Joint Budget Committee

Staff Budget Briefing
FY 2025-26

Tobacco Revenue

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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ADDITIONAL RESOURCES

The tobacco revenue allocations for Fiscal Year 2024-25 are available in Appendix E4 of the annual Appropriations Report: https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf.

The online version of the briefing document may be found by searching the budget documents on the General Assembly's website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

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 and cigarette taxes through Section 21 of Article X of the Colorado Constitution; and
3. House Bill 20-1427 (Cigarette Tobacco and Nicotine Products Tax), which referred a tobacco, cigarette, and nicotine product tax to the ballot (Proposition EE). This 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. More details about the forecasted distribution of TABOR-exempt tobacco revenue are included in the following sections.

Tobacco Master Settlement Agreement (MSA)

The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream as a result of legal action to recover expenses that 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. MSA revenue is exempt from TABOR as a damage award.

Calculating Total MSA Payment

The size of the annual MSA payment is largely determined by (1) U.S. inflation rates, (2) nationwide cigarette consumption, and (3) cigarette manufacturers’ income. The annual base payment is $9.0 billion, which is then adjusted by the below factors. Colorado's portion of the annual payment is 1.4 percent, as defined in the MSA. Payments received in April are based on sales and adjustments from the prior year, so the payment received by Colorado in April 2025 will be adjusted based on 2024 figures. Payment calculations remain open for four years and can be continually adjusted throughout that time.

Inflation Adjustment

The inflation adjustment is equal to either 3.0 percent or the U.S. Consumer Price Index (CPI-U) percentage change for the calendar year used to determine the payment, whichever is greater. The Independent Auditor for the MSA, Price Waterhouse Coopers, calculates the inflation adjustment using CPI-U across the nation. Of the 25 years since the inception of the MSA, there have been seven years when CPI was greater than 3.0 percent, including in 2021 (7.0 percent), 2022 (6.5 percent), and 2023 (3.4 percent).

U.S. Cigarette Consumption (Volume Adjustment)

Cigarette consumption is measured by excise taxes collected on containers of roll-your-own tobacco and on packs of cigarettes bearing state excise tax stamps. With the exception of during the pandemic, in which demand temporarily increased, cigarette sales have declined for decades.

Manufacturer Income (Profit Adjustment)

The profit adjustment is applied to the volume adjustment. 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 towards higher-priced premium products and non-cigarette tobacco products, and away from lower-cost products, resulting in higher incomes for tobacco manufacturers.

MSA Fund Distribution within Colorado

For the FY 2025-26 budget, the January 2025 MSA revenue forecast will inform recommended Long Bill appropriations. The state receives the annual MSA payment in April, which is after the Long Bill is typically sent to the Governor. As a result, even though actual receipts are known by mid-April, appropriations in the Long Bill are based on the January forecast. The allocation percentages are determined by statute and are shown in the table below. Once approved by the Committee, JBC analysts use the FY 2025-26 allocations to set appropriations for MSA-supported programs in their respective Departments.

The following statutes and processes direct the distribution of MSA revenue.

- Section 24-75-1104.5 (1.3) (a), C.R.S., specifies that the total Tobacco Master Settlement Agreement funds distributed to programs will be based on the prior year's Tobacco Master Settlement Agreement receipts.
- The allocation across programs is governed by statute, with the key provisions contained in Section 24-75-1104.5 (1.7), C.R.S. The Treasury uses the formula to distribute the revenue to the specified programs.
- The General Assembly appropriates the distributed funds in the Long Bill, providing spending authority for programs receiving funding.

MSA revenues are first placed in the Tobacco Litigation Settlement Fund and then distributed to programs based on the formula defined in Section 24-75-1104.5 (1.7), C.R.S. The table below shows the FY 2023-24 allocation, FY 2024-25 appropriation, and FY 2025-26 forecast per Legislative Council staff.

Tobacco Master Settlement Agreement Revenue Distributions				
Department and Program	Percentage	FY 2023-24 Allocation	FY 2024-25 Appropriation	FY 2025-26 Forecast
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.0%	$16,753,114	$15,614,317	$14,948,380
Early Childhood				
Nurse Home Visitor Program[1]	28.7%	24,850,452	24,896,162	23,834,362
Higher Education				
University of Colorado Health Sciences Center[2]	17.5%	16,287,749	15,180,586	14,533,148
Human Services				
Tony Grampsas Youth Services Program	7.5%	6,980,464	6,505,966	6,228,492
Law				
Tobacco Litigation Settlement[3]	2.5%	4,188,278	2,168,655	2,076,164
Military and Veterans Affairs				
State Veterans Trust Fund	1.0%	930,729	867,462	830,466
Personnel				
Supplemental State Contribution	2.3%	2,140,676	1,995,163	1,910,071
Public Health and Environment				
State Drug Assistance Program (SDAP, Ryan White)	5.0%	4,653,643	4,337,310	4,152,328
AIDS and HIV Prevention (CHAPP)	3.5%	3,257,550	3,036,117	2,906,630
Immunizations	2.5%	2,326,821	2,168,655	2,076,164
Dental Loan Repayment Program (DLRP)	1.0%	930,729	867,462	830,466
CO Health Service Corps (CHSC)	1.0%	930,729	867,462	830,466
Capital Construction – Department of Higher Education – Fitzsimons Lease Purchase Payments	8.0%	7,445,828	6,939,697	6,643,725
Unallocated Amount	1.5%	1,396,093	1,301,193	1,245,698
Total	**100.0%**	**$93,072,854**	**$86,746,207**	**$83,046,558**

[1] Beginning in FY 2024-25, the Nurse Home Visitor Program's allocation increased from 26.7% to 28.7%.
[2] Of this share, 2.0% must be expended for tobacco-related in-state cancer research.
[3] As a result of H.B. 24-1208, the FY 2023-24 transfer to the Autism Treatment Fund within the Department of Health Care Policy and Financing was retroactively discontinued and the remaining balance in the fund was transferred to the Tobacco Litigation Settlement Fund. This resulted in the fund's higher than usual allocation in FY 2023-24.

There are three funds that are currently building reserves to recover from budget balancing measures in FY 2020-21 that transferred their fund balances to the General Fund. These include the Nurse Home Visitor Program, Colorado State Veterans Trust Fund, and the Department of Law's Tobacco Settlement Defense Account.

Specifically, for the Department of Law, H.B. 20-1380 (Move Tobacco Litigation Settlement Moneys) transferred the balance of the Tobacco Settlement Defense Account to the General Fund. The account receives a portion of MSA dollars to fund ongoing litigation needs within the Department. In previous years, this has funded both staff within the Department as well as contracted litigation support. 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, the settlement included an agreement that participating states will expand enforcement of the NPM clause of the MSA.

This includes expanded and enhanced tracking of NPM units sold in Colorado and increased fraud prevention. Funds that are allocated to the account are used as a reserve in case of future litigation needs and potential expanded enforcement.

Actual MSA Allocations and Expenditures

While staff make recommendations on forecasted distribution to MSA-funded programs in February, actual program allocations depend on the size of the MSA payment that the state receives in April. Due to this inconsistency, it is not uncommon for programs to plan conservatively and underspend.

Requested Information for MSA Programs for FY 2023-24				
Department	Program	Allocation*	Expenditures	Over/(Under)
Health Care Policy and Financing	Children's Basic Health Plan Trust	$16,753,114	$16,753,114	$0
Higher Education	UC Health Sciences Center	16,629,163	16,629,163	0
Early Childhood	Nurse Home Visitor Program	25,162,202	22,777,717	(2,384,485)
Human Services	Tony Grampsas Youth Services Program	5,714,375	5,464,375	(250,000)
Military and Veterans Affairs	State Veterans Trust Fund	898,051	741,338	(156,713)
Personnel	Supplemental State Contribution Fund	2,140,676	1,564,566	(576,110)
Public Health and Environment	Drug Assistance Program	4,442,240	3,397,015	(1,045,225)
	AIDS and HIV Prevention Grants	3,161,343	2,435,276	(726,067)
	Immunizations	2,326,821	2,373,262	46,441
	Health Services Corps Fund	845,243	844,347	(896)
	Dental Loan Repayment Program	901,537	901,524	(13)

Accelerated Payments

During the 2009 recession, the General Assembly created an accelerated payment by borrowing against the MSA payment to increase the available General Fund at the time. 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. In FY 2024-25, this was not an issue as the remaining accelerated payment was estimated to be $55.2 million out of $83.0 million received by the state in April 2024.

Initially, MSA payment revenue in the current year provided funding for MSA-supported programs in the following fiscal year. This ensured that program expenditures were based on actual revenue receipts. When the General Assembly borrowed against the MSA payment, it used the payment received each April to fund programs in the same fiscal year in which the payment is received, in addition to programs in the following fiscal year. This created an ongoing General Fund obligation for a bridge loan, or "accelerated payment". The accelerated payment funds MSA programs between the date when the prior year's payment is exhausted and the date when the current year's payment arrives.

If the April payment is significantly lower than the amount that was used to set the appropriation, there will be a portion of General Fund that has been expended which cannot be paid back with MSA money. This will create an unaccounted General Fund expenditure during that fiscal year.

Prior to the COVID-19 pandemic, the General Assembly took steps to 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:

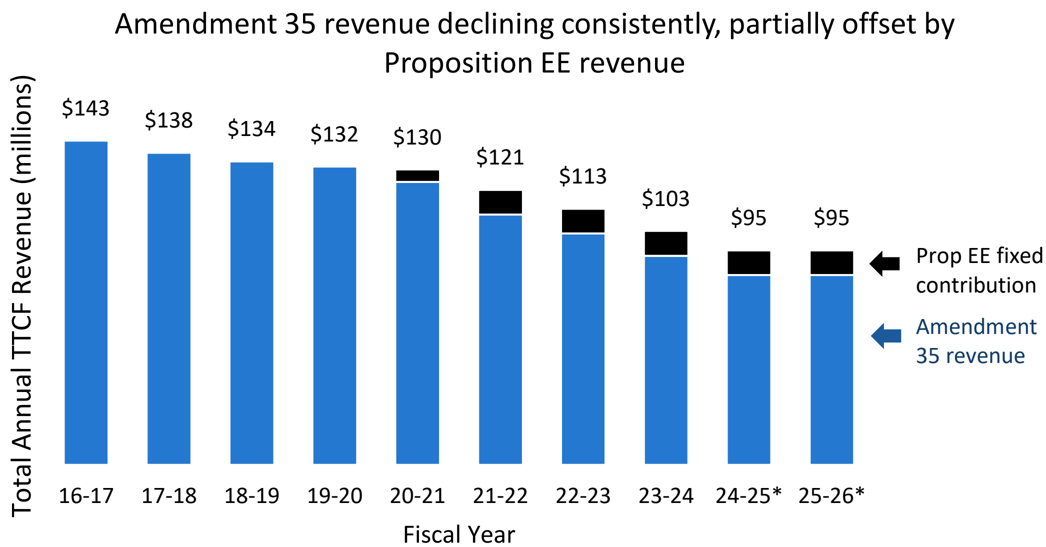
- In FY 2009-10, $65.0 million was transferred from the State's 2010 MSA payment to the General Fund and $65.0 million from the State's 2011 MSA payment was allocated to programs in FY 2010-11.
- H.B. 12-1247 (Reduce Tobacco Settlement Accelerated Payments) began to reduce the use of these advances and 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.
- H.B. 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 was $58.7 million in FY 2022-23, and decreased to $57.4 million in FY 2023-24 and $55.2 million in FY 2024-25.

Amendment 35

Amendment 35, approved by voters in 2004, added 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; 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, mainly due 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.



*FY24-25 and FY25-26 based on forecasted revenue

Revenue distribution was dictated by the constitutional amendment and is codified in Section 24-22-117, C.R.S. The 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 actual and forecasted allocation of TTCF revenue through Fiscal Year 2025-26.

Distribution of TTCF Revenue

Department	Program and/or Fund	Percent	FY 22-23 Actual	FY 23-24 Actual	FY 24-25 Forecast*	FY 25-26 Forecast*
Health Care Policy and Financing	Health Care Expansion Fund	46.0%	$51,999,058	$47,473,626	$43,552,250	$43,560,614
	Primary Care Fund	19.0%	21,477,872	19,608,672	17,988,973	17,992,428
Public Health and Environment	Tobacco Education Programs Fund	16.0%	18,086,629	16,512,566	15,148,609	15,151,518
	Prevention, Early Detection, and Treatment Fund	16.0%	18,086,629	16,512,566	15,148,609	15,151,518
Health Care Policy and Financing	Old Age Pension Fund	1.5%	1,695,621	1,548,053	1,420,182	1,420,455
Revenue	Local government compensation for lost revenue from tobacco taxes	0.9%	1,017,373	928,832	852,109	852,273
Public Health and Environment	Immunizations performed by small local public health agencies	0.3%	339,124	309,611	284,036	284,091
Health Care Policy and Financing	Children's Basic Health Plan	0.3%	339,124	309,611	284,036	284,091
Total		**100.0%**	**$113,041,431**	**$103,203,535**	**$94,678,805**	**$94,696,988**

*Based on September 2024 Legislative Council staff forecast

Prevention, Early Detection, and Treatment (PEDT) 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					
Program	Percent	FY 22-23 Actual	FY 23-24 Actual	FY 24-25 Forecast*	FY 25-26 Forecast*
Breast and Cervical Cancer Program	20.0%	3,617,326	3,302,513	3,029,722	3,030,304
Health Disparities Program Fund	15.0%	2,712,994	2,476,885	2,272,291	2,272,728
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		*11,639,367*	*10,616,226*	*9,729,654*	*9,731,545*
Total Amount Credited to the Prevention, Early Detection, and Treatment Fund		**$18,086,629**	**$16,512,566**	**$15,148,609**	**$15,151,518**

*Based on September 2024 Legislative Council staff 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 Increases			
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**
Tobacco			
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 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 $186.5 million estimate in the 2020 Blue Book. 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 tax rates in proportion to the excess.

In response, H.B. 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 did not decrease and excess revenues are 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.

Preliminary FY 2023-24 Revenue

Revenue from Proposition EE taxes totaled $207.8 million in FY 2023-24, which is a 11.6 percent decrease from FY 2022-23:

- Cigarette taxes make up the largest portion of Proposition EE revenue, at 58.5 percent of total revenue and $121.5 million for the fiscal year.
- Nicotine is the next largest revenue stream, generating $75.1 million. Nicotine revenue is expected to increase due to consumption, price increases, and further tax rate increases.
- Tobacco makes up the rest of the Proposition EE revenue, bringing in $11.2 million in FY 2023-24.

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. After FY 2021-22, the increase in sales tax revenue was not large enough to generate a deposit into the Preschool Programs Cash Fund.

Proposition EE/II Revenue Distribution

Proposition 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. If revenue is insufficient to cover initial obligations, funds will be dispersed on a proportional basis. The table below outlines actual and expected distributions of revenue through FY 2025-26.

Distribution of Proposition EE dollars

Program/Fund	FY 22-23 Actual	FY 23-24 Preliminary	FY 24-25 Forecast	FY 25-26 Forecast
General Fund	$4,050,000	$4,050,000	$4,050,000	$4,050,000
Tobacco Education Programs Fund	-	-	20,000,000	20,000,000
Tobacco Tax Cash Fund	10,950,000	10,950,000	10,950,000	10,950,000
Preschool Programs Cash Fund[1]	-	186,612,817	186,966,290	201,788,937
Rural Schools Fund[2]	35,000,000	-	-	-
Housing Development Grant Fund[2]	11,167,000	-	-	-
Eviction Legal Defense Fund	500,000	-	-	-
State Education Fund[1,2]	139,337,065	-	-	-
Total	**$201,004,065**	**$201,612,817**	**$221,966,290**	**$236,788,937**

[1] These funds will receive 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, 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 Department of Health Care Policy and Financing and Department of Public Health and Environment, 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 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, was allocated to rural schools and charter schools within rural districts. Funds were 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 outlined 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, was expended to improve, preserve, and expand the supply of affordable housing in Colorado. At least $5.0 million of the funds were to 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, was 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 was deposited in the State Education Fund. Revenue could 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: Requests for Information

There is currently one request for information (below) pertaining to tobacco revenue. This appendix includes summaries of Department responses for each program that receives Tobacco Master Settlement Agreement revenue.

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 of each year 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.**

Department of Health Care Policy and Financing

Children's Basic Health Plan Trust

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 who do not qualify for Medicaid and do not have private insurance. In FY 2023-24, the program received $16,753,114 in Tobacco Master Settlement Agreement funds and served an average monthly caseload of 68,566, including 67,139 children and 1,427 pregnant adults. This is an increase of 21,172 individuals (44.7 percent) every month compared to FY 2022-23.

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Program

The EPSDT program has not received Tobacco Master Settlement Agreement revenue since FY 2022-23. H.B. 24-1208 (Autism Treatment Fund) retroactively discontinued the transfer of Tobacco Master Settlement Agreement funds to the EPSDT program beginning in FY 2023-24. The bill also transferred any remaining balance in the Autism Treatment Fund to the Tobacco Litigation Settlement Cash Fund.

Department of Higher Education

University of Colorado Anshutz Medical Campus

$16,629,163 in MSA revenue was allocated to the University of Colorado Anschutz Medical Campus in FY 2023-24, and was used in a number of ways outlined below:

Colorado School of Public Health ($316,385): The evaluation, expansion, and adaptation of the Colorado School of Public Health's educational programs. Recently, this has included a focus on remote learning and reaching rural populations.

School of Medicine ($4,936,849):

- Two curriculum programs, which focus on skills beyond the lab or clinic, such as teamwork, communication, and ethics, and includes courses such as "Culture, Health, Equity, and Society."
- Stipends for first-year PhD students completing degrees in select basic science programs.

School of Dental Medicine ($999,659): Support faculty in education and clinical training related to prosthodontics, general practice residency, restorative dentistry, and oral and maxillofacial surgery.

College of Nursing ($754,786): Support faculty that teach across the college's undergraduate and graduate programs.

Skaggs School of Pharmacy and Pharmaceutical Sciences ($951,167): Compensate faculty teaching in the school's Doctor of Pharmacy (PharmD), master's and PhD programs.

Area Health Education Centers (AHEC) ($347,654): 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.

Cancer Center ($1,905,089): Improve the University of Colorado Cancer Center's inclusion of medically underserved Coloradans in all aspects of the center's clinical, research and educational efforts, including minority-focused clinical trial enrollment and community engagement.

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 ($5,871,424): Utilities, building maintenance, IT infrastructure, and other basic operating needs for 3.2 million square feet of the buildings on the Anschutz Medical Campus.

Department of Human Services

Tony Grampsas Youth Services Program (TGYS)

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 applicants include local governments, schools, nonprofit organizations, state agencies, and institutions of higher education. These organizations serve children and youth ages 0-25, as well as parents, caregivers, and community members. In FY 2023-24, these organizations served 51,423 individuals from 54 counties and the Southern Ute Tribe, a decrease of 4,182 individuals from FY 2022-23. Of those served:

- 11,483 (22.3 percent) were children ages 0-8;
- 29,178 (56.7 percent) were youth ages 9- 18;
- 943 (1.8 percent) were young adults ages 19-24;
- 6,182 (12.0 percent) were parents or caregivers;
- 534 (1.0 percent) were adult mentors; and
- 3,103 (6.0 percent) were adult community members.

Department of Early Childhood

Nurse Home Visitor Program (NHVP)

The NHVP was created in statute in FY 2000-01 in order to support economically disadvantaged families who are expecting their first child. The NHVP utilizes the Nurse-Family Partnership (NFP) model, an evidenced-based, voluntary, community health nursing program. 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 properly.

The program is open to all first-time, low-income parents (individuals below 200.0 percent of the Federal Poverty Level) across the state. The cumulative average age of clients in Colorado is 21.

The program aims to support clients in the following ways:

- 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.

In FY 2023-24, the program completed 37,437 visits to 3,609 clients (including 2,994 children). An additional 491 clients were served and 5,286 visits were completed with funding from the Maternal Infant and Early Childhood Home Visiting Program (MIECHV). This reflects an increase of 77 total clients since FY 2022-23.

Department of Military and Veterans Affairs

Colorado State Veterans Trust Fund

The Colorado State Veterans Trust Fund is designed to assist all veterans residing in 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:

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

Of the MSA funds received in FY 2023-24:

- $43,826 was allocated for grant administration;
- $15,000 for Board travel;
- $61,500 to the State Veterans Cemetery in Grand Junction; and
- $693,616 was granted to nonprofit organizations and Veterans Community Living Centers across the state.

The dollar amount given in grants for community organizations increased by $162,679 (23.5 percent) compared to FY 2022-23. Of the dollars awarded to grantees, $741,337 were fully expended, representing an 86.6 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 to:

- Provide affordable and adequate health insurance to as many children of lower-income state employees as possible, and
- Supplement plan premiums in an effort to encourage lower-income employees with dependent children to enroll in health insurance plans. The supplement reduces the employee contribution to zero.

Supplement distribution is prioritized by income level. The Department must first use funds to provide a supplement to state employees with an annual household income of less than 200.0 of the Federal Poverty Level (Level 1). If funds remain, supplements will be given to eligible state employees with an annual income of 200-249 percent of the Federal Poverty Level (Level 2). Finally, supplements will be given to eligible state employees with an annual income of 250-299 percent of the Federal Poverty Level (Level 3).

In FY 2023-24, the Department provided assistance to 464 eligible employees, a 34.9 percent increase from last year. A total of 179 employees were approved for Level I, 192 were approved for Level 2, and 131 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
464	$1,564,566	$281	$3,372	1,095

Department of Public Health and Environment

Colorado 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. 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 2023-24, CHAPP served:

- 3,736 clients with HIV testing;
- 1,224 clients with PrEP screening/navigation and 2,367 with PrEP retention;

- 54,586 individuals engaged through outreach and education; and
- 18,377 clients who participated in syringe access programming.

The program also distributed 2.7 million sterile syringes, a 34.9 percent increase from last year, to prevent disease transmission through unsafe injection practices.

Immunization Program

The program provides financial resources to increase the awareness of and access to immunizations, improve vaccination rates, and decrease the morbidity associated with vaccine preventable diseases among all Coloradans. The following are key updates from the program for FY 2023-24:

- **Enhancement of Immunization Core Services**: Support ongoing immunization program infrastructure needs and immunization service activities for local public health agencies (LPHAs). During FY 2023-24, 56 of the 57 LPHAs accepted this funding. One LPHA (Gilpin County) did not have an active immunization program. On January 1, 2024, San Juan Basin Health Department divided into Archuleta County Public Health Department and La Plata County Public Health, which increased the number of LPHAs to 57.
- **MSA Funds Received**: During FY 2023-24, LPHAs received $1,708,618 from MSA funding for Core Immunization Service contracts, which is a $508,811 increase from last year. The MSA funding supported LPHA activities to improve measles, mumps, and rubella (MMR) vaccination rates (children) and influenza vaccination rates (children and adults). In addition to MSA funding, Core Immunization Service contracts are supported by $5.8 million in additional state and federal funds.
- **Impact of the COVID-19 pandemic**: The pandemic interrupted 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, in FY 2023-24, the overall number of doses administered was 4.1 percent lower than doses administered in corresponding pre-pandemic weeks in 2019. The decreases varied by age group with declines of:
    - 0.4 percent in children from birth to age 2;
    - 8.8 percent in children 3 to 9 years old;
    - 11.1 percent in children 10 to 12 years old; and
    - 7.4 percent in adolescents 13 to 17 years old.

However, in 2023, fewer LPHAs reported that the COVID-19 pandemic impacted their ability to provide routine immunizations. 46 LPHAs operated at full capacity and generally reported that the demand for routine vaccines is beginning to increase.

State Drug Assistance Program (SDAP)

SDAP provides formulary medications on an outpatient basis, free of charge, to Colorado residents who are diagnosed with HIV and who meet the financial eligibility criteria. SDAP also provides support for paying premiums, deductibles, coinsurance, and copays for insured Colorado residents living with HIV on Medicare, private insurance, and Medicaid.

In FY 2023-24, the program served 4,035 people, which is a 38.8 decrease from last year. Program outputs included:

- 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; and
- Supporting the network of PrEP providers who will see uninsured individuals in 79 clinics across the state.

Dental Loan Repayment Program (DLRP)

DLRP provides educational loan repayment to incentivize dental clinicians to improve access to care for people 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 and/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 2023-24, 18 clinicians participated in the Dental Loan Repayment Program, which is a decrease from 33 clinicians who participated last year. Six dental clinicians practiced in rural or frontier counties and 12 dental professionals practiced in urban counties. 42,600 underserved Coloradans received care from participating clinicians, for a total of 567,877 individuals served since the program's inception.

Colorado Health Service Corps (CHSC)

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 with a health professional shortage. The Primary Care Office (PCO) in the 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.

In FY 2023-24, the CHSC provided financial assistance to 252 health care professionals who served 679,305 patients for a total of 5.3 million patients served since the program's inception.

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, and health professional faculty.

Eligible providers must practice in a designated Health Professional Shortage Area (HPSA) for at least three years and 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. They must also serve individuals who are uninsured or publicly insured, offer a sliding fee payment scale to those below 200 percent of the federal poverty level, and work for a public or non-profit organization.

In FY 2023-24, the program made awards to:

- 252 new and one-year renewal loan repayment contracts;
- Nine family medicine residency faculty contracts;
- One nurse faculty loan repayment contract; and
- One addiction counselor scholarship contract.