



### OCTOBER 2018

On Wednesday, June 27, 2018, Governor Jerry Brown signed into law the California State Budget Act for fiscal year 2018-2019. The budget includes appropriations generated by both the Proposition 99 and Proposition 56 state tobacco taxes enacted in 1988 and 2016, respectively.

This Budget Update provides a breakdown of the Proposition 99 Health Education Account and Research Account as well as the Proposition 56 accounts for fiscal year 2018-2019. Past budget updates are available at <http://Center4TobaccoPolicy.org/california-budget-updates/>.

#### Proposition 99

Appropriations to the Health Education Account and Research Account totaled \$71.957 million for 2018-2019. Via the Health Education Account, funding to the Department of Public Health decreased by approximately \$4.55 million and the Department of Education by \$1.6 million. Approximately \$5 million from TRDRP's fiscal year 17-18 fund has been re-appropriated to fiscal year 18-19 to support grant commitments.

	2017-2018 Budget Act	2018-2019 Budget Act	Amount Change (17-18 Budget to 18-19 Budget)	Percent Change (17-18 Budget to 18-19 Budget)
<b>Proposition 99 – Health Education Account (receives 20% of Prop. 99 tax revenue)</b>				
Dept. of Public Health				
TCP Administration	\$3.758 million	\$3.944 million	\$0.186 million	4.95%
Media Campaign	\$11.000 million	\$9.000 million	-\$2.000 million	-18.18%
Competitive Grants	\$13.319 million	\$13.319 million	\$0	0.00%
TEROC/Evaluation	\$3.145 million	\$2.260 million	-\$0.885 million	-28.14%
Local Lead Agencies	\$11.000 million	\$9.150 million	-\$1.850 million	-16.82%
Dept. of Education	\$15.617 million	\$13.998 million	-\$1.619 million	-10.37%
<b>Proposition 99 – Research Account (receives 5% of Prop. 99 tax revenue)</b>				
Dept. of Public Health (Cancer Registry)	\$4.146 million	\$5.090 million	\$0.944 million	22.77%
University of California (TRDRP)	\$10.149 million	\$15.196 million	\$5.047 million	49.73%

**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 (CTCP), the State Department of Education (TUPE), and the University of California (TRDRP). This year, the Department of Public Health will receive approximately \$129.5 million. The Department of Education was appropriated nearly \$23 million and the University of California will receive over \$58 million.

Proposition 56 revenue collections commenced April 1, 2017. Due to this, the allocations for fiscal year 2017-2018 include funds for three additional months prior to the start of the fiscal year. The 2018-2019 budget only includes funds for four quarters.

	2017-2018 Budget Act	2018-2019 Budget Act	Amount Change (17-18 Budget to 18-19 Budget)	Percent Change (17-18 Budget to 18-19 Budget)
<b>STEP ONE: Revenue backfill is deducted first to offset funds lost as a result of decreasing sales</b>				
<b>Revenue Backfill</b> Prop 99, Breast Cancer Research Fund, Prop 10, General Fund	\$36.300 million	\$125.799 million	\$89.499 million	246.55%
<b>STEP TWO: Funds are distributed to programs receiving flat dollar amounts</b>				
<b>Department of Justice</b> Law Enforcement	\$37.500 million	\$36.000 million	-\$9.000 million	-20.00%
<b>Department of Tax and Fee Administration<sup>1</sup></b> Law Enforcement	\$5.800 million	\$7.468 million	\$1.668 million	28.76%
<b>Department of Public Health</b> State Dental Program	\$37.500 million	\$30.000 million	-\$7.500 million	-20.00%
<b>Department of Public Health</b> Law Enforcement	\$7.500 million	\$6.000 million	-\$1.500 million	-20.00%
<b>University of California</b> Graduate Medical Education	\$50.000 million	\$40.000 million	-\$10.000 million	-20.00%
<b>State Auditor</b>	\$0.400 million	\$0.400 million	\$0	0.00%
<b>STEP THREE: Percentages of remaining funds are distributed</b>				
<b>Department of Health Care Services (82% of remaining)</b>				
Health Care Treatment	\$1,257.200 million	\$960.731 million	-\$296.469 million	-23.58%
<b>Department of Public Health &amp; Department of Education (13% of remaining)</b>				
<b>Department of Public Health (CTCP)</b> Tobacco Prevention	\$181.123 million	\$129.464 million	-\$51.659 million	-28.52%
<b>Department of Education</b> TUPE	\$32.000 million	\$22.847 million	-\$9.153 million	-28.60%
<b>University of California (5% of remaining)</b>				
TRDRP	\$81.900 million	\$58.581 million	-\$23.319 million	-28.47%

<sup>1</sup>The California Department of Fee and Tax Administration was previously called the Board of Equalization.

If you have questions about this analysis, please contact Alyssa Stratton ([alyssa.stratton@lung.org](mailto:alyssa.stratton@lung.org)) at (916) 585-7664.

Sources: The 2018-2019 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>.