

Why \$120 Million is a Cut in Prop. 36 Funding

Gov. Arnold Schwarzenegger has proposed continuing funding for Prop. 36 drug treatment programs at the level of \$120 million in FY 2006-07. This is the same amount budgeted for each of the five previous years as required by the terms of the initiative, passed by voters on Nov. 7, 2000.

However, by several measures, the governor's proposed budget would represent a substantial cut in Prop. 36 funding, resulting in fewer people getting adequate treatment. These measures include:

- **Current costs/actual spending by state and counties: \$138.4 million.¹**

The state Department of Alcohol and Drug Programs (ADP) reports that Prop. 36 spending exceeded \$135 million in each of the last two years for which data are available (2002-04), well above the \$120 million annual budget. This was possible because counties carried over funds from a startup allocation, and most had lower expenses in the first year of the Prop. 36 program. Despite this higher level of spending, many counties report they are not able to place defendants in the right programs or for the full necessary course of treatment.

- **Inflation-adjusted budget: \$140.6 million.**

The \$120 million annual budget for Prop. 36 has gone unchanged since enacted in Nov. 2000. Adjusting the first-year (2001) budget for inflation, the \$120 million becomes \$140.6 million in 2006 dollars.²

- **Adequate budget for actual needs: \$183.9 million.**

Two surveys conducted in 2004 and 2005 among county alcohol and drug program administrators indicated a shortfall of \$63.9 million in funding to meet the needs of Prop. 36 clients, who generally require longer, and more intense, treatment than many counties planned for. For 2005-06, county administrators projected additional need for \$48.2 million for treatment, \$3.7 million for other support services, and \$12.0 million for criminal justice supervision and services for Prop. 36 treatment clients.³

¹ Department of Alcohol & Drug Programs, *Substance Abuse and Crime Prevention Act of 2000 – Proposition 36, Fourth Annual Report to the Legislature*, forthcoming (data provided to Prop. 36 Statewide Advisory Group, August 5, 2005); figure consists of \$134.4 million spent by counties, \$3.5 million for state administrative costs, and \$600,000 for independent evaluation. ADP's Year Three report gives total spent in 2002-03 as \$139.4 million.

² Adjustment made using the calculation method preferred by the California Department of Finance for adjusting state government program budgets for inflation using "Implicit Price Deflator." Calculations use May 26, 2005, deflator figures from U.S. Dept. of Commerce, Bureau of Economic Analysis: year 2000 as base, yr. 2001 = 102.9, yr. 2006 = 120.6 (projected). Figure for 2006 is \$120,000,000 x (120.6 / 102.9) = \$140.6 million.

³ County Alcohol & Drug Program Administrators' Association of California (CADPAAC), "SACPA—Proposition 36 Unmet Needs Survey #2," March 2, 2005.