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Facts about the Substance Abuse Prevention and Treatment (SAPT) Block Grant:

- Accounts for approximately 42 percent of substance abuse expenditures by State substance abuse agencies across the country.
- Supported treatment services for approximately 2.3 million client admissions in FY 2010, and reached an additional 96 million individuals through direct and population-based prevention activities.
- Represents 64 percent of State/Territory-coordinated primary substance abuse prevention funding.
- For every dollar spent on addiction treatment programs, there is an estimated \$4 to \$7 reduction in the cost of drug related crimes.
- For those receiving treatment through the SAPT Block Grant, at discharge from treatment: 92 percent had no involvement with the criminal justice system; 78.2 percent were abstinent from alcohol use; and 73.7 percent were abstinent from illegal drug use.

BUDGET SEQUESTRATION AND THE SUBSTANCE ABUSE PREVENTION AND TREATMENT (SAPT) BLOCK GRANT

Sequestration overview

The Budget Control Act (BCA) of 2011 (P.L. 112-25)ⁱ created the Joint Select Committee on Deficit Reduction, which was tasked with identifying at least \$1.2 trillion in budgetary savings over 10 years. Due to the failure of the Joint Select Committee to reach consensus on budgetary savings, BCA has triggered a series of automatic spending reductions called sequestrationⁱⁱ, which is scheduled to take effect January 2nd, 2013. These spending reductions include the sequestration of mandatory spending in FY2013-2021, a one-year sequestration of discretionary spending for FY2013, and lower discretionary spending limits for FY2014-2021.ⁱⁱⁱ Sequestration will go into effect unless the Congress can reach an agreement on an alternative approach. Security and non-security budgets^{iv} will be cut evenly. Each is required to cut a total of \$54.7 billion for FY2013 through FY2021. Non-security spending cuts will be taken from discretionary and certain mandatory programs, with exemptions given to programs like Medicaid and Children's Health Insurance Program (CHIP) and reduction caps on others like Medicare payments.

Sequestration and the SAPT Block Grant funding for FY 2013

To achieve the required reduction of \$54.7 billion to non-security spending in FY2013, the across-the-board cuts may result in a uniformed percent cut to most programs, including the Substance Abuse Prevention and Treatment (SAPT) Block Grant. In order to achieve the savings mandated in BCA for FY2013, the Center on Budget and Policy Priorities (CBPP) projects an across-the-board 8.4 percent cut.^v If the SAPT Block Grant receives an 8.4 percent cut from the FY2012 appropriated level of \$1.8 billion, it would receive a \$151.2 million reduction. The Substance Abuse and Mental Health Services Administration (SAMHSA), which administers the SAPT Block Grant, would receive a \$292 million reduction compared to its FY 2012 level of \$3.48 billion. A cut of this magnitude to the SAPT Block Grant would significantly reduce prevention, treatment and recovery services across the country, resulting in increased demands on emergency rooms, hospitals, jails, and prisons.

Implementation of the sequestration in FY 2013

Numerous factors could affect implementation of the sequestration process.^{vi} The execution and impact of any automatic spending cuts imposed by the BCA "will depend in large part on the legal interpretations and action taken by the Office of Management and Budget (OMB)."^{vii}^{viii} Guidance from OMB should be expected if an agreement to alter the process has not been reached before the fall.

The effect on discretionary spending in FY 2014-2021

Required discretionary spending reductions after FY2013 will continue to be divided equally between security spending and non-security spending, but will be achieved by imposing discretionary spending limits through FY2021 instead of an across-the-board sequestration of funds. Payments to Medicare providers and health insurance plans will continue to receive a 2 percent cut. Due to a projected annual rise of Medicare costs, the dollar amount saved by this cut will increase over time, therefore lowering the burden of spending reductions to non-security discretionary programs. These non-security discretionary reductions will be made through the normal appropriations process.

Exemptions and special rules

Exemptions in the BCA are based on statutory provisions in sections 255 and 256 of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 (P.L. 99-117, known as Gramm-Rudman-Hollings Act)^{ix}. Most exempt programs are mandatory and include: Social Security, Supplemental Security Income (SSI), Medicaid, CHIP, Supplemental Nutrition Assistance Program (SNAP), child nutrition, refundable tax credits, veterans' compensation and other benefits, and federal retirement.^x Medicare payments to health care and insurance providers are not statutorily permitted by the BBEDCA to be sequestered by more than 4 percent, and the BCA further limits cuts to no more than 2 percent.^{xi}

Alternatives to sequestration

The Budget Control Act will force automatic across-the-board cuts unless Congress approves legislation by January 2nd, 2013. In order to avoid sequestration, Congress must pass a deficit reduction deal or pass legislation that eliminates or alters the automatic cuts.

Next steps

NASADAD will work with its Members, Board and other stakeholder groups to educate policymakers of the importance of the SAPT Block Grant and other substance abuse prevention, treatment and recovery programs.

ⁱ For a complete review of the Budget Control Act, see U.S. Congressional Research Service. *The Budget Control Act of 2011* (R41965; August 19th, 2011) by Bill Heniff Jr., Elizabeth Rybicki, and Shannon M. Mahan. Federation of American Scientists CRS Collection; Accessed: May 31st, 2012; and U.S. Congressional Research Service. *The Budget Control Act of 2011: The Effects on Spending and the Budget Deficit When the Automatic Spending Cuts Are Implemented* (R42506; May 4th, 2012) Federation of American Scientists CRS Collection; Accessed: May 31st, 2012. For a discussion of the application of the BCA to the Patient Protection and Affordable Care Act programs see U.S. Congressional Research Service. *Budget Control Act: Potential Impact of Automatic Spending Reduction Procedures on Health Reform Spending* (R42051; March 23rd, 2012) by C. Stephen Redhead. Federation of American Scientists CRS Collection; Accessed: May 31st, 2012.

ⁱⁱ For a detailed analysis of sequestration and the application of the process historically, see U.S. Congressional Research Service. *Sequestration Procedures Under the 1985 Balanced Budget Act* (RL31137; September 21st, 2001) by Robert Keith. Policy Archive Database; Accessed May 31st, 2012; and U.S. Congressional Research Service. *Budget Sequesters: A Brief Review* (RS20398; March 8th, 2004) by Robert Keith. http://democrats.rules.house.gov/CRS_Rpt/RS20398.pdf; Accessed May 31st, 2012.

ⁱⁱⁱ U.S. Congressional Research Service. *Budget "Sequestration" and Selected Program Exemptions and Special Rules* (R42050; April 27th, 2012) by Karen Spar. Federation of American Scientists CRS Collection; Accessed: May 30th, 2012.

^{iv} For purposes of FY2013 discretionary spending reductions, "security" is understood to include the budgets of the Department of Veterans Affairs, the Department of Homeland Security, the Department of State, and the Department of Defense. "Non-security" is understood to include the budgets of all other departments and agencies. These categories are revised in FY2014 through FY2012, "security" is understood to include only the Department of Defense and "non-security" is understood to consider all other departments and agencies. See *Ibid* at 2.

^v Center on Budget and Policy Priorities. *How the Across the Board Cuts in the Budget Control Act Will Work* by Richard Kogan. April 27th, 2012. www.cbpp.org/cms/?fa=view&id=3635. Accessed: May 30th, 2012. Some reports show that the cut could be as large as 11.5%. See U.S. Congressional Research Service. *The Budget Control Act of 2011: The Effects on Spending and the Budget Deficit When the Automatic Spending Cuts Are Implemented* (R42506; April 23rd, 2012) by Mindy Levit. Federation of American Scientists CRS Collection; Accessed: June 1st, 2012.

^{vi} Specifically, "the amount of budgetary resources subject to sequestration and the interpretation of statutory requirements as they apply to specific programs and activities." See *Ibid*.

^{vii} *Ibid* at 4. The full statement reads, "The following [report] should be considered as only a general description of the law and not an attempted interpretation. Ultimately, the execution and impact of any automatic spending reduction triggered under provisions of the BCA...will depend in large part on the legal interpretations and action taken by the OMB."

^{viii} *Ibid*

^{ix} Above n. iii at 1.

^x For a fuller list of exempted programs, see above n. iii at 16-23.

^{xi} *Ibid* at 8.

SAPT Block Grant Funding

→ \$1.78b in FY 2012 (*Congress appropriated \$1.8b but the Department of Health and Human Services "tapped" or redirected \$21.5m from the programs for a \$3m reduction compared to FY 2011*)

→ \$1.78b in FY 2011

→ \$1.80b in FY 2010

→ \$1.78b in FY 2009

→ \$1.76b in FY 2008

In FY 2013, the field recommends a \$50m

increase compared to FY 2012 appropriated

SAMHSA Funding

→ \$3.48b in FY 2012

→ \$3.51b in FY 2011

→ \$3.43b in FY 2010

→ \$3.34b in FY 2009

→ \$3.23b in FY 2008



NASADAD's mission is to promote effective and efficient State substance abuse service systems.

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