

Budget Update #1
Governor Schwarzenegger's Budget Proposal Reduces
Funding for Tobacco Control Programs
(January 13, 2004)

On Friday, January 9, 2004, Governor Schwarzenegger released his proposed budget for the next fiscal year (2004-2005). 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 no increase in the tobacco tax. Highlights of the proposed budget pertaining to tobacco control and a brief outline of the budget process are provided below.

Proposition 99 Fund

The Governor's proposed budget estimates a decline in Proposition 99 total revenue in both the current year (2003-2004) and next year (2004-2005). The 2003-2004 Budget Act signed by Governor Davis estimated that the total revenue generated in the Prop 99 Fund would be \$360 million. Governor Schwarzenegger's budget proposal reduces this estimate to \$354 million. The Governor's budget proposal estimates that total revenue for the Proposition 99 fund will fall to \$333 million for the 2004-2005 Fiscal Year. Due to the decline in available revenue, the Governor has proposed the following changes in program funding:

Proposition 99 - Health Education Account

The Health Education Account receives 20% of Prop 99 tax revenue.

All numbers are rounded.

	2003-2004 Budget Act (Current Year)	2003-4004 Revised (Per. Governor's Proposal)	Change Amount ('03-'04 Budget Act to '03-04 Revised)	2004-2005 Governor's Proposal	Change Amount ('03-'04 Budget Act to '04-'05 Proposal)
Department of Health Services					
<i>TCS Admin*</i>	\$790,000	\$1.25 million	58.2%	\$1.3 million	64.6%
<i>Media Campaign</i>	\$19.02 million	\$16.78 million	-11.8%	\$ 15.28 million	-\$19.7%
<i>Competitive Grants</i>	\$18.78 million	\$17.33 million	-7.7%	\$15.03 million	-19.97%
<i>TEROC/Evaluation</i>	\$4.03 million	\$3.26 million	-19.2%	\$3.54 million	-12.15%
<i>Local Lead Agencies</i>	\$19.53 million	\$19.53 million	0%	\$15.78 million	-19.17%
Dept. of Education	\$28 million	\$26.56 million	- 5.1%	\$23.02 million	-%17.8

**According to TCS, the increased funding for TCS administration does not reflect new funds for program staff, but a redirection of State Support funding within the Evaluation line item.*

Proposition 99 - Research Account

The Research Account receives 5% of Prop 99 tax revenue.

All numbers are rounded.

	2003-2004 Budget Act (Current Year)	2003-2004 Revised (Per. Governor's Proposal)	Change Amount ('03-'04 Budget Act to '03-04 Revised)	2004-2005 Governor's Proposal	Change Amount ('03-'04 Budget Act to '04-'05 Proposal)
Department of Health Services (Cancer Registry)	\$4.7 million	\$4.7 million	0%	\$5.03 million	%7
University of California (TRDRP)	\$23.86 million	\$21.63 million	-%9.4	\$14.25 million	-%40.3

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.

Mid May

The Governor must submit revisions to his January budget proposal by May 14. 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.