March 15, 2020

The Honorable Holly Mitchell, Chair
Senate Committee on Budget
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Phil Ting, Chair
Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

The Honorable Dr. Richard Pan, Chair
Senate Budget Subcommittee #3
State Capitol, Room 5114
Sacramento, CA 95814

The Honorable Eloise Reyes, Acting Chair
Assembly Budget Subcommittee #1
State Capitol, Room 5155
Sacramento, CA 95814

RE: Proposed Multi-Year Strategic Plan to Restore Health, Safety and Opportunity for Californians with Intellectual and Developmental Disabilities

Dear Chairpersons,

Through the Lanterman Act, California provides services and supports to more than 350,000 individuals with intellectual and developmental disabilities (I/DD), and this year alone more than 15,000 new individuals are expected to require support. At the same time, direct support staff turnover is high due to low wages, essential programs are closing across the state and regional center caseload ratios are extraordinarily high, all of which force people to live with inadequate support or no support at all.

California recently completed a multi-year rate study that recognizes this crisis and concluded that developmental services in California are currently underfunded by $1.8 billion ($1.2 billion general fund). This massive funding deficit is the result of two decades of neglect during the state budget process, significant cuts during the recession and lack of a strategic, ongoing investment plan in these critical services. As a result, individuals with intellectual and developmental disabilities, their families and their direct support professionals are suffering.

Last year the I/DD community pushed for emergency funding needed to triage the crisis as a multiyear plan to stabilize the system was developed. Thanks to the efforts of legislative champions, policy leaders in the Newsom Administration and statewide, robust community engagement, the budget included an increase of $124.5 million General Fund in FY 2019-20 and $249 million General Fund in FY 2020-21. Last year’s investment represented not only a critical
step forward for those with intellectual and developmental disabilities, but a collective acknowledgement of the need for deep investment.

This increase, however, included a potential suspension on January 1, 2022, omitted critical services from receiving necessary increases, barely keeps pace with the increased costs associated with rising state minimum wage and left all services in high cost areas out of adjustments for state minimum wage increases. Most importantly, according to the finalized rate study models, developmental services are still glaringly underfunded in California.

It is now time to implement a multi-year strategic investment plan upholding the promise made through the Lanterman Act to Californians with intellectual and developmental disabilities, focusing on opportunity, innovation and measurable outcomes. By implementing that plan, California will enter a new era of community inclusion through an emphasis on employment opportunities, robust early intervention, legally-required caseload ratios for service coordination, access to housing and protection of individual health and well-being. In addition, the 150,000 direct support professionals in California will finally have job stability and a livable wage.

As a result of this immense need, we request $378.7 million in ongoing General Funds and $20.4 million in one-time General Funds for the purpose of restoring health, safety, and opportunity for Californians with intellectual and developmental disabilities.

These funds will be used to accomplish the following:

1. Phase-in the DDS rate models over three years with an investment of $450 million ($275 million GF) per year;

2. Take corrective actions on the provider supplemental rate increases to retroactively include three omitted services: Early Start Specialized Therapeutic Services, Independent Living Program, and Infant Development Program. This proposal assumes an 8.2% increase for all three services and includes a General Fund backfill effective January, 2020 to July, 2020 of $20.4M GF, and ongoing increases effective July, 2020 of $40.8 million ($24 million GF).

3. Comply with Federal and State regional center caseload ratios by hiring 800 service coordinators with an increase of $74.6 million ($50.7 million GF).

4. Solve the minimum wage “quirk” and ensure all DDS funded services & supports receive adjustments for state minimum wage increases by providing a 3.33% increase for every $1 increase in minimum wage, $56 million ($29 million GF).

5. Secure a foundation for long-term planning by permanently removing the suspension date of January 1, 2022.

We thank you for your time and consideration of this important issue.
Sincerely,

Henry Stern
State Senator, District 27
D – Calabasas