February 19, 2015

The Honorable Holly Mitchell
Senate Subcommittee 3 on Health and Human Services, Chair
State Capitol, Room 5080
Sacramento, CA 95814

The Honorable Tony Thurmond
Assembly Subcommittee 1 on Health and Human Services, Chair
State Capitol, Room 5150
Sacramento, CA 95814

RE: Funding for Department of Developmental Services (DDS) Regional Operations and Services

Dear Sub Committee Chairpersons,

Last October, many of our colleagues joined us in asking Governor Brown to ensure the budget would more clearly account for the costs of mandates imposed on our fragile developmental disabilities system that serves more than 270,000 people with intellectual and developmental disabilities. In response, the Governor pointed to the Developmental Services Task Force, a group chaired by Secretary Diane Dooley and charged to address a variety of issues affecting the provision of services, including rate structure for services and support and core staffing ratios at regional centers. Although we are confident the task force will develop sound recommendations, the issues they are grappling with are complex and not easily resolved. Consequently, it is unclear whether recommendations will be ready in time for this year’s budget debate.

Waiting is no longer an option. The system is in crisis and we must act now. People with developmental disabilities have seen the quality and effectiveness of services and supports
wither. Many individuals and families are not receiving the services and supports they need to remain independent as promised by the Lanterman Act.

The latest Fact Book published by the Department of Developmental Services reflects a 30 percent loss in real terms of the service vendors in the system of care since 2009. At the same time, the community system grew by more than 30,000 consumers, including more than 1,000 former residents of state developmental centers.

Delaying action not only risks the lives of the 270,000 consumers, it also jeopardizes federal funding. Potential losses in the developmental center budget is in the hundreds of millions. Potential losses in the community budget is in the billions. Both circumstances require our immediate attention and action.

In response to a federal audit, the state lost $933 million in federal funding. Approximately $2 billion is now at risk because the developmental services system relies on more federal funds than it did at that time.

California’s Developmental Centers have already been financially sanctioned. And none of the regional centers meet all legally-mandated caseload ratios. System wide, regional centers employ only 84 percent of the service coordinators they would need to meet all caseload ratios. The State would need to hire over 650 more service coordinators to meet the required caseload ratios.

California must embrace a new series of provisions presented by federal Medicaid regulations that demand more than $2 billion in federal money funding local services be better spent, open doors of choice and opportunities for consumers. But we cannot focus on adding needed new service responsibilities while the foundation is crumbling under our current service system.

The administration’s budget proposal for fiscal year 2015-16 is now being examined by the Legislature. The proposal allows for some increased costs associated with the minimum wage increase and some adjustment for new sick leave benefits. But it overlooks other personnel increases caused by the minimum wage increase. It also offers no fiscal relief for new costs imposed from the passage of the Affordable Care Act and ignores the increasing fiscal impacts on local governments enacting Living Wage Ordinances.

Despite recognition in the 2015-16 budget of substantial savings to the state from other actions, such as the closure of Lanterman Developmental Center, the budget proposal offers no relief in terms of a rate increase or cost-of-living adjustment to address the shortfalls in Regional Center Operations or the serious cutbacks endured by thousands of service providers over the last decade.
We still have substantial opportunity in the state budget process to rectify the system’s continuing deterioration. While much of the economy has recovered from the deep recession, the state’s system of care under the Lanterman Act remains in real jeopardy. Those of us who remain powerfully committed to maintaining the benefits of the Lanterman Act are also responsible public officials who would not encourage the state to veer from prudent public finance and accountability. But we are convinced that this particular system needs our help now if it is to continue supporting consumers and families to live lives with purpose and meaning.

Please consider offering substantive financial relief and support as we negotiate this budget. We urge you to support a 10 percent increase in the regional center operations and purchase of services budgets. We pledge our partnership in finding savings to finance this request.

Thank you in advance for your time and consideration.

Sincerely,

Jim Beall
State Senate, District 15

Cc: Diana S. Dooley, Secretary, California Health and Human Services Agency
Santi Rodgers, Director, Department of Developmental Services
Senate Subcommittee 3 on Health and Human Services Members
Assembly Subcommittee 1 on Health and Human Services Members
Senate Budget Committee Members
Assembly Budget Committee Members