals and families who receive services throughout the Developmental Services System.
- Three representatives from each of seven different service categories, appointed by their respective organizations.
- A representative from developmental center families, the University Centers on Excellence in Developmental Services and the Department's Consumer Advisory Committee.

In addition, the Department welcomes written suggestions from members of the community. These suggestions should be submitted by **March 1, 2012** to John Schmidt at John Schmidt or mailed to:

John Schmidt
Special Assistant to the Director
Department of Developmental Services
P.O. Box 944202
Sacramento, California 94244-2020

In developing system-wide proposals, the Department is seeking input from stakeholders on strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, the extension of all or part of the 4.25 percent payment reduction, and other savings proposals.

DDS is strongly committed to working with its stakeholders to develop proposals for achieving the required FY 2012-13 savings.

Last Updated: 1/27/2012

1/13/12: 439 - 10

Attachment #5

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

ARCA Position Statement
Governor's Proposed Budget for Fiscal Year 2012-13

The following represents ARCA's positions regarding the proposals included in the Governor's proposed Budget for FY 2012-13.

Trigger Reduction

In FY 2011-12 there is a $100 million General Fund Trigger Reduction to the Department of Developmental Services (DDS) budget. This reduction increases to $200 million General Fund in FY 2012-13. At this time it is not known how these reductions will be allocated among the regional centers, DDS headquarters, and the Developmental Centers. Legislation permits DDS to convene a group of stakeholders to develop General Fund savings proposals to deal with the Trigger Reduction. ARCA opposes this $200 million reduction in FY 2012-13.

When these Trigger Reductions were first proposed, it was ARCA's understanding that they were to be a one-time reduction applicable to FY 2011-12 only. ARCA opposes continuation of this Trigger Reduction into FY 2012-13.

In the past ten years, the regional center system has had to absorb budget reductions in both regional center operations and purchase of service budgets totaling $752 million General Fund ($1.4 billion total funds). The cumulative effect of these reductions has resulted in a loss of $2.6 billion General Fund ($5.4 billion total funds) over the ten year period.

Consequently, services to people with developmental disabilities have been curtailed or eliminated, provider rates have been frozen, and regional center staffing has been decimated.

Operations (OPS)

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

1. ARCA supports the restoration of $13.8 million General Fund ($21.9 million total funds) due to the June 30, 2012 sunset of the 4.25 % reduction to the Operations budget. This reduction began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010. This reduction further exacerbated the burden regional centers face to provide services to over 250,000 consumers while maintaining mandated caseload ratios with an already underfunded budget and assuring compliance with the Lanterman Act and other State and federal statutory requirements. Regional centers have struggled under this burden of reduced funding in complying with the many federal requirements to maintain continued federal funding from the HCBS Waiver, Targeted Case Management, the 1915(i)

State Plan Amendment, the 1915(k) State Plan, and Money Follows the Person programs. Regional center staff plays a crucial role in bringing in over $1 billion in federal reimbursements from the HCBS waiver and Target Case Management programs.

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

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

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

2. ARCA supports the adjustment of $9.2 million for updated caseload.

3. ARCA would also support the restoration of the FY 2001-12 unallocated reduction of $10.6 million and the restoration of the FY 2004-05 unallocated reduction of $6.0 million. These unallocated reductions continue to be deducted from regional center operations budgets year after year, further frustrating the efforts of regional centers to capture federal funds.

Purchase of Service (POS)

FY 2011-12

1. As this is just a technical adjustment, ARCA takes no position on the net decrease of $2.1 million General Fund ($2.8 million total funds) due to updated caseload and expenditures data.

2. As this is just a technical adjustment, ARCA takes no position on the reduction of $32 million General Fund ($47 million total funds) due to the delay in the State's implementation of the elimination of Adult Day Health care services.

FY 2012-13

1. ARCA supports the $94.6 million General Fund ($123.8 million total funds) adjustment due to caseload growth and increased service utilization.

2. ARCA supports the net increase of $29.1 million General Fund ($28.1 total funds) to "Impacts from Other Departments" of $28.1 million due mostly to planned reductions in Medi-Cal for enteral nutrition (tube feeding), hearing aid caps, and co-payments.

3. ARCA supports the increase of $4.5 million General Fund ($8.9 million total funds) for the Financial Management Services (FMS) for Participant Directed Services. HCBS Waiver guidelines require consumers who receive voucher services to utilize the services of an FMS to pay for the services. This has been a difficult transition for regional centers in that there were few FMS providers in California and in some areas there are none. Regional centers are experiencing an increased workload in locating and developing FMS providers, processing the necessary paperwork, and training consumers and their families in utilizing the FMSs. Regional centers remain committed to working with DDS to maximize federal revenues.

4. ARCA supports the $0.7 million total funds ($0.0 General Fund) increase to Quality Assurance Fees for Intermediate Care Facilities (ICFs). This is a result of DDS's effort to bill Medi-Cal for day programs and transportation services provided to residents of ICFs. This has been a workload burden for regional centers as they have had to process payments for services rendered back to FY 2007-08. As noted above, regional centers remain committed to working with DDS to maximize federal revenues.

5. ARCA supports the restoration of $94.6 million General Fund ($135.8 million total funds) due to the June 30, 2012 sunset of the 4.25% payment reduction to service providers. This began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010. This has been an extreme hardship for the many community service providers who serve people with a developmental disability. Most service providers have had their rates frozen for the past seven years and this arbitrary reduction only exacerbates the rate inequities among service providers.

6. ARCA supports the increase of $50 million General Fund ($0 total funds) to reflect a funding shift from California First Five Commission (Proposition 10) to General Fund.

Prevention

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

Attachment #6

ARCA ASSOCIATION OF REGIONAL CENTER AGENCIES

915 L Street, Suite 1440 • Sacramento, CA 95814 • 916.446.7961 • Fax: 916.446.6912 • E-mail: arca@arcanet.org

January 4, 2012

Honorable Jim Beall
Assemblyman, 24th District
State Capitol, Room 5016
Sacramento, CA 95814

RE: ASSEMBLY BILL 254 (Beall) – Developmental services: Employment First Policy
ARCA position: *Support if amended*

Dear Assemblyman Beall:

On behalf of the Association of Regional Center Agencies (ARCA) representing the independent, nonprofit agencies providing advocacy, clinical assessment and coordination of services to California's 260,000 children and adults with developmental disabilities, we are writing to provide input regarding proposed amendments to Assembly Bill 254 (Beall).

ARCA and the regional centers appreciate your dedicated focus to improving the lives of people with developmental disabilities in our state, specifically your attention to the issue of integrated community employment. Over the past several legislative sessions, your office has been pivotal in authoring or providing strong support for employment initiatives. In 2008, ARCA along with the State Council on Developmental Disabilities and Disability Rights California co-sponsored Assembly Bill 287 establishing California's first Employment First Policy development committee. The report produced by this workgroup outlined the framework for Assembly Bill 254 and provided some general guidance to the community on integrating the notion of employment into the lives of people with developmental disabilities.

ARCA and the regional center have a long-standing position of strong support for not only community integration of people with developmental disabilities, but also to provide avenues and connections for competitive employment opportunities. Regional centers have worked alongside providers to foster relationships with large employers such as Target, Home Depot, Safeway, Marriot and many others. They have also worked closely with their communities to target small businesses to hire people served by the regional centers. The benefits of these associations have yielded numerous jobs for people with developmental disabilities and more in the pipeline. Former First Lady Maria Shriver's WE Include employment initiative, of which ARCA and the regional centers were a primary partner also helped provide a nexus to more partnership opportunities.

While ARCA and the regional centers are grateful for an opportunity to have a comprehensive Employment First policy, we respectfully ask you to consider some of the concerns facing regional centers at this time. Over the past decade, regional centers have been required year over year to provide more services with less funding. Regional centers recognize this reality exists across all sectors of public services, however the demand on regional centers to meet all of the mandates on limited resources has become unsustainable. As payers of last resort, regional centers share the responsibility of assisting people with developmental disabilities reach their full potential in the community. This shared role includes partnerships with public education, counties, and other entities to ensure people are receiving the necessary services and supports in the most least restrictive setting.

Over time as resources have dwindled for some of our partner agencies, regional centers have been placed in the precarious position of ensuring continuity of care and services without an adequate augmentation of staff or funding. With skyrocketing caseloads to maintain, service coordinators have little time or opportunity to cultivate relationships with parents, families and the people served and carefully identify the full scope of their needs. Coupled with the decreased levels of support from generic agencies, regional center service coordinators are being stretched to a breaking point.

In a thorough review of the proposed amended language in AB 254, the ARCA Employment Committee and Legislative Committee, both comprised of regional center directors, staff, parents and family members all agree that there are some tremendous responsibilities placed in the hands on already overburdened service coordinators and other regional center staff.

The amendments to AB 254 create an additional workload to regional center staff. We believe these functions are primarily the responsibility of the public school system as providers of a free and appropriate education for these school-age children. The enhanced role of regional centers in this bill seems to inadvertently overlook that at this point in a child/young adult's life, the school district and public education are the primary provider and coordinator of services with regional centers playing a supportive, secondary role. In addition to the scope of the regional center's role, the number of school districts with which we would be asked to coordinate with would be an untenable expectation. For example, at Alta California Regional Center which represents Sacramento County and ten surrounding counties in the region they work with over 80 separate school districts.

Beyond the lack of personnel resources, ARCA and the regional centers are also concerned about the provision requiring staff to provide information "in a language that the consumer and, as appropriate, the consumer's representative understand." This onerous fiscal requirement to develop materials and provide specific translations into certain dialects and languages is beyond the capacity of any regional center, let alone those whose catchment areas cover a diverse population speaking many languages.

An additional concern rests upon another amendment stating that the Department of Developmental Services may request information from regional centers on current and planned activities related to the Employment First Policy. Regional centers recognize the importance of ongoing data tracking to assist in measuring the success of this policy, however the collection of data points absent specific direction from the Department to be reportable at any given time is an additional workload on regional center staff.

We look forward to continue engaging with your office, the Assembly Human Services Committee and other developmental services stakeholder groups to further refine language around implementation of the Employment First Policy at regional centers and throughout our system. We hope that by working together to address the aforementioned issues that ARCA and the regional centers would be able to provide our support for AB 254 (Beall).

Regional centers remain firmly committed to increasing employment options and opportunities for people with developmental disabilities and appreciate your partnership in this endeavor.

Sincerely,

Robert J. Baldo
Executive Director

Cc: Eric Gelber, Assembly Human Services Committee
Mary Bellamy, Assembly Republican Office of Policy
Lisa Murawski, Assembly Appropriations Committee
Julie Souliere, Assembly Republican Fiscal Office
Terri Delgadillo, Department of Developmental Services
ARCA Board of Directors

Attachment #7

Controller *John Chiang*
California State Controller's Office

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

PR12:02
For Immediate Release:
1/10/2012

Contact: Jacob Roper
916-445-2636

Controller Releases December Cash Update

SACRAMENTO – State Controller John Chiang today released his monthly report covering California's cash balance, receipts and disbursements in December, showing monthly revenues came in $165.2 million below the latest projections contained in the Governor's proposed 2012-13 Budget. When compared against the 2011 Budget Act, December revenues were $1.4 billion below estimates.

"While we saw positive numbers in November, December's totals failed to meet even the latest revenue projections," said Chiang. "Coupled with higher spending tied to unrealized cost savings, these latest revenue figures create growing concern that legislative action may be needed in the near future to ensure that the State can meet its payment obligations."

To offer a complete view of the State's finances, the issued today by the State Controller compares actual revenues and disbursements to figures from 2010, estimates from the 2011 Budget Act, and the latest projections found in the Governor's proposed 2012-13 budget.

Compared to the 2011 Budget Act estimates, disbursements exceeded projections by $2.65 billion. This deficit was eliminated in the 2012-13 Governor's budget estimates when the Department of Finance revised projections in consideration of spending assumptions that now appear unlikely.

When comparing to the Governor's 2012-13 budget, personal income taxes were $69.8 million down (-1.4 percent), and corporate taxes also dropped by $19.5 million (-1.4 percent). December's sales tax totals came in above estimates by $17 million (1.1 percent). These receipts do not reflect all holiday spending. The balance of holiday sales tax receipts will be seen in late January and early February.

The State ended last fiscal year with a cash deficit of $8.2 billion. The combined current year cash deficit stands at $21 billion. Those deficits are being covered with $15.6 billion of internal borrowing (temporary loans from special funds) and $5.4 billion of external borrowing.

For more details, read December 2011's .

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Attachment #8

The latest on California politics and government

January 31, 2012

Controller: State to run out of cash in March without action

California will run out of cash by early March if the state does not take swift action to find $3.3 billion through payment delays and borrowing, according to a letter state Controller **John Chiang** sent to state lawmakers today.

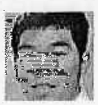
The announcement is surprising since lawmakers previously believed the state had enough cash to last through the fiscal year that ends in June.

But Chiang said additional cash management solutions are needed because state tax revenues are $2.6 billion less than what Gov. **Jerry Brown** and state lawmakers assumed in their optimistic budget last year. Meanwhile, Chiang said, the state is spending $2.6 billion more than state leaders planned on.

The Assembly budget committee is considering a bill today that would enable $865 million of borrowing from existing state accounts, Senate Bill 95. Chiang, after consultation with the **Department of Finance** and state Treasurer **Bill Lockyer**, is also seeking about $2.4 billion in delayed payments to universities, counties and Medi-Cal, as well as additional borrowing from outside investors.

Absent these actions, the state would fall below its prudent $2.5 billion cash cushion on Feb. 29, Chiang estimated. On March 8, the state would actually end up $730 million in the red. The state would be below the safe cash cushion for several weeks ending April 13, save for several days at the end of March.

With such actions, Chiang believes the state would not have to use IOUs or delay tax refunds, maneuvers that have been relied upon in previous years. But Chiang also said that "more cash solutions may be required if our revenues continue to erode or if disbursements significantly exceed estimates."



Posted by **Kevin Yamamura**

TRI-COUNTIES REGIONAL CENTER – SB74 & AB104 CHAPTERED TRAILER BILL LANGUAGE

UPDATED January 31, 2012

Bill Section	Main Topic / *Description*	DDS Memo On Implementation	STATUS	NEXT STEPS
(SB74) 1	**Development of Best Practices (See AB 104 Sections 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.	TBL Implementation Memo received from DDS on 8/14/11.	See AB104 items.
(SB74) 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.	DDS requested completion of the survey that was sent to RCs and mail / email to DDS by August 15th with a copy of the current board by-laws.	Report completed and submitted to DDS on 8/11/11 with the bylaws.
(SB74) 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.	Board approved policy July 8, 2011. Two contracts were approved at the October Board Meeting. Revisions to the policy were approved by the Board Administrative and Executive Committees in November that included revisions to the Executive Summary, utilization and cost data, as well as demographics.	The revised policy will be reviewed and voted on for approval at the TCADD Board meeting in February 2012.
(SB74) 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 COI statement from DDS. DDS approved contract changes with new timelines - 60 days to comply after receipt of COI statement from DDS.	Revisit this issue after COI statement and procedures are received from DDS.

Attachment #9

TRI-COUNTIES REGIONAL CENTER – SB74 & AB104 CHAPTERED TRAILER BILL LANGUAGE

UPDATED January 31, 2012

(SB74) 5	**Submission of RC Conflict of Interest Policies to DDS** *Each RC shall submit a COI policy to DDS* *Each RC shall post COI policy on its website*		Board approved revised policy on July 8, 2011. Board approved policy is posted on TCRC's website. Policy submitted to DDS.	Revisions to COI policy will be made as needed and re-submitted to DDS and re-posted on TCRC's website.
(SB74) 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.	
(SB74) 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:* [see TBL]	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 <u>all</u> vendors, except consumers or family members.	Board approved policy July 8, 2011. Board approved policy and required documents are posted on TCRC's website.	Required documents are being re-posted on TCRC's website when they become updated.
(SB74) 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.	Letter, cost statement and instructions were sent to applicable providers. 102 statements were received back out of approximately 200. Applicable contracts have been amended.	Review cost statements and discuss with providers as needed. A follow up letter will be sent to providers who have not submitted their statements. Developing standard process to ensure adequate documentation in vendor files for future audits.
(SB74)	**15% Administrative Costs Cap –**	This requirement became effective	Re-classification of employees and	Monthly review.

8	**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.*	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.	expenses occurred going back to 3/24/11. Expenses are being tracked and coded accordingly for FY 11/12 monthly as part of the financial statement process. Ratio will be indicated in the annual CPA audited financial statements.	
(SB74) 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.	Obtained a legal opinion regarding discrepancy between the law and DDS implementation memo. The Audit Committee met and agreed to maintain our current auditor for the next five years. No change until FY 16/17.	In FY 15/16, collect information from other RCs for CPA services, release RFP and discuss change in auditor with the TCADD Audit Committee.
(SB74) 10	**RC Staffing – Continuation of no limit on non-HCBS waiver caseloads** *Continues the unlimited caseload ratio for persons who are not on the HCBS Waiver, not in Early Start, nor were placed from a DC.*		Continue current processes.	
(SB74) 11	**Providers – Medicaid Reporting Requirements** *Requires RCs to collect specific information regarding vendors to ensure eligibility for HCBS Waiver reimbursement.*	Emergency regs 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	Implemented DDS requirements 6/20/11. DDS posted emergency regulations 11/22/11, then revised and re-posted 12/27/11 – effective date. Regulations require all RC vendors (existing and new) to complete a disclosure statement indicating entity ownership and control interests. Form to be submitted to the RC prior to June 30, 2012.	RC to send letter, copy of regulations and form to all vendors paid with POS funds. Monitoring and review to occur for compliance.

(SB74) 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 unless DDS notifies RCs.	
(SB74) 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….MORE – [SEE DDS MEMO]…	Received copy of the letter that was sent to providers from DDS along with data on payments over $250,000 made to vendors statewide by tax ID number. TCRC sent letter to applicable vendors along with a form to complete requesting additional information. 82 forms returned out of approximately 101. A tracking system and database have been set up. Follow up with providers is occurring.	Continue to follow up with providers who have not sent in audit data forms. Input data information into tracking report and file documents when received. Forward required information to DDS.
(SB74) 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.	Waiting for more info from DDS.	
(SB74) 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.*		No further action required.	

(SB74) 16	**Continuation of 4.25% Payment Reduction**		TCRC has implemented. Information is included in new vendor packet, on rate agreement form and in contracts.	
(AB104) 2 and 7	**Vendor Electronic Billing** *Requires regional centers to begin transitioning providers to e-billing. All providers must submit invoices using e-billing for services provided on or after July 1, 2012, with some exceptions.*	RCs are encouraged to develop and share with their community a timeline for, and immediately begin, transitioning vendors to e-billing over the course of the fiscal year.	Accounting staff are transitioning providers who are not already using e-billing. Forms are being sent out in the new vendor packet for e-billing, vendor portal, and direct deposit.	Data runs to occur periodically throughout FY 11/12 to monitor progress. Plan to transition remaining vendors by June 30, 2012.
(AB104) 24	**4.25% Payment Reduction** *Payment reduction applies to certain services with usual & customary (U&C) rates that were previously exempt.*	If the RC has accepted a U&C rate as the rate of payment for any of the providers of services reflected in the list [see memo], the RC, effective July 1, 2011, must apply the 4.25% reduction.	Letter was sent to applicable providers on 8/8/11. Rates have been reduced on rate table effective with July billings.	
(AB104) 22	**Annual Family Program Fee** *RCs must assess an annual family program fee from parents whose adjusted gross family income is at or above 400% of the federal poverty level based upon family size and who have a child to who certain condition apply…*	DDS will be sending out implementation information under separate cover. DDS will provide RCs with the standard forms to be provided to families, and related instructions; information on the federal poverty level applicable for 2011; and, the interim process for exchange of information between RCs and DDS.	Materials were received from DDS on 8/22/11. Training materials have been completed. The packets and lists have been distributed to all pertinent team members. The on-line training is operational, and FAQs have been distributed. There are some additions which will be reviewed at the Audit team meeting. Materials were distributed along with	DDS is sending monthly reports of families who have paid the fee. Staff is following up monthly and monitoring is occurring to ensure compliance.

			the list of the families who need to participate on 11/07/11. Two subsequent revisions of the letter to the families were sent in mid November, and revised participation lists were sent out 11/29/11. Training for staff has been completed.	
(AB104) 20	**Maintaining Person's Home of Choice - Mixed payment rates in residential facilities with ARM rates** *...a RC may enter into a signed written agreement with a residential service provider for a person's supervision, training, and support needs to be provided at a lower level of payment than the facility's designated ARM service level...*	Compliance with this section of TBL will be monitored through the DDS fiscal audits of RCs and vendors, as appropriate.	Requests to be made by either the provider or the SC. Resource Developers will review and process these requests.	
(AB104) 13	**Maximize Utilization of Generic Resources - Education Services** *Prohibits a RC from purchasing day program, vocational education, work services, independent living program, or mobility training and related transportation services for a person who is 18 to 22 years of age, if the person is eligible for special education and related education services and has not received a diploma or certificate of completion...*	The statutory provisions apply to all persons 18-22 years of age, who are eligible for special education and related education services and have not received a diploma or certificate of completion, even if the RC is currently purchasing day program, vocational education, work services, independent living program, or mobility training and related transportation services. For persons 18-22 years of age, at the time of development, review, or modification of the IPP, each PT must determine if generic education services continue to or can meet a person's needs, or if extraordinary circumstances exist, and decide whether or not an exemption on	MOU has been in place. Communication is occurring with families and schools.	Training is being developed and will be provided to SCs in February. Review service policy and revise as needed.

		that basis may be granted. Also, when the PT determines, though the IPP process, that the generic (education) services are not appropriate to meet the person's needs, an exemption should be granted. DDS will review the RCs' implementation of this provision through the DDS' IPP monitoring protocol, as part of the HCBSW monitoring or other DDS monitoring activities.		
(AB104) 20	**Supported Living Services - Maximize Resources** *For persons receiving SLS who share a household with one or more adults receiving SLS, efficiencies in the provision of service may be achieved if some tasks can be shared.* *An independent assessment is required for persons currently receiving, or initially entering, SL who have SLS costs, or have an initial recommendation for service costs, that exceed 125% of the annual statewide average cost of SLS, as published by DDS commencing June 30, 2011.*	Commencing July 1, 2011, RCs must identify persons currently receiving SLS, whose annual SLS costs exceed 125% of the annual statewide cost of SLS. RC must also identify persons who have an initial recommendation for SLS costs that exceed 125%...the RC must arrange for an independent assessment to be completed prior to the next scheduled IPP for persons currently in a SLA and within 30 days of identification of persons with an initial recommendation of services...DDS published on its homepage the statewide annual average cost of SLS, and 125% of the annual statewide average cost of SLS. RCs shall use <u>only</u> one of the following service codes when purchasing an independent assessment: 896, if the assessor is a current SLS vendor, or 635 – Independent Living Specialist. When purchasing the independent assessment under either of these service codes, the purchase should additionally	RFP for independent assessors was posted. Proposals were received and 3 vendors are being vendored. Assessment tool finalized. Staff training completed and an online module is available. Managers have received list of persons requiring assessments.	Two independent assessors will be vendored and ready for referrals in January. One additional assessor will be added in Feb. Assessments to start in late January/early February. Information will be shared with SLS providers. Assessment tool (s) to be reviewed and refined in approximately 6 months.

		be sub-coded as INAS – "Big Claim" Program Code 00. The rate for an independent assessment under both service codes cannot exceed $50 per hour nor $1,000 in total.		
(AB104) 17 and 18	**Individual Choice Day Services** *…a person may choose a tailored day service or vouchered community- based training service, in lieu of any other RC vendored day program, look-alike day program, supported employment program, or work activity program.*	TAILORED DAY SERVICES Entities/persons not currently vendored as day program, look-alike day program, supported employment program or a work activity program seeking vendorization to provide tailored day services, must be vendored under an existing, appropriate service code for day program, look-alike day program, supported employment program or a work activity program. When purchasing tailored day services from a day program from…the RC shall sub code the expenditure accordingly…[see memo] VOUCHERED SERVICES This vouchered option is in lieu of any other RC vendored…program. …the implementation…is contingent upon the approval of CMS…requested effective date of October 1, 2011. Additionally, as the statue requires use of a FMS, implementing regulations defining and establishing the use of and rates for such services will be released shortly. When implemented..will also be available to persons who are not Waiver beneficiaries.	Vouchered-implementation contingent upon approval by CMS.	Day program to be adjusted upon request of the person served and through planning team approval.
(AB104) 21	**Day Programs – Full & Half Day Billings**	RCs should ensure providers are aware of this provision and maintain appropriate	Letter was sent to all day program and look alike providers on 8/8/11.	

	Requires day programs with daily rates to bill RCs for services provided in terms of half and full days of service.	documentation regarding individual attendance. Such documentation should be reviewed during RC and DDS vendor audits. DDS will not be establishing half-day rates; the statute does not change the rate. The statute requires the vendor to bill for one-half of their current rate when a person attends the program for 65% of less of the program day.	POS staff checks e-billing each month to ensure coding is correct. Information included in the new vendor and behavioral services packets.	
(AB104) 16	**Maximize Resources - Behavioral Services – Verification Form** *Effective July 1, 2011, the Lanterman Act (Welfare and Institutions code 4686.31) requires any vendor who provides Behavioral Services as specified in Title 17 of the California Code of Regulations to submit a completed verification form to the regional center for services provided to consumers under the age of 18 years who reside in the family home. The Department is required to post a form which can be used for this purpose. DDS has developed a new form (DS 5862) containing all the information the vendor is required to report. This form, along with instructions, is located on the DDS home page.*	DDS notified RCs of these new requirements in an email dated July 11, 2011. The required form is available on the DDS homepage in English, Spanish, Tagalog, Russian, Chinese, and Vietnamese. In a case where the vendor notifies the RC the parent(s) or legally appointed guardian will not sign the form, the RC should follow-up with the parent/legally appointed guardian to determine if services were delivered prior to making payment.	Letter was sent with form to all day program and look alike providers 8/4/11. POS staff are tracking forms and verifying receipt of forms, signature and hours signed off. Information included in the new vendor and behavioral services packets. Letters are being sent to providers and payments withheld if forms are not received.	Significant workload issues statewide. ARCA to work with DDS on acceptable audit standards of these forms. ARCA and DDS working on revising the form to make improvements.
(AB104) 15	**Maximizing Resources for Behavioral Services – Use of Paraprofessionals** *DDS to adopt emergency regulations to address the use of paraprofessionals in group practice provider behavioral intervention services and establish a*	DDS staff is currently working on the needed regulations to implement the statutory provisions.	DDS posted the emergency regulations on 8/18/11. New category is available if needed. No requests for this level of service to date.	

	rate.			
(AB104) 5 and 6	**Transfer Prevention Program to FRCs** *Effective July 1, 2011, RC will refer an at-risk baby and family to the FRC for outreach, information, and referral services.*	DDS has contracted with the FRC Network of CA...to carry out the requirements...The program is known at the Prevention Resource and Referral Services... Local FRCs are required to negotiate a MOU with their RC by Sept. 1, 2011...	MOU was completed between TCRC and FRCs. Statewide Family Resource Centers Network of California contract completed for Rainbow FRC in Ventura County, Parents Helping Parents in SLO County and Family First of Alpha Resource Center in Santa Barbara County. Referrals are being made to FRCs.	Geographic resource book is being developed for use by each FRC.
(AB104) 10	**Transportation Access Plans** *Requires the development of a transportation access plan for persons when RC purchases private, specialized transportation; person is safe and enhances community integration; and generic transportation services are available.*	Where applicable, at the time of development, review or modification of the IPP, RCs must develop the required transportation access plan. DDS will review the RCs' implementation of this provision through the DDS' IPP monitoring protocol, as part of the HCBSW monitoring or other DDS monitoring activities.	Revisions to Service Policy on transportation for adults are being reviewed by the Board for approval in February. Instructions for adding TAPs to IPPs have been approved. Staff training developed and completed with online module available.	Internal transportation procedures to be revised. RFP for travel training expected to be released in FY 11/12.
(AB104) 1, 8 and 9	**Health Benefit Cards** *At the time of intake, assessment or IPP/IFSP, copies of any health benefit cards shall be presented by parents, legal guardian, or conservator.*	[No further guidance from DDS provided in August 4, 2011 implementation letter.]	Staff has been trained and collection of Health Benefit cards is occurring.	Follow up to occur to ensure proper documentation for audits.