

Highlights: Governor's Proposed 2003-04 Budget

(January 13, 2003)

On January 10, 2003, Governor Davis released his proposed budget for the next fiscal year (2003-2004). The Governor's budget submission represents the starting point of the budget process. The budget proposal includes an overall reduction in Proposition 99 funding and a \$1.10 increase in the cigarette tax. Highlights of the proposed budget pertaining to tobacco control and a brief outline of the budget process are provided below.

Prop 99 Funding

The Governor's proposed budget estimates a decline in Proposition 99 revenues based on a projected decrease in cigarette consumption. The proposed budget estimates a total reduction of less than 4% from \$322 million in the current budget year (2003-2003) to \$310 million in the next budget year (2003-2004). Due to this projected decline in revenue, the Governor has proposed the following changes in program funding:

Tobacco Control Funding

	Current Year Budget (2002-2003)	Adjustments	Governor's Proposed Budget (2003-2004)	Percent Change
DHS/TCS				
<i>TCS Admin.</i>	\$1.79 million	-\$1 million	\$790,000	-66%
<i>Media Campaign</i>	\$21.1 million	-\$4.4 million	\$16.7 million	-21%
<i>Competitive Grants</i>	\$16.8 million	\$498,000	\$17.3 million	3%
<i>TEROC/Evaluation</i>	\$4.15 million	-\$124,000	\$4.03 million	-3%
<i>Local Lead Agencies</i>	\$16.5 million	-\$1.5 million	\$15.0 million	-9%
Dept. of Education	\$28 million	\$0	\$28 million	0%
Tobacco Related Disease Research	\$19.4 million	\$0	\$19.4 million	0%

Cigarette Tax

The proposed \$1.10 increase in the cigarette tax is estimated to generate \$1.17 billion in revenue. The tax increase does not directly provide additional funding to tobacco control

programs, but it would compensate for lost revenues due to the impact of the \$1.10 increased tax. The budget assumes that \$96 million would be provided to backfill Proposition 10, Proposition 99 and Breast Cancer Fund programs. \$31 million of the \$96 million would go to compensate for the projected loss of revenue to Proposition 99. In other words, if all other factors are held constant, the increased cigarette tax as proposed by the Governor would neither have a positive nor a negative impact on funding for Proposition 99 supported programs.

The Budget Process

The Governor's budget proposal each January is just the start of the budget process, as the Legislature will now play a major role in re-shaping this fiscal document. The following timeline delineates where the budget goes from here:

Late January/Early February

The Legislative Analyst submits a nonpartisan analysis of the Governor's proposed budget along with recommendations for changes to the budget.

March-May

Both the State Senate and Assembly budget subcommittees hold hearings to review each specific appropriation in the budget document.

May 14

The Governor will submit revisions to his January budget proposal. The "May Revise" is the Governor's budget adjusted for updated revenue projections.

Late May

The budget subcommittees will review and take action on the changes in the governor's May Revise Budget and then report their recommendations to the full budget committee. The Senate and Assembly Budget committees then adopt a budget plan and this budget then will go to the full house.

June

June 15 is the Constitutional deadline for approval of the budget by the Legislatures. For passage, the budget bill is required to receive a two-thirds vote on the floor of each house. A Budget Conference Committee, made up of members of both houses, is established to work out any differences between the Senate and Assembly version of the bill. Once identical bills have received a two-thirds vote in each house it is passed on to the Governor for his signature.

July 1

This is the beginning of the new fiscal year.

More information on the budget and the budget process can be obtained at the Senate's web site <http://www.sen.ca.gov/>, the Assembly's web site <http://www.assembly.ca.gov/>, the Department of Finance web site <http://www.dof.ca.gov/> and the Legislative Analyst's Office web site <http://www.lao.ca.gov/>.

If you have questions about this analysis, please contact the Center's Policy Coordinator, Julie Bradley-Hart at (916) 442-4299 or at jbhart@alac.org.

The Center for Tobacco Policy & Organizing promotes community organizing strategies to empower local coalitions to achieve tobacco policy change, and serves as state tobacco control policy analysis and information resource. If you would like assistance with advancing tobacco policy issues in your community or more information about the Center, please contact Brian Peterson, Project Director, at (916) 442-4299 or thecenter@californialung.org.

The Center for Tobacco Policy & Organizing
American Lung Association of California
921 11th Street, Suite 700
Sacramento, CA 95814
(916) 442-4299 phone (916) 442-8585 fax
Email: thecenter@californialung.org
Website: <http://www.californialung.org/thecenter/>