

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS (REFLECTING THE 2003-05 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$5,290,078	\$5,467,038
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$2,678,071 ¹	
Remaining transfers from the tobacco settlement trust fund	<u>2,653,644</u>	<u>\$4,594,414</u>
Total estimated revenues	<u>\$5,331,715²</u>	<u>\$4,594,414²</u>
Total available	\$10,621,793	\$10,061,452
Less estimated expenditures		
State Department of Health		
Tobacco prevention and control	\$4,700,000 ³	\$4,700,000 ³
Dentists' loan program (\$180,000 appropriated in 2001-03)	140,000 ⁴	380,000 ⁴
Community health grants (\$350,000 appropriated in 2001-03)	200,000 ⁵	350,000 ⁵
Tobacco "quit line"	0	800,000 ⁶
Legal costs for establishing the tobacco "quit line"		25,000 ⁶
Department of Human Services		
Breast and cervical cancer assistance	<u>114,755⁷</u>	<u>114,755⁷</u>
Total estimated expenditures	<u>\$5,154,755³</u>	<u>\$6,369,755³</u>
Estimated ending balance	<u><u>\$5,467,038⁴</u></u>	<u><u>\$3,691,697</u></u>

¹ As of December 2002, five transfers have been made from the tobacco settlement trust fund totaling \$2,678,071. Total transfers of \$7,968,150 have been made to date from the tobacco settlement trust fund to the community health trust fund.

² Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be \$6,114,358 for the 2001-03 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$782,643 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the community health trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$5,759,377	\$5,290,078
2001-03	6,114,358	5,331,715
2003-05	5,127,121	4,594,414
2005-07	5,127,121	4,594,414
2007-17 (\$8,223,108/\$7,368,727 per biennium)	41,115,540	36,843,633
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,655,786

³ 1999 House Bill No. 1475 (North Dakota Century Code (NDCC) Section 54-27-25) provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage. The executive budget recommendation provides for an appropriation of \$4.7 million, the same as the 2001-03 biennium appropriation, to the State Department of Health for tobacco prevention and control programs.

⁴ 2001 Senate Bill No. 2276 provided an appropriation to the State Health Council for a dentists' loan repayment program. Each year the State Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds for the repayment of their educational loans. The funds are payable over a four-year period and may not exceed \$80,000 per applicant. The 2001 Legislative Assembly added intent to Senate Bill No. 2276 that the 2003 Legislative Assembly provide sufficient funds for continuation of the program. The annual selection of the dentists is to be based on the size of the community that will be served as follows:

- One dentist serving a community with less than 2,500 residents.
- One dentist serving a community with less than 10,000 residents.
- One dentist serving a community with 10,000 or more residents.

Two dentists were accepted into the program during the first year of the 2001-03 biennium, serving communities over 10,000 residents (Minot) and less than 2,500 residents (Larimore). The budget is based on the assumption the full allotment of dentists will be provided funding for the second year of the 2001-03 biennium and the 2003-05 biennium.

⁵ The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The 2001 Legislative Assembly appropriated \$350,000 for funding the Community Health Grant Advisory Committee (\$100,000) and to provide grants to cities and counties for tobacco education and cessation programs (\$250,000). The State Department of Health estimates actual 2001-03 biennium expenditures for city and county government cessation programs to be \$100,000. The executive budget recommendation provides \$100,000 for the Community Health Grant Program Advisory Committee and \$250,000 for grants to cities and counties for tobacco education and cessation programs.

⁶ The executive budget recommendation includes an appropriation of \$800,000 for a telephone tobacco "quit line" and \$25,000 for related legal costs in establishing the "quit line."

⁷ The executive budget recommends an appropriation of \$114,755, the same as the 2001-03 biennium, to the Department of Human Services for providing medical assistance coverage for women screened and found to have breast and cervical cancer.

FUND HISTORY

The community health trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred as follows, within 30 days of its deposit in the fund:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.