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Post-Session Update: Tobacco Settlement Permanent and Program Funds

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Presentation to the
Tobacco Settlement Revenue Oversight Committee – May 2019

Tobacco Settlement Appropriations

- Recurring tobacco settlement payments were expected to be \$1 million less in FY20 than FY19.
- Tobacco revenue appropriations to support Medicaid decreased by \$500 thousand for a total of \$7.8 million (**See handout: Tobacco Settlement Fund Revenue FY17 to FY20**).
- By statute, half of received funds are distributed for programs and half in tobacco settlement permanent fund and generates investment revenue.
- In FY18 and earlier, the Legislature suspended deposits into the tobacco settlement permanent fund and the revenue was used to support Medicaid.

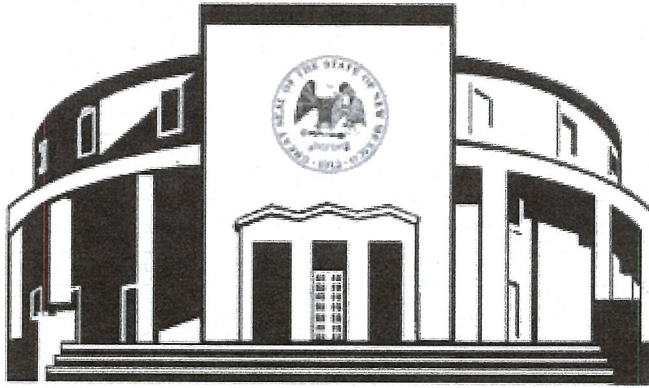
FY19 Tobacco Settlement Payment

- The FY19 total tobacco settlement payment came in at \$34.7 million, \$1.3 million less than the estimated tobacco revenue of \$36 million. DFA implemented the following budget adjustments to the May and June agency allotments:

	<u>Adjustment</u>
➤ DOH	-\$236,600
➤ HSD	-\$299,800
➤ IAD	-\$9,000
➤ <u>UNM</u>	-\$103,000
➤ TOTAL	-\$648,400

Payment Adjustments

- Burden on state's to prove its diligent enforcement of the master settlement agreement
- Annual tobacco settlement payments may be affected by arbitration – generally due to claims the state was not diligent
- Negative arbitration is taken from future payments
- FY19 payment affected by 2004 arbitration



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Thank You
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**Tobacco Settlement Fund Revenue
FY20**

(in thousands of dollars)		FY17	FY18	FY19	FY20 Request	FY20 Exec Rec	FY20 LFC Rec	FY20 HAFC/SFC	Laws 2019, Chapter 271
Estimated Tobacco Revenues									
Beginning Balance Permanent Fund		110,357.7	146,793.6	158,650.6	186,799.7	186,799.7	226,314.4	226,314.4	226,314.4
Estimated Tobacco Revenue		54,251.5	35,672.7	34,703.1	35,000.0	34,260.2	35,000.0	35,000.0	35,000.0
Appropriation to Program Fund		(18,500.0)	(16,172.7)	(17,351.6)	(23,992.7)	(17,130.1)	(17,500.0)	(17,500.0)	(17,500.0)
Gains/Losses		19,184.4	11,857.0	10,312.3	12,142.0	12,142.0	14,710.4	14,710.4	14,710.4
Additional Transfer to Permanent Fund		0.0	0.0	40,000.0	0.0	0.0	0.0	0.0	0.0
Additional Transfer to Program Fund		(18,500.0)	(19,500.0)	0.0	0.0	0.0	0.0	0.0	0.0
Total Program Fund Appropriations		37,000.0	35,672.7	17,351.6	23,992.7	17,130.1	17,500.0	17,500.0	17,500.0
Ending Balance Permanent Fund		146,793.6	158,650.6	226,314.4	209,949.0	216,071.8	258,524.9	258,524.9	258,524.9
Tobacco Fund Appropriations									
Agency	Purpose								
609 Indian Affairs Department	Tobacco Cessation Programs	249.3	228.0	240.3	249.3	249.3	249.3	249.3	249.3
630 Human Services Department	Medicaid -- Breast and Cervical Cancer Treatment	1,255.4	1,255.4	1,255.4	1,255.4	1,255.4	1,255.4	1,255.4	1,255.4
630 Human Services Department	Medicaid	7,563.9	6,062.5	6,764.1	7,063.6	6,194.0	6,563.9	6,563.9	6,563.9
630 Human Services Department	Medicaid, Contingent on Legislation	18,500.0	19,500.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Human Services Department		27,319.3	26,817.9	8,019.5	8,319.0	7,449.4	7,819.3	7,819.3	7,819.3
665 Department of Health	Tobacco Cessation and Prevention	5,435.2	4,971.3	5,239.5	5,475.2	5,435.2	5,435.2	5,435.2	5,435.2
665 Department of Health	Diabetes Prevention and Control	715.5	654.7	689.7	715.5	715.5	715.5	715.5	715.5
665 Department of Health	Harm Reduction	293.0	268.0	282.5	293.0	293.0	293.0	293.0	293.0
665 Department of Health	Breast and Cervical Cancer Screening	128.6	117.6	124.0	128.6	128.6	128.6	128.6	128.6
Subtotal Department of Health		6,572.3	6,011.6	6,335.7	6,612.3	6,572.3	6,572.3	6,572.3	6,572.3
952 University of New Mexico HSC	Instruction and General Purposes	581.5	532.1	560.5	607.9	581.5	581.5	581.5	581.5
952 University of New Mexico HSC	Research in Genomics and Environmental Health	937.2	857.0	903.6	979.8	937.4	937.4	937.4	937.4
952 University of New Mexico HSC	Poison Control Center	590.2	540.0	569.0	590.2	590.2	590.2	590.2	590.2
952 University of New Mexico HSC	Pediatric Oncology Program	250.0	228.7	241.0	261.4	250.0	250.0	250.0	250.0
952 University of New Mexico HSC	Specialty Education in Trauma	250.0	228.7	241.0	261.4	250.0	250.0	250.0	250.0
952 University of New Mexico HSC	Specialty Education in Pediatrics	250.0	228.7	241.0	261.4	250.0	250.0	250.0	250.0
952 University of New Mexico HSC	UNM Comprehensive Cancer Center				5,850.0				
Subtotal University of New Mexico Health Sciences Center		2,859.0	2,615.2	2,756.1	8,812.1	2,859.1	2,859.1	2,859.1	2,859.1
Total Appropriations		37,000.0	35,672.7	17,351.6	23,992.7	17,130.1	17,500.0	17,500.0	17,500.0