

**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 2008-09**

SEPTEMBER 23, 2008

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
Fiscal Year 2008-09
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) budget for Fiscal Year (FY) 2008-09 is \$699.4 million. This represents a total increase of \$19.5 million [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$679.9 million. Of the total \$699.4 million, \$651.4 million (93.1%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$48.0 million (6.9%) is for State Support [Exhibit A].

POSITION SUMMARY

The FY 2008-09 Budget Act includes 348.3 positions, which reflects a net decrease of 13.2 positions as compared to FY 2007-08. This reflects the loss of 8.0 expiring limited-term positions and an ongoing reduction of 9.2 positions associated with the General Fund (GF) Budget-Balancing Reductions. Additionally, it reflects the loss of 2.0 limited-term positions associated with veto action to eliminate the California Methamphetamine Initiative. These reductions are offset by Budget Change Proposal (BCP) requests totaling 6.0 new positions, the extension of 2.0 expiring positions, and the loss of 2.0 positions. The BCP requests consist of 2.0 permanent positions to administer Substance Abuse Prevention and Treatment (SAPT) Block Grant Requirements, the extension of 2.0 expiring positions and 2.0 new three-year limited-term positions to administer the California Access to Recovery Effort program, 2.0 new three-year limited-term positions to administer the Problem Gambling Treatment program, the loss of 1.0 position associated with the Indian Health Clinic program being returned to DSS, and the loss of 1.0 position associated with the Governor's Mentoring Partnership being transferred to CaliforniaVolunteers.

GENERAL FUND

ADP's budget includes \$209.9 million (30% of the total budget) in GF for ADP programs [Exhibit B]. This amount represents an increase of \$16.1 million (8.3%) as compared to the FY 2007-08 total GF Appropriation of \$193.8 million due to Drug Medi-Cal caseload and rate changes, Budget-Balancing Reductions, and other budget changes. Of the \$209.9 million total GF budget, \$203.1 million is for Local Assistance and \$6.8 million is for State Support [Exhibit C].

General Fund Budget-Balancing Reductions

The budget includes Budget-Balancing Reductions and Legislative/Veto Actions in the amount of \$29.1 million (\$28.6 million GF). The following are detailed descriptions of the reductions by program area:

- **\$10 million GF decrease** to the Substance Abuse and Crime Prevention Act (SACPA), including \$9.65 million in Local Assistance and \$357,000 (3.0 positions) in State Support.
- **\$2 million GF decrease** to the Substance Abuse Offender Treatment Program, including \$1.97 million in Local Assistance and \$30,000 (0.4 positions) in State Support.
- **\$776,000 decrease** (\$388,000 GF and \$388,000 federal reimbursements) in State Support (5.3 positions) for the Drug Medi-Cal (DMC) Program.
- **\$3.083 million GF decrease** to Drug Court Partnership Act, Comprehensive Drug Court Implementation Act, and Dependency Drug Court funding, including \$2.973 million in Local Assistance and \$110,000 (0.5 positions) in State Support.
- **\$2.346 million GF decrease** to Non-DMC Perinatal services.
- **\$733,000 GF decrease** to Non-DMC Regular services, including \$579,000 in Local Assistance and \$154,000 in State Support.
- **\$10 million GF decrease** (2.0 positions) to the California Methamphetamine Initiative.
- **\$174,000 decrease** (\$87,000 GF and \$87,000 federal reimbursement) to HIPAA funding in State Support.

The GF budget, including other budget changes, is discussed in more detail below:

Parolee Services

The budget includes an increase of \$25 million [Exhibit D] for Parolee Services in addition to the existing \$8.9 million exempted in the Budget-Balancing Reductions, which is passed through to the Department of Corrections and Rehabilitation's (CDCR). This increase in ADP's budget is offset by a corresponding GF reduction in CDCR's budget.

Non-DMC Regular Discretionary

The GF budget includes \$6.4 million for Non-DMC Regular Discretionary Programs. This represents a total decrease of \$811,000 [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$7.2 million due to Budget-Balancing Reductions and other budget changes. Of the \$6.4 million, \$5.2 million is for Local Assistance and \$1.2 million is for State Support [Exhibit C].

Non-DMC Perinatal

The Local Assistance GF budget includes \$21.1 million for Non-DMC Perinatal Programs [Exhibit C]. This represents a total decrease of \$2.3 million [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$23.4 million due to the Budget-Balancing Reductions. 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 budget includes \$7.1 million for the DCP Act of 2002 in support of adult drug courts serving felons. This represents a total decrease of \$748,000 [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$7.8 million due to Budget-Balancing Reductions and other budget changes. Of this amount, \$6.8 million is for Local Assistance and \$264,000 is for State Support [Exhibit C].

Comprehensive Drug Court Implementation (CDCI) Act Program

The budget includes \$16.2 million for CDCI in support of adult, juvenile, dependency, and family drug courts. This represents a total decrease of \$1.7 million [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$17.9 million due to Budget-Balancing Reductions and other budget changes. Of the total budget of \$16.2 million, \$15.7 million is for Local Assistance and \$523,000 is for State Support [Exhibit C].

Dependency Drug Court (DDC) Program

The budget includes \$4.6 million in support of DDC, which serves cases with a substance abuse charge against a parent. This represents a total decrease of \$550,000 [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$5.1 million due to Budget-Balancing Reductions.

California Methamphetamine Initiative (CMI)

The budget includes a decrease of \$10 million and 2.0 positions for CMI due to Legislative and veto actions eliminating the Initiative.

Substance Abuse Offender Treatment Program (OTP)

The budget includes \$18 million for OTP to improve treatment program outcomes for SACPA offenders. This represents a total decrease of \$2 million [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$20 million due to Budget-Balancing Reductions and other budget changes. Of the \$18 million total budget for OTP, \$17.7 million is for Local Assistance and \$298,000 is for State Support.

Governor's Mentoring Partnership (GMP)

The budget includes a decrease of 1.0 position and \$107,000 in General Fund due to the transfer of responsibility for the GMP to California Volunteers pursuant to Executive Order S-02-08. The \$107,000 is part of the \$811,000 decrease to Non-Drug Medi-Cal Regular Discretionary General Fund referenced above [Exhibit D].

SUBSTANCE ABUSE AND CRIME PREVENTION ACT (SACPA)

The budget includes \$90.1 million for SACPA, which serves eligible nonviolent drug offenders in lieu of incarceration. This represents a total decrease of \$9.9 million [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$100 million due to Budget-Balancing Reductions and other budget changes. Of the total \$90.1 million, \$86.9 million is for Local Assistance and \$3.2 million is for State Support [Exhibit C].

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 Budget Act DMC caseload estimates for FY 2008-09, the Local Assistance budget reflects \$98.3 million in DMC GF (\$93.7 million Regular and \$4.6 million Perinatal) and \$91.7 million (\$87.1 million Regular and \$4.6 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Care Services [Exhibit C]. Compared to the FY 2007-08 Budget Act, this represents a GF increase of \$10.0 million and an FFP increase of \$13.9 million due to projected caseload and rate changes.

The Federal Medi-Cal Assistance Percentage (FMAP) is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2008-09, the FMAP continues to be 50 percent.

The budget for State Support includes \$3.5 million in GF and \$3.5 million in FFP reimbursement for DMC program support [Exhibit C]. This reflects a decrease of \$1.1 million (\$573,000 GF and \$573,000 FFP) due to Budget-Balancing Reductions, expiring limited-term positions, and other changes.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

This budget includes \$1.7 million (\$783,000 GF and \$916,000 Reimbursements) in State Support for HIPAA [Exhibit C] in support of HIPAA compliance activities. This represents a total decrease of \$143,000 [Exhibit D], as compared to the FY 2007-08 Budget Act Appropriation of \$1.8 million due to Budget-Balancing Reductions and other budget changes.

PROBLEM GAMBLING PROGRAM

The budget includes \$8.7 million for problem gambling prevention and treatment activities. Of the total \$8.7 million, \$8.3 million will be derived from the Indian Gaming Special Distribution Fund (IGSDF) [Exhibit C]. The budget also includes an increase of \$400,000 to expand research and prevention services for problem and pathological gamblers. Of the \$400,000, \$150,000 will be derived from the collection of fees from

licensed card rooms to be deposited into the Gambling Addiction Program Fund. The remaining \$250,000 will be a reimbursement from the California State Lottery [Exhibit C].

The \$8.3 million budget from IGSDF includes an increase of \$5 million and position authority for 2.0 new three-year limited-term positions to develop and implement treatment programs for problem and pathological gamblers. Of the total \$5 million, \$4 million is for Local Assistance and \$1 million is for State Support [Exhibit C].

SUBSTANCE ABUSE SERVICES FOR INDIAN HEALTH CLINICS

The budget includes a decrease of 1.0 position and \$2.1 million in reimbursements from the Department of Social Services (DSS) [Exhibit D]. This decrease is due to the transfer of responsibility for the Indian Health Clinic Program from ADP back to DSS, which has primary funding responsibility for these services. DSS' budget has a corresponding increase for this transfer.

FEDERAL FUNDS

The budget includes \$277.6 million in Federal Trust Funds, which represents approximately 39.7 percent of ADP's total budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The budget includes \$260.5 million for the SAPT Block Grant [Exhibit C]. Of this \$260.5 million, \$2.0 million continues to be transferred to the Department of Health Care Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$258.5 million SAPT Block Grant dollars consist of \$239.4 million for Local Assistance and \$19.1 million for State Support [Exhibit C]. This assumes a grant award funding level consistent with the FFY 2008 Federal Appropriation.

The budget includes an increase of 2.0 permanent positions to address expanded planning and reporting requirements for the SAPT Block Grant.

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 budget includes \$316.5 million in non-federal expenditures, which is sufficient to meet the State's SAPT MOE requirement of \$305.4 million for FY 2008-09.

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 (SDFSC) Grant

The budget includes \$10.3 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, \$8.2 million is for Local Assistance and \$2.1 million is for State Support [Exhibit C]. This assumes a grant award funding level consistent with the FFY 2008 Federal Appropriation.

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 includes the continuation of 2.0 expiring limited-term positions, the addition of 2.0 new limited-term positions, and \$4.8 million annually for three years for the California Access to Recovery Effort (CARE) program. The CARE program provides youth treatment services in select counties. Of this \$4.8 million, \$930,000 is for State Support and \$3.9 million is for Local Assistance [Exhibit C].

Ecstasy and Other Club Drugs Grant

The budget reflects a decrease of \$292,000 in federal funds due to the completion of the Ecstasy and Other Club Drugs Grant in April 2007 [Exhibit D].

MENTAL HEALTH SERVICES ACT (PROPOSITION 63)

The budget includes \$507,000 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].

RESIDENTIAL AND OUTPATIENT PROGRAM LICENSING FUND

In FY 2007-08 ADP's statutory authority was expanded to include charging all licensed residential and certified providers and establishing the Residential and Outpatient Program Licensing Fund. The FY 2008-09 budget includes \$1.9 million as compared to \$1.6 million in FY 2007-08.

Parolee Services Network

The budget continues to include \$11.2 million in reimbursements from the California Department of Corrections and Rehabilitation. Of the total \$11.2 million, \$10.7 million is for Local Assistance and \$477,000 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 budget for DSS includes \$43.560 million GF in FY 2008-09 for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. This is a decrease of \$4.708 million from the FY 2007-08 Appropriation, reflecting a decrease of approximately 14.5 percent in caseload which is slightly offset by an increase in the cost per case. The CalWORKs GF for substance abuse will continue to be specifically identified in DSS' county allocation.

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. Counties have the flexibility to move funds between their Substance Abuse Services and Mental Health Services allocations to meet local needs. The DSS budget includes \$62.228 million GF for CalWORKs Mental Health Services for FY 2008-09. This is an increase of \$2.082 million from the 2007-08 Appropriation, reflecting an increase in cost per case of approximately 8.3 percent, offset by a slight decrease in caseload.

Exhibit A

Department of Alcohol and Drug Programs Budget Act Fiscal Year 2008-09

Budget by Category (\$ In Millions)

**Total Budget
\$699.4 Million**

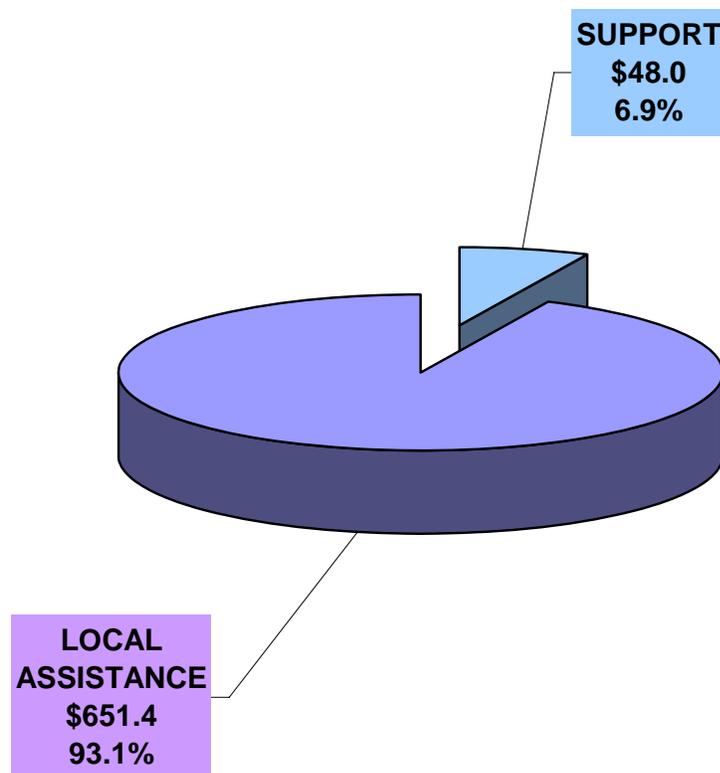
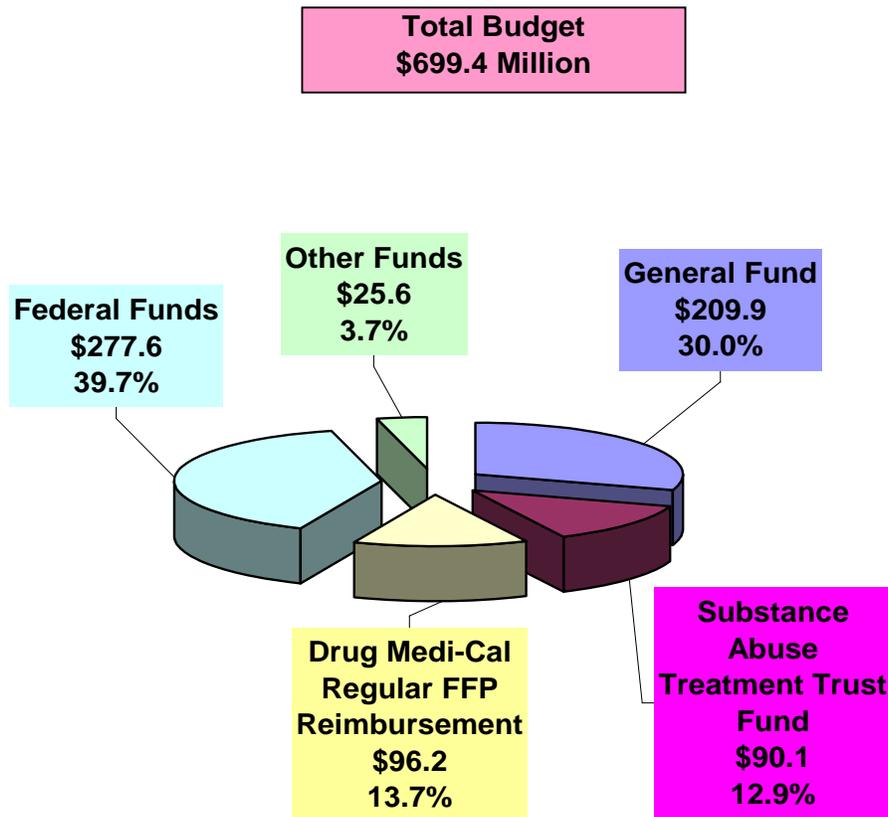


Exhibit B

**Department of Alcohol and Drug Programs
Budget Act
Fiscal Year 2008-09**

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 AND THE LOTTERY COMMISSION, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2008-09 BUDGET ACT

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$6,802	\$203,136	\$209,938	30.03%
Non-Drug Medi-Cal Regular	\$1,189	\$5,189	\$6,378	0.91%
Non-Drug Medi-Cal Perinatal	\$0	\$21,111	\$21,111	3.02%
Drug Court Partnership Act	\$264	\$6,840	\$7,104	1.02%
Comprehensive Drug Court Implementation Act	\$523	\$15,691	\$16,214	2.33%
Dependency Drug Court	\$230	\$4,320	\$4,550	0.65%
Parolee Services	\$0	\$33,900	\$33,900	4.85%
Methamphetamine Prevention Campaign	\$0	\$0	\$0	0.00%
Substance Abuse Offender Treatment Program	\$298	\$17,725	\$18,023	2.58%
Drug Medi-Cal Regular	\$3,310	\$93,721	\$97,031	13.87%
Drug Medi-Cal Perinatal	\$205	\$4,639	\$4,844	0.69%
HIPAA	\$783	\$0	\$783	0.11%
Substance Abuse Treatment Trust Fund (Prop 36) (General Fund Transfer)	\$3,208	\$86,863	\$90,071	12.88%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,519	\$0	\$1,519	0.22%
Narcotic Treatment Program Licensing Trust Fund	\$1,352	\$0	\$1,352	0.19%
Indian Gaming Special Distribution Fund	\$4,281	\$4,000	\$8,281	1.18%
Audit Repayment Trust Fund	\$70	\$0	\$70	0.01%
Mental Health Services Fund (Prop 63)	\$507	\$0	\$507	0.07%
Gambling Addiction Program Fund	\$150	\$0	\$150	0.02%
Residential and Outpatient Program Licensing Fund	\$1,865	\$0	\$1,865	0.27%
Federal Trust Fund	\$22,760	\$254,884	\$277,644	39.69%
Substance Abuse Block Grant	\$21,075	\$239,385	\$260,460	37.24%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.29%
Safe and Drug Free School	\$2,158	\$8,156	\$10,314	1.47%
Uniform Data Systems	\$321	\$0	\$321	0.05%
Access to Recovery Grant	\$930	\$3,900	\$4,830	0.69%
SBIRT Grant	\$76	\$3,443	\$3,519	0.50%
State Epidemiological Outcomes Workgroup (SEOW)	\$200	\$0	\$200	0.03%
Reimbursements	\$5,460	\$102,537	\$107,997	15.44%
DHCS: Drug Medi-Cal Regular	\$3,310	\$87,091	\$90,401	12.93%
DHCS: Drug Medi-Cal Perinatal	\$205	\$4,639	\$4,844	0.69%
DHCS: Drug Medi-Cal HIPAA	\$916	\$0	\$916	0.13%
CDCR: Parolee Services Network	\$477	\$10,707	\$11,184	1.60%
Lottery Commission: Problem Gambling	\$250	\$0	\$250	0.04%
Other	\$302	\$100	\$402	0.06%
TOTALS	\$47,974	\$651,420	\$699,394	100.00%

Department of Alcohol and Drug Programs
EXHIBIT D - Comparison
FY 2007-08 Budget Act vs. FY 2008-09 Budget Act
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2007-08 BUDGET ACT	FY 2008-09 BUDGET ACT	TOTAL DIFFERENCE	BBR, Leg, and Veto Reductions	Other Changes
General Fund	\$193,771	\$209,938	\$16,167	-\$18,647	\$34,814
Non-Drug Medi-Cal Regular	\$7,189	\$6,378	-\$811	-\$733	-\$78
Non-Drug Medi-Cal Perinatal	\$23,457	\$21,111	-\$2,346	-\$2,346	\$0
Drug Court Partnership Act	\$7,852	\$7,104	-\$748	-\$760	\$12
Comprehensive Drug Court Implementation Act	\$17,958	\$16,214	-\$1,744	-\$1,783	\$39
Dependency Drug Court	\$5,100	\$4,550	-\$550	-\$550	\$0
Parolee Services	\$8,900	\$33,900	\$25,000	\$0	\$25,000
Methamphetamine Prevention Campaign	\$10,000	\$0	-\$10,000	-\$10,000	\$0
Substance Abuse Offender Treatment Program	\$20,000	\$18,023	-\$1,977	-\$2,000	\$23
Drug Medi-Cal Regular	\$87,173	\$97,031	\$9,858	-\$365	\$10,223
Drug Medi-Cal Perinatal	\$5,286	\$4,844	-\$442	-\$23	-\$419
HIPAA	\$856	\$783	-\$73	-\$87	\$14
Substance Abuse Treatment Trust Fund (Prop 36) (General Fund Transfer)	\$100,000	\$90,071	-\$9,929	-\$10,008	\$79
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,498	\$1,519	\$21	\$0	\$21
Narcotic Treatment Program Licensing Trust Fund	\$1,330	\$1,352	\$22	\$0	\$22
Indian Gaming Special Distribution Fund	\$3,259	\$8,281	\$5,022	\$0	\$5,022
Audit Repayment Trust Fund	\$70	\$70	\$0	\$0	\$0
Mental Health Services Fund (Prop 63)	\$510	\$507	-\$3	\$0	-\$3
Gambling Addiction Program Fund	\$0	\$150	\$150	\$0	\$150
Residential and Outpatient Program Licensing Fund	\$1,596	\$1,865	\$269	\$0	\$269
Federal Trust Fund	\$280,480	\$277,644	-\$2,836	\$0	-\$2,836
Substance Abuse Block Grant	\$260,257	\$260,460	\$203	\$0	\$203
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0	\$0	\$0
Safe and Drug Free School	\$10,299	\$10,314	\$15	\$0	\$15
Uniform Data Systems	\$321	\$321	\$0	\$0	\$0
Access to Recovery Grant	\$7,592	\$4,830	-\$2,762	\$0	-\$2,762
Ecstasy	\$292	\$0	-\$292	\$0	-\$292
SBIRT Grant	\$3,519	\$3,519	\$0	\$0	\$0
State Epidemiological Outcomes Workgroup (SEOW)	\$200	\$200	\$0	\$0	\$0
Reimbursements	\$97,434	\$107,997	\$10,563	-\$475	\$11,038
DSS: Substance Abuse Svcs. For Indian Health Clinics	\$2,100	\$0	-\$2,100	\$0	-\$2,100
DHCS: Drug Medi-Cal Regular	\$76,639	\$90,401	\$13,762	-\$365	\$14,127
DHCS: Drug Medi-Cal Perinatal	\$5,286	\$4,844	-\$442	-\$23	-\$419
DHCS: Drug Medi-Cal HIPAA	\$986	\$916	-\$70	-\$87	\$17
CDC: Parolee Services Network	\$11,194	\$11,184	-\$10	\$0	-\$10
Lottery Commission: Problem Gambling	\$0	\$250	\$250	\$0	\$250
Other	\$1,229	\$402	-\$827	\$0	-\$827
TOTALS	\$679,948	\$699,394	\$19,446	-\$29,130	\$48,576