

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 SUPPLEMENTAL: PROGRAMS FUNDED WITH TOBACCO SETTLEMENT PAYMENTS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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Staff-Initiated, Non-prioritized Supplemental #1 - Adjustments to the Appropriations for Tobacco-settlement-supported Programs, Funds, Projects, and Agencies.

Appropriation to:	Possible adjustment	Recommended adjustment
Total	<u>644,310</u>	<u>376,158</u>
Tier 1 programs		
Children's Basic Health Plan	155,659	0
Nurse Home Visitor Program	77,830	77,830
Fitzsimons Lease Purchase	51,886	0
Read-to-achieve grant program	32,429	32,429
Tony Gramscas Youth Services Program	25,943	25,943
Ryan White HIV/AIDS Drug Assistance Program	22,700	22,700
Comprehensive Primary and Preventive Care Grant Program	19,458	19,458
HIV and AIDS Prevention Grant Program	12,971	0
State Veterans Trust Fund Expenditures	4,216	0
Dental Loan Repayment Program	0	0
Child Mental Health Treatment Act	0	0
Children with Autism	0	0
Tier 2 (S.B. 07-97) Programs		
University of Colorado Health Sciences Center	118,196	118,196
Mental Health Services for Juvenile and Adult Offenders	28,946	28,946
Comprehensive Primary and Preventive Care Grants	20,504	0
Per Capita Grants to Local Public Health Services	16,885	16,885
Children's Basic Health Plan	12,061	0
Supplemental State Contribution for Group Benefit Plans	10,855	0
Colorado Immunization Program	9,649	9,649
Alcohol and Drug Abuse Programs	7,237	7,237
Medicaid Shortfalls at the Pediatric Trauma Center	2,412	2,412
Short Term Innovative Health Grants Program	14,473	14,473

All appropriations are Cash Funds Exempt.

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of god / a technical error in the appropriation / new data / an unforeseen contingency]	YES
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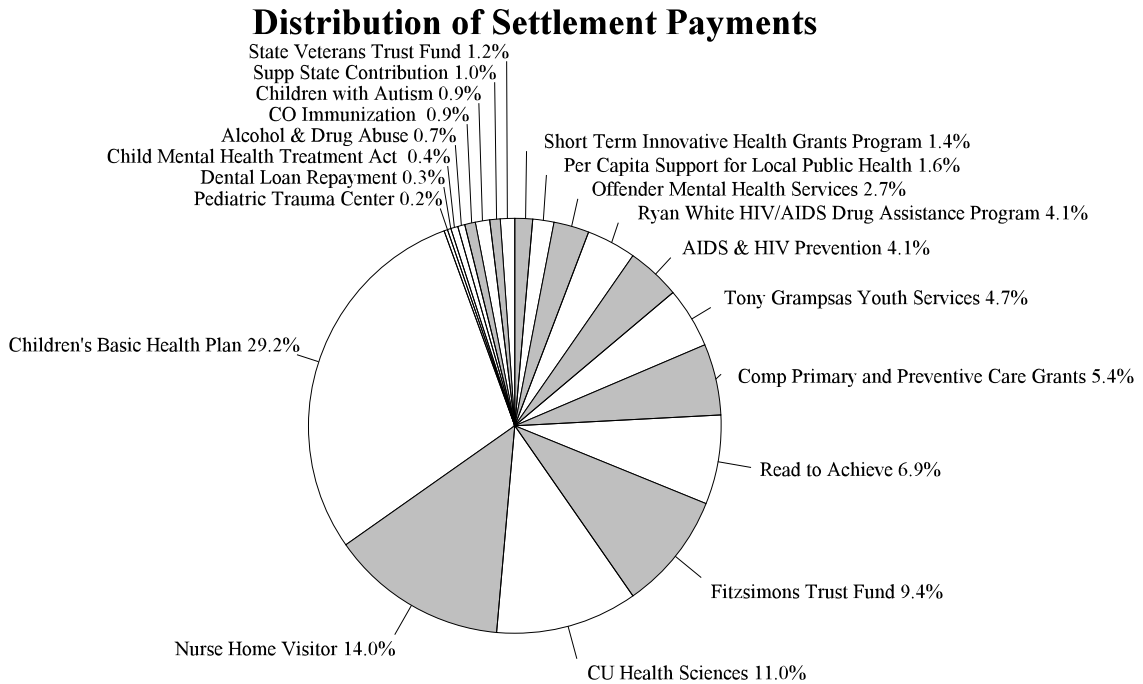
These supplementals are the result of data that was not available when the original appropriation was made and a \$2,000 technical error in the original appropriations.

Background

This supplemental is the result of the June 2007 arrival of an additional payment of \$648,577 from participating tobacco manufacturers, which brought total settlement payments for FY 2005-06 to \$83,949,168, and a \$2,000 technical error in the original appropriations. As described in detail in Appendix 1, allocations of settlement moneys to settlement-supported programs are largely governed by statute and the unexpected arrival of an extra \$648,577 meant that the allocations in the FY 2007-08 Long Bill and in S.B. 07-97, as modified by H.B. 07-1359, were no longer accurate. The column labeled "Possible adjustment" in the table above shows the resulting adjustments based on an application of the formulas contained in statute.

The following chart shows the current distribution of settlement payments among supported programs. The above recommendations will not alter this chart by an appreciable amount.

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Staff Recommendations:

This staff member consulted with other JBC staff members about appropriations to settlement-supported programs in their assigned areas, asking whether they believed the added money should be appropriated to the programs. The resulting recommendations are contained in the table above. Generally speaking, a supplemental adjustment to a program's appropriation has been recommended whenever staff believed that the program could utilize the money. If it appears likely that the added appropriation would revert, staff has not recommended an adjustment.

Staff recommends that appropriations to tobacco-settlement-supported programs be adjusted as shown in the recommendation column of the above table.

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APPENDIX 1

The Allocation of Tobacco-Settlement Moneys

This appendix is designed to provide the JBC with detailed information concerning the allocation of tobacco-settlement moneys, should the Committee need an explanation that goes beyond that provided in the main section of this document. This appendix explains the process by which Colorado allocates tobacco settlement payments among tobacco-settlement-supported program. The first part of the appendix begins with a brief and somewhat simplified overview of the appropriation process, focusing on the most important allocation factors and excluding details that can obscure understanding. The second part of the appendix takes a more in-depth look at the specifics.

Part I, Overview

Basics of the Master Settlement Agreement: The Master Settlement Agreement (MSA) was signed in November 1998 by 52 settling states and territories and the (then) four major U.S. tobacco companies. In this agreement, the participating manufacturers agreed to

1. Abide by a variety of public health restrictions on the advertising and marketing of cigarettes,
2. Create and fund the American Legacy Foundation, which conducts anti-tobacco advertising, and
3. Make specified payments to the settling states *in perpetuity*.

In return, the settling states agreed to release the participating manufacturers from health-related claims by the states related to the use, manufacture IS THIS WHAT YOU WANT? and marketing of tobacco products. There is also a separate agreement with smokeless tobacco companies.

A number of smaller tobacco companies have joined the Master Settlement Agreement since it was signed in 1998, agreeing to abide by its provisions. The tobacco companies that were original parties to the agreement and those that subsequently joined are collectively known as Participating Manufacturers. Tobacco companies that have not joined the agreement are known as Non Participating Manufacturers.

The three categories of settlement payments: Colorado began receiving master-settlement-agreement payments in 1999. These receipts are exempt from TABOR since they result from a damage award. The settlement payments that Colorado has received and will receive in the future are the sum of three components:

1. A series of initial payments, which ended in 2003.
2. A perpetual stream of "base" payments, which began in 2000 and are adjusted each year.

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3. A series of "strategic contribution" payments, which will begin in April 2008 and continue until 2017. These payments are to be allocated among the MSA states based on each state's contribution to the litigation.

The base payments have proved difficult to forecast, in part due to the fact that, several participating manufacturers have withheld a portion of their base payments in recent years due to a dispute related to Non Participating Manufacturers. It is expected that the strategic contribution payments will be easier to forecast than the base payments because they are less subject to dispute.

The settlement payments for a calendar given year are due the following April 15th, but the exact amount of each year's payment is often subject to dispute. Disputed amounts are directed into disputed payments accounts and are only sent to Colorado when the disagreement is resolved. As a consequence, Colorado typically receives two to four settlement payments in the course of a fiscal year, with the vast majority of the payments arriving in mid April.

Long Bill appropriations are based on settlement-payment forecasts. Once actual payments are known, a supplemental is often needed. Because many of the appropriations in the Long Bill to settlement-supported programs depend upon the amount of settlement revenue received in the prior year, and because the April payment is not known at the time the Long Bill is written and approved, each year's Long Bill must be based upon a forecast of settlement payments, a forecast that almost always proves incorrect. Supplementals are then required the following January to correct resulting inaccuracies.

Statutory formulas control appropriations and leave little room for discretion. Appropriations for tobacco-settlement-supported programs are controlled by formulas that are scattered through statute. The core rules are contained in Sections 24-22-115 through 24-22-116, C.R.S. and in Sections 24-75-1101 through 24-75-1105, C.R.S. with Section 25-75-1104.5, C.R.S. containing the most important formulas. These formulas leave the JBC and the General Assembly with relatively little discretion regarding the amounts appropriated.

Tier 1 and Tier 2 programs. Section 24-75-1104.5, C.R.S., divides settlement-supported programs into two categories which are often referred to as "Tier 1" and "Tier 2" programs. The amount allocated to most Tier 1 programs depends upon what may be called the "Tier 1 Amount", which equals the base payment received in the prior fiscal year plus a portion of the strategic contribution payments received in the current fiscal year. For FY 2007-08, \$6,250,000 of the current year strategic contribution payment is included in the Tier 1 amount. For FY 2008-09 and subsequent years, \$15,400,000 of the current year strategic contribution payment is included in the Tier 1 amount.

The following table lists the Tier-1 settlement programs and provides a slightly simplified summary of their statutory funding rules:

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Table A1

Tier 1 Program	Funding Rule
Read-to-achieve Grant Program	5% of the Tier 1 Amount, up to a maximum of \$8 million
Comprehensive Primary and Preventive Care Grant Program	3% of the Tier 1 Amount, up to a maximum of \$5 million.
Children's Basic Health Plan	24% of the Tier 1 Amount, up to a maximum of \$30 million.
State share of funding required for Children with Autism Act	Up to \$1 million.
Fitzsimons Lease Purchase	8% of the Tier 1 Amount, up to a maximum of \$8 million
State Veterans Trust Fund	1% of the Tier 1 Amount, up to a maximum of \$1 million is allocated to the Trust Fund. A portion of this allocation is then expended by the Department of Military and Veterans Affairs.
Child Mental Health Treatment Act Program	\$300,000 annually.
Dental Loan Repayment Program	\$200,000 annually
HIV and AIDS Prevention Grant Program	2% of the Tier 1 Amount, up to a maximum of \$2 million.
Ryan White HIV/AIDS Drug Assistance Program	3.5% of the Tier 1 Amount, up to a maximum of \$5 million
Tony Gramscas Youth Services Program	4% of the Tier 1 Amount, up to a maximum of \$5 million
Nurse Home Visitor Program	12% of the Tier 1 Amount, in FY 2007-08 up to a maximum of \$19 million. The percentage rises to 13% in FY 2008-09, 14% in FY 2009-10, etc., topping out at 19% in FY 2014-15.

Note that these allocations to Tier 1 programs do not absorb 100% of the Tier 1 Amount. In FY 2007-08, for example, Tier 1 programs will absorb about 63 percent of the Tier 1 Amount. (Also note that this table ignores small appropriations to the State Auditor's Office and to the Department of Public Health and Environment's Administration division, appropriations that will be discussed below.)

The remainder of the Tier 1 Amount (i.e. that which is not absorbed by Tier 1 programs) is then combined with the portion of the current year Strategic Contribution payments that were not included in the Tier 1 Amount and this resulting "Tier 2 Amount" is distributed among Tier 2 programs in the following percentages:

Table A2

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Tier 2 Program	Percentage
University of Colorado Health Sciences Center	49.0%
Mental Health Services for Juvenile and Adult Offenders	12.0%
Indigent Health Care Provided by Rural and Public Hospitals	8.5%
Local Public Health Services	7.0%
Increase Children's Basic Health Plan Eligibility from 200% to 205% of the Federal Poverty Level	5.0%
Supplemental State Contribution for Group Benefit Plans	4.5%
Colorado Immunization Program	4.0%
Expansion of Alcohol and Drug Abuse programs	3.0%
Short-term Grants for Innovative Health Programs	6.0%
Medicaid Shortfalls at Children's Hospital	1.0%
Total	100.0%

As Table A2 indicates, the Tier 2 programs will absorb 100 percent of any remaining payments. Note that there are no ceilings or floors on these appropriations.

Part II, The Allocation and Appropriation Process in Depth

Before examining the allocation of settlement moneys in detail, it is useful to examine several characteristics of settlement programs.

Existence of a cash fund that supports the program and can possibly be used to carry unexpended moneys forward. Most, but not all, Tier 1 and Tier 2 settlement programs have their own cash funds (or their own accounts within other cash funds). When tobacco settlement moneys arrive, they are automatically deposited in the Tobacco Litigation Settlement Cash Fund – a large cash fund that initially receives all settlement payments. If a program has its own cash fund or account, then the program's share of the settlement payment is automatically transferred by the Treasury from the Tobacco Litigation Settlement Cash Fund to the program's cash fund or account, with the amount transferred depending upon the program's statutory funding formula. In all but one instance, a Long Bill appropriation then provides the money in the cash fund or account to the supported program, thus giving the General Assembly final control over expenditures.

The Read-to-achieve Grant Program provides an example. Pursuant to statute, 5 percent of the "Tier 1 Amount", which is defined above, is automatically transferred by the Treasury from the Tobacco Litigation Settlement Cash Fund to the Read-to-achieve Cash Fund. A Long Bill appropriation then

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allocates the moneys in the Read-to-achieve Cash Fund to the Read-to-achieve Grant Program. Without this appropriation, the Read-to-achieve Grant Program could not spend the moneys in its cash fund.

Among the more important characteristics of these cash funds are (1) the extent to which a given fund or account can carry an unexpended fund balance forward so it can be spent in the next fiscal year, and (2) whether the fund can keep the income that it earns. At one extreme are most of the cash funds and accounts that support Tier 2 programs; with two exceptions (the Supplemental State Contribution Fund and the Short Term Innovative Health Program Grant Fund), these cash funds and accounts cannot carry balances forward and cannot keep their income. At the end of each fiscal year, the unexpended balance in each of these cash funds and accounts, as well as the interest earned by each fund over the course of the fiscal year, is swept into the Short Term Innovative Health Program Grant Fund. At the other extreme are several of the cash funds that support Tier 1 programs, such as the Read-to-achieve Cash Fund, which keeps its income and carries its entire unexpended balance forward from one year to the next. In the middle are the Nurse Home Visitor Cash Fund and the Comprehensive Primary and Preventive Care Fund, which both have a limited ability to carry unexpended fund balance forward to the next year.

If a fund or account can carry some or all of its unexpended balance forward, the General Assembly is given a little flexibility regarding appropriations to the program. For example, if a program's cash fund has a carry forward balance of \$10,000 at the start of the fiscal year and, pursuant to statute, it receives a \$1 million transfer during the year, then the General Assembly could appropriate up to \$1,010,000 to the program for that year – the total amount available in the program's cash fund. Alternately, the General Assembly could deliberately build up a balance in a program's cash fund by appropriating less than the full amount transferred into the fund in a given year. Such a balance could provide a modest buffer against a decline in tobacco settlement payments. Such balances also provide a buffer against supplementals. As noted above, supplementals are the result of forecasting inaccuracies at the time the Long Bill is written and approved. If more tobacco revenue arrives than was anticipated in the Long Bill, then appropriations to settlement-supported programs must be adjusted upward to distribute the unexpected revenue. If less revenue arrives than was anticipated, appropriations to settlement-supported programs must be reduced. This supplemental-avoidance possibility will be explored more thoroughly below.

"Direct Appropriation" programs are settlement programs that do not have their own individual cash funds. These programs receive an appropriation directly from the Tobacco Litigation Settlement Cash Fund, the initial fund into which settlement payments are deposited, without an intermediate stop in a cash fund that supports the program. These appropriations appear in the Long Bill; their size is determined by statutory formulas, meaning there is no flexibility regarding the amount of money that the programs receive; the General Assembly must appropriate the amount dictated by statute.

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An example is the Tony Grampsas Youth Services Program, which receives 4 percent of settlement payments.

A second distinguishing characteristic of tobacco-settlement programs is their funding formulas, which fall into several categories:

1. **Formulas delivering a percentage of settlement payments to a program.** The most common funding formula delivers a percentage of the "Tier 1 amount" or the "Tier 2 amount" to a program or to a program's cash fund, generally with a ceiling on the amount appropriated or transferred. (Recall that the Tier 1 amount equals the prior year base settlement payment plus a portion of the current year strategic contribution payment while the Tier 2 amount equals the portion of the Tier 1 amount that is not absorbed by Tier 1 programs plus the remainder of the current year strategic contribution payment). Example: a formula in Section 25-4-1415, C.R.S., provides the AIDS and HIV Prevention Fund with 2% of the Tier 1 amount up to a maximum of \$2 million. Section 25-20.5-201, C.R.S., sets the appropriation to the Tony Grampsas Youth Services Program (which lacks its own cash fund) equal to 4% of the Tier 1 amount, up to a maximum of \$5 million. A variation is the appropriation to the State Auditor (which has, for simplicity, been ignored to this point). The State Auditor's appropriation equals 0.1 percent of the total settlement payments received during the prior *calendar* year.

Percentage-of-settlement-payment formulas are the key source of tobacco settlement supplementals. The state usually receives two to four settlement payments during a fiscal year with the bulk of the money arriving in mid April. Since it is impossible to delay the Long Bill until the final payment for the fiscal-year is known with certainty, the appropriations in the Long Bill must be based upon a forecast, a forecast that almost always proves incorrect. Note however that forecasting plays no role in determining the State Auditor's appropriation. Since total prior calendar year payments are known at figure setting, the State Auditor's appropriation never needs a supplemental adjustment. (Prior to passage of H.B. 06-1310, the State Auditor's appropriation depended on prior fiscal year settlement payments, which are not known when the Long Bill is enacted. Since the appropriation to most Tier 1 programs depends in tiny part on the appropriation to the State Auditor, this drove many small supplementals.)

Programs that receive *direct* appropriations of a percentage of the Tier 1 amount will almost always require supplementals. Suppose, for example, that the settlement-payment forecast that served as the basis for the Long Bill proves to be \$100,000 too low. The Tony Grampsas Youth Services Program receives 4% of prior fiscal year settlement payments, so a \$4,000 (4% * \$100,000) supplemental appropriation increase for the Tony Grampsas Youth Services Program will be required.

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Programs with their own cash funds can use those cash funds as a buffer and thus might not require supplemental appropriation adjustments. Suppose, for example, that the settlement-payment forecast that served as the basis for the Long Bill proves to be \$100,000 too low. Then the automatic 5 percent transfer to the Read-to-achieve Cash Fund will be \$5,000 (5% * \$100,000) higher than was anticipated. The General Assembly *could* adjust the appropriation to the Read-to-achieve Grant Program by a corresponding amount, but it doesn't have to. It could let the \$5,000 accumulate in the Read-to-achieve Cash Fund and later use the fund's balance to cushion negative supplementals when settlement payments prove to be lower than forecast at the time of the Long Bill. Such smoothing could make it easier to run the program. If settlement payments take a large unexpected plunge, it will be more difficult to use fund balance to avoid a supplemental.

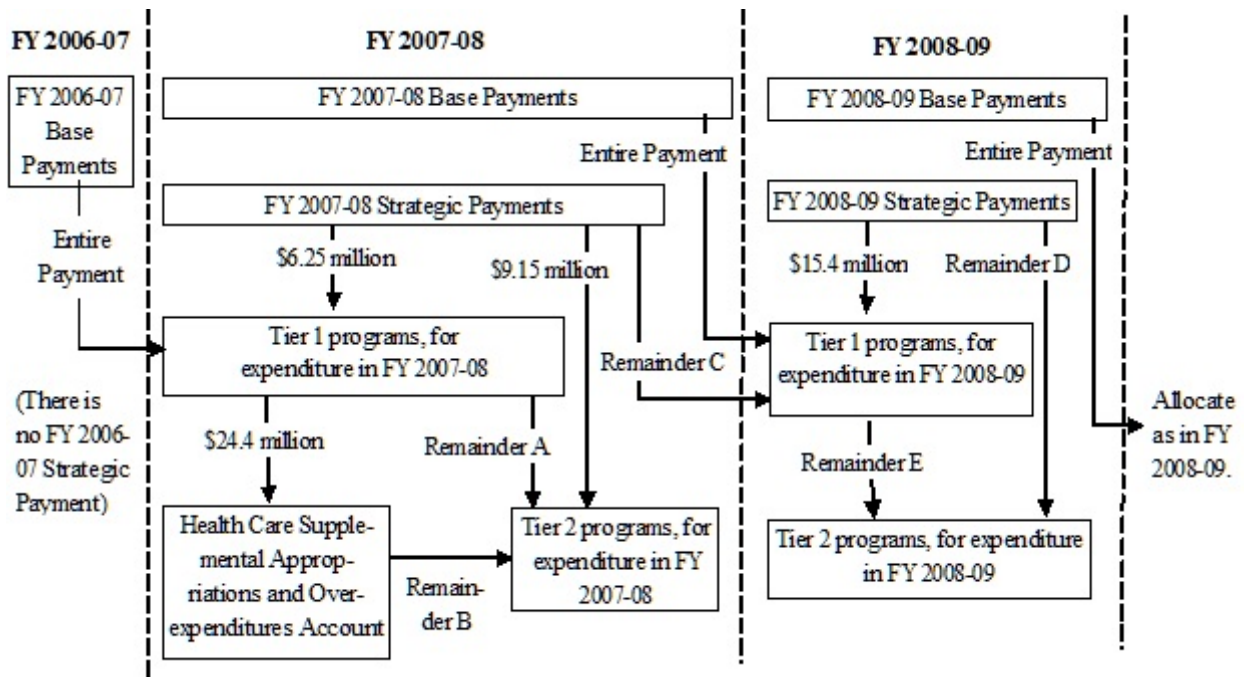
2. **Formulas delivering a fixed dollar amount to a program.** Two programs, Dental Loan Repayment and Child Mental Health, receive a fixed dollar amount from the prior year tobacco settlement payment. These appropriations never need supplemental adjustment.
3. **Flexible Formulas.** The funding formulas for two programs are flexible. Under the provisions of Sections 24-22-115 (1) and 26-4-695, C.R.S., the Children with Autism Act Program receives an annual transfer of up to \$1 million with the amount transferred fully under the control of the General Assembly. The transfer occurs at the end of the year in which the settlement payment is received, but the expenditure happens the following year. Section 25-1-108.5 (5), C.R.S. provides for an appropriation to the Department of Public Health and Environment for its oversight activities with the appropriation capped at 0.4 percent of the prior year settlement payment. The appropriation to the Department of Public Health and Environment is a transfer appropriation out of the appropriations to other settlement-supported programs.

Additional Detail on the "Tier 1 Amount" and the "Tier 2 Amount"

As explained above, appropriations to most settlement programs depend upon the "Tier 1 Amount" and the "Tier 2 Amount". The computation of these amounts is somewhat more difficult than the presentation above indicated.

House Bill 07-1359 allows a portion of the State's settlement moneys to be spent by Tier 1 and Tier 2 programs in the year in which they are received, rather than waiting until the following year to expend them. The following diagram illustrates the resulting flow of tobacco settlement dollars.

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Under the terms of H.B. 07-1359, the base payments that the State receives during FY 2006-07 are directed to Tier 1 programs for expenditure in FY 2007-08. An added \$6.25 million of FY 2007-08 Strategic Contribution payments are also directed to Tier 1 programs. Together these two flows make up the "Tier 1 Amount." The Tier 1 programs will absorb about two thirds of these payments. The first \$24.4 million of moneys not utilized by Tier 1 in FY 2007-08 flow to the Health Care Supplemental Appropriations and Overexpenditures Account and the remaining moneys (Remainder A in the diagram) flow to Tier 2 for expenditure in FY 2007-08 according to the rules of Section 24-75-1104.5 (1.5), C.R.S. The \$24.4 million directed into the Health Care Supplemental Appropriations and Overexpenditures Account can be used, prior to April 16, 2008, to pay for FY 2006-07 and FY 2007-08 overexpenditures and supplementals of the Children's Basic Health Plan and the Colorado Benefits Management System. Moneys remaining in the Health Care Supplemental Appropriations and Overexpenditures Account on April 16, 2008 (Remainder B in the diagram) will be directed to Tier 2 programs for expenditure in FY 2007-08 according to the rules of Section 24-75-1104.5 (1.5), C.R.S. The "Tier 2 Amount" thus equals the sum of Remainder A, Remainder B and the \$9.15 million that flows directly to Tier 2 programs from the State's Strategic Payments.

The story is somewhat different in FY 2008-09 when the base payments that the State receives during FY 2007-08 are directed to Tier 1 programs and an added \$15.4 million of FY 2008-09 Strategic Contribution payments are also directed to these programs, plus any remainder of the FY 2007-08 Strategic Contribution payments that was not directed to programs in the prior year.

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Together, these three flows make up the Tier 1 Amount. The Tier 2 Amount then equals the sum of Remainders D and E in the above diagram.

Detailed Appropriation Rules for Tier 1 Programs

The rules governing Tier 1 settlement programs were enacted between the 2000 and 2007. Because these laws span a number of years, the resulting funding rules are much more diverse than the rules governing Tier 2 programs, which were created during the 2007 session. The amount allocated to most Tier 1 programs depends upon the Tier 1 Amount. The following table presents the funding rules for each Tier 1 program:

Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
1. State Auditor for auditing tobacco-settlement programs. Location of appropriation: Legislative Appropriation Act. Cite: Sec. 2-3-113 (7), C.R.S.	The General Assembly is required to appropriate 0.1% of the prior <i>calendar</i> year tobacco settlement payment to the State Auditor. There is no flexibility regarding the amount appropriated. The appropriation comes from a proportionate reduction in the transfers and appropriations to most Tier 1 programs.	<i>From</i> Tobacco Litigation Settlement Cash Fund <i>To</i> State Auditor
2. CDPHE for tobacco-settlement oversight duties. Location in Long Bill: CDPHE, Administration and Support Division. Cite: Sec. 25-1-108.5 (5), C.R.S.	Statute requires each Tier 1 tobacco settlement program to pay a proportionate share of the oversight costs incurred by CDPHE, up to a maximum of 0.4% of the prior year settlement payment. The appropriation takes the form of a T-notated transfer appropriation in the Administration and Support Division. The current appropriation equals 0.03% of the prior year settlement payment.	<i>From</i> Appropriations to all settlement-supported programs <i>To</i> CDPHE Administration and Support Division

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>3. Nurse Home Visitor Program.</p> <p>Location in Long Bill: (1) CDPHE, Prevention Services Division, (2) HCPF, Other Medical Services.</p> <p>Cite: Sec. 25-31-107 (2) (b), C.R.S.</p>	<p>Step 1: The Treasurer transfers 12% of the Tier 1 amount up to a maximum of \$19 million from the Tobacco Litigation Settlement Cash Fund to the Nurse Home Visitor Program Fund, less a proportionate share of the State Auditor's tobacco-settlement appropriation. The transfer percentage rises to 13% in FY 2008-09, 14% in 2009-10, etc., topping out at 19% in FY 2014-15.</p> <p>Step 2: The General Assembly appropriates moneys in the Nurse Home Visitor Program Fund to the Nurse Home Visitor Program. The appropriation need not equal the transfer, however, if the appropriation is less than the transfer, most of the moneys not appropriated would revert to the Tobacco Litigation Settlement Cash Fund.</p> <p>About 20% of the Nurse Home Visitor Program appropriation is re-appropriated to HCPF via a T-notated transfer appropriation so HCPF can obtain a Medicaid match.</p>	<p><i>From</i> Nurse Home Visitor Program Fund</p> <p><i>To</i> Nurse Home Visitor Program</p>
<p>4. Comprehensive Primary and Preventive Care Grant Program.</p> <p>Location in Long Bill: HCPF, Indigent Care Program.</p> <p>Cite: Sec. 25.5-3-207 (3) (a), C.R.S.</p>	<p>Step 1: The Treasurer transfers 3% of the Tier 1 amount, up to a maximum of \$5 million from the Tobacco Litigation Settlement Cash Fund to the Comprehensive Primary and Preventive Care Fund, less a proportionate share of the State Auditor's tobacco-settlement appropriation.</p> <p>Step 2: The General Assembly appropriates the moneys in the Comprehensive Primary and Preventive Care Fund to the Comprehensive Primary and Preventive Care Grants Program. The appropriation need not equal the transfer. However, if the appropriation is less than the transfer, most of the moneys not appropriated would revert to the Tobacco Litigation Settlement Cash Fund.</p>	<p><i>From</i> Comprehensive Primary and Preventive Care Fund</p> <p><i>To</i> Comprehensive Primary and Preventive Care Grants</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>5. Children's Basic Health Plan.</p> <p>Location in Long Bill: HCPF, Indigent Care Program.</p> <p>Cite: Secs. 25.5-8-105 and 24-22-115.5 (2) (a.7) (I), C.R.S.</p>	<p>Step 1: The Treasurer transfers 24% of the Tier 1 amount up to a maximum of \$30 million from the Tobacco Litigation Settlement Cash Fund to the Children's Basic Health Plan Trust, less a proportionate share of the State Auditor's tobacco-settlement appropriation. If this 24% transfer is less than \$17.5 million, the shortfall is taken from the allocation to tier 2 programs.</p> <p>Step 2: The General Assembly appropriates the moneys in the Children's Basic Health Plan Trust to the Children's Basic Health Plan. There are several appropriations and the sum of these appropriations need not equal the transfer. If an amount less than the transfer is appropriated, the excess stays in the Children's Basic Health Plan Trust.</p>	<p><i>From</i> Children's Basic Health Plan Trust</p> <p><i>To</i> Children's Basic Health Plan</p>
<p>6. Colorado HIV and AIDS Prevention Grant Program</p> <p>Location in Long Bill: CDPHE, Disease Control and Environmental Epidemiology Division.</p> <p>Cite: Sec. 25-4-1415, C.R.S.</p>	<p>Step 1: The Treasurer transfers 2% of the Tier 1 amount up to a maximum of \$2 million from the Tobacco Litigation Settlement Cash Fund to the AIDS and HIV Prevention Fund, less a proportionate share of the State Auditor's tobacco-settlement appropriation.</p> <p>Step 2: The General Assembly appropriates the moneys in the AIDS and HIV Prevention Fund to the HIV and AIDS Prevention Grant Program. The appropriation need not equal the transfer. If an amount less than the transfer is appropriated, the excess stays in the AIDS and HIV Prevention Fund.</p>	<p><i>From</i> AIDS and HIV Prevention Fund</p> <p><i>To</i> HIV and AIDS Prevention Grant Program</p>
<p>7. Dental Loan Repayment Program.</p> <p>Location in Long Bill: CDPHE, Prevention Services Division.</p> <p>Cite: Sec. 25-23-104 (2), C.R.S.</p>	<p>Step 1: The Treasurer transfers \$200,000 from the Tobacco Litigation Settlement Cash Fund to the State Dental Loan Repayment Fund.</p> <p>Step 2: The General Assembly appropriates moneys in the State Dental Loan Repayment Fund to CDPHE on the Dental Programs line of the Long Bill. The appropriation need not equal the transfer. If an amount less than the transfer is appropriated, the excess stays in the State Dental Loan Repayment Fund.</p>	<p><i>From</i> State Dental Loan Repayment Fund</p> <p><i>To</i> Dental Programs</p>

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<p>8. Fitzsimons Lease Purchase.</p> <p>Location in Long Bill: Capital Construction, Department of Higher Education.</p> <p>Cite: Sec. 23-20-136 (3.5), C.R.S.</p>	<p>Step 1: The Treasurer transfers the lesser of (1) 8% of the Tier 1 amount, up to a maximum of \$8 million or (2) the amount due under the facilities' lease-payment agreement, from the Tobacco Litigation Settlement Cash Fund to the Capital Construction Fund and the State Controller then re-transfers this sum to the Fitzsimons Trust Fund. In FY 2005-06, rule (2) applied. In FY 2006-07 and subsequently, rule (1) applies.</p> <p>Step 2: The General Assembly appropriates the amount transferred in Step 1, plus other Capital Construction Fund moneys transferred from the General Fund, to the "Lease Purchase of Academic Facilities at Fitzsimons" line in the Capital Construction portion of the Long Bill. The appropriation need not equal the transfer. If an amount less than the transfer is appropriated, the excess stays in the Fitzsimons Trust Fund.</p> <p>The Fitzsimons Lease Purchase is not a program, so it does not pay a share of the State Auditor's tobacco settlement appropriation.</p>	<p><i>From</i> Tobacco Litigation Settlement Cash Fund</p> <p><i>To</i> Capital Construction Fund</p>
<p>9. State Veterans Trust Fund.</p> <p>Location in Long Bill: Department of Military and Veterans Affairs, Division of Veterans Affairs.</p> <p>Cite: Sec. 28-5-709 (2), C.R.S.</p>	<p>Step 1: The Treasurer transfers 1% of the Tier 1 amount, up to a maximum of \$1 million from the Tobacco Litigation Settlement Cash Fund to the Colorado State Veterans Trust Fund, less a proportionate share of the State Auditor's tobacco-settlement appropriation.</p> <p>Step 2: The General Assembly appropriates the moneys in the Colorado State Veterans Trust Fund to various programs. These appropriations must not exceed interest earned by the Trust Fund plus a specified percentage of the transfer. The percentage declines from 65% in FY 2007-08 to 35% in FY 2010-11. Moneys not appropriated remain in the Trust fund.</p>	<p><i>From</i> Colorado State Veterans Trust Fund</p> <p><i>To</i> Colorado State Veterans Trust Fund Expenditures</p>

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<p>10. Read-to-achieve Grant Program.</p> <p>Location in Long Bill: Department of Education, Assistance to Public Schools.</p> <p>Cite: Sec. 22-7-506 (4) (b), C.R.S.</p>	<p>Step 1: The Treasurer transfers 5% of the Tier 1 amount, up to a maximum of \$8 million from the Tobacco Litigation Settlement Cash Fund to the Read-to-achieve Cash Fund, less a proportionate share of the State Auditor's tobacco-settlement appropriation.</p> <p>Step 2: The General Assembly appropriates moneys in the Read-to-achieve Cash Fund to the Read-to-achieve Grant Program. The appropriation need not equal the transfer. If less than the amount transferred is appropriated, the excess stays in the Read-to-achieve Cash Fund.</p>	<p><i>From</i> Read-to-achieve Cash Fund</p> <p><i>To</i> Read-to-achieve Grant Program</p>
<p>11. Tony Grampsas Youth Services Program.</p> <p>Location in Long Bill: CDPHE, Prevention Services Division.</p> <p>Cite: Sec. 25-20.5-201 (2) (c), C.R.S.</p>	<p>The General Assembly is required to appropriate 4% of the Tier 1 amount, up to a maximum of \$5 million, from the Tobacco Litigation Settlement Cash Fund to the Tony Grampsas Youth Services Program, less a proportionate share of the State Auditor's tobacco-settlement appropriation. There is no flexibility regarding the amount appropriated.</p>	<p><i>From</i> Tobacco Litigation Settlement Cash Fund</p> <p><i>To</i> Tony Grampsas Youth Services Program, Prevention Services Programs.</p>
<p>12. Ryan White HIV/AIDS Drug Assistance Program.</p> <p>Location in Long Bill: CDPHE, Prevention Services Division.</p> <p>Cite: Sec. 25-4-1411 (6) (a), C.R.S.</p>	<p>The General Assembly is required to appropriate 3.5% of the Tier 1 amount, up to a maximum of \$5 million, from the Tobacco Litigation Settlement Cash Fund to the Ryan White HIV/AIDS Drug Assistance Program, less a proportionate share of the State Auditor's tobacco-settlement appropriation. There is no flexibility regarding the amount appropriated.</p>	<p><i>From</i> Tobacco Litigation Settlement Cash Fund</p> <p><i>To</i> Ryan White HIV/AIDS Drug Assistance Program, Operating Expenses.</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>13. Child Mental Health Treatment Act Program.</p> <p>Location in Long Bill: (1) HCPF, Department of Human Services Medicaid-funded Programs, Mental Health and Alcohol and Drug Abuse Services–Medicaid Funding (2) DHS, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Residential Treatment for Youth (H.B. 99-1116)</p> <p>Cite: Sec. 27-10.3-106 (b), C.R.S.</p>	<p>The General Assembly is required to appropriate \$300,000 from the Tobacco Litigation Settlement Cash Fund to the Child Mental Health Treatment Act Program. There is no flexibility regarding the amount appropriated.</p> <p>The portion of the \$300,000 that serves medicaid children is appropriated to HCPF, where it receives a federal Medicaid match and is then transferred to DHS by means of a T-notated transfer appropriation. The portion of the \$300,000 that serves non-medicaid children is appropriated directly to DHS.</p>	<p><i>From Tobacco Litigation Settlement Cash Fund</i></p> <p><i>To "Residential Treatment for Youth" lines in HCPF and in Human Services</i></p>
<p>16. State share of funding required for Children with Autism Act.</p> <p>Location in Long Bill: HCPF, Medical Services Premiums</p> <p>Cite: Secs. 24-22-115 (1) and 26-4-695, C.R.S.</p>	<p>Step 1: The Treasurer transfers from the Tobacco Litigation Settlement Cash Fund to the Colorado Autism Treatment Fund enough to pay the state's share of the annual funding required by the "Children with Autism Act", up to a maximum of \$1 million. A letternote in HCPF's portion of the Long Bill specifies the amount transferred. The transfer happens at the end of the year in which the settlement payment arrives, which is unusual.</p> <p>Step 2: The General Assembly appropriates moneys in the Colorado Autism Treatment Fund to the Children with Autism Act Program. The appropriation need not equal the transfer. If less than the amount transferred is appropriated, the excess stays in the Autism Treatment Fund.</p>	<p><i>From Tobacco Litigation Settlement Cash Fund</i></p> <p><i>To Colorado Autism Treatment Fund</i></p>

Detailed Appropriation Rules for Tier 2 Programs

The Tier 2 programs, which were all established during the 2007 session, are more homogeneous than the Tier 1 programs. None of the Tier 2 programs contribute to the State Auditor's tobacco-settlement appropriation. Each of these programs has its own cash fund or account and all

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of these funds and accounts receive automatic transfers of tobacco settlement money pursuant to a formula that is contained in Sec. 24-75-1104.5 (1.5) (a). In all cases except the Supplemental State Contribution Fund, which is continuously appropriated, the General Assembly must appropriate the moneys in the fund or account to the program before it can be spent. Only two of the funds, the Short-term Innovative Health Program Grant Fund and the Supplemental State Contribution Fund keep their earnings and can carry a fund balance from one year to the next. In the case of all other funds and accounts, any fund balance that is not appropriated or expended, as well as any interest earned by the fund or account is transferred at year's end to the Short-term Innovative Health Program Grant Fund.

Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>1. University of Colorado Health Sciences Center.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Higher Education.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (I), C.R.S.</p>	<p>Step 1: The Treasurer transfers 49% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Tobacco Litigation Settlement Moneys Health Education Fund.</p> <p>Step 2: The General Assembly appropriates moneys in the Tobacco Litigation Settlement Moneys Health Education Fund to the Health Sciences Center. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the Health Sciences Center.</p>	<p><i>From</i> Tobacco Litigation Settlement Moneys Health Education Fund</p> <p><i>To</i> the Health Sciences Center</p>
<p>2. Mental Health Services for Juvenile and Adult Offenders.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (II) and 27-1-204 (5.5), C.R.S.</p>	<p>Step 1: The Treasurer transfers 12% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Offender Mental Health Services Fund.</p> <p>Step 2: The General Assembly appropriates moneys in the Offender Mental Health Services Fund to Mental Health Services for Juvenile and Adult Offenders. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Offender Mental Health Services Fund</p> <p><i>To</i> Mental Health Services for Juvenile and Adult Offenders</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>3. Comprehensive Primary and Preventive Care Grants to support Indigent Health Care Provided by Rural and Public Hospitals.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Health Care Policy and Financing, Indigent Care Program.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (III) and 25.5-3-207 (4) (a), C.R.S.</p>	<p>Step 1: The Treasurer transfers 8.5% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Supplemental Tobacco Litigation Settlement Moneys Account Within the Comprehensive Primary and Preventive Care Fund.</p> <p>Step 2: The General Assembly appropriates moneys in the Supplemental Tobacco Litigation Settlement Moneys Account to Comprehensive Primary and Preventive Care Grants. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Supplemental Tobacco Litigation Settlement Moneys Account</p> <p><i>To</i> Comprehensive Primary and Preventive Care Grants</p>
<p>4. Per Capita grants to local public health services.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Public Health and Environment, Local Health Services.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (IV) and 25-1-516 (2), C.R.S.</p>	<p>Step 1: The Treasurer transfers 7% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Public Health Services per Capita Support Fund.</p> <p>Step 2: The General Assembly appropriates moneys in the Public Health Services per Capita Support Fund to Local, District and Regional Health Department Distributions Pursuant to Section 25-1-516, C.R.S. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Public Health Services per Capita Support Fund</p> <p><i>To</i> Local, District and Regional Health Department Distributions Pursuant to Section 25-1-516, C.R.S.</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>5. Increase Children's Basic Health Plan Eligibility from 200% to 205% of the Federal Poverty Level.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Health Care Policy and Financing Executive Director's Office, Indigent Care Program and Department of Human Services Medicaid-funded Programs; also the Department of Human Services, Office of Information Technology Services.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (V) and 25.5-8-105 (1), C.R.S.</p>	<p>Step 1: The Treasurer transfers 5% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Supplemental Tobacco Litigation Settlement Moneys Account of the Children's Basic Health Plan Trust.</p> <p>Step 2: The General Assembly appropriates moneys in this account to various lines within the budgets of HCPF and DHS. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Supplemental Tobacco Litigation Settlement Moneys Account of the Children's Basic Health Plan Trust</p> <p><i>To</i> various lines within HCPF and DHS</p>
<p>6. Supplemental State Contribution for Group Benefit Plans.</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Because the appropriation is continuous, a Long Bill appropriation is not required.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (VI) and 24-50-609, C.R.S.</p>	<p>Step 1: The Treasurer transfers 4.5% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Supplemental State Contribution Fund.</p> <p>Step 2: Moneys in the the Supplemental State Contribution Fund are continuously appropriated by Section 24-50-609 (5), C.R.S. to the Department of Personnel and Administration. Amounts not appropriated or expended, as well as interest earned, remains in the fund and is available to the program in subsequent years.</p>	<p>No Long Bill appropriation is required since the appropriation is continuous.</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>7. Colorado Immunization Program</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Special Purpose Disease Control Programs, Immunization</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (VII) and 25-4-2301, C.R.S.</p>	<p>Step 1: The Treasurer transfers 4% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Supplemental Tobacco Litigation Settlement Moneys Account of the Colorado Immunization Fund.</p> <p>Step 2: The General Assembly appropriates moneys in this account to Immunization, Operating Expenses. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Supplemental Tobacco Litigation Settlement Moneys Account of the Colorado Immunization Fund.</p> <p><i>To</i> Immunization, Operating Expenses.</p>
<p>8. Alcohol and Drug Abuse programs</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Human Services, Division of Alcohol and Drug Abuse</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (VIII) and 25-36-101, C.R.S.</p>	<p>Step 1: The Treasurer transfers 3% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Alcohol and Drug Abuse Community Prevention and Treatment Fund.</p> <p>Step 2: The General Assembly appropriates moneys in this treatment fund to purchase community prevention and treatment services. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Alcohol and Drug Abuse Community Prevention and Treatment Fund.</p> <p><i>To</i> Community Prevention and Treatment Services.</p>
<p>9. Medicaid Shortfalls at Children's Hospital</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Health Care Policy and Financing.</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (X), and 25-3.5-703, C.R.S.</p>	<p>Step 1: The Treasurer transfers 1% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Supplemental Tobacco Litigation Settlement Moneys Account of the Pediatric Specialty Hospital Fund.</p> <p>Step 2: The General Assembly appropriates moneys in this account to offset the medicaid shortfall experienced by the regional pediatric trauma center. Amounts not appropriated or expended, as well as interest earned, is transferred at year's end to the Short-term Innovative Health Program Grant Fund and is lost to the program.</p>	<p><i>From</i> Supplemental Tobacco Litigation Settlement Moneys Account of the Pediatric Specialty Hospital Fund.</p> <p><i>To</i> the Medicaid Shortfall Experienced by the Regional Pediatric Trauma Center.</p>

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Program, Fund, Project, or Agency	Funding Rules	Appropriation that appears in Long Bill or elsewhere (CFE)
<p>10. Short-term Grants for Innovative Health Programs</p> <p>Location of appropriation: For FY 2007-08: S.B. 07-97. Location in the Long Bill after FY 2007-08: Department of Public Health and Environment, Prevention Services Division, Prevention Programs, Programs and Administration</p> <p>Cite: Sec. 24-75-1104.5 (1.5) (a) (IX), and 25-36-101, C.R.S.</p>	<p>Step 1: The Treasurer transfers 6% of the Tier 2 amount from the Tobacco Litigation Settlement Cash Fund to the Short-term Innovative Health Program Grant Fund. In addition all moneys that are not absorbed by other Tier 1 or Tier 2 programs are transferred into this fund at the end of each fiscal year, unless that Tier 1 or Tier 2 program is allowed to keep its fund balance and/or its income.</p> <p>Step 2: The General Assembly appropriates moneys in this account to Short-term Innovative Health Program Grants.</p>	<p><i>From</i> Short-term Innovative Health Program Grant Fund.</p> <p><i>To</i> Short-term Innovative Health Program Grants.</p>

Breast and Cervical Cancer Prevention and Treatment: Tobacco settlement payments indirectly support Breast and Cervical Cancer Prevention and Treatment. Section 24-22-115 (1), C.R.S., requires the interest earned by the tobacco litigation settlement cash fund to be automatically transferred to the Breast and Cervical Cancer Prevention and Treatment Fund created in Section 26-4-532 (7), C.R.S. There is no corresponding appropriation. Appropriations *from* the Breast and Cervical Cancer Prevention and Treatment Fund to support the related program are contained in the Department of Health Care Policy and Financing's budget. Since this is not a tobacco-settlement program, it is not audited by the auditor.

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**APPENDIX 2
 The Current Allocation of Tobacco Settlement Moneys**

Three bills allocated the bulk of settlement moneys during the 2007 session, the FY 2007-08 Long Bill, S.B. 07-97 and H.B. 07-1359. Together these bills resulted in the following FY 2007-08 appropriations of tobacco-settlement moneys to Tier 1 programs:

Department	FY 2007-08 Appropriation
Department of Education	
Read-to-achieve Grant Program	\$5,277,293
Department of Health Care Policy and Financing	
Comprehensive Primary and Preventive Care Grants Program	2,682,116
Children's Basic Health Plan	21,456,931
State share of funding required for Children with Autism Act	<u>702,597</u>
Subtotal - Department of Health Care Policy and Financing	24,841,644
Department of Higher Education	
Fitzsimons Lease Purchase	7,164,047
Department of Military and Veterans Affairs	
Colorado State Veterans Trust Fund Expenditures	648,909
Department of Human Services	
Child Mental Health Treatment Act Program	300,000
Department of Public Health and Environment	
Dental Loan Repayment Program	200,000
AIDS and HIV prevention grant program	3,179,666
Ryan White AIDS Drug Assistance Program	3,129,136
Tony Gramscas Youth Services Program	3,576,155
Nurse Home Visitor Program	<u>10,728,465</u>
Subtotal - Department of Public Health and Environment	20,813,422
Total	\$59,045,315

Senate Bill 07-97 and H.B. 07-1359 together resulted in the following FY 2007-08 appropriations of tobacco-settlement moneys to Tier 2 programs:

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Department	FY 2007-08 Appropriation
Department of Higher Education	
University of Colorado, Health Sciences Center	\$8,393,149
Department of Health Care Policy and Financing	
Comprehensive Primary and Preventive Care Grants Program	1,455,954
Medicaid shortfalls at Children's Hospital	171,289
Children's Basic Health Plan Trust for expanding caseload from 200% to 205% of the Federal Poverty Level	<u>856,444</u>
Subtotal - Department of Health Care Policy and Financing	2,483,687
Department of Human Services	
Offender Mental Health Services	2,055,465
Alcohol and Drug Abuse	<u>513,866</u>
Subtotal - Department of Human Services	2,569,331
Department of Personnel and Administration	
Supplemental State Health and Dental Contribution	770,799
Department of Public Health and Environment	
Local Public Health Services	1,199,021
Colorado Immunization Program	685,155
Short-term Innovative Health Program Grants	<u>1,027,732</u>
Subtotal - Department of Public Health and Environment	2,911,908
Total	\$17,128,874

However, the above tables do not represent the final FY 2007-08 distribution of tobacco-settlement dollars; eight other bills enacted during the 2007 session also altered the use of settlement money. Seven of these bills (the "Innovative Grant Fund" bills, S.B. 07-4, S.B. 07-146, S.B. 07-232, H.B. 07-1057, H.B. 07-1064, H.B. 07-1335, and H.B. 07-1346) tapped settlement money that would have otherwise supported Short-term Innovative Health Program Grants. The eighth bill, S.B. 07-1301, redirected settlement money that would have otherwise supported the Colorado Immunization Program.

Three of the Innovative Grant Fund bills, S.B. 07-1057, H.B. 07-1335 and H.B. 07-1346, appropriated a total of \$370,215 directly from the Short-term Innovative Health Program Grant Fund to the new programs that each bill created and reduced appropriations for Short-term Innovative

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Health Program Grants by a like amount. The amounts appropriated from the Short-term Innovative Health Program Grant Fund are shown in the following table:

Bill number and title	FY 2007-08 appropriation from the Short-term Innovative Health Program Grant Fund to directly support the bill's program.
H.B. 07-1057, Juvenile Justice Family Advocate Program	\$172,715
H.B. 07-1335, Supplemental Low-Income State Employee Benefits	160,000
H.B. 07-1346, Prepaid Inpatient Health Plans MCOs	37,500
Total	\$370,215

Three of the other Innovative Grant Fund bills, S.B. 07-146, S.B. 07-232, and H.B. 07-1064, instructed the Treasurer to transfer a total of \$485,000 from the short-term innovative health program grant fund to new cash funds that support the programs created by these bills and reduced appropriations for Short-term Innovative Health Program Grants by a corresponding amount. The bills then appropriated the transferred money to each bill's new program, though in the case of S.B. 07-232 the appropriation to the new program was continuous.

Bill number and title	FY 2007-08 reduction in appropriation from the Short-term Innovative Health Programs Grant Fund as the result of a transfer in the bill
S.B. 07-146, Veterans Mental Health Services Pilot	\$300,000
S.B. 07-232, Health Pro Loan Repayment Program	60,000
H.B. 07-1064, Find/Save Programs for the Cognitively Disabled	125,000
Total	\$485,000

The final Innovative Grant Fund bill, S.B. 07-4, used a combined approach: it directly appropriated \$31,423 from the Short-term Innovative Health Programs Grant Fund to the bill's program, transferred another \$22,307 from the Short-term Innovative Health Programs Grant Fund to another cash fund, and then used that other cash fund to support the bill. It also reduced appropriations for Short-term Innovative Health Program Grants by a corresponding amount. The following table summarizes the result:

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S.B. 07-4, Early Intervention Services Coordinated Payment	Amount
Direct appropriation to the bill's program from the Short-term Innovative Health Programs Grant Fund	\$31,423
Transfer to the bill's cash fund from the Short-term Innovative Health Programs Grant Fund	22,307
Total = reduced appropriation for Short-term Innovative Health Program Grants	\$53,730

Taken together, the seven Innovative Grant Fund bills reduced the appropriation for Short-term Innovative Health Program Grants by \$908,945, from \$1,027,732 to \$118,787.

Senate Bill 07-1301, which established the Cervical Cancer Immunization Program, is the last of 2007 session bills to alter the use of tobacco-settlement moneys. Senate Bill 07-97 and H.B. 07-1359 together appropriated \$685,155 of tobacco-settlement moneys from the Colorado Immunization Fund to the Colorado Department of Public Health and Environment (CDPHE) for general immunization activities of the Colorado Immunization Program. Senate Bill 07-1301 reduced this general immunization appropriation by \$233,395, substituting the following appropriations from the Immunization Fund: (1) a \$42,600 appropriation to CDPHE's Cervical Cancer Immunization Program; (2) a \$100,000 appropriation to CDPHE for a cervical cancer immunization public-awareness campaign; and (3) a \$90,795 appropriation to the Department of Health Care Policy and Financing (HCPF) for cervical cancer immunization costs of the Children's Basic Health Plan. However, appropriation (2) only becomes effective if, by January 1, 2008, CDPHE has not received \$800,000 in gifts, grants and donations for its cervical cancer immunization awareness campaign. As the following table shows, if CDPHE receives \$800,000 in gifts, grants and donations, S.B. 07-1301 will reduce immunization-related spending of tobacco-settlement moneys by \$100,000. If CDPHE does not receive \$800,000 in gifts grants and donations, S.B. 07-1301 will not change the level of immunization-related spending of settlement moneys.