

Budget status – simplified

Treatment providers and other state contractors began receiving IOU's (warrants) instead of payments last week. Treatment providers' fiscal conditions have worsened with the announcement by major banks that they will not cash the warrants until their due date in October, 2009

The Department of Alcohol and Drug Program issued a statement explaining that ADP's state general fund (including Drug Medi-Cal) payments will be issued as a registered warrant. ADP also announced it will continue to process county and provider claims and submit them to the State Controller's Office (SCO)



“for payment with the intent of

not adding to any further payments delays.” More information is available at www.adp.ca.gov.

Below is the *Weekly Memo's* attempt to simplify the current status of the budget.

Although it is dangerously out of balance, California began the 2009-10 fiscal year with a budget already in place. In the past 3 weeks, the Legislature began voting on bills to revise the FY 2008-09 and FY 2009-10 spending plans to help close the budget gap that has been growing since the February budget agreement for the two fiscal years was signed by the Governor and the ballot measures needed to implement the budget agreement were defeated at the May, 2009 special election.

The Legislature went back to the drawing boards and convened a conference committee to consider the Governor's May revision of the budget. It was unable to achieve the two-thirds vote needed to pass the conference report and full package of trailer bills. With time running out, a new fiscal year looming, and the state running out of cash, the Legislature then proposed a 3-bill package that was expected to temporarily remedy the state's cash-flow problems and postpone the need for the State Controller to issue IOUs. The 3-bill package passed out of the Assembly on a bipartisan basis, but the Senate failed to muster the required two-thirds vote to pass the bills. So, both houses approved a spending plan requiring a simple majority of votes.

The Governor vetoed this alternative “majority-vote” proposal. Since the Governor and the Legislature were unable to enact revisions to the FY 2008-09 spending plan by the end of the fiscal year, key proposals for closing the budget gap before the end of the fiscal year cannot be implemented, thereby adding an additional \$3 billion to

the state's debt and putting the state in the red by a total of \$26.4 billion.

On July 1, the Governor declared a fiscal emergency and called a fourth special session of the Legislature. He released a letter outlining \$4.882 billion in “new solutions” to partially address the \$5.3 billion in what he labeled “lost solutions” and additional state costs that resulted primarily from lawmakers' failure to enact key budget revisions by the end of the FY 2008-09.

The July 1 letter also projects – based on recent cash receipts – that state revenue collections through June 30, 2010 will be another \$3.0 billion below the level assumed in the February budget agreement.

As the “Big Five,” Governor Arnold Schwarzenegger, Assembly Speaker Karen Bass (D), Assembly Minority Leader Sam Blakeslee (R), Senate President pro tempore Darrell Steinberg (D), and Senate Minority Leader Dennis Hollingsworth (R) continue to negotiate a solution to the state budget crisis, Controller John Chiang began issuing IOUs on July 2 due to a “severe cash deficit” estimated at nearly \$3 billion in July and at least \$3.5 billion in August.

If there is sufficient cash available, registered warrants, or IOUs, will be paid by the State Treasurer on October 2, 2009. If the Pooled Money Investment Board (PMIB) determines there is sufficient cash available for redemption at an earlier date, they may be redeemed earlier than October 2, 2009. The PMIB set an interest rate of 3.75% for IOU's held until the October, 2009 redemption date.

Governor's cuts would disproportionately affect children and youth

Substance abuse often affects children and families in ways that make reliance on state supported programs essential. The Governor's proposals would have a significant impact on California's children and youth. In addition, many of the proposed cuts would cause the state to lose substantial amounts of federal funding.

- **Eliminate the Healthy Families Program**, ending health coverage for more than 940,000 children. The state would lose nearly two dollars in federal funds for every dollar cut from the state budget. State savings would total \$366.1 million in 2009-10 and \$495.2 million in 2010-11.
- **Eliminate the CalWORKs Program**, ending cash assistance to more than 1.1 million of the state's most vulnerable children on October 1, 2009 and eliminating CalWORKs child care. The Governor's 2009-10 budget pro-

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Medication Assisted Therapy bill passes Senate Health Committee

AB 417, the proposal by **Assemblyman Jim Beall**, (D-San Jose), to extend buprenorphine availability to Drug Medi-Cal recipients in NTP settings, passed what most observers consider its most significant test: the Senate Health Committee. CAADPE board member and legislative committee chairman, **Stephen Maulhardt**, Aegis Medical Systems, testified at the hearing.

The bill passed out of committee by a unanimous, bi-partisan vote of 11-0 with all committee members voting for the bill, but not before **Assemblyman Beall** accepted an amendment proposed by Republican members of the committee. The amendment will sunset the use of buprenorphine in the Drug Medi-Cal program pending the receipt of a 5 year report (not study) by the Department of Alcohol and Drug Programs regarding the efficacy of the program with attention to actual cost reductions and

money saved by the state. In accepting the amendment **Assemblyman Beall** said he was confident that the medication would prove to be both effective and save the state money.

According to the Assembly Appropriations Committee, where the bill was heard earlier this year, if 10 percent of current methadone patients convert to buprenorphine and their time on the medication averages three months (as evidence suggests) the savings to the Drug Medi-Cal Program would be in excess of \$20 million. Senator Leno, while agreeing to the need to review new programs, also warned to be careful how the amendment authorizing the report was written so that it did not become a "poison pill" in Appropriations Committee and stifle the progress of the bill. He further stated that if such were the case he would be opposed.

NIMBY bill defeated in Assembly Health Committee

CAADPE opposes SB 268 (Harmon, R-Costa Mesa), one of a number of NIMBY (Not in my backyard) bills that have been introduced in an effort to quash expansion of treatment facilities, and in some cases reduce their numbers in given communities. **Senator Harmon's** bill was defeated last week in the Assembly Health Committee, but was granted reconsideration which means that it could be voted on again in the same committee if the author rounds up enough votes to secure its passage.

SB 268 creates a barrier for treatment facilities to operate by placing undo licensing requirements on substance abuse treatment facilities. If passed, it would have required a fire clearance every two years, based on building codes at the time that the facility was initially licensed – often triggering expensive retrofitting. During the hearing, CAADPE board member and legislative committee chairman, **Stephen Maulhardt**, Aegis Medical Systems, called the

proposal a, "NIMBY bill disguised as a health and safety measure." The Department of Alcohol and Drug Programs explained that the Department has a certification process in place and does on-site inspections every two years. **Assembly Member, Dave Jones** (D-Sacramento), chairman of the committee called on his own experience in local government to comment that such regulations are often used as "impediments to bona fide operators opening and maintaining" needed treatment facilities.

CAADPE opposed SB 268 because it would restrict the availability of access to residential care for those with severe drug and alcohol addictions. SB 268 violates the state's Unruh Civil Rights Act, the Federal Fair Employment and Housing Act, the Americans with Disabilities Act and the Federal Fair Housing Amendments by discriminating against disabled persons by singling out treatment facilities.

Save the Date

September 28 Effective Clinical Supervision: Clinical Supervision in Practical Application (How to Support Positive Treatment Outcomes) L.A. CADA sponsors trainer Alan Lyme, LCSW (*national trainer and author*). CE units available. 8:00 a.m. – 4:30 p.m. Location: The California Endowment 1000 North Alameda St, Los Angeles. Call 562.906.2686 for more information

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ARRA Road to Recovery - regional conferences announced

The California Recovery Task Force has announced its Regional Road to Recovery Conferences which will be held later this month. The California Recovery Task Force, a group created by Governor Schwarzenegger to keep track of the federal American Recovery and Re-investment Act (ARRA) stimulus funding coming into the state, announced conferences to be held in Central, Southern and Northern California. The goal of the conferences is to provide information and guidance on how local California communities can access the federal stimulus funding to create jobs and stimulate the state economy.

The ARRA funding is dispersed by the government and goes to specific organizations, including local and state entities as well as private businesses. California is expected to receive an estimated \$85 billion in federal stimulus funding over a period of three budget years.

The conferences will provide detailed workshops for attendees. There will also be various industry experts available to provide more information regarding the available stimulus funding and a discussion led by the California Inspector General, Laura Chick.

The conferences will take place in the following regions:

- Central Valley: July 8 at California State University, Fresno
- Southern California: July 22 at the Anaheim Convention Center
- Northern California: July 23 at San Jose State University

The Task Force can be contacted at www.recovery.ca.gov or by telephone at 916-322-4688. For more information regarding registration visit, www.acteva.com; keyword search: recovery task force.

Three child-centered seminars in July/August

The National Center on Substance Abuse and Child Welfare (NCSACW), an initiative of the U.S. Department of Health and Human Services, offers technical assistance, training, and information tools to support your efforts to collaborate.

NCSACW announced three new educational offers, a two-part webinar series and a live conference in Berkeley

The two-part webinar series is *Professionals Working with Families Affected by Substance Abuse*. Part one is *An Overview of NCSACW and NADEC*, set for Tuesday, July 14, 10am-12pm PST. This session will highlight the resources available to agencies through the National Alliance for Drug Endangered Children and the National Center on Substance Abuse and Child Welfare, and how these resources have been used to improve families affected by substance abuse. Register for Part One at www1.gotomeeting.com/register/972461705.

Part Two is *Information Sharing & Collaboration Strategies*, on Friday, July 31, 10am-12pm PST, Hear a national

perspective on proven strategies for information sharing and collaboration between child welfare, substance abuse treatment, courts and law enforcement. Register: www2.gotomeeting.com/register/832382251

These webinars have been approved for a total of four (4) Continuing Education Hours (CEH) by the Association of Addiction Professionals (NAADAC). Each webinar counts for two (2) CEH. In order to receive a certificate for each webinar, you must attend both webinar. For more information, contact Susannah Carroll, NADEC, at scarroll@nationaldec.org and via phone at (303) 413-3063.

The third event, *Treating Parents with Co-Occurring Disorders: Substance Abuse, Mental Illness, Human Immunodeficiency Virus*, is sponsored by National Abandoned Infants Assistance Resource Center. This training offers a rare opportunity to learn about co-occurring disorders with an emphasis on families with young children. The two day event will be August 20 & 21, at the Claremont Resort & Spa, Berkeley. Registration: <http://aia.berkeley.edu/training/CODseminar/CODseminar.php>

Cuts, continued from p.1

positional had included funding for child care for more than 180,000 children of CalWORKs participants who are currently employed or in school. The state would save \$1.4 billion in 2009-10 and \$2.4 billion in 2010-11 by eliminating CalWORKs, but lose more than one and a half times that amount in federal funds – \$3.9 billion – in 2010-11, the first full year without CalWORKs.

- **Reduce funding for Child Welfare Services** by \$70.6 million – a 10 percent cut to counties' allocations – and save \$26.8 million by reducing rates for foster care providers and for clothing allowances.
- **Reduce funding for Early and Periodic Screening,**

Diagnosis and Treatment Services

(EPSDT). Funding would be eliminated for EPSDT mental health programs that were started in 2007-08 or later, saving the state an estimated \$28 million in 2009-10. Analyses of the county-level impact of selected proposed spending reductions are available at



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