



June 20, 2023

Honorable Members of the City Council  
c/o City Clerk  
Room 395, City Hall

### **OPIOID AND TOBACCO SETTLEMENT PROGRAM FUNDING REQUEST**

The 2023 Adopted Budget includes almost \$23.5 million in the FY 23/24 Unappropriated Balance (UB) from the Opioid Settlement and Tobacco Settlement to fund an extended residential drug treatment pilot program for people experiencing homelessness for up to 1 year of total services. There is [considerable support](#) for this approach. As this program is considered by the Housing and Homelessness Committee, we will provide additional detail about the proposed program and timelines.

#### **Summary**

The Mayor's office is requesting to move \$23,478,975 (\$11,668,975 from the Opioid Settlement Funds Account, as well as \$11,810,000 in Tobacco Settlement funds) from the Unappropriated Balance (UB) to the General City Purposes (GCP) to create a program to fund longer substance use disorder (SUD) treatment cycles for unhoused residents after their County-authorized stays have been exhausted.

The City will establish a pilot program with State-certified, privately-operated substance use disorder residential treatment programs within the City of Los Angeles. This pilot program serves City residents experiencing homelessness who have been identified through Inside Safe or other City-operated interim housing such as Tiny Home Villages and A Bridge Homes. This pilot program would allow for continued residential treatment, beyond the 30 - 90 days of treatment that the County currently authorizes. Residential treatment is defined as short-term living environments that provide 24-hour care.

This pilot program will accomplish three goals: 1) fund longer-term residential drug treatment stays; 2) strengthen wraparound services for people in City's the interim-to-permanent supportive housing pipeline; and 3) evaluate how to build a better process to connect unhoused residents with substance use disorder (SUD) treatment as well as document the impact of a longer length of residential treatment, related to their ability to stay housed.

## **Background**

The state of California entered into a settlement agreement with manufacturers and distributors of opioids in 2021. It is estimated that California will receive approximately \$2.05 billion from the Janssen and Distributors Settlement Agreements through 2038.

Funds must be used for future opioid-related projects and/or to reimburse the City's General Fund for past opioid-related expenses. **Funds must also be used for residential substance use disorder treatment. Opioid treatment, education and wraparound services, including housing, are all allowable remediation uses of funds.**

As stated by the [Los Angeles Times Editorial Board](#), "most of the roughly 1,000 homeless people who died in Los Angeles last year succumbed to overdose." The Editorial Board continued by stating: "Any realistic plan to end homelessness must include effective drug treatment ... The city has the need, and for now, it has the money. It's time to put it to use."

## **Drug Treatment Beds**

Funds would go directly from the City to service providers who currently provide County-reimbursed residential substance use treatment programs.

The City would contract with providers at a rate of reimbursement consistent with rates proposed by the County: as of June 1, 2023, low-intensity residential rates are \$210 per day, and dual-diagnosis rates are higher. The Mayor's office, City Administrative Officer and LA Housing Department will oversee contract creation, compliance, and invoicing.

## **Funding**

Funds from these settlement accounts would provide treatment beds for up to 1,200 people for an additional 90 days or 600 people for an additional 180 days.

Extending stays in residential treatment would enhance clinical support and management, family/peer support, workforce development, employment preparation and pathways to

jobs, defined pathways to permanent housing, relapse prevention, and much more prior to leaving treatment.

## Recommendations

That the Council, subject to the approval of the Mayor:

1. **AUTHORIZE** the Controller to establish a new interest bearing fund entitled "Opioid Settlement Fund" No. XXX/10, recognize a receivable of \$11,668,975, disburse the funds upon presentation of documentation or proper demand from the City Administrative Office and the Mayor's Office, and establish new appropriation accounts and amounts as follows:

<u>Fund No./Dept.</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
XXX/10	10X110	City Administrative Office	\$XXXXXX
XXX/10	10X299	Reimbursement of General Fund	\$XXXXXX
XXX/10	10X304	Contractual Services	\$11,668,975

2. **AUTHORIZE** the CAO, or designee, to prepare Controller instructions for any necessary technical adjustments consistent with the Mayor and Council actions on the matter, subject to the approval of the City Administrative Officer (CAO); and, **AUTHORIZE** the Controller to implement the instructions.

Sincerely,



KAREN BASS  
Mayor