

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
ARNOLD SCHWARZENEGGER, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
BUDGET ACT
FISCAL YEAR 2009-10**

JULY 28, 2009

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
Fiscal Year 2009-10
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) budget for Fiscal Year (FY) 2009-10 is \$661.0 million. This represents a total decrease of \$38.4 million [Exhibit D], as compared to the FY 2008-09 Budget Act Appropriation of \$699.4 million. Of the total \$661.0 million, \$615.8 million (93.2%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$45.2 million (6.8%) is for State Support [Exhibit A].

POSITION SUMMARY

The FY 2009-10 Budget Act includes 324.0 positions, which represents a net decrease of 23.2 positions due to 8.5 expiring limited-term positions, 20.7 positions associated with the elimination of the Substance Abuse and Crime Prevention Act program, and 3.0 positions associated with the Governor's reduction in work force Executive Order S-016-08. The budget includes converting 3.0 limited-term positions to permanent in support of the Substance Abuse Offender Treatment Program and the extension of 5.0 limited-term positions for two years, through June 30, 2011, to address the workload associated with DMC provider complaint investigations.

GENERAL FUND

ADP's budget includes \$189.5 million (28.7% of the total budget) in GF for ADP programs [Exhibit B]. This amount represents a total decrease of \$110.5 million as compared to the FY 2008-09 GF Appropriation of \$300 million primarily due to the elimination of funding for the Substance Abuse and Crime Prevention Act. In addition, there was an across-the-board 10% Drug Medi-Cal (DMC) rate reduction and GF savings associated with an increase in the DMC Federal Medicaid Assistance Percentage (FMAP) from 50 percent to 61.59 percent under the American Recovery and Reinvestment Act. Of the \$189.5 million, \$184.0 million is for Local Assistance and \$5.5 million is for State Support [Exhibit C].

Parolee Services

The budget includes \$33.9 million [Exhibit D] for Parolee Services which is passed through to the Department of Corrections and Rehabilitation.

Non-DMC Regular and Perinatal Services

The GF budget includes \$5.4 million in Local Assistance for Non-DMC Regular Discretionary Programs.

The GF budget also includes \$21.1 million for Local Assistance Non-DMC Perinatal Programs [Exhibit C]. Of the funds for ADP's Perinatal Programs, \$5.8 million is to fund existing residential perinatal treatment programs known as Women and Children's Residential Treatment Services.

Drug Court Partnership (DCP) Act Program

The GF budget includes \$7.1 million for the DCP Act of 2002 in support of adult drug courts serving felons. Of this amount, \$6.8 million is for Local Assistance and \$270,000 is for State Support [Exhibit C].

Comprehensive Drug Court Implementation (CDCI) Act Program

The GF budget includes \$16.2 million for CDCI in support of adult, juvenile, dependency, and family drug courts. Of the total budget of \$16.2 million, \$15.7 million is for Local Assistance and \$530,000 is for State Support [Exhibit C].

Dependency Drug Court (DDC) Program

The GF budget includes \$4.5 million in support of DDC, which serves cases with a substance abuse charge against a parent. Of the total \$4.5 million budget, \$4.3 million is for Local Assistance and \$230,000 is for State Support.

Substance Abuse Offender Treatment Program (OTP)

The GF budget includes \$18 million for OTP to improve treatment program outcomes for non-violent offender clients treated under the Substance Abuse and Crime Prevention Act of 2000. Of the \$18 million total budget for OTP, \$17.7 million is for Local Assistance and \$275,000 is for State Support.

SUBSTANCE ABUSE AND CRIME PREVENTION ACT (SACPA)

The budget reflects the elimination of \$90 million and 20.7 positions for SACPA.

DRUG MEDI-CAL (DMC) PROGRAM

The DMC program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon the DMC Estimates for FY 2009-10, the Local Assistance budget reflects \$79.3 million in DMC GF (\$77.1 million Regular and \$2.2 million Perinatal) and \$115.5 million (\$112.0 million Regular and \$3.5 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Care Services (DHCS) [Exhibit C]. Compared to the FY 2008-09 Budget Act, this represents a total increase of \$4.7 million due to caseload increases offset by an across-the-board 10% rate reduction.

The FMAP is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2009-10, the FMAP increased from 50 percent to 61.59 percent. The budget includes a GF reduction of \$24.2 million due to this FMAP increase under the American Recovery and Reinvestment Act.

The budget for State Support includes \$3.2 million in GF and \$3.9 million in FFP reimbursement for DMC program support [Exhibit C].

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

This budget includes \$1.7 million (\$787,000 GF and \$920,000 DHCS reimbursements) in State Support for HIPAA compliance activities [Exhibit C].

PROBLEM GAMBLING PROGRAM

The budget continues to include \$8.3 million for problem gambling prevention and treatment activities derived from the Indian Gaming Special Distribution Fund (IGSDF) [Exhibit C]. Of the total \$8.3 million, \$4.3 million is for prevention activities and \$4.0 million is in support of treatment services.

The budget also includes \$275,000 for research and prevention services for problem and pathological gamblers. Of the \$275,000, \$150,000 will be derived from the collection of fees from licensed card rooms to be deposited into the Gambling Addiction Program Fund and the remaining \$125,000 will be reimbursements from the California State Lottery [Exhibit C].

FEDERAL FUNDS

The proposed budget includes \$273.9 million in Federal Trust Funds, which represents approximately 41.5 percent of ADP's total budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The budget includes \$260.8 million for the SAPT Block Grant [Exhibit C]. Of this \$260.8 million, \$2.0 million continues to be transferred to the Department of Health Care Services for SYNAR-related activities in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$258.8 million SAPT Block Grant dollars consist of \$239.4 million for Local Assistance and \$19.4 million for State Support [Exhibit C]. This assumes a grant award funding level consistent with the FFY 2009 Federal Appropriation.

SAPT Maintenance of Effort (MOE) Requirement

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

ADP's budgeted non-federal expenditures are projected to represent an MOE shortfall in FY 2009-10; however, the specific details of the shortfall are not available at this time. Federal waivers will be requested for the MOE shortfall. If a waiver is not granted, an MOE shortfall can result in a corresponding dollar-for-dollar reduction in the subsequent year's SAPT Block Grant funding level.

Substance Abuse Treatment and Testing Accountability (SATTA) Program

The budget continues to include \$8.6 million in SAPT Block Grant funds for the SATTA Program. The SATTA Program provides funding for drug testing clients sentenced under the Substance Abuse and Crime Prevention Act of 2000 which requires eligible non-violent drug offenders to receive treatment services in lieu of incarceration. These funds are also available to be used for any other purpose consistent with federal SAPT Block Grant requirements.

Safe and Drug Free Schools and Communities (SDFSC) Grant

The budget includes \$7 million for the Safe and Drug Free Schools and Communities (SDFSC) Grant in support of reducing drug, alcohol, and tobacco use and violence through education and prevention activities. Of this amount, \$5.9 million is for Local Assistance and \$1.1 million is for State Support [Exhibit C].

Screening, Brief Intervention, Referral, and Treatment (SBIRT) Grant

The budget includes \$2.9 million for the SBIRT Grant. The SBIRT Program provides alcohol and other drug (AOD) screening, brief intervention, referral, and treatment and extends the State's current continuum of care for AOD clients. The budget includes \$2.8 million in Local Assistance, and \$77,000 in State Support [Exhibit C].

Access to Recovery (ATR) Grant

The budget continues to include \$4.8 million annually for the California Access to Recovery Effort (CARE) program. The CARE program provides youth treatment services in select counties. Of this \$4.8 million, \$3.9 million is for Local Assistance and \$933,000 is for State Support [Exhibit C].

MENTAL HEALTH SERVICES ACT (PROPOSITION 63)

The budget includes \$288,000 from the Mental Health Services Fund in support of the Mental Health Services Act (Proposition 63) to support activities associated with developing collaborative mental health and AOD services [Exhibits C & D]. This represents a total \$219,000 decrease for expiring contract funds and other budget changes.

RESIDENTIAL AND OUTPATIENT PROGRAM LICENSING FUND

The budget includes \$3.8 million as compared to \$1.9 million in FY 2008-09. The increase of \$1.9 million is a result of shifting from GF support for existing licensing and certification activities. The budget includes \$566,000 continued funding for the extension of 5.0 limited-term positions to June 30, 2011.

Parolee Services Network

The budget includes \$11.2 million in reimbursement authority funded by California Department of Corrections and Rehabilitation (CDCR). Of the total \$11.2 million, \$10.7 million is for Local Assistance and \$495,000 is for State Support. Continued funding for this program is pending policy decisions regarding CDCR's spending plan.

Federal Byrne Memorial Justice Assistance Grant

The budget includes a \$45.0 million one-time reimbursement from the California Emergency Management Agency (CalEMA) to provide substance abuse treatment for criminal offenders convicted of non-violent drug offenses. Of the total \$45.0 million, \$44.4 million is for Local Assistance and \$600,000 is for State Support.

Welfare Reform – California Work Opportunity and Responsibility to Kids (CalWORKs)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain long term employment. The 2009 budget for Department of Social Services (DSS) includes \$54.342 million GF in FY 2009-10 for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. In addition to the allocation for Substance Abuse Services, counties receive an allocation for Mental Health Services for CalWORKs participants. These funds are provided for the treatment of mental or emotional difficulties that may limit or impair a CalWORKs participant's ability to make the transition from welfare to work or to retain employment. The 2009 budget for DSS includes \$70.322 million GF for CalWORKs Mental Health Services for FY 2009-10. Counties have the flexibility to move funds between these two allocations, as well as from and to other CalWORKs employment services for welfare-to-work activities.

Exhibit A

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2009-10

Budget by Category (\$ In Millions)

**Total Budget
\$661.0 Million**

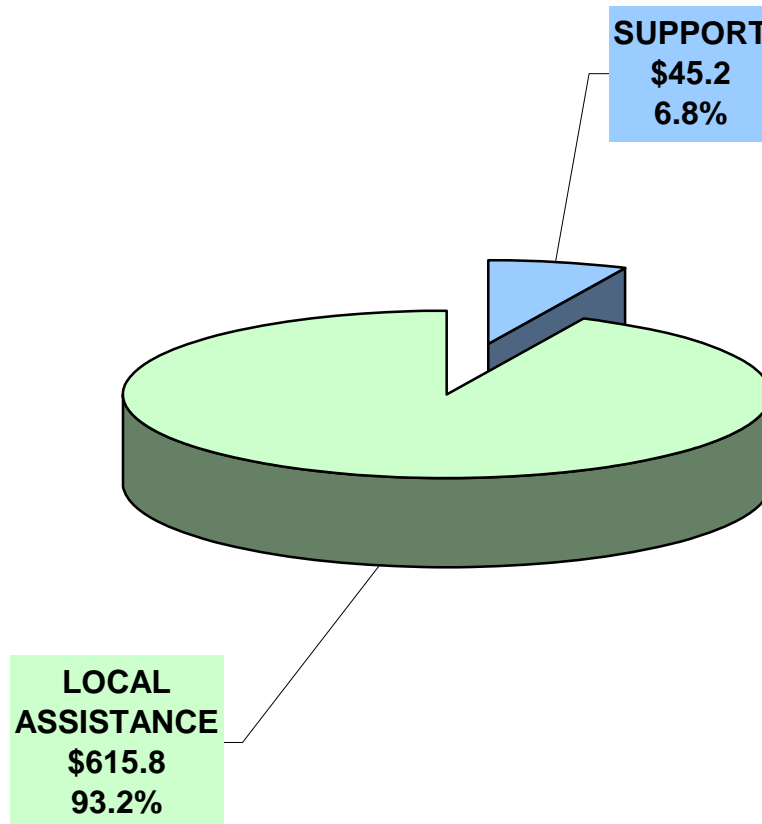
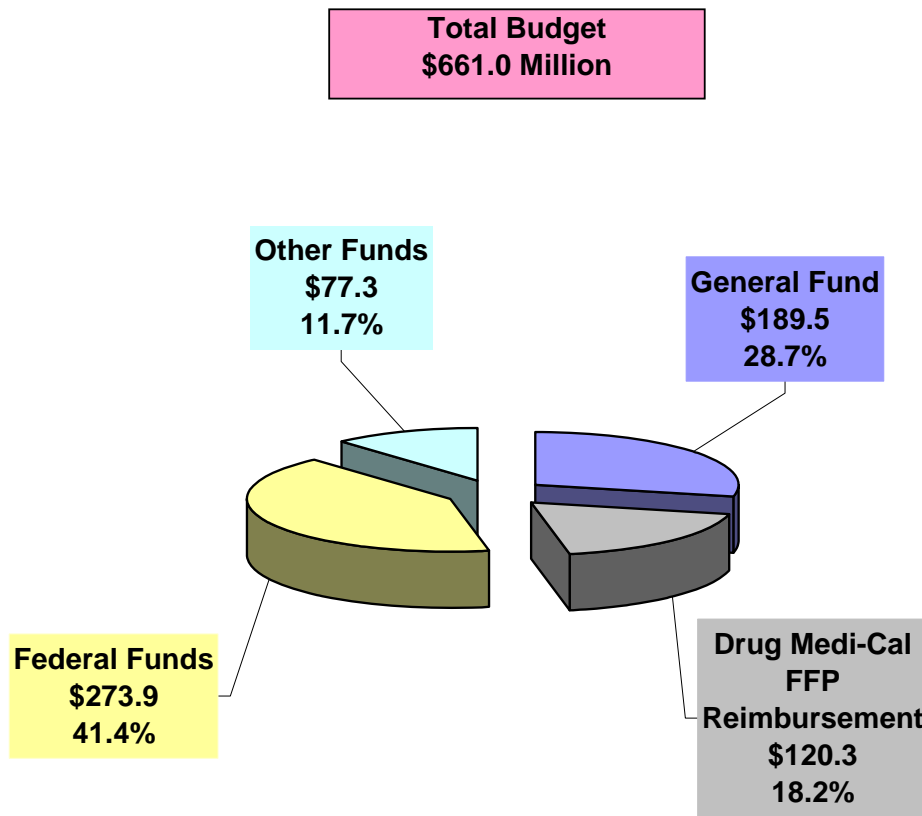


Exhibit B

**Department of Alcohol and Drug Programs
Budget Act
Fiscal Year 2009-10**

Budget by Fund Source
(\$ In Millions)



* "OTHER FUNDS" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, MENTAL HEALTH SERVICES FUND, RESIDENTIAL OUTPATIENT PROGRAM LICENSING FUND, GAMBLING ADDICTION PROGRAM FUND, REIMBURSEMENTS FROM THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION, CALIFORNIA EMERGENCY MANAGEMENT AGENCY, THE LOTTERY COMMISSION, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2009-10 BUDGET ACT

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$5,451	\$184,040	\$189,491	28.66%
Non-Drug Medi-Cal Regular	\$0	\$5,189	\$5,189	0.79%
Non-Drug Medi-Cal Perinatal	\$0	\$21,111	\$21,111	3.19%
Drug Court Partnership Act	\$270	\$6,840	\$7,110	1.08%
Comprehensive Drug Court Implementation Act	\$530	\$15,691	\$16,221	2.45%
Dependency Drug Court	\$230	\$4,320	\$4,550	0.69%
Parolee Services	\$0	\$33,900	\$33,900	5.13%
Substance Abuse Offender Treatment Program	\$275	\$17,725	\$18,000	2.72%
Drug Medi-Cal Regular	\$3,154	\$77,069	\$80,223	12.14%
Drug Medi-Cal Perinatal	\$205	\$2,195	\$2,400	0.36%
HIPAA	\$787	\$0	\$787	0.12%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,613	\$0	\$1,613	0.24%
Narcotic Treatment Program Licensing Trust Fund	\$1,367	\$0	\$1,367	0.21%
Indian Gaming Special Distribution Fund	\$4,250	\$4,000	\$8,250	1.25%
Audit Repayment Trust Fund	\$69	\$0	\$69	0.01%
Mental Health Services Fund (Prop 63)	\$288	\$0	\$288	0.04%
Gambling Addiction Program Fund	\$150	\$0	\$150	0.02%
Residential and Outpatient Program Licensing Fund	\$3,816	\$0	\$3,816	0.58%
Federal Trust Fund	\$21,979	\$251,970	\$273,949	41.46%
Substance Abuse Block Grant	\$21,365	\$239,385	\$260,750	39.45%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.30%
Safe and Drug Free Schools & Communities Grant	\$1,129	\$5,874	\$7,003	1.06%
Uniform Data Systems	\$325	\$0	\$325	0.05%
Access to Recovery Grant	\$933	\$3,900	\$4,833	0.73%
SBIRT Grant	\$77	\$2,811	\$2,888	0.44%
State Epidemiological Outcomes Workgroup (SEOW)	\$150	\$0	\$150	0.02%
Reimbursements	\$6,239	\$175,744	\$181,983	27.53%
DHCS: Drug Medi-Cal Regular	\$3,693	\$112,018	\$115,711	17.51%
DHCS: Drug Medi-Cal Perinatal	\$205	\$3,519	\$3,724	0.57%
DHCS: Drug Medi-Cal HIPAA	\$920	\$0	\$920	0.14%
CDCR: Parolee Services Network ¹	\$477	\$10,707	\$11,184	1.69%
Lottery Commission: Problem Gambling	\$125	\$0	\$125	0.02%
Cal EMA Byrne JAG Grant	\$600	\$44,400	\$45,000	6.81%
Other	\$219	\$5,100	\$5,319	0.80%
TOTALS	\$45,222	\$615,754	\$660,976	100.00%

¹Pending CDCR policy decision

EXHIBIT D
Department of Alcohol and Drug Programs
Comparison
FY 2008-09 Budget Act vs. FY 2009-10 Budget Act
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2008-09 BUDGET ACT	FY 2009-10 BUDGET ACT	DIFFERENCE
General Fund	\$209,938	\$189,491	-\$20,447
Non-Drug Medi-Cal Regular	\$6,378	\$5,189	-\$1,189
Non-Drug Medi-Cal Perinatal	\$21,111	\$21,111	\$0
Drug Court Partnership Act	\$7,104	\$7,110	\$6
Comprehensive Drug Court Implementation Act	\$16,214	\$16,221	\$7
Dependency Drug Court	\$4,550	\$4,550	\$0
Parolee Services	\$33,900	\$33,900	\$0
Substance Abuse Offender Treatment Program	\$18,023	\$18,000	-\$23
Drug Medi-Cal Regular	\$93,721	\$77,069	-\$16,652
Drug Medi-Cal Perinatal	\$4,639	\$2,195	-\$2,444
Drug Medi-Cal State Support	\$3,515	\$3,359	-\$156
HIPAA	\$783	\$787	\$4
Substance Abuse Treatment Trust Fund (Prop 36) (Funded from General Fund)	\$90,071	\$0	-\$90,071
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,519	\$1,613	\$94
Narcotic Treatment Program Licensing Trust Fund	\$1,352	\$1,367	\$15
Indian Gaming Special Distribution Fund	\$8,281	\$8,250	-\$31
Audit Repayment Trust Fund	\$70	\$69	-\$1
Mental Health Services Fund (Prop 63)	\$507	\$288	-\$219
Gambling Addiction Program Fund	\$150	\$150	\$0
Residential and Outpatient Program Licensing Fund	\$1,865	\$3,816	\$1,951
Federal Trust Fund	\$277,644	\$273,949	-\$3,695
Substance Abuse Block Grant	\$260,460	\$260,750	\$290
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0
Safe and Drug Free Schools & Communities Grant	\$10,314	\$7,003	-\$3,311
Uniform Data Systems	\$321	\$325	\$4
Access to Recovery Grant	\$4,830	\$4,833	\$3
SBIRT Grant	\$3,519	\$2,888	-\$631
State Epidemiological Outcomes Workgroup (SEOW)	\$200	\$150	-\$50
Reimbursements	\$107,997	\$181,983	\$73,986
DHCS: Drug Medi-Cal Regular	\$87,091	\$112,018	\$24,927
DHCS: Drug Medi-Cal Perinatal	\$4,639	\$3,519	-\$1,120
DHCS: Drug Medi-Cal State Support	\$3,515	\$3,898	\$383
DHS: HIPAA	\$916	\$920	\$4
CDC: Parolee Services Network ¹	\$11,184	\$11,184	\$0
Lottery	\$250	\$125	-\$125
Cal EMA Byrne JAG Grant	\$0	\$45,000	\$45,000
Other	\$402	\$5,319	\$4,917
TOTALS	\$699,394	\$660,976	-\$38,418

¹Pending CDCR policy decision