

New Budget Brings Big Challenges and Tough Choices for Regional Centers

Over the next 16 months, through June 2010, the state of California projects a \$42 billion deficit unless it dramatically reduces expenditures or significantly raises revenues. After much delay, the State finally has a budget that will cover the period through June 2010. There is still uncertainty as to how successfully it will address the current economic problems since certain of its provisions can only be implemented if approved by the voters in a special election in May.

Provisions of the budget agreement include:

- Increases in the state sales tax, personal income tax, and vehicle license fee, and a reduction in the dependent tax credit.
- Transfer to the general fund of funds originally targeted for mental health programs and programs aimed at children younger than 5 years.
- A cap on future spending by the State.
- Borrowing against future lottery proceeds.

How Does the New Budget Affect Regional Centers?

The following are provisions of the budget that will affect regional centers for the remainder of this fiscal year through June 2009:

- A 3 percent reduction in staffing and operations funding for regional centers, effective February 1.
- A 3 percent *discount* (rate reduction) to most service providers, except for “generic” community services, such as neighborhood preschools, which are reimbursed at usual and customary rates.

Changes affecting funding for 2009-10 include:

- Continuation of the 3 percent reduction to regional center operations and most service providers.
- An additional reduction to regional center budgets of \$100 million out of the state general fund to be achieved in one of two ways:
 - The Department of Developmental Services is to work with stakeholders to devise a plan to achieve the \$100 million reduction that will identify statutory changes needed to make the plan work. (See the *What You Can Do to Help* section for more information.)
 - If required statutory changes are not made by September 1, 2009, regional center provider rates will be reduced an additional 7.1 percent for all services rendered on or after September 1.
- The total reduction could be greater, as State actions may affect the receipt of federal funds.

Finding Fair and Lasting Solutions

While the budget reductions to regional centers are in reaction to the dire economic situation in the State, the system is also being strained by the fact that regional center costs for purchasing services for

clients and families have been increasing far faster than would be projected based on inflation and the increase in our client population – a pattern of increases that is not sustainable.

To respond to this unprecedented situation, basic structural changes will be required to allow regional centers to continue providing services with significantly reduced funding.

In 2003, Lanterman’s board of directors published a paper analyzing some of the major structural issues and putting forth recommendations for major changes in how regional centers do business. Reaffirmed in 2008, the paper “Sustaining the Entitlement for the Developmental Services System: A Regional Center Perspective” was distributed to legislators and members of the Schwarzenegger Administration. You can find a copy of this paper and an accompanying letter from our board president on the Lanterman Web site at the following link: www.lanterman.org/index.php/bulletin_board. Please go to the Web site, read this paper, and consider what changes you think could be made.

Our system cannot simply say “no more cuts.” The directive to cut \$100 million is already here. We can, however, provide guidance to the Department of Developmental Services and the Legislature as to how these savings can be achieved while lessening the impact to our clients and families, and preserving the entitlement.

What You Can Do to Help

1. Language accompanying the new budget calls for the Department to gather input from stakeholders as to how cost-saving changes could be made to the developmental services system while maintaining the entitlement and ensuring program services and integrity. There are several ways to provide your input to DDS. You can:
 - a. Attend an open meeting for Southern California stakeholders in Los Angeles on Monday, March 2, 2009, from 1 p.m. to 4 p.m. at the Ronald Reagan State Office Building Auditorium located at 300 South Spring Street. We encourage you to attend this meeting and bring your ideas about how regional centers can save money while still meeting the needs of our clients and families. You can also participate in this meeting via conference call at 800.230.1074. To learn more about proposed cost containment strategies read the report “Controlling Regional Center Costs” on the DDS Web site at www.dds.ca.gov/publications/docs/controllingrcccosts2007.pdf.
 - b. Share your written input by March 6 with Sarah Steenhausen at the Department of Developmental Services (sarah.steenhausen@dds.ca.gov).
 - c. Visit the Web site of the California Disability Community Action Network (www.cdcan.us) to keep up to date on budget issues. CDCAN also sponsors periodic Town Hall Teleconferences in which you can participate.
2. Join Lanterman’s electronic mailing list. You can sign up directly through our Web site at www.lanterman.org by clicking on “Subscribe” in the top right corner of the page. Because of our financial constraints, we are increasingly using e-mail to communicate with members of our community.

3. Visit Lanterman's Web site (www.lanterman.org), which we will keep updated with relevant information.

In Closing

As a community, we have made it through very difficult times in the past, but the current times are different. To deal with these unprecedented challenges, we need for everyone – the government, regional centers, clients, families, and service providers – to work as partners to address these issues. We are asking you to do your part. Together we can help ensure that the promise of the Lanterman Act continues to benefit children and adults with developmental disabilities and their families.