

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Andrew Forbes, JBC Staff (303-866-2062)
 DATE April 12, 2021
 SUBJECT Tobacco Master Settlement Agreement 2021 Payment

The April 2021 Tobacco Master Settlement Agreement (MSA) payment that the State is expecting to receive will total \$87,112,136. This is roughly \$10.7 million higher than the \$76.4 million forecasted in January 2021. Section 24-75-1104.5 (1.7), C.R.S. outlines the various percentages of the payment each program will receive. The problem that arises when a payment is significantly higher than expected, as is the case this year, is that the programs outlined in statute will not have the proper spending authority to utilize all of the resources allocated to them. A table outlining the increased resources each program will receive, when compared to the January forecast, has been included below.

The Committee has three viable options to consider when addressing the unexpected increase in revenue:

- Run a Long Bill amendment during conference committee to increase the spending authority of the affected programs to align with the increased payment revenue.
- Run a separate piece of legislation that would keep the “excess” dollars, those received above the January forecast, in the Tobacco Litigation Settlement Cash Fund. This option would have the effect of essentially helping to pay down the accelerated payment, which currently sits at \$60 million.
- Do nothing. If the Committee chooses not to act the increased resources would still be allocated to the respective programs, and would remain in their respective cash funds. Without the necessary spending authority these dollars would increase the available cash fund balance for figure setting for the FY 2022-23 budget, in which case appropriate spending authority would be increased to accommodate the increased fund balance.

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS

	PERCENTAGE	FY 2021-22 JANUARY FORECAST	FY 2021-22 APRIL PAYMENT	DIFFERENCE
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.00%	\$13,750,627	\$15,680,184	\$1,929,557
Autism Waiver	2.00%	1,527,847	1,742,243	214,396
Subtotal - Health Care Policy and Financing	20.00%	15,278,474	17,422,427	2,143,953
Higher Education				
University of Colorado Health Sciences Center	17.50%	13,368,665	15,244,624	1,875,959
Human Services				
Nurse Home Visitor Program	26.70%	20,396,763	23,258,940	2,862,177
Tony Gramscas Youth Services Program	7.50%	5,729,428	6,533,410	803,982
Subtotal - Human Services	34.20%	26,126,191	29,792,350	3,666,159
Law				
Tobacco Settlement Defense Account	2.50%	1,909,809	2,177,803	267,994

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TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS				
	PERCENTAGE	FY 2021-22 JANUARY FORECAST	FY 2021-22 APRIL PAYMENT	DIFFERENCE
Military and Veterans Affairs				
State Veterans Trust Fund	1.00%	763,924	871,121	107,197
Personnel				
Supplemental State Contribution Fund	2.30%	1,757,025	2,003,579	246,554
Public Health and Environment				
Drug Assistance Program (ADAP; Ryan White)	5.00%	3,819,618	4,355,607	535,989
AIDS and HIV Prevention Grants (CHAPP)	3.50%	2,673,733	3,048,925	375,192
Immunizations	2.50%	1,909,809	2,177,803	267,994
Health Services Corps Fund	1.00%	763,924	871,121	107,197
Dental Loan Repayment Program ¹	1.00%	763,924	871,121	107,197
<i>Subtotal - Public Health and Environment</i>	<i>13.00%</i>	<i>9,931,008</i>	<i>11,324,578</i>	<i>1,393,570</i>
Capital Construction - Department of Higher Education - Fitzsimons Lease				
Purchase Payments	8.00%	6,111,390	6,968,971	857,581
Unallocated Amount	1.50%	1,145,886	1,306,682	160,796
TOTAL	100.00%	\$76,392,372	\$87,112,136	\$10,719,764