



## CALIFORNIA ASSOCIATION FOR THE RETARDED

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June 1, 2004

Governor Arnold Schwarzenegger  
State Capitol Building  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

The California Association for the Retarded, a statewide parent/family organization with 12 local units, is concerned about the long-term effect of some of your budget proposals. Specifically, we are concerned about agreements, identified more particularly below, that will significantly limit future available state revenues for support of people with mental retardation and other developmental disabilities as well as other critical health and human service programs.

We very much appreciate that you have withdrawn earlier budget proposals that would have eliminated (a) the entitlement to services for people with mental retardation and other developmental disabilities under the Lanterman Act, and (b) the In-Home Supportive Services (IHSS) "residual" program that allows many parents like myself to care for disabled family members in their own homes.

We at the local level have experienced many successive years of devastating budget reductions affecting the quality and stability of our community programs. Continued freezes and other proposed spending reductions in the 2004-05 budget will cause programs to further reduce, consolidate services, or close down completely.

Your proposed agreements bargain away our future by committing prospective future tax receipts critical to our continued ability to survive. Among those agreements most threatening to our future financial well-being are the following:

- **Local Government.** You have proposed to use property taxes to only partially offset the loss of vehicle license fee revenues to local governments in 2004-05 and 2005-06. Beginning in 2006-07, however, your proposal would ensure that local governments would receive increased property tax revenues in an amount sufficient to fully offset the lost vehicle fee revenues.
- **Higher Education.** You have proposed to apply fee increases for the University

of California (UC) and California State Universities (CSU) in an amount not to exceed 10 percent, on average, over the next three years. In exchange for these fee increases, you have agreed to guarantee base funding for California higher education systems beginning in 2004-05 and continuing through 2010-11. You also have agreed that certain programs will be protected in the budget, and agreed that the systems may increase enrollment after 2004-05.

- **K-12 Education.** You have proposed that the amount of revenue guaranteed to schools under Proposition 98 be reduced by \$2 billion on a one-time basis. In return, you have agreed to eliminate midyear cuts in state funding for 2003-04, restore the \$2 billion to next year's funding base, and provide sufficient funds to allow for growth and cost of living adjustments in 2004-05. In addition, you have agreed to repay nearly \$1 billion owed to schools from past years because the Proposition 98 minimums were set too low.
- **Public Sector Employees.** Numerous state and local agencies have entered into multi-year contracts for salaries and benefits that "lock in" certain increases over several years. One example is the correctional officers' contract that would provide an 11 percent pay increase, effective July 1, 2004, even as the state is freezing or reducing spending in many other program areas.

Many of these agreements and contracts would reduce state spending in the current or budget years but would guarantee higher levels of spending for these sectors in future years. We do not mean to imply that these programs or employees are undeserving of the moneys these agreements and contracts would provide.

The reality, however, of putting future year budgets for education, local government, and public sector employees on "automatic pilot" is an implicit guarantee that programs without agreed-upon long-term resource plans will have to take the cuts once again. Many of our providers have not had a rate increase in five years and are unable to retain employees because they are not able to provide a living wage or significant benefits.

We realize that budgets for state programs must reflect the reality of these tight fiscal times. But we also think it is time for the administration to identify and reflect on what effect these long-term resource agreements with public employees, schools and local governments will have on community programs for people with mental retardation and other developmental disabilities. We are very concerned that the amount of funds available for critical health and human service programs (SSI-SSP, Medi-Cal, In-Home Supportive Services) in future years will continue to dwindle, even as the state's revenue picture improves.

We are not aware of any information or analysis that identifies the fiscal ramifications of your proposals on available funds for health and human service programs in fiscal years starting in 2005-06. We request that your staff provide this analyses as soon as possible to policy makers as well as members of the public so that we may have this critical information available during upcoming budget deliberations.

Sincerely,

Marion Lieberman  
President

cc: Donna Arduin, Director  
Department of Finance

Kim Belshea, Secretary  
Health and Human Services Agency

Cliff Allenby, Director  
Department of Developmental Services