

## **Analysis of Budget Request**

**Appropriation:** 468 - Operations

**Funding Sources:** TSC - Tobacco Settlement Commission

The Tobacco Settlement Proceeds Act (Initiated Act 1 of 2000) established funds and accounts for the deposit, investment and management of the State of Arkansas' portion of the Master Settlement Agreement with certain tobacco manufacturers. The Arkansas Tobacco Settlement Commission (ATSC) was created pursuant to Section 17 of this act to monitor and evaluate expenditures made from the four program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account and the Medicaid Expansion Program Account.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited as trust funds into the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third-party to monitor and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a regular session of the General Assembly. As funding permits, the Commission is also authorized to make grants in amounts not to exceed \$50,000 to non-profit and community-based organizations.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Base Level request includes two (2) positions as well as appropriation in the amount of \$1,183,682 in FY2010 and \$1,186,460 in FY2011.

The Commission's Change Level request includes appropriation in the amount of \$2,047,311 in FY2010 and \$2,048,279 in FY2011 and is comprised of the following:

An increase in Regular Salaries appropriation of \$35,554 in FY2010 and \$36,371 in FY2011 plus related Personal Services Matching for one (1) Grants Program Coordinator. This position will be utilized to carry out the mandates of the Commission's Community Health Grant Program and to monitor and evaluate current and future grant awards.

The Commission also requests an increase of \$250,000 each year of the biennium in Professional Fees. RAND (Research AND Development), the Commission's independent third party evaluator as required by Initiated Act I of 2000 has observed that data collection and analysis is not adequate to fully track the effects of the programs or to determine quality deficiencies and what to do about them. RAND has recommended that technical expertise be utilized to train program staffs to develop data collection and analysis plans and implement these plans. The increase in Professional Fees is also requested to execute another RAND recommendation urging the ATSC to develop a Total Quality Management system, for all Tobacco Settlement Programs, which ranges from establishing explicit criteria for quality performance to formulating quality recommendations.

The Commission also requests an increase in appropriation for Grants and Aid of \$1,750,000 in each year of the biennium. As authorized in the Tobacco Settlement Proceeds Act, the Commission is authorized to make grants to nonprofit and community based organizations for long-term projects to improve the health of Arkansans.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation. Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

## Appropriation Summary

**Appropriation:** 468 - Operations

**Funding Sources:** TSC - Tobacco Settlement Commission

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	100,015	100,115	71,919	137,990	137,990	137,990	141,148	141,148	141,148
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	28,632	27,082	22,965	41,133	41,133	41,133	41,721	41,721	41,721
Operating Expenses	5020002	31,868	48,870	48,870	48,870	48,870	48,870	48,870	48,870	48,870
Conference & Travel Expenses	5050009	143	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	315,015	500,000	500,000	750,000	750,000	750,000	750,000	750,000	750,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	500,000	500,000	500,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>975,673</b>	<b>1,179,067</b>	<b>1,146,754</b>	<b>3,230,993</b>	<b>3,230,993</b>	<b>3,230,993</b>	<b>3,234,739</b>	<b>3,234,739</b>	<b>3,234,739</b>

Funding Sources										
Fund Balance	4000005	2,221,225	4,756,506		6,726,265	6,726,265	6,726,265	6,644,098	6,644,098	6,644,098
Transfer from Tobacco Settlnmt	4000590	3,510,954	3,148,826		3,148,826	3,148,826	3,148,826	3,148,826	3,148,826	3,148,826
<b>Total Funding</b>		<b>5,732,179</b>	<b>7,905,332</b>		<b>9,875,091</b>	<b>9,875,091</b>	<b>9,875,091</b>	<b>9,792,924</b>	<b>9,792,924</b>	<b>9,792,924</b>
Excess Appropriation/(Funding)		(4,756,506)	(6,726,265)		(6,644,098)	(6,644,098)	(6,644,098)	(6,558,185)	(6,558,185)	(6,558,185)
<b>Grand Total</b>		<b>975,673</b>	<b>1,179,067</b>		<b>3,230,993</b>	<b>3,230,993</b>	<b>3,230,993</b>	<b>3,234,739</b>	<b>3,234,739</b>	<b>3,234,739</b>

The FY2009 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

2007-2009 Special Language provided for the carryforward of unused appropriation. Carry forward amounts into FY2009: Regular Salaries \$2,495.76; Personal Services Matching \$1,546.21; Operating Expenses \$17,002.38; Conference and Travel Expenses \$2,857.00; Professional Fees \$184,985.40