

February 02, 2018

Senator Richard Pan  
Chair, Senate Budget Subcommittee #3 on Health and Human Services

Assembly Member Joaquin Arambula  
Chair, Assembly Committee on Budget, Subcommittee #1 on Health and Human Services

**RE: Department of Developmental Services - Governor's 2018-19 Proposed Budget**

Honorable Senator Pan and Assembly Member Arambula:

The Association of Regional Center Agencies (ARCA) represents the network of 21 non-profit regional centers that serve over 300,000 Californian children and adults with developmental disabilities. We thank you for this opportunity to comment on the Governor's proposed Budget for FY 2018-19 for the Department of Developmental Services (DDS).

**Long-term Sustainability**

California has a long-standing commitment to support individuals with developmental disabilities to meet their unique goals in their home communities. To make this possible, this year the Legislature must prioritize restoration of critical services, paying sustainable service provider rates, and developing housing resources necessary to promote independent living.

**Restoration of Social Recreation and Camp Services**

Most people with developmental disabilities in California live with their families, including most adults from diverse communities. Prior to the 2009 budget cuts, regional centers provided social recreation and camp services to help support families. These services increased integration in the community and improved socialization skills, while simultaneously offering families a break and respecting cultural preferences for home-based family care. Families relied heavily on social recreation and camp services to enable them to maintain individuals at home. Restoring social recreation and camp services will once again provide a meaningful and cost-effective way to support families.

**Ensuring an Adequate Service Provider Network**

Due to long-standing rate freezes, the developmental disabilities services system has no way to adjust service provider payment rates to meet increasing labor and other operations costs. Regional centers

that coordinate and oversee services to consumers in the most populous areas of the state report severe strain on their local providers and an increasing shortage of critical resources for many of their most vulnerable consumers, even with the assistance provided by rate increases as a result of ABX2 1. In many cases, the cost of replacing lost services is significantly higher than current rates. ARCA supports Assemblymember Holden's request for \$25 million to increase rates for providers facing rising labor, housing, leasing, and fuel costs until the comprehensive rate study is completed.

#### Promoting Opportunities for Independence

ARCA is a proud member of the Lanterman Coalition, and supports the investment of funds that become available from any repurposing of developmental center land to provide affordable housing for people with developmental disabilities, particularly those who must rely on SSI and SSP as their sole or primary sources of income. This, in addition to the Harbor Village and Shannon's Mountain projects, would increase the inventory of accessible and affordable housing in the community while enhancing opportunities for greater independence for people with developmental disabilities. This is consistent with a plan being developed by the Lanterman Housing Alliance (made up of 15 non-profit housing organizations focused on address the housing needs of individuals with developmental disabilities) to make housing more accessible and available. ARCA also supports the proposal for \$50 million (one-time) to jumpstart the supply and affordability of housing for people with developmental disabilities in the meantime.

#### **FY 2017-18 – Purchase of Service**

The Governor's budget reflects a \$39.4 million reduction in POS in FY 2017-18, primarily due to lower-than-expected utilization of funds budgeted for increases in the state minimum wage. ARCA requests these funds be re-appropriated to the Community Developmental Fund and reinvested in the developmental services system in order to finance the start-up of programs focused on unmet needs. While some funds will be available for community development beginning in FY 2018-19, regional centers have not been able to offset the cost of opening needed programs for non-developmental center residents since 2003. The demand for new programs in response to changing needs (*i.e.*, autism, aging, diverse communities, etc.) is significant.

#### **Uniform Holiday Schedule**

ARCA opposes the reinstatement of the Uniform Holiday Schedule, with 14 mandatory statewide furlough days. At a time when service providers are already struggling to survive frozen rates and rising operational costs, implementing this policy could be detrimental to the system. This amounts to a rate cut for service providers and forces many direct service professionals, many of whom are paid minimum wage, to take unpaid days off. It also threatens the independence of those individuals who require support to work as well as impacts family members who must take time off work to ensure appropriate supervision is provided. This policy is short-sighted and should be rejected.

### **FY 2018-19 – Regional Center Operations**

ARCA appreciates the OPS increase for additional staffing resulting from increased caseload for FY 2017-18. Regional centers continue to struggle to hire and retain skilled staff, in part because of outdated and insufficient funding formulas, resulting in caseload ratios that are not in legal compliance. One driver of this dynamic is that every new service coordinator position is funded far below the cost of actual salaries. With each new position authorized, the gap between budgeted and actual service coordination costs grows. ARCA requests all service coordination positions be funded at the higher salaries assumed in the caseload ratio relief policy item from the FY 2016-17 Budget.

ARCA continues to work closely with DDS to ensure the Self-Determination Program is effectively implemented statewide. This program promises to allow greater individual flexibility, but will require resource development, case management, project management, and information technology staff in order to operate as intended. ARCA requests that regional centers receive additional staff resources to implement the Self-Determination Program.

### **Statewide Minimum Wage Funding Adjustment**

ARCA appreciates the proposed growth in POS in response to increases in the state's minimum wage. Service providers in high-cost areas are least likely to benefit from these increases as currently administered. Many quality programs serving individuals with developmental disabilities in higher local minimum wage areas also need rate adjustments to remain viable. The process for adjusting service provider rates in response to changes in statewide minimum wage should be modified to allow for increases for service providers in such areas and for service providers whose wages are more than the state minimum wage.

### **DDS Loan Authority**

ARCA supports the proposed increase in DDS' General Fund loan authority. As the developmental services system now relies on greater levels of federal financial participation (over \$2.7 billion in FY 2018-19), DDS needs additional loan authority to ensure it has sufficient funds available to meet its needs throughout the fiscal year.

ARCA will continue to collaborate with the Administration, the Legislature, and our partners in the community to meet future challenges and to keep the promise of the Lanterman Act for hundreds of thousands of Californians who rely on it.

Sincerely,

/s/

Amy Westling

Executive Director

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