

Board of Directors' Meeting

February 23, 2009

Presiding: Ralph Griffin

Board Members

Present:	Patricia Albeño	Nyron Battles
	Ronald Clay	Shana Cohen
	Mike Kuller	Chi Lee
	Hilda Mariscal	Carmen Quinones
	Will Sanford	Claudia Sladen

Board Members

Excused: Lauri Parks

Staff Present:	Bill Barbaria	Carol Bohnsack
	Jim Burton	Francine Davis
	Susan Driggs	Terri Jones
	Rhonda Kimble-Kelly	Lisa Kleinbub
	Nancy Kubota	Marc Sugars
	Pam Thomas	

Guests Present:	Sharon Hagerty	Kathy Hebert
	Gina Jennings	Donald Morris
	Rocio Smith	Sandi Soliday

CALL TO ORDER

President, Ralph Griffin, called to order the regularly scheduled business meeting of the Regional Center of the East Bay at 7:00 PM. Self-introductions were made.

CONSENT AGENDA

M/S/C "The Board moves to approve the agenda for the February 23, 2009 meeting and the minutes of the January 26, 2009 meeting as presented." (Kuller/Lee) Unanimous.

PUBLIC COMMENT

Rocio Smith thanked RCEB for launching their improved website. She finds the new website provides greater access to information and is very easy to navigate. Ms. Smith offered kudos to the RCEB staff involved in this project.

COMMITTEE REPORTS

EXECUTIVE COMMITTEE: Ralph Griffin

Mr. Griffin reminded members that each spring we put together a report on the outcomes of last year's performance contract objectives. Mr. Burton asked members to review their packets for RCEB's report on the local public policy outcomes included in the 2008 performance contract. We expect DDS to provide our statistical performance ratings and comparisons to other regional centers within the next month. Once all of the information has been received the combined year-end report will be presented to the Board.

BUDGET AND FINANCE COMMITTEE: Mike Kuller

Mr. Kuller cautioned that the recently approved State budget will have a significant impact on regional center Purchase of Service and Operations budgets. Mr. Kuller reported that we have received the E-2 contract amendment but it was incomplete and contained only a small portion of our projected base deficiency. The projected statewide base deficit in Purchase of Services is \$180 million and it appears that the Department of Developmental Services (DDS) does not have adequate funds to cover the entire deficiency. No final allocation or formal announcement of DDS's estimate of the sufficiency of allocations has been made. All 21 regional centers are showing insufficiencies following receipt of the E-2 contract amendment. By law, if there is a statewide deficit, the Director of DDS is required to advise the legislature of the deficiency for their action to address the deficit.

Mr. Kuller reported that RCEB is projecting a Purchase of Service (POS) insufficiency of \$13.5-\$16.6 million. Our POS trends have remained consistent with our Sufficiency of Allocation Report (SOAR) submitted to DDS last fall. RCEB will continue to monitor POS projections carefully and report our projections to DDS monthly. With the passage of the state budget, concern for regional centers' cash flow has lessened somewhat. Both DDS and ARCA have provided tremendous support in working with the State Controller's office to secure payments on our behalf. RCEB currently projects an insufficiency in our Operations budget because the approved budget included a 3% reduction in regional centers' Operations for the current year. This reduction has been anticipated and RCEB has already taken measures to reduce Operations expenditures but every effort will be made to preserve services. RCEB will take additional steps to ensure that the Operations budget is balanced by the end of

this fiscal year. Staff will continue to keep the Board, our community and DDS informed on the status of the budget.

MEMBERSHIP DEVELOPMENT COMMITTEE: Ralph Griffin

Mr. Griffin reminded members that Kathy Hebert and Donald Morris had been nominated for membership at the last meeting of the Board. Following a ballot vote, Mr. Griffin announced that Ms. Hebert and Mr. Morris had been unanimously elected to three year terms of service.

Mr. Griffin reported that his committee had contacted former members Anne Struthers and Steve Whitgob and both had expressed interest in rejoining the Board and are now eligible to return to the Board. Mr. Griffin placed the names of Ms. Struthers and Dr. Whitgob into nomination and the election will take place at the March meeting of the Board.

PROVIDER/VENDOR ADVISORY COMMITTEE: Will Sanford

Mr. Sanford reported that his group spent much of their meeting discussing the State budget and its impact on services to consumers. His group will continue to devote time to sharing ideas on how to provide quality services with diminished resources.

CONSUMER ADVISORY COMMITTEE: Carmen Quinones

Ms. Quinones reported that Vice Chair, Rose Coleman, presided over the last CAC meeting because Mr. Battles was attending a meeting in Sacramento. Mr. Burton joined the group for their February 9th meeting and told them there were no major changes announced in the latest budget proposals from Sacramento. Ms. Quinones reported that the Department of Developmental Services' CAC has membership openings and her group was provided applications and encouraged to apply.

SUPPORTS AND SERVICES COMMITTEE: Claudia Sladen

Ms. Sladen reported that she had met with staff to discuss the direction of this committee. It was agreed that the group would look at adult day programs with a view to what we would like to see there in the future. It is essential that we begin to look at the services that will be needed in years ahead so we are prepared to serve our growing population. Ms. Sladen emphasized that we need to continue to push ahead and to look at all the things we need for our consumers and families. Even in these difficult financial times we must continue to provide necessary services.

EXECUTIVE DIRECTOR'S REPORT: Jim Burton

Mr. Burton reported that we now have a budget but the only thing worse than not having a budget is having a budget. The budget was approved last week and cuts state funding by approximately \$41 billion. This is accomplished through taxes and revenues that total \$12.7 billion, spending cuts and fund transfers of \$22.6 billion and borrowing \$5.4 billion from the lottery. This budget significantly alters the current year budget that was approved on October 1st and provides a new budget for the coming fiscal year. The process as we go forward will differ from the process outlined in the state constitution. There is typically a May Revision to the budget that allows the state to re-evaluate their estimates and look at revenues. Since the budget is already signed for next fiscal year, what will happen in the May Revision is unknown. The state deficit has grown at an incredible pace since October and we, as a state, continue to struggle. We now understand the parameters of the cuts and what they will mean to us so we can begin to plan how to address them.

Mr. Burton reviewed the cuts to the regional center system included in the state budget. The budget includes a 3% cut to regional center Operations and a 3% payment reduction for most of our service providers. This cut does not affect supported employment providers who have already received a 10% cut and people who receive "usual and customary rates". The cut to regional center Operations will provide \$24 million in savings and the cuts to POS will provide \$141 million. At this time, the effective date of the cuts is unclear. The Budget Act clearly says the cuts were to take place February 1st but because this budget was not approved until mid-February, the question is whether or not it can legally be put into place retroactively. RCEB will not implement changes until we have clarity from DDS on the effective date.

The second major cut to our service system is a \$100 million cut to state general funds beginning July 1, 2009 for next fiscal year. Mr. Burton cautioned that the \$100 million is state general funds and if service cuts receive matching federal funds those funds would also be lost with the cut. This would mean that the cut would be \$100 million plus the amount of the lost federal matching funds. In order to determine how this cut will take place the legislation includes a stakeholder public process that has already begun. The first meeting was held in Sacramento last week. The second meeting will be held in Oakland on Friday and the final meeting will be in Los Angeles next week. We are very pleased that one of the hearings will occur locally and Mr. Burton encouraged everyone present to attend and provide their input to Ms. Delgadillo. This stakeholder process must be completed very quickly and \$100 million in cuts identified in a report to the legislature by April 1st. This process is the responsibility of the Director of the Department of Developmental Services and is an enormous undertaking. If the legislative changes and systems are not in place to save \$100 million by September 1, 2009, service provider rates will be reduced by an additional 7.1%. This cut, if implemented, would devastate the majority of our service providers.

Mr. Burton reminded members that the last deficiency we are struggling with is our current year POS deficiency. All 21 regional centers have a projected deficiency of up to \$180 million. This deficiency is very concerning with only four months remaining in the fiscal year and very few lawful options to address a deficiency of that size. Mr. Burton noted that nothing has changed in the law and we are obligated to continue to serve everyone who comes to us seeking services. RCEB will carry out our obligations under every IPP that is in place. Mr. Burton reported that the primary reason we have a deficiency is that our caseload grew as a system more than the state anticipated. The state when presented with this information simply assumed that this growth did not occur. By December it was known that the state had underestimated by over 1600 people with developmental disabilities and today that number has grown to 2000 people with developmental disabilities. The state did not put anything in the budget to address the needs of these 2000 people. Our numbers are growing rapidly and that is the reason for the current year deficiency. The director of DDS must at some point advise the legislature of the current year deficiency if there are no lawful solutions found to address the deficiency. It will then be up to the legislature and governor to address the deficiency. Mr. Burton cautioned that the legislature is not required to fill in the budget gap but it is their responsibility to determine how to address the problem. One possible way we can hope to impact this crisis is to increase Medicaid Waiver participants to maximize federal revenues and minimize the impact of cuts on consumers and families. Mr. Burton reported that RCEB is putting tremendous effort into ensuring that everyone eligible to participate in the Waiver is certified and to ensure that we maximize federal revenues.

Mr. Burton acknowledged that cash flow has been a struggle but we believe this should no longer be a problem. With a really significant effort by DDS, regional centers and ARCA we were able to receive our February payment early. That kept us from having an immediate cash flow problem and we have sufficient funds to operate through mid-April. Now that the budget has been signed we expect cash will begin to flow shortly and we will be able to meet all of our obligations without further cash flow challenges.

Mr. Burton distributed a note that was sent to service providers with their turn-around invoices to provide information on the cuts included in the state budget. RCEB is updating its website as new information becomes available. Mr. Burton told the group that he will continue to attend community meetings to present the most current budget information and he thanked the Developmental Disabilities Councils and the Area Board for helping to keep our community well informed.

Mr. Burton reminded everyone that the approved budget cuts were sweeping and impact all human services agencies. Many of these cuts have triggers built into them and a lot of those triggers are based on the amount of federal funding that comes to California through the federal stimulus program. We are hopeful that

the efforts of the federal government will blunt the impact of a number of these cuts.

Everyone present was reminded that we have a tremendous amount of work ahead of us. We must make every effort to find alternatives to the 7.1% cut and to make sure our service providers are able to survive. It will be a challenge for service providers to manage the 3% cut after nearly two decades of underfunding. Our PVAC members are working together to support each other and to find ways to manage. Mr. Burton stated that he is proud to be a part of this community as we work together to face the challenges ahead.

PUBLIC COMMENT

Sandi Soliday thanked Mr. Burton for his thoughts and his leadership. She asked that he contact her if there is anything the Alameda County DD Council can do to assist in the difficult times to come.

ARCA REPORT: Ralph Griffin

Mr. Griffin reported that the ARCA staff is working to provide good information and support to its members and to DDS and they are doing an outstanding job. The next ARCA meeting will be held in southern California in mid-March.

ADJOURNMENT

Following a closed session to discuss personnel issues, the meeting was adjourned at 8:25 PM.

Respectfully submitted,

Nyron Battles
Secretary
RCEB Board of Directors