



Office of the City Manager

CONSENT CALENDAR  
March 20, 2007

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted By: Fred Medrano, Health and Human Services

Subject: Support Efforts to Maintain AB 2034 Funding

### RECOMMENDATION

Adopt a Resolution supporting efforts to maintain AB 2034 funding and provide a copy of the resolution to state elected officials, local jurisdictions, and other stakeholders.

### FISCAL IMPACTS OF RECOMMENDATION

Elimination of the \$955,000 in AB 2034 funding that Berkeley Mental Health (BMH) receives annually would result in the discontinuation of intensive mental health services for 102 adults with severe mental illness and histories of homelessness or at risk of homelessness.

### CURRENT SITUATION AND ITS EFFECTS

The Governor's FY 2007-08 Proposed Budget eliminates the Integrated Services for Homeless Adults with Serious Mental Illness Program (AB 2034) stating that similar services are available to individuals under the Mental Health Services Act (MHSA).

Elimination of the AB 2034 Program discontinues intensive mental health services for 102 adults with severe mental illness and histories of homelessness. Berkeley's AB 2034 contract with the State Department of Mental Health requires a minimum of 95 enrollees. BMH has historically over-enrolled in AB 2034 due to the high number of homeless people with mental illness in our community. A recent study determined there are 575 long-term or chronically homeless adults with disabilities in Berkeley. The majority of these individuals have histories of severe mental illness. Since the program's inception in 2001, Berkeley's AB 2034 program has served about 250 individuals.

Berkeley is at risk of losing over \$1.2 million or nearly 15% of the Mental Health Division budget through elimination of the AB 2034 Program. Berkeley receives \$955,000 annually in State AB 2034 funding and leverages an additional \$250,000 in federal Medi-Cal reimbursements for services provided to program clients.

### BACKGROUND

Funded by state general funds (SGF), the AB 2034 program provides the flexibility required to effectively address the needs of individual enrollees that is unmatched in any other program,

including the MHSA. AB 2034 funding is used for a wide range of necessities, including temporary hotel stays, direct housing subsidies, clean and sober living homes, groceries, meals, and clothing. By contrast, the MHSA at Welfare and Institutions Code section 5891 specifically contains non-supplantation and maintenance of effort requirements, and restricts use of MHSA funds to those programs authorized in the MHSA. Thus, it is not permissible to de-fund AB 2034 and substitute MHSA funding for the program. If the State discontinued the AB 2034 program, it would cease to exist.

Due to nearly flat Realignment growth over the past several years and a steady reduction in City of Berkeley General Fund allocations, AB 2034 flexible funding cannot be shifted to other sources. The Governor's budget eliminates these funds, erasing significant gains Berkeley and counties across California have made in providing housing and comprehensive services to the highest risk people with mental illnesses in our community.

RATIONALE FOR RECOMMENDATION

AB 2034 has dramatically increased the Mental Health Division's ability to partner with community-based organizations to provide housing and multiple services, as well as to leverage new sources of support for this population. Elimination of the AB 2034 program would have ripple effects throughout these other programs.

ALTERNATIVE ACTIONS CONSIDERED

No alternative action is considered.

CONTACT PERSON

Fred Medrano, Director of Health and Human Services, 981-5100

Attachments:

- 1: Resolution
- 2: AB 2034 Program Impact Statement

RESOLUTION NO. ##,###-N.S.

SUPPORT EFFORTS TO MAINTAIN AB 2034 FUNDING

WHEREAS, the Governor's Proposed Budget eliminates the Integrated Services for Homeless Adults with Serious Mental Illness Program (AB 2034) stating that similar services are available to individuals, under the mental Health Services Act (MHSA); and

WHEREAS, AB 2034 programs cannot be funded through the MHSA because it specifically contains non-supplantation and maintenance of effort requirements and restricts the use of MHSA funds to those programs specifically authorized in the MHSA; and

WHEREAS, AB 2034 funding is used for a wide range of necessities, including temporary hotel stays, direct housing subsidies, clean and sober living homes, groceries, meals, and clothing; and

WHEREAS, elimination of the \$955,000 in AB 2034 funding that Berkeley Mental Health (BMH) receives annually would result in the discontinuation of intensive mental health services for 102 adults with severe mental illness and histories of homelessness or at risk of homelessness; and

WHEREAS, AB 2034 has dramatically increased the Mental Health Division's ability to partner with community-based organizations to provide housing and multiple services, as well as to leverage new sources of support for this population.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley hereby supports efforts to maintain funding of the Integrated Services for Homeless Adults with Serious Mental Illness Program (AB 2034).

BE IT FURTHER RESOLVED, that a copy of this resolution be provided to state elected officials, local jurisdictions, and other stakeholders.

**City of Berkeley Health and Human Services Department  
Mental Health Division**

**AB 2034 Program Impact Statement**

Elimination of the \$955,000 in AB 2034 funding that Berkeley Mental Health (BMH) receives annually would result in the discontinuation of intensive mental health services for 102 adults with severe mental illness and histories of homelessness or at risk of homelessness.

AB 2034 program participants often have long histories of homelessness and incarceration, but have substantially stabilized with the services and housing supports provided by AB 2034:

- Of the 104 participants enrolled as of June 2006, nearly all (98 people) were homeless during the 12 months prior to enrollment, and 41 (39%) were incarcerated in the 12 months prior to enrollment in the program.
- As of June 2006, when comparing the 12 months prior to enrollment with the most recent 12 month period, homelessness has been eliminated for at least 68 participants, days incarcerated were down by 63%, and days in psychiatric hospitalization were down by 60%.

Eliminating AB 2034 and paying for programs with MHSA funding is illegal given the “non-supplantation” and “maintenance of effort” provisions of the MHSA. In addition to being illegal, it is not feasible:

- The AB 2034 program provides the flexibility required to effectively address the needs of individual enrollees that is unmatched in any other program. BMH plans to administer \$311,000 in client assistance this year, for temporary hotel stays, residential alcohol and drug programs, food, clothing, furniture, and other client needs.
- Berkeley’s AB2034 grant (\$955,000) is equivalent to 74% of Berkeley’s MHSA Community Services and Supports (CSS) funding allocation (\$1,282,240) and about 15% of Berkeley Mental Health’s overall budget; it cannot simply be absorbed.
- Distributing an amount equal to the current AB 2034 budget (\$55 million) along the MHSA formula would leave BMH with more than a \$700,000 shortfall compared to present funding

AB 2034 has dramatically increased BMH’s capacity to partner with community-based organizations and its elimination would have ripple effects through other programs:

- **The Berkeley Food and Housing Project’s Russell Street Residence, permanent supportive housing for 21 people, relies on AB 2034 services; these services also leverage a \$250,000 annual HUD grant for the program.**
- **Bonita House’s Temescal Apartments, permanent supportive housing for 3 BMH clients, would lose both services and capacity to meet the services match required by HUD for Shelter Plus Care.**
- **AB 2034 services help make the services match required by HUD for an additional 85 Shelter Plus Care certificates.**
- **AB 2034 funding supports a contract with Rubicon Programs, a nationally recognized social entrepreneurship program, for vocational services.**

- **These cuts are being contemplated just as the countywide plan to end homelessness that BMH co-sponsored has begun implementation.**

In addition to these HUD subsidies, AB 2034 leverages other federal resources, including:

- \$250,000 annually in Medi-Cal reimbursements
- \$525,000 annually in client SSI income, as a result of a 250% increase in SSI enrollment.

