



CALIFORNIA ASSOCIATION FOR THE RETARDED

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May 21, 2004

The Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review
Subcommittee #3 on Health
State Capitol
Sacramento, California 95814

CAR Position on Developmental Disability Services Budget
Senate Budget and Fiscal Review Subcommittee #3
Item 4300 - Department of Developmental Services
Set for hearing Saturday, May 22, 2004

Dear Senator Chesbro:

The California Association for the Retarded, a statewide parent/family organization with 13 local units, asks that you consider several funding changes in the Department of Developmental Services' (DDS) proposed budget for 2004-05. First, however, we wish to acknowledge and thank your subcommittee for its support for programs serving people with mental retardation and other developmental disabilities over the years. Through your work, we have been able to preserve core services and the Lanterman Act entitlement to services.

State applies different budgeting standards to different state programs. We must express our frustration, however, with the Legislature and the Administration in their using different budget standards for augmenting or reducing developmental disabilities programs than is used for many other state programs.

During the past few years, the developmental disabilities system has had to withstand rate freezes, spending reductions, and other budget action that would curtail the rate of the program growth. These same fiscal restraints have not been applied to many other state programs.

As the budget conference committee begins its deliberations, we urge Senate Budget and Fiscal Review Subcommittee #3 to redress this inequity by looking for ways to apply similar types of budget and policy changes to curtail the rate of growth and restrict spending for all state programs. For example, the Department of Corrections' per inmate spending has gone from \$22,000 in fiscal year 1999-00 to \$33,000 as projected for the 2004-05 fiscal year.

We are very supportive of the 17 Senators who released a letter earlier this week calling for

the Administration to reopen the correctional officers' contract and rescind the projected 11 percent pay increase, which simply is not affordable given our current state budget crisis.

As you well know, correctional officers' pay is linked to contract increases for other state and local law enforcement officers. This practice of "budgeting on automatic pilot" fails to take into account the state's overall financial condition and the many other obligations the state has. In years when the fiscal situation is so tight, the result of providing one segment of state government with such generous allocations can only mean that other segments will have to pull their belts a little tighter.

We also would like to point out that most public employees, be it state, local or school, function under contracts that provide for automatic salary increases and adjustments as well as greater employer obligations for benefits such as health care. The State and too many local governments have been willing to make these increases without sufficiently taking into account the long-term availability of financial resources to fund them or the effect such patterns of spending will have on other programs that have no such fiscal guarantees.

Adjustments for community service workers fall short. In last year's May revision, the administration added \$1.8 million to DDS' community services budget for the cost of mandated higher workers compensation premiums for day program providers. Every additional dollar for programs helps. We must point out that the \$1.8 million falls far short of what actual increases in provider premiums have been. We must recognize that the community service component of the existing developmental disabilities system simply has no equivalent ongoing state process for automatically, or on some periodic basis, granting increases for salaries, benefits or workers compensation costs such as is provided for workers in many other state programs.

We would point out that this treatment simply is unfair and inequitable. The Legislature should work to compensate all workers who provide state-funded services in an equitable manner. It is unjust to provide some classes of public service workers, such as employees of non-profit community providers, with much lower salaries and benefits and instead insist that they rely on fund-raising and pay cuts to paper over the glaring gaps in levels of state support.

It is in the state's interest to enact a budget that allocates funds to meet not only its statutory obligations but its societal needs as well. We urge that you look at providing funds for those community programs that have sustained years of frozen rates. We thank the Legislature for rejecting recent efforts to suspend the Lanterman Act entitlement to services. While we acknowledge the program's rate of growth in recent years, we believe we have a legitimate basis for asking for additional funding for community programs.

CAR recommendations. To address these problems, CAR proposes the following:

- Redirect funds from the Department of Corrections to community programs administered

by the Departments of Developmental Services and Mental Health (DMH). We all are aware of the operational problems of the state's prisons and the short-comings of the state's parole system. There is no question that community programs serving people with developmental disabilities or people with mental illness are much more cost-effective in providing supports to these groups of individuals as they prepare to leave jail or prison and/or when they are at risk of a first-time entry or going back into the correctional system. We therefore recommend that the State redirect \$500 million, to be divided equally among community-based programs administered by DMH and DDS. We further recommend the addition of budget language that would make allocations contingent on the development and submissions of service plans, including criteria for assessing outcomes, so we can see how successful these programs are in doing what they were set up to accomplish.

- Retain a portion of \$500 million in federal funds received by California through the Medicaid Home and Community Based Waiver for rate increases. As we pointed out earlier, the state has allocated a generous piece of a very small fiscal state pie to fund salaries and benefits, including retirement, for many classes of public sector workers. We are not suggesting that these employees are overpaid or that they do not deserve the salaries and benefits afforded to them. Our point is that when it comes to dividing up the state pie for the next fiscal year, greater attention should be paid to those community workers some of whom currently are not being paid a living wage, may receive no retirement benefits beyond Social Security, and may receive only basic health care such as coverage for the employee but not for family members.
- Allocate \$30 million currently being generated by state developmental centers through a Medi-Cal Intermediate Care Facility-Developmental Disability (ICF-DD) quality assurance provider fee for one-time purposes such as building community housing for regional center clients and developmental center clients transitioning to the community. Our previous recommendation would allow the state to address the issue of stagnant community employee salaries and benefits. The state also, however, needs to address the reality of rising costs of real estate. We propose that \$30 million be used to build, purchase, or lease community homes for regional center clients and clients transitioning from developmental centers. In this way, we would protect clients from displacement when existing providers decide to retire or otherwise leave the system.

If you have any questions regarding CAR's proposal, please contact Maureen Fitzgerald at (916) 498-1635.

Sincerely,

Marion Lieberman, Presidentt

cc: Members of Senate Budget Subcommittee #3