

Budget Update

2017-2018 Budget Act



SEPTEMBER 2017

On Monday, June 27, 2017, Governor Jerry Brown signed into law the approved State budget for the fiscal year 2017-2018. This year's budget included appropriations for both the Proposition 99 accounts and for the new Proposition 56 accounts funded via the tobacco tax generated from the California Healthcare, Research and Prevention Tobacco Tax Act of 2016.

This Budget Update provides a breakdown of the budget for the Proposition 99 Health Education Account and Research Account and the Proposition 56 accounts for fiscal year 2017-2018. Past budget updates are available at <http://Center4TobaccoPolicy.org/california-budget-updates/>.

Proposition 99

Appropriations to the Health Education Account and Research Account decreased by over \$16 million for 2017-2018 as compared to the 2016-2017 Budget Act. Via the Health Education Account, the Department of Public Health and Department of Education received decreases of approximately \$9.4 million and \$3 million, respectively. All Proposition 99 funded programs received decreased funding, with the Media Campaign, TCP administration, and TEROE/Evaluation allocations experiencing the greatest percentage decreases in funding relative to the previous budget.

	2016-2017 Budget Act	2017-2018 Budget Act	Change Amount (16-17 Budget to 17-18 Budget)	Percent Change (16-17 Budget to 17-18 Budget)
Proposition 99 – Health Education Account (receives 20% of Prop. 99 tax revenue)				
Dept. of Public Health				
TCP Administration	\$5.137 million	\$3.758 million	-\$1.379 million	-26.84%
Media Campaign	\$15.380 million	\$11.000 million	-\$4.380 million	-28.48%
Competitive Grants	\$13.900 million	\$13.319 million	-\$0.581 million	-4.18%
TEROC/Evaluation	\$4.279 million	\$3.145 million	-\$1.134 million	-26.50%
Local Lead Agencies	\$12.918 million	\$11.000 million	-\$1.918 million	-14.85%
Dept. of Education	\$18.641 million	\$15.617 million	-\$3.024 million	-16.22%
Proposition 99 – Research Account (receives 5% of Prop. 99 tax revenue)				
Dept. of Public Health (Cancer Registry)	\$5.410 million	\$4.146 million	-\$1.264 million	-23.36%
University of California (TRDRP)	\$12.939 million	\$10.149 million	-\$2.790 million	-21.56%

Proposition 56

Funds are allocated in a three step process. First, revenue backfill is deducted to offset decreases in other tobacco tax funded programs due to decreases in consumption associated with the new tax rate. Next, funds are distributed to programs which receive an annual amount specified in statute. Then, percentages of the remaining funds are distributed between the Department of Health Care Services, the Department of Public Health (California Tobacco Control Program), the State Department of Education (TUPE), and the University of California (TRDRP). This year, the Department of Public Health received just over \$181 million. The Department of Education will receive \$32 million and the University of California received over \$81 million.

	2016-2017 Budget Act	2017-2018 Budget Act*	Change Amount (16-17 Budget to 17-18 Budget)	Percent Change (16-17 Budget to 17-18 Budget)
STEP ONE: Revenue backfill is deducted first to offset funds lost as a result of decreasing sales				
Revenue backfills				
Prop 99, Breast Cancer Research Fund, Prop 10, General Fund	N/A	\$36.300 million	N/A	N/A
STEP TWO: Funds are distributed to programs receiving flat dollar amounts				
Department of Justice				
Local Law Enforcement Grants	N/A	\$37.500 million	N/A	N/A
Distribution and Retail Sale Enforcement	N/A	\$7.500 million	N/A	N/A
Board of Equalization				
Distribution and Retail Sales Tax Enforcement	N/A	\$5.800 million	N/A	N/A
Department of Public Health				
State Dental Program	N/A	\$37.500 million	N/A	N/A
Law Enforcement	N/A	\$7.500 million	N/A	N/A
University of California				
Graduate Medical Education	N/A	\$50.000 million	N/A	N/A
State Auditor				
Financial Audits	N/A	\$0.400 million	N/A	N/A
Sales and Use Tax	N/A	\$1.000 million	N/A	N/A
STEP THREE: Percentages of remaining funds are distributed				
Department of Health Care Services (82% of remaining)				
Health Care Treatment	N/A	\$1,257.200 million	N/A	N/A
Department of Public Health and State Department of Education (13% of remaining)				
Department of Public Health (CTCP)				
State Operations	N/A	\$84.082 million	N/A	N/A
Local Assistance	N/A	\$97.041 million	N/A	N/A
State Department of Education				
TUPE	N/A	\$32.000 million	N/A	N/A
University of California (5% of remaining)				
TRDRP	N/A	\$81.900 million	N/A	N/A

***This year's Proposition 56 allocations include funds for three extra months as a result of the tobacco tax commencing collection prior to the start of the fiscal year. Future budgets will include only the funds for the fiscal year.**

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If you have questions about this analysis, please contact Lindsey Freitas (lindsey.freitas@lung.org) at (916) 585-7674.

Sources: The 2017-2018 Budget Proposal can be found on the Department of Finance budget website at <http://ebudget.ca.gov> and information about the budget process can be found at the Department of Finance website at <http://dof.ca.gov>.