

State of California
Department of Alcohol and Drug Programs

**Substance Abuse and Crime Prevention Act of 2000
(SACPA – Proposition 36)**



Fourth Annual Report to the Legislature

October 2005



Kathryn P. Jett
Director

DIRECTOR'S MESSAGE

I am pleased to deliver the *Fourth Annual Report to the Legislature* on the Substance Abuse and Crime Prevention Act of 2000 (SACPA). SACPA was approved by 61 percent of the voters in November 2000, as Proposition 36, and became effective July 1, 2001. It sentences non-violent drug offenders to receive drug treatment rather than jail or prison. SACPA appropriates \$120 million each year to fund drug treatment services and criminal justice supervision, and serves tens of thousands of drug offenders annually. Each county administers the program locally with funds distributed through the Department of Alcohol and Drug Programs (ADP).

This report shows the improvements in drug treatment in California, such as:

- Access to drug treatment in California dramatically expanded with SACPA.
- Treatment is working for methamphetamine addicts despite early concerns that methamphetamine addicts would be more difficult to treat.
- People are completing treatment, staying drug-free and becoming self-sufficient.
 - 35,000 people have completed treatment despite the severity of their addiction.
 - 59% found employment
 - 78% of treatment completers are drug-free

However, other key findings from the SACPA evaluation by the University of California, Los Angeles (UCLA) raise important policy issues, including:

- About one-third (34.3%) of offenders who entered treatment completed treatment. These findings are typical of drug users referred to treatment by criminal justice entities.
- Among 51,033 offenders who participated in SACPA in its third year, only 37,103 (72.6%) entered treatment.
- Outcomes (employment and drug arrests) were most favorable for those completing treatment. However, improvements in the law should be considered to increase client accountability and program outcomes.

In 2000, California's voters supported drug treatment as an alternative to lengthy jail sentences. The Department looks forward to working with stakeholders to improve the accountability and outcomes of drug offenders who enter this program. This will improve the quality of life for all Californians.

KATHRYN P. JETT
Director

**SUBSTANCE ABUSE AND CRIME PREVENTION ACT OF 2000
FOURTH ANNUAL REPORT
(July 1, 2003 – June 30, 2004)
California Department of Alcohol and Drug Programs**

October 2005

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I. PREFACE

The California ballot initiative known as Proposition 36 was enacted into law in the November 2000 election as the Substance Abuse and Crime Prevention Act of 2000 (SACPA). SACPA represents a substantial shift in criminal justice policy. It provides for community-based treatment instead of incarceration for drug offenders. Those eligible are non-violent adult offenders who use, possess, or transport illegal drugs. The statute is administered with state oversight by county collaborative efforts involving both treatment and criminal justice.

The Governor's Office and the California Health and Human Services Agency designated the Department of Alcohol and Drug Programs (ADP) to serve as the lead agency for implementation and evaluation of SACPA. ADP is required to provide an annual report to the Legislature addressing implementation and operational issues, fiscal impact, and the effectiveness of SACPA (Health and Safety Code Section 11999.9).

This *Fourth Annual Report to the Legislature* covers the period July 1, 2003, through June 30, 2004, the third full year of SACPA program operations. It presents highlights of findings from the 2004 evaluation report from the University of California, Los Angeles (UCLA), as well as ADP program administration information.

ADP released the first annual report to the Legislature in November 2002 covering the implementation period beginning November 2000. Initial data and findings were included for the first six months of SACPA operations, July 1, 2001 through December 31, 2001. Subsequent second and third annual reports (July 1, 2001 through June 30, 2002 and July 1, 2002 through June 30, 2003), have updated evaluation findings, as well as program and fiscal information for each year of operation.

ADP contracts with Integrated Substance Abuse Programs at UCLA to conduct the evaluation of SACPA (Health and Safety Code Section 11999.10). UCLA provides successive interim reports addressing SACPA's annual progress, which serve as the evaluation source documents for ADP's annual report to the Legislature. The 2004 interim SACPA evaluation report by UCLA is provided as Appendix F to this report.

II. EXECUTIVE SUMMARY

This report covers highlights of the UCLA evaluation for Fiscal Year (FY) 2003-04 and updates ADP program administration activities.

UCLA Evaluation Highlights

Treatment Performance

There were 51,033 offenders referred to treatment in FY 2003-04, a slight decrease from 53,697 offenders in FY 2001-02 and 54,140 offenders in FY 2002-03.

- 37,103 offenders (72.6 percent)¹ went on to enter treatment.
- 12,726 offenders (34.3 percent) who entered treatment completed it. UCLA finds that this rate is similar to FY 2002-03 and is typical of drug users referred by criminal justice.
- 24.9 percent of all offenders referred to SACPA completed treatment. (This rate reflects offenders who were not assessed or did not enter treatment.)

Client Characteristics

Characteristics of SACPA clients remained stable across the first three years.

- In FY 2003-04, SACPA clients were:
 - 73.1 percent male
 - 44.8 percent Non-Hispanic White
 - 32.4 percent Hispanic
 - 14.4 percent African-American
 - 8.4 percent of other racial/ethnic origin
- Average age was 35.
- Methamphetamine was the most frequently reported primary drug, the same as in the first two years.
- Again in the third year, about half of SACPA offenders were entering treatment for the first time, despite lengthy drug use histories.

¹ This is the percentage contained in the UCLA report. ADP's calculation, based on the numbers contained in the UCLA report, is 72.7%.

Treatment Placement and Duration

Treatment placement for FY 2003-04 was similar to the first two years of SACPA.

- 84.4 percent of offenders were placed in outpatient drug-free programs.
- 11.2 percent were placed in long-term (more than 30 days) residential programs.
- 51.4 percent of outpatient clients received at least 90 days of treatment. The 90-day period is considered an effective “dosage” of treatment.
- 41.2 percent of long-term residential clients received 90 days of treatment.

Criminal Justice

- 88.8 percent of SACPA offenders were supervised by probation. Twenty-three percent of these had their SACPA probation revoked. UCLA finds that this revocation rate is typical of probationers in other treatment programs.
- 11.2 percent of SACPA offenders were parolees. Of these, 56 percent were returned to prison, a rate typical of parolee drug users who receive treatment.

Offender Outcomes

Offender outcomes were reported for the first time in the evaluation report for FY 2003-2004. The most favorable outcomes among SACPA offenders were for those who completed treatment, as measured by reduced misdemeanor and felony arrests, improved employment, and reduced drug use. When comparing SACPA offenders to the pre-SACPA comparison group, the study found SACPA offenders more likely to be arrested for a drug crime in the first 12 months. However, incarceration among the pre-SACPA group may have affected new arrests in the initial 12 months. It will be important to see whether these initial outcomes are sustained across a longer period of time.

Future Reports

The UCLA evaluation reports to be issued in 2006 will report on SACPA fiscal impacts (incarceration, treatment, and some cost-offsets), offender outcomes, re-arrest and re-incarceration rates, and lessons learned.

Program Operations and Funding

Allocation and Distribution of Funds

In FY 2003-04, \$117 million of the \$120 million annual appropriation was distributed to the 58 counties to administer their SACPA programs.

- State administrative costs totaled \$2.9 million (2.4 percent of the appropriation).
- UCLA evaluation costs totaled \$600,000 (0.5 percent of the appropriation).

A new formula was adopted to align distribution of SACPA funds more closely to county treatment needs. The formula allocates 50 percent based on population, 40 percent on SACPA treatment caseload, and 10 percent on drug arrests. The initial allocations were based on 50 percent population, 25 percent total treatment caseload, and 25 percent drug arrests.

County Expenditures

Counties spent \$134,901,103 for SACPA services and activities in FY 2003-04. Counties spent the \$117 million distributed by ADP, plus a portion of carryover funds from previous fiscal years. County expenditures decreased from FY 2002-03 to FY 2003-04. This decrease may reflect county efforts to constrain spending as carryover funds from previous fiscal years are depleted, and uncertainty of future funding for this proposition. The county plans have identified a shift of increasing services, such as outpatient in lieu of residential services. This trend is due to the high cost of residential services. Therefore, the utilization of service modalities is shifting as carryover decreases. There is no decrease in service needs, or delays in referrals. New services, such as the use of sober living environments, are also increasing because residential services are not affordable.

Client Fees

Non-county treatment providers collected \$4 million in client fees for FY 2003-04, an increase from \$1.1 million in FY 2002-03. Counties also collected approximately \$900,000 in client fees. Fees are only a small portion of SACPA funding.

Statewide Collaboration

Collaboration for SACPA administration continued as a major component in successful program operations. The statewide collaborative effort involves state, counties, and other local agencies (judiciary, law enforcement, health, drug treatment, social services, and programs for literacy and career development).

County Plans

All 58 counties submitted and received ADP approval for their FY 2003-04 annual plans required by SACPA regulations. On a statewide basis, counties continue to project spending an average of 75 percent or more for treatment and 25 percent or less for criminal justice costs.

Training and Technical Assistance

The County Lead Agency Implementation Meeting (CLAIM) and the Making It Work 2004 (MIW) Conference were two major training and technical assistance opportunities for counties in FY 2003-04. Also, ADP developed an on-site county technical assistance protocol and provided assistance to counties regarding local collaboration and coordination, county plans, and other program elements.

Service Capacity and Service Delivery

Treatment programs for SACPA clients must be licensed or certified by ADP to assure clients receive services that meet required treatment standards and protect health and safety. The number of programs grew significantly in the first year of SACPA operations. Growth stabilized in the second and third years.

Audits

SACPA requires annual audits of counties. In FY 2003-04, a total of 17 county audit reports covering expenditures for FY 2001-02 were issued. The rate of SACPA audits accelerated in FY 2003-04 as auditor positions were restored.

- The SACPA audits completed to date have identified compliance issues and recommended improvements to processes in areas such as the allocation of costs, reconciliation of costs and dedicated capacity.
- Audit Services Branch (ASB) has successfully defended four appeals and has recovered approximately \$1, 488,175 in questioned or disallowed expenditures related to Fiscal Year 2001-02 audits.

III. HIGHLIGHTS AND IMPLICATIONS OF THE UCLA EVALUATION FINDINGS

Researchers at UCLA Neuropsychiatric Institute's Integrated Substance Abuse Programs are conducting a five-year outside evaluation of SACPA. The 2004 evaluation report covered SACPA's third full year (July 1, 2003 through June 30, 2004). The full report is provided as a supplement to this report and may be found on the UCLA website at www.uclaisap.org/Prop36/Prop36.htm. This section highlights findings and implications of the report.

General

In the first three years, SACPA provided treatment to nearly 100,000 individuals. In SACPA's third year, 51,033 offenders agreed to participate and 37,103 (72.6 percent) of these entered treatment. UCLA finds that this rate was comparable to that in SACPA's first two years, and consistent with rates in other criminal justice treatment programs.²

As in the first two years, about half of SACPA clients were entering treatment for the first time. However, the number of first-time clients gradually decreased from the first to the second and third years. This decrease may reflect some of SACPA's early participants returning to SACPA or a reduction in the state's population of SACPA eligible drug offenders with no prior treatment experience.

Almost half of the first-time clients had a drug use history of ten years or more. These figures illustrate that SACPA continues to introduce thousands of new clients to treatment which is an important step toward eventual cessation of drug use.

Treatment Performance

In the third year, 34.3 percent of offenders who agreed to participate in SACPA (FY 2002-03) completed treatment. This finding is similar to the completion rate for clients in the second year (34.4 percent).

Of the total clients referred to SACPA (clients entering treatment as well as those who dropped out), the completion rate is 24.9 percent. This reflects the fact that some offenders did not appear for assessment or enter a treatment program.

Overall, 41.6 percent of these 28,749 offenders either completed treatment or made satisfactory progress. This rate approaches the 47.8 percent observed for non-SACPA criminal justice clients and the 45 percent observed for non-criminal justice clients.

²This is the percentage contained in the UCLA report. ADP's calculation, based on the numbers contained in the UCLA report, is 72.7%.

Over the three years, methamphetamine remained the most frequently used drug by SACPA clients and was the primary drug used by 53 percent in the third year. Initially there had been concerns that methamphetamine users would prove to be a very difficult treatment population. However, the evaluation found that these users were similar to the overall SACPA population in treatment completion and duration.

Statewide, median time to treatment completion was 194 days for SACPA clients in outpatient drug-free programs and 90 days in long-term residential programs. These times were similar to those for the second year. However, the median duration for non-SACPA criminal justice offenders in outpatient programs was somewhat shorter (161 days). SACPA offenders who completed outpatient programs had somewhat longer stays than non-SACPA outpatient offenders who completed in both the second and third years. Residential stays were the same for SACPA and non-SACPA offenders.

To increase client retention once they enter treatment, counties are improving their assessment procedures by locating assessment centers near the court, co-locating probation and assessment staff, and using other techniques.

Treatment Placement

SACPA offenders in the third year were placed in outpatient drug-free programs in a majority (84.4 percent) of cases, with long-term residential placement the next most common (11.2 percent) modality used. Short-term residential placements, detoxification, and methadone maintenance were rarely used for SACPA offenders.

Offenders whose drug problems are severe can benefit from residential treatment. However, to expedite entry into treatment, counties may be placing offenders in outpatient programs that have the capacity to take them immediately.

Treatment Duration

About half of SACPA offenders received at least 90 days of treatment, a period widely cited as the minimum for a beneficial effect. These rates are typical of drug users referred to treatment by criminal justice.

Offender Outcomes

The 2004 evaluation reported offender outcomes for the first time. The outcome indicators measured were new arrests, drug use, and employment.

The report compared outcomes in relation to offenders' degree of participation in SACPA. First-year SACPA offenders who completed treatment had the most favorable outcome indicators over a 12-month follow-up. Outcomes were less favorable for

offenders who did not enter or complete treatment. Outcomes were best for employment and occurrence of new drug arrests.

The drug arrest rate was 50.9 percent among referred offenders who did not receive treatment, 53.2 percent among offenders who entered but did not complete treatment, and 35 percent among those who completed treatment.

Change in the percent of offenders reporting paid work increased in all three offender groups, and the change was largest among SACPA offenders who completed treatment; 29.5 percent had been working in the 30 days before intake, whereas 58.9 percent were working in the 30 days before follow-up.

Drug use reductions were modest. Reported abstinence at follow-up was the most common among those who completed treatment. The abstinence percent was 78.4 percent among those who completed treatment, 69.9 percent among those offenders who were assessed but did not receive treatment, and 71.5 percent among those who entered but did not complete treatment.

The report also compared SACPA offenders with a pre-SACPA comparison group who would have been eligible for SACPA. SACPA offenders were more likely to have a new misdemeanor (but not felony) drug arrest than the pre-SACPA comparison group in the first 12 months. Property and violent crime arrests were low in both groups. This difference may have been affected by the fact that pre-SACPA offenders were more likely to be sentenced to jail or prison.

It will be important to see whether initial outcomes are sustained across a longer period. Future analyses will extend the follow-up period to 30 months.

Ethnic Differences in Treatment Performance

The evaluation found treatment completion rates lower and treatment duration shorter for African-Americans, Hispanics, and Native Americans than for non-Hispanic Whites and Asian/Pacific Islanders. Similar findings were reported for SACPA's first-year offenders. Race/ethnic differences in SACPA were parallel to those for non-SACPA offenders.

Repeat Offenses

Most SACPA offenders (88.8 percent) were supervised by probation. Twenty-three percent of those offenders had their SACPA probation revoked. While this rate is typical of probationers in other treatment programs, improvements are needed to decrease probation revocation rates.

Over 11 percent of SACPA offenders were parolees. More than half (56 percent) were recommitted to prison after referral to SACPA.

Conclusion

At this point in the program, SACPA offenders seem to be faring as well as other criminal justice offenders in treatment. While it is still too early to predict trends or reach definitive conclusions, efforts are being made to improve the accountability and outcomes of drug offenders.

In future reports, UCLA will update findings on implementation, describe crime trends before and after SACPA began, and analyze criminal recidivism, drug use, and other outcomes among SACPA offenders. Future reports will also include an in-depth analysis of SACPA's fiscal impact.

IV. PROGRAM IMPLEMENTATION AND OPERATION

This section describes activities undertaken by ADP in collaboration with counties and other stakeholders for the administration of the Substance Abuse and Crime Prevention Act of 2000 (SACPA).

Statewide Collaboration

After three years of SACPA operations, the SACPA implementation effort was gradually replaced by ongoing statewide and local collaboration focused on improving program practices and outcomes for offenders. Close collaboration among the various entities during FY 2003-04 allowed for many program advances.

ADP provided statewide SACPA leadership in collaboration with the Statewide Advisory Group, which advised ADP on issues affecting public safety, drug treatment, and program operations. The group is comprised of leaders from courts, counties, state agencies, probation, parole, district attorneys, public defenders, treatment, law enforcement, mental health, and other stakeholders. Major areas addressed collaboratively in FY 2003-04 include:

- Creation of a more equitable formula for distributing SACPA funds to counties.
- Development of policies to support the special needs of small counties to maintain capacity to serve SACPA offenders.
- Development of a collaborative work plan for inclusion of criminal justice data and cost benefit analysis in future UCLA evaluation reports.

In addition to the Statewide Advisory Group, other forums provided opportunities for collaboration, coordination, and stakeholder input:

- Evaluation Advisory Group for oversight to the long-term evaluation.
- Judicial Council of California, Administrative Office of the Courts, for guidance and counsel on judicial issues affecting SACPA administration.
- State Agency Meetings for state interagency issues involving parole, rehabilitation, social services, mental health, corrections, and employment development.
- Parolee Subcommittee meetings for interagency issues involving placement, treatment, and successful outcomes for SACPA parolees.

County lead agencies organized collaboration among local agencies and community stakeholders as a primary tool to manage their programs and enhance public involvement. Among the results of collaborative activity at the county level were increased effectiveness in program operations and the timely exchange of ideas and best practices to improve client placement, retention, and program outcomes.

SACPA Administration

ADP issued 13 All County Lead Agency (ACLA) Letters providing program guidance, policy clarification, and operational information. The ACLA letters addressed major topics, such as:

- Allocation of funds to counties: Emergency regulations were adopted to increase distribution of funds to counties with large SACPA treatment caseloads. The regulations became effective July 1, 2004.
ACLA Letter No. 04-07, June 29, 2004
- Transfer of probationers: A new law was enacted that allows transfer of probation from an individual's county of arrest to their county of residence. [AB 1306, Chapter 30, Statutes of 2004]
ACLA Letter No. 04-06, June 1, 2004
- Personal use of a controlled substance: A new law was enacted eliminating SACPA eligibility for defendants who possessed controlled substances for "personal use" for purposes of committing a crime. [SB 762, Chapter 155, Statutes of 2003]
ACLA Letter No. 04-03, April 13, 2004
- Maintenance of county drug treatment capacity: Counties were advised they could use SACPA funding for direct county operations that assure availability of treatment for projected clients.
ACLA Letter No. 03-09, November 21, 2003
- Audit exception remittance: Clarifies under what circumstances a county must remit funds to the State when SACPA audit exceptions are identified.
ACLA Letter No. 03-08, October 30, 2003

Training and Technical Assistance

For FY 2003-04, ADP developed an on-site county technical assistance protocol through its Office of Criminal Justice Collaboration (OCJC). The goal was to provide program guidance and enhance local collaboration. In target counties, OCJC staff observed operational functions outlined in the annual county plan. Where possible, staff also attended Proposition 36 collaborative meetings convened by lead agencies. The on-site visits improved local awareness of best practices utilized by other counties to overcome program barriers. Staff also shared successful collaborative strategies among local entities and clarified state reporting requirements. These on-site visits were well received by county collaborators and increased state and county understanding of SACPA's administration.

Training and technical assistance were also provided through the County Lead Agency Implementation Meeting (CLAIM) and the Making It Work (MIW) 2004 conference. Critical support for these conferences came from partnerships with the University of California, San Diego (UCSD) and The California Endowment/ Communities First

Program. The conferences were held October 28-29, 2003, and February 4-6, 2004, respectively. Each conference registered about 400 participants representing the 58 counties. There were numerous plenary panels where sharing of best practices occurred. Published proceedings are an important vehicle for dissemination of prominent practices discussed at the conferences. The proceedings are available on ADP's website at <http://www.adp.ca.gov>.

ADP partnerships with UCSD and The California Endowment/Communities First Program also allowed on-site training for those counties that requested technical assistance. All counties had an opportunity to request up to three on-site trainings provided by UCSD's Center for Addiction Research Training and Application (CARTA). Appendix A identifies the 40 counties that participated and the additional technical assistance requested. In supporting what county collaborators consistently share as program concerns, the two most requested trainings included collaborative issues and motivational interviewing.

In addition, technical assistance was made available to counties through the Pacific Southwest Addiction Technology Transfer Center (PSATTC), funded by the federal Substance Abuse and Mental Health Services Administration (SAMHSA) through the Center for Substance Abuse Treatment (CSAT). PSATTC is located at UCLA, Integrated Substance Abuse Programs.

ADP also provided technical assistance information through the SACPA website. New SACPA policies and guidance were posted to provide information to SACPA stakeholders and the public. Through a web-based inquiry submission feature, ADP provided 48-hour response to SACPA inquiries by counties, providers, and the public.

Following the rapid first-year development of the SACPA Reporting Information System (SRIS), ADP undertook an effort to analyze and improve the accuracy and usefulness of the system. With stakeholder recommendations and in partnership with California State University, Bakersfield, ADP made changes to improve definition of terms and reporting procedures. Training for counties was offered throughout the State, providing information on system improvements and distribution of resource manuals.

County Plans

Regulations require counties to submit their county plans to ADP by May 1st annually to receive funding for SACPA services and activities. Each plan contains a programmatic and a fiscal section. The programmatic section includes a description of SACPA services to be offered and how those services will be coordinated. The fiscal section describes how counties plan to expend SACPA funds, as well as annual projections for needed capacity and services.

Health Systems Research, Inc., funded by the federal Center for Substance Abuse Treatment, publishes a summary analysis of the 58 county plans on an annual basis. The report for FY 2003-04 was released in September 2004 and is available on ADP's website.

All 58 counties submitted and received ADP approval for their FY 2003-04 annual plans. The average percentage of funds counties planned to spend for services (drug treatment and related services) was 76.5 percent. The remaining 23.5 percent of funding was planned for criminal justice activities.

The 58 counties projected 59,908 offender referrals would be made in FY 2003-04 for SACPA services. The actual referrals for FY 2003-04 totaled 51,033 with 45,317 referred by probation and 5,716 referred by parole. County projections of offender referrals decreased by about 2,400 from FY 2002-03 as counties improved their ability to make more accurate projections based on historical data.

Service Capacity and Service Delivery

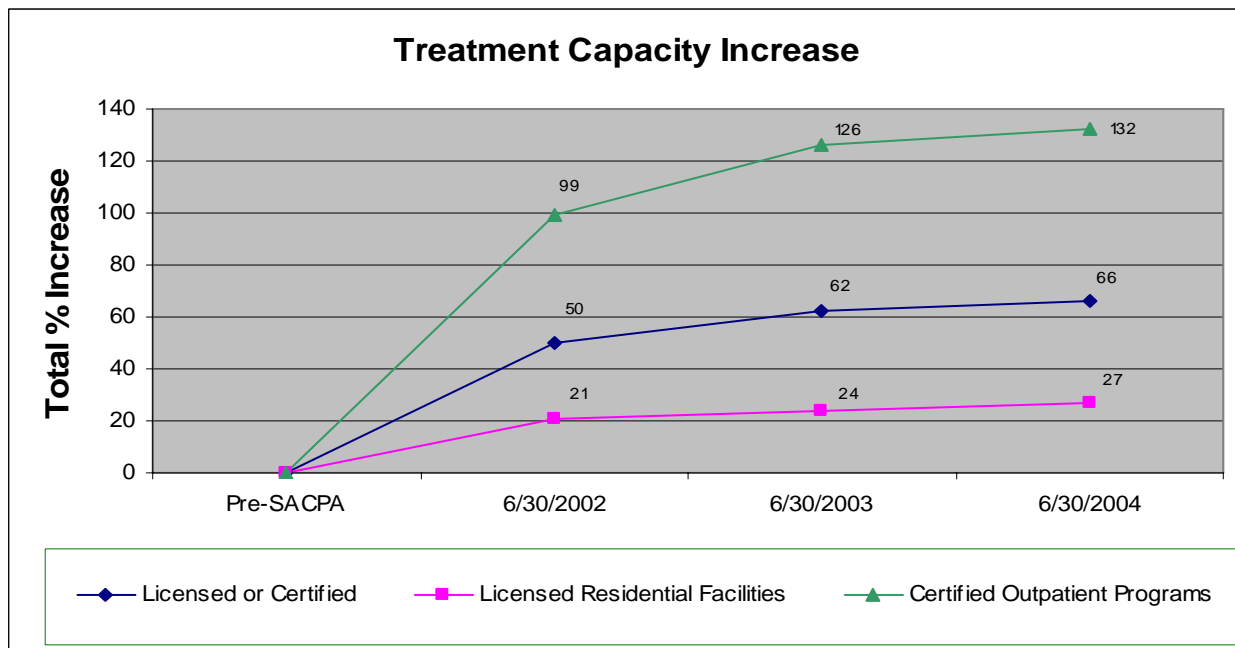
The passage of SACPA expanded the numbers of potentially eligible clients for services provided through publicly funded treatment programs. Regulations require that all SACPA-funded treatment programs be licensed or certified by ADP thereby ensuring that offenders receive services that meet required standards and protect client health and safety.

Prior to the passage of SACPA, ADP received an average of 12 applications per month, six for licensure of residential facilities, and six for certification of outpatient programs. There were 1,061 programs in existence as of November 2000: 663 licensed residential facilities and 398 certified outpatient programs. The residential bed capacity was 15,927.

As of July 1, 2004, after three years of SACPA program operation, there were a total of 1,766 programs: 842 licensed residential facilities with a bed capacity of 20,156 and 924 certified outpatient programs.

Since SACPA began, the number of program sites increased by 705, an overall increase of 66 percent. Licensed residential facilities increased by 179 (27 percent increase overall), and certified outpatient programs increased by 526 (132 percent increase overall). Statewide, residential bed capacity increased 26.6 percent overall, adding 4,229 beds. The greatest increases occurred during the first full year of operations.

The following chart tracks the increases by year:



Source: Licensing and Certification Division, Department of Alcohol and Drug Programs

Audits

SACPA requires annual audits of counties. In FY 2003-04, a total of 17 county audit reports covering expenditures for FY 2001-02 were issued.

The SACPA audits completed to date have identified compliance issues and recommended improvements to processes in areas such as the proper allocation of costs. Currently, the SACPA audit unit consists of two audit supervisors and eight auditors.

- The SACPA audits completed to date have identified compliance issues and recommended improvements to processes in areas such as the allocation of costs, reconciliation of costs and dedicated capacity.
- ASB has successfully defended four appeals and has recovered approximately \$1,488,175 in questioned or disallowed expenditures related to Fiscal Year 2001-02 audits.

V. PROGRAM FUNDING AND EXPENDITURES

This section provides information on SACPA funds received and expended by counties.

Allocation and Distribution of Funds

SACPA established the Substance Abuse Treatment Trust Fund (SATTF) for annual State appropriations. For FY 2001-02 through FY 2005-06, \$120 million is appropriated annually to the trust fund for SACPA purposes.

In FY 2003-04, \$117,022,956 was distributed to counties. ADP was allocated \$3,464,359 in FY 2003-04 to cover state administrative costs. Of this amount, one half of one (0.5) percent (\$600,000) was provided to cover costs of the UCLA evaluation.

In FY 2003-04, \$10.8 million in federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds was provided for the Substance Abuse Treatment and Testing Accountability (SATTA) program. SATTA funds may be used for drug testing of SACPA offenders and for any other purpose allowed under SAPT.

For FY 2003-04, ADP began the process of modifying the allocation formula that distributes SACPA funds to counties. The purpose of the change was to allocate funds to counties serving relatively greater numbers of SACPA offenders. Upon initial passage of SACPA, counties received their annual allocation based on the formula of 50 percent population, 25 percent total treatment caseload, and 25 percent drug arrests. The new formula allocates funds based on 50 percent population, 40 percent SACPA (rather than total) treatment caseload, and 10 percent drug arrests. The change was discussed in advance with stakeholders and adopted through emergency regulations effective July 1, 2004.

The following chart shows how annual SACPA appropriations have been distributed and expended. Funds in excess of the annual distribution to counties were available through prior year unspent funds.

Sources and Uses of Funds	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
(dollars in millions)				
SACPA Budget				
Annual Appropriation	\$ 60.0	\$ 120.0	\$ 120.0	\$ 120.0
Distributions to Counties	\$ 58.8	\$ 117.0	\$ 117.0	\$ 117.0
State Administrative Costs	\$ 0.9	\$ 2.4	\$ 2.5	\$ 2.4
UCLA Evaluation	\$ 0.3	\$ 0.6	\$ 0.6	\$ 0.6
Expenditure of SACPA Funds				
County Expenditures	\$ 7.2	\$ 92.8	\$ 136.4	\$ 134.9
State Administrative Costs	\$ 0.5	\$ 1.9	\$ 2.5	\$ 2.9
UCLA Evaluation	\$ 0.3	\$ 0.6	\$ 0.6	\$ 0.6
Total SACPA Expenditures	\$ 8.0	\$ 95.3	\$ 139.4	\$ 138.4
SATTA Funds** (Drug Testing, etc.)		\$ 8.3	\$ 8.6	\$ 10.8**
SATTA Expenditures		\$ 8.3	\$ 8.6	\$ 7.7

*** An additional one-time increase of \$2.2 million in Federal Fiscal Year (FFY) 2004 SAPT funds was allocated in FY 2003-04 to ensure that counties had adequate funding until the FFY 2005 SAPT award became available. Funds not expended in FY 2003-04 can be expended in FY 2004-05. (Sources: SACPA Annual Financial Status Reports, California Budget Authority, and year-end expenditure reports)*

County Expenditures

Counties are required to place their allocations in a local trust fund. Because SACPA provides for a continuous appropriation, unspent funds may be carried over to subsequent fiscal years. As a result, counties used carryover funds to spend \$134,901,103 for all services and activities in FY 2003-04. These expenditures were 71.8 percent of the total funds available to counties.

Eighteen counties spent 90 percent or more of total SACPA funds available to them in FY 2003-04 (Appendix B). Total SACPA funds available reflect the counties' annual allocation plus carryover funds from the previous fiscal year. Because other fund sources such as client fees and interest earned are not included in this amount, some counties reflect spending in excess of 100 percent of their total funds available.

The following chart shows statewide total funding and expenditures through FY 2003-04. Figures are actual county SATTF expenditures as reported on Annual Financial Status Reports.

A Fiscal Year	B Amount Allocated to Counties	C Carryover Funds from Previous Year	D Total Funds Available	E Total Expenditures	F % Expended of Total Funds Available
FY 2000-01	\$58,800,000	Not Applicable	\$58,800,000	\$7,177,107	12.2%
FY 2001-02	\$117,022,956	\$56,480,506	\$173,503,462	\$93,044,842	53.6%
FY 2002-03	\$117,022,956	\$86,080,111	\$203,103,067	\$136,466,940	67.2%
FY 2003-04	\$117,022,956	\$70,872,140	\$187,895,096	\$134,901,103	71.8%

The chart shows counties expended \$134,901,103 for FY 2003-04, or 71.8 percent of total funds available. According to FY 2003-04 county plans, counties planned to spend \$102,268,736 or 76 percent for treatment and related services and \$31,316,499 or 24 percent for criminal justice activities.

The decrease in total county expenditures from FY 2002-03 to FY 2003-04 may be due to the decreasing amount of carryover funds available to counties. Many counties have been supplementing their annual allocations with carryover funds to meet service demands. However, it is too early to know whether the expenditure levels for the last two fiscal years represent a stabilization of SACPA expenditures. See Appendix C for total funds available to counties and Appendix D for county expenditures.

The law requires any SACPA-eligible probationer or parolee, who is reasonably able to do so, to contribute to the cost of his or her own placement in a drug treatment program (Penal Code Sections 1210.1 and 3063.1). As specified by SACPA regulations, client fees may be assessed by trial judges for the costs of placing offenders into drug treatment programs or by treatment programs for the costs of treatment. Appendix E shows \$4,053,520 in client fees paid to non-county treatment providers and an additional \$906,447 client fees paid to counties in FY 2003-04.

County expenditures for FY 2003-04 using SATTA funds show that of the \$10.8 million available, counties spent \$8 million, with 57 percent spent on drug testing and 43 percent spent for other purposes. This breakdown in spending categories is consistent with the previous year's figures. For FY 2002-03, counties spent \$7.5 million of the \$8.6 million available with 57 percent spent on drug testing and 43 percent spent for other purposes.

APPENDICES

SACPA ANNUAL REPORT Fiscal Year 2003-04

- A. Technical Assistance**
- B. SACPA County Expenditures Fiscal Year 2003-04**
- C. Total SACPA Funds Available Fiscal Year 2001-02 through 2003-04**
- D. SACPA Expenditures Fiscal Year 2001-02 through 2003-04**
- E. Additional County and Provider Income Fiscal Year 2003-04**
- F. Evaluation of the Substance Abuse and Crime Prevention Act of 2000,
2004 Report**