



**Budget Act Highlights
Fiscal Year 2008- 09**

California Department of Public Health

**Arnold Schwarzenegger
Governor
State of California**

**Kimberly Belshé
Secretary
California Health and Human Services Agency**

**Mark B Horton, MD, MSPH
Director**

September 25, 2008

CALIFORNIA DEPARTMENT OF PUBLIC HEALTH PROGRAM OVERVIEW

The mission of the California Department of Public Health (CDPH) is to protect and improve the health of all Californians, primarily through population-based programs, strategies, and initiatives.

Our goals are to improve access to quality public health services, to improve health outcomes, and to reduce health care costs through prevention with services such as disease screenings and vaccinations, and patient safety initiatives. CDPH plays a vital role in these efforts, collaborating with local health departments, agencies, and organizations throughout the State.

CDPH comprises five Public Health Centers as well as Health Information and Strategic Planning and the Public Health Emergency Preparedness Program.

GENERAL BUDGET OVERVIEW

The CDPH budget supports activities and services that reinforce the State's commitment to the health of all Californians. For fiscal year (FY) 2008-09, the Budget Act provides \$3.2 billion for the support of CDPH programs and services, an increase of approximately 3.5% from the January Governor's Budget proposal. Of the amount approved, \$721.9 million is for state operations and \$2.514 billion is for local assistance. The budget affirms the Department's commitment to address the public health needs of Californians.

Total CDPH Budget

*Dollars in thousands

Budget Fund Source	2007-08 Enacted Budget	2008-09 Proposed (Gov Budget)	2008 Enacted Budget	% Change from 08- 09 Proposed Budget
General Fund	\$390,685	\$378,803	\$349,041	-7.9%
Federal Funds	\$1,480,622	\$1,521,495	\$1,619,217	6.4%
Special Funds & Reimbursements	\$1,219,931	\$1,226,213	\$1,267,426	3.4%
Total Funds	\$3,091,238	\$3,126,511	\$3,235,684	3.5%

Note: the amounts that are quoted may not include all non-Budget Act appropriations.

As indicated in the chart above, the growth in CDPH's budget is the result of Federal Fund and Special Fund increases of approximately \$138.9 million (5.1%) to compensate for a General Fund (GF) decrease of \$29.8 million (7.9%).

The largest amount of the increase is accounted for by significant augmentations to the Women, Infants, and Children (WIC) Supplemental Nutrition Program of almost \$173 million.

The charts below and the narrative that follows describe the specific budget adjustments. Note that the amounts that are quoted may not include all non-Budget Act appropriations and other minor adjustments.

State Operations

State Operations by Program *					
Governor's Budget Program Title	Program	2007-08 Enacted Budget	2008-09 Proposed (Gov Budget)	2008 Enacted Budget	% Change from 08-09 Proposed Budget
Public Health Emergency Preparedness	10	\$33,268	\$31,948	\$31,868	-0.3%
Public and Environmental Health	20	\$527,202	\$544,488	\$523,435	-3.9%
Licensing & Certification	30	\$158,291	\$170,991	\$166,621	-2.6%
Department Administration	40.01	\$22,208	\$23,071	\$22,284	-3.4%
Distributed Administration	40.02	-\$22,208	-\$23,071	-\$22,284	-3.4%
Total State Operations		\$718,761	\$747,427	\$721,924	-3.4%

State Operations by Fund Source *				
Governor's Budget Fund Source	2007-08 Enacted Budget	2008-09 Proposed (Gov Budget)	2008 Enacted Budget	% Change from 08-09 Proposed Budget
General Fund	\$116,710	\$120,819	\$105,739	-12.5%
Federal Funds	\$212,077	\$219,711	\$208,329	-5.2%
Special Funds & Reimbursements	\$389,974	\$406,897	\$407,856	-0.2%
Total State Operations	\$718,761	\$747,427	\$721,924	-3.4%

Local Assistance

Local Assistance by Program*					
Governor's Budget Program Title	Program	2007-08 Enacted Budget	2008-09 Proposed (Gov Budget)	2008 Enacted Budget	% Change from 08-09 Proposed Budget
Public Health Emergency Preparedness	10	\$90,206	\$92,349	\$83,849	-9.2%
Public and Environmental Health	20	\$2,282,271	\$2,286,735	\$2,429,911	6.3%
Total Local Assistance		\$2,372,477	\$2,379,084	\$2,513,760	5.7%

Local Assistance by Fund Source*				
Governor's Budget Fund Source	2007-08 Enacted Budget	2008-09 Proposed	2008 Enacted Budget	% Change from 08-09 Proposed Budget
General Fund	\$273,975	\$257,984	\$243,302	-5.7%
Federal Fund	\$1,268,545	\$1,301,784	\$1,410,888	8.4%
Special Funds & Reimbursements	\$829,957	\$819,316	\$859,570	4.9%
Total Local Assistance	\$2,372,477	\$2,379,084	\$2,513,760	5.7%

PROGRAMMATIC ADJUSTMENTS

The specific adjustments listed below reflect the major budgetary changes since the introduction of the Governor's Proposed 2008-09 Budget. The major changes include Finance Letters, Budget Balancing Reductions (BBRs), legislative adjustments and the Governor's vetoes. Refer to Attachment A for the CDPH's Governor's veto language.

I. Center for Chronic Disease Prevention and Health Promotion

The Center for Chronic Disease Prevention and Health Promotion comprises the Division of Chronic Disease and Injury Control and the Division of Environmental and Occupational Disease Control. The Center administers programs that address the prevention and control of chronic diseases including cancer, cardiovascular diseases, diabetes; the prevention and control of injuries; and, the prevention and control of environmental and occupational diseases. Major budget adjustments included:

Fatal Child Abuse and Neglect Surveillance Program

Legislative Adjustment

\$15,000 TF
\$150,000 OF
-\$135,000 GF

The BBR reduced the Fatal Child Abuse and Neglect Surveillance program by \$15,000 GF. This action is a “fund shift” of reducing the remaining GF budget of \$135,000, and replacing it with \$150,000 MCAH Title V funding.

Preventive Health Care for Adults Program

0 Positions

-\$1,127,000 TF
-\$1,127,000 GF

The BBR reduced the program by \$125,000 General Fund. Legislative action eliminated all remaining state funding for the Preventive Health Care for Adults (PHCA), for a total of \$1.252 million.

California Environmental Contaminant Biomonitoring Program

-\$0 TF
-\$1,025,000 GF
\$1,025,000 OF

This legislative action replaces the GF budget for this program with Toxic Substance Control Account funding (TSCA), which is administered by the Department of Toxic Substances Control (H&SC 25173.6)]. This action also adopted technical trailer budget language to effectuate this fund shift.

Reduction of Rural Health Projects within the Healthy Families Program/Tobacco Control Program State Administration Funding

0 Positions

\$960,000 TF
\$960,000 OF

This adjustment represents redirection of \$960,000 in Proposition (Prop) 99 funds from the 0236 Unallocated Account that is used to support the Tobacco Control Program (TCP) to the 0231 Health Education Account (HEA). The TCP will be funded at the same level using the 0231 HEA. The \$960,000 was redirected to the Healthy Families Program overseen by the Managed Risk Medical Insurance Board (MRMIB).

Every Woman Counts (EWC) Breast Cancer Early Detection

0 Positions

\$2,000,000 TF
\$2,000,000 OF

This action augmented the Breast Cancer Control Account by \$2 million for the Cancer Detection Program: Every Woman Counts to help offset the \$4.2 million Proposition 99 reduction.

synopsis of key issues regarding the program and options to address the sustainability of the program to meet the safe drinking water quality standards.

Beach Safety Program

-\$984,000 TF
-\$984,000 GF

The Budget Act reflects the elimination of local assistance funding for the State Beach Safety Program. The BBR reduced \$109,000 GF. This reduction of \$984,000 eliminates the remaining GF for the program which supports local health jurisdictions to monitor coastal beaches and test recreational waters. The monitoring and testing activities supported by the beach safety funds provide health jurisdictions with resources to determine when coastal beaches should be closed/open to the recreating public.

Cosmetic Safety Program

-\$161,000 TF
-\$161,000 GF

The Budget Act reflects the elimination of GF for the State Cosmetic Safety Program in the Food and Drug Branch. BBR cut \$16,000 GF for this program which the Legislature accepted. This action eliminates support for the Cosmetic Safety Program within the Food and Drug Branch to perform oversight of cosmetic manufacturing firms. The California Safe Cosmetics Program within the Division of the Environmental and Occupational Disease Control whose responsibility is to collect information on the hazardous and potentially hazardous ingredients in cosmetic products sold in California and to make it available to the public remains unaffected by the GF reduction in the Food and Drug Branch.

Medical Device and Drug Safety Program

-\$976,000 TF
-\$976,000 GF

The Budget Act reflects the elimination of GF for the State Medical Device and Drug Safety Program. BBR cut \$109,000 GF. This reduction of \$976,000 eliminates GF for this program. Drug and Medical Device funding remains in this program.

III. Center for Family Health

The Center for Family Health is comprised of the Genetic Disease Screening Program (GDSP); Maternal, Child and Adolescent Health (MCAH) Program; Office of Family Planning (OFP) and the Women, Infants and Children (WIC) Supplemental Nutrition Program. Major budget adjustments included:

***Women, Infants, and Children (WIC) Supplemental Nutrition Program
Increase in Federal Grant Award***

0 Positions

\$105,179,000 TF
\$105,179,000 OF

The CDPH received notification of an increase in California's WIC allocation from the US Department of Agriculture in February 2008. Additional federal grant allocations were anticipated in April when the USDA reallocates unused program funds from the federal fiscal year 2007, and again in May when USDA awards WIC contingency funds. This increase is necessary to provide sufficient federal fund authority for the CDPH to receive and spend the three additional federal allocations in the WIC program.

***Women, Infants, and Children (WIC) Supplemental Nutrition Program
Increase in Manufacturer Rebate Revenue***

0 Positions	\$67,500,000 TF
	\$67,500,000 OF

Increase due to a projected increase in revenue to the WIC Manufacturer Rebate Fund. This projection was based on an increase in the number of enrollees, higher redemption of the food instruments, and an anticipated increase in wholesale prices for infant formula with an associated cent for cent increase in the rebate amount. The USDA requires complete expenditure of the rebates prior to drawing down federal funding in the WIC program.

Eliminate Funding for Health Coverage of Eligible Children

-2.0 Positions	-\$244,000 TF
	-\$123,000 GF
	-\$121,000 OF

Positions and funding reduced to reflect the delayed implementation of Chapter 328, Statutes of 2006 (SB 437). This reduction is necessary due to the current fiscal constraints of the state and conforms to the SB 437 reductions requested for the Department of Health Care Services (DHCS) and MRMIB.

***Office of Family Planning
AB 629, Sex Education Accountability***

-1.0 Position	-\$127,000 TF
	-\$127,000 GF

The Budget Act reflects reduction of 1.0 permanent position to implement the requirements of AB 629 (Brownley, Chapter 602, Statutes of 2007). This reduction in funding for 1.0 position is necessary due to the current fiscal constraints of the state. AB 629 requires sexual health education programs that are funded or administered by the state to be comprehensive and not abstinence-only. The position would perform ongoing research, review sexual health education curricula, provide technical assistance to existing state program staff, and monitor compliance with the mandates of AB 629.

**FamilyPACT
Technical Adjustment**

\$250,000 TF
\$250,000 GF

This adjustment transfers funding for local assistance contracts that remained budgeted in the DHCS when CDPH was created.

**Genetic Disease Screening Program
May Revision Estimate**

-\$2,159,000 TF
-\$2,159,000 OF

Technical adjustment to correct an erroneous application of the fiscal year 2008-09 price increase factor to certain operating expenses and equipment within the caseload-related expenditures associated with the Newborn Screening and Prenatal Screening programs.

**Maternal Child and Adolescent Health (MCAH)
Adjustment to BBRs**

\$1,974,000 TF
\$ 390,000 GF
\$1,584,000 OF

The \$1,194,000 GF reduction in the BBRs was backfilled with \$1,194,000 Federal Title V MCAH funding. Of the \$1,194,000 federal Title V funding, \$329,000 represents new authority, \$40,000 is redirected from the Perinatal Profiles Program, \$825,000 is redirected from the Maternal Morbidity and Mortality Program. \$390,000 GF and \$390,000 in reimbursements were restored to the Black Infant Health Program.

**Maternal Child and Adolescent Health
Legislative Adjustments**

\$2,871,000 TF
\$2,871,000 OF

This adjustment provides an additional \$40,000 from the CA Health Data and Planning Fund. This action represents a fund shift from the Federal Title V MCAH funding to the California Health Data and Planning Fund and leaves the Perinatal Profiles Project funding intact. The \$40,000 federal Title V funds will be used to offset part of the GF reduction to the Adolescent Family Life Program.

\$825,000 in federal funds was redirected to Adolescent Family Life Program from the maternal Morbidity and Mortality Project and provided one-time funding authority of \$825,000 Federal Title V MCAH funding to the Maternal Morbidity and Mortality Project.

Federal Title V authority was increased by \$2,421,000 including one-time funding of \$1,350,000 and provide additional federal Title V reimbursements to the DHCS.

In addition, trailer bill language was adopted requiring CDPH to prepare a fund condition statement for the Federal Title V Block Grant funds, as required and approved by the Department of Finance, for inclusion in the annual budget process and to be published in the Governor's Budget documents provided to the Legislature by January 10 of each year.

In addition, adjustments were made to redirect \$150,000 federal funding authority to fund the Fatal Child Abuse and Neglect Surveillance (FCANS) Program and a technical adjustment of \$600,000 was made to correct a scheduling error in the Adolescent Family Life Program.

<i>TeenSMART Outreach Program</i>	-\$1,824,000 TF
	-\$912,000 GF
	-\$912,000 OF

The Budget Act reflects the elimination of total funding for the TeenSMART Outreach Program including 100 percent of the matching funds.

<i>Male Involvement Program</i>	-\$1,322,000 TF
	-\$1,035,000 GF
	-\$287,000 OF

The Budget Act reflects the elimination of total funding for the Male Involvement Program. The BBR reduced \$115,000 GF in the Governor's Budget. This reduction of \$1.3 million TF eliminates all GF funding for this program, and \$287,000 in reimbursements.

<i>Domestic Violence Program</i>	-\$2,269,000 TF
	-\$2,269,000 GF

The Budget Act reflects the reduction of \$2,269,000 GF in local assistance for the Domestic Violence program.

<i>Teen Life Skills Information and Education Program</i>	-\$403,000 TF
	-\$403,000 GF

The Budget Act reflects the reduction of \$403,000 General Fund in local assistance by reducing funding to local entities for this program, a balance of \$1.1 million that is matchable remains for Teen Pregnancy Prevention activities.

<i>Maternal, Child, and Adolescent health Program</i>	-\$250,000 TF
	-\$250,000 GF

The Budget Act reflects the reduction of \$250,000 GF in local assistance by reducing funding to local entities for this program.

IV. Center for Healthcare Quality

The Center for Healthcare Quality (CHQ) comprises Licensing and Certification and Laboratory Field Services. The Center regulates the quality of care in public and private health facilities, clinics, and agencies; licenses nursing home administrators; certifies home health aides, certified nurse assistants, and other direct care staff; and licenses and inspects laboratory facilities and licenses laboratory personnel. Major budget adjustments included:

***Licensing and Certification
Program Technical Adjustment***

0 Positions	-\$1,959,000 TF
	-\$1,959,000 OF

This is a technical adjustment to align 2008-09 program expenditures with the level of expenditures identified in the Licensing and Certification Program's 2008-09 Fee Report released on March 2, 2008.

***Licensing and Certification
General Fund Subsidy/Reduction in State Facilities Unit – Adjustment to
BBR***

-3.0 Positions	\$ 0 TF
	\$ 0 OF

This adjustment deleted the GF subsidy of \$2.34 million in the fee calculation. In order to offset the BBR amount and impact on health facilities fees, the Licensing and Certification Program reduced the number of positions in the State Facilities Unit. This resulted in 3 position reduction for the State Facilities Unit, but no change in funding.

***Licensing and Certification
SB1312 State Standards Survey Compliance - Adjustment***

-20.3 Positions	-\$458,000 TF
	-\$458,000 OF

The Governor's Budget included 68.0 positions to ensure California's standards for licensure of long-term care health facilities are maintained. An adjustment was made for the full personnel-year equivalent calculation, which resulted in a reduction of 20.3 positions and funding. Trailer bill language was adopted requiring CDPH to emphasize consistency statewide when conducting licensing and certification surveys and complaint investigations.

Licensing and Certification

Fee Offset

0 Positions

\$ 0 Funding

The Legislature took action to direct the Licensing and Certification Program to utilize \$7.7 million in salary savings from FY 2007-08 to offset the licensing fees paid by health facilities in FY 2008-09. Trailer bill language was adopted requiring the Licensing and Certification program to include with annual reports required under existing law a narrative summary of the following:

- Any baseline adjustments and their calculations
- Description of the calculation procedure for each facility category
- Descriptions of any assumptions applied in any calculations

V. Center for Infectious Disease

The Center for Infectious Disease comprises the Division of Communicable Disease Control and the Office of AIDS. The Center oversees the investigation, prevention, and control of infectious diseases and the assessment, prevention, and interruption of the transmission of HIV and the provision of services to HIV-infected Californians. Major budget adjustments included:

Communicable Disease

Legislative Adjustment

-9.0 Positions

-\$1,300,000 TF

-\$1,300,000 GF

This reduction in funding for 9.0 positions is necessary due to the current fiscal constraints of the state. The Governor's Budget included restoration and funding of 12 positions to reflect delayed implementation of the Healthcare Associated Infection (HAI) program under SB 739 (Speier, Chapter 526, Statutes of 2006) for a comprehensive new program in the Center for Infectious Disease and CHQ to address a significant gap in CDPH communicable disease efforts. The 3.0 HCQ positions funded from "other funds" were retained. SB 739 would increase the effectiveness of CDPH's response to a potential influenza pandemic and other epidemics of emerging infectious diseases, such as Methicillin Resistant Staphylococcus Aureus. The funds were to support HAI prevention, control, and laboratory testing and will help integrate other programs implemented by CDPH, other state agencies, local health departments, healthcare facilities, and communities that currently address HAIs.

Vector Control Program

Trailer bill language was adopted increasing the annual fee paid by each Vector Control technician continuing education certificate holder from \$25 to \$120. This fee increase will enable the CDPH to continue administering the public health

The BBR reduced the ADAP by \$7 million GF. This action reflects a corresponding increase of \$7 million in Special Fund 3080 for ADAP. Trailer bill language was adopted requiring the Office of AIDS to provide the fiscal committees of the Legislature with an estimate package for ADAP by January 10 and May 14 of each year. Components of the estimate package shall include an estimate for ADAP's current year and budget year proposals and other supporting information.

Office of AIDS

0 Positions	-\$4,000,000 GF \$4,000,000 OF
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This action reflects a redirection of \$4 million GF from ADAP to the Therapeutic Monitoring Program and a corresponding increase of \$4 million in Special Fund 3080 for ADAP. The Therapeutic Monitoring Program provides support for viral load and resistance tests which are important tools in the medical management of people with HIV infection.

\$1,350,000 TF \$1,350,000 GF

The Budget Act reflects an increase of \$1,350,000 GF for AIDS Education and Prevention. This increase is a redirection from the Department of Mental Health (DMH).

The Governor's veto cites a Legislative augmentation of \$6,842,000. This amount corrects a technical error of \$1.6 million as the Legislative augmentation was intended to be \$5,242,000. The intent of the veto is to sustain the redirection of \$1,350,000 from the DMH, due to the elimination of the HIV/AIDS Counseling Program. Refer to Attachment B for the AIDS/HIV Program Funding Detail.

VI. Health Information and Strategic Planning

Health Information and Strategic Planning disburses and monitors funds to counties for hospital, physician, and related health services; and coordinates and oversees the collection, management, and dissemination of public health and vital statistics data. Major budget adjustments included:

CA Healthcare for Indigents Program (CHIP) and Rural Health Services (RHS) Program

<i>Proposition 99 Reduction</i>	-\$9,763,000 TF -\$9,763,000 OF
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Due to decreased Proposition 99 revenue projections, it was necessary to reduce expenditures for the CHIP and RHS program. This decrease will not affect the

level of funding included in the Governor's Budget for Uncompensated Hospital Emergency Services within the CHIP and the RHS.

State Public Health Subvention

-\$900,000 TF
-\$900,000 GF

The Budget Act reflects the elimination of GF for the State Public Health Subvention Program in the Office of County Health. This reduction of \$900,000 GF eliminates all GF funding for this program. This program provided funding to 58 counties and three cities for communicable disease control activities and public health surveillance activities.

Trailer bill language was adopted:

Allocating \$24,803,000 in Proposition 99 funds for uncompensated emergency medical services health care and providing CDPH with authorization to allocate these funds to counties.

Permanently eliminating the State's mandated fiscal obligation to provide up to \$20.2 million annually from the State GF to the County Medical Services Program (CMSP). Since fiscal year 1999-00 trailer bill language has been adopted each year to exempt the State from the mandated fiscal obligation to pay the CMSP from the State GF.

Requiring the State Controller's Office to deposit funds into the CMSP subaccount of the Sales Tax Growth Account in lieu of the CMSP Account of the County Health Services Fund (CMSP Account). The SCO would then periodically transfer the money to the CMSP Governing Board for the purpose of expenditure on CMSP costs. Because CMSP is no longer administered by CDPH, this language provides the CMSP Board with the ability to work directly with the SCO on the management of its own Account.

VII. Public Health Emergency Preparedness Program

The Public Health Emergency Preparedness program coordinates preparedness and response activities across CDPH for all public health emergencies, including natural disasters, acts of terrorism, and pandemic diseases. The program plans and supports surge capacity in medical care and public health systems to meet needs during emergencies. The program administers federal and state funds that support CDPH's emergency preparedness activities.

VIII. Other

Technical Adjustment – Federal fund Authority

-\$5,821,000 TF
-\$5,821,000 OF

Federal funds reduced in the State Operations item to remove excess federal expenditure authority in several Public and Environmental Health programs, partially offset by an increase of \$315,000 in additional expenditure authority needed for the Women, Infants, and Children (WIC) program due to an anticipated increase in the federal grant award.

Loans to the General Fund \$11,200,000 TF
\$11,200,000 OF

Item 4265-011-0070 was added to authorize a one-time loan of \$1.1 million from the Occupational Lead Poisoning Prevention Account to the GF to be repaid by June 30, 2011.

Item 4265-011-0247 was added to authorize a one-time loan of \$1.6 million from the Drinking Water Operator Certification Special Account to the GF.

Item 4265-011-0622 was added to authorize a one-time loan of \$8.5 million from the Drinking Water Treatment and Research Fund to the GF.

Transfers to the General Fund \$2,119,000 TF
\$2,119,000 OF

Item 4265-011-0589 was added to authorize a one-time transfer of \$2,119,000 from the Cancer Research Fund to the GF.

Attachment A
Governor's Veto Language

Item 4265-001-0001—For support of Department of Public Health. I reduce this item from \$86,147,000 to \$82,850,000 by reducing:

(2) 20-Public and Environmental Health from \$501,031,000 to \$497,734,000.

I am reducing this item by \$3,297,000, as follows:

- \$1,042,000 for the Childhood Lead Poisoning Prevention Branch;
- \$976,000 for the Medical Device and Drug Safety Program;
- \$841,000 for the Epidemiology and Prevention for Injury Control Branch;
- \$277,000 for the Prostate Cancer Treatment Program; and
- \$161,000 for the Cosmetic Safety Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4265-111-0001—For local assistance, Department of Public Health. I reduce this item from \$257,472,000 to \$244,479,000 by reducing:

- (3) 20.20-Infectious Disease from \$365,085,000 to \$358,845,000;
- (4) 20.30-Family Health from \$1,504,545,000 to \$1,498,477,000;
- (6) 20.50-County Health Services from \$40,691,000 to \$39,791,000;
- (7) 20.60-Environmental Health from \$132,541,000 to \$131,557,000;
- (8) Reimbursements from -\$160,479,000 to -\$159,280,000;

and by deleting Provision 3.

I am reducing this item by \$5,030,000 (\$3,831,000 General Fund and \$1,199,000 Reimbursements) by eliminating funding to local entities for the following programs:

- \$1,824,000 for the TeenSMART Outreach Program;
- \$1,322,000 for the Male Involvement Program;
- \$984,000 for the Beach Safety Program; and
- \$900,000 for the State Public Health Subvention.

Attachment A Governor's Veto Language

I am also reducing this item by \$3,670,000 by reducing funding to local entities for the following programs:

- \$2,269,000 for the Domestic Violence Program;
- \$748,000 for the Tuberculosis Control Housing Program;
- \$403,000 for the Teen Life Skills Information and Education Program; and
- \$250,000 for the Maternal, Child and Adolescent Health Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am deleting \$5,492,000 of the \$6,842,000 General Fund legislative augmentation to local health jurisdictions for AIDS/HIV Education and Prevention programs. With this reduction, \$31.8 million still remains to support the AIDS/HIV Education and Prevention programs.

Attachment B AIDS/HIV Program Funding

State of California AIDS/HIV Program Funding Detail
Department of Public Health (DPH) and Department of Health Care Services (DHCS)
2008-09 Budget Act
(\$ In Thousands)

Funding Category	2006-07 (Actual Expenditures)			2007-08 (Estimated)			2008-09 (Budgeted)					
	General Fund	Federal Fund	Special Fund	Total	General Fund	Federal Fund	Special Fund	Total	General Fund	Federal Fund	Special Fund	Total
Support												
DPH Office of AIDS (OA)	\$6,892	\$10,617	\$1,073	\$18,582	\$6,892	\$10,617	\$1,084	\$18,593	\$6,492	\$13,116	\$1,086	\$20,694
DPH Other Programs	0	529	0	529	0	529	0	529	0	529	0	529
DHCS Audits and Investigations	0	0	0	0	0	64	147	211	0	144	144	288
TOTAL SUPPORT	\$6,892	\$11,146	\$1,073	\$19,111	\$6,892	\$11,210	\$1,231	\$19,333	\$6,492	\$13,789	\$1,230	\$21,511
Local Assistance (DPH OA)												
Education & Prevention	\$30,478	\$7,307	\$0	\$37,785	\$30,478	\$7,134	\$0	\$37,612	\$24,628	\$7,134	\$0	\$31,762
HIV Counseling and Testing	8,825	1,635	0	10,460	8,825	1,635	0	10,460	8,225	1,635	0	9,860
Epidemiologic Studies/Surveillance	7,051	2,040	0	9,091	9,051	1,509	0	10,560	8,651	1,584	0	10,235
Early Intervention	7,599	2,130	0	9,729	8,133	6,800	0	14,933	7,433	6,949	0	14,382
Therapeutic Monitoring Program	4,000	0	0	4,000	8,000	0	0	8,000	8,000	0	0	8,000
AIDS Drug Assistance Program (ADAP)	107,650	100,905	55,945	264,500	90,564	88,973	131,340	310,877	96,349	88,766	147,215	332,330
Housing	1,215	4,150	0	5,365	1,215	4,150	0	5,365	1,093	3,712	0	4,805
Home and Community Based Care	6,727	2,153	0	8,880	6,727	5,653	0	12,380	6,327	5,542	0	11,869
CARE/Health Insurance Premium Payment	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700	0	1,700
Care Services (Consortia)	0	12,151	0	12,151	3,300	14,451	0	17,751	0	14,250	0	14,250
Planning/Technical Assistance	0	1,100	0	1,100	0	1,100	0	1,100	0	2,122	0	2,122
TOTAL OA LOCAL ASSISTANCE	\$173,545	\$135,271	\$55,945	\$364,761	\$166,293	\$133,105	\$131,340	\$430,738	\$160,706	\$133,394	\$147,215	\$441,315
TOTAL OA (SUPPORT + LOCAL ASST)	\$180,437	\$146,417	\$57,018	\$383,872	\$173,185	\$144,251	\$132,424	\$449,860	\$167,198	\$147,039	\$148,301	\$462,538
FFS Medi-Cal (DHCS)	\$241,150	\$241,150	\$0	\$482,299	\$254,413	\$254,413	\$0	\$508,825	\$261,244	\$261,244	\$0	\$522,488
Estimated Part D (DHCS)	52,076	0	0	52,076	48,928	0	0	48,928	51,293	0	0	51,293
TOTAL FFS and PART D MEDI-CAL (DHCS) ^{5/}	\$293,226	\$241,150	\$0	\$534,375	\$303,341	\$254,413	\$0	\$557,753	\$312,537	\$261,244	\$0	\$573,781
TOTAL AIDS/HIV FUNDING	\$473,663	\$387,567	\$57,018	\$918,247	\$476,526	\$398,728	\$132,571	\$1,007,824	\$479,735	\$408,427	\$148,445	\$1,036,607

1/ Some funding for other DPH programs related to the AIDS program are reflected in the DPH Total Support budget display but are not included in program 20.20 of the Governor's Budget.
2/ Effective July 1, 2007, Audits and Investigations will be in the DHCS. This funding was previously included in the Office of AIDS support funding line.
3/ Funding for Education and Prevention includes \$1,052 million which was previously budgeted under the California Children Services program. This funding has been and will continue to be used for HIV education and prevention (intervention) services for children and youths (up to age 24).
4/ Support funding for ADAP is included above in the Office of AIDS' support budget.
5/ Reflects HIV/AIDS-related expenditures by the Medi-Cal program. Actual expenditures are included for fiscal year 2006-07. Expenditures for 2007-08 and 2008-09 are estimates based on a growth factor of 5.5 percent. These figures are difficult to project because Medi-Cal does not project AIDS costs separately from other Medi-Cal costs. In addition, the DHCS does not track AIDS-related expenditures for Medi-Cal eligibles that receive treatment in Managed Care systems, and so expenditures reflect Medi-Cal Fee-For-Service payments only.
6/ On January 1, 2006, Medi-Cal HIV/AIDS beneficiaries that are also Medicare eligible were enrolled in a Medicare Part D plan and Medicare began paying for the majority of the beneficiaries drug need. Medi-Cal uses the percent of HIV/AIDS drug expenditures from calendar year 2003 of the expenditures of Part D drugs (4.26%) to estimate the HIV/AIDS related expenditures of Medi-Cal's Part D payments.
7/ The 2006 and 2007 Budget Acts include \$5.6 million General Fund to restore HIV Education and Prevention funding for various local health jurisdictions to 2001-02 funding levels. The 2008 Budget Act includes \$1.35 million transferred from the Department of Mental Health's AIDS Counseling program.
8/ Reflects DHCS Medi-Cal budget-balancing reduction of \$19,988 million