



LOS ANGELES COUNTY COMMISSION ON HIV

STATE
BUDGET CUTS
BRIEF #7
Update: August 8, 2009

California Governor Slashes HIV/AIDS Funding

On July 28th, Governor Schwarzenegger shocked the HIV/AIDS community when he used his veto authority to cut \$59.1 million in State funds to HIV/AIDS programs. The Governor's line-item reductions were made in addition to HIV/AIDS program cuts already included in the budget package approved by the Legislature. In all, the 2009/2010 California Office of AIDS (OA) general fund budget was reduced by approximately \$82 million. While there are still many unanswered questions regarding how these cuts will translate to direct programs, it is clear that a budget reduction this severe will dismantle the effective and responsive system of HIV/AIDS care, prevention and treatment services upon which thousands of Californians rely.

What Happened?

Earlier the prior week, Legislative leaders and the Governor agreed on a compromise budget that would have made moderate cuts to HIV/AIDS programs. On Friday, July 24, 2009, however, the Assembly failed to approve two revenue-producing bills that had been key to the agreement. The legislature's failure to approve those measures left a \$1.1 billion gap in the current budget. The Governor responded that he had to make additional line-item vetoes cutting program spending in order to balance the budget proposal that the Legislature had sent him. Those programs included almost all of the State general funding for HIV/AIDS prevention, care and treatment programs administered by OA.

What Program Funding Was Eliminated?

AIDS Drug Assistance Program:

AIDS Drug Assistance Program (ADAP) provides prescription medications to people with incomes less than \$50,000 annually.

2009/2010 Budget: ADAP fully funded. No net cuts to ADAP coverage or eligibility. While the Governor cut approximately \$25 million from ADAP, it was replaced by funds from the ADAP Special Rebate Reserve Fund.

Therapeutic Monitoring Program:

The Therapeutic Monitoring Program (TMP) provides laboratory test vouchers (e.g., genotype, phenotype and viral load) state-wide that providers use to monitor which medications and treatment plans will be the most effective for individual patients.

2009/2010 State Budget: Elimination of all general fund support (\$8.0 million) for TMP.

Home and Community Based Care:

These programs [Case Management Program (CMP) and the HIV/AIDS Medi-Cal Waiver program] provide in-home case management and support services to severely ill patients with HIV/AIDS. These services are provided as cost-effective alternatives to skilled nursing home placements, many of which are not equipped to handle HIV patients anyway.

2009/2010 State Budget: Elimination of all general fund support (\$6.3 million) for home and community based care.

Epidemiologic Studies/Surveillance:

OA coordinates core statewide HIV/AIDS surveillance. These funds are used to conduct general surveillance operations at the state and local levels, and for limited epidemiologic studies to supplement the surveillance information. Surveillance is critical to understanding the HIV epidemic. Federal Ryan White funds for both local areas and the State are awarded based on the number of HIV/AIDS cases identified through surveillance activities.

2009/2010 State Budget: \$1 million reduction, representing a 12% reduction in general fund support for these programs. The reduction was intended to eliminate special studies and other activities unrelated to core surveillance. OA has confirmed that core surveillance activities will not be affected and surveillance funding will not be redistributed.

HIV Counseling and Testing:

OA distributes resources to local health jurisdictions for HIV/AIDS screening, testing and counseling services.

2009/2010 State Budget: Elimination of all general fund support (\$8.2 million) for testing and counseling services.

Education and Prevention:

OA funds education and prevention programs including risk reduction, social marketing and other HIV prevention activities in local health jurisdictions.

2009/2010 State Budget: Elimination of all general fund support (\$24.6 million) for education and prevention services.

Early Intervention Programs (EIPs):

EIPs are comprehensive HIV-specific ambulatory medical programs to enroll patients and provide them with care, treatment, support, and referral services. In many local health jurisdictions, State-funded EIPs represent the only low-cost or public HIV-specific medical care in the region.

2009/2010 Budget: Elimination of all general fund support (\$7.4 million) for EIPs.

Housing Services:

OA's housing programs help coordinate local housing and referral systems.

2009/2010 State Budget: Elimination of all general fund support (\$1.0 million) for housing services.

Following is a chart that shows where cuts were made to State Office of AIDS (OA) programs in the FY 2009-2010 State budget, and where there are remaining funds left.

State Budget Cuts FY 2009-2010 (in millions)	FY 2008-2009 (Est.) State General Funds Expended	FY 2009-2010 State General Funds in Final Budget	FY 2009-2010 Federal Funds Remaining ¹
OA Administration:	\$ 6,599	\$ 3,643	\$ 14,870
OA Programs:			
AIDS Drug Assistance (ADAP) ^{2,3}	\$ 96,349	\$ 70,849	\$ 92,927
Therapeutic Monitoring (TMP)	8,000	0	0
Home/Community Based Care	6,327	0	5,426
Epi Studies/Surveillance	8,651	7,651	1,578
HIV Counseling & Testing	8,225	0	2,534
Education & Prevention	24,628	0	6,416
Early Intervention (EIP)	7,433	0	6,983
Housing Services	1,093	0	3,540
CARE/HIPP ⁴	0	0	1,700
Part B Consortia Grants ⁴	0	0	15,339
Planning/Technical Assistance	0	0	2,881

¹ While federal funds for California's HIV/AIDS services are not currently at risk, local jurisdictions might be harmed if OA decides to re-allocate its federal funding differently or if certain areas are held harmless (described in the following text).

² While there was a \$25,000,000+ cut to from State General Funds to ADAP, it was replaced by funding from Special Rebate Reserve Fund.

³ Special Rebate funding for ADAP is not shown in this chart.

⁴ CARE/HIPP and the Part B Consortia Grants were not affected by State budget cuts because they are fully federally funded. However, local jurisdictions could still be affected if OA re-allocates or re-distributes the federal funds.

What's the Impact?

California:

Statewide, these cuts are devastating and threaten to dismantle an entire safety net of care and treatment services for our State's most vulnerable and disenfranchised residents with HIV/AIDS. The State's public health response to prevent and slow the spread of HIV has been decimated and will lead to more HIV cases and further cost burdens on the State's and local health systems.

Total elimination of programs also destroys an effective service infrastructure built over many years that helps facilitate comprehensive service delivery at both the State and local levels. Even if funds for HIV services are restored after California recovers from its economic collapse, investment in rebuilding that infrastructure will be more costly, time-consuming and less cost-efficient.

For numerous health jurisdictions throughout the State that do not have any additional resources for HIV/AIDS services, State funds are the only HIV/AIDS resources they receive. Cuts to these health jurisdictions could eliminate all HIV specialty prevention, care and treatment services (e.g., medical clinics specifically for people with HIV), or could leave service delivery at such low levels that it would be rendered completely ineffective.

Though the circumstances for those areas are dire, the funding scenario for LA County may even be in worse shape.

Los Angeles County:

For health jurisdictions, such as Los Angeles County and San Francisco, that are more heavily burdened by HIV/AIDS, State general funds have represented cornerstone resources in the "patchwork" system of HIV prevention, care and treatment responses. The absence of the general funds threatens to unravel complex service delivery linkages and networks—along with wholesale elimination

of some services—leaving significant gaps in effective service delivery that cannot be filled by additional local or federal resources.

While HIV/AIDS stakeholders around the State are waiting for OA to announce its plans detailing how it will be implementing the budget cuts, LA County officials estimate that, at a minimum, the cuts will result in the loss of close to \$15 million in prevention, care and treatment services. All of LA County's HIV prevention organizations and County-contracted HIV medical clinics will experience serious budget, and possibly, service reductions, along with numerous other human and social service organizations that provide services to patients/clients with HIV/AIDS.

What Happens Next?

Implementation:

The direct impact of the cuts will not be fully known until OA's implementation plan has been finalized. Until then, there is significant concern that OA intends to penalize LA County and other local jurisdictions in the State that receive direct federal funding for HIV services. Reasoning that those areas receiving direct grants have more resources and do not need additional State resources, OA is considering re-directing remaining the balance of its funding (which it gets from the federal government) away from LA and the other more heavily burdened counties.

On the surface, some may believe there is justification for these decisions. However, when resources are limited for HIV/AIDS services, funds should be allocated to the areas impacted most and with the greatest HIV burden—which is why those jurisdictions receive additional, supplementary federal funds. Even with additional federal funding, for example, LA County only spends 71¢ per person (risk-adjusted) for HIV prevention services, com-

pared to the risk-adjusted per capita expenditure of \$3.97 for the rest of California's counties. Redirecting the remaining, federally-funded State HIV resources away from LA County would reduce per capita expenditures in LA County by over 50%.

LA County's Office of AIDS Programs and Policy (OAPP) and Commission on HIV are struggling with determining how to make such significant budget reductions with as little disruption to patient/client services as possible. Collaboratively, the two County entities are developing plans that—barring any unforeseen circumstances—will begin to be implemented by the end of August. Similarly, AIDS service organizations are modifying their programs to accommodate budget/contract cuts expected to be announced shortly.

Opposition:

HIV/AIDS organizations and stakeholders throughout the State have called for the Governor to restore the funding he cut from the Office of AIDS, but it is an uphill battle now that the budget has been passed.

The State Legislature could override the Governor's budget vetoes with a two-thirds vote, but it is unlikely given that the Governor's party will not support such a vote. Other legislators have discussing the possibility of the Assembly returning and approving the measure that created the budget gap after the original budget deal. Legislative Democratic leaders are pursuing other remedies by legally challenging the Governor's authority to veto items in a budget amendment bill.

Although federal agencies in Washington DC have expressed concern and alarm about California's budget woes and their impact on health and human services, few solutions have been offered. As California—as the world's eighth largest economy—may be overcome by its fiscal challenges, the Administration and California's Congressional representatives have declined to propose strategies

for federal assistance or aid. And while numerous commercial interests have benefitted from hundreds of billions of dollars in direct federal grants and loans—all based on the theory that “they're too big to fail”—states facing almost insurmountable budget problems, like California, have received little or no federal assistance and/or attention.

The Future/Next Year:

In spite of the bad news this year, even more sobering challenges loom in next year's State budget. Given that next year's budget is already projected for a \$7 - \$8 billion deficit in FY 2010-2011, even with the current cuts, HIV/AIDS services may face even worse conditions then. With State general funding removed from all but the AIDS Drug Assistance Program (ADAP) and surveillance, the Governor and Legislature may turn to those programs for further cuts. Discussions earlier this year included reducing eligibility and available medications on ADAP's formulary—changes that may be raised next year in the State's bleak financial scenario. **We must begin preparing now to stop further cuts in forthcoming months.**

How Can We Get Involved?

As Californians impacted by HIV/AIDS and on the front lines of HIV/AIDS services and delivery, your voices are the most important to these issues. Decision-makers need to hear from you and be held accountable by you. It is the Commission's role to provide you with the best information and to mobilize you to register your thoughts and concerns with our leaders. Following are ways to help:

- ① Join the protest vigil and march on Tuesday, August 11, 2009 in downtown LA to demand restoration of HIV/AIDS funding and stop further cuts to vital HIV/AIDS programs. The candlelight vigil will begin at 7:00 pm in Pershing Square. For more information, visit www.stoptheHIVcuts.com.

POLICY BRIEF

- ② Contact (e-mail, call, fax and/or write) Dr. Mark Horton, Director, California's Department of Public Health at www.cdph.ca.gov/services/contact/Pages/default.aspx or 916.558.1700 to let him know that OA options to divert State funding away from the most impacted counties are unacceptable.
- ③ Contact (e-mail, call, fax and/or write) your State (Assembly and Senate) representatives to remind them of the value of these services to people with HIV/AIDS (look up your State representatives at: <http://www.legislature.ca.gov/port-zipsearch.html>) and urge them to take whatever measures necessary to restore HIV/AIDS funding, and to pressure the Department of Public Health and OA to distribute remaining funding to those areas with the greatest HIV burden.
- ④ Demonstrate your outrage by reminding the Governor how appalled you are by his State funding cuts for HIV/AIDS programs (contact the Governor at: State Capitol Building, Sacramento, CA 95814; Tel. 916.445.2841; Fax. 916.558.3160).
- ⑤ Call, write and visit your Congressional representatives (in particular, the Speaker of the House, Nancy Pelosi; Congressman Henry Waxman; Senators Boxer and Feinstein; and your personal House representative) and participate in their health reform town halls to urge their support for federal intervention (e.g., loans, direct assistance, bail-outs) in California's health and human service crisis while they are in their districts this month (look up Congressional contact information at www.takeaction.lvw.org).

Remember, your voice is the most powerful and compelling tool that we have to inform sound decision-making. Don't be afraid to use it. Share your personal experiences and stories, and let our leaders know how their decisions will significantly impact your lives.

This brief will be updated and disseminated when OA releases plans for implementation of the State budget cuts.