

LANTERMAN REGIONAL CENTER

AN IMPORTANT NOTICE TO SERVICE PROVIDERS ABOUT THE BUDGET SITUATION

California is in the midst of an unprecedented fiscal crisis. At the time of this writing, the Governor and the Legislature remain in negotiations to reconcile a budget gap of approximately \$24 billion (the difference between anticipated revenues and state expenditures). The decisions that are made will have short-term and long-term consequences for California and the developmental services system.

The State faces an immediate cash flow crisis, unless a balanced budget is passed by the Legislature and signed by the Governor before July 1, 2009. The state Controller has announced that the State will be out of cash by July 28 and unless California can borrow funds (which is not possible without a budget) he will begin to issue warrants or "IOUs" instead of checks beginning July 1. Regional Centers are affected by this as are all other state-funded entities. As a result, Centers have to borrow from their banks to pay service providers and pay their own obligations. The Centers have to pay interest on the money they borrow and do not get reimbursed by the State. This means that there are fewer dollars available to fund the direct services (such as service coordination) provided by regional centers. This fiscal year the interest on borrowed funds cost Lanterman Regional Center \$55,000.

We understand the pressures that our providers face from prolonged rate freezes and rate reductions. Lanterman will be borrowing as necessary to continue to pay its service providers and its own obligations. We will also be doing all that we can to minimize both the amount and duration of borrowed funds. **Providers are urged to get their invoices in by the 5th of the month to make our payment date of the 10th. We may no longer be able to do a second check run as has been our past practice or to issue manual checks.**

We value our relationships with you, and want to provide the best information that we can although the situation remains very fluid. We encourage you to access our Web site at www.lanterman.org where you will find information on the DDS budget reduction proposals to save \$334 million, and related draft budget trailer bill language as they exist today, and where we will periodically post the most current information that we have. Some budget information may also be found on the DDS website at www.dds.ca.gov.

NOTE: While visiting our site, you are also **URGED** to sign up for our e-mail distribution list if you have not already done so. We are no longer able to continue to send information via USPS. We will be sending information via e-mail "blasts" and through postings on the Lanterman Web site.