

## **Gov. seeks to cut mental services for homeless**

**Schwarzenegger says ending the acclaimed program would save \$55 million annually toward \$3-billion budget gap.**

By Lee Romney and Scott Gold, Times Staff Writers  
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A nationally lauded program that has helped thousands of mentally ill homeless men and women break the cycle of psychiatric hospitalization, jail time and street life is now on Gov. Arnold Schwarzenegger's list of budget cuts.

The governor has proposed eliminating Integrated Services for Homeless Adults With Serious Mental Illness, which receives \$55 million annually, as part of his attempt to close a budget gap estimated at more than \$3 billion.

Mental health advocates, clients and concerned legislators are lobbying fiercely to save the program, which served as the blueprint for California's ongoing efforts to radically retool the state's mental health system.

They have pledged to sue the administration if they fail, contending that the cut would violate the 2004 voter-approved Proposition 63, which aimed to remake the state's mental health system in the image of the homeless program's "whatever it takes" style of treatment, and prohibits the state from reducing mental health funding below its commitment at the time the measure passed.

Proposition 63 channels funds from a 1% income tax on Californians earning more than \$1 million a year to mental health care and will ultimately bring billions of dollars into a starved system. But advocates fear that the gains will be neutralized if successful existing programs are cut with the other hand.

"If we don't succeed" in stopping the cut, "it sends a signal to the state government and county governments that they can do similar things," said state Sen. Darrell Steinberg (D-Sacramento), an author of the legislation that created the homeless program and Proposition 63.

If the program is eliminated in the coming days or weeks, as many as 4,700 men and women could face a return to homelessness, advocates say.

The proposed cut comes three years after Schwarzenegger praised the program in his budget for creating "significant savings at the local level." In the eight years since it was instituted, it has substantially reduced costly hospitalization and jail time for participants, while increasing the number of days they are able to work.

Among them are people like Karen Balsamico. For most of a decade, Balsamico bounced around the streets, homeless shelters and hospitals of San Rafael and San Francisco, tormented by schizophrenia and weakened by heart disease and diabetes.

In 2001, a caseworker plucked the quiet woman from a psychiatric emergency room and enrolled her in a state-funded program that is so successful it has been held up as a national model.

Today, Balsamico, 57, rents her own apartment and works at a food pantry. She has a caseworker, peer counselors and a web of other medical and psychiatric workers available to her at any time for emotional support, medication adjustments — or just about anything else.

"This program has given me confidence and stability," Balsamico said recently. Without it, "I'm afraid I could get lost in the crowd again."

In a form letter response to those who have flooded Schwarzenegger's office with pleas to save the program, the governor justified his proposed cut, saying that the homeless mentally ill program "was one of the few voluntary or non-mandated programs available for consideration for reduction."

Department of Finance spokesman H.D. Palmer said the governor has not made a final decision on eliminating the funding.

But Steinberg said he is hopeful that Democrats will refuse to approve a budget unless the funding is restored.

Proposition 63 included language that prohibited the state from cutting existing "funding levels for mental health services below current levels" as the new money poured in. It also forbade counties to use millionaire tax funds for existing programs.

The governor's office argues that halting the money for the homeless mentally ill program would not violate Proposition 63 because the state's overall dollar commitment to mental health programs has not decreased from 2004 levels. The state was required by the federal government to increase funding for a children's mental health Medi-Cal program in response to growing caseloads.

State officials have suggested that counties could "cushion the blow" of the cut — not by illegally restoring funds to the homeless mentally ill program with Proposition 63 money, but by using it to create comparable programs.

But Proposition 63 money can only be spent after lengthy community input, and current funds are already committed elsewhere. Advocates fear that any new program would come too late.

"You're dis-enrolling some people while reaching out to others," said Marin County mental health Director Bruce Gurganus, whose county would lose \$1.4 million if the state program ended, leaving Balsamico and others in limbo and nearly wiping out gains from the \$1.8 million in Proposition 63 funds Marin County has received in the last year. "Does that make any sense?"

The program at stake was created as a \$10-million pilot project in 1999, enrolling 1,000 people in Los Angeles, Stanislaus and Sacramento counties. It achieved almost immediate successes. Within six months, participants had registered a 75% reduction in hospitalization and significant declines in time spent on the street or in jail.

The Legislature expanded funding to \$55 million for 34 counties. Proposition 63 was the next step.

The philosophy was simple: Services had previously been rigidly targeted to addressing one component of a client's problems — mental illness, for example, or addiction or housing. But many severely mentally ill people needed coordinated help that addressed a host of problems.

The new funds allowed counties to treat the whole person, starting with the notion that stable housing is key to wellness. Substance abuse, chronic medical conditions, job training and education — all are managed along with psychiatric needs in a centralized way, tailored to each individual.

The program changed everything for Daniel Peters, who bottomed out after moving to Los Angeles from Boston in 2001. Struggling with psychosis and rage, broke and on the run from creditors, he became homeless.

With medication and intensive guidance, he is now stable, on disability and in his own apartment. But he worries about the proposed cuts.

"The first thing that would happen is that people would go right back to using" drugs and alcohol, he said. "Second, people would land right back in prison. And then, the last thing — people will die. I'm just telling you the truth. People will have no place to turn."

Marvin J. Southard, mental health director of Los Angeles County — which receives nearly a third of the state funds and serves 1,700 people — called the program "stunningly effective" and said he'll search for a way to compensate if it is cut. But that effort would come in the midst of a financial crisis that already has the department curtailing services elsewhere.

Jim Preis, executive director of Mental Health Advocacy Services, a public interest law firm serving Los Angeles County, said that in the end, "clients are going to get much less than they are getting."

Most smaller counties have already frozen new admissions and are scrambling to wean existing participants off housing subsidies. Tehama County, in Northern California, last year received \$733,000 in state funding for its program — more than its \$709,000 allotment of Proposition 63 funds, mental health Director Ann Houghtby said. Of the 54 men and women in her program, 23 will lose their housing if the cuts go through.

The county's Proposition 63 money is already earmarked to provide help to youth and the elderly. And even if a homeless program is eventually created with the new tax, by law parolees are excluded from any Proposition 63 services.

That has left people like Larry Chaney staring into a void. Beaten by his stepfather and abandoned by his father, Chaney began drinking and using methamphetamine as a child.

It wasn't until a recent prison stint, after years of burglaries and other legal run-ins, that Chaney was diagnosed with bipolar disorder and attention-deficit hyperactivity disorder.

He now has a room in a five-bedroom home rented by the program. Stabilized on psychiatric medication, he said, his urge for street drugs all but vanished.

"All I knew was how to do drugs and criminal activity," said Chaney, 43, who received help applying for disability and is reestablishing ties with his 7-year-old. "The program here, it just teaches you to live life on life's terms."

Soon, Chaney could find himself with no housing (there is no homeless shelter in Tehama County) and no money (his disability has not yet come through). If he falters and fails to check in with the parole clinic, he will be in violation of his parole, subject to being sent back to prison.

Chaney said: "I'm scared. I really am scared. I know how to live that other lifestyle, but I don't want to go back to it."

#### Results of AB 2034

The program for homeless mentally ill adults has served more than 13,000 men and women since November 1999. As of Jan. 31, the program had 4,444 participants. They showed marked improvement in several areas over their pre-enrollment days, according to the organization that evaluates the program for the state. Program participants had:

**81% fewer days of incarceration.**

**65%** fewer days of psychiatric hospitalization.

**76%** fewer days of homelessness.

**162%** more days of employment.

**Source: National Mental Health Assn. of Greater Los Angeles**