



CALIFORNIA ASSOCIATION FOR THE RETARDED

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May 16, 2005

The Honorable Hector De La Torre, Chairperson
Assembly Budget Subcommittee #1 on Health and Human Services
State Capitol
Sacramento, CA

Budget Item: #4300 - Department of Developmental Services
Hearing Date: Saturday, May 21, 2005

Dear Assemblymember De La Torre:

On behalf of the California Association for the Retarded, I urge you to **augment Item 4300 by a minimum of \$83 million (or the amount needed) to eliminate existing rate and costs freezes for regional center services and by an additional \$14 million to restore additional proposed service reductions.** CAR is a nonprofit statewide organization with 10 local units that include family advocacy organizations, operators of day programs, and parent groups at developmental centers.

In reviewing the Governor's May Revision of the 2005-06 Budget, we are very disheartened that the Administration persists in applying completely different budget standards to identify and meet the needs of people with developmental disabilities, depending on whether they live in the community (in their own/family homes or residential facilities) or in developmental centers.

CAR is a strong supporter of developmental centers as an important element in the continuum of services available to people with developmental disabilities. Nevertheless, we find that the "double standard" the Administration uses in building budgets for regional centers is particularly troubling at a time when the Department of Developmental Services (DDS) is working to move people out of developmental centers either through its Agnews Developmental Center closure plan or through its Community Placement program in use not only at Agnews but at other developmental centers as well.

The May Revision shows that DDS intends to use \$12 million in savings resulting from a decrease in the developmental center population as well as \$15.6 million in new funds to augment the budgets of developmental centers in the current and budget year.

These redirections and augmentations will be used to fund unavoidable cost increases for such items as:

- increased **employee compensation and benefits** (developmental center employees and janitors)
- increased **energy** (utilities) costs
- increased **workers compensation insurance** costs
- increased **quality management systems** costs to meet federal and state certification and licensing requirements
- increased **legal** costs
- increased **staffing** costs for Agnews clients (including both those who will be moving to the community as well as those remaining at the developmental center)

Yet most of these are the same types of cost increases that community programs are experiencing. **The budget, however, fails to account adequately for the increased costs of community programs and services.** The May Revision reflects that spending for regional center operations and purchase of services has declined dramatically as a result of prior year cost containment measures. This has resulted in dramatic savings in the current year (\$62.5 million) and budget year (\$47.8 million). In addition, the May Revision reflects that DDS has been able to dramatically reduce the General Fund share of its budget as a result of its efforts to maximize federal funding in recent years.

Instead of redirecting these savings and increased reimbursements to restore funding for regional center services, the May Revision budget proposes to continue the rate freezes for residential facilities, community-based day programs, respite facilities, and habilitation services and to use the regional center system as a way to generate federal dollars that can be used for other state purposes. We find it very short sighted that at the same time the Administration proposes to spend significant amounts of money to create a new community structure for clients currently residing at Agnews, it also is allowing existing community programs to deteriorate as a result of ongoing funding freezes and the absence of periodic rate increases since 1998.

In addition to augmenting Item 4300 and eliminating the two-tiered system that exists between developmental center and community clients, we continue to make the recommendations we presented to you when you held your first hearing on this item (CAR letter of April 5. Specifically, we ask that you:

1. Ensure that rate reform for community services proceeds on schedule and results in meaningful changes.
2. Consider creating community resource centers at existing developmental center sites, for use by all regional center clients, to provide a source of specialized medical and dental care, custom-fitted equipment, emergency intervention and/or crisis

- services that otherwise would be unavailable in the community.
3. Extend the benefits of Chapter 831, Statutes of 2004 (AB 2100) that authorizes three Bay-area regional centers to pay the leases for housing for people with developmental disabilities. The Administration proposes to reappropriate \$11.1 million from the Budget Act of 2004 for development of community based housing for residents of Agnews. We recommend you extend state law to allow this funding mechanism to be available for all clients in the regional center system.
 4. Retain the Agnews land as a resource for future use by people with developmental disabilities and other needed state or local public programs. To this end, we support AB 1379 (Lieber) that, in concept, seeks to preserve the land for this purpose.

In addition, we would like to note that we have serious concerns about the department's Self-Directed Services program. As we understand the proposal, DDS is asking to create a different form of self-directed services than has been piloted in four regional center areas. As a result, the department is proposing to implement on a statewide basis a dramatically modified program that has not been adequately tested or evaluated on a smaller scale. We also are troubled by those aspects of the department's proposal that would limit the budgets of participating consumers and exclude congregate services (both residential as well as day programs) from inclusion in the new program. We therefore recommend that the proposed program be implemented and evaluated on a pilot basis before going statewide.

Thank you for considering our concerns and recommendations.

Sincerely,

Marion Lieberman
President

cc: Assemblymembers Cogdill, Hancock, Keene, and Mullin