

## Update 3-14-11

### **\$174 Million Unspecified Regional Center Reduction To Be Achived by “Best Practices” Says Budget Trailer Bill Language**



***Budget Trailer Bill Language Approved Last Week in Budget Conference Committee – Brown Administration Can Still Proceed To Develop & Submit Their Proposal for Statewide Standards to Limit Regional Center Community-Based Services – Any Proposal To Achieve Reduction Target Needs Approval by Legislature in June***

SACRAMENTO, CALIF (CDCAN) [Updated 03/10/2011 – 08:30 AM (Pacific Time) – Budget legislative language – called “budget trailer bill” language (because the bills that make necessary changes in state law to implement changes in the State budget follow the main budget bill), soon to be released calls for the \$174 million cut in State general fund spending for regional center community-based services to be achieved by “best practices” instead of language that focused on a proposal for statewide standards to limit or reduce regional center services – referred to as “statewide standards for the purchase of services”. The Budget Conference Committee approved that action last week when it completed its work, though details on what the various budget related language had not been finalized and or available yet.

As previously reported yesterday, while both the Assembly and Senate will meet today, no vote on the budget is scheduled, at the request of Governor Brown. The Governor said yesterday he wanted a delay because of progress in talks with certain legislative Republicans on a possible budget deal.

The Brown Administration, as represented by the Department of Developmental Services (DDS), which does not need legislative approval to develop and submit proposals to the Legislature, can still proceed to develop and propose statewide standards for purchase of services that would achieve cuts in State general fund spending of at least \$174 million.

The Brown Administration wanted the Legislature to direct the Department of Developmental Services to develop and submit a statewide standards proposal – and the change in the budget legislative language simply means that the targeted \$174 million reduction could be achieved in a variety of ways.

#### **What Does This Mean**

- In reality the Legislature still needed to – and still does - give final approval for whatever proposal the Department of Developmental Services ends up submitting sometime in May – along with any other proposals submitted by the department or advocates or others. So the Brown Administration can still proceed in developing its proposal for statewide standards.

- It does mean however that the Department of Developmental Services will also need to submit some other ideas – based on “best practices” that would result in achieving some portion or all of the \$174 million cut.

## **CDCAN SUMMARY OF DEVELOPMENTAL SERVICES CUTS**

As of March 10, 2011, the overall reduction of \$577 million (instead of the Governor’s \$750 million) in State general fund spending would be achieved in two basic ways – new federal money or fund shifts and actual spending cuts approved by both the Assembly and Senate Budget Committees. These reductions in state general fund spending for developmental services will be part of any final budget package sent to the Governor: The amount was about \$527 million before the Budget Conference Committee action on March 3, that increased the overall reduction in State general fund spending to developmental services by another \$50 million.

THE \$577 MILLION REDUCTION IS ACHIEVED IN TWO BASIC WAYS :

1. NEW FEDERAL (AND OTHER) FUNDS (\$152 MILLION OUT OF THE TOTAL \$577 MILLION) **and**
2. ACTUAL SPENDING CUTS TO SERVICES, PROGRAMS AND OPERATIONS (\$424 MILLION OUT OF THE \$577 MILLION)

### NEW OR ADDITIONAL FEDERAL & MONEY FROM OTHER FUNDS (TOTAL \$152 MILLION):

New Federal Funds & Fund Shifts That Reduce State General Spending for Developmental Services (\$152 million out of the \$577 million total):

- \$1.7 million reduction in State general fund spending due to increased federal funds through the Medicaid Home and Community-Based Services Waiver through an adjustment for Large Facilities for persons who are Medi-Cal eligible and residing in facilities with 16 or more beds.
- \$3 million reduction State general fund spending due to increased federal funds from Medicaid Home and Community-Based Services waiver for certain regional center operations costs.
- \$10 million reduction in State general fund spending due to federal funds from “Money Follows the Person” federal Grant.
- \$13 million reduction in State general fund spending as a result of increased Federal Funds for Porterville Developmental Center consumers
- \$15 million reduction (savings) from the action by both Assembly and Senate Budget Committees in rejecting Medi-Cal hard caps on physician visits (if it was approved it would have shifted costs to regional centers) . This amount is more a technical budget adjustment and not a spending cut (taking money back that would have been needed if the “hard cap” Medi-Cal proposal was approved). It is not clear yet, as of March 4, 2011, whether some

portion of this amount would be needed for persons with developmental disabilities in the Medi-Cal program due to the approval of a “soft cap

- \$50 million reduction in State general fund spending due to continuing previous budget year’s shift of the same amount of Proposition 10 funds to developmental services for Early Start (early intervention)
- \$60 million reduction in State general fund spending due to new federal 1915 (i) Medicaid Waiver funds

#### ACTUAL SPENDING CUTS (TOTAL \$424 MILLION):

Actual spending cuts that reduce State general fund spending for developmental services (including those that the Brown Administration would like to achieve through use of Statewide Standards on the Purchase of Services, which still requires later Legislature approval in June) (\$424 million out of the \$577 million total):

- \$1.5 million reductions in State general fund spending in regional center operations budget by reducing Agnews Community Placement Staff. (This is largely a technical budget issue or adjustment that the Department of Developmental Services should have adjusted to this amount due to Agnew’s closure according to legislative budget staff
- \$8 million reductions in State general fund spending for Prevention Program [this reduction was approved March 3rd by Budget Conference Committee]
- \$39.5 million reductions in State general fund spending resulting from Developmental Center reductions (some of these reductions not yet specified how it would be achieved) [this reduction was increased to this amount on March 3rd by Budget Conference Committee that includes \$2.7 million reduction resulting from the committee reversing previous budget committee action on 2/17 and 2/18 that approved project for Sonoma Developmental Center for medical gas piping; and approved \$15 million additional reduction in State general fund spending by further adjusting for population decreases, program consolidations and other adjustments)
- \$91.5 million reduction in State general funds by adopting budget trailer bill language to continue the 4.25% reduction in payments to most regional center providers and to regional center operations
- \$109.6 million reduction in State general fund spending resulting from the following: 1). Administrative Cost Caps on Regional Centers and Providers 85-15%: \$39.5 million State general fund reduction (total \$70 million all funds) – from that total about \$1.3 million State general funds from regional center operations and \$38.2 million from regional center purchase of services. 2). Dispute Resolution and 3rd Party Liability: \$10.5 million State general fund reduction (total \$11 million including all funds). 3). Audits or Review of Financial Statements: \$21.5 million State general fund reduction (\$39.8 million all funds). From that general fund amount, \$200,000 in State general funds is from regional center operations and \$21.3 million is from regional center purchase of services (providers). 4). Conflict of Interest: \$11 million in State general fund reductions (\$20.1 million all funds). Of the general fund amount, \$900,000 from regional center operations and \$10.1 million in State general funds from regional center purchase of services. 5). Accountability and Transparency (includes board composition, compliance

with state law, certain review of contracts, posted information on websites; requirement for all regional center vendors to meet the same standard as an enrolled Medi-Cal provider: \$27.1 million in State general fund reductions (\$50.3 million all funds). Both houses approved "placeholder" budget trailer bill language. [CDCAN Note: "placeholder" trailer bill language means legislative language is needed for this issue that at the time of approval, still needed to be finalized or drafted]

- \$174 million reduction in State general fund spending resulting from "best practices". This reduction – until specifics are approved on how to achieve it, is basically an unspecified or unallocated reduction. The Brown Administration can still develop and submit its proposal for "Statewide Standards for Purchase of Services" that would place limits on regional center community-based spending. The that proposal – or any other proposal would still need approval in June by the Legislature so technically the \$174 million reduction is until then unallocated or not specified.(meaning other proposals could be considered by the Legislature in June when it considers whether or not to approve the Brown Administration's statewide standards for regional center community-based services) [Budget Conference Committee approved on March 3rd the increase of this still technically unspecified reduction from \$150 million to \$174 million]

Both the Senate and Assembly Budget Committees also previously approved the following budget "trailer bill" language (none of which impacts the overall level of reduction amount) for the following:

- Developmental Center Automatic Sprinkler System – (Assembly Budget Committee approved this proposal 2/18 – Senate Budget Committee approved on 2/17)
- Trailer Bill Language: Medi-Cal Managed Health Plans for Lanterman Developmental Center Transition - (Assembly Budget Committee approved this proposal 2/18 – Senate Budget Committee approved on 2/17)
- Trailer Bill Language – Prevention Program (to allow transfer of funds) - (Assembly Budget Committee approved this proposal 2/18 – Senate Budget Committee approved on 2/17)

Both the Assembly and Senate REJECTED the following proposed budget trailer bill language (the only one it rejected):

- Fairview Developmental Center – Upgrade of Fire Alarm System (Assembly Budget Committee rejected Feb 18th and the Senate Budget Committee rejected on February 17th.)
- Sonoma Developmental Center Medical Gasses and Oxygen Piping - (This proposal was originally approved by both the Assembly Budget Committee on 2/18 – Senate Budget Committee on 2/17, but the Budget Conference Committee reversed those actions and on March 3rd rejected this proposal - \$2.7 million in State general funds]

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

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

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