

FOR LEGISLATIVE REVIEW

**LOCAL ASSISTANCE FOR
REGIONAL CENTERS**

**MAY 2010 REVISION
SUPPLEMENTAL BUDGET SOLUTIONS
OF THE 2010-11 BUDGET**



**DEPARTMENT OF
DEVELOPMENTAL SERVICES**

MAY 14, 2010

May Revision – Supplemental Budget Solutions

In addition to the expenditures as displayed in the printed May 2010 Regional Centers Local Assistance Estimate, the following General Fund savings and adjustments are proposed:

- \$53.5 million General Fund savings through additional Federal Funds
 1. Day Programs/Transportation Services: Intermediate Care Facility/Developmentally Disabled (ICF/DD) State Plan Amendment Update

The Budget Act of 2007 required the Department, in conjunction with the Department of Health Care Services (DHCS), to submit a State Plan Amendment (SPA) seeking Federal Financial Participation (FFP) in the day treatment and transportation services of ICF/DD residents. The SPA has been under negotiations with the Centers for Medicare and Medicaid Services (CMS). Recently, the State reached agreement with CMS on the mechanism to achieve the already budgeted FFP for 2007-08 through 2010-11. The administration has proposed Trailer Bill Language containing critical changes in State law which are required in order for CMS to approve the SPA and allow the State to retroactively bill for expenditures back to July 1, 2007. Based on these negotiations and updated expenditure data, the Department will achieve additional federal reimbursements that will result in GF savings of \$50.2 million as noted in the chart below.

2. Targeted Case Management Services: Intermediate Care Facility/Developmentally Disabled (ICF/DD) New State Plan Amendment

The Department, in conjunction with DHCS, will submit an additional SPA seeking FFP for the cost of Targeted Case Management services for ICF/DD residents. The anticipated effective date of the SPA is July 1, 2010. This new proposal will generate \$6.0 million FFP and result in GF savings of \$6.0 million in 2010-11. This is also included in the chart below.

3. Additional Regional Center service costs

To realize the savings described in item 1 above, there are regional center service costs of \$6.2 million (\$2.7 million GF) that were not previously budgeted. These costs will be budgeted in 2010-11 and will allow the State to draw down FFP for fiscal years 2007-08 through 2010-11, and annually thereafter.

	Medicaid/ICF-DD SPA (General Fund only)	Fiscal Year				Total
		2007-08	2008-09	2009-10	2010-11	
1	Additional Services (Look-a-like Day Programs) a/	\$3,000	\$3,000			\$6,000
2	Apply ARRA FMAP to previously budgeted expenditures		\$8,171	\$10,895	\$5,452	\$24,518
3	Higher expenditures than previously estimated (including ARRA FMAP where applicable)	\$4,338	\$4,995	\$4,624	\$5,759	\$19,716
4	New SPA to Bill for TCM to ICF-DD residents				\$6,000	\$6,000
	Subtotal General Fund Savings	\$7,338	\$16,166	\$15,519	\$17,211	\$56,234
5	Regional center coordination fee b/	-\$781	-\$635	-\$585	-\$692	-\$2,693
	Net General Fund Savings	\$6,557	\$15,531	\$14,934	\$16,519	\$53,541

a/ These services are already reflected in the 2009-10 and 2010-11 estimate as part of the \$334 million General Fund reductions.

b/ These costs will be reflected in total in the 2010-11 budget.

- Reimbursements of \$30.6 million from DHCS for ICF-DD Coordination and Quality Assurance Fees

To realize the savings associated with increased federal funds for ICF-DD day treatment and transportation services described in item 1 above, there are additional costs of \$30.6 million that were not previously budgeted (\$6.2 million for ICF-DD administrative costs and \$24.4 million associated with Quality Assurance Fees). These costs will be funded through the Quality Assurance Fee revenues in the DHCS budget and reimbursed to the Department to allow the State to draw down FFP for fiscal years 2007-08 through 2010-11, and annually thereafter.

- Temporary Assistance for Needy Families (TANF) Block Grant

The November Estimate proposed reimbursements of \$98.8 million from the Title XX TANF Block Grant. As part of the reductions at the Department of Social Services, the May Revision supplemental budget solutions decrease effective October 1, 2010 the Title XX TANF block grant funds by \$74.1 million, leaving \$24.7 million for first quarter costs of 2010-11. These reimbursements funded regional center expenditures for children under age 18 whose family income is less than 200 percent of the Federal Poverty Level. Regional center expenditures for these children will instead be funded by additional GF of \$52.9 million and additional reimbursement authority of \$21.2 million.

The changes discussed above applicable to fiscal years 2009-10 and 2010-11 are reflected in the updated Executive Summary tables presented on pages three through eight of this supplement.

May Revision - Supplemental Budget Solutions
Comparison of the 2010-11 November Estimate to 2010-11 May Revision
Current Year 2009-10

	A	B	C
	2010-11 November Estimate CY 2009-10	2010-11 May Revision CY 2009-10	2010-11 May Revision Request CY 2009-10 (B - A)
I. BUDGET ITEMS:			
A. Operations			
1. Staffing	\$486,343,000	\$486,343,000	\$0
2. Federal Compliance	41,536,000	41,536,000	0
3. Projects	27,429,000	27,429,000	0
4. Agnews Developmental Center Closure	7,682,000	7,682,000	0
5. Cost Saving Items:	-40,245,000	-40,245,000	0
a. Savings Target	-17,445,000	-17,445,000	0
b. Transfer to Prevention Program	-5,400,000	-5,400,000	0
c. 3 Percent Reduction	-17,400,000	-17,400,000	0
6. Operations Total	<u>\$522,745,000</u>	<u>\$522,745,000</u>	<u>\$0</u>
B. Purchase of Services (POS)			
1. Community Care Facilities	\$808,198,000	\$808,198,000	\$0
2. Medical Facilities	24,645,000	24,645,000	0
3. Day Programs	847,086,000	847,086,000	0
4. Habilitation Services	146,465,000	146,465,000	0
5. Transportation	240,967,000	240,967,000	0
6. Support Services	751,307,000	751,307,000	0
7. In-Home Respite	272,256,000	272,256,000	0
8. Out-of-Home Respite	65,516,000	65,516,000	0
9. Health Care	98,669,000	98,669,000	0
10. Miscellaneous	482,237,000	482,237,000	0
11. Self Directed Services	118,000	0	-118,000
12. Agnews Developmental Center Closure	41,833,000	41,833,000	0
13. Cost Saving Items:	-353,227,000	-353,227,000	0
a. Savings Target	-230,655,000	-230,655,000	0
b. Transfer to Prevention Program	-21,800,000	-21,800,000	0
c. 3 Percent Reduction	-100,772,000	-100,772,000	0
14. Subtotal (Items 1 thru 13)	<u>\$3,426,070,000</u>	<u>\$3,425,952,000</u>	<u>-\$118,000</u>
15. Revised Major Assumptions:	\$20,339,000	\$20,339,000	\$0
a. Impact from Other Departments	8,367,000	8,367,000	0
b. Elimination of Medi-Cal Optional Benefits	11,972,000	11,972,000	0
16. POS Total (Items 14 and 15)	<u>\$3,446,409,000</u>	<u>\$3,446,291,000</u>	<u>-\$118,000</u>
C. Early Start/Part C: Other Agency Costs	\$20,095,000	\$20,095,000	\$0
D. Prevention Program	\$27,200,000	\$27,200,000	\$0
E. GRAND TOTAL	<u>\$4,016,449,000</u>	<u>\$4,016,331,000</u>	<u>-\$118,000</u>

May Revision - Supplemental Budget Solutions
Comparison of the 2010-11 November Estimate to 2010-11 May Revision
Current Year 2009-10

	A	B	C
	2010-11 November Estimate CY 2009-10	2010-11 May Revision CY 2009-10	2010-11 May Revision Request CY 2009-10 (B - A)
II. FUND SOURCES:			
A. General Fund Total	\$2,196,595,000	\$2,178,076,000	-\$18,519,000 1/
1. General Fund Match	902,630,000	908,557,000	5,927,000
2. General Fund - Other	1,293,956,000	1,269,519,000	-24,437,000
3. SDS Risk Pool	9,000	0	-9,000
B. Reimbursements	\$1,729,458,000	\$1,748,259,000	\$18,801,000
1. Home and Community-Based Services (HCBS) Waiver	1,174,252,000	1,181,374,000	7,122,000
2. HCBS Waiver Administration	4,507,000	4,507,000	0
3. Medicaid Administration	12,488,000	12,488,000	0
4. Targeted Case Management (TCM)	170,286,000	169,418,000	-868,000
5. TCM Administration	4,000,000	3,321,000	-679,000
6. Title XX Block Grant	203,903,000	203,903,000	0
a. Social Services	147,903,000	147,903,000	0
b. Temporary Assistance for Needy Families	56,000,000	56,000,000	0
7. Self-Directed Services HCBS Waiver	93,000	0	-93,000
8. Self-Directed Services HCBS Waiver Administration	629,000	429,000	-200,000
9. Medicaid (ICF-DD/State Plan Amendment)	44,000,000	62,519,000	18,519,000 2/
10. Vocational Rehabilitation	300,000	300,000	0
11. CA Children & Families First Trust Fund	55,000,000	50,000,000	-5,000,000
12. 1915(i) State Plan Amendment	60,000,000	60,000,000	0
C. Program Development Fund / Parental Fees	\$2,492,000	\$2,092,000	-\$400,000
D. Developmental Disabilities Services Account	\$150,000	\$150,000	\$0
E. Mental Health Services Fund	\$740,000	\$740,000	\$0
F. Federal Funds	\$87,014,000	\$87,014,000	\$0
1. Early Start/Part C Grant	86,454,000	86,454,000	0
2. Foster Grandparent Program	560,000	560,000	0
G. GRAND TOTAL	\$4,016,449,000	\$4,016,331,000	-\$118,000

May Revision Supplemental Budget Solutions:

1/ Reflects \$15.5 million GF savings due to increased Medicaid ICF-DD/SPA reimbursements.

2/ Reflects \$15.5 million in additional reimbursements due to higher than previously estimated expenditures and applying ARRA FMAF to previously budgeted expenditures.

May Revision - Supplemental Budget Solutions
Comparison of the 2010-11 November Estimate to 2010-11 May Revision
Budget Year 2010-11

	A	B	C
	2010-11 November Estimate BY 2010-11	2010-11 May Revision BY 2010-11	2010-11 May Revision Request BY 2010-11 (B - A)
I. BUDGET ITEMS:			
A. Operations			
1. Staffing	\$494,502,000	\$476,470,000	-\$18,032,000
2. Federal Compliance	41,722,000	49,783,000	8,061,000 1/
3. Projects	24,758,000	28,407,000	3,649,000
4. Agnews Developmental Center Closure	5,114,000	5,114,000	0
5. Lanterman Development Center Closure	0	3,537,000	3,537,000
6. Cost Saving Items:	-40,812,000	-47,183,000	-6,371,000
a. Savings Target	-17,445,000	-17,645,000	-200,000
b. Transfer to Prevention Program	-7,200,000	-7,200,000	0
c. 3 Percent Reduction	-16,167,000	-15,743,000	424,000
d. Additional 1.25 Percent Reduction	0	-6,595,000	-6,595,000
7. Operations Total	\$525,284,000	\$516,128,000	-\$9,156,000
B. Purchase of Services (POS)			
1. Community Care Facilities	\$826,832,000	\$824,492,000	-\$2,340,000
2. Medical Facilities	24,868,000	25,347,000	479,000
3. Day Programs	905,031,000	930,208,000	25,177,000 2/
4. Habilitation Services	143,518,000	143,535,000	17,000
5. Transportation	249,973,000	255,857,000	5,884,000 2/
6. Support Services	832,208,000	832,282,000	74,000
7. In-Home Respite	304,252,000	304,253,000	1,000
8. Out-of-Home Respite	71,644,000	71,650,000	6,000
9. Health Care	106,495,000	106,566,000	71,000
10. Miscellaneous	545,589,000	547,074,000	1,485,000
11. Self Directed Services	858,000	118,000	-740,000
12. Agnews Developmental Center Closure	0	0	0
13. Cost Saving Items:	-484,846,000	-501,325,000	-16,479,000
a. Savings Target	-331,196,000	-331,196,000	0
b. Transfer to Prevention Program	-29,100,000	-29,100,000	0
c. 3 Percent Reduction	-99,550,000	-99,550,000	0
d. Additional 1.25 Percent Reduction	-25,000,000	-41,479,000	-16,479,000
14. Subtotal (Items 1 thru 13)	\$3,526,422,000	\$3,540,057,000	\$13,635,000
15. Revised Major Assumptions:	\$70,339,000	\$42,354,000	-\$27,985,000
a. Impact from Other Departments	58,367,000	30,382,000	-27,985,000
b. Elimination of Medi-Cal Optional Benefits	11,972,000	11,972,000	0
16. POS Total (Items 14 and 15)	\$3,596,761,000	\$3,582,411,000	-\$14,350,000
C. Early Start/Part C: Other Agency Costs	\$20,095,000	\$20,095,000	\$0
D. Prevention Program	\$36,300,000	\$36,300,000	\$0
E. GRAND TOTAL	\$4,178,440,000	\$4,154,934,000	-\$23,506,000

May Revision Supplemental Budget Solutions:

1/ Reflects \$6.2 million in additional expenditures that were not previously budgeted to realize savings associated with increased federal funds for ICF/DD day program and transportation services.

2/ Reflects \$30.6 million in additional expenditures that were not previously budgeted to realize savings associated with increased federal funds for ICF/DD day program and transportation services.

May Revision - Supplemental Budget Solutions
Comparison of the 2010-11 November Estimate to 2010-11 May Revision
Budget Year 2010-11

	A	B	C
	2010-11 November Estimate BY 2010-11	2010-11 May Revision BY 2010-11	2010-11 May Revision Request BY 2010-11 (B - A)
II. FUND SOURCES:			
A. General Fund Total	\$2,242,158,000	\$2,414,723,000	\$172,565,000 1/
1. General Fund Match	1,075,245,000	1,157,826,000	82,581,000
2. General Fund - Other	1,166,904,000	1,256,888,000	89,984,000
3. SDS Risk Pool	9,000	9,000	0
B. Reimbursements	\$1,628,017,000	\$1,631,946,000	\$3,929,000
1. Home and Community-Based Services (HCBS) Waiver	1,038,142,000	1,059,600,000	21,458,000 2/
2. HCBS Waiver Administration	4,499,000	4,449,000	-50,000
3. Medicaid Administration	12,806,000	12,603,000	-203,000
4. Targeted Case Management (TCM)	154,613,000	151,666,000	-2,947,000
5. TCM Administration	4,000,000	3,321,000	-679,000
6. Title XX Block Grant	246,646,000	172,589,000	-74,057,000
a. Social Services	147,903,000	147,903,000	0
b. Temporary Assistance for Needy Families	98,743,000	24,686,000	-74,057,000 3/
7. Self-Directed Services HCBS Waiver	4,030,000	93,000	-3,937,000
8. Self-Directed Services HCBS Waiver Administration	1,663,000	632,000	-1,031,000
9. Medicaid (ICF-DD/State Plan Amendment)	44,000,000	98,258,000	54,258,000 4/
10. Vocational Rehabilitation	118,000	118,000	0
11. CA Children & Families First Trust Fund	5,000,000	0	-5,000,000
12. 1915(i) State Plan Amendment	112,500,000	112,500,000	0
13. Impacts from Other Departments FFP	0	12,580,000	12,580,000
14. Money Follows the Person	0	3,537,000	3,537,000
C. Program Development Fund / Parental Fees	\$3,292,000	\$3,292,000	\$0
D. Developmental Disabilities Services Account	\$150,000	\$150,000	\$0
E. Mental Health Services Fund	\$703,000	\$703,000	\$0
F. Counties Children & Families Account	\$244,000,000	\$50,000,000	-\$194,000,000
G. Mass Media Communications Account	\$6,000,000	\$0	-\$6,000,000
H. Federal Funds	\$54,120,000	\$54,120,000	\$0
1. Early Start/Part C Grant	53,560,000	53,560,000	0
2. Foster Grandparent Program	560,000	560,000	0
I. GRAND TOTAL	\$4,178,440,000	\$4,154,934,000	-\$23,506,000

May Revision Supplemental Budget Solutions:

- 1/ Reflects an increase of \$2.7 million to realize savings associated with increased federal funds for ICF/DD day treatment and transportation services, and an increase of \$52.9 million due to the reduction in Title XX TANF block grant reimbursements.
- 2/ Reflects \$21.2 million in additional reimbursement authority to offset the reduction in Title XX TANF block grant reimbursements.
- 3/ Reflects \$74.0 million reduction in Title XX TANF reimbursements.
- 4/ Reflects additional reimbursements of \$51.3 million associated with increased federal funds for ICF-DD day treatment, transportation services and targeted case management services and Regional Center and ICF-DD costs to achieve these savings (\$30.6 million ICF-DD costs, \$3.5 million ICF Regional Center costs, and \$17.2 million in additional FFP.)