



ARCA Position Statement

Governor's Proposed Budget for Fiscal Year 2010-11

The following represent ARCA's positions regarding the proposals included in the Governor's budget proposed for FY 2010-11.

Purchase of Service (POS)

1. Oppose continuation of the 3% payment reduction which began in February 2009 to service providers and which is due to expire in June 2010 (a reduction of \$100.6 million total funds).
 - a. Most services have had their rates frozen for the past six years and this arbitrary reduction only exacerbates the rate inequities among service providers.
 - b. ARCA appreciates the fact that the State is facing an unprecedented fiscal crisis and will work with the Department of Developmental Services (Department) to explore alternative means to generate the needed savings.
 - c. ARCA also opposes the indefinite continuation of this proposed reduction and, if the reduction is implemented, believes these funds should be restored once the fiscal crisis has passed.
2. Oppose the additional proposed reduction of \$25.0 million General Fund.
 - a. The regional center system is still in the process of implementing a whole host of changes to the system designed to save \$230.7 million in FY 2009-10 and \$331.2 million in FY 2010-11. ARCA believes it would be imprudent to implement additional savings strategies until the first round of system changes can be fully implemented and analyzed for their efficacy.
 - d. ARCA supports the Department's pledge to work with stakeholders over the next few months to develop proposals to achieve the targeted savings while maintaining the entitlement and ensuring program and service integrity.

3. Support the adjustment of \$273.1 million (total funds) for caseload growth and increase utilization (net Purchase of Service growth of \$150.4 million total funds¹).
4. Support the allocation of adjustment of \$50.0 million (total funds) for the regional center budget needed to offset the impact of proposed budget reductions in other departments.
5. Support the \$740,000 total funds adjustment for implementing the Self-Directed Services (SDS) program. However, ARCA has major concerns about the implementation of SDS and strongly urges an extended phase-in approach whereby SDS is implemented by the pilot regional centers for a period of at least six months before SDS is implemented in other regional centers. This period of time will be used to assess the viability of the SDS program.
6. Support the \$9.1 million adjustment to fully fund the Prevention Program created in FY 2009-10.

Operations (OPS)

The following are ARCA's positions on the major components of the Operations budget:

1. Oppose the continuation of the 3% reduction to the Operations budget which began in February 2009 and is due to expire in June 2010. (a reduction of \$17.4 million). This reduction will further exacerbate the burden regional centers face to provide services to over 7,000 more consumers in the Budget Year while maintaining mandated caseload ratios with an already underfunded budget.

- a. Regional center Operations still maintains an unallocated reduction that was instituted in the early 1990's.

- b. The bulk of the regional center Operations budget is calculated using the Core Staffing formula. The salaries in the Core Staffing formula, with few exceptions, have not been updated since 1991. This has resulted in the regional center Operations budget being underfunded by approximately \$166 million.

- c. Continued erosion of caseload ratios will lead to reduced monitoring of consumer services which could undermine the health and safety of consumers, jeopardize the continued receipt of \$1.2 billion in HCBS waiver funds, and prevent regional centers from providing the current level of advocacy for school-age consumers.

1. Caseload and utilization growth less \$7.3 million transferred to the Prevention Program, less \$41.8 million for elimination of Agnews Closure funds, less \$100.5 million to reflect full year savings related to the \$334 million savings target from FY 2009-10, less \$25 million for the new savings target for FY 2010-11, plus \$50 million for the impact of decreases in other departments, plus \$1.2 million change in savings projected for the 3% payment reduction, plus \$740,000 increase in funding for Self-Directed services.

d. Support consideration of workload efficiencies for regional center staff to mitigate the loss of these funds.

2. Support the adjustment of \$4.6 million for updated caseload.

3. Support the \$348,000 adjustment to maintain the necessary core staffing ratio for consumers on the HCBS Waiver.

4. Support the \$3.1 million adjustment for additional case management related to the Capitol People First lawsuit settlement.

5. Support the \$2.1 million adjustment for the implementation of the Self-Directed Services (SDS) program. However, ARCA has major concerns about the implementation of SDS and strongly urges an extended phase-in approach whereby SDS is implemented by the pilot regional centers for a period of at least six months before SDS is implemented in other regional centers. This period of time will be used to assess the true workload and cost of SDS to regional centers.

6. Support the \$107,000 adjustment for adding consumers to the HCBS waiver.

7. Support the \$50.0 million adjustment for the impact from reductions in other departments. These include reductions in Medi-Cal, IHSS, SSI/SSP and other programs. ARCA believes the adequacy of this amount should be evaluated during the May revision process and especially if the Governor's trigger reductions are implemented.

Other Issues

1. Oppose elimination of Adult Day Health Care Benefits from Medi-Cal funding (\$104.0 million General Fund savings). Many regional center consumers currently receive this service.

2. Oppose elimination of full-scope Medi-Cal for certain immigrants (\$118.0 million General Fund savings). Some of the neediest regional center consumers, who receive Medi-Cal services under this provision, may be negatively impacted by this reduction.

3. Oppose the continued reduction in IHSS services by limiting services to only the highest need and reducing IHSS worker wages (\$872.6 million General Fund savings). Some regional center consumers depend on IHSS to assist them in living on their own. If their IHSS is eliminated, they may have to move into a more restrictive and costly community care facility.

4. Oppose further reduction of SSI/SSP benefits (\$285.1 million General Fund savings). Regional center consumers who live independently rely on these benefits to pay their rent and buy food. These reductions would be a hardship for these individuals.

5. Oppose certain aspects of the Governor's "Contingency" trigger if federal government fails to provide \$6.9 billion in increased federal Medicaid match funds, ARRA funds, and other funding increases. These proposals will have a negative impact on regional center consumers:

a. Proposal to eliminate the entire IHSS program (\$495 million General Fund savings). Some regional center consumers depend on IHSS to assist them in living on their own. If their IHSS is eliminated, they may have to move into a more restrictive and costly community care facility.

b. Proposal to reduce Medi-Cal eligibility to minimum allowed under federal law and eliminate remaining optional benefits (\$532 million General Fund savings).

Approved by the ARCA Board of Directors January 22, 2010.