DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

April 22, 1998

ALL-COUNTY LETTER NO. 98-23

REASON FOR THIS TRANSMITTAL

[ ] State Law Change
[ ] Federal Law or Regulation Change
[ ] Court Order or Settlement Agreement
[ ] Clarification Requested by One or More Counties
[X] Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY WELFARE TO WORK COORDINATORS
ALL COUNTY ALCOHOL AND DRUG PROGRAM ADMINISTRATORS
ALL COUNTY FISCAL OFFICERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) FUNDING FOR SUBSTANCE ABUSE TREATMENT SERVICES

This letter is a follow up to the California Department of Social Services (CDSS) County Fiscal Letter (CFL) No. 97/98-16 issued September 10, 1997 which informed County Welfare Departments (CWDs) of their allocations for providing substance abuse and mental health treatment services to CalWORKs recipients.

Pursuant to Assembly Bill (AB) 1542 (Section 115), the CWDs and the county alcohol and drug programs are required to collaborate to ensure an effective system is available to provide alcohol and drug services to recipients whose substance abuse creates a barrier to employment. The CWDs are encouraged to enter into agreements with the county alcohol and other drug (AOD) program for such services. If the CWD determines that the county AOD program is unable to provide the needed services, the CWD may contract directly with a non-profit, state-licensed or certified substance abuse program. AB 1542 further states that substance abuse treatment services shall include evaluation, substance abuse treatment, employment counseling, provision of community service jobs, or other appropriate services.

As stated in the CFL, counties were provided with a substance abuse allocation of $12 million State General Fund (SGF) and a mental health treatment allocation of $10 million SGF. The total $22 million allocation can be transferred between the two programs during the year and each county may carry forward any unspent funds into the next fiscal year.

Although the $12 million SGF identified for substance abuse treatment services may be transferred between the two programs, it is not possible to match any portion of the $12 million SGF allocation with Title XIX funds due to the Temporary Assistance for Needy Families Maintenance of Effort (MOE) requirements and the Fiscal Year 1997-98 budget assumption that the $12 million is MOE countable.

An additional allocation of $5 million in federal Substance Abuse Prevention and Treatment (SAPT) Block Grant funds was also provided to counties. These funds are also to provide substance abuse services to CalWORKs recipients for the purpose of removing barriers to employment. The SAPT Block Grant funds, however, must be expended according to federal requirements for the purchase of specific substance abuse treatment services. These funds cannot be used to fund mental health treatment services. The CWDs are encouraged to work closely with their local county AOD programs to ensure compliance with Federal Regulations, Title 45, Code of Federal Regulations Sections 96.40, 96.31, 96.124, 96.127, 96.131, 96.135, and 96.137, which are applicable to the SAPT Block Grant. The local AOD programs currently operate many of their programs within the parameters of this funding source and are therefore, able to provide these services and meet the reporting requirements within their existing infrastructure. For more information on the specific requirements for the SAPT Block Grant, CWDs may contact the State Department of Alcohol and Drug Programs (ADP) at (916) 322-6643.

Claiming instructions for the $12 million SGF for substance abuse treatment services were released in January 1998 through CFL 97/98-42 and are effective for the October-December 1997 quarter. Additional fiscal claiming instructions for the $5 million in federal SAPT Block Grant funds were released in March 1998 and are effective with the January-March 1998 quarter.

An additional $1.5 million SGF and $1.5 million federal financial participation budgeted for Drug/Medi-Cal (D/MC) substance abuse treatment services has been allocated to all 58 counties to be reimbursed through ADP. These funds can only be used for reimbursement for D/MC services. Claiming instructions for these funds are contained in ADP Bulletin 98-14.

The CalWORKs legislation (Welfare and Institutions Code Section 11325.8) requires that this substance abuse funding "shall be used to supplement, and not supplant, substance abuse treatment funds otherwise available to recipients". CDSS and ADP are aware that the CalWORKs funding for substance abuse services may cause some confusion due to the complexities and requirements of the different funding sources. Therefore, both departments are working towards developing more specific information regarding the CalWORKs funding and substance abuse services. Information will be forthcoming as it is developed.

If you have any questions, you may call Karen Kennedy, Manager, Work Support Services Unit, CDSS at (916) 657-3400 or Victor Rea, Assistant Deputy Director, Program Operations Division, ADP at (916) 324-5523.

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