

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 and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments.

The Commission's Change Level Request provides for Base Level budget reductions from Operating Expenses (\$1,000), Professional Fees (\$100,000), and Grants & Aid (FY12: \$1,250,000; FY13: \$1,063,000) due to reduced interest income on investment earnings. The Commission's request also provides for Reallocations of \$15,925 in Operating Expenses to adjust existing budget to proper expenditure classifications and to provide for expenditures of the Attorney General's Office for defending the state in Master Settlement Agreement arbitration instigated by tobacco companies.

The Executive Recommendation provides for the Commission Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

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Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	125,037	142,438	141,148	141,238	148,539	148,539	141,238	152,030	152,030
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	36,942	42,685	41,721	42,527	43,638	43,638	42,527	44,342	44,342
Operating Expenses	5020002	76,566	198,870	48,870	197,870	197,870	197,870	197,870	197,870	197,870
Conference & Travel Expenses	5050009	751	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	417,794	1,100,000	1,250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	601,571	2,250,000	2,250,000	1,000,000	1,000,000	1,000,000	1,187,000	1,187,000	1,187,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,258,661	3,736,993	3,734,739	2,384,635	2,393,047	2,393,047	2,571,635	2,584,242	2,584,242

Funding Sources										
Fund Balance	4000005	6,751,949	6,644,922		2,957,108	2,957,108	2,957,108	1,572,473	1,564,061	1,564,061
Transfer from Tobacco Settlnmt	4000590	1,151,634	49,179		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		7,903,583	6,694,101		3,957,108	3,957,108	3,957,108	2,572,473	2,564,061	2,564,061
Excess Appropriation/(Funding)		(6,644,922)	(2,957,108)		(1,572,473)	(1,564,061)	(1,564,061)	(838)	20,181	20,181
Grand Total		1,258,661	3,736,993		2,384,635	2,393,047	2,393,047	2,571,635	2,584,242	2,584,242

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer.