JOINT
BUDGET
COMMITTEE

STAFF BUDGET BRIEFING
FY 2024-25

TOBACCO REVENUE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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COLORADO'S TOBACCO REVENUE STREAMS

Colorado receives annual TABOR-exempt tobacco revenue from three sources:

1. The Tobacco Master Settlement Agreement (MSA), a 1998 legal settlement between tobacco manufacturers and states that sued manufacturers to recover Medicaid and other health-related costs incurred by treating smoking-related illnesses;
2. A 2004 constitutional amendment (Amendment 35), imposing tobacco taxes through Section 21 of Article X of the Colorado Constitution; and
3. House Bill 20-1427 (Cigarette Tobacco and Nicotine Products Tax) referred a tobacco tax to the ballot (Proposition EE), and the measure was approved by the voters and took effect January 1, 2021.

Amendment 35 and MSA dollars are distributed via formula while Proposition EE revenue distribution is largely specified in H.B. 20-1427. Long Bill appropriations are determined based on the forecasted revenue provided by Legislative Council Staff (LCS). More details about the forecasted distribution of General Fund-exempt tobacco revenue are included in the following sections.

TOBACCO MASTER SETTLEMENT AGREEMENT

The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream as a result of legal action to recover expenses states incurred for the treatment of tobacco-related illnesses. Under the MSA, states and other governments consented to release participating manufacturers from health-related claims associated with the use, manufacture, and marketing of tobacco products in return for perpetual annual payments from manufacturers. MSA revenue is exempt from TABOR as a damage award.

The size of the annual MSA base payment is largely determined by (1) U.S. inflation rates, (2) nationwide "units sold", and (3) cigarette manufacturers' income. Colorado receives a fixed portion of the national MSA payment each year that is then adjusted by these factors. In recent years, faster declines in consumption alongside persistently low inflation had driven decreases in MSA revenue. This trend was disrupted by the COVID-19 pandemic, which was accompanied by an uptick in cigarette sales for the first time in 20 years, as well as historically high inflation rates, both driving a bump up in MSA revenue.

INFLATION ADJUSTMENT

The inflation adjustment is equal to either 3.0 percent or the Consumer Price Index (CPI) percentage change for the calendar year being used to determine the payment, whichever is greater. Of the 24 years since the inception of the Tobacco Master Settlement Agreement, there have been seven years when CPI was greater than 3.0 percent, including 2021 (7.0 percent) and 2022 (6.5 percent). As of September 2023, the U.S. Bureau of Labor Statistics reported a 12-month CPI rate of 4.6 percent.

U.S. CIGARETTE CONSUMPTION

Units sold are measured by excise taxes collected by the State on containers of roll-your-own tobacco and on packs of cigarettes bearing the State excise tax stamp. Colorado receives payments in April based on sales and adjustments from the prior year. The pandemic increased demand for cigarettes nationwide, disrupting the decades long trend of declining sales.

MANUFACTURER INCOME

If the income collected by cigarette manufacturers in a given year exceeds a certain inflation-adjusted threshold, then MSA payments will be increased. In recent years, the largest manufacturers that participate in the MSA have begun moving toward higher-priced premium products and non-cigarette tobacco products, and away from lower-cost products, resulting in higher incomes for tobacco manufacturers.

MSA REVENUE DISTRIBUTION

MSA revenues are distributed to programs based on the formula defined in Section 24-75-1104.5 (1.7), C.R.S. Fiscal Year 2022-23 and FY 2023-24 allocations are included in the table below, as well as the most recent LCS forecast for FY 2024-25.

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS				
DEPARTMENT AND PROGRAM	PERCENTAGE	FY 2022-23 ALLOCATION	FY 2023-24 APPROPRIATION	FY 2024-25 FORECAST
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.0%	$16,410,296	$16,164,912	$15,632,419
EPSDT (Autism Waiver)	2.0%	1,731,494	1,796,101	1,736,935
Subtotal - Health Care Policy and Financing	***20.0%***	***$18,141,790***	***$17,961,013***	***$17,369,355***
Early Childhood				
Nurse Home Visitor Program	26.7%	$24,429,322	$23,977,953	$23,188,088
Higher Education				
University of Colorado Health Sciences Center[1]	17.5%	$15,206,425	$15,715,887	$15,198,185
Human Services				
Tony Grampsas Youth Services Program	7.5%	$6,519,262	$6,735,380	$6,513,508
Law				
Tobacco Settlement Defense Account	2.5%	$2,308,582	$2,245,127	$2,171,169
Military and Veterans Affairs				
State Veterans Trust Fund	1.0%	$832,045	$898,051	$868,468
Personnel				
Supplemental State Contribution Fund	2.3%	$2,043,430	$2,065,517	$1,997,476
Public Health and Environment				
Drug Assistance Program (ADAP, Ryan White)	5.0%	$4,442,240	$4,490,253	$4,342,339
AIDS and HIV Prevention Grants (CHAPP)	3.5%	3,161,343	3,143,177	3,039,637
Immunizations	2.5%	2,221,120	2,245,127	2,171,169
Health Services Corps Fund	1.0%	740,775	898,051	868,468
Dental Loan Repayment Program	1.0%	838,029	898,051	868,468
Subtotal Public Health and Environment	***13.0%***	***$11,403,507***	***$11,674,659***	***$11,290,081***
Capital Construction - Department of Higher Education - Fitzsimons Lease Purchase Payments	8.0%	7,387,461	7,184,405	6,947,742
Unallocated Amount	1.5%	1,385,149	1,347,076	1,302,702
TOTAL	**100.0%**	**$89,656,973**	**$89,805,066**	**$86,846,773**

[1]Of this share, 2.0 percent must be expended for tobacco-related in-state cancer research.

FUNDS BUILDING RESERVES

Fund balances from the Nurse Home Visitor Program Fund and the Colorado State Veterans Trust Fund were transferred to the General Fund as a measure to balance the budget in FY 2020-21. The unspent dollars relating to those items are now being used to build up balances in those funds.

The Tobacco Settlement Defense Account receives a portion of MSA dollars to fund ongoing litigation needs within the Department of Law (DOL). In previous years, this has funded both FTE within DOL, as well as contracted litigation support from outside counsel. Due to the 2018 non-participating manufacturer (NPM) Adjustment Settlement Agreement, which released disputed payments from previous years, the need for outside counsel has been greatly reduced. However, states that sign on to the settlement agree to expand enforcement of the NPM clause of the MSA. This would involve expanded and enhanced tracking of NPM units sold in Colorado and increased fraud prevention. As part of the budget balancing package, H.B. 20-1380 (Move Tobacco Litigation Settlement Moneys) transferred the balance of the Tobacco Settlement Defense Account to the General Fund. Dollars currently being allocated to the fund are used as a reserve in case of future litigation needs and potential expanded enforcement.

ACTUAL MSA ALLOCATIONS AND EXPENDITURES

In February, staff will make recommendations for the Committee's consideration on distributions to MSA-funded programs for FY 2024-25 based on the LCS forecast of MSA revenue, however, the MSA payment that the State receives each April dictates the actual allocations. As seen in the table below, some programs' expenditures were lower than their allocation in FY 2022-23. This is not uncommon as some programs choose to be conservative in their expenditures given the unpredictable nature of the funding source.

REQUESTED INFORMATION FOR MSA PROGRAMS FOR FY 2022-23

DEPARTMENT	PROGRAM	ALLOCATION	EXPENDITURES	OVER/(UNDER)
HCPF	Children's Basic Health Plan[1]	$16,410,296	$17,204,065	$793,769
HCPF	Early and Periodic Screening, Diagnostic and Treatment[1]	1,731,494	1,835,858	104,364
HED	UC Health Sciences Center	15,206,425	15,206,425	0
DEC	Nurse Home Visitor Program	24,429,322	21,078,510	(3,350,812)
DHS	Tony Grampsas Youth Services Program	6,519,262	6,081,952	(437,310)
DMVA	State Veterans Trust Fund	832,045	567,786	(264,259)
DPA	Supplemental State Contribution Fund	2,043,430	1,101,911	(941,519)
CDPHE	Drug Assistance Program	4,442,240	3,397,015	(1,045,225)
CDPHE	AIDS and HIV Prevention Grants	3,161,343	2,435,276	(726,067)
CDPHE	Immunizations	2,221,120	1,617,107	(604,013)
CDPHE	Health Services Corps Fund	740,775	740,775	0
CDPHE	Dental Loan Repayment Program	838,029	838,029	0

[1]Actual expenditures based on additional revenue including interest and fees.

ACCELERATED PAYMENTS

Initially, expenditures for MSA-funded programs were based on actual MSA payment revenue received the prior fiscal year. During the 2009 recession, the General Assembly opted to borrow against the MSA payment to increase the available General Fund at the time. It did this by making the annual payment received each April fund programs in both the fiscal year in which it is received as well as the following fiscal year. This created an ongoing annual General Fund obligation for a bridge loan, or "accelerated payment," made to fund MSA programs between the date when the prior year's payment is exhausted and the date when the current year's payment arrives.

Prior to the COVID-19 pandemic, the General Assembly had taken steps to gradually reduce the size of this obligation on the General Fund. However, the General Assembly again increased the accelerated payment as a budget-balancing measure during the pandemic-induced recession. The timeline of the changes to accelerated MSA payments is as follows:

- In FY 2009-10, $65.0 million was transferred from the State's 2010 MSA payment to the General Fund and $65.0 million from the State's 2011 MSA payment was allocated to programs in FY 2010-11.

- House Bill 12-1247 (Reduce Tobacco Settlement Accelerated Payments) began to gradually reduce the use of these advances and required that spending from current year revenue be reduced each year by any unallocated MSA funds, currently 1.5 percent, and other residual funds in the Tobacco Litigation Settlement Cash Fund.
- In April 2014, the accelerated payment was reduced by $11.4 million.
- In April 2017, the accelerated payment was reduced by $15.0 million.
- House Bill 20-1380 (Move Tobacco Litigation Settlement Moneys General Fund) transferred $20.0 million from the State's 2020 MSA payment to the General Fund and $20.0 million from the state's 2021 MSA payment was allocated to programs in FY 2020-21, increasing the accelerated payment to just above $60.0 million.
- The total remaining accelerated payment amount is estimated to decrease from $60,041,931 to $58,738,523 in FY 2022-23.

The size of the accelerated payment is a concern if there is a possibility that the April payment will be significantly lower than the amount that was used to set the appropriation. If this occurs, there will be a portion of General Fund that has been expended which cannot be paid back with MSA money, thus resulting in an unaccounted for General Fund expenditure during that fiscal year.

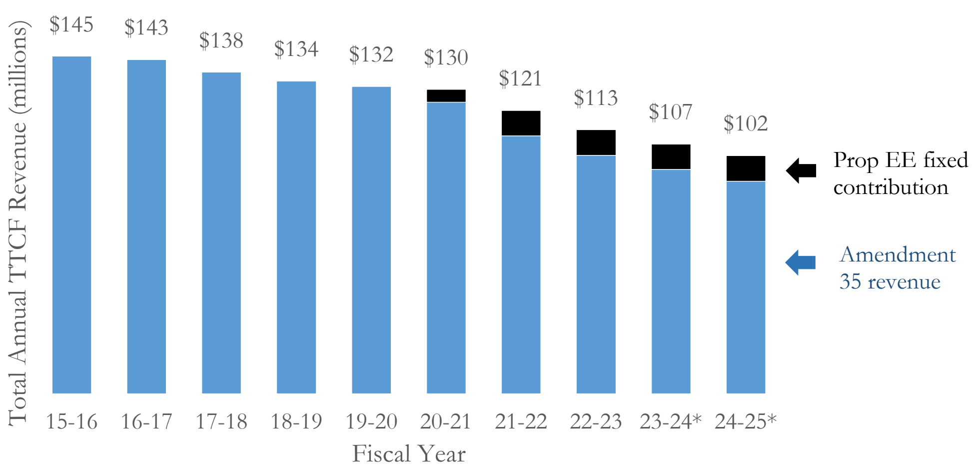
AMENDMENT 35

Amendment 35, approved by voters in 2004, added the following two cigarette and tobacco taxes to Section 21 of Article X of the Colorado Constitution:

- An additional $0.64 tax on each pack of cigarettes sold in Colorado (a pack equals twenty cigarettes); and
- A statewide tobacco products tax equal to 20.0 percent of the manufacturer's list price, on the sale, use, consumption, handling, or distribution of tobacco products by distributors.

Revenue from Amendment 35 is first deposited in the Tobacco Tax Cash Fund (TTCF) before being distributed to programs on a monthly basis. Amendment 35 revenues have been declining over time, as shown below, due mainly to decreasing consumption of cigarettes in Colorado. This revenue decline has been slightly offset in the short term by increased revenue from Proposition EE taxes, which transferred $5.5 million in FY 2020-21 and $11.0 million in FY 2021-22 and onwards into the TTCF.

Annual Tobacco Tax Cash Fund revenue from Amendment 35 has been consistently declining, and is being supplemented by fixed annual amounts from Proposition EE.



FY23-24 and FY24-25 based on forecasted revenue

The constitutional amendment dictated the distribution of revenue and was codified in Section 24-22-117, C.R.S. Amendment 35 revenue is distributed to various state agencies including the Departments of Health Care Policy and Financing, Public Health and Environment, and Human Services. The following table summarizes the allocation of TTCF revenue for FY 2021-22 and FY 2022-23 as well as the estimates for FY 2023-24 and FY 2024-25 based on the September 2023 LCS forecast.

DISTRIBUTION OF TOBACCO TAX CASH FUND REVENUE

Dept.	Program or Fund	Percent	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Forecast*	FY 24-25 Forecast*
HCPF	Health Care Expansion Fund	46.0%	$55,833,455	$51,999,058	$49,216,095	$46,929,438
HCPF	Primary Care Fund	19.0%	23,061,645	21,477,872	20,328,387	19,383,898
DPHE	Tobacco Education Programs Fund	16.0%	19,420,332	18,086,629	17,118,642	16,323,283
DPHE	Prevention, Early Detection and Treatment Fund	16.0%	19,420,332	18,086,629	17,118,642	16,323,283
HCPF	Old Age Pension Fund	1.5%	1,820,656	1,695,621	1,604,873	1,530,308
REV	Local government compensation for lost revenue from tobacco taxes	0.9%	1,092,394	1,017,373	962,924	918,185

Distribution of Tobacco Tax Cash Fund Revenue						
Dept.	Program or Fund	Percent	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Forecast*	FY 24-25 Forecast*
DPHE	Immunizations performed by small local public health agencies	0.3%	364,131	339,124	320,975	306,062
HCPF	Children's Basic Health Plan	0.3%	364,131	339,124	320,975	306,062
Total		**100.0%**	**$121,377,077**	**$113,041,431**	**$106,991,511**	**$102,020,517**

*Based on September 2023 LCS forecast

Prevention Early Detection and Treatment Fund

Money that is credited to the Prevention Early Detection and Treatment (PEDT) Fund is further divided among: (1) the Breast and Cervical Cancer Program, (2) the Health Disparities Program Fund, and (3) the Center for Health and Environmental Data. Whatever remains in the fund is then allocated to the Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease (CCPD) Program. The following table summarizes how the total funds credited to the PEDT Fund are allocated.

Breakdown of Money Credited to the Prevention, Early Detection and Treatment Fund					
	Percent	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Forecast*	FY 24-25 Forecast*
Total Amount Credited to the Prevention, Early Detection and Treatment Fund		**$19,420,332**	**$18,086,629**	**$17,118,642**	**$16,323,283**
Breast and Cervical Cancer Program	20.0%	3,884,066	3,617,326	3,423,728	3,264,657
Health Disparities Program Fund	15.0%	2,913,050	2,712,994	2,567,796	2,448,492
Center for Health and Environmental Data	Fixed Amount	116,942	116,942	116,942	116,942
Remains in the Prevention, Early Detection and Treatment Fund		*12,506,274*	*11,639,367*	*11,010,175*	*10,493,192*

*Based on September 2023 LCS forecast

PROPOSITION EE

Proposition EE was a ballot measure created by H.B. 20-1427 (Cigarette, Tobacco, and Nicotine Products Tax) and approved by voters during the November 2020 election. The measure raised taxes on cigarettes and other tobacco products, as indicated in the table below, and created a tax on nicotine products such as vaping devices.

Incremental Tobacco Tax Changes			
Category	Jan 2021 - Jun 2024	Jul 2024 - Jun 2026	Jul 2026 Onward
Cigarettes			
Before Jan 1, 2021	$0.84	$0.84	$0.84
Prop EE Tax Increase[1]	$1.10	$1.40	$1.80
Total	**$1.94**	**$2.24**	**$2.64**
Other Tobacco Products (OTP)			
Before Jan 1, 2021	40%	40%	40%
Prop EE Tax Rate Increase[1]	10%	16%	22%
Total	**50%**	**56%**	**62%**
Nicotine			
Before Jan 1, 2021	0%	0%	0%
Prop EE Tax Rate Increase[1]	50%	56%	62%
Total	**50%**	**56%**	**62%**

[1]Prop EE tax and tax rates reflect passage of Proposition II in November 2023

Passage of Proposition II

Revenue from the increased taxes on cigarettes, tobacco, and nicotine products in Proposition EE totaled $208.0 million in FY 2021-22, exceeding the estimate of FY 2021-22 tax revenue published in the 2020 Blue Book of $186.5 million. Because actual revenue exceeded the Blue Book estimate, TABOR required the General Assembly to either refer a ballot measure to retain the excess revenue, or refund the excess revenue to taxpayers and reduce the tax rates in proportion to the excess.

House Bill 23-1290 (Proposition EE Funding Retention Rate Reduction) referred Proposition II to the ballot, which asked voters for permission to retain the excess revenue plus interest and maintain the tax rates that were originally approved in Proposition EE. This ballot measure was approved in November 2023, which means tax rates will not decrease and excess revenues will be retained. If Proposition II had failed, H.B. 23-1290 specified that the $23.7 million in excess revenue would have been refunded to distributors of cigarettes, tobacco products, and nicotine products.

Fiscal Year 2022-23 Proposition EE Revenue

Revenue from Proposition EE taxes totaled $235.0 million in FY 2022-23:

- Cigarette taxes make up the largest portion of Proposition EE revenue, at 62.0 percent of total revenue and $145.6 million for the fiscal year. Cigarette use has tended to decline over time, but in 2023, consumption has fallen more steeply than expected.
- Nicotine is the next largest revenue stream accounting for $72.5 million of total revenue. Nicotine revenue is expected to continue to increase due to consumption, price increases, and further tax rate increases.
- Tobacco makes up the rest of the Proposition EE revenue, bringing in $16.9 million in FY 2022-23.

In addition to increased tax rates, Proposition EE also sets a minimum price for cigarettes at $7.00 a pack until July 1, 2024 and $7.50 thereafter. The effect of setting a minimum price was expected to increase sales tax revenue in the short term, which would then be deposited into the Preschool Programs Cash Fund. However, the increase in FY 2022-23 was not sufficient to facilitate these deposits, as high inflation has resulted in very few cigarette sales being impacted by the price floor.

Prop EE revenue allocations are defined in Section 24-22-118 (2), C.R.S., rather than a constitutional distribution formula. Revenue from the new taxes is exempt from TABOR as a voter-approved revenue change, and is first deposited in the General Fund, transferred to the 2020 Tax Holding Fund, and then transferred to individual cash funds in amounts defined in H.B. 20-1427. Any remaining revenue is distributed to the State Education Fund and Preschool Programs Cash Fund depending on the year. The table below outlines actual and expected distributions of revenue through FY 2024-25.

DISTRIBUTION OF PROPOSITION EE DOLLARS				
PROGRAM/FUND	FY 21-22 ACTUAL	FY 22-23 PRELIMINARY	FY 23-24 FORECAST	FY 24-25 FORECAST
General Fund	$4,050,000	$4,050,000	$4,050,000	$4,050,000
Tobacco Education Programs Fund	-	-	-	20,000,000
Tobacco Tax Cash Fund	10,950,000	10,950,000	10,950,000	10,950,000
Preschool Programs Cash Fund[1]	-	-	194,384,822	202,603,535
Rural Schools Fund[2]	30,000,000	35,000,000	-	-
Housing Development Grant Fund[2]	11,167,000	11,167,000	-	-
Eviction Legal Defense Fund[2]	500,000	500,000	-	-
State Education Fund[1,2]	151,320,011	139,337,065	-	-
Total*	**$207,987,011**	**$201,004,065**	**$209,384,822**	**$237,603,535**

[1] These funds begin seeing revenue after the other fund obligations outlined in statute have been fulfilled.
[2] Allocations only exist from FY 20-21 through FY 22-23.
*Prop EE revenue is forecasted on an accrual basis, however, distributions are made on a cash basis which may lead to discrepancies between total revenue and total distributions.

TOBACCO EDUCATION PROGRAMS FUND: Beginning in FY 2024-25, revenue credited to the Tobacco Education Programs Fund, administered by the Department of Public Health and Environment (CDPHE), will be expended for tobacco and nicotine education, prevention, and cessation grants.

TOBACCO TAX CASH FUND: Revenue transferred to the Tobacco Tax Cash Fund is distributed to programs administered in the Colorado Department of Health Care Policy and Financing and CDPHE, including Medicaid, Child Health Plan Plus (CHP+), immunization programs, primary care programs, cancer and chronic disease detection and treatment programs, tobacco education programs, and various other healthcare programs. The Tobacco Tax Cash Fund is subject to the same distribution formula as Amendment 35 revenue outlined in Section 24-22-117, C.R.S.

PRESCHOOL PROGRAMS CASH FUND: Beginning in FY 2023-24, any remaining revenue will be deposited into the Preschool Programs Cash Fund, and must be spent to provide at least 10.0 hours a week of free preschool to children in the year before they start kindergarten. The program is administered by the Department of Early Childhood and the Preschool Programs Cash Fund is subject to annual appropriation.

RURAL SCHOOLS FUND: From FY 2020-21 through FY 2022-23, the funding allocated to the Rural Schools Fund, within the Department of Education, will be allocated to rural schools and charter schools within rural districts. Funds will be distributed on a per pupil basis, with 55.0 percent distributed to large rural districts and charters, and 45.0 percent to small rural districts and charters as outline in Section 22-54-142, C.R.S.

HOUSING DEVELOPMENT GRANT FUND: From FY 2020-21 through FY 2022-23, revenue credited to the Housing Development Grant Fund, administered by the Department of Local Affairs, will be expended to improve, preserve, or expand the supply of affordable housing in Colorado. At least $5.0 million of the funds must be used for affordable housing in rural areas. The money in the Housing Development Grant Fund is continuously appropriated to the Department for this purpose.

EVICTION LEGAL DEFENSE FUND: From FY 2020-21 through FY 2022-23, revenue credited to the Eviction Legal Defense Fund, administered by the Judicial Department, will be expended to provide legal services to indigent parties facing eviction. The Eviction Legal Defense Fund is subject to annual appropriation.

STATE EDUCATION FUND: From FY 2020-21 through FY 2022-23, any remaining revenue is deposited in the State Education Fund. Revenue can be spent for the state share of total program funding, or for other programs related to education, as determined by the General Assembly.

APPENDIX A: INFORMATION REQUESTS

Department of Health Care Policy and Financing, Medical Services Premiums; Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Child Welfare, Tony Grampsas Youth Services Program; Office of Early Childhood, Division of Community and Family Support, Nurse Home Visitor Program; Department of Military and Veterans Affairs, Division of Veterans Affairs, Colorado State Veterans Trust Fund Expenditures; Department of Personnel, Division of Human Resources, Employee Benefits Services, H.B. 07-1335 Supplemental State Contribution Fund; Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Administration, General Disease Control, and Surveillance Immunization Operating Expenses; Special Purpose Disease Control Programs, Sexually Transmitted Infections, HIV and AIDS Operating Expenses, and Ryan White Act Operating Expenses; Prevention Services Division, Chronic Disease Prevention Programs, Oral Health Programs; Primary Care Office -- **Each Department is requested to provide the following information to the Joint Budget Committee by October 1, 2023 for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.**

COMMENT: The following are summaries of Department responses for each program that receives Tobacco Master Settlement revenue. The summaries are separated by Department, and by program if there is more than one program within that Department which receives Tobacco Master Settlement Agreement money.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

CHILDREN'S BASIC HEALTH PLAN

The Children's Basic Health Plan (CHP+) provides affordable health insurance to children under the age of 19 and pregnant women in low-income families, up to 260 percent of the Federal Poverty Level who do not qualify for Medicaid and do not have private insurance. In FY 2022-23, the program received $16,410,296 of Tobacco Master Settlement funds and served an average monthly caseload of 47,394, including 46,430 children and 964 pregnant adults. This represents a reduction of 7,949 in average monthly caseload numbers from FY 2021-22.

EARLY AND PERIODIC SCREENING, DIAGNOSTIC AND TREATMENT (EPSDT)

The Department provides comprehensive community support treatment, mental health assessment, request for assessment, an adaptive behavior treatment services. In FY 2022-23, the program received $1,731,494 of MSA funds, and served 2,117 clients, an increase of 415 clients from FY 2021-22. The population which qualifies for the EPSDT program are children under the age of six with an autism diagnosis.

DEPARTMENT OF HIGHER EDUCATION

UNIVERSITY OF COLORADO ANSCHUTZ MEDICAL CAMPUS

A total of $15,206,425 in Tobacco Master Settlement Agreement money was allocated to the University of Colorado Anschutz Medical Campus in FY 2022-23, and was used in a number of ways outlined below:

COLORADO SCHOOL OF PUBLIC HEALTH EXPENDITURE ($230,963): The evaluation, expansion, and adaptation of the Colorado School of Public Health's educational programs.

SCHOOL OF MEDICINE EXPENDITURE ($4,260,964):

- Faculty and educators who focus on providing basic science curriculum for first and second year students, and well-rounded rotations for third year medical students.
- School of Medicine longitudinal curriculum program, which focuses on skills beyond the lab or clinic, such as teamwork, communication, and ethics, and includes courses such as "Culture, Health, Equity, and Society."

SCHOOL OF DENTAL MEDICINE EXPENDITURE ($799,438): Support Faculty members in education and clinical training in the areas of Prosthodontics, General Practice Residency, and Oral and Maxillofacial Surgery.

COLLEGE OF NURSING EXPENDITURES ($581,291): Support faculty teaching across the College's undergraduate and graduate programs.

SKAGGS SCHOOL OF PHARMACY & PHARMACEUTICAL SCIENCES EXPENDITURE ($790,293): Compensate faculty teaching in the core academic program (PharmD) and the school's PhD programs.

AREA HEALTH EDUCATION CENTERS (AHEC) EXPENDITURES ($338,511): Build statewide network capacity and strengthen academic-community partnerships around career pathways to health professions, recruitment and continuing education in rural and urban medically underserved areas, and increased access to health education for rural/urban communities.

CANCER CENTER: ($1,737,877): Initiatives include efforts to improve the CU Cancer Center's reach and inclusion of medically underserved Coloradans in all aspects of the center's clinical, research and educational efforts as well as build a robust clinical research infrastructure to facilitate access of Coloradans to state-of-the-art treatment.

CLASSROOM, LIBRARY AND STUDENT SERVICES EXPENDITURES ($546,150): Increased access to electronic resources for education and research, including online journals, databases, and educational software.

MANDATORY EDUCATIONAL OPERATING COSTS ($5,920,938): Utilities, building maintenance, IT infrastructure, and other basic operating needs of the 3.2 million square feet of buildings that support the academic program missions on the Anschutz Medical Campus.

DEPARTMENT OF HUMAN SERVICES

TONY GRAMPSAS

The Tony Grampsas Youth Services Program provides funding to community-based organizations that serve children, youth, and their families with programs designed to reduce youth crime and violence, youth marijuana use, and prevent child abuse and neglect. Eligible TGYS applicants include local governments, schools, nonprofit organizations, state agencies, and institutions of higher education. TGYS- funded agencies serve target populations including children and youth ages 0-25, as well as parents, caregivers, and community members. In FY 2022-23, a total of 55,605 individuals in 48 counties and the Southern Ute Tribe and Ute Mountain Ute were served, an increase of 2,344 individuals from FY 2021-22. Of those served:

- 13,644 (24.5 percent) were children ages 0-8;
- 33,908 (61.0 percent) were youth ages 9- 18;
- 973 (1.7 percent) were young adults ages 19-24;
- 4,169 (7.5 percent) were parents or caregivers;
- 559 (1.0 percent) were adult mentors; and
- 2,352 (4.2 percent) were adult community members.

DEPARTMENT OF EARLY CHILDHOOD

NURSE HOME VISITOR PROGRAM

PROGRAM

The Nurse Home Visitor Program (NHVP) was created in statute in FY 2000-01. The NHVP utilizes the Nurse-Family Partnership (NFP), an evidenced-based, voluntary, community health nursing program aimed at improving the lives of vulnerable families expecting their first child. Clients are partnered with a registered nurse early in their pregnancy and receive home visits until the child turns two. All nurses delivering NFP are trained on the model by the NFP National Service Office (NFPNSO) and receive nursing consultation and continuing education from Invest in Kids (IIK). IIK, the NFPNSO, and the University of Colorado monitor the data to ensure the program is being implemented with fidelity to the model as tested in the original randomized controlled trials.

ELIGIBLE POPULATION

The program is open to all first-time, low-income parents (individuals below 200.0 percent of the federal poverty level). The cumulative average age of clients in Colorado is 21. NHVP is available in all 64 counties in Colorado. The total number of eligible mothers according to the Colorado Health Information Dataset was 7,331 in calendar year 2022.

SERVICES

- Improve pregnancy outcomes by helping women engage in preventative health practices including accessing prenatal care from their healthcare providers; improving their diets; and reducing the use of cigarettes, alcohol, and illegal substances.
- Improve child health and development by helping parents provide responsible and competent care.
- Improve the economic self-sufficiency of the family by helping parents develop a vision for their own futures, plan future pregnancies, continue their education, and find work.

ELIGIBLE PERSONS SERVED

In FY 2022-23, a total of 4,023 clients and 3,355 children were served by NHVP through 39,915 home visits. Of this amount 3,545 of the clients, 2,969 of the children, and 335,514 of the visits were funded with MSA dollars. The rest was funded by federal funds through the Maternal Infant, Early Childhood Home Visiting Program (MIECHV). This reflects a reduction of 267 total clients from FY 2021-22.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

COLORADO STATE VETERANS TRUST FUND

The Colorado State Veterans Trust Fund is designed with the overall goal of assisting all veterans in need residing in the State of Colorado regardless of race, color, national origin, religion, gender identity, and marital or religious status. The key goals of the program are to provide sufficient support and funding to meet the needs of veterans in the four areas defined below:

- Capital improvements or needed amenities for exist or future State Veterans' Community Living Centers;
- Operation and maintenance costs of existing or future state veterans' cemeteries;
- Costs incurred by the Division of Veterans Affairs; and
- Veterans programs operated by nonprofit veterans' organizations.

The Trust Fund received $832,045 in MSA funds for FY 2022-23. Of this amount:

- $41,627 was utilized for administration of the grant;
- $15,000 for Board travel;
- $40,000 was allocated to the State Veterans Cemetery in Grand Junction; and
- $693,616 was granted to nonprofit organizations and Veterans Community Living Centers across the state.

Of the dollars awarded to grantees, $567,786 were fully expended, representing an 81.9 percent execution rate.

DEPARTMENT OF PERSONNEL

SUPPLEMENTAL STATE CONTRIBUTION PROGRAM

Pursuant to Section 24-50-609, C.R.S., the General Assembly established the Supplemental State Contribution Program for eligible state employees to provide access to affordable and adequate health insurance offered by the state to as many children of lower-income state employees as possible, and to encourage lower-income employees with dependent children to enroll in health insurance plans by supplementing the plan premiums. The Department must first use funds to provide each eligible state employee who has an annual household income of less than 200 percent FPL (Level I) with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit plans to zero. Next, remaining funds shall be used to provide an eligible state employee who has an annual income of 200-249 percent FPL (Level 2) a supplement. Remaining funds shall be used for an eligible state employee who has an annual income of 250-299 percent FPL (Level 3). Supplements are provided to eligible employees at each Level in priority order if funds are available. All supplement contributions are paid from the supplemental state contribution fund created in Section 24-50-609 (5), C.R.S.

For FY 2022-23, the Department was able to serve 374 eligible applications. A total of 205 employees were approved for Level I, 146 were approved for Level 2, and 31 were approved for Level 3. The program provided the maximum supplement, or 100.0 percent of the total amount of the medical premium, for all levels.

Number of eligible state employees receiving supplemental contribution	Total amount of supplements paid	Average monthly amount of the individual supplements	Average yearly amount of individual supplements	Number of dependent children of eligible state employees
344	**$1,101,911**	**$267**	**$3,203**	**817**

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

HIV AND AIDS PREVENTION PROGRAM (CHAPP)

The CHAPP sponsors a statewide competitive grant program for Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) prevention and education in Colorado. The program aims to fund medically accurate HIV and AIDS prevention programs statewide. The program specifically addresses local community needs by supporting the implementation of behavioral and social science theory and research projects to decrease the transmission and acquisition of HIV and AIDS in Colorado. In FY 2022-23, CHAPP reached 77,796 total clients in Colorado with comprehensive HIV prevention services including:

- 3,168 clients receiving HIV testing;
- 3,270 clients receiving PrEP Services;
- 57,418 people reached by HIV prevention efforts;
- 13,940 clients who participated in syringe access; and
- 2,024,035 sterile syringes were distributed to prevent disease transmission through unsafe injection practices, and 65.8 percent of these syringes were disposed of through syringe access programs.

HIV and AIDS Prevention Program Outcomes Related to MSA Funding			
Category	Target	Individuals reached or number distributed	Percent of Target
Clients who received HIV testing	2,655	3,168	119%
Clients who received PrEP Screening/Navigation	897	1,541	172%
PrEP Retention of Clients	335	1,729	516%
Evidenced Based, Client-Centered Interventions	1,275	2,929	230%
Broad-Based Selective Interventions	255	2,183	856%
Syringe Access Clients	7,098	13,940	196%
PWID Case Management	56	128	229%
Contacts and Impressions: PrEP Outreach, Marketing, and Education	33,443	1,125,531	3366%
Contacts and Impressions: PWID Outreach and Education	6,387	22,868	358%
Syringes Purchased	1,931,300	2,024,035	105%
Syringes Returned	-	1,332,797	-
Sexual Risk Reduction Materials Distributed	-	382,667	-

In future years, the program will

- Continue to expand HIV testing programs to include STI and HCV screening.
- Provide testing in more non-clinical settings, such as community-based organizations (CBOs), mobile testing units, churches, homeless shelters, syringe services programs, health-related storefronts, and other social service organizations in order to reach underserved populations.
- Focus on health inequities in HIV and STIs across different priority populations in Colorado.

IMMUNIZATION PROGRAM

The Program provides financial resources to increase the awareness of immunizations improve vaccination rates and decrease the morbidity of vaccine preventable diseases among all Colorado citizens. The following are key updates from the program for Fiscal Year 2022-23:

- **ENHANCEMENT OF IMMUNIZATION CORE SERVICES**: Support ongoing immunization program infrastructure needs and immunization service activities for local public health agencies (LPHAs). During FY 2022-23, 53 of the 56 LPHAs accepted this funding. One LPHA (Elbert County) did not have an active immunization program and funding for one smaller LPHA (Gilpin County) was combined with a larger LPHA from a contiguous county (Jefferson County). Tri-County Health Department, the largest in the state, divided into three county health departments on January 1, 2023, increasing the number of agencies to 56. The new agencies are: Adams County Health Department, Arapahoe County Health Department, and Douglas County Health Department.
- **MSA FUNDS**: During FY 2022-23, the MSA funding available to support immunization activities was $1,199,807, which was lower than the previous fiscal year in which $1,419,705 was distributed to LPHAs. The total funding distributed to LPHAs increased from $4.8 to $5.1 million with the allocation of additional federal funds. The LPHA contracts are funded with a mix of state and federal dollars. The federal funding is allocated from the Immunization and Vaccines for Children Cooperative agreement with the Centers for Disease Control. The MSA funding supported LPHA activities to improve measles, mumps, and rubella (MMR) vaccination rates (children) and influenza vaccination rates (children and adults) in their jurisdiction within the context of the COVID-19 pandemic.
- **IMPACT OF THE COVID-19 PANDEMIC**: The COVID-19 pandemic contributed to interruptions in the administration of routine vaccines. Data from the Colorado Immunization Information System (CIIS) shows that between March 15, 2020, and April 25, 2020, there was a 37.0 percent decrease in the number of pediatric doses administered compared to the same time period in 2019. More recently, for complete Sunday-Saturday weeks in FY 2022-23 (July 3, 2022, through June 24, 2023), the overall number of doses administered was 6.0 percent lower than doses administered in corresponding pre-pandemic weeks in 2019. The decreases in doses administered in the 2022-23 fiscal year compared to 2019 vary by age group. The percentage of decreases were:
    - 2.6 percent in children from birth to age 2;
    - 13.1 percent in children 3 to 9 years old;
    - 11.0 percent in children 10 to 12 years old; and
    - 9.9 percent in adolescents 13 to 17 years old.

DRUG ASSISTANCE PROGRAM

The State Drug Assistance Program (SDAP) provides formulary medications on an outpatient basis, free of charge, to Colorado residents who are diagnosed with HIV and who are at or below 500 percent of the federal poverty level using the Modified Adjusted Gross Income (MAGI). SDAP also provides support for paying premiums, deductibles, coinsurance, and copays for insured Colorado residents living with HIV on Medicare, private insurance (employer and/or off the insurance marketplace), and Medicaid.

In FY 2022-23, in total, 6,594 unduplicated people were served. Program outputs included:

- Access to medication for 5994 clients for HIV treatment;
- Enrollment of over 2,432 individuals in the PrEP biological intervention programs;

- Medical deductible, coinsurance, and copay assistance for 2,958 individuals;
- Health Insurance premium assistance for a monthly average of 68 individuals;
- Viral Hepatitis, human papillomavirus (HPV), and other vaccinations for 303 individuals;
- Supporting the network of PrEP providers who will see uninsured individuals to 79 clinics across the state.

State Dental Loan Repayment Fund

The state Dental Loan Repayment Program (DLRP) provides educational loan repayment to incentivize dental clinicians to improve access to care for persons who experience high barriers to care. Dental clinicians are eligible if they practice in public, private, or nonprofit clinics and provide dental services to Coloradans who are publicly insured through Health First Colorado or CHP+, uninsured, low-income, or live in rural areas. The DLRP pays all or part of the principal, interest, and related expenses of the educational loans of eligible clinicians. The program is open to both dentists and dental hygienists.

In FY 2022-23, 33 clinicians participated in the Dental Loan Repayment Program, including 31 dentists and two registered dental hygienists. Six dental clinicians practiced in rural or frontier counties and 27 dental professionals practiced in urban counties. During the state fiscal year, a total of 42,104 underserved Coloradans received care from participating clinicians.

Dental Loan Repayment Program Outcomes FY 2022-23					
Fiscal Year	Participating Clinicians	Medicaid Patient Visits	CHP+ Patient Visits	Uninsured Patient Visits	Total Patient Visits
FY 2022-23	33	35,324	1,919	4,861	42,104

Colorado Health Service Corps Loan Repayment Program

The Colorado Health Service Corps (CHSC) seeks to reduce barriers to primary health care access. The program assesses primary health care professional workforce needs of communities and directs health professional incentives, such as loan repayment, to areas of the state determined to have a health professional shortage.

In FY 2022-23, the CHSC provided financial assistance to 268 health care professionals who served 673,688 patients. The Primary Care Office (PCO) in the Colorado Department of Public Health and Environment administers the CHSC to improve access to care through practice incentives for Coloradans who are publicly insured, uninsured, low-income, or live in rural and frontier communities across the state.

Health professionals that participate include: primary care physicians, physician's assistants, dentists, dental hygienists, nurse practitioners, certified nurse midwives, advanced practice nurses with specific training in substance use disorders or pain management, licensed clinical social workers, licensed professional counselors, licensed clinical or counseling psychologists, psychiatric nurse specialists, marriage and family therapists, clinical pharmacists, licensed addiction counselors, certified addiction technicians and specialists, health professional faculty, and students participating in the CHSC substance use disorder scholarship program.

Eligible providers must practice in a designated Health Professional Shortage Area (HPSA) for a period of no less than three years, spend at least 32 hours per week in direct patient care for a full time contract or at least 16 hours per week in direct patient care for a part time contract, serve individuals who are uninsured or publicly insured, offer a sliding fee scale for payment to those below 200 percent of the federal poverty level, and work for a public or nonprofit organization.

In FY 2022-23, the PCO made 268 awards totaling $15,663,775:

- 228 new and one-year renewal CHSC loan repayment contracts ($14,131,650);
- 27 nursing faculty loan repayment contracts ($1,152,000);
- Six family medicine residency faculty loan repayment contracts ($360,125); and
- Seven addiction counselor scholarship contracts ($20,000).