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California homeless program is cut

Schwarzenegger kills a \$55-million initiative that helps the mentally ill, then signs the budget. Counties and cities can fund it, an aide says.

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SACRAMENTO -- Making good on a promise to trim the state budget, Gov. Arnold Schwarzenegger eliminated a \$55-million program Friday that advocates say has helped thousands of mentally ill homeless people break the costly cycle of hospitalization, jails and street life.

The program was one of many high-profile initiatives left in the ashes of the Legislature's bitter budget dispute, which stalled Sacramento for much of the last two months.

The impasse lifted Tuesday after Senate Republicans ended their blockade. They won few concessions, except a promise from the governor to veto \$700 million from the general fund in an effort to address the state's operating deficit.

Schwarzenegger delivered Friday, citing the state's need for a "prudent reserve," then signing the \$145.5-billion budget -- more than seven weeks past the state's July 1 deadline.

Among the cuts: \$1.3 million to track hospital efforts to eliminate infections, which kill more than 7,000 Californians a year; \$30 million for state parks; and \$6 million to compel drug manufacturers to discount medicines for lower-income people.

Schwarzenegger ordered state health officials to find more than \$6 million in other parts of the budget to keep the drug program alive, but the cuts will delay the website the state was going to set up to tell consumers which discounts were available.

He also struck a \$17.4-million plan to protect seniors.

The overhaul of the state's conservatorship system was approved last year after an investigation in The Times that detailed how a system intended to protect seniors was plagued with fraud and abuse.

At the time, top Schwarzenegger officials said the overhaul demonstrated his determination to protect the elderly. Assemblyman Dave Jones (D-Sacramento), who championed the reform

effort, said the money was "critical to preventing horrendous abuses of our most frail and vulnerable seniors."

None of the cuts elicited a more virulent outcry than the elimination of the program for the homeless mentally ill.

The program had been on the chopping block all summer. Advocates, including the architects of California's effort to overhaul its troubled mental health system, had staged a furious lobbying effort to stave off the cut.

But in justifying it, Department of Finance spokesman H.D. Palmer said local governments should step in instead. "We believe if these programs are a priority to counties, they have resources available to them to provide funding," he said.

Counties across the state, however, are facing the slow erosion of their traditional mental health budgets; state Sen. Darrell Steinberg (D-Sacramento), who created the just-eliminated program in 1999, called the cut "unconscionable."

He noted that despite the allegedly strapped conditions of the state, legislators managed to preserve a tax break for some purchasers of yachts, planes and recreational vehicles -- a measure that could cost the state as much as \$45 million.

"A \$45-million tax break for yacht owners stays in the budget," Steinberg said. "And a nationally recognized, incredibly effective program to end homelessness for those living with mental illness gets thrown under the bus."

The program served as the blueprint for Proposition 63, the 1% "millionaires' tax" established to overhaul the mental health system. It is known as Integrated Services for Homeless Adults with Serious Mental Illness or "AB 2034," after the bill that created it.

Built to expand services beyond traditional outpatient care, the program incorporates job training, housing assistance, even, at times, grocery-buying skills and dental care. Schwarzenegger praised the program three years ago for creating "significant savings at the local level."

It has served 13,000 people since November 1999. There are about 4,700 participants today. Among those enrolled as of January, there were 81% fewer days of incarceration, 65% fewer days of psychiatric hospitalization and 76% fewer days of homelessness compared with their pre-enrollment days.

Rusty Selix, executive director of the California Council of Community Mental Health Agencies -- like Steinberg, a Proposition 63 coauthor -- said the cost of incarceration can be six times higher than the cost of enrolling someone in the mental health program.

"Rehabilitation costs money. But it's worth it," said Adrienne Sheff, director of adult services at the San Fernando Valley Community Mental Health Center in Van Nuys. Los Angeles County

receives nearly a third of the state funds through AB 2034 and serves 1,700 people.

"Clients getting jobs and housing -- I would rather see that for my tax dollar than I would want to see them roaming the streets," she said. "Once you harness their survivor skills, we have found that we can do wonders."

Several lawmakers at the center of the budget dispute did not return phone calls or could not be reached. They included Senate Republican Leader Dick Ackerman of Irvine -- a yacht owner who pushed to ease the tax burden on owners of yachts, planes and RVs.

An Ackerman spokesman said the senator was unavailable. In a statement, Ackerman said California was still facing a large budget deficit next year. The state, he said, must "start addressing next year's problem today."

Advocates have pledged to sue the state over the cut to the mental health program.

The voter-approved Proposition 63 forbade the state from dropping below its 2004 funding commitments to mental health. That provision was intended to prevent the state from cutting with one hand while funding with the other -- a pattern that would neutralize an effort that advocates hope will mark a landmark turn in mental health.

A lawsuit probably would say the state violated that measure by slashing the program.

Proposition 63 also bars counties from using the new money to backfill old programs, meaning they can't respond to the cut by using Proposition 63 money instead. Yet in pushing for the cut, the administration has suggested that Proposition 63 -- which is generating hundreds of millions of dollars -- could cushion the blow. Palmer, the Department of Finance spokesman, said Friday that counties could use many funding sources, including Proposition 63, to provide similar services.

County mental health directors have contended that such a move would place them in violation of the ballot measure.

Department of Finance Director Mike Genest denied that the administration was trying to use Proposition 63 to fund existing programs. "The primary reason for doing this is to save money," he said.

If the cut lands the state in court, the battle could take years. Across the state, those who used to be homeless are already feeling the pinch.

Paul Culp, 46, a college graduate overwhelmed by untreated bipolar disorder, was living under a Tehama County bridge when he was enrolled in the homeless mentally ill program. Two years later, he has been reunited with his children and is supporting himself.

"This program saved me from dying," he said. "I had that to fall back on and now I don't. Things seem to be going well, but it just takes one crisis to change that."

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