

**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 2006-07**

JULY 1, 2006

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
FISCAL YEAR 2006-07
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) budget for Fiscal Year (FY) 2006-07 is \$667.5 million. Of this amount, \$613.4 million (91.9%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$54.1 million (8.1%) is for State Support [Exhibit A]. The FY 2006-07 budget of \$667.5 million represents an increase of \$52.3 million over the FY 2005-06 budget of \$615.2 million. The \$52.3 million budget increase consists of \$25.0 million for the new Substance Abuse Offender Treatment Program, \$10.0 million for a Methamphetamine Prevention Campaign, \$14.6 million due to Drug Medi-Cal and Conlan caseload increases, \$7.0 million in Drug Court Programs, and a \$4.3 million reduction due to federal grant reductions offset by increases in State Support positions and miscellaneous budget adjustments [Exhibit D].

POSITION SUMMARY

The budget includes 335.5 positions, which represents a net increase of 9.5 positions as compared to the FY 2005-06 position base. The increase of 9.5 positions is due to the loss of five expiring limited-term positions offset by Budget Change Requests for 14.5 positions. These positions are in support of Drug Medi-Cal Fraud Deterrence (three positions), Licensing Reform (six and one half positions), Drug Medi-Cal Conlan claims (four positions), and the extension of the federal State Incentive Grant for one year (one position).

GENERAL FUND

ADP's budget includes \$169.6 million (25.4% of the total budget) in State General Fund (SGF) for ADP programs [Exhibit B]. This represents a \$47.0 million (38.3%) increase in ADP's SGF as compared to the FY 2005-06 total SGF Appropriation of \$122.6 million primarily due to Drug Medi-Cal (DMC) increases, the Methamphetamine Prevention Campaign and the addition of the Substance Abuse Offender Treatment Program [Exhibit D]. Of the \$169.6 million total SGF budget, \$153.5 million (90.5%) is for Local Assistance and \$16.1 million (9.5%) is for State Support [Exhibit C].

The SGF budget includes funding for Non-DMC Regular Discretionary and Non-DMC Perinatal Programs, DMC Regular and DMC Perinatal Programs, the Drug Court Partnership Act, the Comprehensive Drug Court Implementation Act, the Health Insurance Portability and Accountability Act, the Methamphetamine Prevention Campaign and the Substance Abuse Offender Treatment Program (discussed below in more detail).

General Fund Local Assistance Discretionary

The total SGF budget includes \$6.7 million for Non-DMC Regular Discretionary Programs. Of this amount, \$5.8 million is for Local Assistance and the remaining balance of \$975,000 is for State Support [Exhibit C].

General Fund Local Assistance Perinatal

The Local Assistance budget continues to include \$23.5 million for Non-DMC Perinatal Programs [Exhibit C].

Women and Children's Residential Treatment Services

Of the budgeted funds for ADP's Perinatal Programs, \$6.4 million continues to be earmarked to fund existing residential perinatal treatment programs that started through federal Center for Substance Abuse Treatment grants which have since expired and currently are constituted as Women and Children's Residential Treatment Services.

Drug Court Partnership (DCP) Program

The budget continues to include \$7.8 million for the DCP Act of 2002. Of this amount, \$7.6 million is for Local Assistance and the remaining balance of \$244,000 is for State Support [Exhibit C]. The focus of DCP activities continues to be exclusively on felons.

Comprehensive Drug Court Implementation (CDCI) Program

The budget includes \$13.1 million for the CDCI Act, an increase of \$4.0 million from the FY 2005-06 Budget Act for the expansion of adult felony drug court programs. Of this amount, \$12.9 million is for Local Assistance and the remaining balance of \$175,000 is for State Support [Exhibit C].

Methamphetamine Prevention Campaign

The budget includes the addition of \$10.0 million in SGF to plan and initiate a three-year Methamphetamine Prevention Campaign. The purpose of this funding is to identify resources and trends regarding methamphetamine use and prevention, and implement a strategy for reaching the targeted audience using the media, community, and other public relation efforts.

Substance Abuse Offender Treatment Program

The budget includes the addition of \$25.0 million in SGF to implement the Substance Abuse Offender Treatment Program. These funds will be used to serve offenders who qualify for services under the Substance Abuse and Crime Prevention Act of 2000, and will provide financial incentives for counties to invest local funds to develop improved accountability for difficult offenders. This program is effective for two-years following the

date that the program is first implemented, and the enacting language will be repealed on July 1, 2009.

Licensing Reforms

The budget includes the addition of \$782,000 (\$578,000 in SGF) and six and one-half positions to improve ADP's licensing and certification practices to be consistent with the California Health and Human Services Agency Licensing Reform proposal.

DRUG MEDI-CAL

Drug Medi-Cal 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 May Revise Estimates for FY 2006-07, the Local Assistance budget reflects \$69.9 million in DMC SGF (\$66.6 million Regular and \$3.3 million Perinatal) and \$63.8 million (\$60.5 million Regular and \$3.3 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Services [Exhibit C]. Compared to the FY 2005-06 Budget Act, this represents a SGF increase of \$7.1 million and a FFP increase of \$7.5 million due to projected caseload increases, unit of service increases, and Conlan claims. DMC rates remain constant at the authorized FY 2005-06 Budget Act levels.

The Federal Medi-Cal Assistance Percentage (FMAP) is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2006-07, the FMAP continues to be 50 percent.

The budget for State Support includes \$3.9 million in SGF and \$3.9 million in FFP reimbursement for DMC program support [Exhibit C]. Recent budget increases included in the \$3.9 million are described below:

Reimbursement for Drug Medi-Cal Beneficiaries

The budget includes the addition of \$344,000 (\$172,000 in SGF) and four limited-term positions to comply with the court mandates of the *Conlan v. Shewry* and *Conlan v. Bonta* lawsuits. These lawsuits require the DMC program to provide prompt reimbursement to Medi-Cal beneficiaries who incur out-of-pocket expenses from reimbursable services under the DMC program.

Staff for Drug Medi-Cal Fraud Deterrence

The budget includes the addition of \$286,000 (\$143,000 in SGF) and three positions to identify and prevent fraud and ensure the health and safety of Drug Medi-Cal clients.

The additional resources will monitor contacts with direct providers of Drug Medi-Cal Narcotic Treatment Program services, as mandated by Health and Safety Code Section 11758.43.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

This budget includes \$1.8 million (\$0.8 million SGF and \$1.0 million Reimbursements) in State Support for HIPAA [Exhibit C].

SUBSTANCE ABUSE TREATMENT TRUST FUND (PROPOSITION 36)

The budget includes \$120 million (18.0%) in the Substance Abuse Treatment Trust Fund (SATTF) resulting from the reauthorization of Proposition 36 in FY 2006-07 [Exhibit B]. Of the total SATTF budget, \$116.5 million (97.1%) is for Local Assistance and \$3.5 million (2.9%) is for State Support [Exhibit C].

FEDERAL FUNDS

The budget includes \$283.6 million in Federal Trust Funds, which represents 42.5% of ADP's total budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The budget includes \$260.0 million for the Substance Abuse Prevention and Treatment (SAPT) Block Grant, which reflects the 2006 Block Grant reduction of \$2.4 million [Exhibit D]. Of this \$259.9 million, \$2.0 million will be transferred to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minors Control Account. The remaining \$257.9 million SAPT dollars consist of \$239.5 million for Local Assistance and \$18.4 million for State Support [Exhibit C].

SAPT Maintenance of Effort (MOE) Requirement

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement that 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 budget includes \$304.1 million in non-federal expenditures, which exceeds the MOE requirement of \$252.9 million for FY 2006-07.

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 for clients treated

under the Substance Abuse and Crime Prevention Act of 2000 and can also be used for any other purpose consistent with federal SAPT Block Grant requirements.

Safe and Drug-Free Schools and Communities Grant

The budget includes \$10.3 million for the Safe and Drug-Free Schools and Communities (SDFSC) Grant, which reflects the 2006 grant reduction [Exhibit D]. Of this amount, \$8.2 million is for Local Assistance and \$2.1 million is for State Support [Exhibit C]. The SDFSC program is the federal government's vehicle for reducing drug, alcohol and tobacco use, and violence, through education and prevention activities to create a safe and drug-free learning environment that supports student academics in the nation's school and communities.

State Incentive Grant

The budget includes \$3.6 million for a one-year extension of the State Incentive Grant (SIG). Of this amount, \$3.4 million is for Local Assistance and \$187,000 is for State Support [Exhibit C]. The SIG program is designed to use evidence-based, environmental prevention programs and strategies to reduce binge drinking and related community problems among 12-25 years old.

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

The budget continues to include \$3.5 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 \$3.4 million in Local Assistance and \$76,000 in State Support [Exhibit C].

Access to Recovery (ATR) Grant

The budget continues to include \$7.6 million in Federal Expenditure Authority for the ATR Grant, implemented as the California Access to Recovery Effort (CARE) to assist young people in Los Angeles and Sacramento Counties in need of substance abuse treatment. This grant increased substance abuse treatment capacity by implementing a voucher program that expands access to a comprehensive array of clinical AOD treatment and recovery services (including faith-based treatment options). The budget includes \$6.4 million in Local Assistance and \$1.2 million in State Support [Exhibit C].

Ecstasy and Other Club Drugs Grant

The budget continues to include \$292,000 in Federal Expenditure Authority for the Ecstasy and Other Club Drugs Grant which provides prevention and intervention services, as well as mentoring, to at-risk middle school and high school students to reduce the risk of early onset experimentation and use of gateway and club drugs. The budget includes \$272,000 in Local Assistance and \$20,000 in State Support [Exhibit C].

INDIAN GAMING SPECIAL DISTRIBUTION FUND

The budget continues to include \$3.0 million in State Support from the Indian Gaming Special Distribution Fund for the Problem Gambling Prevention Program [Exhibit C]. The Office of Problem Gambling is charged with developing statewide programs to address problem and pathological gambling issues.

MENTAL HEALTH SERVICES FUND (PROPOSITION 63)

The budget continues to include \$250,000 in State Support and two limited-term positions funded from the Mental Health Services Fund to implement activities in support of the Mental Health Services Act (Proposition 63) [Exhibit C]. Activities include establishing collaborative mental health and AOD services within ADP.

DEPENDENCY DRUG COURT PROGRAM

The budget includes \$4.8 million reimbursement authority from the Department of Social Services (DSS). This represents an increase of \$3.0 million compared to the FY 2005-06 Budget Act. The funding for the Comprehensive Drug Court Implementation Program is for planning new or expanding existing Dependency Drug Court Programs in selected counties.

SUBSTANCE ABUSE SERVICES FOR INDIAN HEALTH CLINICS

The budget continues to include \$2.1 million to fund substance abuse services in Indian Health Clinics. These funds are a reimbursement from DSS. The budget includes \$1.9 million in Local Assistance and \$157,000 in State Support [Exhibit C].

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 employment over a long period of time. The budget for DSS includes \$48.13 million SGF for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. This is a reduction of \$745,000 from the FY 2005-06 Budget Act funding, reflecting caseload growth offset by a decline in the cost per case. The CalWORKs SGF for substance abuse will continue to be specifically identified in DSS' county allocation.

EXHIBIT A

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2006-07

Budget By Category

(\$ In Millions)

\$667.5

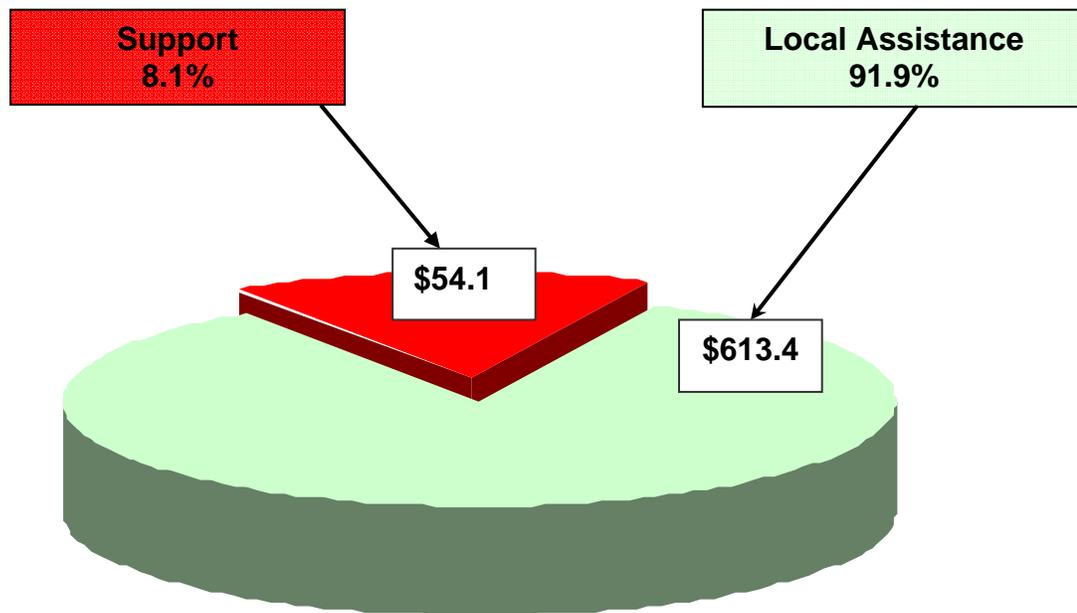
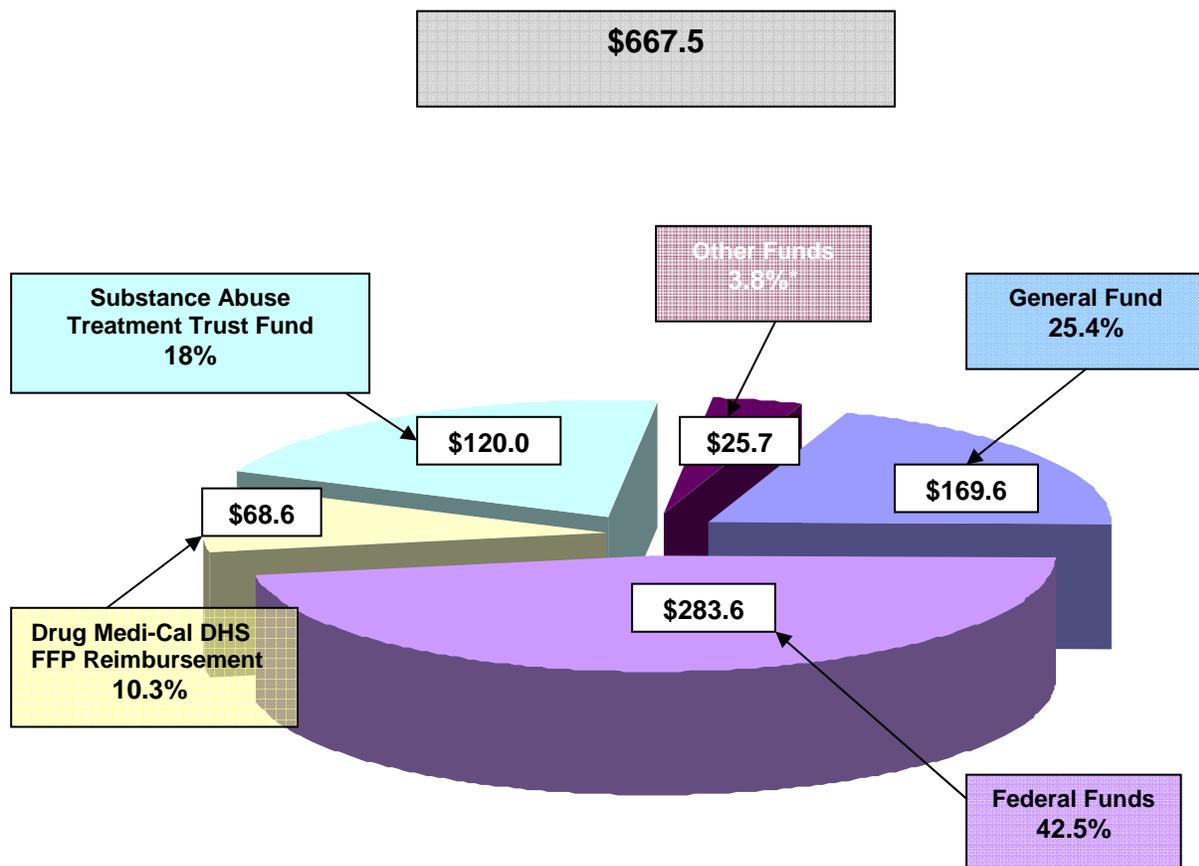


EXHIBIT B

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2006-07

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, RESIDENT-RUN HOUSING REVOLVING FUND, MENTAL HEALTH SERVICES FUND, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C Department of Alcohol and Drug Programs Budget Act

FISCAL YEAR 2006-07

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGET	TOTAL PERCENTAGE
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$16,107	\$153,507	\$169,614	25.40%
Non-Drug Medi-Cal Regular	\$975	\$5,768	\$6,743	1.01%
Non-Drug Medi-Cal Perinatal	\$0	\$23,457	\$23,457	3.51%
Drug Medi-Cal Regular	\$3,666	\$66,590	\$70,256	10.50%
Drug Medi-Cal Perinatal	\$215	\$3,317	\$3,532	0.53%
HIPAA	\$832	\$0	\$832	0.13%
Drug Court Partnership Act	\$244	\$7,600	\$7,844	1.18%
Comprehensive Drug Court Implementation Act	\$175	\$12,875	\$13,050	1.96%
Parolee Services	\$0	\$8,900	\$8,900	1.33%
Methamphetamine Prevention Campaign	\$10,000		\$10,000	1.50%
Substance Abuse Offender Treatment Program		\$25,000	\$25,000	3.75%
Substance Abuse Treatment Trust Fund (Prop 36)	\$3,486	\$116,514	\$120,000	18.00%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,815	\$0	\$1,815	0.27%
Narcotic Treatment Program Licensing Trust Fund	\$1,124	\$0	\$1,124	0.16%
Indian Gaming Special Distribution Fund	\$3,044	\$0	\$3,044	0.45%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.01%
Mental Health Services Fund (Prop 63)	\$250	\$0	\$250	0.04%
Federal Trust Fund	\$22,444	\$261,194	\$283,638	42.49%
Substance Abuse Block Grant	\$20,430	\$239,539	\$259,969	38.94%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.30%
Safe and Drug-Free Schools	\$2,102	\$8,156	\$10,258	1.54%
Uniform Data Systems	\$321	\$0	\$321	0.05%
State Data Infrastructure Grant	\$100	\$0	\$100	0.01%
State Incentive Grant	\$187	\$3,400	\$3,587	0.54%
Access to Recovery Grant	\$1,208	\$6,384	\$7,592	1.14%
Ecstasy Grant	\$20	\$272	\$292	0.04%
SBIRT Grant	\$76	\$3,443	\$3,519	0.53%
Resident Run Housing Revolving Fund	\$0	\$39	\$39	0.01%
Reimbursements	\$5,738	\$82,184	\$87,922	13.17%
DSS: Substance Abuse Svcs. For Indian Health Clinics	\$157	\$1,943	\$2,100	0.31%
DSS: Dependency Drug Court	\$0	\$4,800	\$4,800	0.72%
DHS: Drug Medi-Cal Regular	\$3,645	\$60,472	\$64,117	9.61%
DHS: Drug Medi-Cal Perinatal	\$215	\$3,317	\$3,532	0.53%
DHS: HIPAA	\$961	\$0	\$961	0.14%
CDC: Parolee Services Network	\$476	\$10,707	\$11,183	1.68%
Other	\$284	\$945	\$1,229	0.18%
TOTALS	\$54,075	\$613,438	\$667,513	100.00%

EXHIBIT D
Department of Alcohol and Drug Programs
Budget Act
FISCAL YEAR 2006-07
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2005-06 BUDGET ACT	FY 2006-07 BUDGET ACT	DIFFERENCE
General Fund	\$122,630	\$169,614	\$46,984
Non-Drug Medi-Cal Regular	\$6,181	\$6,743	\$562
Non-Drug Medi-Cal Perinatal	\$23,457	\$23,457	\$0
Drug Medi-Cal Regular	\$63,614	\$70,256	\$6,642
Drug Medi-Cal Perinatal	\$2,753	\$3,532	\$779
HIPAA	\$831	\$832	\$1
Drug Court Partnership Act	\$7,844	\$7,844	\$0
Comprehensive Drug Court Implementation Act	\$9,050	\$13,050	\$4,000
Parolee Services	\$8,900	\$8,900	\$0
Methamphetamine Prevention Campaign	\$0	\$10,000	\$10,000
Substance Abuse Offender Treatment Program	\$0	\$25,000	\$25,000
Substance Abuse Treatment Trust Fund (Prop 36)	\$120,374	\$120,000	-\$374
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,601	\$1,815	\$214
Narcotic Treatment Program Licensing Trust Fund	\$1,321	\$1,124	-\$197
Indian Gaming Special Distribution Fund*	\$3,240	\$3,044	-\$196
Audit Repayment Trust Fund	\$67	\$67	\$0
Mental Health Services Fund (Prop 63)	\$248	\$250	\$2
Federal Trust Fund	\$288,598	\$283,638	-\$4,960
Substance Abuse Block Grant	\$262,366	\$259,969	-\$2,397
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0
Safe and Drug-Free Schools	\$12,408	\$10,258	-\$2,150
Uniform Data Systems	\$321	\$321	\$0
State Data Infrastructure Grant	\$100	\$100	\$0
State Incentive Grant	\$4,000	\$3,587	-\$413
Access to Recovery Grant	\$7,592	\$7,592	\$0
Ecstasy Grant	\$292	\$292	\$0
SBIRT Grant	\$3,519	\$3,519	\$0
Resident Run Housing Revolving Fund	\$39	\$39	\$0
Reimbursements	\$77,073	\$87,922	\$10,849
DSS: Substance Abuse Svcs. For Indian Health Clinics	\$2,100	\$2,100	\$0
DSS: Dependency Drug Court	\$1,800	\$4,800	\$3,000
DHS: Drug Medi-Cal Regular	\$57,049	\$64,117	\$7,068
DHS: Drug Medi-Cal Perinatal	\$2,752	\$3,532	\$780
DHS: HIPAA	\$960	\$961	\$1
CDC: Parolee Services Network	\$11,183	\$11,183	\$0
Other	\$1,229	\$1,229	\$0
TOTALS	\$615,191	\$667,513	\$52,322

*FY 2005-06 Budget Act includes a one-time reappropriation of \$200,000 for the culturally competent literature on problem gambling.

