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May 18, 2020

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

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

RE: Department of Developmental Services (4300) – 2020-21 May Revision

Honorable Senator Pan and Assemblymember Arambula:

The Association of Regional Center Agencies (ARCA) represents the network of 21 regional centers, community-based organizations that serve more than 350,000 Californian children and adults with developmental disabilities. We thank you for this opportunity to comment on the Governor's May Revision proposal for FY2020-21 for the Department of Developmental Services (DDS).

Since the release of the Governor's Proposed Budget in January 2020, the global COVID-19 pandemic and its associated economic recession have forced the state to prioritize public health and safety. ARCA acknowledges this reality means no longer making planned investments in the following: 1) Proposed regional center Performance Incentive Program; 2) Reduction in caseload ratios for young children; and, 3) The targeted expansion of clinical interventions to better meet the psychiatric and behavioral needs of individuals. ARCA opposes the withdrawal of the proposal to increase rates for Early Start Therapeutic Services, Infant Development Programs, and Independent Living Programs, as this unfairly impacts these transformational services that promote child development and greater independence, which should have seen increases in FY2019-20.

Supporting Critical Pandemic Response

ARCA appreciates the inclusion of funding in the May Revision to allow regional centers and community service providers to support vulnerable people with developmental disabilities and their families during this challenging time. In FY2019-20, \$5.5M allowed regional centers to secure sanitation supplies and move their workforce to remote service coordination, where they continued to support the changing needs of those they serve. The infusion of \$198.6M has funded greater levels of services such as respite, personal assistance, and residential support to meet the needs of many whose schedules were disrupted as in-person attendance in schools, work, and day programs was no longer possible. The proposed \$254.1M in FY2020-21 would continue these critical community supports.

Devastating Cuts Based On Federal Inaction

The COVID-19 pandemic and its associated steep economic recession have led to increased needs in health and human services programs, decreased revenues, and instability in financial markets. The Governor's May Revision proposes draining the state's Rainy Day Fund and other strategic reserves, but still leaves a shortfall the state cannot bear alone. California has requested nearly \$14B from the federal government to support its COVID-19 response, but thus far, these funds have not been committed to the state. ARCA will mobilize our community to maximize the availability of federal funding through COVID-19 specific relief and money available through the Institutional Deeming program. ARCA opposes the cuts below, and will mobilize our community in opposition to them as well, though ARCA recognizes the importance of the federal government being part of the overall solution.

\$470M Reduction due to Rate Reductions, Expenditure, and Utilization Reviews

The proposed reduction in this area will reduce service options, erode quality of life, and increase undetected abuse and neglect as fewer professionals interact with each person with a developmental disability. Community service providers are already struggling under the weight of chronic underfunding, as demonstrated in a 2019 rate study. The transition to a "new normal" requires retooling services to ensure health and safety and the preservation of critical resources, as outlined in the comprehensive proposal developed by service providers (document attached to original email as "Transition Proposal.pdf"). Direct Service Professionals (DSPs) are essential workers who continue to provide critical supports during the COVID-19 public health emergency. Their diligence has resulted in lower-than-anticipated infection rates among very vulnerable people with developmental disabilities. This proposal would result in a decrease in their wages and degrade the quality of services that remain available.

\$40M Reduction to Regional Center Operations

Regional centers work collaboratively with people with developmental disabilities and their families to achieve their goals and meet their needs. This work is time-consuming, nuanced, and requires a team of professionals to carry out. In response to the pandemic, regional centers have carried out most of this work remotely, which is a better fit for some people and a significant barrier for others, particularly those without ready access to technology. Service coordinators are trained to recognize abuse and neglect, and are a critical set of eyes on at-risk people. In March 2020, the statewide shortfall of service coordinators was more than 800. This number would spike, as pay would likely decrease and administrative workload would grow. This proposal would afford each person served by a regional center less individualized support and protection.

\$51.5M Reduction due to Uniform Holiday Schedule Implementation

The Uniform Holiday Schedule is a relic of the Great Recession that challenges people with developmental disabilities to maintain employment, and forces their families to fill in gaps when needed services are unavailable. This proposal also equates to furlough days for DSPs, many of whom are paid minimum wage.

\$2.0M Savings due to Restructuring and Increasing Parental Fees

Parental fees themselves raise little revenue for the state and have the potential to interfere with service access. For those who are Lanterman Act eligible and meet other qualifications, this policy can increase federal revenues. The interest in maximizing federal resources needs to be balanced with the state's overall interest in children maintaining private health insurance as well as service access, particularly in the Early Start program, as delays in services for young children have long-term implications.

Complex Lives and Services

People with developmental disabilities and their families lead undeniably complex lives that require access to services from a variety of departments and agencies. The following proposals, in addition to the proposed cuts to the developmental services system, would erode needed supports:

- Elimination of optional adult Medi-Cal benefits and limitation of dental services would have an adverse impact on the health of people with developmental disabilities.
- Reduction of In-Home Supportive Services (IHSS) hours by 7% would limit the ability of people with developmental disabilities to remain in their family home or live independently.
- Termination of the Community-Based Adult Services Program (CBAS) would eliminate daytime activities and clinical support for many people with developmental disabilities.
- The reduction in Intermediate Care Facility (ICF) rates through redirection of Proposition 56 funds would leave many of these homes, which support more than 6,500 people with developmental disabilities and medical challenges, struggling to remain open.

During the Great Recession, there was the recognition that similar proposals would shift costs to regional centers as they filled in new gaps created by cuts in services such as Medi-Cal, IHSS, and CBAS. Failure to include similar assumptions in the FY2020-21 May Revision means that if these proposals go forward, vulnerable people with developmental disabilities will go without, or unplanned reductions will need to be made elsewhere. Regional centers have no authority to preserve ICF services if the proposed cuts go forward and the payments from Medi-Cal are insufficient to keep their doors open.

ARCA will continue to build on our long-standing collaborative relationships to partner with the Administration, the Legislature, and those in the community. The importance of working together during this time cannot be overstated. Our system is charged with preserving the health and safety of more than 350,000 people while retaining the critical network of services and supports they rely upon. We are deeply committed to both these outcomes and to positioning the system to emerge from this crisis with the promise of the Lanterman Act intact for hundreds of thousands of Californians who need it today and will rely upon it in the future.

Sincerely,

/s/

Amy Westling

Executive Director

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