

STATE CAPITOL  
P.O. BOX 942849  
SACRAMENTO, CA 94249-0041  
(916) 319-2041  
FAX (916) 319-2141

DISTRICT OFFICE  
600 NORTH ROSEMEAD BLVD., SUITE 117  
PASADENA, CA 91107  
(626) 351-1917  
FAX (626) 351-6176

# Assembly California Legislature



**CHRIS R. HOLDEN**  
CHAIR: ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY  
ASSEMBLYMEMBER, FORTY-FIRST DISTRICT

**COMMITTEES**  
BUSINESS AND PROFESSIONS  
COMMUNICATIONS AND CONVEYANCE  
ENVIRONMENTAL SAFETY AND TOXIC  
MATERIALS  
JUDICIARY

**SELECT COMMITTEES**  
CHAIR: REGIONAL TRANSPORTATION  
SOLUTIONS  
2028 OLYMPIC AND PARALYMPIC GAMES  
ASIA/CALIFORNIA TRADE AND  
INVESTMENT PROMOTION  
ENVIRONMENTAL QUALITY IN THE INLAND  
EMPIRE  
HOUSING AFFORDABILITY FOR THE  
MIDDLE AND WORKING CLASS  
TECHNOLOGICAL ADVANCES

**BOARD MEMBER**  
SANTA MONICA MOUNTAINS  
CONSERVANCY BOARD

**CAUCUSES**  
CALIFORNIA LEGISLATIVE BLACK CAUCUS  
ENVIRONMENTAL CAUCUS  
INLAND EMPIRE

May 29, 2019

The Honorable Holly Mitchell, Chair  
Budget Conference Committee  
State Capitol, Room 5050  
Sacramento, CA 95814

The Honorable Phil Ting, Vice Chair  
Budget Conference Committee  
State Capitol, Room 6026  
Sacramento, CA 95814

## **RE: Developmental Services Funding in the 2019-20 FY Budget**

Dear Chairpersons,

First, I want to thank you both for your tremendous work on behalf of your constituents and by proxy, all Californians who benefit from your diligence and judicious development of the State Budget. As you enter the Conference Committee process, I respectfully request careful and serious consideration of two issues relating to services for Californians with intellectual and developmental disabilities: (1) fixing the "minimum wage quirk" that results in suppressed provider rates in municipalities with local minimum wage ordinances; and (2) the immediate need for at least an 8 percent across-the-board provider rate increase to ensure system stability as we contemplate broader rate reform and implement the recommendations of the recent rate study.

I have spent the past three years highlighting the need to allow providers operating under local minimum wage ordinances to partake of rate adjustments when the state minimum wage increases. Currently, these providers are unable to apply for rate adjustments, as they are already required to pay staff wages in excess of the state minimum wage, and adjustments are only available to providers paying direct service staff below the new state minimum wage threshold. This creates a disparity where providers in high cost areas are unable to seek relief that is available to providers in other areas in the state. The Senate Budget plan includes a proposal to address this "minimum wage quirk," with an expected annual cost of \$8 million GF. I respectfully ask that this item be advanced out of Conference Committee and be included in the final FY 2019-20 Budget.

**WEBSITE:** [Assembly.ca.gov/holden](http://Assembly.ca.gov/holden)

**EMAIL:** [Assemblymember.Holden@assembly.ca.gov](mailto:Assemblymember.Holden@assembly.ca.gov)

**SATELLITE OFFICE:** 415 WEST FOOTHILL BOULEVARD, SUITE 124 • CLAREMONT, CA 91711 • (909) 624-7876 • (909) 247-7894 • FAX (909) 626-2548



Printed on Recycled Paper

More broadly, the developmental disability system is in crisis, as chronically inadequate rates for services to this population threaten to undermine the core promise of the Lanterman Act. The recently completed rate study of the system indicates that services to this vulnerable population are underfunded by approximately \$1.2 billion GF, which has cascading effects on the clients, their families, and the direct support workforce who support them. This funding shortfall results in program closures, waiting lists for services, a workforce crisis, and lack of choice and access for Californians with developmental disabilities.

Senator Henry Stern, Assemblymember Jim Frazier, and I – along with over half the members of each respective house – support a budget request for an 8 percent across-the-board rate increase in provider reimbursement rates starting July 1, 2019, as a “down payment” on the rate study’s recommendations to address the crisis in community services, sufficiently stabilize the system, and provide a solid foundation on which to implement broader reforms.

I appreciate the actions taken by both the Senate Budget Committee and Assembly Budget Committee to address the need for provider rate investment in the 2019-20 Budget, though there is disagreement over the amount of funding available this year. I respectfully submit that to sufficiently stabilize the system, an 8 percent across-the-board increase is the minimum amount required, which carries the cost of approximately \$290 million GF. This appropriation would also yield nearly \$200 million in federal matching funds, providing an initial investment in the restoration of the system and illustrate our continued commitment that all Californians with I/DD will receive the services and supports necessary to live full, integrated lives.

I also want to register my strong support for the proposed trailer bill language in the Assembly Budget plan, which will require the Department of Developmental Services to deliver a final version of the rate study report and develop a plan for system wide rate reform in conjunction with the Governor’s 2020-21 budget proposal. This language is critically important to ensure that we develop a long-term plan to ensure the stability and vitality of services in coordination with the Administration and stakeholders.

These actions, along with the elimination of the recession era cuts that are supported by both the Assembly and the Senate Budget plans, would be a tremendous step towards restoring the promise of the Lanterman Act. I hope that we are able to look back at this point in history and recognize this Budget as the first step towards a thriving, fully funded service system for the 330,000 Californians with intellectual and developmental disabilities.

Thank you for your time and consideration of these important issues.

Sincerely,



CHRIS R. HOLDEN,  
State Assembly, District 41