



Budget Year 2007-2008 Public Policy Position Detail

The Arc of California April 2007

The Impact of the Minimum Wage Increase Does Not Consider All Factors

The administration, in preparation for the new California minimum wage, estimated that the impact for July 07 – June 08 will be an increase of \$71.4 million. While we commend the administration for preparing for the impact on entry-level direct care staff in community care facilities, day and work activity programs, respite care, and supported living services, we feel there are additional factors that need to be considered.

1. Some programs providing direct services were not include in the budget proposal but are similarly affected by the minimum wage increase to those listed in the budget act. We believe that additional analysis is needed to assure all the ramifications are accounted for. For example wage orders and especially those generally used by providers in our system require that all exempt workers be paid no less then double the double minimum wage. Before the increase in the minimum wage that minimum would have been \$13.50 which has gone up to \$15.00 per hour.

The Arc of California advocates for a more thorough analysis of the impact of the minimum wage on our developmental services system.

The Intermediate Care Facility – Developmental Disabilities Bundled Rate Proposal Has Potential to Undermine the Individual Program Plan

The Individual Program Plan (IPP) is to be the driving force of our system and the plan itself is the documentation of the state's commitment to each individual with a developmental disabilities. The IPP is developed during an Interdisciplinary Team (IDT) meeting and must be approached using a person-centered process. This means the IDT meeting must be focused on the individual unique needs of the person with a disability and they cannot be diverted away from the services and supports that best meet their needs because of the needs and preferences of other members of the consumer's IDT. We feel that if the implementation the Intermediate Care Facility – Developmental Disabilities Bundled Rate Proposal has the potential to seriously undermine the IPP.

The Arc of California advocates for the following standard which we believe is necessary to protect the IPP while accessing federal financial participation (FFP):

All service/support decisions must be determined through the ID Team process in a person-centered manner respecting choice

- Consumers must retain all due process rights*
- Affected day programs must be accountable only to the requirements of title 17 and the day program licensing requirements.*
- Regional center should provide all QA functions for the day program and transportation.*

De-Funding the Medicare Prescription Drug Support Program is Premature & Outcome Data is Not Available to Support Stopping the Program

Our members report consumers are still having difficulty in adjusting to the changes in Medicare Part D and our partners in the regional centers report that there is still a need to continue funding to help people with developmental disabilities in navigating this dramatic change in the way they receive their medications.

The Arc of California advocates for the legislature to continue the departments authority and funding until a full study of this issue is completed by the department showing that these funds are no longer needed to meet the health and safety issues related to the implementation of Medicare Part D.

Continuation of the 2003-2004 Cost Containment Actions

The administration has repeatedly acknowledged that these actions are having a terrible long term impact on our fragile developmental services infrastructure. Some community programs have closed while many others have applied for emergency relief due to health and safety reasons. The 3% Cost of Living Adjustment last year was desperately needed and very welcomed. However, this was a one time allocation which did not make the system whole for prior years nor allow for increase cost in future years. So as the cost of living continues to increase each year the system will quickly return back to being under funded making it impossible to recover from the irreparable damage caused by years of neglect.

The Arc of California urges you and your committee to rescind these cost containment measures as they are resulting in people remaining in or being placed in more restrictive and institutional settings which is in contrast to the state's commitment to the Supreme Court's Olmstead decision.

The Impact of Cost Containment Measures

Last session the administration asked to continue the "temporary" short term cost containment measures that have been put in place to save money and in the end most of these measures were approved. The Arc of California recognizes that the state has been in a serious economic struggle but its citizens with disabilities can barely make it these days with their crumbling service and support system infrastructure. As we will outline below these cost containment measures are having a long term debilitating effect on an already fragile community based service network.

The Arc of California advocates that the legislature discontinue these temporary short term cost containment measures

Continuing the Rate Freezes for Contracted Services, Day Programs, In-Home Respite, and habilitation services Contributes to the Long Term Instability of Our System

The continuation of the rate freezes on the community based service providers is perhaps the most threatening measure impacting the stability of the service system for people with developmental disabilities. Several nonprofit service agencies are currently close to insolvency and would close their doors if not for the fund raising efforts of their dedicated boards and local communities raising from 10 to 50% of their annual income. While rates have been frozen the cost of providing services continues to skyrocket making it impossible

for agencies to survive unless they continue to raise funds to subsidize the government's commitment to Californians with developmental disabilities and their families.

These rate freezes actually have the closest impact to people with disabilities because they have an immediate impact on our thousands of direct support professionals who our constituents depend on the most. These men and women who make up this workforce should be celebrated and honored and recognized for their contributions in supporting people with disabilities and the elderly but instead they work two and three jobs to make ends meet, many have to access public benefits for health, housing, and food, and there's no professional certification or licensure or a career ladder to offer our workforce. As outlined in the report, Briefing Report and Chartbook on Wage and Benefits Trends Affecting the Growing Crisis in Recruiting and Retaining the Direct Support Workforce, the wage increases for our workforce "are far below the trends of other comparable job categories and the national minimum wage. The "Personal & Home Care Aides" hourly wage increased only \$1.20 over a nine-year period versus \$2.79 and \$1.75 for "Public Direct Support Worker" and "Fast Food Workers" respectively. Over the nine year period, wages for Personal & Home Care Aide increased 16.88% while Minimum Wage increased 21.18%.¹" In California our minimum wage increased to a higher level than the national minimum wage while rates continued to be frozen thus decreasing the relative value of the wage even more. While the job can be personally rewarding and enriching the turnover rates are estimated between 40% and 70% which has a huge non-value added cost to the system.

The Arc of California implores the state to make the lifting of the rate freeze a top priority for the developmental services system.

The Service-Level Freezes in the Community Care System Jeopardizes the Stability of Consumer's Living Arrangements and Contributes to the Devaluing of Community Providers

The freezes in service levels have been in place for several years now and impacts people with developmental disabilities in two primary ways. First, when people with developmental disabilities needs increase residential providers usually continue to provide services at the same level but when all residents of a group home have higher need service levels are increased by rc. Secondly, the residential; service system is currently under siege and this freeze is continuing to make it worst.

Suspending the Non-Community Placement Plan Start-Up Funds Provisions Has Created a Local Community Infrastructure Unable to Meet the Changing Unmet Needs in their Communities

Over the past several years now the community of people with developmental disabilities and their families has changed in both the types of disabilities and the needs for support related to an individual's disability and preferences. For example the rising rate of Autism in California represents new challenges for the service and support system in the community requiring sometimes smaller settings or reduced stimulus environments and other specialized approaches. The suspension of start-up funding has prevented locally controlled regional centers from developing specific services and programs to meet unique community needs of people with developmental disabilities and their families. Nationally new approaches to

¹ *Briefing Report and Chartbook on Wage and Benefits Trends Affecting the Growing Crisis in Recruiting and Retaining the Direct Support Workforce, August 2005 Update. The report was prepared for the American Network of Community Options and Resources by BDO Seidman, LLP.*

servicing individuals are tried and many times found to be successful but without this funding our state is stuck providing services that may not meet the changing needs within each local regional center area.

The Arc of California advocates for lifting this restriction on start-up funding as it also results in increased barriers to achieving the goals of the California Olmstead Plan.

Not Passing through the SSI/SSP Increases to the Community Providers is Simply Mean Spirited and is a Reduction in Their Rate for Several Years;

One of the early cost saving measures was to not grant the SSI/SSP increases to people with developmental disabilities who live in licensed residential homes. Consumers in these living situations essentially pay a portion of the cost of their care through the use of their SSI/SSP and the regional centers pay the level rate. Instead of the provider receiving more money when the federal government increased consumers' SSI/SSP the state did not pass this through which represents a reduction in rate. The Broken Homes articles in the Bay Area speak to crisis in the residential services system and we believe this is one factor contributing to the ongoing destabilization of this service.

The Arc of California advocates for the legislature to allow the pass through of SSI/SSP funds to the community providers.

The Delay in Intake Causes Unnecessary Stress to Families and People with Disabilities and Should Revert Back to 60 Days Delay in Intake and Assessment (60 days to 120 days)

In the cost containment measure of delaying intakes and assessments we have a long term impact on people with disabilities that no longer saves money for the state. Savings associated with this initiative were realized in the year implemented but now only serve to delay potential developmental progress for children and adults with developmental disabilities. With every other new eligible intake in the regional center system diagnosing an individual with Autism, this delay can cause irreversible developmental delays if intervention is not begun immediately.

The Arc of California advocates for reverting the intake assessment back to the original 60 day requirement.

Changing the Eligibility Standards in 2003 Was a Mistake and Has Resulted in the Exclusion of Many More Times the Estimated Reduction in Caseload – Just Because We Don't See them in our DD System Doesn't Mean California Doesn't Pay to Support Them

During the 2003 legislative session the administration proposed a change to the definition of eligibility for services under the Lanterman Developmental Disabilities Act, which was aimed at complying more with the federal definition and would grandfather in current eligible individuals. This proposal passed in the legislature and was signed by the governor. The impact was estimated as minimal affecting only about four hundred individuals with high independent living skills. However, since that time our system has seen a marked decrease in the rate of caseload growth indicating decreases in almost all categories of developmental disabilities. Using the historic growth rate of 5% we believe this change has shut out tens of thousands of otherwise eligible people with disabilities from system. While the Department of

Developmental Services is currently investigating the cause of the dramatic changes The Arc of California believes there must be a direct link to changes in eligibility.

The Arc of California advocates for reverting back to the original eligibility determination criteria.

The January 1, 2005 Implementation of the Family Co-Pay for Respite Services is Causing Critical Needs to Go Unmet – This Sunsets on June 30, 2009; Instituting a Co-Pay for Parents and Families for Respite

After the 2004 session California began charging a share of cost co-pay for respite and related family support services. The Arc of California still believes this practice should end and that we should support families as intended in the Lanterman Act. We hear several anecdotal stories from parents who must go without support because of the initiative and we believe there are many others in communities throughout our culturally diverse state who see this measure as barrier to requesting this initial family support service.

The Arc of California advocates for immediately sunseting this policy and restoring full support to our families.

The Self-Directed Services Cannot Be Delayed Any Further and the State Plan for SDS Should Be Fixed to Allow Consumers to Choose from All Services and Should Not Include an Automatic 10% Reduction;

The Self-Directed Services model has been shown to be a highly effective and popular system method for supporting people with developmental disabilities and their families on a statewide and national level. While the California proposal to implement SDS statewide had two serious flaws, (1) a restriction limiting types of available for service choices and (2) most importantly an automatic 10% reduction in their allocation to support the IPP, we feel the SDS service should not be delayed any further and remedies should be taken to correct these easily correctable problems.

The Arc of California calls for stopping the delay of Self-Directed Services and to fix SDS to Allow Consumers to Choose from All Services and eliminate the 10% reduction.

The Rate Standardization Projects Should Not Interfere with a Consumer's Person-Centered Individuated Program Plan;

We are unaware of any community outreach with regard to the Rate Standardization Project. Since the rate system has a material affect on and in many cases controls the services and the quality of service available to consumers and families it is important that they are able to provide input to the report and inform it analysis before it is presented to the legislature by the department.

The Arc of California will advocate with the department to assure the participation of consumer and families prior to the issuance of the report.

The Arc of California Urges Attention on the Following Immediate Issues:

1. Please support the current attempts to improve the quality, stability, and professionalism of the workforce for all people who are supported or cared for at home in the community. The California Direct Support Professionals deserve access to the nationally accepted and recognized College of Direct Support.

2. Like other states, California is overly reliant on family caregivers and many adults with developmental disabilities are living at home with the parents are senior citizens. Support for family caregivers with less than 5% of the funding coming from the federal government. It is up to our state to support these families to allow people with developmental disabilities to continue living at home, if they like, as long as they can by way of supporting parents and siblings.

Thank you,

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