

# Implications of Funding Alcohol and Substance Abuse Treatment or Prevention with Alcohol Tax Earmark

A presentation to the  
Joint Legislative Program Evaluation Oversight  
Committee

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# Study Direction

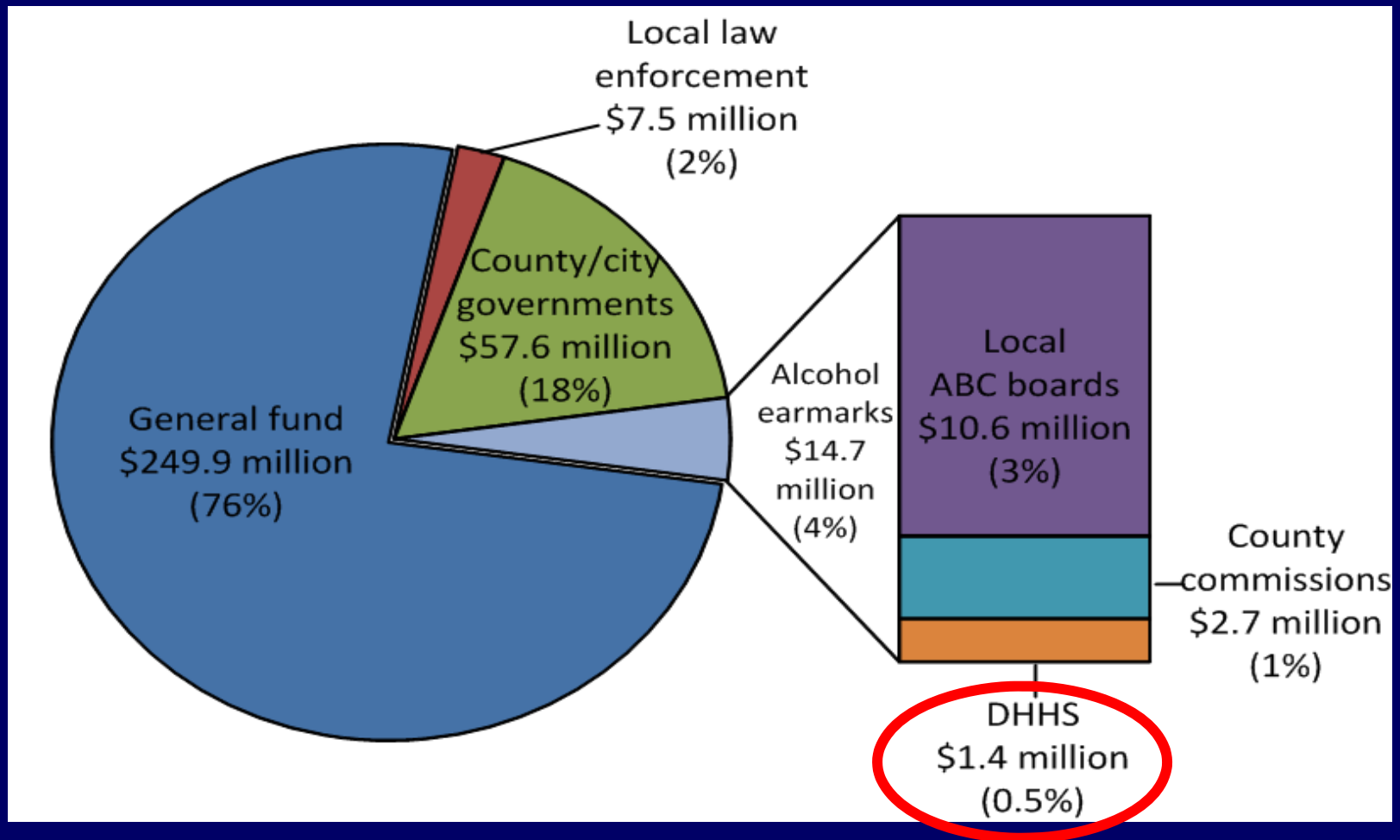
Session Law 2014–100 directed this committee to consider examining the benefits and disadvantages of redirecting a portion of alcohol tax revenue from the Department of Health and Human Services to the ABC Commission

In September 2014, the JLPEOC voted to add this project to the division's work plan

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# North Carolina ABC Commission

In FY 2013-14, ABC store sales generated \$330 million in tax revenue for state and local governments



# Overview

- The ABC Commission requested the General Assembly to redirect the \$1.4 million alcohol tax earmark from DHHS to the ABC Commission's underage drinking prevention program
- In December 2014, the ABC Commission approved an increase in the bailment surcharge to pay for the underage drinking prevention program and **no longer needs the DHHS earmark**

# Overview

The General Assembly may wish to

- Direct the ABC Commission to develop goals and targets to gauge program success
- Improve program oversight and coordination with other state agencies

# How does the Department of Health and Human Services use the alcohol tax earmark?

# Uses of Alcohol Tax Earmark

- DHHS receives \$1.4 million annually from the earmark
- DHHS distributes fund to nine regional Local Management Entities/ Managed Care Organizations (LME/MCOs)
- Earmark funds treatment for approximately 290 people each year

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# Loss of Earmark Reduces DHHS's Budget by \$2.8 Million

1. \$1.4 million fewer dollars available for substance abuse treatment; 290 fewer people would receive treatment

2. Reduction of Maintenance of Effort (MOE) would reduce NC's federal Substance Abuse Prevention and Treatment (SAPT) Block Grant by \$1.4 million

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# How does the ABC Commission propose to continue funding its underage drinking prevention program?

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# The ABC Commission's *Talk It Out* Program

- Launched in December 2014
- Uses radio, television, and social media advertisements to promote awareness of the dangers of underage drinking and to encourage parents to talk about the issue with their children
- Triples state-appropriated spending on prevention activities
- Talk It Out TV ad: [Feeding Time](#)

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# *Talk It Out Funding*

- The ABC Commission has spent \$2.3 million to develop *Talk It Out*
- An estimated \$3 million is needed each year to keep program running
- The ABC Commission voted to increase bailment surcharge from \$0.80 to \$1.40 per case of liquor to fully fund the program

# How can the General Assembly ensure the *Talk It Out* program is successful?



## Add Quantifiable Goals and Targets

- Program does not contain specific goals and targets to measure progress towards achieving short- and long-term outcomes
- Example:
  - Currently stated goal: Increase number of parents discussing underage drinking with their children
  - PED's proposed goal: By December 2016, the percentage of parents discussing underage drinking with their children will increase by 25%

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## Strengthen State Oversight

- The ABC Commission controls all programmatic and funding decisions
- *Talk It Out* will make a report to the Governor's Substance Abuse and Underage Drinking Prevention and Treatment Task Force in August 2015; but task force has no oversight or evaluation powers
- In contrast, Utah's *Parents Empowered* program is managed by an interagency leadership team to prevent working in silos and reduce duplication of effort

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# Require Coordination with Other State Agencies

- The ABC Commission is not required to coordinate efforts with other state agencies
- Other state agencies, such as DHHS, have subject matter experts who could provide technical assistance
- A voluntary memorandum of understanding (MOU) between the ABC Commission and DHHS could stipulate how they will work together on prevention activities

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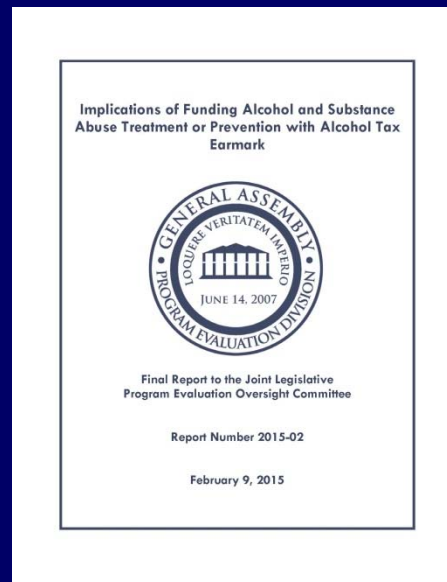
# Summary

- Originally, the ABC Commission sought the \$1.4 million alcohol tax earmark to support its new underage drinking prevention program
- The ABC Commission raised the bailment surcharge to fully fund the *Talk It Out* program and no longer needs the earmark
- The General Assembly may consider directing the ABC Commission to develop *Talk It Out* program goals and targets; and improving program oversight and coordination with other state agencies

# Legislative Options

- Accept the report
- Refer report to any appropriate committees

**Report available online at  
[www.ncleg.net/PED/Reports/reports.html](http://www.ncleg.net/PED/Reports/reports.html)**



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