



**May Revision Highlights
Fiscal Year 2017-18**

California Department of Public Health

**Edmund G. Brown Jr.
Governor
State of California**

**Diana S. Dooley
Secretary
California Health and Human Services Agency**

**Karen L. Smith, MD, MPH
Director and State Public Health Officer**

May 12, 2017

CALIFORNIA DEPARTMENT OF PUBLIC HEALTH PROGRAM OVERVIEW

The mission of the California Department of Public Health (Public Health), a nationally-accredited public health department, is to optimize the health and well-being of the people in California, primarily through population-based programs, strategies, and initiatives.

Public Health's core activities are:

- Protecting the public from communicable diseases.
- Protecting the public from unhealthy and unsafe environments.
- Preventing disease, disability, and premature death; and reducing or eliminating health disparities.
- Preparing for and responding to public health emergencies.
- Producing and disseminating data to evaluate population health status, inform people, institutions and communities; and to guide public health strategies, programs, and actions.
- Promoting healthy lifestyles for individuals and families in their communities and workplaces.
- Providing access to quality, population-based health services.

The Department is comprised of six Centers, which are: the Center for Chronic Disease Prevention and Health Promotion, the Center for Infectious Diseases, the Center for Family Health, the Center for Environmental Health, the Center for Health Care Quality, and the Center for Health Statistics and Informatics. In addition, the Department has the Emergency Preparedness Office, the Office of Public Affairs, the Office of Health Equity, the Office of Quality Performance and Accreditation, the Office of the State Public Health Laboratory Director, and the Administration Division.

GENERAL BUDGET OVERVIEW

Public Health's budget supports activities and services that reinforce the State's commitment to the health and well-being of all Californians. For Fiscal Year (FY) 2017-18, the May Revision provides \$3.2 billion for the support of Public Health programs and services, a decrease of 2.5 percent from the 2017-18 Governor's Budget. Of the amount approved, \$987 million is for State Operations and \$2.2 billion is for Local Assistance. The budget affirms the Department's commitment to address the public health needs of Californians.

Total Department Budget

Dollars in thousands*

Fund Source	2016-17 Enacted Budget	2017-18 Governor's Budget	2017-18 May Revision	% Change from 2017-18 Governor's Budget
General Fund**	\$151,211	\$132,221	\$133,837	1.2%
Federal Funds	\$1,714,868	\$1,727,858	\$1,594,078	-7.7%
Special Funds & Reimbursements	\$1,138,638	\$1,442,748	\$1,490,991	3.3%
Total Funds	\$3,004,717	\$3,302,827	\$3,218,906	-2.5%

*Numbers may not add or match to other statements due to rounding of budget detail.

** 2017-18 3-YR Expenditures and Positions display totals in the Governor's Budget Galley do not include \$3.8 million General Fund for Capital Outlay in 2016-17.

The charts below and the narrative that follows describe the specific budget adjustments.

State Operations

Dollars in thousands*

State Operations by Program					
Program Title	Program	2016-17 Enacted Budget	2017-18 Governor's Budget	2017-18 May Revision	% Change from 2017-18 Governor's Budget
Public Health Emergency Preparedness	4040	\$25,649	\$40,667	\$31,278	-23.1%
Public and Environmental Health	4045	\$503,867	\$576,798	\$678,204	17.6%
Licensing & Certification	4050	\$279,073	\$276,129	\$277,382	0.5%
Administration	9900100	\$43,568	\$44,406	\$44,724	0.7%
Distributed Administration	9900200	-\$43,568	-\$44,406	-\$44,724	0.7%
Total State Operations		\$808,588	\$893,594	\$986,864	10.4%

State Operations by Fund Source				
Fund Source	2016-17 Enacted Budget	2017-18 Governor's Budget	2017-18 May Revision	% Change from 2017-18 Governor's Budget
General Fund	\$87,430	\$87,019	\$88,635	1.9%
Federal Fund	\$276,530	\$314,288	\$305,702	-2.7%
Special Funds & Reimbursements	\$444,628	\$492,287	\$592,527	20.4%
Total State Operations	\$808,588	\$893,594	\$986,864	10.4%

*Numbers may not add or match to other statements due to rounding of budget detail.

Local Assistance

Dollars in thousands*

Local Assistance by Program					
Program Title	Program	2016-17 Enacted Budget	2017-18 Governor's Budget	2017-18 May Revision	% Change from 2017-18 Governor's Budget
Public Health Emergency Preparedness	4040	\$61,859	\$61,859	\$61,859	0.0%
Public and Environmental Health	4045	\$2,129,853	\$2,346,756	\$2,169,565	-7.6%
Licensing and Certification	4050	\$618	\$618	\$618	0.0%
Total Local Assistance		\$2,192,330	\$2,409,233	\$2,232,042	-7.4%

Local Assistance by Fund Source				
Fund Source	2016-17 Enacted Budget	2017-18 Governor's Budget	2017-18 May Revision	% Change from 2017-18 Governor's Budget
General Fund	\$59,982	\$45,202	\$45,202	0.0%
Federal Fund	\$1,438,338	\$1,413,570	\$1,288,376	-8.9%
Special Funds & Reimbursements	\$694,010	\$950,461	\$898,464	-5.5%
Total Local Assistance	\$2,192,330	\$2,409,233	\$2,232,042	-7.4%

*Numbers may not add or match to other statements due to rounding of budget detail.

PROGRAMMATIC ADJUSTMENTS

The specific adjustments listed below reflect the major budgetary changes since the release of the 2017-18 Governor's Budget. The major changes include May Revision Letters and Estimates.

References to "GF" are to the General Fund; "OF" refers to Other Funds including Special Funds, Federal Funds, and Reimbursements; and "TF" represents Total Funds.

I. Public Health Emergency Preparedness Program

This program coordinates preparedness and response activities for all public health emergencies, including natural disasters, acts of terrorism, and pandemic diseases. The program plans and supports surge capacity in the medical and public health systems to meet needs during emergencies. The program also administers federal and state funds that support the Department's emergency preparedness activities. A major budget adjustment includes:

Emergency Preparedness Technical Correction

-76.8 Positions
-\$9,441,000 TF
-\$9,441,000 OF

The May Revision reflects a decrease of 76.8 positions and \$9.4 million in Federal Trust Fund (Fund 0890) expenditure authority in State Operations. This technical adjustment is necessary to remove limited-term positions and associated dollars that expire June 30, 2017. Resources, including the reauthorization of permanent positions, to support these activities are proposed in the 2017-18 Governor's Budget.

II. Center for Chronic Disease Prevention and Health Promotion

This Center works to prevent and control chronic diseases such as cancer, cardiovascular diseases, asthma, and diabetes; to reduce the prevalence of obesity; to reduce tobacco use; to reduce adverse pregnancy outcomes; to provide training programs for the public health workforce; to prevent and control injuries, violence, deaths, and diseases related to behavioral, environmental, and occupational factors; to promote and support safe and healthy environments in communities and workplaces; and to prevent and treat problem gambling. This Center includes the Division of Chronic Disease and Injury Control, the Division of Environmental and Occupational Disease Control, and the Office of Problem Gambling. Major budget adjustments include:

Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) Technical Adjustment – Oral Health Program

\$0 TF
\$0 OF

The May Revision reflects a net zero change in California State Dental Program Account (Fund 3307) expenditure authority. The net zero change in Fund 3307 includes an increase of \$13.1 million in State Operations funding and a decrease of \$13.1 million in Local Assistance funding. This shift between State Operations and Local Assistance is necessary to accurately fund the activities within the Oral Health Program.

**Healthcare, Research and Prevention Tobacco Tax Act of 2016
(Proposition 56) Technical Adjustment – Tobacco Control Branch**

\$0 TF
\$0 OF

The May Revision reflects a net zero change in Tobacco Prevention and Control Program Account (Fund 3309) expenditure authority. The net zero change in Fund 3309 includes a \$73.8 million increase in State Operations funding and \$73.8 million decrease in Local Assistance funding. This shift between State Operations and Local Assistance is necessary to better align the expenditure authority with the distribution already established for Proposition 99 funds.

**Healthcare, Research and Prevention Tobacco Tax Act of 2016
(Proposition 56) - Tobacco Prevention and Control Program Account**

\$2,668,000 TF
\$2,668,000 OF

The May Revision reflects an increase of \$2.7 million in the Proposition 56 Tobacco Prevention and Control Program Account (Fund 3309) as a result of updated Proposition 56 revenue projections. This increase includes \$1.4 million for media campaigns and \$1.3 million for competitive grants (Local Assistance).

III. Center for Infectious Diseases

This Center works to prevent and control infectious diseases such as HIV/AIDS, viral hepatitis, influenza and other vaccine preventable illnesses, tuberculosis, emerging infections, vector-borne disease, sexually transmitted diseases, infant botulism, and foodborne illnesses. This Center includes the Division of Communicable Disease Control, the Office of AIDS, the Office of Binational Border Health, and the Office of Refugee Health. Major budget adjustments include:

2016-17 Budget Adjustments

AIDS Drug Assistance Program (ADAP) May Revision Estimate

\$2,636,000 TF
\$2,636,000 OF

The May Revision Estimate reflects a net increase of \$2.6 million in ADAP expenditure authority. This includes a decrease of \$60.2 million in the ADAP Rebate Fund (Fund 3080) and an increase of \$62.8 million in the Federal Trust Fund (0890). The increase in expenditures is due to an increase in medication-only clients continuing increases in medication prices.

2017-18 Budget Adjustments
ADAP May Revision Estimate

\$13,467,000 TF
\$13,467,000 OF

The May Revision Estimate reflects a net increase of \$13.5 million in ADAP expenditure authority. This includes an increase of \$19.5 million in the ADAP Rebate Fund (Fund 3080) and a decrease of \$6.0 million in the Federal Trust Fund (Fund 0890). This increase is largely due to fewer clients transitioning from medication-only services to private insurance associated with the proposed implementation of ADAP case management services. The decrease in Federal Funds is due to a shift in projected expenditures in the 2017 ADAP Earmark award from budget year FY 2017-18 to the current year FY 2016-17.

IV. Center for Family Health

The Center for Family Health focuses on improving health and birth outcomes and reducing health disparities for families, including women of reproductive age, pregnant and breastfeeding women, infants, children, and adolescents. This Center includes the Genetic Disease Screening Program (GDSP), the Maternal, Child and Adolescent Health Program (MCAH), and the Women, Infants, and Children Special Supplemental Nutrition Program (WIC). Major budget adjustments include:

2016-17 Budget Adjustments
GDSP May Revision Estimate

-\$2,308,000 TF
-\$2,308,000 OF

The May Revision Estimate reflects a decrease of \$2.3 million in Genetic Disease Testing Fund (Fund 0203) expenditure authority in Local Assistance. The decrease is due to updated live birth projections from the Department of Finance Demographic Research Unit.

WIC Program May Revision Estimate

-\$94,366,000 TF
-\$94,366,000 OF

The May Revision Estimate reflects a decrease of \$94.4 million in WIC expenditure authority in Local Assistance. This includes a decrease of \$92.7 million in the Federal Trust Fund (Fund 0890) and a decrease of \$1.7 million in the WIC Manufacturer Rebate Fund (Fund 3023). These decreases are due to lower than projected participation levels, lower projected food costs based on the Consumer Price Index (CPI) rates, and revised future birth rate projections.

2017-18 Budget Adjustments

GDSP May Revision Estimate

-\$5,125,000 TF

-\$5,125,000 OF

The May Revision Estimate reflects a decrease of \$5.1 million in Genetic Disease Testing Fund (Fund 0203) expenditure authority in Local Assistance. This projected decrease in expenditure authority is due to the decrease in the projected caseload.

WIC Program May Revision Estimate

-\$98,895,000 TF

-\$98,895,000 OF

The May Revision Estimate reflects a net decrease of \$98.9 million in WIC expenditure authority in Local Assistance. This includes a decrease of \$119.2 million in the Federal Trust Fund (Fund 0890) and an increase of \$20.3 million in the WIC Manufacturer Rebate Fund (Fund 3023). This decrease is due to a decrease in participation for current year, lower projected food costs based on the CPI rates, and revised future birth rate projections. The increase in the WIC Manufacturer Rebate Fund and an offsetting decrease of the same amount to the Federal Trust Fund is due to a new contract that will begin August 1, 2017, which will increase the rebate dollars received per can of infant formula.

V. Center for Health Statistics and Informatics

This Center works to improve the public's health by developing data systems and facilitating the collection, validation, analysis, and dissemination of health information and demographic information on the California population. This Center includes Vital Records, Public Health Policy and Research, and Public Health Informatics. There are no major budget adjustments.

VI. Center for Environmental Health

This Center works to protect and improve the health of all California residents by ensuring the safety of food, drugs, medical devices, and manufactured cannabis products; conducting underage tobacco enforcement; conducting environmental management programs; and overseeing the use of radiation through investigation, inspection, laboratory testing, and regulatory activities. This Center includes the Division of Food, Drug, and Cannabis Safety and the Division of Radiation Safety and Environmental Management. Major budget adjustments include:

Adult Use of Marijuana Act (Proposition 64)

50.0 Positions
\$9,279,000 TF
\$9,279,000 OF

The May Revision reflects an increase of 50.0 permanent positions and \$9.3 million in Cannabis Control Fund (Fund 3288) expenditure authority in State Operations, and Budget Bill Language to authorize another 20.0 permanent positions and up to \$2.3 million to support those positions. This increase will enable the Office of Manufactured Cannabis Safety to implement the licensing and regulatory mandates of Proposition 64 and support California Environmental Quality Act requirements.

**Healthcare, Research and Prevention Tobacco Tax Act of 2016
(Proposition 56) Technical Adjustment – Food and Drug Branch**

\$0 TF
\$0 OF

The May Revision reflects a net zero change in Tobacco Law Enforcement Account (Fund 3308) expenditure authority. The net zero change in Fund 3308 includes a \$2.9 million increase in State Operations funding and a \$2.9 million decrease in Local Assistance funding. This shift between State Operations and Local Assistance is necessary to accurately fund the activities within the Youth Tobacco Enforcement Program.

VII. Center for Health Care Quality

This Center regulates the quality of care in approximately 7,500 public and private health facilities, clinics, and agencies throughout the state; licenses nursing home administrators, and certifies nurse assistants, home health aides, and hemodialysis technicians; and oversees the prevention, surveillance and reporting of healthcare-associated infections in California’s general acute care hospitals. There are no major budget adjustments.