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The budget ax

If the state cuts and shifts mental-health funds, the governor may be breaking the law

By [Ralph Brave](#)

**Legislators are wrestling** with a critical question emerging from this year's state budget: is it possible to supplant something without supplanting it? Thousands of lives, including several hundred in Sacramento County, hang in the balance.

To supplant, or replace, the funding of one existing mental-health program with money from a pool known as "Proposition 63 revenues" is against California law. But Governor Arnold Schwarzenegger seems to be urging Sacramento and other counties to do just that in order to cope with his proposed \$55 million budget cut, which axes a program helping the homeless mentally ill get their lives stabilized and back on track. And even if counties follow the governor's advice and skirt the law, his proposed cut already has disrupted the successful program and the lives of those who need it.



Mildred Littlejohn urges the state Legislature not to cut mental-health funding that housed her while she struggled with schizophrenia. SN&R Photo By Larry Dalton

Mildred Littlejohn had a fine career as a supervisory technical order custodian in the Air Force when, in her early 20s, she experienced the onset of paranoid schizophrenia. As the symptoms increased, she received an honorable discharge but had nowhere to go. "You see the people out there on the streets listening to voices, talking to imaginary people--that was me," says Littlejohn. After 12 years on the streets all across the country, she landed in a Sacramento hospital lockup.

That's when someone from Turning Point Community Programs showed up to help. With funding for a pilot program based on a "housing first" approach, Turning Point sought to stabilize people like Littlejohn by first helping them secure a place to live. With further support and services, these people could then obtain the right medications and treatment, find employment and otherwise make decisions moving them toward independent living.

The program was successful for Littlejohn, who has been off the streets for four years now. She says without hesitation, "I really have a normal, stable life." Indeed the pilot program showed such tremendous gains that, in 2003, it was enacted into state law by then-Assembly member and now state Senator Darrell Steinberg. Known after the original Assembly Bill number, "2034 funds" have been a feature of the budget since.

Sacramento County received \$4.7 million for the program this year, serving 300 formerly homeless mentally ill clients. County mental-health program director Ann Edwards-Buckley has data demonstrating the effectiveness of the program: a 94 percent reduction in the number of psychiatric hospitalizations, a 58 percent reduction in

the number of incarcerations. Those hospitalized or incarcerated spend 70 percent to 95 percent fewer days institutionalized.

“We recognize that this has been an effective program and serves a vulnerable population,” says Kirsten Deichert, public information officer for the state Department of Mental Health. But, she says, the program’s budget is being “considered for reduction to fill the gap due to the state’s budget deficit.”

To compensate for the program’s loss, the state mental-health department recommends that counties use Proposition 63 funds--money available from an initiative passed three years ago that places a tax on the state’s millionaires for mental-health programs. But Proposition 63’s authors were wary that the state would try to leverage these new funds to strip existing programs. So Proposition 63 specifically states--and this leads to the “supplant” question--“These funds shall not be used to supplant existing state or county funds utilized to provide mental-health services.”

Aware of this obstacle, DMH spokeswoman Deichert doesn’t believe the state’s approach equals supplantation. She says counties can legally use Proposition 63 funds to help their clients through other programs providing similar services.

Steinberg’s not convinced. “This is supplantation,” he asserts, “and would be a horrible precedent.” Sacramento County’s mental-health director Edwards-Buckley agrees. “I think Steinberg’s right. I don’t believe it’s allowable under the law.”

There are other problems with this approach. “Our allocation of Prop. 63 funds for this year and next have already been made to other programs,” Edwards-Buckley says. Furthermore, any application for Prop. 63 funds requires a planning process lasting at least six months.

If the budget cut goes through, what does the state expect Sacramento County to tell the 300 affected clients on July 1, 2007? “I don’t know,” says Deichert. “What happens will be a county by county decision.”

Sacramento is scrambling for a backup plan, though there are no flexible funds available. While Edwards-Buckley feels confident that about a third of these clients will preserve their homes, she also has no doubt that “some clients will lose their homes and their services.” Preparing for the worst, the county already has stopped accepting new homeless clients.

Steinberg has been leading efforts to restore the program funding. Last week, he successfully convinced a Senate committee, but budget negotiations and a possible veto from the governor lie ahead. Asked whether he can offer an alternative \$55 million budget cut to deal with the state deficit, Steinberg suggests further debt deferral when it comes to this program. “The governor is paying off early a lot of debt,” Steinberg explains. “On the face of it, that’s not a bad idea--but not if it means cutting a program that has proven successful.”

Last week, Littlejohn joined with others to walk the halls of the Legislature and serve as a witness to the success and significance of the threatened program. “I spoke the truth,” she says of her encounters with legislators and their staffs. “It may have altered what they thought. I hope it did.”