CADPAAC

County Alcohol and Drug Program Administrators Association of California

Dedicated to the reduction of individual and community problems related to the use of alcohol and other drugs and the chronic disease of addiction

CADPAAC Policy Statement: Realignment

Background & Issues:

The realignment plan proposed by the Governor and adopted by the Legislature provides a total of $6.3 billion in FY 2011-12 to local governments to fund various criminal justice, mental health, social service, and alcohol & drug treatment programs, including a realignment of $184 million of ADP programs to counties. However, the adopted realignment package differs in two respects from the Administration's original proposal. First, the Legislature's plan relies on a shift of existing state and local tax revenues rather than the extension of expiring tax rates as proposed by the Governor. Second, the adopted budget legislation does not include the Governor's proposal for a constitutional amendment to make the funding allocations to local governments permanent and protect the state from potential mandate claims.

The revenues provided for realignment are deposited into a new fund, the Local Revenue Fund 2011. The budget package creates 8 separate accounts and 12 subaccounts within this fund to pay for the realigned programs. One of these accounts, the Health and Human Services Account, contains four separate subaccounts for SUD programs: (1) Regular and Perinatal Drug Medi-Cal ($131 million); (2) Regular and Perinatal Non Drug Medi-Cal ($21 million); (3) Drug Courts ($27 million); and (4) Women and Children's Residential Treatment Services ($5 million). Another account created in the Local Revenue Fund 2011 is the Reserve Account, where revenues in excess of the amount projected for each account are deposited. The budget legislation requires revenue deposited into the Reserve Account to be used to reimburse counties for programs paid from the Foster Care, Drug Medi-Cal, and Adoption Assistance Program Subaccounts.

The budget package limits the use of funds deposited into each account and subaccount to the specific programmatic purpose of the account or subaccount. The budget does not contain any provisions allowing cities or counties flexibility to shift funds among these programs. The budget legislation also contains some formulas and general direction to determine how the funding would be allocated among counties. The budget legislation does not specify program allocations among the various accounts and subaccounts, or among counties, for 2012-13 and beyond. Despite uncertainty surrounding these ongoing allocations, the revenues being deposited into the Local Revenue Fund 2011 for purposes of realignment are expected to be ongoing.

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CADPAAC Recommendations:

- SUD prevention and treatment services are essential to the health and safety of all Californians, and must be adequately funded.

- CADPAAC supports the realignment of SUD programs to the counties, provided there is a stable and adequate funding source.

- Even though the Realignment Reserve Account prioritizes entitlement programs such as Drug Medi-Cal, constitutional protections are essential to ensure that funding to meet D/MC mandates is available.

- For base funding under realignment, counties need to be held harmless.

- Counties need assurance that there will be adequate, ongoing revenues for the realigned programs, as well as a mechanism for revenue growth.

- Because Drug Medi-Cal services are a statewide entitlement, and as such services for eligible persons must be made available as medically indicated, the proposal needs to insure that realignment funds are sufficient to cover the costs for counties to provide these services.

- Counties should be protected from having to dismantle essential non-Drug Medi-Cal services (e.g. Drug Court, regular and perinatal non-DMC services) in order to provide match needed for future Drug Medi-Cal growth. Counties should be able to access the Realignment Reserve Account once they have expended all of the funding in their Drug Medi-Cal subaccount.

- Counties need to have the flexibility and authority to manage the fiscal and programmatic risk they will assume for the realigned programs.