



Fact Sheet:



Proposed Funding for Alcohol and Other Drug Services Increase to Alcohol Excise Tax

About the Funding

In December 2008 and January 2009, the Governor proposed a variety of increased fees and taxes to address California's budget and fiscal crises. The proposal includes an increase to the alcohol excise tax rate. The proposal provides general fund relief while instituting a permanent and appropriate new fund source. Under the Governor's Budget none of ADP's funding would come from the general fund. The last time the rate increased was in 1991.

The proposed budget for the Department of Alcohol and Drug Programs includes a \$311.5 million shift from general fund to a new fund source generated by the proposed increase. The alcohol excise taxes will be raised by five cents a drink, which is projected to result in an increase of \$585 million annually. In addition to the \$311.5 million for ADP, this new fund source will support \$54 million in the Department of Social Services' budget and \$219.5 million in the Department of Corrections and Rehabilitation's budget for substance abuse services.

Economic and Social Impact of Alcohol and Drug Abuse

- The economic impact of alcohol use in California is \$38 billion annually in medical, criminal justice, and lost productivity. (Pacific Institute for Research and Evaluation, 2008)
- About 9.3 percent of the state's population are dependent on alcohol and drugs. (U.S. Department of Health and Human Services 2004, 2005 "2005 State Estimates of Substance Use & Mental Health")
- Alcohol is the primary drug of abuse for veterans entering California's publicly

funded treatment system. (Office of Applied Research and Analysis, California Department of Alcohol and Drug Programs)

- There were 3,867 alcohol-related deaths in California in 2006. (California Department of Public Health Services, Center for Health Statistics, 2006)
- In California, more than one million women could have used but did not receive treatment for alcohol or illicit drug use.
- According to the Child Welfare League of America, an estimated 8.3 million U.S. children live with at least one parent who is alcoholic or in need of substance abuse treatment.
- Children whose parents abuse drugs and alcohol are almost three times likelier to be physically or sexually assaulted and more than four times likelier to be neglected than children of parents who are not substance abusers according to the Child Welfare League of America.
- Children whose families do not receive appropriate treatment for alcohol and other drug abuse are more likely to remain in foster care longer and reenter once they have returned home. The Child Welfare League of America reports their siblings are also more likely to end up in foster care.
- States spent a stunning \$81.3 billion, or 13.1 percent of their budgets, in 1998 to deal with substance abuse. Just 4 percent of the amount went to prevention and treatment programs.

Benefits of Alcohol and Other Drug Services

- Treatment works. People who complete treatment find employment and pay taxes, lead drug-free lives and become productive members of their communities.
- Prevention programs are effective. According to the 2006 California Student Survey of Drug Use, student drug use has seen a steady decline in California since 1999, and has stabilized in the past two reporting periods.
- Annually, there are over 220,000 admissions to publicly funded alcohol and other drug treatment services. California prevention services reach 4.3 million people annually.
- Alcohol and other drug treatment services reunify families, and decrease criminal justice activities and costs.
- Effective prevention and treatment services for youth increase school attendance and academic performance.

Effects of an Alcohol Tax in California

- A 2004 study by the National Institutes of Medicine recommended raising taxes on alcohol as the most comprehensive and effective method of reducing underage drinking.
- A report by the Community Anti-Drug Coalitions of America, states higher alcohol taxes decrease consumption and can provide revenue for prevention and treatment programs. Read the entire report at http://www.cspinet.org/booze/Alcohol_Tax.pdf