



AGENDA ITEM: 8

DATE OF MEETING: January 26, 2011

ACTION: X

INFORMATION: _____

STATE BUDGET SOLUTIONS

SUMMARY OF REQUEST

The continued state budget solution funding requests of First 5 California are:

8a Early Start Program

Pay up to \$50,000,000 for new regional center services provided to new children ages 0 to 5 through the Early Start Program, the Prevention Program, and pursuant to the Lanterman Developmental Disabilities Services Act from July 1, 2010, through June 30, 2011.

Up to \$50,000,000 to pay for new regional center services provided to new children ages 0 to 5 through the Early Start Program, the Prevention Program, and pursuant to the Lanterman Developmental Disabilities Services Act from July 1, 2011, through June 30, 2012.

8b Health Care Funds for Eligible Children Ages 0-5

Up to \$82,752,000 to pay for health care premiums and related enrollment expenses for eligible children ages 0 through 5 in the Healthy Families Program from July 1, 2010, through June 30, 2011.

BACKGROUND

Budget Act of 2010

The California 2010-11 budget passed by the Legislature and signed by the Governor on October 8, 2010, includes the following language pertinent provisions of which are attached hereto as Attachment 8E:

Item/Description (SB 870, Ducheny) – Attachment	Amount
<p>4280-101-0001 – For local assistance, Managed Risk Medical Insurance Board (MRMIB), for the Healthy Families Program (HFP)</p> <p>Schedule (3). Amount payable from the Counties Children and Families Account, California Children and Families Trust Fund (Item 4280-101-0585)</p> <p>For local assistance, MRMIB, for payment to Item 4280-101-0001, payable from the Counties Children and Families Account, California Children and Families Trust Fund, for the HFP.</p> <p>Provision 1: Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0585 in order to effectively administer the HFP.</p>	-\$80,020,000
<p>4280-102-0585 – For local assistance, MRMIB, for payment to Item 4280-101-0001, payable from the Counties Children and Families Account, California Children and Families Trust Fund, for HFP administrative contracts.</p> <p>Provision 1: Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this line item and Item 4280-101-0585 in order to effectively administer the HFP.</p>	-\$2,732,000
<p>4300-101-0001 – For local assistance, Department of Developmental Services (DDS), for Regional Centers</p> <p>Schedule (8). Amount payable from the Counties Children and Families Account, California Children and Families Trust Fund (Item 4300-101-0585)</p>	-\$50,000,000
TOTAL	\$132,752,000

Governor's 2011 Budget

The Governor's 2011-12 Budget includes the following language pertinent provisions of which are attached hereto as Attachment 8F:

2011-12 Governor's Budget Summary	Amount
<p>California Children and Families Commission</p> <p>Major Program Changes</p> <p>The Governor's Budget proposes using \$1 billion in both state and local Proposition 10 funding reserves, in lieu of General Fund, to fund Medi-Cal health services for children through the age of five. The proposal also would allow 50 percent of future state and local revenues to fund General Fund-supported early childhood services. These shifts in funding would require voter approval.</p> <p>Proposed initiative would create Proposition 10 Health and Human Service Fund. FY 2011-12 activities proposed for this fund are expressed as follows:</p>	
<p>Revenue from Local Agencies</p>	\$766,072,000
<p>Transfers from:</p>	
<p style="padding-left: 40px;">Mass Media Communications Account</p>	\$33,851,000
<p style="padding-left: 40px;">Education Account</p>	\$57,132,000
<p style="padding-left: 40px;">Child Care Account</p>	\$34,369,000
<p style="padding-left: 40px;">Research and Development Account</p>	\$51,926,000
<p style="padding-left: 40px;">Administration Account</p>	\$24,473,000
<p style="padding-left: 40px;">Unallocated Account</p>	\$32,177,000
<p>Total Revenue and Transfers to the Health and Human Services Fund</p>	\$1,000,000,000
<p>Expenditures to Department of Health Care Services (Local Assistance)</p>	\$1,000,000,000

2011-12 Governor's Budget Summary (Continued)	Amount
Department of Developmental Services Regional Centers Continue Proposition 10 Funding. The regional center budget includes \$50 million in reimbursement funding in 2010-11 from the California Children and Families Commission (Proposition 10). These funds are used to provide services to consumers from birth to age five. The Governor's Budget proposes to continue this funding in 2011-12 resulting in a General Fund savings of \$50 million.	-\$50,000,000

FISCAL HISTORY

Attached for your review are the previous agenda items from December 18, 2008, August 13, 2009, and April 8, 2010, that supported the prior approvals to provide funding to the Managed Risk Medical Insurance Board (MRMIB) for the Healthy Families Program and the Department of Developmental Services (DDS) for the new regional center (children) services. The amount of funds authorized through these agenda items totals \$148.15 million. Following is a brief summary of each State Commission authorization.

December 15, 2008

The State Commission authorized up to \$16.75 million to pay for health care premiums for children ages 0 through 5 who were new enrollees to the HFP, administered by MRMIB, from December 28, 2008, through June 30, 2009. You will note in the December 2008 agenda item that the recommendation to fund MRMIB was a joint solution shared by First 5 county commissions. First 5 county commissions committed to reimburse First 5 California for approximately 73% of the invoiced amount.

The final FY 2008-09 audit of children served submitted to First 5 California reported the following:

Advance Payment	\$16,750,000.00
Cost of Enrollment	<u>\$13,260,813.40</u>
Balance Due	\$3,489,186.60

First 5 California has invoice MRMIB for the balance due per the contract agreement on December 31, 2010. Payment is pending. County Commission final commitment to HFP is calculated at \$9,778,515 with final invoices pending.

Provided all outstanding amounts for HFP are received, First 5 California's final contribution to MRMIB will be \$3,482,298.

August 13, 2009

The State Commission authorized up to \$81.4 million to pay for health care premiums for children ages 0 through 5 who were new enrollees to the HFP, administered by MRMIB, from August 13, 2009, through June 30, 2010. The full authorized amount has been transferred to MRMIB. MRMIB is required to submit a full audit report for these expenditures to First 5 California by February 28, 2011.

April 8, 2010

The State Commission approved up to \$50 million to pay for new regional center early intervention services administered by the DDS provided to new children ages 0 to 5 through the Early Start Program, the Prevention Program, and pursuant to the Lanterman Developmental Disabilities Services Act from July 1, 2009, through June 30, 2010. The full authorized amount has been transferred to DDS. DDS is required to submit a full audit report for these expenditures to First 5 California by June 30, 2011, or upon completion, whichever is sooner.

In summary, the First 5 California Commission has contributed a total of \$148,150,000 to support programs administered by MRMIB and DDS from December 2008 to June 2010. If First 5 California receives payment for all current and outstanding invoiced amounts for the HFP, First 5 California's adjusted contribution to the budget solutions will total \$134,882,298.

FISCAL IMPACT

Approval of any or all of the proposed budget solutions will significantly impact First 5 California's ability to meet current year and multi-year contract, program, and employment obligations and commitments approved by the State Commission, notwithstanding the Governor's proposal to redirect, with voter approval, reserves and ongoing revenue.

ATTACHMENTS

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|---------------|---|
| Attachment 8a | State Commission Agenda, December 15, 2008, Agenda Item 2 |
| Attachment 8b | State Commission Agenda, August 13, 2009, Agenda Item 2 |
| Attachment 8c | April 8, 2010, Department of Developmental Services Request for FY 09/10 funding |
| Attachment 8d | Letter dated December 21, 2010, from the Department of Developmental Services requesting FY 10/11 funding |
| Attachment 8e | Pertinent provisions of SB 870 |
| Attachment 8f | Pertinent provisions of 2011 Governor's Budget detail for California Children and Families Commission |



AGENDA ITEM: 2
DATE OF MEETING: December 15, 2008
ACTION ITEM

APPROVAL OF HEALTH CARE FUNDS FOR ELIGIBLE CHILDREN 0 to 5

SUMMARY OF REQUEST

First 5 California staff requests the First 5 California Children and Families Commission approve funding up to \$16,750,000 to pay for health care premiums for children ages 0 through 5 who are new enrollees to the Healthy Families Program from December 18, 2008, through June 30, 2009, which is administered by the California Managed Risk Medical Insurance Board.

First 5 county commissions have expressed an interest in supporting First 5 California in this effort. To this end, Staff further requests the Commission authorize First 5 California to act as a fiscal agent for the collection of county funds for the limited purpose of paying health care premiums for children ages 0 through 5 who are new enrollees to the HFP and the corresponding transfer of those funds to MRMIB, collectively not to exceed \$16,750,000.

Finally, staff requests the Commission authorize the transfer of funds from the First 5 California Administration Account to the Unallocated Account only as necessary to fulfill the Commission's approval of up to \$16,750,000 for the Healthy Families Program from December 18, 2008, through June 30, 2009.

BACKGROUND

MRMIB

The Healthy Families Program (HFP) provides low-cost health, dental, and vision insurance coverage to children ages 0 to 18 from families with incomes up to 250% of the federal poverty level (FPL) who are otherwise ineligible for no-share of cost Medi-Cal. Eligibility for the program is reviewed on an annual basis. The Managed Risk Medical Insurance Board (MRMIB or Board) administers the HFP.

The HFP faces a \$17.2 million General Fund deficit for the remaining 2008-09 fiscal year (December – June). Further, because the HFP receives approximately two federal dollars for every one dollar of state funds, the projected reduction to the program between December 2008 and June 2009 will be more than \$50 million.

By statute, the Board is prohibited from incurring a deficiency and is mandated to manage enrollment within the funds provided by the budget. The deficit has forced the MRMIB Executive Director to advise the Board to consider a hard cap on new enrollments, beginning December 18, 2008. The Board is scheduled to consider implementation of a wait list at its next meeting on December 17, 2008. (Attachment A, MRMIB Agenda)

If MRMIB approves and institutes a waiting list, then all new enrollees will be placed on the waiting list through June 30, 2009, the end of the current fiscal year. Based on historical enrollment and current enrollment figures, MRMIB estimates that as many as 163,000 children during the six month period will be placed on the waiting list, which totals about 28,000 children per month. Approximately 40% of these proposed enrollees are children ages 0 to 5.

MRMIB estimates the cost for covering new enrollees ages 0 through 5 from December 18, 2008, through June 30, 2009, to be more than \$16.5 million, which breaks down as follows:

AGE OF CHILD	NEW ENROLLEES – AVERAGE PER MONTH	PROJECTED COST (in millions)
Access for Infants and Mothers (AIM) Linked Infants	838	\$6,669
0 to 1 Year Olds	1,236	\$2,341
1 to 5 Year Olds	9,411	\$7,505
TOTAL	11,485	\$16,515

As depicted in the chart above, the cost to cover children under 1, particularly AIM-linked infants, is significantly higher than the cost to cover children over 1.

First 5 California

In October 2003, the First 5 California Commission approved a proposal to support the Health Access for All Children Project (birth to 5 years of age). This Project represents a total investment of \$46.5 million from January 1, 2004, to August 31, 2010. The majority of these funds (\$42.5 million) have been designated specifically and exclusively to assist in the payment of insurance premiums for children 0 to 5 years of age enrolled in Healthy Kids programs. Healthy Kids programs provide health insurance coverage to children who are not eligible for either Medi-Cal or the HFP.

In July 2007, the First 5 California Commission resolved to commit \$20 million to help ensure the successful transition of children 0 to 5 years of age from local County Health Initiatives (CHIs) into any duly enacted statewide health coverage program and to provide coverage for uninsured young children living in counties without local CHIs. This resolution expired in January 2008.

Also in July 2007, the First 5 California Commission approved funding of up to \$500,000 to research and plan for the anticipated implementation of an approved statewide Health Care Reform proposal in fiscal year 2007-08, or a subsequent fiscal year. First 5 California has contracted with MRMIB to perform this work.

As children ages 0 to 5 comprise a significant share of new enrollments in the HFP, and because MRMIB is well aware that both First 5 California and the First 5 County Commissions are committed to health access for all children ages 0 to 5, MRMIB approached First 5 California and the First 5 County Commissions to request funding in the amount of \$16.5 million to expand the HFP beyond the current General Fund contribution and avoid implementation of a waiting list for new enrollees ages 0 to 5.

This proposal for funding up to \$16.75 million would provide MRMIB with sufficient funding to expand the program and enroll new children ages 0 through 5 into the HFP from December 18, 2008, through June 30, 2009. This funding would also allow First 5 County Commissions sufficient time to seek approval from their commissions at their next regularly scheduled commission meetings to participate and provide funding in an amount proportionate to each county's share of new HFP enrollees ages 0 through 5. If approved at the county level, First 5 California would act as the fiscal agent responsible for receiving funds from participating counties and paying the funds to MRMIB. The First 5 County Commission contributions will decrease the \$16.75 million commitment proportionate to the counties' share of overall costs of new enrollments in the HFP.

Proposition 10, the California Children and Families Act, was approved by voters in November 1998. The original ballot measure contained a section that is codified in California Revenue and Taxation Code Section 30131.4. This section provides that no moneys in the California Children and Families Trust Fund shall be used to supplant state or local General Fund money for any purpose, and that these funds shall be used only to supplement existing levels of service and not to fund existing levels of service. The Attorney General's Office has interpreted this statute to mean that no moneys from the California Children and Families Trust Fund shall be used to take the place of existing funding that currently exists for any purposes, but, rather, moneys collected pursuant to the California Children and Families Act are to be used to add to existing levels of services that currently exist and to supplement those levels. In short, First 5 funds shall be used to augment, add to or enhance existing programs, funds, grants and/or services.

This proposal would provide funding only to expand the HFP beyond the current General Fund commitment or allocation. No state General Fund dollars would be saved, reallocated or repurposed as a result of any action taken by the First 5 County Commissions to provide funding to supplement the existing level of service currently being provided by the HFP.

STAFF RECOMMENDATION

Staff recommends that the First 5 California Commission approve funding up to \$16,750,000 for expansion of the HFP to include children ages 0 through 5 who would otherwise not be enrolled in the HFP due to implementation of a waiting list.

Staff further recommends that the First 5 California Commission approve First 5 California to act as the fiscal agent and receive moneys from the participating First 5 County Commissions that approve the payment of health care premiums for children ages 0 through 5 who are new enrollees to the HFP. As the fiscal agent, First 5 California would also be authorized to forward such moneys to MRMIB, the organization responsible for administration of the HFP.

Finally, staff recommends the Commission approve transfers of funds, only as necessary, from the First 5 California Administration Account to the Unallocated Account to meet the Commission's approval of up to \$16.75 million to expand the Healthy Families Program from December 18, 2008, through June 30, 2009.

DISCUSSION

It is well settled that a child's overall health can make an important difference in how he or she will do in school. A child who is ill might miss class, struggle to keep up with peers and even experience learning difficulties. Children without health insurance often cannot get health care, except through emergency rooms, which they tend to frequent only when they are seriously ill. Further, more than any other time in their lives, infants and toddlers are growing at an amazing rate. They must receive adequate nutrition, vaccinations, and treatment for chronic and acute conditions. Likewise, their parents must receive critical information from health professionals regarding child safety, attachment and brain development. Research has shown improved health outcomes for children with a medical home.

First 5 California has consistently supported the goal of making sure children ages 0 to 5 have the health insurance they need. First 5 California's Health Access for All Children Project, a partnership with First 5 County Commissions, is but one example of this commitment. First 5 California's commitment of \$20 million toward statewide health care coverage for all children is another meaningful example.

By providing funding for expansion of the program, First 5 California will ensure that children ages 0 through 5 receive the coverage for which they are eligible and that California will not take a step backward in the depth of its health care coverage for children. Moreover, funding an expansion of the HFP will have the added benefits of:

- Leveraging \$2 in federal State Children's Health Insurance Program (SCHIP) funds for every First 5 California and First 5 County Commission dollar.
- Ensuring access to coverage for children at the time in their lives when regular access is most critical.
- Providing access to California Children's Services (CCS) coverage for severely ill children who would not otherwise become eligible for CCS.
- Sustaining the existing system of coverage upon which Healthy Kids programs are built.

First 5 California's investment in the HFP would also deepen its partnership with First 5 County Commissions. First 5 California's approval of up to \$16.75 million for the expansion of the HFP to new enrollees ages 0 through 5 will enable MRMIB to accept new enrollments through June 30, 2009, and eliminate the need to implement a waiting list for children ages 0 through 5 at its meeting on December 17, 2008. This, in turn, will provide First 5 County Commissions with the necessary time to seek approval to participate in the HFP expansion from their commissions at their next scheduled meeting. To date, 38 counties have provided letters of intent, indicating their commitment to take this matter to their local commissions at their next scheduled meeting. All total, these letters of intent represent \$13,844,418 of the approximate \$16.5 million needed by MRMIB to cover new enrollees ages 0 through 5 from December 18, 2008, through June 30, 2009. (Attachment B, County Participation Spreadsheet; Attachment C, Letters of Intent from 38 counties, including Alameda, Amador, Butte, Calaveras, Contra Costa, Del Norte, Glenn, Humboldt, Imperial, Kern, Lake, Los Angeles, Marin, Mendocino, Modoc, Monterey, Napa, Orange, Placer, Riverside, Sacramento, San Benito, San Diego, San Francisco, San Joaquin, San Luis Obispo, Santa Clara, Santa Cruz, Shasta, Solano, Sonoma, Stanislaus, Tehama, Trinity, Tuolumne, Ventura, Yolo and Yuba)

Finally, funding an expansion of the program is consistent with First 5 California's 2008 Strategic Plan, specifically, its Vision that all children enter school ready to achieve their greatest potential, and:

- *Strategy 1.1* – Increase the number and depth of state and national partnerships and affiliations.
- *Strategy 1.3* – Health Care – Facilitate and support health care coverage and quality care for all children 0 to 5.
- *Objective 1.2.3* – Partner with health care policy advocates to support quality health care for children 0 to 5, including, but not limited to, work force development, and health care systems reform.
- *Objective 3.2.3* – Establish partnerships with at least two public agencies with similar goals, linking First 5 California's name and/or program with their name for increased effectiveness.

In this instance, time is of the essence. MRMIB is prepared to freeze enrollment in the HFP effective December 18, 2008, if it does not receive additional, targeted funding beyond the current General Fund allocation for the program. Approximately 40% of the children who will be wait-listed and potentially without health care coverage are children ages 0 through 5. What's more, the regulations authorizing establishment of a waiting list do not presently allow for different treatment of children by age. Approval and proposed receipt of First 5 funding will require MRMIB to enact emergency regulations at its December 17, 2008, Board meeting that will provide for differential treatment of children on the waiting list based upon the receipt of targeted funds.

FISCAL HISTORY

In October 2003, the First 5 California Commission approved a proposal to support the Health Access for All Children Project (birth to 5 years of age). This Project represents a total investment of \$46.5 million from January 1, 2004, to August 31, 2010. The majority

of these funds (\$42.5 million) have been designated specifically and exclusively to assist in the payment of insurance premiums for children 0 to 5 years of age enrolled in Healthy Kids programs. Healthy Kids programs provide health insurance coverage to children who are not eligible for either Medi-Cal or the HFP.

In July 2007, the First 5 California Commission resolved to commit \$20 million to help ensure the successful transition of children 0 to 5 years of age from local County Health Initiatives (CHIs) into any duly enacted statewide health coverage program and to provide coverage for uninsured young children living in counties without local CHIs. This resolution expired in January 2008.

Also in July 2007, the First 5 California Commission approved funding of up to \$500,000 to research and plan for the anticipated implementation of an approved statewide Health Care Reform proposal in fiscal year 2007-08, or a subsequent fiscal year. First 5 California has contracted with MRMIB to perform this work.

First 5 California has not previously funded an expansion of the HFP.

PROPOSAL IMPLEMENTATION COSTS

In addition to the \$16.75 million allocation, First 5 California anticipates minor, absorbable administrative costs related to this item.

ADVISORY COMMITTEE REVIEW

Not applicable.

ALTERNATIVES CONSIDERED

Description of Alternative 1

Not provide funding for an expansion of the HFP and instead increase enrollment of children ages 0 to 5 in the Health Access for All Children Project (CHIs).

Pros

1. Possibly save First 5 California funds for other programs, but this result is uncertain.

Cons

1. Would result in the loss to the State of \$2 in federal SCHIP funds for every First 5 California and First 5 County Commission dollar not invested.
2. CHIs do not exist in every county. Currently, there are only 23 CHIs, which would still leave hundreds of children without health care coverage.
3. May not necessarily ensure that children who are severely ill receive California Children's Services (CCS) coverage. Children in the HFP are eligible for CCS even if their family's income is too high to qualify for the regular CCS program.

Description of Alternative 2

First 5 California could do nothing and allow MRMIB to establish a freeze on enrollment and wait list all children ages 0 through 5 who are new to the program.

Pros

1. Save First 5 California funds for other uses.

Cons

1. Approximately 28,000 children per month would be without health care coverage.
2. Would result in the loss to the State of \$2 in federal SCHIP funds for every First 5 California and First 5 County Commission dollar not invested.
3. Would not ensure that children who are severely ill receive California Children's Services (CCS) coverage. Children in the HFP are eligible for CCS even if their family's income is too high to qualify for the regular CCS program.

ATTACHMENTS

Attachment A - MRMIB Agenda for December 17, 2008

Attachment B - County Participation Spreadsheet

Attachment C - Letters of Intent from 38 Counties, including Alameda, Amador, Butte, Calaveras, Contra Costa, Del Norte, Glenn, Humboldt, Imperial, Kern, Lake, Los Angeles, Marin, Mendocino, Modoc, Monterey, Napa, Orange, Placer, Riverside, Sacramento, San Benito, San Diego, San Francisco, San Joaquin, San Luis Obispo, Santa Clara, Santa Cruz, Shasta, Solano, Sonoma, Stanislaus, Tehama, Trinity, Tuolumne, Ventura, Yolo and Yuba

FUNDING REQUEST FISCAL DETAIL

Title of Request:	Health Care Funds for Eligible Children 0-5			<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Program Disbursement <input type="checkbox"/> Special Disbursement	
Amount of Current Agreement:	Up to	\$ N/A	Expenditures to Date:	\$ N/A	
Current Term of Agreement:	N/A	Through	N/A		
		Fiscal Year Detail			
		FY 08-09	FY __-__	FY __-__	FY __-__
New Amount Requested:	Up to	\$16,750,000	\$16,750,000		
Total Amount of Agreement:	Up to	\$16,750,000	\$16,750,000		
Year End 6/30/08 Fund Balance Affected by Agreement		.70%			
Proposed Funding Term:	Upon Approval	Through	June 30, 2009		
First 5 California Account Name:	Unallocated	Account Number	0639	Fund Availability Confirmed	<input checked="" type="checkbox"/> Yes By: _____
Statutory Purpose: Health and Safety Code 130105(a)(1)(F)	Two percent shall be deposited in an Unallocated Account for the expenditure by the state commission for any of the purposes of this act described in Section 130100 provided that none of these moneys shall be expended for the administrative functions of the state commission.				
Do our funds leverage others?	<input checked="" type="checkbox"/> Yes (explain) <input type="checkbox"/> No	Commission Funds	Leveraged Funds	Total Funds	
		\$16,750,000	\$33,500,000	\$50,250,000	
Explanation: Healthy Families program receives funding from the federal government at a 2:1 match.					
Key Deliverable Descriptions				Deliverable Date	
Pay health care premiums for new enrollees ages 0 through 5 to the Healthy Families Program				ongoing	



AGENDA ITEM: 2

DATE OF MEETING: August 13, 2009

ACTION ITEM

APPROVAL OF HEALTH CARE FUNDS FOR ELIGIBLE CHILDREN 0 - 5

SUMMARY OF REQUEST

In response to the current Healthy Families Program (HFP) budget deficit of more than \$190 million, First 5 California staff requests the First 5 California Children and Families Commission approve funding up to \$81.4 million to pay for health care premiums and related enrollment expenses for eligible children ages 0 through 5 in the Healthy Families Program from August 13, 2009, through June 30, 2010. The expenditure of these funds is contingent upon the California Children and Families Act (Act) not being revised or amended during the term of this authorization.

BACKGROUND

First 5 California

In 1998, voters passed and enacted the Act, which tasks First 5 California and the 58 County Commissions with promoting, supporting, and improving the early development of children from the prenatal stage to five years of age through the implementation of an integrated, comprehensive and collaborative system of information and services to enhance optimal early childhood development and to ensure that children are ready to enter school. It has been determined by First 5 California that health care coverage is an essential means by which to promote, support and improve the early development of children and, toward that end, for the past six years, First 5 California has provided leadership in helping uninsured children obtain affordable health insurance.

The Act contains a provision that is codified in California Revenue and Taxation Code Section 30131.4. This section provides that no moneys in the California Children and Families Trust Fund shall be used to supplant state or local General Fund money for any purpose, and that these funds shall be used only to supplement existing levels of service and not to fund existing levels of service. The Attorney General's Office has interpreted this statute to mean that no moneys from the California Children and Families Trust Fund shall be used to take the place of existing funding that currently exists for any purposes, but rather, moneys collected pursuant to the California Children and Families Act are to be used to add to existing levels of services that currently exist and to supplement those levels. In short, First 5 funds shall be used to augment, add to or enhance existing programs, funds, grants and/or services.

This proposal would provide funding only to expand the HFP beyond the current General Fund commitment or allocation. No state General Fund dollars would be saved, reallocated or repurposed as a result of any action taken by First 5 California to provide funding to supplement the existing level of service currently being provided by the HFP.

MRMIB

The HFP currently provides low-cost health, dental, and vision insurance coverage to children ages 0 to 18 from families with incomes up to 250% of the federal poverty level (FPL) who are otherwise ineligible for no-share of cost Medi-Cal. Eligibility for the program is reviewed on an annual basis. The MRMIB administers the HFP.

The HFP faces more than a \$190 million General Fund deficit for the 2009-10 fiscal year (July 1 – June 30). Further, because the HFP receives approximately two federal dollars for every one dollar of state funds, the projected reduction to the program for this fiscal year will be more than \$550 million. MRMIB estimates the cost for covering new enrollees ages 0 through 5 from August 13, 2009, through June 31, 2010, as follows:

PROGRAM	NEW ENROLLEES ages 0 through 5	PROJECTED COST (in millions)
Infants who would have otherwise been covered by the Access for Infants and Mothers Program (AIM)	2,020	\$2.26
HFP – Premiums for children enrolled between 12/18/08 and 06/30/09	67,238	\$34.23
HFP – Premiums for children enrolled between 07/01/09 and 07/16/09	6,052	\$3.04
HFP – Premiums for children enrolled from 08/13/09 through 06/30/10	128,105	\$39.97
TOTAL	203,415	\$79.5

By statute, the MRMIB is prohibited from incurring a deficiency and is mandated to manage enrollment within the funds provided by the budget and/or outside contributors. The deficit has forced the MRMIB to implement a hard cap on new enrollments, which was effective on July 17, 2009. In addition, the MRMIB is scheduled to consider a plan to begin disenrolling children on their annual review date at its next meeting on August 13, 2009. (Attachment A, MRMIB Agenda)

At this time, all new enrollees are being placed on the waiting list through June 30, 2010, the end of the current fiscal year. Based on historical enrollment and current enrollment figures, MRMIB estimates that as many as 333,000 children during the 12 month period will be placed on the waiting list, which totals about 27,750 children per month. Approximately 25% of these proposed enrollees are children ages 0 to 5. It is important to note that these figures reflect only those children that are or will be wait-listed and

does not take into account those children that may be disenrolled if MRMIB is unable to secure additional funding.

STAFF RECOMMENDATION

Staff recommends that the First 5 California Commission approve funding up to \$81.4 million from August 13, 2009, through June 30, 2010, for expansion of the HFP to include children ages 0 through 5 who would otherwise not be enrolled in the HFP due to implementation of a waiting list, or who would be disenrolled on their annual review date due to insufficient funding for the program. Staff further recommends that the First 5 California Commission make the expenditure of these funds contingent upon the California Children and Families Act (Act) not being revised or amended during the term of this authorization.

DISCUSSION

It is well settled that a child's overall health can make an important difference in how he or she will do in school. A child who is ill might miss class, struggle to keep up with peers and even experience learning difficulties. Children without health insurance often cannot get health care, except through emergency rooms, which they tend to frequent only when they are seriously ill. Further, more than any other time in their lives, infants and toddlers are growing at an amazing rate. They must receive adequate nutrition, vaccinations, and treatment for chronic and acute conditions. Likewise, their parents must receive critical information from health professionals regarding child safety, attachment and brain development. Research has shown improved health outcomes for children with a medical home.

As articulated by the National Education Goals Panel (NEGP) in its definition of School Readiness, elements of which were adopted by First 5 California for its School Readiness Program, essential elements of a child's readiness for school include access to health and social services. Access includes but is not limited to outreach services, such as health plan enrollment, and the provision of and/or referral to basic health care.

First 5 California has consistently supported the goal of making sure children ages 0 to 5 have the health insurance they need. First 5 California's Health Access for All Children Project, a partnership with First 5 County Commissions, is but one example of this commitment. First 5 California's commitment of \$20 million toward statewide health care coverage for all children and the State and County Commissions' prior commitment of \$16.75 million to the HFP are other meaningful examples.

By providing funding for expansion of the program, First 5 California will ensure that children ages 0 through 5 receive the coverage for which they are eligible and that California will not take a step backward in the depth of its health care coverage for children. Moreover, funding an expansion of the HFP will have the added benefits of:

- Leveraging \$2 in federal State Children's Health Insurance Program (SCHIP) funds for every First 5 California and First 5 County Commission dollar.

- Ensuring access to coverage for children at the time in their lives when regular access is most critical.
- Providing access to California Children's Services (CCS) coverage for severely ill children who would not otherwise become eligible for CCS.
- Sustaining the existing system of coverage upon which Healthy Kids programs are built.

Finally, funding an expansion of the program is consistent with First 5 California's 2008 Strategic Plan.

FISCAL HISTORY

Over the last six years, First 5 California has contributed substantial funding to ensure children ages 0 through 5 have access to health care, including the Health Access for All Children Project and prior expansion of the HFP.

PROPOSAL IMPLEMENTATION COSTS

In addition to the \$81.4 million allocation, First 5 California anticipates minor, absorbable administrative costs related to this item.

As set forth above, health care is an essential element of children's readiness for school. The funding allocations set forth below are consistent with prior funding commitments made by First 5 California to fund its School Readiness Program, as well as language from the Act which authorizes expenditures to ensure children are ready to enter school. Given First 5 California's other funding commitments and contractual obligations, including matching grant programs such as the School Readiness program, Power of Preschool, Health Access, Comprehensive Approaches to Raising Educational Standards (CARES), and the *Kit for New Parents*, to name a few, this contribution requires that First 5 California access all applicable and available funding to fulfill this commitment. Accordingly, staff recommends the following funding distribution:

Media Account:	\$30 million
Education Account:	\$10 million
Child Care Account:	\$20 million
Research Account:	\$21.4 million

TOTAL: \$81.4 million

ADVISORY COMMITTEE REVIEW

Not applicable.

ALTERNATIVES CONSIDERED

Description of Alternative 1

Not provide funding for an expansion of the HFP and instead increase enrollment of children ages 0 to 5 in the Health Access for All Children Project (CHIs).

Pros

1. Possibly save First 5 California funds for other programs, but this result is uncertain.

Cons

1. Would result in the loss to the State of \$2 in federal SCHIP funds for every First 5 California dollar not invested.
2. CHIs do not exist in every county. Currently, there are only 19 CHIs, which would still leave hundreds of children without health care coverage.
3. May not necessarily ensure that children who are severely ill receive California Children's Services (CCS) coverage. Children in the HFP are eligible for CCS even if their family's income is too high to qualify for the regular CCS program.

Description of Alternative 2

First 5 California could take no action and allow the MRMIB to continue the freeze on enrollment and wait-list all children ages 0 through 5, as well as disenroll children ages 0 through 5 at their annual review.

Pros

1. Save First 5 California funds for other uses.

Cons

1. More than 200,000 children ages 0 through 5 would be without health care coverage in this fiscal year.
2. Would result in the loss to the State of \$2 in federal SCHIP funds for every First 5 California dollar not invested.
3. Would not ensure that children who are severely ill receive California Children's Services (CCS) coverage. Children in the HFP are eligible for CCS even if their family's income is too high to qualify for the regular CCS program.

ATTACHMENTS

Attachment A - MRMIB Agenda for August 13, 2009
Attachment B – Letter dated August 6, 2009

FUNDING REQUEST FISCAL DETAIL

Title of Request:	Health Care Funds for Eligible Children 0-5			<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Program Disbursement <input type="checkbox"/> Special Disbursement	
Amount of Current Agreement:	Up to	\$16,750,000	Expenditures to Date:	\$16,750,000	
Current Term of Agreement:	12/18/08	Through	9/30/09		
		Fiscal Year Detail			
		FY 09-10	FY __-__	FY __-__	FY __-__
New Amount Requested:	Up to	\$81,400,000	81,400,000		
Percent of Available Fund Balance Affected by Agreement		29%			
Proposed Funding Term:		Through	6/30/2010		
First 5 California Account Number(s) and Fund Availability:	0631	\$30,000,000			<input checked="" type="checkbox"/> Yes By: ____
	0634	\$10,000,000			
	0636	\$20,000,000			
	0637	\$21,400,000			
Funding available provided expenditure is incremental throughout the 2009/10 fiscal year.					
Do our funds leverage others?	<input checked="" type="checkbox"/> Yes (explain) <input type="checkbox"/> No	Commission Funds	Leveraged Funds	Total Funds	
		\$81,400,000	\$162,800,000	\$244,200,000	
Explanation: Healthy Families program receives funding from the federal government at a 2:1 match.					
Key Deliverable Descriptions					Deliverable Date
Pay health care premiums and related enrollment expenses for eligible enrollees ages 0 through 5 to the Healthy Families Program.					Ongoing

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 240, MS 2-13
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
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April 8, 2010

**DEPARTMENT OF DEVELOPMENTAL SERVICES
REQUEST FOR FUNDING****I. SUMMARY OF REQUEST**

The Department of Developmental Services (DDS) requests that the First 5 California Children and Families Commission (Commission) fund \$50,000,000 for new regional center services provided to new children aged 0 to 5 through the Early Start Program, the Prevention Program, and pursuant to the Lanterman Developmental Disabilities Services Act (Lanterman Act) in Fiscal Year 2009-2010. Critical services for the new recipients have not been funded, and DDS anticipates that the total cost for these children will exceed \$100,000,000 in Fiscal Year 2009-2010.

II. BACKGROUND

DDS provides community-based services to approximately 243,000 individuals with developmental disabilities (consumers) and their families through a statewide system of 21 regional centers. Regional centers are private, nonprofit agencies that DDS contracts with for the provision of services and supports to persons with developmental disabilities.

Regional centers diagnose individuals; assess eligibility for individuals; and help plan, access, coordinate and monitor the necessary services and supports for consumers.

It is anticipated that regional centers will provide services and supports to approximately 80,000 infants and toddlers aged 0 through 5 in the 2009-2010 Fiscal Year. Based upon the needs of the parents and the children, services provided to infants, toddlers, and their families have included: assistive technology, audiology services, counseling, nutritional services, health services, medical services for diagnostic/evaluation purposes, infant/toddler intervention programs, nursing services, nutrition services, occupational therapy, physical therapy, infant stimulation, parent training, psychological services, speech therapy, and vision services.

"Building Partnerships, Supporting Choices"

A. Individuals Aged 3 and Older

Pursuant to the Lanterman Act, families with minor children who have developmental disabilities and adults with developmental disabilities are entitled to community-based services and supports from regional centers. Depending on the individual needs of the consumer, the services and supports could include: day program or residential services, information, referrals, assessments, diagnoses, assistance in finding and utilizing community and other resources, and family support.

B. Individuals Aged 0 through 2

1. Early Start Program

Families whose infants or toddlers have a significant developmental delay or an established risk for developmental delay or disability can participate in the Early Start Program. The Early Start Program is partially funded through the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C. section 1400, et seq. Teams of service coordinators, healthcare providers, early intervention specialists, therapists, and parent resource specialists can evaluate and assess infants and toddlers and provide appropriate early intervention services to children eligible for California's Early Intervention Program.

2. Prevention Program

Effective October 1, 2009, families whose infants or toddlers are at risk of a developmental disability, but are not eligible for the Early Start Program, are enrolled in a Prevention Program that serves as a safety net to provide a limited array of services, including intake, assessment, case management, and referral to community resources.

C. Growth in New Cases and Expenditures

Regional centers are experiencing unprecedented growth in the number of new infants and toddlers requesting services from the system. A large number of these children have been diagnosed with autism. The continued growth of new children needing early childhood services has outpaced resources. The chart below summarizes the additional budget impact associated with the continued growth in consumers and the related costs.

Fiscal Year	Growth of New Cases Between 0 and 5 Years of Age	Expenditures for Growth of New Cases Between 0 and 5 Years of Age
2005-06	33,700	\$59,000,000
2006-07	36,300	\$66,000,000
2007-08	42,400	\$87,000,000
2008-09	41,500	\$90,000,000

D. Lack of Funding For Growth in Caseload

The DDS budget appropriation was \$50,000,000 below the anticipated need for the cost of services. Specifically, Governor Schwarzenegger vetoed \$50,000,000 from DDS's budget for Fiscal Year 2009-2010, stating in part, "I am reducing Regional Center Purchase of Services by \$50,000,000 for services to children up to age five, as these services are due to program growth and thus eligible for funding from the California Children and Families Commission. I am directing the Secretary for the Health and Human Services Agency, the Department of Developmental Services, and the Department of Finance to immediately request funds from the Commission for this purpose." (Assem. Bill No. 3x_1 2008-2009 Special Session, Ch. 1, § 18.30.)

Following the reduction in regional center purchase of service funds, DDS directed regional centers not to stop funding these critical services while it sought funds from the Commission. Between July 2009 and January 2010, regional centers spent \$51,058,820 on services for new consumers and individuals at risk of developmental disabilities between the ages of 0 and 5.

Because regional centers continue to serve the families of new infants and toddlers, DDS anticipates spending at least an additional \$50,000,000 on services for new consumers and individuals at risk of developmental disabilities between the ages of 0 and 5 by the end of Fiscal Year 2009-2010.

III. LEGAL STANDARD FOR COMMISSION FUNDING REQUESTS

Proposition 10, the California Children and Families Act, was approved by voters in November 1998. The original ballot measure contained a section that is codified in Revenue and Taxation Code Section 30131.4. This section provides that no

moneys in the California Children and Families Trust Fund shall be used to supplant state or local General Fund money for any purpose, and that these funds shall be used only to supplement existing levels of service and not to fund existing levels of service. The Attorney General's Office has interpreted this statute to mean that no moneys from the California Children and Families Trust Fund shall be used to take the place of existing funding that currently exists for any purposes, but, rather, moneys collected pursuant to the California Children and Families Act are to be used to add to existing levels of services that currently exist and to supplement those levels. In short, Commission funds shall be used to augment, add to or enhance existing programs, funds, grants and/or services.

IV. ANALYSIS

DDS's request for \$50,000,000 is consistent with California Revenue and Taxation Code Section 30131.4. First, the funds DDS seeks would be used to supplement existing regional center services for new children aged 0 to 5 through the Early Start Program, the Prevention Program, and pursuant to the Lanterman Act.

Second, the funds DDS seeks would not supplant any General Fund dollars. While the regional centers have paid for new services and added new consumers to their caseloads during Fiscal Year 2009-2010, the DDS contracts with the regional centers do not include sufficient funding for these services. The \$50,000,000 was neither appropriated in the Budget Act of 2009-10 nor allocated to the regional centers in the contracts between DDS and the regional centers.

The appropriation was not set until the Governor acted on the Budget bill. The amount approved by the Governor in the Budget Act constitutes the actual appropriation. (Cal. Const., art. IV, §§ 10, 12.) Therefore, the use of Commission funds for payment to DDS of \$50,000,000 would not constitute supplantation of the General Fund.

Additionally, it is well settled that a child's overall health and development can make an important difference in how he or she will do in school. A child who does not receive necessary audiology or vision services or speech therapy might struggle to keep up with peers and even experience learning difficulties. Likewise, a child who does not receive critical nutritional or health services might miss school due to poor health. Further, more than any other time in their lives, infants and toddlers are growing and developing at an amazing rate. They must receive adequate nutrition, intervention services, and treatment for chronic and acute conditions. In addition, the parents of a child with a developmental disability or at risk of a developmental disability must receive critical information from health care professionals to help their child maximize his or her potential.

Furthermore, funding an expansion of Early Start Program, Prevention Program, and Lanterman Act services for children between 0 and 5 years of age is consistent with the Commission's 2008 Strategic Plan. Specifically, the expansion is consistent with the Commission's vision that all children enter school ready to achieve their greatest potential, as well as:

- *Strategy 1.1* – Increase the number and depth of state and national partnerships and affiliations.
- *Strategy 1.3* – Facilitate and support health care coverage and quality care for all children 0 to 5.
- *Strategy 1.4* – Facilitate and support early care and educational development for all children 0 to 5.
- *Strategy 1.5* – Facilitate and support policies and programs that promote family self-sufficiency.
- *Strategy 3.2* – Share information and messages with California's diverse populations through partnerships.
- *Objective 3.2.2* – Establish partnerships with at least two public agencies with similar goals, linking First 5 California's name and/or program with their name for increased effectiveness.

Finally, if the Commission chooses not to fund the new services for the regional centers' infant and toddler caseload growth in the current fiscal year, DDS will be unable to provide all of the necessary services to the infants and toddlers in need of regional center services, jeopardizing the individuals' progress toward minimizing the risk of developing a developmental disability or ameliorating the impact of their disability. In addition, the federal funds that DDS receives for the administration of the Early Start Program would be at risk.

V. CONCLUSION

DDS respectfully requests that the Commission fund new regional center services for children between 0 and 5 years of age who have only begun receiving such services in Fiscal Year 2009-2010. The new regional center services for the new caseload are not fully funded, but serve a critical role for the affected children. Funding the \$50,000,000 is consistent with the Commission's statutory authority and mission statement, and no reasonable alternatives exist to serve the relevant infants and toddlers. Therefore, DDS requests the Commission approve its request.

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, ROOM 240, MS 2-13
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-1897



December 21, 2010

Joseph Munso, Chairman
First 5 California Commission
2389 Gateway Oaks Drive, Suite 260
Sacramento, CA 95833

Dear Mr. Munso:

The Department of Developmental Services (Department) is greatly appreciative of the First 5 California Children and Families Commission's (Commission) support of essential health and early intervention services for children with developmental disabilities during the 2009-10 Fiscal Year. The Budget Act of 2010 directs the Department to pursue continued support from the Commission in the amount of \$50,000,000 to fund early intervention services for new children ages 0 to 5 in the 2010-11 Fiscal Year.

The Department is available to attend future Commission meetings to answer any questions Commission members or staff may have regarding the request.

If you should need additional information, please do not hesitate to contact me.

Sincerely,


TERRI DELGADILLO
Director

— 415 —

Item	Ch. 712 Amount
4280-017-0309—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Perinatal Insurance Fund, for implementation of the Health Insurance Portability and Accountability Act.....	5,000
4280-017-0313—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Major Risk Medical Insurance Fund, for implementation of the Health Insurance Portability and Accountability Act.....	16,000
4280-017-0890—For support of Managed Risk Medical Insurance Board, for payment to Item 4280-017-0001, payable from the Federal Trust Fund, for implementation of the Health Insurance Portability and Accountability Act.....	60,000
4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program.....	122,803,000
Schedule:	
(1) 20-Access for Infants and Mothers Program.....	69,497,000
(2) 40-Healthy Families Program....	1,120,202,000
(3) Amount payable from the Counties Children and Families Account, California Children and Families Trust Fund (Item 4280-101-0585).....	-80,020,000
(4) Amount payable from the Federal Trust Fund (Item 4280-101-0890).....	-797,627,000
(5) Amount payable from the Children's Health and Human Services Special Fund (Item 4280-101-3156).....	-189,249,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.	
2. The Managed Risk Medical Insurance Board shall use all available, designated funds for the Healthy Families Program from the Children's Health and Human Services Special Fund before General Funds are used, and advise the Department of Finance and the Joint Legislative Budget Committee, as part of the estimate submittals	

Item

Amount

required in subdivision (h) of Section 10506 of the Welfare and Institutions Code, on how much revenue is available from the Children's Health and Human Services Special Fund and its overall impact on General Fund appropriations and annual General Fund allocations.

4280-101-0585—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Counties Children and Families Account, California Children and Families Trust Fund, for the Healthy Families Program..... 80,020,000

Provisions:

- 1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0585 in order to effectively administer the Healthy Families Program.

4280-101-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Federal Trust Fund, for the Healthy Families Program..... 797,627,000

Provisions:

- 1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-0890 in order to effectively administer the Healthy Families Program.

4280-101-3156—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Children's Health and Human Services Special Fund, for the Healthy Families Program..... 189,249,000

Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for administration pursuant to Section 12201 of the Revenue and Taxation Code.
- 2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-102-3156 in order to effectively administer the Healthy Families Program.
- 3. Provision 2 of Item 4280-101-0001 also applies to this item.

4280-102-0001—For local assistance, Managed Risk Medical Insurance Board, for Healthy Families Program administrative contracts..... 13,638,000

Item

Schedule:

- (1) 40-Healthy Families Program..... 78,688,000
- (2) Reimbursements..... -7,964,000
- (3) Amount payable from the Counties Children and Families Account, California Children and Families Trust Fund (Item 4280-102-0585)..... -2,732,000
- (4) Amount payable from the Federal Trust Fund (Item 4280-102-0890)..... -46,378,000
- (5) Amount payable from the Children's Health and Human Services Special Fund (Item 4280-102-3156)..... -7,976,000

Provisions:

- 1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0001 in order to effectively administer the Healthy Families Program.
- 2. Provision 2 of Item 4280-101-0001 also applies to this item.

4280-102-0585—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-101-0001, payable from the Counties Children and Families Account, California Children and Families Trust Fund, for Healthy Families Program administrative contracts..... 2,732,000

Provisions:

- 1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0585 in order to effectively administer the Healthy Families Program.

4280-102-0890—For local assistance, Managed Risk Medical Insurance Board, for payment to Item 4280-102-0001, payable from the Federal Trust Fund, for Healthy Families Program administrative contracts.... 46,378,000

Provisions:

- 1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4280-101-0890 in order to effectively administer the Healthy Families Program.

Item

- (6) Amount payable from Developmental Disabilities Program Development Fund (Item 4300-101-0172).... -3,292,000
- (7) Amount payable from Federal Trust Fund (Item 4300-101-0890)..... -54,120,000
- (8) Amount payable from the Counties Children and Families Account, California Children and Families Trust Fund (Item 4300-101-0585)..... -50,000,000
- (10) Amount payable from the Developmental Disabilities Services Account (Item 4300-101-0496)..... -150,000

Provisions:

1. Upon order of the Director of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0001. Within 10 working days after approval of a transfer as authorized by this provision, the Department of Finance shall notify the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of the transfer, including the amount transferred, how the amount transferred was determined, and how the amount transferred will be utilized.
2. A loan shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$160,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund and are subject to the repayment provisions of Section 16351 of the Government Code.
3. Upon order of the Director of Finance, the Controller shall transfer funds as are necessary between this item and Item 5160-001-0001 to provide for the transportation costs to and from work activity programs of clients who are receiving vocational rehabilitation services through the Vocational Rehabilitation/Work Activity Program (VR/WAP) Transition Program.
4. \$1,826,000 of the funds appropriated in this item may be used to augment service provider rates for the work needed to obtain information to

Item

4300-101-0172—For local assistance, Department of Developmental Services, for payment to Item 4300-101-0001, payable from the Developmental Disabilities Program Development Fund..... 3,292,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures for the State Department of Developmental Services in excess of the amount appropriated no sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or no sooner than such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

4300-101-0496—For local assistance, Department of Developmental Services, for payment to Item 4300-101-0001, payable from the Developmental Disabilities Services Account..... 150,000

4300-101-0585—For local assistance, Department of Developmental Services, for Regional Centers, for payment to Item 4300-101-0001, payable from the Counties Children and Families Account, California Children and Families Trust Fund..... 50,000,000

Schedule:

- (1) 10.10.020-Purchase of Services..... 50,000,000

4300-101-0890—For local assistance, Department of Developmental Services, for Regional Centers, for payment to Item 4300-101-0001, payable from the Federal Trust Fund..... 54,120,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-001-0890 in order to effectively administer the Early Intervention federal grant program (Part C of the Individuals with Disabilities Education Act).
2. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 4300-003-0890 in order to effectively administer the Foster Grandparent Program.
3. Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure authority between Programs 10.10.010-Opera-

4250 California Children and Families Commission

The Commission is responsible for the implementation of comprehensive and integrated solutions designed to provide information and services promoting, supporting, and improving the early childhood development of children through the age of five years.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
10 California Children and Families Commission	-	-	-	\$615,400	\$468,793	\$547,197
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$615,400	\$468,793	\$547,197
FUNDING				2009-10*	2010-11*	2011-12*
0585 Counties Children and Families Account, California Children and Families Trust Fund				\$383,426	\$373,167	\$455,833
0631 Mass Media Communications Account, California Children and Families Trust Fund				89,569	28,575	27,298
0634 Education Account, California Children and Families Trust Fund				63,864	23,966	22,903
0636 Child Care Account, California Children and Families Trust Fund				33,035	14,330	13,692
0637 Research and Development Account, California Children and Families Trust Fund				36,527	14,440	13,802
0638 Administration Account, California Children and Families Trust Fund				5,465	4,813	4,593
0639 Unallocated Account, California Children and Families Trust Fund				3,514	9,502	9,076
TOTALS, EXPENDITURES, ALL FUNDS				\$615,400	\$468,793	\$547,197

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Health and Safety Code, Division 108; Section 130100 et seq.; Revenue and Taxation Code, Division 2, Part 13, Chapter 2, Article 3, Section 30131 et seq.

MAJOR PROGRAM CHANGES

- The Governor's Budget proposes using \$1 billion in both state and local Proposition 10 funding reserves, in lieu of General Fund, to fund Medi-Cal health services for children through the age of five. The proposal also would allow 50 percent of future state and local revenues to fund General Fund-supported early childhood services. These shifts in funding would require voter approval.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Revised Expenditure Estimate--Local Assistance	\$-	\$224,416	-	\$-	\$303,040	-
• Revised Expenditure Estimate--State Operations	-	2,290	-	-	1,459	-
• Miscellaneous Baseline Adjustments	-	-321	-	-	290	-
Totals, Other Workload Budget Adjustments	\$-	\$226,385	-	\$-	\$304,789	-
Totals, Workload Budget Adjustments	\$-	\$226,385	-	\$-	\$304,789	-
Totals, Budget Adjustments	\$-	\$226,385	-	\$-	\$304,789	-

PROGRAM DESCRIPTIONS

10 - CALIFORNIA CHILDREN AND FAMILIES COMMISSION

The Commission allocates funding for initiatives and projects consistent with the California Children and Families Act of 1998. These initiatives and projects address recognized needs related to children's school readiness, health care, early childhood development, and services and systems to support families.

* Dollars in thousands, except in Salary Range.

4250 California Children and Families Commission - Continued

	2009-10*	2010-11*	2011-12*
3148 Proposition 10 Health and Human Service Fund ⁵			
BEGINNING BALANCE	-	-	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
131700 Misc Revenue From Local Agencies	-	-	\$766,072
Transfers and Other Adjustments:			
FO0631 From Mass Media Communications Account, California Children and Families Trust Fund per pending legislation	-	-	33,851
FO0634 From Education Account, California Children and Families Trust Fund per pending legislation	-	-	57,132
FO0636 From Child Care Account, California Children and Families Trust Fund per pending legislation	-	-	34,369
FO0637 From Research and Development Account, California Children and Families Trust Fund per pending legislation	-	-	51,926
FO0638 From Administration Account, California Children and Families Trust Fund per pending legislation	-	-	24,473
FO0639 From Unallocated Account, California Children and Families Trust Fund per pending legislation	-	-	32,177
Total Revenues, Transfers, and Other Adjustments	<u>-</u>	<u>-</u>	<u>\$1,000,000</u>
Total Resources	-	-	\$1,000,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4260 Department of Health Care Services (Local Assistance)	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total Expenditures and Expenditure Adjustments	<u>-</u>	<u>-</u>	<u>\$1,000,000</u>
FUND BALANCE	-	-	-

* Dollars in thousands, except in Salary Range.