



A statewide coalition of consumers, providers, educators, and advocates  
representing the voice for alcohol and drug abuse services

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June 15, 2010

TO: Hon Darrel Steinberg, President ProTem  
Hon. John Perez, Speaker of the Assembly  
Hon Denise Ducheny, Chair, Senate Budget Committee  
Hon. Bob Blumenfield, Chair, Assembly Budget Committee  
Hon. Dennis Hollingsworth, Senate Minority Leader  
Hon. Martin Garrick Assembly Minority Leader

FROM Coalition of Alcohol and Drug Associations (CADA)  
Alcohol and Drug Policy Institute (*ADPI*)  
California Association of Addiction Recovery Resources (*CAARR*)  
California Association of Alcohol and Drug Program Executives, Inc. (*CAADPE*)  
California Association for Alcohol/ Drug Educators (*CAADE*)  
California Association of Drinking Driver Treatment Program (*CADDTP*)  
California Opiod Maintenance Providers (*COMP*)  
California Perinatal Treatment Network (*CAPT*N)  
California Therapeutic Communities (*CTC*)  
County Alcohol and Drug Program Administrators Association of California, Inc. (*CADPAAC*)  
Drug Policy Alliance  
Pacific Southwest Addiction Technology Transfer Center (*PSATTC*)

RE: AB 190 State Budget  
Item 0690 Emergency Management Agency, Office of Emergency Services,  
Byrne JAG grants, Offender Treatment Program  
Item 4200 Department of Alcohol and Drug Programs  
Item 4260 Department of Health Care Services

CADA (Coalition of Alcohol and Drug Associations) strongly opposes Governor Schwarzenegger's FY 2010/11 proposed cuts for substance use disorder (SUD) treatment and services. CADA applauds the Legislature's rejection of the proposals, and requests that the actions of the subcommittees be sustained through conference committee.

The SUD public treatment system is an integral system of care that has taken 30 years to develop. Elimination of any one of its parts will create significant problems in offering the appropriate care for individuals.

Because substance use disorder is a chronic disease, individuals have different needs at different times, thus individuals need different levels of care. The cumulative impact of cuts to any one program or service will set a course of eventual elimination of all public funding for substance use disorder treatment. Multiple years of

reductions have already decimated the SUD system of care, a system in which the state has a substantial investment. Waiting lists for treatment are soaring. When treatment is provided, it is often provided at levels which are clinically ineffective. The combination of untreated addiction and the clinically inefficient treatment results in increasing costs to the state, law enforcement, criminal justice, social services, and other healthcare systems, such as hospital emergency rooms .

Untreated substance use disorders are major drivers of cost in the state’s taxpayer supported public health, public safety, and human service programs, estimated at an **unnecessary cost of \$58 billion** annually. This astronomical cost is more than half of the state’s *entire* \$101 billion budget for the FY 08-09! Such costs demonstrate that the legislature must make budget reductions in a thoughtful manner and consider opportunities, even in tough times, to leverage federal funds, generate new revenues, and minimize the impact on programs that save more tax dollars than they cost.

Further, proposals that seek to eliminate funding for SUD treatment are contrary to the recently federally enacted healthcare reform and parity laws mandating SUD services, as well as to the state’s planning for implementation of the new federal laws in California. The state’s 1115 Medicaid waiver renewal also provides opportunities for more thoughtful ways to address SUD service needs. As Healthcare reform and parity laws drive the demand for treatment, California will lack the treatment capacity to respond as a direct result of years of dismantling its system of care.

**CADA recommends** that the state preserve the SUD system of care so that the transition to health care reform will have a viable base. Without the system of care in place, individuals needing treatment must wait and most likely would be incarcerated for drug offenses, or even die before new programs can be licensed by the state and obtain appropriate permits from local jurisdictions (e.g fire clearances) and be opened.

Specifically, treatment funding for SUD is spread over several departments and agencies. CADA has identified the follow items in the FY 2010/11 proposed budget that will impact the SUD field.

**Item 0690      EMERGENCY MANAGEMENT AGENCY, OFFICE OF EMERGENCY SERVICES, BYRNE JAG GRANTS. OFFENDER TREATMENT PROGRAM**

**Recommendation:** Approve 2nd year funding, \$31 million at the FY2009/10 funding level for Proposition 36 and Proposition 36 “like” programs with federal Byrne JAG grant dollars.

The federal Department of Justice announced in late April 2010 that California will receive \$51 million in federal Byrne Justice Assistance Grants in 2010. Of those funds, about \$20 million will be allocated directly to local governments and **\$31 million** will be administered by the California Emergency Management Agency (CalEMA). For the first time, the federal Bureau of Justice Assistance (BJA), which administers the program, has prioritized the use of 2010 Byrne Grants for “ensuring that justice is truly done in the criminal justice system” through indigent defense reform and “funding for the courts, prosecution, problem-solving courts, and other innovative, cost-saving alternatives to incarceration.”

CADA recommends that the State Legislature and the California Council on Criminal Justice (CCCJ) work with CalEMA to direct the full \$31 million in federal funds to alternatives to incarceration, as urged by the BJA – specifically to Proposition 36 and California’s Offender Treatment Program to assist counties’ handling of low-level drug offenses. \$1 in Byrne JAG grants spent on arrests generates \$10 in new state costs. In contrast, \$1 of Byrne JAG grants invested in treatment cuts incarceration costs by \$4.

**Item 4260**      **DEPARTMENT OF HEALTH CARE SERVICES – 1115 MEDICAID WAIVER APPLICATION.**

**RECOMMENDATION:** Assure the inclusion of substance use disorder treatment in the state’s 1115 waiver renewal application.

It is well documented that SUD services save lives and money. The proposals for inclusion of these services in the waiver should be applied across the entire state and not in a few pilot projects, as the Department of Health Care Services is now contemplating. SUD services impact a broad population and save millions in other healthcare costs as noted above. Screening and brief intervention, and as indicated, full assessment for SUD treatment, should be required for all Medi-Cal patients. All participating hospitals should be required to identify frequent users of Emergency and urgent care services, to identify those with SUD, and coordinate and insure the appropriate needed care. The recommendations of the Behavioral Health Integration Technical Workgroup, under the 1115 waiver, should be adopted into the full waiver application. As mandatory enrollment into managed care under the 1115 waiver occurs, it will be essential to meet the new federal parity requirements for care.

**Item 5180**      **Department of Social Services**

**Recommendation:** Reject the Governor’s Proposal to eliminate CalWORKs

Elimination of CalWORKs program will also eliminate all pre-employment services, including substance use disorder treatment, that are vital to for women and their children transitioning to full employment and sustained recovery.

**CADA supports the Senate proposal to adjust the alcohol excise tax** on alcohol in line with inflation. The California excise tax on alcohol was last changed in 1991 and has lost 37% of its value. Adjusting the excise tax for inflation would also establish an appropriate nexus to substance use disorders. The revenue from the tax would be enough to backfill the cuts proposed for substance use disorder treatment in the prison system and in community treatment, and for the state to meet its total MOE obligations for the federal block grant.

**In addition CADA advocates that all alcohol taxes be raised another \$.05 cents per drink as an impact fee to fund education, prevention and treatment of substance use disorders.**