



# **State Allocation of Tobacco Settlement Funds FY 2000 and FY 2001**

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Health Policy Tracking Service  
National Conference of State Legislatures  
444 N. Capitol Street, NW, Suite 515  
Washington, D.C. 20001  
(202) 624.3567

## OVERVIEW

As of July 2000, 44 state legislatures have appropriated nearly \$8 billion in tobacco settlement funds to be placed in endowments, trust funds and general revenue accounts to fund tobacco prevention, health care, and education activities. Six states—Arizona, Arkansas, Missouri, Oklahoma, Oregon and Pennsylvania—have yet to completely decide how best to spend funds from the Master Settlement Agreement with the tobacco industry. In November, voters in Arizona, Arkansas, Oklahoma and Oregon will have the opportunity to go the polls to vote on how the funds should be spent. Missouri and Pennsylvania, probably, will defer their decision until next year's legislative session.

During the 1999 and 2000 sessions, state legislatures devoted an enormous amount of time and energy to soliciting public comment and considering how best to use and manage the tobacco funds. Legislatures conducted statewide hearings and debated the value of establishing trust funds or endowments. In 2000, more than 558 bills concerning tobacco settlement funds were introduced in the state legislatures and 91 were enacted.

The National Conference of State Legislatures recently surveyed state legislative fiscal offices to determine the amount of funding allocated to nine categories: 1) tobacco prevention, 2) health care services, 3) long-term care, 4) research, 5) education, 6) child and adolescent programs, 7) tobacco farmers and communities, 8) budget reserves and 9) other uses. State legislatures' actions this past spring affect both this fiscal year and next since the initial settlement payments were not released to the states until halfway into FY 2000. In addition, in appropriating tobacco settlement funds for FY 2001, the states have anticipated the revenue they will receive from payments in January and April 2001.

## OVERALL HIGHLIGHTS FROM THE SURVEY

The 44 state legislatures appropriated \$8,191,905,000 in tobacco settlement funds for FY 2000 and FY 2001. The states chose many different ways to spend and manage these funds, including:

- Endowments, where only the return on investment can be spent,
- Trust funds, where the part of the trust and the interest can be spent, and
- General funds, where the legislature will annually how the tobacco funds should be used.

## TOBACCO PREVENTION

- Thirty-five states have earmarked more than \$754 million in FY 2000 and FY 2001 for tobacco prevention programs. This includes community- and school-based programs, anti-media campaigns and tobacco control programs.
- Prior to FY 2000, the states appropriated no more than \$140 million of their own general revenue funds for tobacco prevention. With the addition of the tobacco settlement funds, that amount has doubled to over \$284 million in FY 2000.
- In FY 2001, the funding of tobacco prevention programs by the states will grow even larger with appropriations of \$621 million from tobacco settlement funds.

- Anti-smoking advocates in the states are seeking to have state legislatures adopt the Centers for Disease Control and Prevention's (CDC) "Best Practices" guidelines for funding such programs. Some states have acknowledged the CDC figures as a goal, but believe they lack the capacity to implement such a program at the recommended levels. It also should be noted that the states are using the tobacco settlement funds to supplement current tobacco prevention and control programs.
- Illinois and Indiana are attempting to fulfill the CDC guidelines. In addition, Colorado, Hawaii, Maine, New Jersey, Virginia and Wisconsin are devoting significant amounts to tobacco prevention.

## **HEALTH CARE SERVICES**

Approximately 140 health-related bills were introduced in 41 states. Governors and state legislatures are concerned, that despite the robust U.S. economy, some 44 million people are without health insurance. States are seeking to use the tobacco settlement funds to enhance and expand a variety of health care programs to reach out to and include the uninsured and people who do not have access to primary care in the nation's health care system.

- Thirty-eight states appropriated a total of \$3.5 billion to increase access to care for the working poor and indigent.
- The wide range of programs funded includes Medicaid, primary care, dental health, mental health, telemedicine, teen pregnancy, screening of at-risk newborns, drug abuse treatment, housing for the disabled, minority health and public health insurance.
- Indiana has allocated its tobacco settlement funds across several broad categories including community health centers, health services for minorities, addiction treatment and reimbursement of hospitals for charity care. Newly enacted legislation establishes oversight councils and committees; directs programs to create better access to health care, including mental health and addiction treatment, research treatment and cures for tobacco-related illnesses; and eliminates health care disparities.
- New Jersey's FY 2001 Appropriations Act uses \$100 million of tobacco funds to expand Medicaid to the middle class and working poor who have no access to health insurance in a program called FamilyCare. Under FamilyCare, an estimated 80,000 parents of children eligible for KidCare and Medicaid would obtain health insurance, including 54,000 parents of children already covered by these two programs. FamilyCare will cover working parents with incomes up to 133 percent of the federal poverty level (FPL) who will become eligible for Medicaid. Working parents with incomes between 133 percent and 200 percent of the FPL will be eligible for typical managed care benefits usually used by the private sector. Families with incomes between 150 percent and 200 percent of the FPL will be required to pay \$25 per adult each month toward the premium cost. Families with two adults and any number of children will be required to pay \$65 per month.
- Washington appropriated \$153 million to the state's Health Services Account, where it is available for the state's Basic Health Plan—a basic benefit insurance program for the working poor who do not qualify for Medicaid but who cannot afford health insurance through their employers.
- Other states that are devoting substantial amounts to increasing access to care include Florida, Georgia, Maryland, Mississippi, New York and South Carolina.

## **LONG-TERM CARE**

In January, the National Conference of State Legislatures released results of a survey that indicated that long-term care was to be a priority health issue in the state legislatures in 2000. Therefore, it is not surprising that states allocated some of the tobacco settlement fund specifically to long-care programs, including home and community care designed to keep the elderly in their homes, long-term care insurance and pharmaceutical assistance to the elderly and disabled.

- Twelve states have appropriated nearly \$268 million to enhance services and activities that give priority to continued independent living for seniors. In addition several states have initiated or augmented existing programs of pharmaceutical assistance to the elderly and disabled.
- Florida is funding community care for the elderly and two Medicaid waivers, one for assisted living; and the other for home- and community-based care.
- Illinois appropriated \$35 million to its pharmaceutical assistance for the elderly program.
- Michigan is using tobacco settlement funds to expand its Senior Pharmaceutical Drug Program by increasing the personal needs allowance for seniors in nursing homes and funding long-term care innovation grants.
- New Jersey is funding ElderCare initiatives and pharmaceutical assistance to the elderly.

## **RESEARCH**

- Twelve states are using tobacco settlement funds to support new and ongoing research on cancer and other tobacco-related illnesses, such as emphysema.
- Colorado established a research grant program operated by the University of Colorado to support mental health research and basic scientific research in tobacco and substance abuse.
- In Illinois, a series of four enacted laws provide funds for five Illinois universities to augment research on tobacco-related illnesses and other research projects. The Legislature also appropriated money to fund research in juvenile diabetes, expand research at the Fermi Reactor and Argonne Rare Isotope Accelerator and augment medical imaging and genome research at the Chicago and Champaign/Urbana campuses of the University of Illinois.
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- Kansas appropriated \$1 million for research on children's health as part of its Children's Initiative.
- Maryland enacted legislation to create the Statewide Area Health Center Program for research and treatment of cancer and tobacco-related diseases. Johns Hopkins University and the University of Maryland Medical Center will share responsibility for the program.
- Michigan enacted legislation that establishes an initial trust fund of \$50 million for health research including illnesses affecting the elderly, which is to be conducted at Michigan universities and private research facilities.

## **EDUCATION**

Fourteen states include language in their tobacco settlement appropriation or authorization acts relating to education, including kindergarten through high school and college. A few of the new laws allocate funds to school districts to address problems of funding and distribution of funds.

- Ohio schools will receive \$2.4 billion through 2012 and another \$2 billion between 2013 and 2025. The funds are part of a \$10.2 billion state aid program that distributes funds to each school district to repair, remodel or replace schools during the next 12 years. The program addresses a 1997 ruling by the Ohio State Supreme Court that the state's school funding formula was unconstitutional.
- New Hampshire chose to spend all its FY 2000 tobacco money on education. The state did so because it was facing a crisis in school funding—the New Hampshire Supreme Court mandated that the state correct the flaws in its education funding formula. During 1999, the legislature also voted to increase the state's tobacco tax by 5 cents per pack to address the problem in future years.
- Beginning in FY 2002, Alaska will use 40 percent of its tobacco settlement payments to pay the debt service on bonds that will be issued to raise revenue to remodel and refurbish schools throughout the state.
- Louisiana, Michigan and Nevada are addressing the needs of college students. Each state has created a trust fund to provide scholarships to state residents who decide to attend state community colleges and universities. To qualify for the scholarships, students in Nevada must have a “B” average upon graduation from high school; students in Michigan must pass a standardized learning test.

## **CHILD AND ADOLESCENT PROGRAMS**

- Ten states have appropriated \$534 million to initiate or supplement programs to help children and families. The wide range of programs includes foster care, preschool learning, after-school activities and juvenile justice.
- Alabama, through its Children First program, is funding school safety, alternative schools, boot camps and programs for children with multiple needs.
- Florida is using its tobacco settlement funds for child welfare, child protection, adoption and advocacy services.
- Kentucky adopted the Early Childhood Initiatives program, which includes funding for Healthy Start programs, mental health and mental retardation services, immunizations, newborn hearing screenings and children with special needs.

## **TOBACCO GROWERS AND COMMUNITIES**

Seven states have enacted legislation to assist tobacco growers and communities that already have been affected by the reduced quotas from the federal government and tobacco companies. The programs are varied in scope, but most offer education and training for tobacco growers or people employed by the growers and tobacco warehouses to help them seek new employment opportunities. Other programs are seeking alternative crops that can be grown to replace tobacco.

- Several of these states are attempting to lessen the burden and hardship placed on farmers and their families by supplementing their annual incomes.
- States are developing programs to attract new industry to tobacco growing regions. First, however residents in these areas need to acquire new skills, training and education.
- The seven states have appropriated a total of nearly \$537 million.
- Georgia established the One Georgia Trust Fund and appropriated \$62 million to attract business and industry to rural regions of the state.
- Kentucky established Agricultural Initiatives to assist tobacco growers and quota holders and to develop statewide and county-specific programs to foster rural development and alternatives to tobacco farming.
- Virginia is directing 80 percent of its tobacco indemnification and revitalization funds to help individual farmers and their families. Seven community colleges in southern and southwest Virginia will receive funding, through the availability of scholarships, to retrain the region's workforce. In addition, Virginia Tech will receive funding to expand biomedical research on using tobacco for pharmaceutical purposes.

## **BUDGET RESERVES**

Several states are trying to insulate themselves against future reductions in the annual tobacco settlement payments.

- Colorado is using the first \$33 million it receives and 21 percent of all payments beginning in FY 2001 to establish the Tobacco Litigation Settlement Fund. The earnings from the trust fund cannot be spent until the principal is large enough for the return on investment to fully fund tobacco programs.
- Hawaii has established a rainy day fund into which 40 percent of tobacco settlement funds are placed. Legislation to reduce the percentage going to this fund to 20 percent was vetoed by the governor.
- Maine established the Healthy Maine Trust Fund for future health care purposes and established a biennial reserve for future use.
- Utah established a tobacco settlement endowment, into which 50 percent of the tobacco settlement funds will be deposited. Beginning in 2004, that percentage increases to 60 percent. Appropriations from the endowment are limited to 50 percent of the interest earned. The other half is reinvested.

## **OTHER USES**

- Seventeen states have appropriated \$1.3 billion for other uses. These uses include the following.
  - Kansas will use \$20 million to repay the FY 2000 general funds for money used for children's programs before the tobacco money became available.
  - Nevada will assist the state's public broadcasting stations to develop DVD television, with the caveat that the stations must run tobacco prevention public service announcements.
  - North Dakota will use funds for water resource and flood control projects.
  - Ohio will use \$2 million for law enforcement.

- Five states have appropriated the majority of the funds (86 percent) for Other Uses as follows.
  - Illinois used \$315 million for property tax relief and an earned income tax rebate.
  - Minnesota directed \$222 million into the general fund over a two-year period. The funds were used to supplement funding for a wide variety of programs, including health care services.
  - New Jersey used \$86 million to pay state employee health benefits and to support the HMO Insolvency Fund.
  - New York directed \$250 million into the general fund to offset a Medicaid deficit.
  - Wisconsin directed \$269 million into the general fund over a two-year period. The funds – including \$57 million for BadgerCare - were used to supplement funding for a wide variety of programs.
  - Each of the above five states also appropriated significant funds in FY 2000 and/or FY 2001 for tobacco prevention: \$26.4 million, \$20.2 million, \$48.6 million, \$30 million and \$20 million, respectively.

## CONCLUSION

The tobacco settlement is historically significant because of the amount of revenue it brings to the states, the long-term nature of the revenue stream, and the flexibility of the funds. Consequently, the settlement also provides a significant opportunity to provide supports and services for health care, tobacco prevention, long-term care, education and other community initiatives. Decisions on spending versus saving and investing the funds affect the amount of revenue a state will have at its disposal over time. Decisions about the purposes for which the funds are allocated obviously affects the extent to which health programs and other initiatives will benefit.

**TABLE 1****STATE ALLOCATION OF TOBACCO SETTLEMENT FUNDS  
FOR FY 2000 AND FY 2001**

<b>NUMBER OF STATES</b>	<b>CATEGORY</b>	<b>AMOUNT</b>	<b>PERCENT OF TOTAL</b>
35	Tobacco Prevention	\$754,178,000	9.2%
38	Health Care Services	\$3,537,528,000	43.2%
12	Long-Term Care	\$269,993,000	3.3%
13	Research	\$207,007,000	2.5%
14	Education	\$483,388,000	5.9%
10	Child & Adolescent	\$534,235,000	6.5%
6	Tobacco Growers	\$536,949,000	6.1%
11	Budget Reserve	\$496,554,000	6.1%
16	Other Uses	\$1,364,072,000	16.7%
<b>Total (44)</b>		<b>\$8,191,905,000</b>	<b>100.0%</b>

## STATE ALLOCATION OF TOBACCO SETTLEMENT FUNDS FOR FY 2000 AND FY 2001 (Dollars in Thousands)

### ALABAMA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust		\$31,129	\$4,207			\$50,408			\$7,000	\$ 92,816
FY 2001			\$35,581	\$4,808			\$62,506			\$9,000	\$111,895

In 1999, Alabama enacted legislation to establish the 21st Century Fund and allocated Tobacco Settlement Funds as follows:

- Within the 21st Century Fund is money to pay the debt service on industrial development bonds (Other Uses). Funds are to be transferred from the 21st Century Fund to the Children First Program as follows: FY 2000, up to \$60 million; FY 2001, up to \$65 million; and FY 2002, up to \$70 million. The money is to be used for school safety, alternative schools and boot camps.
- The remainder will be transferred to the General Fund. Of the amount transferred to the General Fund, up to \$40 million will be appropriated to Medicaid in FY 2001 (\$45 million thereafter), and up to \$3 million will be appropriated for an Aging Medicaid Waiver Program at the Commission on Aging and for a Seniors Services Trust Fund.

### ALASKA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$1,400	\$26,593				\$1,344			\$361	\$29,338
FY 2001		\$1,211	\$19,712								\$20,923

In FY 2000 and FY 2001, health care funds are being used for Medicaid and catastrophic and chronic illness assistance; Child and Adolescent funds are for foster and residential care. The \$361,000 in other funds is for legal fees. Beginning in FY 2002, 40 percent of the tobacco settlement funds will be used for debt service on bonds to remodel and enhance school facilities. The 60 percent balance will be appropriated by the Legislature.

## ARIZONA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund		\$20,000								\$20,000
FY 2001	General Fund		\$78,000							\$20,000	\$98,000

The Legislature and governor were unable to reach agreement on how to allocate the majority of the state's tobacco settlement funds during the 2000 regular session and two special sessions of the Legislature. Two competing plans on how the tobacco settlement funds should be spent will be on the November 2000 ballot. However, the Legislature did authorize specific programs and used tobacco settlement funds to fund them. These include \$20 million in each fiscal year for rebuilding the state's mental health hospital, \$8 million beginning in FY 2001 for a small business high-risk insurance program, \$50 million in FY 2001 for behavioral health services and \$20 million in FY 2001 for constructing a new state laboratory.

The Healthy Children Healthy Families coalition supports Proposition 200 on the November ballot. If it is adopted, funds would be allocated to Kids Care Program and AHCCCS, earmarked for prenatal and infant care to prevent child abuse, early detection and prevention of heart and lung disease, hospice care and health care for the elderly.

A second health coalition is trying to place a second initiative on the ballot. Its goal is to use all the tobacco funds for AHCCCS and increase eligibility.

## ARKANSAS

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	TBD										
FY 2001	TBD										

The Arkansas legislature was not in session in 2000. However, Governor Huckabee called a special session to decide how to allocate the state's tobacco settlement funds. The legislature was unable to reach a decision between two alternative plans. Governor Mike Huckabee and the Coalition for Healthy Arkansas Today have obtained sufficient signatures to place the proposal on the November ballot.

This proposal, almost identical to the Senate-passed bill S 2a, seeks to place the first \$100 million of tobacco settlement funds in the Arkansas Health Century Trust Fund (an endowment). The balance is to go to the Tobacco Settlement Trust Fund. Of the remaining funds the first \$5.0 million would be placed in the Tobacco Settlement Debt Servicing Fund. The Arkansas Development Finance Authority would issue bonds for capital improvement at the University of Arkansas Bioscience Center.

All other funds would be deposited in the Tobacco Settlement Program Fund and be allocated as follows: 31.6 percent for tobacco prevention and cessation; 15.8 percent for targeted state needs, the Arkansas School of Public Health and Area Health Education Centers, the center on aging and minority health care; 22.8 percent for the Arkansas Bioscience Institute Program; and 29.8 for Medicaid expansion, e.g., coverage and benefits for pregnant women, expanded IP and OP hospital reimbursement, expand noninstitutional coverage of the elderly, and expand limits and benefits for those between the ages of 19 to 64 years of age.

## CALIFORNIA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund		—								—
FY 2001	General Fund		\$475,000								\$475,000

The tobacco settlement consent decree in California divides the state's tobacco settlement funds as follows: 50 percent to the state for appropriation, 40 percent to the counties and 10 percent to Los Angeles, San Diego, San Francisco and San Jose. The state's 50 percent was deposited in the General Fund and not earmarked. Governor Gray Davis advised the Legislature that his budget proposal " uses the state's share of the tobacco settlement funds entirely for health care " to expand services to children and low-income and uninsured adults. The expansion proposals approved by the Legislature significantly increase current funding.

## COLORADO

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust	\$11,878	\$17,127	—	\$6,335	—			\$48,836		\$84,176
FY 2001	GF and Trust	\$12,845	\$19,240	\$792	\$6,885	\$15,046			\$37,880		\$92,834

The Colorado legislature enacted S 71 to establish new programs and allocate the tobacco settlement funds as follows: \$33 million is to be taken off the top in FY 2000 (decreasing to 25 percent in FY 2001-25) to create a budget reserve. The legislation calls for a private portfolio manager and lists the specifics of an investment plan. The remaining funds are to be allocated as follows: \$10 million for CHIP; 3 percent or up to \$3 million for the Nurse Home Visit Program, and an additional 2 percent each year through FY 2009; 6 percent or up to \$6 million for primary and preventive care grants; 8 percent or up to \$8 million for Tobacco & Substance Abuse Research; 15 percent or up to \$15 million for Tobacco Prevention; 19 percent or up to \$19 million for the Read to Achieve Program; and 1 percent or up to \$1 million for Veterans Affairs.

## CONNECTICUT

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$5,000							\$20,000	\$78,000	\$103,000
FY 2001	General Fund	0	\$500						\$19,500	\$138,000	\$158,000

The Legislature adopted numerous policy changes related to tobacco settlement funds during the 2000 session. Those changes included:

- Reducing the amount transferred to the General Fund to reflect reduced revenues,
- Establishing guidelines for distributing the funds beginning in FY 2002,
- Creating a Board of Trustees for the Health and Tobacco Trust Fund,
- Directing \$500,000 to regional action councils,
- Establishing a Biomed79.079 hFh Fund, and
- Requiring the Department of Public Health to develop a tobacco use prevention plan by April 1, 2001.

The Tobacco and Health Trust Fund (Budget.079 rve) has a 17-member board of trustees to make recommendations on disbursements. The board may recommend expenditures of up to 50 percent of the net. hnings for eaFh fisD79.y h, 2001 through 2005. In FY 2006 and thereafter, 100 percent of the net. hnings may be spent on health care activities. Beginning in FY 2002, at least \$12 million will be placed in the trust fund and \$4 million will go to a Biomed79.079 hFh Trust Fund.

In FY 2000 and 2001, other uses of tobacco settlement funds include a freeze on tuition at University of Connecticut and loD79.property tax relief.

## DELAWARE

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	Trust Fund	\$2,246	\$7,074	\$328		\$217			\$17,400		\$27,265

The legislature accepted the recommendations of the Delaware Health Fund Task Force. The recommendations were: \$17.4 million for a Strategic reserve; \$7.5 million for prescription assistance; \$3.0 million for tobacco prevention; \$0.8 million for Automatic Extern79Defibrulators; \$1.0 million for an action plan for the uninsured; \$1.5 million for Medicaid Section 1115 waiver for services to people on SSI; \$0.2 million for research on "orphan" disease; \$0.2 million for transition79.housing for people with addictions; and \$0.5 million for diabetes research.

## FLORIDA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	Trust Fund	\$40,100	\$258,536	\$19,437			\$190,803				\$508,876
FY 2001	Trust Fund	\$44,216	\$259,491	\$25,143			\$168,951				\$497,801

Florida is one of four states that settled separately with the tobacco industry. In 1999, it established several trust funds to receive the funds.

Health care funds include \$108 million for the Agency for Health Care Administration base funding, \$8 million for substance abuse treatment, \$40 million for Kid Care and \$54 million for assorted health care initiatives. Long-term care initiatives include \$9 million for Home- and Community-Based waivers. Child and Adolescent funds include \$142 million in base funding for the Department of Child and Family Services.

## GEORGIA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$15,766	\$61,589	\$3,809				\$63,082			\$144,246

Georgia's FY 2001 appropriations act includes the following allocation of tobacco settlement funds: \$63 million for One Georgia Fund to attract businesses for rural economic development; \$30 million for school nurses; \$20 million to expand services and eligibility under Medicaid; \$16 million for tobacco use prevention; \$5 million for Medicaid services to pregnant women at up to 235 percent of the FPL; \$2 million to expand traumatic brain injury Medicaid waiver; \$4 million for rural health clinics and Federally Qualified Health Centers; \$8 million to increase community care for the mentally retarded (*Olmstead*); and \$3 million to increase PeachCare (CHIP) to 235 percent of the FPL.

## HAWAII

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust	\$6,951	\$9,731						\$11,122		\$27,804
FY 2001	GF and Trust	\$16,537	\$23,180						\$26,491		\$66,229

In 1999 the Hawaii Legislature enacted legislation to allocate its tobacco settlement funds as follows: 40 percent for a Rainy Day Trust Fund; 35 percent for Health Program Trust fund, including 10 percent for CHIP; and 25 percent for tobacco prevention, control and cessation. In 2000 the Legislature passed legislation to decrease the Rainy Day Fund to 20 percent and increase the Health Trust Fund to 55 percent, including 10 percent for CHIP and 10 percent for substance abuse treatment. The governor vetoed the legislation.

## IDAHO

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	Endowment	\$1,200	\$735				\$270				\$2,205

The Idaho Legislature established an endowment, the Idaho Millennium Trust, with its tobacco settlement funds. The anticipated revenue from the endowment for FY 2001 is \$2.4 million. After 20 years, the Legislature anticipates \$40 million will be available annually.

## ILLINOIS

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$26,400	\$8,900	\$36,000	\$50,250					\$315,000	\$437,350

Illinois allocated its tobacco settlement funds through a series of appropriation acts. The amounts and purposes are as follows.

- H 3876 appropriates \$280 million for a property tax rebate.
- H 3939 appropriates \$35 million for an earned income tax credit.

- H 4435 appropriates \$10 million for tobacco use prevention and \$2.5 million for the Fermi National Accelerator Laboratory.
- H 4437 appropriates \$35 million for Prescription Assistance; \$1.2 million for tobacco control activities and \$6.3 million for research activities and administration.
- H 4438 appropriates \$1.8 million for senior health services; \$2.0 million for children's health services; \$5.9 million for medical research; \$5.9 million for tertiary clinical research; \$5.0 million for youth smoking prevention; \$2.2 million for Juvenile Diabetes; \$10.0 million for local health department tobacco prevention; \$1.0 million for So. Illinois University cancer research; and \$1.0 million for public health projects.
- H 4439 appropriates \$34.5 million for research projects at the University of Illinois/Chicago, the University of Illinois/ Champaign, Northwestern University and the Illinois Institute of Technology and \$22.1 million for capital improvement projects at state buildings throughout the state.

## INDIANA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust	—	\$18,800								\$18,800
FY 2001	GF and Trust	\$35,000	\$44,600	\$20,000							\$99,600

The legislature enacted S 108 to create the Indiana Tobacco MSA Foundation, into which all tobacco funds are to be deposited.

Tobacco Fund Executive Advisory Council is established with the responsibility of recommending to the governor programs the fund will underwrite.

The FY 2001 allocation includes \$35 million for the Tobacco Cessation Trust Fund; \$20 million for the Indiana Prescription Drug Trust Fund (a committee is to be appointed to plan benefits and eligibility); \$25 million for the Health Care Trust Fund for Community Health Centers and operating costs; \$7.5 million for CHIP; \$5.0 million for the Indiana 21st Century Fund to conduct research on tobacco-related illnesses; \$3.0 million for the Indiana Local Health Department Trust Fund; and \$8.2 million Rural Community Health Fund.

## IOWA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Endow.	\$9,345	\$36,345	\$2,400					\$3,800	\$64,600	\$116,490

The Iowa legislature appropriated tobacco settlement funds as follows: \$24.4 million for enhancement of Medicaid reimbursements, eligibility and services; \$9.3 million for tobacco prevention; \$12.5 million for substance abuse treatment (including \$0.6 for corrections); \$3.8 million for Healthy Iowans 2010; \$2.0 million for counties with limited ability to serve mentally ill and mentally retarded and developmentally disabled; and \$64.6 million to the General Fund for other purposes.

## KANSAS

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust	—	\$10,965			\$1,528	\$6,085				\$18,578
FY 2001	GF and Trust	\$500	\$15,800		\$1,250	\$3,875	\$7,000			\$20,300	\$48,725

Kansas expects to receive \$1.6 billion in tobacco settlement payments over a 25-year period. Most of the money will be dedicated to programs for children; by FY 2001 and FY 2002 transfers will be made to the state General Fund. The Tobacco Settlement Funds are deposited in the Kansas Endowment for Youth, from which annual transfers are made to the Children's Initiative Fund for spending as recommended by the Kansas Children's Cabinet.

In FY 2001, funding for Health Care includes family care, Medicaid services and waivers. Children and Adolescent programs include juvenile justice, community and prevention efforts. School violence and parent education and training will be funded with education funds. Tobacco settlement funds will be used to fund pediatric biomedical research.

## KENTUCKY

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$2,528	\$22,747				\$25,275	\$119,450	\$5,055		\$170,000

Kentucky's legislature enacted H 611 and H 583, which establish a Rural Development Board. Tobacco funds are to be used to assist those farmers most affected by the loss of tobacco income and to promote agriculture and diversification.

Allocation of the tobacco settlement funds is as follows:

- 50 percent of the tobacco settlement funds are to be allocated as follows:
  - 1) \$40 million to Phase II to maintain a level of \$114 million.
  - 2) balance is to be further allocated as follows:
    - 35 percent of the remainder for agriculture development and distributed by formula to the counties, and.
    - 65 percent for statewide agriculture projects.
- 25 percent of the tobacco settlement funds are to be allocated for early childhood initiatives (H 706, enacted).
- 25 percent of the tobacco settlement funds are to be allocated for health care initiatives, including lung cancer research.

## LOUISIANA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Trust		\$50,261		\$10,000	\$14,700	\$1,489			\$340	\$76,790

In 1999 the Louisiana Legislature established two funds, the Millennium and Louisiana Trust Funds. Tobacco settlement funds are distributed as follows.

- The Millennium Trust will receive 45 percent of the funds in FY 2001, 60 percent of the funds in FY 2002 and 75 percent of the funds in FY 2003 and thereafter. Only the interest is available for appropriation to the Health Excellent Trust, the Education Excellence Trust, and the TOPS Fund (tuition support).

- The Louisiana Fund will receive 55 percent of the funds in FY 2001, 40 percent of the funds in FY 2002 and 25 percent of the funds in FY 2003 and thereafter. All funds are available for appropriation for health care and education.

## MAINE

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF & Trust	\$3,500									\$3,500
FY 2001	GF & Trust	\$18,826	\$17,062	\$10,000			\$9,605		\$36,635	\$15,300	\$106,928

The Maine Legislature enacted HB 1818 (LD 2510) to allocate tobacco settlement funds for FY 2001 as follows: \$25.0 million for a reserve fund, \$11.0 million for a Healthy Maine Trust Fund for future use and \$15.0 million for the General Fund. In addition, the following appropriations were made, \$1.0 million for dental services under Medicaid; \$1.4 million for CubCare with expanded services for pregnant women; \$10.0 million for prescription assistance for the elderly; \$1.8 million for incentives for providers to deliver preventive care for chronic diseases; \$4.8 million for home visits to at-risk infants; \$9.6 million for preschool, childhood development and Head Start; \$18.8 million for tobacco use prevention; \$3.7 million for expansion of Medicaid and transitional Medicaid assistance; \$5.8 million for substance abuse treatment and \$1.0 million for miscellaneous, attorney general, scholarships, Leukocyte screening, and fire inspectors for children's facilities.

## MARYLAND

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	—	\$100,000					\$2,500			\$102,500
FY 2001	General Fund	\$18,065	\$44,603		\$30,782	\$56,277	\$5,000	\$9,000			\$163,727

The Maryland legislature enacted H 1425 and s 6 2R3THER US 38.25 180 TD 0 Tj 60 0 TD (\$44,603) Tj08 66 ri,603t25 follown's5 -44062 Tw3j 0

Additional FY 2001 appropriations from the Cigarette Restitution Fund for Health Care include \$24.6 million for Medicaid, \$18.5 million for substance abuse treatment and \$1.5 million for the Maryland Health Care Foundation.

Tobacco farmers and communities will receive \$9.0 million to assist farmers with crop conversion.

Under Education the following appropriation of tobacco settlement funds was made: \$35.0 million for teacher's salaries (but the funds may be used for intervention and early childhood programs); \$7.0 million for early childhood education; \$3.9 million for school technology; \$6.0 million for aid to non-public schools; and \$9.3 million for teacher mentoring, certification and school readiness.

## MASSACHUSETTS

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$20,300	\$70,000		\$2,500				\$216,300		\$309,100
FY 2001											

Last year, in anticipation of the tobacco settlement funds, the Massachusetts legislature adopted a FY 2000 budget that allocated 30 percent of the tobacco settlement funds to be appropriated for immediate use. One-fourth of the 30 percent is to be allocated for tobacco use prevention.

The details included \$23 million for tobacco control (item veto over ridden), \$10 million for pharmaceutical assistance, \$9 million for school-based health and nurses; \$5 million for home visits to at-risk newborns; \$2 million for CHIP expansion; \$5 million for community health centers; \$12 million for HIV and Hepatitis C; \$6 million for one-time upgrade of veterans homes; \$13 million for hospital, mental health and mental retardation facility operation; and \$5 million for Framingham detoxification program. The legislation called for 70 percent to be placed in a trust fund; the interest is to be spent on health care.

For FY 2001, the governor proposes the following in his budget: changing the 30/70 split of spending/saving to 50/50, removing language that requires one-fourth of the funds appropriated to be spent on tobacco prevention, and removing language requiring tobacco settlement funds to supplement versus supplant current funding.

## MICHIGAN

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF & Trust		\$8,000	\$53,000	\$50,000	\$81,000					\$192,000
FY 2001	GF & Trust		(\$31,900)	(\$46,000)	(\$50,000)	(\$30,000)					(\$157,900)

In 1999, Michigan enacted legislation to distribute 75 percent of the tobacco settlement funds for scholarships to Michigan high school graduates who passed the MEAP. The remaining 25 percent are for health care. The FY 2000 figures reflect this distribution, except for some one-time funding for long-term care and research.

The Governor's proposed FY 2001 Budget proposes to use tobacco settlement funds as follows.

- \$6.0 million for Career Development-youth and seniors.
- \$10.0 million for Scholarships for community colleges.
- Community Health
  - \$3.0 million for Office of Long Term Care Advisor (PA114/1999).
  - \$5.0 million for respite care.
  - \$10.0 million for expansion of services to low-income, non-Medicaid.
  - \$33.0 million for the Elder Prescription Insurance Program up to 200 percent of the FPL as of January 1, 2001.
  - \$5.0 million to increase the personal allowance of those in long-term care to \$60/month.
- Higher Education
  - \$100.0 million for the Michigan Merit Award Program
  - \$5.3 million for the tuition incentive plan for low-income high school students who graduate.
- Health and Aging Research
  - \$50.0 million in grants to Michigan universities.

However, balances have built up in the scholarship accounts and the Legislature is seeking to redirect some of those funds health care. The above FY 2001 figures reflect the most recent Senate proposal. The Michigan Legislature has recessed until September 2000, at which time final legislation will be enacted. Michigan's fiscal year does not begin until October 1, 2000,

## MINNESOTA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF and Trust	\$7,475			\$10,000	\$11,148				\$105,000	\$133,623
FY 2001	GF and Trust	\$12,814			\$10,000	\$15,483				\$117,000	\$155,297

In 1999, Minnesota created two trust funds.

- Tobacco Prevention and Public Health Endowment into which 61 percent of funds or about \$590 million is to be deposited in FY 2000-01. This amount is to be divided as follows: a \$395 million endowment for statewide activities, a \$97 million endowment for community activities, a \$97 million endowment for local public health activities.
- Medical Education Endowment Fund into which 39 percent of funds or about \$378 million is to be deposited in FY 2000-01. This amount is to be allocated as follows: a \$159 million endowment for medical student stipends and a \$219 million endowment for clinical residencies for providers.

## MISSISSIPPI

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	Trust Fund		\$44,568								\$44,568
FY 2001	Trust Fund		\$70,203								\$70,203

Mississippi is one of four states to settle separately with the tobacco industry. The Mississippi Legislature created the Health Care Trust Fund, an endowment, in 1999.

Only the interest can be appropriated. In FY 2000, funds were made available for maternal and child health, community health centers and trauma care centers. By 2003, the trust fund will reach \$1 billion in assets and generate \$100 million each year.

The settlement negotiated by Attorney General Mike Moore between Mississippi and the tobacco industry included language on the establishment of the Partnership for a Healthy Mississippi. The settlement called for the partnership to receive \$62 million. In FY 2000, the partnership spent \$20,150 on tobacco prevention and anticipates spending \$13,768 in FY 2001.

## MISSOURI

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	TBD										
FY 2001	TBD										

The Missouri legislature did not reach agreement on how to allocate the state's tobacco settlement funds. Missouri has yet to attain State Specific Finality.

## MONTANA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$7,000	\$10,000			\$1,600					\$18,600
FY 2001											

The Montana Legislature was not in session in 2000. The decisions it made in 1999 were for the FY 2000-01 biennium.

The biannual appropriations act allocated the funds as follows: \$8 million for CHIP, \$2 million for insurance for the working poor; \$7 million for tobacco prevention, \$1.6 million for adolescents who have quit school and \$20 million for revenue stabilization.

The Legislature enacted S 13, concerning the future use of tobacco settlement funds. The legislation places a referendum on the November 2000 ballot. It states that 40 percent of the funds should be placed in a trust fund, of which 90 percent is for health care and 10 percent is for reinvestment. The remaining 60 percent is to be appropriated by the Legislature.

## NEBRASKA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF & Trust	\$7,000									\$7,000
FY 2001	GF & Trust	\$7,000									\$7,000

In anticipation of federal legislation in 1998, the Nebraska Legislature created the Health Care Trust Fund from which tobacco settlement funds can be used for CHIP, nursing homes and the conversion of nursing homes to assisted living facilities.

In 2000, the Legislature established a Youth Access to Tobacco Prevention Program and appropriated \$7.0 million each for FY 2000, 2001 and 2002. It also establishes a Teen Tobacco Education and Prevention Program.

The balance of the tobacco funds is placed in the Tobacco Settlement Trust Fund. The interest is transferred to the Excellence in Health Care Cash Fund and is used for health care grants for a broad range of activities, including health education, preventive health services, development of a trauma care system, conversion of hospitals in rural areas to critical access hospitals, education, recruitment and retention of primary care professionals, telehealth, and development and expansion of community-based services for the elderly to promote independent living. The initial round of grant proposals was received in May 2000.

## NEVADA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	GF & Trust		\$5,000								\$5,000
FY 2001	GF & Trust	\$4,964	\$10,964	\$14,892		\$19,856			\$4,964	\$2,000	\$49,636

The Nevada Legislature established the Fund for Healthy Nevada and directs 50 percent of the state's tobacco settlement money to the fund each year. The money in the fund is to be allocated as follows: 30 percent (15 percent of the total) for pharmaceutical assistance to the disabled and elderly; 30 percent (15 percent of the total) for existing and new programs to assist senior citizens with independent living; 20 percent (10 percent of the total) for tobacco prevention; and 20 percent (10 percent of the total) for health services for children and people with disabilities. Before allocating any money to the Fund for Healthy Nevada, \$5 million is to be used to construct accessible housing and supportive services in Clark County for the disabled and \$1 million is to be deposited with the Office of Rural Health in the Nevada School of Medicine.

The Legislature also established the Trust Fund for Public Health, an endowment. The interest earned is to be used for health promotion and disease prevention.

The Legislature established a third trust fund, the Millennium Trust Fund, with 40 percent of all tobacco money. The Millennium Trust Fund provides scholarships to students.

In FY 2000, the Legislature made a one-time grant to PBS television stations to aid in the development of DVD. In return, the PBS station must then run tobacco prevention PSAs.

## NEW HAMPSHIRE

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	—				\$54,000					\$54,000
FY 2001	General Fund	\$3,000				\$40,000					\$43,000

The New Hampshire Legislature chose to devote the majority of the state's tobacco settlement funds to education (K-12). The funds were needed to help satisfy a state Supreme Court ruling on how New Hampshire distributes state funds to school districts.

The state tobacco tax was increased by 15 cents to 56 cents in 1999 to help cover the revenue shortfall for school districts.

## NEW JERSEY

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$18,562	\$18,633	\$39,198							\$162,814
FY 2001	General Fund	\$30,000	\$229,424	\$60,959	\$15,000	\$11,900			\$42,000	\$86,421	\$389,283

The New Jersey Legislature recently enacted its FY 2001 budget, which distributes the state's tobacco settlement funds as follows.

- In FY 2000 Health Care funding includes mental health services in prisons, cancer screening and substance abuse treatment. Long-term care funding includes elder care initiatives and pharmaceutical assistance. Other use funding includes funds for state employees' insurance and New Jersey Insolvent HMO assistance fund.
- In FY 2001 Health Care funding includes children's system of care, New Jersey Family Care Subsidy Insurance Program and hospital charity care. Long-term care funding includes new and expanded community options and pharmaceutical assistance. Education funding includes funds for enhancement and renovation of facilities.

## NEW MEXICO

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$2,225	\$18,875		\$2,500	\$275					\$23,875

The New Mexico Legislature appropriated its tobacco settlement funds as follows. Health care funding includes Medicaid, HIV services, trauma care, teen pregnancy, pediatric oncology, telehealth and juvenile diabetes. Research funds are for tobacco-related illnesses. Education funds are for a literacy project.

## NEW YORK

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$30,000	\$388,000							\$250,000	\$668,000

The New York consent decree distributes the state's tobacco settlement funds as follows: 51.2 percent goes to the state, 26.6 percent goes to New York City and 22.2 percent is to be distributed by a formula to the state's other 57 counties. The FY 2001 appropriations act allocates the state's \$668 million from the tobacco settlement as follows.

- \$326 million for Health Care Reform Act 2000, including \$30 million for tobacco prevention. The amount for prevention increases to \$40 million in FY 2002 and 2003 and then decreases to \$20 million.
- \$92 million for Medicaid relief as an offset to the General Fund.
- \$250 million for debt reduction.

## NORTH CAROLINA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000											
FY 2001	Trust Funds										

North Carolina has established the following allocation: 50 percent to tobacco communities, 25 percent to tobacco farmers and quota holders, and 25 percent for health care. Separate foundations will be established to distribute the funds.

## NORTH DAKOTA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	Trust Funds										
FY 2001	Trust Funds		\$3,000			\$13,400				\$13,400	\$29,800

In 1999, the North Dakota Legislature adopted legislation to establish three trust funds and allocate the funds as follows: 45 percent to a Water Resources Trust Fund, 45 percent to education and 10 percent to health care. Only the interest is available for appropriation. The revenue earned from the three funds is expected to be \$1.8 million, \$1.8 million and \$400,000, respectively.

## OHIO

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	Trust Funds	\$235,900	\$10,000		\$5,000	\$83,800		\$22,200		\$2,000	\$358,900

The Ohio Legislature enacted S 192 which places tobacco settlement funds in eight trust funds according to a 12-year and 25-year plan for education. The eight trust funds are as follows.

- Tobacco Use Prevention and Cessation Fund. It will receive \$1.26 billion through 2012 (25.3 percent). The amount for FY 2001 is \$235.9 million and for FY 2002 is \$135.0 million.
- Law Enforcement Impact Trust Fund. It will receive \$25 million through 2012. The amount for FY 2001 is \$2.0 million.
- Southern Ohio Agricultural and Community Trust Fund. It will receive \$229 million through 2012 (2.27 percent). The amount for FY 2001 is \$22.2 million and for FY 2002 is \$17.4 million.
- Public Health Priorities Trust Fund. It will receive \$252.9 million through 2012 (2.5 percent). The amount for FY 2001 is \$10.0 million and for FY 2002 is \$14.4 million. Not less than 25 percent of the funds are to be for minority health activities and 5 percent are earmarked for prescription assistance to the elderly.
- Biomedical Research and Technology. It will receive \$493.5 million through 2012 (9.9 percent). The amount for FY 2001 is \$5.0 million and for FY 2002 is \$30.1million.
- Education Facilities Trust Fund. It will receive \$2.42 billion through 2012. In FY 2001, \$65 million will go to the Education Facilities Endowment Fund and \$46.28 million will go to establish classroom facility assistance program.
- Education Facilities Endowment Fund. It will receive \$5.0 million each year through 2012 and then will receive \$2.03 billion between 2013 and 2025.
- Education Technology Trust Fund. The trust fund will provide new and innovative technology in primary and secondary schools and will receive \$218.7 million through 2012 (2.16 percent). The amount for FY 2001 is \$13.8 million and for FY 2002 is \$12.9 million.

## OKLAHOMA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000											
FY 2001	GF & Trust		\$36,400								\$36,400

The Oklahoma Legislature appropriated \$36.4 million in FY 2001 for various Medicaid programs, services and reimbursements. In addition, the Legislature placed an initiative on the November ballot to establish an endowment for health care purposes. Initially, 50 percent of the tobacco settlement funds will be placed in the endowment. The percentage increases steadily to 75 percent by FY 2008. The balance of funds is to be appropriated by the Legislature.

## OREGON

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000											
FY 2001	TBD										

Oregon has a November 2000 ballot initiative on whether to place all funds in a health care trust and spend only the interest on tobacco prevention, low income housing and transit service for the elderly. The Oregon Association of Hospitals and Health Systems has authored a competing ballot initiative to establish an Oregon Health Plan trust fund to pay for the health care of children and other low-income residents. The governor and several provider organizations support this latter initiative.

## PENNSYLVANIA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000											
FY 2001	TBD										

The Pennsylvania legislature adjourned without reaching a decision on how to allocate the tobacco settlement funds. It is possible the legislature could take up the issue in a special session in late September or late November.

In January, Governor Tom Ridge proposed to allocate the tobacco settlement funds as follows.

- 40 percent for low cost health insurance for adults whose income is up to 200 percent of the FPL, with 5 percent premium and a Medicaid subsidy for working adults with disabilities up to 250 percent of the FPL.
- 10 percent for hospital charity care.
- 5 percent to a reserve for a decline in future payments.
- 15 percent for tobacco prevention.
- 15 percent for expansion of home- and community-based care for elderly.
- 15percent for research and venture capital investment in health care.

## RHODE ISLAND

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$1,000		\$3,400							\$4,400
FY 2001	General Fund									\$62,200	\$62,200

The Rhode Island legislature placed the tobacco settlement funds in the General Fund without earmarking the funds. Increases in tobacco prevention and long-term care were attributed to the increased General Fund revenue from the tobacco settlement money.

## SOUTH CAROLINA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$1,750	\$152,173	\$5,748			\$5,500				\$165,172

The South Carolina legislature voted to spend its tobacco settlement funds on health care in FY 2001. The programs receiving funds in FY 2001 are as follows.

- Health care: Medicaid, primary care, hospital reimbursements, sickle cell testing, hearing tests for newborns, and mental health services.
- Long-term care: nursing home cost of living adjustment.
- Child and Adolescent: services for emotionally disturbed children.

The Legislature then enacted legislation to securitize the approximately \$2.1 billion it expects to receive between FY 2002 and FY 2025. Proceeds from the securitization are to be distributed as follows: 73 percent to health care, 15 percent to tobacco farmers and quota holders and 12 percent for economic development.

## SOUTH DAKOTA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Trust	\$800							\$27,100		\$27,900

South Dakota established an endowment with its tobacco settlement funds. No return on investment is expected until 2001. However \$800,000 was transferred to tobacco prevention the settlement money was placed in the People's Trust. The People's Trust Fund is established as an endowment from which only the interest can be spent. There is no requirement that the interest be spent on health care, tobacco prevention or any other program. No appropriation is expected until interest is earned in 2001.

## TENNESSEE

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund										
FY 2001	General Fund		\$89,950					\$89,950			\$189,700

The Legislature enacted legislation to place tobacco settlement funds in two separate reserve accounts in the General Fund. Half is for agriculture and the other half is for health. Two 10-member committees are to be appointed by the legislature for each reserve account. The committees are to report to the Legislature by January 15, 2001 on their recommendations for how the funds in the two accounts should be spent.

## TEXAS

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	Endowment	\$10,000	\$187,150			\$29,750					\$226,900
FY 2001	Endowment	\$10,000	\$191,450			\$29,750					\$231,200

In 1999 the Texas Legislature established several endowments with its tobacco settlement funds. The endowments and the amounts allocated to them are as follows.

- Health Education Endowments
  - \$350 million for the Higher Education Permanent Health Fund
  - \$595 million for Individual Endowments to 13 medical schools

- \$45 million for the Higher Education Nursing and Allied Health Fund
  - \$25 million for the Minority Health Research and Education Fund
- Public Health Endowments
    - \$200 million for the Tobacco Education Enforcement Trust Fund
    - \$100 million for the Children and Public Health Trust Fund
    - \$100 million for the Emergency Medical Services & Trauma Care Fund
    - \$50 million for the Rural Health Facility Capital Improvement Fund
    - \$25 million for the Community Hospital Capital Improvement Fund

The allocation of the interest earned is displayed in the table.

## UTAH

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Trust	\$4,000	\$7,500		\$4,000				\$11,800	\$9,100	\$36,400

The Utah Legislature enacted S15, which places 50 percent of the tobacco settlement funds in an endowment. The return on investment can be spent on health care pending voters' acceptance of a November ballot initiative. The new law lays out a detailed plan for investing tobacco funds in stocks and bonds.

The remaining 50 percent is to be placed in a restricted account for appropriation as follows: \$4 million for tobacco prevention, \$2 million for drug courts, \$4 million for cancer research, \$5.5 million for CHIP and \$0.5 million for a Drug Board pilot program.

## VERMONT

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$570	\$16,430						\$16,021		\$33,021
FY 2001	General Fund	\$6,650	\$17,250						\$750		\$24,650

Vermont enacted legislation that allocates the states tobacco settlement funds for medical and dental services for the uninsured, early education programs on the dangers of tobacco use, and tobacco prevention for pregnant women. A state task force is to develop a statewide tobacco prevention and cessation plan. A total of \$19.2 million is reserved for the tobacco prevention and control program.

## VIRGINIA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Trust	\$18,000						\$89,500	\$71,500		\$179,000

In 1999, the Virginia General Assembly created three trust funds and allocated the tobacco funds as follows.

- 50 percent for the Tobacco Indemnification and Revitalization Trust Fund to indemnify tobacco growers from the adverse effects of the MSA and to revitalize tobacco dependent communities. To date 80 percent of these funds have been allocated to tobacco farmers and quota holders. The remaining 20 percent has been allocated to 7 community colleges for scholarships to tobacco farmers and their families and to the Virginia Institute of Technology for research on medicinal uses of tobacco.
- 10 percent for the Tobacco Prevention Trust Fund, to be administered by the Virginia Tobacco Settlement Foundation. The foundation has distributed funds to proven tobacco prevention programs, for data collection and new prevention programs developed by the foundation.
- 40 percent for appropriation at discretion of the legislature. The General Assembly initially planned to use these funds for state highway improvement bonds. Ultimately, the money was deposited in the General Fund, where the increased revenue helped all programs.

## WASHINGTON

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$15,000	\$153,000								\$168,000

The Washington Legislature appropriated \$15 million of the \$100 million set aside for tobacco prevention for the FY 2000-01 biennium. The balance is in reserve pending the development of a long-range plan. The Legislature appropriated \$153,000 to the Health Service Account, where it is available for the Basic Health Plan.

## WEST VIRGINIA

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	General Fund	\$5,900	\$47,000							\$5,000	\$57,900

In 1999 the West Virginia Legislature adopted legislation that requires 50 percent of the tobacco settlement funds to go the West Virginia Medical Trust Fund Endowment to educate, reduce and stop tobacco use. The other half is to be allocated to the West Virginia Tobacco Settlement Fund and be used for Medicaid and public health programs and state facilities, except that \$5 million each year is to come off the top for State Employees Insurance Program.

The Legislature appropriated \$5.9 million from the Medical Trust Fund for tobacco prevention and then appropriated \$52 million from the tobacco settlement fund—\$5 million for tobacco prevention and \$47 million for the state's mental health hospital.

## WISCONSIN

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	General Fund	\$1,292			\$1,000					\$165,594	\$167,886
FY 2001	General Fund	\$19,708			\$1,500					\$103,556	\$124,764

Of the amount allocated for "other uses" \$57 million is available for Badgercare over the biennium.

## WYOMING

FISCAL YEAR	FISCAL MANAGEMENT	TOBACCO PREVENTION	HEALTH CARE	LONG-TERM CARE	RESEARCH	EDUCATION	CHILD AND ADOLESCENT	TOBACCO GROWERS & COMMUNITIES	BUDGET RESERVE	OTHER USES	TOTAL
FY 2000	—										
FY 2001	GF & Trust	\$1,800							\$17,500		\$19,300

The Wyoming Legislature established a Settlement Trust Fund or endowment. The new law authorizes the development of a comprehensive tobacco prevention program. Priority is to be given to community-based programs, public education and media campaigns, youth involvement programs, school and early childhood programs, tobacco control and treatment for tobacco-related diseases.