


# **ALLOCATION FORMULA DEVELOPMENT**

## ***INTERIM REPORT***



***Submitted by the Formula Workgroup of  
the Maryland State Drug and Alcohol Abuse Council  
February 1, 2007***

***The State Drug and Alcohol Abuse Council consists of key state cabinet department secretaries, judges, legislators, and citizens. It was charged with coordinating the planning and delivery of state substance abuse services and the development of a two-year plan establishing service priorities and strategies in Maryland. Created through Executive Order 01.01.2004.42.***



The Maryland State Drug and Alcohol Abuse Council wish to recognize all those who contributed to the *Allocation Formula Development: Interim Report*

***Executive Director***

State Drug and Alcohol Abuse Council  
Suzan Swanton

***The Formula Workgroup Members***

Lori Albin  
*Counsel, Office of the Public Defender*  
Susan Bergmann  
*Addictions Coordinator - St. Mary's County*  
James Brenneman  
*Addictions Coordinator - Allegany County*  
Lori Brewster  
*Deputy Health Officer, Local Drug and Alcohol Abuse Council - Wicomico County*  
Adam Brickner  
*President, Baltimore Substance Abuse Systems, Inc. - Baltimore City*  
Terry Brown  
*Member, State Drug and Alcohol Abuse Council - Baltimore Behavioral Health*  
Thomas Cargiulo  
*Director Substance Abuse Services - Howard County*  
Candice Cason  
*Director of Addiction - Prince George's County*  
Joy Gill  
*Executive Director, National Council on Alcoholism and Drug Dependence - Maryland*  
Diana Givens  
*Clinical Director, Addiction Services, Harford County*  
George Hardinger  
*Chair, Local Drug and Alcohol Abuse Council - Carroll County*  
Dawn Levinson  
*Chair, Local Drug and Alcohol Abuse Council - Montgomery County*  
George Lipman  
Judge, District Court of Maryland - Member, State Drug and Alcohol Abuse Council  
Peter F. Luongo  
*Director, Alcohol and Drug Abuse Administration*

Betty Malkus

*President, Maryland Addiction Director's Council*

Frances Phillips

*Representative, Maryland Association of County Health Officers*

Simon Powell

*Policy Analyst, Legislative Services*

Marty Pusey

*Representative, Maryland Association of Prevention Professionals and Advocates*

Kathleen Rebbert-Franklin

*Chief, Bureau of Substance Abuse - Baltimore County*

Judith Sachwald

*Director, Division of Parole and Probation*

Joshua Sharfstein

*Representative, Maryland Association of County Health Officers*

Craig Stofko

*Chair, Local Drug and Alcohol Abuse Council - Somerset County*

David Treasure

*Director, Budget Analysis, Department of Budget Management*

Karen Winkowski

*Clinical Director, Alcohol and Drug Center - Cecil County*

Carol Wise

*Chair, Local Drug and Alcohol Abuse Council - Kent County*

***Consultants***

John Carnevale and Erika Ostlie

*Carnevale Associates, L.L.C.*

***Publication and Lay-out***

Deborah Green / Sunya Smith

*ADAA eGovernment/Publications Unit - Information Services Division*

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## **Introduction**

This interim report represents the preliminary work completed by the Maryland State Drug and Alcohol Abuse Council's (the Council [See Appendix A – pages 15-16] ) Formula Workgroup (the Workgroup). After much informed and spirited discourse, it has become strikingly apparent to the majority of members of the Workgroup that the development of a formula for the equitable allocation of substance abuse treatment and prevention funds to jurisdictions is complex in nature and profound in impact. It has become equally apparent that there are simply insufficient funds available through the Alcohol and Drug Abuse Administration (the ADAA) to meet the need for quality services for Maryland's citizens within each jurisdiction. The task of equitable distribution of resources takes on added meaning and responsibility when those resources are scarce and the problem so devastating to individuals, families and communities.

Given the above, the Workgroup has had insufficient time to review data on substance abuse and its consequences and educate itself on the development of an effective formula that would qualify it to submit a funding formula to the General Assembly by February 1, 2007. This report does, however, advise the General Assembly of its progress in the development of a formula for the equitable distribution of funds for substance abuse treatment and prevention by the ADAA and concludes with three specific recommendations. It is the goal of this Workgroup to decide on an appropriate formula by December 1, 2007.

With the submission of this report, the Workgroup requests the following:

- An extension to meet its goal of developing a formula by December 1, 2007; and
- That the \$100,000 of ADAA's appropriation, withheld until a report on the development of a formula is given to the Budget Committees, be released.

*Note: The word "jurisdiction" and "county" (and their plural forms) will be used to refer to the 23 counties and Baltimore City.*

## **The Task**

In the March 2006 Joint Chairmen's Report, budget language was inserted (See Appendix B [pages 17-19]) that tasked the Council with the development of a formula for the allocation of all alcohol and drug abuse prevention and treatment funds distributed by the ADAA to local jurisdictions. It is the intent of the General Assembly that such a formula be implemented to apply to all ADAA prevention and treatment funding distributed to local jurisdictions by fiscal year 2010. In developing this formula, the budget language states that consideration should be given to:

- the need to equitably fund prevention and treatment services in all jurisdictions;
- holding jurisdictions harmless from the impact of any developed formula;
- properly accounting for the benefits that accrue from regional-based treatment provided by a single jurisdiction; and
- the funding necessary to appropriately phase in the formula by fiscal 2010.

The report required that the Council report to the budget committees by February 1, 2007 on the development of a funding formula and an implementation timeline. Furthermore, the language stated that \$100,000 of the ADAA's appropriation from the General Fund may not be expended until the Council completed this task.

To carry out this charge, the Council elected to form a Formula Workgroup and to hire an expert consultant to assist the Workgroup in its task. The consultant hired, John Carnevale, Ph.D., is an economist who is recognized as one of the foremost national experts in this field. He has assisted federal, state and local governments to develop the orga-

nization, implementation and funding of their drug policies. He has a history of working with Maryland's Drug and Alcohol Abuse Councils, the ADAA, Maryland's legislature and Maryland's Department of Budget and Management.

In forming the membership of the Workgroup, the Council was interested in ensuring that all concerned stakeholders were represented. To that end, members were solicited from the Council's membership (Mental Hygiene Administration, the Department of Public Safety and Correctional Services, the Department of Juvenile Services, the Division of Parole and Probation, the Governor's Office of Children, the Department of Human Resources, the Maryland State Department of Education, the Governor's Office of Crime Control and Prevention, and members of the State Senate and the House of Delegates), from the Local Drug and Alcohol Abuse Council, key government stakeholders (Department of Legislative Services, the Department of Budget and Management, and the Alcohol and Drug Abuse Administration) provider organizations (Maryland Association of County Health Officers, Maryland Addictions Directors Council, and Maryland Association of Prevention Professionals and Advocates), and the recovery community (National Council on Alcoholism and Drug Dependence). As a result of this solicitation process, 14 of the 24 jurisdictions opted to actively participate on the workgroup, with one jurisdiction requesting to be on the e-mail distribution list. All regions of Maryland (Western, Central, Southern, and Eastern Shore) are represented, as are prevention and treatment providers, Health Officers and the recovery community.

### **Efforts to Date**

As of the submission date of this report, the Workgroup has met seven times (see Appendix C, "Minutes of Meetings" [pages 21-34]) and much work (research and discussion) has been accomplished by members between sessions. Each session was well attended. Participation was active and knowledgeable, and intent on arriving at the best allocation formula to serve Maryland's citizens. A review of allocation schemes used by other states indicated that there is no standard formula used by other states to inform our process. Given this, the discussion raised many more issues and concerns than the Workgroup was able to answer in the time span allowed.

### **Findings of the Workgroup**

During the meetings held thus far by the Workgroup, several points became readily apparent:

- First, the use of some indicators of need in some formulae (examples of these indicators may be treatment need, poverty, drug-related crimes and DWI crimes, etc.), and the application of those formulae to the level of funding each jurisdiction is currently receiving, would lead to a dramatic and negative impact on some counties.
- Second, while it is likely that the application of any formula will indicate that some jurisdictions are receiving a higher percentage of the monies available than the formula measuring equitable distribution would indicate they should be receiving, no jurisdiction is over funded. To the contrary, even if there was an infusion of funds into the treatment and prevention services system that would provide all jurisdictions with the funds such a formula would indicate they should have to meet the need in their county (\$20 million to \$23 million, depending on the formula), it is unlikely that we will have reached the goal of treatment on demand for any citizen who seeks it.
- Third, any new funding distribution scheme must seek to build on all of Maryland's current substance abuse service systems and not jeopardize the delivery of those services in any one jurisdiction.

The issues and concerns mentioned below are only some of those which have been identified by the Workgroup as requiring more time to explore in order to confidently complete the task. It is hoped that the ensuing discussion will give the reader a sense of the difficulty at arriving at a consensus for a formula, given the complexity of the problem, the diversity among jurisdictions in primary drug problems and geo-socioeconomic issues, and the deep desire of each jurisdiction to provide quality services and a continuum of care for its citizens.

**Holding Harmless:** This concept has commanded the most attention, becoming an overriding and influential concern in completing this task. It has served as a backdrop for all discussions held by the Workgroup. The budget language found in M00K02.0 states: “In developing this formula, consideration should be given to holding jurisdictions harmless from the impact of any developed formula.” The operational definition we have been using for the notion of “holding jurisdictions harmless” is that no jurisdiction can be harmed fiscally by losing funds or service capacity as the result of an allocation formula.

A central idea being considered by members to ensure that no jurisdiction’s current service delivery capacity is made vulnerable by a new funding distribution scheme is that some of the funds distributed by ADAA for treatment and prevention services should be exempt from allocation by formula. With this in mind, there is a conviction held by some members that each jurisdiction should be given a base funding that would support and maintain its service delivery infrastructure in addition to the funds allocated by a formula. Sustaining current service capacity is another reason for exempting some funds. For instance, one thought being discussed is that as new money becomes available, all jurisdictions should receive a percentage of it for infrastructure costs, before distributing the rest by formula. The notion of “hold harmless” and how best to develop a formula for the equitable distribution of funds, while at the same time safeguarding the current service delivery system, is a problem the Workgroup has not yet resolved to its satisfaction.

**Composition of the Formula (Variables):** M00K02.01 requires that the Council, in developing the formula, consider “the need to equitably fund prevention and treatment services in all jurisdictions.”

- **Defining “equitably”:** To address this requirement, the Workgroup’s working assumption has been that “equitably” means to attempt to match the amount of allocated funds distributed to each jurisdiction with its need for services. One way to determine service need is to measure each counties “share” of the problem. One way to define “share of the problem” is to determine the elements for inclusion in the formula that can measure the scope of the problem in the jurisdiction (substance use) and the consequences of the problems in the jurisdiction (crime, health, community).
- **Use of variables that indicate “scope of problem”:** Alcohol and drug abuse are complicated problems frequently affecting vulnerable, hard-to-reach populations. These problems affect individuals, families, neighborhoods, and communities. The consequences touch many realms, including health, economic activity, crime, social capital, government costs, and infrastructure. Therefore, indicators of the consequences of the problem have been considered because research indicates that the consequences that result from substance use and abuse impact on the prevention and treatment system’s ability to provide quality services.<sup>1</sup> Because of these assumptions, the Workgroup has considered a variety of variables that would measure drug use (prevalence, estimates of treatment need, treatment admissions) and health (STD, HIV, and deaths), community (dropouts, homelessness, employment, foster-care rates) and crime (drug arrests, property crimes, DUI/DWI) consequences of the problem. It should also be noted that, while many variables have been considered, there are more that the Workgroup wants to explore and for which, to date, we have been unable to secure the data. Such variables include: parole and probation data, homelessness, overdoses/drug-related deaths, hospitalizations, and violent crime.
- **Definition and estimate of need:** Of particular concern is an appropriate variable to estimate the prevalence of the problem within each jurisdiction and, therefore, the need for substance abuse treat-

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<sup>1</sup> Office of National Drug Control Policy, 2004. “The Economic Costs of Drug Abuse in the United States, 1992-2002.” Washington, D.C.: Executive Office of the President (Publication No. 207303).



ment and prevention services. Such an estimate must account for not only those who currently acknowledge the need for treatment but also for those who have a substance use disorder but have not yet sought treatment. The ADAA recognizes that the current methodology it uses to estimate treatment need, while approved by the Federal government, is inadequate and, like all current affordable methods available today, is flawed. The Workgroup finds this current approach to estimating treatment need unsatisfactory and is apprehensive about its inclusion in any allocation formula. The definition of need itself is a point of debate. Should need be defined simply by a prevalence rate and the resulting service provision needs? Or should severity factors such as overdoses, other drug-related deaths, prevalence of HIV/AIDS, prevalence of HCV, etc. be added?

No position on either of these two issues has been finalized.

- **Variable bias:** In selecting variables, a primary concern is to determine the variables that most accurately portray the scope and consequences of the problem, insuring that no one substance of abuse and its consequences, is under-or over-valued. This is critical because different jurisdictions report different substances of abuse as primary problems and the severity and nature of those problems manifest themselves in different ways (i.e., certain drug(s) are more or less associated with HIV/AIDS, HCV, cardiovascular disturbances, respiratory depression, psychosis, comas, etc.). Another example is the use of DUI/DWI data as indicators of prevalence and treatment need. Although DUI/DWI captures the misuse of alcohol and other substances, DUI/DWI rates will be higher in areas with greater levels of car ownership and lower levels of public transit. Another concern is that these and other rates of selected indicators are dependent on the special resources or focus of law enforcement that a particular jurisdiction may have.

The difficulty in selecting the most appropriate and meaningful variables is further compounded by the necessity of not only choosing the most appropriate and meaningful variables, but selecting the most meaningful and appropriate variables that can be measured by consistently reliable, accessible, and transparent databases.

- **Use of a cluster model:** The Workgroup has discussed the possibility of using a cluster model for the funding formula. In several hypothetical formulae reviewed, four principal social indicator clusters were used. These included environmental, crime, health and estimated treatment need. Within each social indicator area, several variables are used to create a “cluster” for that indicator. For instance, in the crime cluster, one hypothetical formula used property crimes (reported crimes and arrests), DWI/DUI arrests, and drug arrests. While several hypothetical formulae have been reviewed, the Workgroup has not made the decisions as to whether the cluster model is the best way to construct the formula, which “clusters” should be used, or which variables should comprise the cluster.
- **Simplified Formula:** Even acknowledging the above, the use of a simplified formula is an additional consideration that has yet to be fully explored. Recognizing the national substance abuse prevalence rate of eight to ten percent and that ADAA funds are to be used to treat the uninsured, some members advocate for a simple formula based on some combination of population, poverty/wealth, and insured/uninsured factors. There is precedence for this in the public health arena as a number of grants awarded to local health departments are apportioned according to formulae which begin with a per capita amount and are then adjusted with a need factor. The need factor is a combination of a suitable prevalence/incidence statistic and some reflection of poverty or relative wealth of the jurisdiction. Examples are family planning and the core funding from public health block grants. (It should be noted that, for technical reasons, none of these has a poverty factor which is suitable for application to the



ADAA formula, and that, as the Workgroup's efforts have demonstrated, a generally accepted prevalence factor for substance abuse does not yet exist in Maryland.)

- Understanding that the Workgroup must balance simplicity with other factors, including equity and need, additional arguments in favor of a simplified formula are:
  - the use of multiple related variables is redundant and, in many cases, repeatedly counts the same individuals;
  - many of the issues discussed concerning which variables best measure the level of service provision needed by each jurisdiction, given the diversity of primary drug problems and socio-economic and geographic profiles, would be rendered moot.
  - simplicity is important for transparency and ease of the general public's understanding as to what constitutes a "equitable formula" and for formula implementation and calculation considerations in the future.
- **Weight of variables used:** In a simple formula which uses just variables or in a cluster formulae which use several variables within several clusters, decisions have to be made as to how to weigh each variable/cluster and/or each variable within a cluster. Hypothetical formulae reviewed demonstrated results of clusters and variables that were weighed both equally or variably.

**Court Ordered Commitments:** The Workgroup is grappling with how to equitably account for court ordered evaluations and treatment, including those ordered pursuant to Section 8-505 and 8-507 of the Health General Article, Annotated Code of Maryland. As the Judiciary continues to move toward Maryland's goal of "treatment, not incarceration" for non-violent drug offenders<sup>2</sup>, more substance abuse evaluation and treatment services are being used via this point of entry into the service delivery system. At issue are several points of discussion:

- Do such commitments put additional burden on the treatment system, or are they merely another point of entry into the treatment system that an individual would/could have entered in another way? In other words, does the jurisdiction's need for service capacity remain constant, regardless of the point of access?
- Do such commitments put additional burden on an already scarce resource of residential treatment slots, because judges appear to favor such placements, or does the jurisdiction's need for residential treatment remain constant regardless of the point of access?
- Should additional funding be awarded to jurisdictions based on the number of individuals court-ordered to evaluation and/or treatment, or should this service delivery need be part of the Local Drug and Alcohol Abuse Council's strategic plan, with funding being awarded through that jurisdiction's usual grant award?

The Workgroup has not yet had the opportunity to gather data on the geographic distribution of court-ordered treatment, including that treatment ordered under 8-507 and that ordered under other mechanisms available to the judiciary; nor has it yet deliberated on how jurisdictional funding should accommodate court-ordered drug treatment.

**Regional and Statewide Funding:** Based on demonstrated need, ADAA has designated some of its funds to support statewide treatment slots. These funds are in support of residential treatment slots and can be utilized by any resident of Maryland. Based on demonstrated need, some jurisdictions have pooled a portion of their allocation

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<sup>2</sup> "Justice Policy Institute: Progress and Challenges: An analysis of drug treatment and imprisonment in Maryland from 2000-2005." (September 19, 2006):1.

in support of regional treatment needs (residential treatment, intensive outpatient treatment, medication-assisted treatment and medically supervised withdrawal). These slots are available to residents of those regions. Such regional and statewide funding support services that no one jurisdiction could financially support. As such, it creates a continuum of care that would not otherwise be available to those in need. The Workgroup is interested in reviewing how these slots are populated and utilized, and what, if any, influence they should have on an allocation formula.

Formula Application: Regardless of the nature and form of a formula, it is likely that some jurisdictions will be shown to have a higher percentage of the available funds than is “equitable” (according to the formula), and some shown to have a lower percentage. Here, again, the dominant concern of “holding harmless” becomes a critical part of the conversation regarding how to apply the formula. While the Workgroup has not decided on a specific strategy, several application schemes have been posited:

- The formula should only apply to new money. (This would hold harmless those jurisdictions determined by the formula to have a higher percentage [preserving their service capacity], and continue to leave those determined to have a lower percentage with an inequitable share of the funds available and inadequate [according to the formula] service capacity.)
- The formula should apply only to new money and only be distributed to those jurisdictions that have been shown to have a lower percentage of the available money than the formula indicates it should have. (This would gradually bring the allocations to those jurisdictions up to their demonstrated need level, and send the other jurisdictions into a “death spiral,” facing years of level funding and an inability to sustain their current service capacity.)
- The formula should apply only to new money, with, first, a portion of the money equally distributed to each jurisdiction to sustain their infrastructure, and the remaining portion distributed only to those jurisdictions that, according to the formula, have a lower percentage of the funds available than is their equitable share.
- The formula should not be applied until the total funds needed by those jurisdictions that the formula indicates have a lower percentage of available funds as their equitable share is appropriated to ADAA (This amount, according to several hypothetical formulae, would be \$20-23 million.).

Formula Review and Re-calculation: While it has not yet made a determination as to time frames, the Workgroup has discussed the need for the formula (and variables used) to be reviewed periodically at a predetermined time to ensure its continued appropriateness, and the need for the formula to be re-calculated at regular intervals in order to ensure that shifts in population numbers and profiles in jurisdictions are accounted for when funds are being allocated.

Percentage vs. Rates: This debate underscores one of the primary difficulties of developing a formula. Most variables used are based on population. The number of unemployed individuals in a jurisdiction is directly related to the total number of residents in that jurisdiction. So that, when we use such variables in a formula, and use the percentage of the state’s total problem residing in that jurisdiction to determine need, those counties that are less populous will have lower need. On the other hand, if we use rate (the number of unemployed individuals within a jurisdiction compared to the number of individuals residing in that jurisdiction) the jurisdictions with high populations tend to show lower need.

The use of percentage of the entire state problem as a variable can be argued by stating that the formula is need based, which translates into the number of individuals who need assistance. Therefore, the formula reflects the number of individuals in a jurisdiction that have the problem being addressed. Mencken County’s poverty rate is 6% of their population, but, because of the size of that county, it is 12% of the entire state’s problem. Mencken

County has more individuals living in poverty and they should be entitled to commensurate funds. Another way to look at it is that even though Mencken County's (population 600,000) poverty rate is around six percent while Banneker County's (population 60,000) is 12 percent, there are still 36,000 people living in poverty in Mencken versus 12,600 people living in poverty in Banneker County.

The use of rates rather than percentages can also be argued. An example of use of percentage of the whole problem for outcome evaluation is the method used in Kid's Count for Teen Pregnancy. If all adults stopped having babies in one year, then the percentage of births to teens would skyrocket to 100 percent, whereas if you track rates of teen birth from year to year, then they will not depend upon what the adult population is doing. The same principal would apply to all of the measures being considered for an allocation formula. If Baltimore suddenly solved their crime problem, then the rest of us would look as though crime had risen in our counties, even though it did not.

So, in this one aspect of our task to develop a formula, there are several decisions that have to be made:

- Is our charge to look at the statewide need (number of persons in the state that have a problem) and distribute the money according to where they live? Or, is our charge to look at the rate of need within each jurisdiction (the prevalence of that problem within that jurisdiction) and distribute the money according to each jurisdiction's need?
- Independent of the decisions made regarding the issues noted above, other means of resolving the low/high population issues need to be explored. For instance, there is a body of literature that suggests that it costs more to deliver substance abuse services in rural areas. Since most of the jurisdictions in Maryland that have low populations are predominantly rural, can the workgroup determine a factor to include in the formula that would address this additional cost shouldered by the rural counties? Another suggestion put forth to resolve the population issue, and yet to be explored, is that of using percentages and factoring in rate as a variable. This would seemingly address the concerns of both the rural and suburban/urban jurisdictions.

“Rurality” Factor: As has been noted above, but which bears underscoring, there is great diversity found within the State and this presents problems in determining variables for a formula that would equitably distribute funds. Each jurisdiction has a unique profile. Substance abuse and its consequence have a devastating effect on each jurisdiction yet that devastation has a different complexion operationalized by different variables. Cultural, economic, and geographic characteristics all play into how each jurisdiction experiences their substance abuse problems. Another complexity of this issue that the Workgroup has visited is that, in applying a variety of formulae, it is consistently suggested by the formulae that most of the counties which receive more than their equitable share of the funds available are rural. Yet, as mentioned above, research indicates that service provision is more expensive in rural communities. One notion being examined to explain this phenomena is that, while rural counties have low populations, their residents, because of the absence of private providers, are over-represented in admissions to public substance abuse services data. It is generally accepted that in lower density areas, the cost of doing business is greater and requires greater planning and diversity in service delivery than in less dense areas. The Workgroup has recognized these issues but has yet to have the time to determine if a “Rurality” factor should be included in the formula and, if so, what it should be. These issues also give merit to the strategy of providing base funding for infrastructure for all jurisdictions as mentioned above.

### Prevention

Another important area that needs more time for discussion and deliberation is the suitable variables to be used in a formula for the distribution of funds for prevention services. Most of the hours the Workgroup spent in discus-

sion concerned the treatment formula and the attention needed to develop an appropriate prevention formula has not been given due to time limitations. The decisions concerning which variables adequately measure prevention needs in a jurisdiction present with the same complexity as those for treatment. Prevention efforts are needed across the life span, not just with children and adolescents as is popularly believed. Senior citizens are being more and more identified as an at-risk population with prescription abuse. Another concern is to determine an appropriate variable that will indicate the jurisdiction's need for ADAA prevention funds to serve youth outside of school, given the Maryland State Department of Education funding for prevention efforts in school. Still another concern is the identification of a variable that can measure underage drinking and youth access to alcohol.

It is agreed among members that, regardless of the impact of a formula on a jurisdiction's prevention allocation, at minimum, each jurisdiction should have funding to support a prevention services coordinator. In many counties, prevention services depend on the presence of this one staff position so the notion of a base allocation factor as part of an allocation formula is critical for prevention services.

The language of the Budget Amendment M00K02.01 regarding the establishment of a formula outlines "the need to equitably fund prevention and treatment services in all jurisdictions." Given this, the Workgroup is concerned with the level of funding prevention is currently receiving. At present, prevention receives four percent of the funds available for substance abuse services despite research which demonstrates that society realizes a savings in future costs with investment in prevention services. The Workgroup feels that part of establishing an equitable allocation scheme requires an examination of the amount of funding applied to prevention services vs. that applied to treatment. While this may not be the focus of the Workgroup, at the very least, members feel that a higher commitment to prevention services should be addressed with the Council for consideration in the development of its strategic plan.

### **Conclusion**

The development of an allocation formula is an attempt to establish an allocation scheme that is based on need, results in equitable distribution of available funds, is data driven, and is readily transparent and defensible. In developing such a formula, the intent should not be to decimate nor leave vulnerable current jurisdictional service delivery systems; rather, the intent must be to build on an already fragile structure, made so by years of level funding and rising costs, paucity of available workforce, and expanding need. Any recommendations this Workgroup will make in its final report regarding a formula and other allocation strategies will take these issues into account. The initial hours spent in discussion have been necessary and productive in understanding strengths and weaknesses of distribution of funds by a formula and in moving the Workgroup toward a point of informed decision making. The critical nature of this task requires such a process in order to meet the legislative challenge of equitable distribution while at the same time holding jurisdictions harmless from the impact of any change in the apportioning of funds. Our intent is to submit a final report to the General Assembly by December 1, 2007 identifying a formula allocation scheme that will best serve the citizens of Maryland affected by this overwhelming and dire health and safety problem.

### **Recommendations**

1. Extend deadline for submission of formula and implementation schedule to December 1, 2007.
2. Release ADAA appropriated funds with the submission of this report.
3. Request the General Assembly clarify what it means by "hold harmless."



# APPENDICES

- **Appendix A.**  
State Drug and Alcohol Abuse Council Members
- **Appendix B**  
*Joint Chairmen's Report - Operating Budget, 2006 Session* (M00K - Department of Health and Mental Hygiene - Alcohol and Drug Abuse Administration)
- **Appendix C.**  
Minutes from the Formula Workgroup Meetings



## **Appendix A.**

### *State Drug and Alcohol Abuse Council Members*

Suzan Swanton  
*Executive Director*

S. Anthony McCann  
*Secretary of the Department of Health and Mental Hygiene*

Mary Ann Saar  
*Secretary of the Department of Public Safety and Correctional Services*

Kenneth C. Montague, Jr.  
*Secretary of the Department of Juvenile Services*

Christopher J. McCabe  
*Secretary of the Department of Human Resources*

Cecilia Januszkiewicz  
*Secretary of the Department of Budget and Management*

Nancy S. Grasmick  
*State Superintendent of Schools*

Arlene Lee  
*Executive Director, Governor's Office for Children*

Alan C. Woods III  
*Executive Director, Governor's Office of Crime Control and Prevention*

Nathaniel J. McFadden  
*Senate of Maryland*

Pauline H. Menes  
*Maryland House of Delegates*

Robert C. Nalley  
*Judge, Circuit Court for Charles County*

George M. Lipman  
*Judge, District Court of Maryland for Baltimore City*

Rev. Kenneth J. Burge  
*Appointed by the Governor*

**Appendix A.** *(continued)*

Terry T. Brown  
*Appointed by the Governor*

Dawn James  
*Appointed by the Governor*

Marvin Redmond  
*Appointed by the Governor*

Christina Trenton  
*Appointed by the Governor*

Vacancy

***Non-Voting Members:***

Peter F. Luongo  
*Director, Alcohol and Drug Abuse Administration*

Brian M. Hepburn  
*Director, Mental Hygiene Administration*

Judith S. Sachwald  
Director, Division of Parole and Probation

Richard B. Rosenblatt  
Assistant Secretary for Treatment Services

## Appendix B.

### M00K

#### Department of Health and Mental Hygiene Alcohol and Drug Abuse Administration

##### Budget Amendments

##### M00K02.01 Alcohol and Drug Abuse Administration

Amend the following language added to the general fund appropriation:

, provided that \$100,000 of this appropriation may not be expended until the Maryland State Drug and Alcohol Abuse Council, in consultation with the local drug and alcohol abuse councils, develops a formula for the allocation of all alcohol and drug abuse prevention and treatment funds distributed by the Alcohol & Drug Abuse Administration (ADAA) to local jurisdictions. Further, it is the intent of the General Assembly that such a formula be implement to apply to all ADAA prevention and treatment funding distributed to local jurisdictions by fiscal 2010.

In developing this formula, consideration should be given to:

- (1) the need to equitably fund prevention and treatment services in all jurisdictions;
- (2) holding jurisdictions harmless from the impact of any developed formula;
- (3) properly accounting for the benefits that accrue from regional-based treatment provided by a single jurisdiction; and
- (4) the funding necessary to appropriately phase-in the formula by fiscal 2010.

The Maryland State Drug and Alcohol Abuse Council shall report to the budget committees by February 1, 2007 on the development of a funding formula and an implementation time-line. The committees shall have 45 days to review and comment.

Further provided that it is the intent of the General Assembly that fiscal 2009 prevention and treatment spending should be guided by a finalized State comprehensive two-year plan as called for in the Maryland State Drug and Alcohol Abuse Council September 9, 2005 report to Governor Robert L. Ehrlich, Jr. In turn, the plan should be guided by locally-determined priorities as developed in local plans by the local drug and alcohol councils.

**Explanation:** The language required the Maryland State Drug and Alcohol Council to develop a formula for the distribution of funding provided to local jurisdictions for alcohol and drug abuse prevention and treatment. The language also expresses legislative intent as to when the formula should be implemented, the need for a State comprehensive plan to guide prevention and treatment spending, as well as adding a reporting requirement.

## Appendix B. - Joint Chairmen's Report-Operating Budget, 2006 Session

Information Request	Author	Due Date
Formula for the allocation of prevention and treatment funding distributed by ADAA to local jurisdictions	Maryland State Drug and Alcohol Abuse Council	February 1, 2007

Reduce appropriation for the purposes indicated:	<u>Funds</u>	<u>Positions</u>
1. Reduce contractual employment spending to the fiscal 2005 actual.	40,000 SF	
2. Delete funding for the "Get the Message" program. The program is inconsistent with the Alcohol and Drug Abuse Administration's efforts to use model prevention programs as approved by the federal Substance Abuse and Mental Health Services Administration.	54,000 GF	
3. Reduce funding for prior year grant activity. The Alcohol and Drug Abuse Administration (ADAA) is required to estimate grant and contract settlements and to budget for settlements that it may make in a separate sub-program. In prior years, settlement activity was substantial because of ADAA's practice of over-awarding funds on the basis that not all funds would be spent. This practice has since ended and closer attention is being paid to grant awards. This in turn should limit the amount of settlement activity. The reduction is based on ADAA's fiscal 2006 estimate of settlement activity. If settlement activity is higher, ADAA may process a budget amendment accordingly.	550,000 SF	
<b>Total Reductions</b>	<b>644,000</b>	<b>0.00</b>

<u>Effect</u>	<u>Allowance</u>	<u>Appropriation</u>	<u>Amount Reduction</u>	<u>Position Reduction</u>
Position	64.00	64.00		0.00
General Fund	82,725,893	82,671,893	54,000	
Special Fund	18,228,136	17,638,136	590,000	
Federal Fund	31,691,643	31,691,643	0	
Total Funds	132,645,672	132,001,672	644,000	

## **Appendix C.**

### **Minutes from the Formula Workgroup Meetings**

- September 6, 2006
- October 17, 2006
- November 8, 2006
- November 27, 2006
- December 6, 2006
- December 21, 2006
- January 4, 2007

## **MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL**

### **Formula Workgroup Minutes September 6, 2006 Meeting**

**In Attendance:** Lori Albin, Susan Bergmann, Lori Brewster, Adam Brickner, Terry Brown, Tom Cargiulo, Candace Cason, Chris Delaney, Alan Friedman, Joy Gill, George Hardinger, Dawn Levinson, Peter Luongo, Betty Malkus, Frances Phillips, Simon Powell, Kathy Rebbert-Franklin, Judith Sachwald, David Treasure, Karen Winkowski, Carol Wise, Suzan Swanton (Chair)

#### **I. Call to Order**

The meeting was called to order 12:35 p.m.

#### **II. New Business**

- **The Task:** Suzan Swanton presented the task of the group as stated in the budget amendments in the Joint Chairmen's Report – Operating Budget, 2006 Session (page 100). In this document, the General Assembly tasked the State Drug and Alcohol Abuse Council (who established this workgroup to complete the task) with the development of a formula for the allocation of all alcohol and drug abuse prevention and treatment funds distributed by the Alcohol and Drug Abuse Administration (ADAA) to local jurisdiction. The budget language noted that several issues are to be considered in the development of this formula including: the need to equitably fund prevention and treatment funds in all jurisdictions; holding jurisdictions harmless from the impact of any developed formula; properly accounting for the benefits that accrue from regional-based treatment provided by a single jurisdiction; and identifying the funding necessary to appropriately phase-in the formula by FY 10. The formula, together with an implementation timeline of no later than FY 10, is to be given to the General Assembly by February 1, 2007.
- **Past and Current Use of Formulae in Maryland:** Peter Luongo, Director of ADAA informed the work group of the history of the use of formulae in Maryland. He discussed the formula that was developed in 2001 in response to a request by the General Assembly. This formula was not implemented at that time but was revisited in 2003 in response to another request in that year's Joint Chairmen's Report. In FY 04, funds that were designated as "regional needs money" were distributed using this formula. Dr. Luongo referred the workgroup to the response to the 2003 Joint Chairmen's Report which is published on ADAA's Web site: [www.maryland-adaa.org](http://www.maryland-adaa.org). The formula and an explanation of the variables used can be found on pages 8-9 in this document.
- **The Use of Formulae in Funding Allocations:** John Carnevale of Carnevale Associates presented information on using formulae in funding allocation schemes. Included in his presentation (attached) was basic information about formulae, "holding harmless" and budget options, equity considerations, considerations on dealing with regional-based treatment/prevention services, and the previous formula developed in 2001.

Over the next meetings, the workgroup will have to decide on several issues pertaining to the formula. Some of these are: what the concept of "hold harmless" will mean in this instance



and how it will be implemented; what variables should be considered and how each should be weighted; and, how funding will be needed to appropriately phase-in the formula by FY 2010.

It was recognized that the development of the formula is a topic of much concern in the substance abuse prevention, intervention and treatment community. A great deal of discussion will be held and information considered before any vote or final decisions will be made about the formula. The Chair emphasized that, when discussing the workgroup proceedings with colleagues, members of the work group and the public in attendance should stress that the formula is in the developmental stages and nothing is final yet.

- **Prevention and Treatment:** While not voted on, the consensus of the work-group appears to be that there should be a separate formula for the allocation of treatment and prevention funds. This was not voted on and is not a final decision.
- **Demonstration of Impact of Formula:** John Carnevale will develop and distribute a spreadsheet showing FY 07 allocations to each jurisdiction as they are and as they would have been if the formula developed in 2001 had been applied. A member also suggested that we should consider allocation of funds on a per capita basis. This will be included. These spreadsheets are only demonstrations of impact. No formula has been developed to present to the General Assembly yet.
- **Proxy Variables and Weights:** A general discussion was held regarding which variables would best demonstrate need and increase the likelihood of equitable distribution of funds to jurisdictions, which others could be used to support other goals (i.e., “incentive” variables), and how individual variables should be weighted. This was a general, brainstorming discussion and no variables have been selected yet.

### **III. New Business**

None

### **IV. Future Meetings**

1. October 17, 2006 – 12:30 p.m. – 2:30 p.m. (Location: ADAA, OETAS training room, Spring Grove State Hospital [map attached])
2. November 8, 2006 – 12:30 p.m. – 2:00 p.m. (Location: Rice Auditorium, Spring Grove State Hospital)
3. December 6, 2006 – 12:30 p.m. – 2:00 p.m. (Judiciary Training Center, Annapolis, Maryland [map attached])

### **V. Adjournment**

The meeting was adjourned at 2:15 p.m.

## MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL

### Formula Workgroup Minutes October 17, 2006 Meeting

In Attendance: Lori Albin, Susan Bergmann, Lori Brewster, Adam Brickner, Terry Brown, Tom Cargiulo, Candice Cason, Chris Delaney, Alan Friedman, Dawn Levinson, Peter Luongo, Betty Malkus, Frances Phillips, Simon Powell, Marty Pusey, Kathy Rebbert-Franklin, David Treasure, Karen Winkowski, Carol Wise, Suzan Swanton (Chair)

I. Call to Order

The meeting was called to order 12:35 p.m.

II. Approval of Minutes

The minutes of the September 6, 2006 meeting were approved as amended. Times of next meetings were corrected to read "12:30-2:00."

III. Old Business

- **Presentation by Carnevale and Associates: "Formula Allocation Options"**

- **Variables:** The stated purpose of the presentation was to inform the workgroup about the complex nature of variables and to stimulate discussion from the workgroup as to what variables best represent an approximation of the problems and can be used as proxy variables to measure need. It was pointed out that the decision as to which ones to include and how to weigh each of them in a formula is a subjective one. It was emphasized that it isn't just the best variable to estimate need that should be used in the formula, but the best variable that can be accurately measured using an existing, consistently reliable data-base.

Possible variables were presented that were divided into those that would indicate scope of the problem and those that would indicate consequences of the problem. For drug use (scope of problem) in prevention, possible variables would be: youth population, incidence, risk/protective factors and prevalence. For drug use (scope of problem) in treatment, possible variables would be: prevalence or addiction level, number seeking treatment, and treatment admissions. Crime can be used to measure consequence of the problem and variables may include: drug arrests, DUI/DWI arrests, and property crime. Another measure of consequence is health and variables may include: STDs, HIV, Emergency Room activity, and Deaths. Finally, impact on the community such as dropout rates, homelessness, productivity, living conditions, and employment status can be used as variables.

- **"Hold harmless":** One of the considerations noted by the budget language is that jurisdictions should be "held harmless" from the impact of any formula. This is understood to mean that a benchmark year will have to be designated and jurisdictions would not receive less money than the amount they were allocated in that year, regardless of how they fair when the formula is applied. After applying the formula, some jurisdictions may appear to be over-funded. They will not lose any money. On the other hand,

some will appear as under-funded and they should receive more money. How we “hold harmless” jurisdictions that would lose money under a formula is an important issue and more money would be needed to do so. It was also emphasized that “holding harmless” is not only about losing/gaining money but also about losing/gaining service capacity.

- **Funds affected by the Formula:** All funds that are allocated for prevention and treatment services which come from the Alcohol and Drug Administration (ADAA) (Block grant, Cigarette Restitution Funds, etc.) are impacted by this formula.
- **Discussion from Work Group and Public In Attendance:** One of the first thoughts put forth for the group’s consideration was that, given that ADAA money is to be used for those who do not have insurance or cannot afford to access care, the formula could be as simple as using per capita data and a factor for poverty. Poverty level represents a fairly standard variable to assess barriers to access for other health care/medical problems. A distinction was made as to the use of poverty variables based on income and based on wealth. It was noted that wealth is a common measure used in Maryland for allocation of different kinds of aid. Some members felt that the difference between the number requesting services and the number of admissions needs to be understood and that, perhaps, the number seeking treatment is a more accurate statement of need than the number of admissions. A concern was voiced that some variables overvalue IV drug use, such as HIV prevalence, and should not be used. In some jurisdictions, greater health and economic impact is caused by alcohol and marijuana abuse. Other variables put forth for consideration were: mental health (perhaps using prevalence of co-occurring disorders as a variable), impact of drug and alcohol abuse on children (i.e., placement in foster care), prevalence rates (perhaps using the national prevalence rate of eight percent), hepatitis rates, number of referrals, alcohol sales, and seasonal populations (i.e., Ocean City). Some prevention variables noted: number of children, incidence of first use, underage drinking citations, number of parents in treatment, number of parents incarcerated, number of senior citizens.

The members of the workgroup were very adamant that the database used to measure whatever variables were chosen needed to have their full confidence.

One member wanted the workgroup to review the percentage of the total amount of money available for allocation designated for prevention. The Chair, and another member, stated that this was not an appropriate task for the workgroup as the charge for it is to develop a formula for equitable allocation of funds to jurisdictions. The group has a limited amount of time in which to accomplish its task and cannot afford time to focus on issues not related to its main task. It was suggested that this topic would be more appropriately addressed with the whole council.

- **Prevention and Treatment Formulas:** A discussion was held as to whether or not prevention and treatment should have different formulae. Some thought there should be one formula for prevention with its own specific variables and one for treatment with its relevant variables. Others believed that there should only be one formula as the variables are suppose to measure the scope and consequences of the problem in each jurisdiction, regardless of what intervention (prevention or treatment) is used to address it. It was noted that prevention variables used to approximate the problem should not focus exclusively a youth but also on adults and seniors.
- **Workgroup Members Tasks:** Recognizing that the workgroup has a lot of work to do between the date of this meeting and the date the formula report is due, it was suggested that those members who

have ideas about what variables should be used, and want to develop a formula, can send them to the Executive Director. She will forward them to John Carnevale who will run the numbers using the formula given and distribute the resulting spread sheet. Mr. Carnevale also invited members to send him information about data bases in which they had confidence so he would use those numbers to run the formula.

**IV. Motions**

**Resolved:** Prevention money and treatment money shall be calculated separately.

**Voting Results:** Motion carried

**V. New Business**

None

**VI. Future Meetings**

1. November 8, 2006 – 12:30 p.m. – 2:00 p.m. (Location: ADAA, OETAS training room, Spring Grove State Hospital)
2. December 6, 2006 – 12:30 p.m. – 2:00 p.m. (Judiciary Training Center, Annapolis, Maryland [map attached])

**VII. Adjournment**

The meeting was adjourned at 2:25 p.m.

**MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL**  
**Formula Workgroup Minutes**  
**November 8, 2006 Meeting**

**In Attendance:** : Susan Bergmann, Jim Brenneman, Lori Brewster, Adam Brickner, Terry Brown, Tom Cargiulo, Candice Cason, Joy Gill, Diana Givens, George Hardinger, Betty Malkus, Frances Phillips, Simon Powell, Marty Pusey, Kathy Rebbert-Franklin, Josh Sharfstein, Craig Stofko, David Treasure, Karen Winkowski, Carol Wise, Suzan Swanton (Chair)

**I. Call to Order**

The meeting was called to order 12:35 p.m.

**II. Approval of Minutes**

The minutes of the November 8, 2006 meeting were approved as amended.

**III. Old Business**

- **Presentation by Carnevale Associates concerning changes in 11-8-06 version of “Formula Options to Allocate ADAA’s Treatment and Prevention Resources among Maryland’s Jurisdictions”:** John Carnevale and Erika Ostlie discussed the changes found in the current draft of the report. Discussed data-bases that were used and the rationale for using them (see appendix of report for details.) They reviewed the structure of the report and again emphasized that “hold harmless” is about maintaining service delivery capacity.
- **Discussion from Work Group and Public In Attendance:**
  - Court Ordered Treatment: Issues concerning the cost and need for adequate availability of treatment slots, particularly residential, for court referred clients, including those referred pursuant to 8-507, were raised. Several points were discussed: should there be a variable to indicate this treatment need in the formula (other than the crime cluster) or should these treatment slots be prioritized in each jurisdiction’s strategic plan; and, should this treatment need be funded by earmarked money to support it, not subject to the formula; are these treatment slots appropriately funded through local or state dollars.
  - Regional and Statewide Money: Several jurisdictions maintain that the award amounts for their county noted in the recent draft of the report continues to include regional or statewide money that should not be subject to the formula. Members want to review the use of these statewide/regional slots (who uses them and how are they populated) and whether their usage should or should not impact on the formula.
  - Variables: Several topics were considered:
    - Poverty variable: should the variable for poverty be simple poverty, wealth, or extreme poverty.
    - Crime variable: which crimes are most correlated with substance use: drug arrests/DWI, property crimes, violent crimes, domestic violence, etc?
    - Rate vs. percentage of entire state problem found in each jurisdiction: Which measure should be used in a formula to allocate state funds?
    - Variable bias: It was pointed out that some variables used as indicators may show a bias. For instance, DWI arrests may be less prevalent in urban areas where public transportation is readily accessible. Like wise, if jurisdictions have more law enforcement resources, they may have more DWI arrests than

others with less. In neither case, would this mean that either jurisdiction has more or less of an alcohol abuse problem than other jurisdictions.

- Population: Any formula developed must be able to account for the shifting populations' numbers and profiles that many jurisdictions are experiencing.
- Simple Formula vs. Cluster Formula: The strengths and weaknesses of the simple vs. the cluster formula model were explored. On one hand there is value in simplicity with readily transparent variables that are associated public, accessible databases used in other allocation formulae for public dollars; on the other hand, the use of clusters of social indicators more precisely measure the problem in each jurisdiction.
- Hold Harmless: Questions about the meaning of "hold harmless" were raised. At present, and barring any contradictory information, the meaning of "hold harmless" is that no jurisdiction can be harmed fiscally or through loss of service capacity as a result of the formula.
- Definition of Need: The working definition of "need" was discussed. It was posited that "need" should include not just the estimate of treatment need or prevalence of the problem, but also include a severity factor (i.e., the lethality of the substances of choice and/or the gravity of the social consequences of those substances of abuse, such as the resulting increase in HIV, HCV or other health problems.
- Estimate of Need: Much dissatisfaction concerning the methodology used by ADAA to estimate treatment need was expressed. Other recognized methods are very expensive and cumbersome to calculate. Ways to improve Maryland's method or dropping this variable from the formula will need to be explored.

**IV. Motions**

None

**V. New Business**

None

**VI. Future Meetings**

1. December 6, 2006 – 12:30 p.m. – 2:00 p.m. (Judiciary Training Center, Annapolis, Maryland)
2. November 27, 2006 – 12:30 p.m. – 2:30 p.m. (Location: ADAA, OETAS training room, Spring Grove State Hospital)

**VII. Adjournment**

The meeting was adjourned at 2:15 p.m.



**STATE DRUG AND ALCOHOL ABUSE COUNCIL  
FORMULA WORKSHOP MEETING MINUTES  
Wednesday, November 27, 2006**

**Present:** Suzan Swanton, Susan Bergmann, Terry Brown, Thomas Cargiulo, Joy Gill, Dawn Levinson, Peter Luongo, Betty Malkus, Frances Phillips, Simon Powell, Marty Pusey, Kathleen Rebbert Franklin, Craig Stofko, Karen Winkowski, Carol Wise, Adam Brickner, Chris Delaney, Chris McCully

**Call to Order:** Suzan Swanton, Executive Director of the Maryland Drug and Alcohol Council called the meeting to order at 12:32 p.m.

Ms. Swanton explains structure of the meeting. Ms. Swanton also introduces John Carnevale and Erika Ostile to the meeting.

**I. Introduction**

All members introduced themselves

Ms. Swanton wanted to emphasize the integrity of this process, emphasizing the inclusion of a wide variety of stakeholders and expert consultants.

To create the workgroup membership, the Council sent letters to the Chairperson of all Local Drug and Alcohol Abuse Councils inviting them to become members or designate someone to attend the workgroup. Key government stake holders such as the Department of Legislative Services, the Department of Budget and Management, and the Alcohol and Drug Abuse Administration were also invited to send representatives. All members of the State Drug and Alcohol Abuse Council were invited to be members. Representatives from provider associations (Maryland Association of County Health Officers, Maryland Addictions Directors Council and Maryland Addiction Prevention Providers Association) and from the recovery community (National Council on Alcoholism and Drug Dependence) were invited to take part in the work group as well. Additional members include representatives from the Judiciary and the Office of Public Defenders. As a result of this solicitation process, 14 of the 24 jurisdictions opted to actively participate on the workgroup, with one jurisdiction requesting to be on the e-mail distribution list. All regions of Maryland (Western, Central, Southern, and Eastern Shore) are represented as are prevention and treatment providers, Health Officers and the recovery community.

To assist the workgroup in the process, a nationally recognized expert in drug policy and financial analysis was hired. Carnevale Associates have extensive experience the organization and delivery of drug policy at local, state and federal levels. Importantly, John Carnevale and his associate, Erika Ostlie, have a history of successfully working with previous Maryland Drug and Alcohol Councils and Maryland's General Assembly and authored the current formula used to distribute fund for alcohol and drug abuse funds.

**II. Minutes of November 8, 2006 meeting not available for approval.**

**III. Presentation by John Carnevale and Erika Ostile**

Mr. Carnevale explained how the formula works and how the state will profit.

#### **IV. Structured Comment Session – Members of the Workgroup**

- |  |  |
|--|--|
| 1. “Hold Harmless”   | <ul style="list-style-type: none"><li>• Concern about legislature not holding to this clause</li><li>• Impact of hold harmless for those who would not receive additional dollars until system made “whole”.</li><li>• Must know what it means</li></ul>   |
| 2. Complex issue that requires more time                         | <ul style="list-style-type: none"><li>• Submission of technical document to illustrate the complexities of the issue</li></ul>   |
| 3. Statistics based on rates and percentage of total population. | <ul style="list-style-type: none"><li>• i.e., rate per 100, 000</li><li>• rate within each jurisdiction versus total population</li></ul>  |
| 4. Prevention  | <ul style="list-style-type: none"><li>• Impacts on age groups other than school age children</li><li>• Impacts across life span</li><li>• Need variable to address youth out of school</li><li>• Most money for school age youth goes to MSDE and not ADAA</li><li>• Access variables for youth (alcohol sales)</li></ul>  |
| 5. Variable to address Families                                  | <ul style="list-style-type: none"><li>• Look at foster care needs</li></ul>  |
| 6. Population shifts   | <ul style="list-style-type: none"><li>• Formula must be able to account for shifts in populations in a timely manner.</li><li>• Re-calculate at predetermine times</li></ul>   |
| 7. Formula Calculations  | <ul style="list-style-type: none"><li>• Re-calculate at pre-determined time</li><li>• Review for formula at pre-determined intervals.</li></ul>  |
| 8. Baseline Funding for Infrastructure                           | <ul style="list-style-type: none"><li>• Prevention: Coordinator is Grade 13 or 15 (plus fringe, indirect costs, etc.)</li></ul>  |
| 9. Estimating Need /Prevalence                                   | <ul style="list-style-type: none"><li>• Concern about current methodology</li><li>• This variable could be set aside and use other clusters</li><li>• Need is variable of demand –need to capture who needs but has not sought</li><li>• How do other public health arena’s estimate prevalence</li></ul>  |
| 10. Baseline data  | <ul style="list-style-type: none"><li>• Still needs to be reviewed for regional money.</li><li>• What is the “queuing” process for using statewide treatment slots?</li><li>• Consequences of alcohol undervalued</li><li>• Could look at alcohol related admissions/ discharges from hospitals</li><li>• Drug-related deaths/overdose data needs to be considered for inclusion</li></ul> |

- |                          |  |
|--------------------------|--|
| 11. Health Indicators    | <ul style="list-style-type: none"><li>• Consequences of alcohol undervalued</li><li>• Could look at alcohol related admissions/ discharges from hospitals</li><li>• Drug-related deaths/overdose data needs to be considered for inclusion</li></ul> |
| 12. Poverty variable     | <ul style="list-style-type: none"><li>• Need to determine which variable/data base: poverty, extreme poverty, wealth</li></ul>   |
| 13. Options with formula | <ul style="list-style-type: none"><li>• Only applies to new money</li><li>• Only after a minimum of 23 million applied to under funded programs</li></ul>  |
| 14. Definition of “need” | <ul style="list-style-type: none"><li>• Needs to be re-examined</li></ul>  |
| 15. Variables            | <ul style="list-style-type: none"><li>• Need to explore benefits of weighing variables.</li></ul>  |

**V. Structured Comment Session—Members of the Public**

Members of the Public concurred with issues raised by the workgroup. One member emphasized that this is a great opportunity to educate the legislature on what the workgroup has been doing and on the complexity and importance of the task. Another member raised the issue of the clusters and variables to be considered in each.

**VI. Next Steps**

Concern was expressed about the impact of the current version of the formula on rural counties. If applied as is, these counties would be put into a “death spiral”. It was suggested that we should tell them what we have and let them know it is still a work in progress. Several members stressed that we should meet the deadline of February 1, 2007 by submitting a report and cover letter, and ask for an extension.

Mr. Carnevale and Ms. Ostle have requested help in getting data not publicly available. Also state that just because certain variable are not mentioned, does not mean they are not considered. Ms. Swanton will help Mr. Carnevale in getting data.

**VII. Next Meeting**

Next meeting will be held on 12/6/06.

**VIII. Adjournment**

Meeting adjourned: 2:27 p.m.

## **MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL**

### **Formula Workgroup Minutes December 6, 2006 Meeting**

**In Attendance:** Susan Bergmann, James Brenneman, Lori Brewster, Adam Brickner, Terry Brown, Tom Cargiulo, Joy Gill, Dawn Levinson, Betty Malkus, Frances Phillips, Simon Powell, Marty Pusey, Joshua Sharfstein, Craig Stofko, David Treasure, Karen Winkowski, Carol Wise, Suzan Swanton (Chair)

#### **I. Call to Order**

The meeting was called to order 12:35 p.m.

#### **II. Approval of Minutes**

The minutes of the November 27, 2006 meeting were approved.

#### **III. Introductory Comments and Agenda**

- The Chairperson made the following announcements:
  - The Alcohol and Drug Abuse Administration does not have to approve the Formula. ADAA, as a member of the Formula Workgroup has one of 24 votes. The Formula Workgroup's report will be reviewed by the State Drug and Alcohol Abuse Council who will then send it directly to the Budget Committees. While ADAA is a member of the Council, it is a non-voting member and, therefore, does not have right of approval.
  - The Chair invited members to stay for the Council meeting, which follows the Workgroup meeting, to testify before the Council.
- Agenda:
  - Decisions concerning the nature and content of the report to be sent to the General Assembly, the content of the cover letter, and the length of the extension to be requested need to be made today.
  - Reminder that if new money is allocated during the legislative session it would be allocated under the current formula in the absence of the new one.
  - Should a new report need to be written the following timeline will need to be in effect:
    - December 20: First draft of interim report distributed to Work-group for comments
    - December 21: Meeting for comments and revisions to draft report (those who cannot attend may submit comments by e-mail.)
      - January 4: Final draft of report approved by Workgroup
      - January 11: Final draft of report goes to Council for review
      - January 18: Final draft of report approved by Council
      - January 23: Report to printers
      - February 1: Report to General Assembly
- Formula Development
  - After the report goes to the Council, it will be necessary for the Work-group to determine the most efficient method of proceeding with formula development. Several broad issues need to be voted on and established. After this, the Workgroup needs to decide which would be the best way to proceed: establish small workgroups who

would work on different issues (i.e., a group on crime to determine which indicators, variables and data-bases are best to use.) and report back to the larger group; or designate one or more issues per meeting to be discussed, or other options.

#### **IV. Old Business**

- Presentation by Carnevale Associates concerning changes in 12-5-06 version of “Formula Options to Allocate ADAA’s Treatment and Prevention Resources Among Maryland’s Jurisdictions”: John Carnevale and Erika Ostlie discussed the changes found in the current draft of the report. It was noted that changes to the allocation tables were the result of use foster care data in the formula. Other issues discussed included: the need for further work on the Prevention formula; the critical nature of “hold harmless” in protecting those jurisdiction that would lose money and in preserving current service capacity; and issues concerning the use of rates percentage. percentages in the formula. It was also noted that, while the literature supports the use of formulae, no one formula is perfect and not everyone will be happy with it. The data for several suggested indicators have still not been received and, therefore, could not be incorporated in the formula. These include overdoses/drug-related deaths by jurisdictions, parole and probation data, and ADAA prevention funds target toward adults.
- Discussion from Work Group and Public In Attendance:
  - General: It was clarified that all the variables used as crime indicators were weighed equally in the formula found in the 12-6-06 report.
  - Content of Report to be submitted to Legislature on 2-1-07: It was decided not to submit the report completed by Carnevale Associates to the General Assembly but rather to use it as a foundation for further work. The members felt that the report we submit should elucidate the work done thus far, the complicated nature of the task, and the inability to complete the task as some important data has not yet been received.
  - Deadline: After a discussion in which some members did not want to set a deadline, it was decided that the Workgroup would request an extension to July 1, 2007, at which time our goal will be to have a final report completed.
  - Application of Formula and base funding: Discussion was held concerning how the formula was to be applied: to all new money, to current money, to current money less the amount of base funding for each jurisdiction, to current money less the amount of money designated for infrastructure support. No decision was made, but elements of the discussion are to be part of the report to underscore the complexity of the task at hand.
  - Hold Harmless: Discussion about the importance of hold harmless in protecting the current service delivery system and the need to ask the legislature for clarification of its intent concerning the “hold harmless” clause.
  - Definition and Estimate of Need and Treatment Need: More discussion was held on the current method used by ADAA to determine jurisdictional need for treatment. General dissatisfaction with the methodology continues to be expressed, with some members believing that this variable should be eliminated from an allocation formula. Additionally, more discussion was held on how to define need: which indicators best capture “need” and which variables and databases should be used to operationalize those indicators.
  - Cluster model vs Simplified Formula: Some members put forth that the cluster model currently being considered, with its use of social indicators such as crime, health and environmental factors, is not the best way to allocate money. These variables mea-

sure consequences of drug abuse and may or may not assist in an understanding of how much need a jurisdiction may have for treatment. Additionally they argue that these indicators are measures of consequences of substance abuse and ADAA money is meant to fund treatment of substance abuse and not the consequences of substance abuse.

**V. Motions**

- **Resolved:** Report submitted by Carnevale Associates should not be submitted to legislature.  
**Voting Results:** Motion carried
- **Resolved:** The Workgroup will submit an interim report to the General Assembly by February 1, 2007 informing them of its progress in formula development.  
**Voting Results:** Motion carried
- **Resolved:** The Workgroup will request that the General Assembly grant an extension to July 1, 2007 with the goal of submitting a final report on the development of an allocation formula at that time.  
**Voting Results:** Motion carried

**VI. New Business**

None

**VII. Future Meetings**

1. December 21, 2006 – 12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)
2. January 4, 2006 – 12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)
3. February 8, 2006 -12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)

**VIII. Adjournment**

The meeting was adjourned at 2:25 p.m.



**MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL**  
**Formula Workgroup Minutes**  
**December 21, 2006 Meeting**

**In Attendance:** Mary Clare Brett, Lori Brewster, Adam Brickner, Tom Cargiulo, Tracey Kubinec, Pete Lungo, Frances Phillips, Marty Pusey, Suzan Swanton (Chair)

**I. Call to Order**

The meeting was called to order 12:35 p.m.

**II. Approval of Minutes**

The minutes of the November 8, 2006 and the December 6, 2006 meetings were approved.

**III. Old Business**

- Changes to the Draft Interim Report of 12-19-06:
  - Changes and suggestions submitted by members via e-mail were reviewed. All approved changes will be incorporated into the report.
- Changes and suggestions submitted by Workgroup members present were reviewed and all approved changes will be incorporated into the document.
- Cover Letter: The cover letter will contain the following points:
  - The difficult nature of the task
  - The anticipated completion of the task by July 1, 2007
  - Request to release the \$100,000 of ADAA's appropriation.
- Public in Attendance: No changes to the report were suggested.
- Future meetings: The next meeting will be on January 4, 2007 at 12:30 at the ADAA building. The agenda will be final approval of the report. Members felt that there would be no need for another workgroup meeting in January, but that the Council should be asked if they wanted Workgroup members present at their January 11, 2007 meeting to answer question.

**IV. Motions**

None

**V. New Business**

None

**VI. Future Meetings**

1. January 4, 2006 – 12:30 p.m. – 2:30 p.m. (Location: ADAA, OETAS training room, Spring Grove State Hospital)
2. February 8, 2006 -12:30 p.m. – 2:30 p.m. (Location: ADAA, OETAS training room, Spring Grove State Hospital)

**VII. Adjournment**

The meeting was adjourned at 2:25 p.m.

**MARYLAND STATE DRUG AND ALCOHOL ABUSE COUNCIL**  
**Formula Workgroup Minutes**  
**January 4, 2007**

**Respondents:** Susan Bergmann, Lori Brewster, Adam Brickner, Terry Brown, Thomas Cargiulo, Joy Gill, Diana Givens, George Hardinger, Dawn Levinson, Peter Luongo, Betty Malkus, Frances Phillips, Kathy Rebert-Franklin, Joshua Sharfstein, Craig Stofko, Carol Wise.

**I. Call to Order**

No meeting was held on this day but a vote to accept or reject the 1/02/07 draft of the interim report was taken by e-mail and phone calls.

**II. Approval of Minutes**

No minutes were approved

**III. Old Business**

The following e-mail was sent to members:

• **Formula Workgroup Members:**

*Attached is the most recent draft of the interim report. I received only one change suggestion since I sent out the 12-26-06 version of the draft. The attached version has all of the previous voted changes accepted into the body of the document. The change received on 12/27/06 is on page 3 and is seen in the "track changes" mode. This change is in keeping with the tone of the discussion by members at the 12/21/06 meeting for this particular paragraph so I don't anticipate any problems with it. Because of this, I believe this will be the final version. More changes can be made, but they must be made in writing and by noon tomorrow (1/3/07).*

*There is a workgroup meeting on 1/4 at 12:30 at the OETAS training room at ADAA. The sole purpose of this meeting is to vote on the report. Anyone who will not be in attendance may vote to accept/reject the report by e-mail or phone no later than 1/4/07 at 4:00 p.m..*

*The next Workgroup meeting will be on 2/8/07 at 12:30 at ADAA. Sometime next week I will send you a "Work Plan" that will list critical decisions that have to be made, time lines for those decisions, and suggested methods of accomplishing the tasks (i.e., members work on specific issues in small groups, report their decisions to the whole group for vote.)*

*Subsequent to this e-mail, I received several suggestions from members to take an e-mail/phone vote and not have the meeting. Given this, I sent the following e-mail to all members:*

*Several members have suggested that we do an e-mail vote rather than meeting. If a majority agrees to the report then there would be no need for the meeting. We would meet only if there are issues.*

*So, I am asking you to vote to accept or reject the report as it is written (1-2-07) version, inclusive of the 12/27/06 suggested change. Please do so by e-mail (preferred) or phone by noon tomorrow. I will let everyone know the results.*

- ° As of 3:00 p.m., on January 4, 2007, 16 of the 23 voting members had voted. Fifteen of them voted to accept the report. As this was a majority, the 1/2/07 draft of the interim report will be sent to the Council to be given to the General Assembly.
- ° It should also be noted that in addition to the above e-mail communications, members were called and reminded to submit their votes.

**IV. Motions**

**Resolved:** The January 2, 2007 draft of the interim report will be given to the Council to be forwarded to the General Assembly.

**Voting Results:** Carried

**V. New Business**

None

**VI. Future Meetings**

1. February 8, 2007 -12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)
2. March 8, 2007 -12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)
3. April 12, 2007 -12:30 p.m. – 2:30 p.m.( (Location: ADAA, OETAS training room, Spring Grove State Hospital)

**VII. Adjournment**

N/A