An act to add Section 4629.5 to the Welfare and Institutions Code, relating to developmental services, and declaring the urgency thereof, to take effect immediately.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4629.5 is added to the Welfare and Institutions Code, to read:

4629.5. (a) Notwithstanding any other provision of law, all regional center contracts or agreements with service providers in which rates are determined through negotiations between the regional center and the service provider shall expressly require that at least 85 percent of regional center funds be spent on direct services. For purposes of this subdivision, direct service expenditures are those costs immediately associated with the services being offered by the provider. Funds spent on direct services shall not include any administrative costs. Administrative costs include, but are not limited to, any of the following:

(1) Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the entity, including, but not limited to, directors and chief executive officers.

(2) Salaries, wages, and benefits of other nondirect service employees, including, but not limited to, payroll management, personnel functions, accounting, budgeting, auditing, and facility management.

(3) Facility operation costs, except those immediately associated with direct services, as defined in this subdivision.

(4) Maintenance and repair.

(5) Data processing and computer services.

(6) Contract and procurement activities.

(7) Training.

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(8) Nondirect service travel.

(9) Licenses.

(10) Taxes.

(11) Interest.

(12) Insurance.

(13) Depreciation.

(14) General administrative expenses.

(b) Notwithstanding any other provision of law, all contracts between the department and the regional centers shall require that at least 85 percent of all funds appropriated through the regional center's operations budget shall be spent on direct services. For purposes of this subdivision, "direct services" includes service coordination, assessment and diagnosis, monitoring of consumer services, and clinical services. Funds spent on direct services shall not include any administrative costs. For purposes of this subdivision, administrative costs include, but are not limited to, any of the following:

(1) Salaries, wages, and employee benefits for managerial personnel whose primary purpose is the administrative management of the regional center, including, but not limited to, directors and chief executive officers.

(2) Salaries, wages, and benefits of other nondirect service employees, including, but not limited to, payroll management, personnel functions, accounting, budgeting, auditing, and facility management.

(3) Facility operation costs, except those immediately associated with direct services, as defined in this subdivision.

(4) Maintenance and repair.

(5) Data processing and computer services.

(6) Contract and procurement activities.

(7) Training.

(8) Nondirect service travel.

(9) Licenses.

(10) Taxes.

(11) Interest.

(12) Insurance.

(13) Depreciation.

(14) General administrative expenses.

(c) Consistent with subdivision (a), service providers and contractors, upon request, shall provide regional centers with access to any books, documents, papers, computerized data, source documents, consumer records, or other records pertaining to the service providers' and contractors' negotiated rates.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make changes necessary to implement the Budget Act of 2011, it is necessary for this act to take effect immediately.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Regional center contracts: direct services.

Under existing law, the Lanterman Developmental Disabilities Services Act, the State Department of Developmental Services is responsible for providing various services and supports to individuals with developmental disabilities, and for ensuring the appropriateness and quality of those services and supports. Under existing law, regional centers contract with the department, as well as other service providers, to provide services and supports to persons with developmental disabilities.

This bill would require, notwithstanding any other provision of law, all regional center contracts with the department, and all regional center contracts or agreements with service providers, to require that at least 85% of regional center funds be spent on direct services, as defined. The bill would specifically exclude designated administrative costs from being included in the definition of direct services. This bill would require service providers and contractors, upon request, to provide regional

centers with access to specified information pertaining to the service providers' and contractors' negotiated rates.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.