May 23, 2010

California Disability Services Association
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POSITION

TO: Members, Senate Budget & Fiscal Sub-Committee #3
Members, Assembly Budget Sub-Committee #1
c: Diane Van Maren, Consultant
Kirk Feeley, Consultant
Daisy Gonzalez, Consultant
Assembly Republican Consultant

RE: Alternative Proposal to save $25 million GF, Department of Developmental Services; (Item 4300)

FOR FURTHER INFORMATION, PLEASE CONTACT DWIGHT HANSEN, HANSEN & ASSOCIATES; (916) 798-0550; dhansen@hansenassociates.org.

The California Disability Services Association, representing more than 100 community-based organizations providing a wide range of services and supports to people with developmental disabilities throughout California, **OPPOSES** the DDS proposal for additional 1.25% payment reductions to direct services. Since October of 2008, rate and payment reductions have totaled more than $500 million in General Fund losses. In addition, several hundreds of millions of federal funding has also been lost.

Instead, we believe that the newly created "prevention program" designed to provide follow-along case management oversight to families deemed ineligible for actual purchase of early intervention programs (babies between the ages of 0 and 35 months) is dramatically overfunded.

We believe there is sufficient funding in this category to both meet the needs of families of these infants and eliminate the need for further payment reductions from services that have already been devastated by the previous cuts.

PREVENTION PROGRAM: The explanation for this is important. Last year's budget contained major cuts to early intervention services for babies 0-2 years of age. More than 17,000 families were made inelligible to receive services that have historically resulted in these at-risk children not needing ongoing services later in life.

The program was heavily general fund, therefore cuts to this area had a dramatic positive impact to the current year's bottom line. We are concerned that long-term impacts from otherwise unnecessary services into the future, however, will prove these cuts to be penny-wise and pound foolish.

But the problem is actually larger than just the cuts. These 17,000 at-risk infants would have had their services determined and coorindated by regional center case managers at a 45:1 ratio. The loss of 17,000 consumers would mean a need for over 370 fewer case managers. But that did not happen.

Instead, the Department created a new "prevention program". According to the description in the May Revision, "*The Prevention Program focuses primarily on providing intake, assessment, case management, and referral to generic agencies for eligible children birth through 35 months*". {Page C-4}.

Seven point two million ($7.2 million) is to come from Regional Center operations. The remaining $29.1 of the total $36.3 million is to be transferred from POS funds to, in essence, regional center operations budgets under a restricted use category.

There has been some misunderstanding about how the $36 million may be used. As described in the Department's May Budget Estimates, this is primarily an intake, assessment and case management function. Should a baby actually be determinded to qualify for regional center-funded programs, that will take place in an early intervention or other purchase category funded through the Purchase of Services side of the DDS budget. It would be highly unlikely that programs like Speech or Occupational Therapy or family counseling, etc would be payed for from Regional Center operations.

In essence, the budgeted level of funding for the prevention program would provide roughly $1,600 per baby that, once a child is determined to be inelgible to receive services paid for by DDS, will be referred elsewhere and phone calls will be made to check up on the family every 6 months.

Only about 3,000 familes have actually enrolled in the program – determining we believe that this service doesn't have as much value to them as previously thought. Using our earlier math of $1,600 per baby, the cost to serve 3,000 children would be approximately $4.8 million. Yet the May Revision contains the full $36 million.

Even if the population using this service were to double, the cost would remain below $10 million.

The overallocation of $26 million is sufficient to eliminate the need for further funding cuts to services. CDSA strongly recommends this alternative be adopted.

If you have any questions, please contact Dwight Hansen, Hansen & Associates, at (916) 798-0550 or dhansen@hansenassociates.org