

**ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS
(REFLECTING THE 2005-07 BIENNIUM EXECUTIVE BUDGET RECOMMENDATIONS)**

	2003-05 Biennium	2005-07 Biennium
Beginning balance	\$5,753,089	\$3,979,404
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$2,323,863 ¹	
Remaining transfers from the tobacco settlement trust fund	<u>2,297,207</u>	<u>\$4,594,414</u>
Total estimated revenues	<u>\$4,621,070²</u>	<u>\$4,594,414²</u>
Total available	\$10,374,159	\$8,573,818
Less estimated expenditures		
State Department of Health		
Tobacco prevention and control	\$4,700,000 ³	\$4,700,000 ³
Dentists' loan program	300,000 ⁴	420,000 ⁴
Community health grants	600,000 ⁵	495,000 ⁵
Tobacco "quit line"	680,000 ⁶	884,000 ⁶
Tobacco cessation coordinator and operating expenses		111,000 ⁷
Department of Human Services		
Breast and cervical cancer assistance	<u>114,755⁸</u>	<u>254,356⁸</u>
Total estimated expenditures	<u>\$6,394,755</u>	<u>\$6,864,356</u>
Estimated ending balance	<u>\$3,979,404</u>	<u>\$1,709,462</u>

¹As of December 1, 2005, four transfers have been made from the tobacco settlement trust fund totaling \$2,323,863. Total transfers of \$12,977,577 have been made to date from the tobacco settlement trust fund to the community health trust fund.

²Revenues - 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 \$5,127,121 for the 2003-05 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$506,051 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	5,363,636
2003-05	5,127,121	4,621,070
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	\$77,714,363

³House Bill No. 1475 (1999) (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 an appropriation of \$4.7 million, the same as the 2003-05 biennium, to the State Department of Health for tobacco prevention and control programs.

⁴Senate Bill No. 2276 (2001) 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 (NDCC Chapter 43-28.1) 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.

Three dentists were accepted into the program during the 2001-03 biennium, serving communities over 10,000 residents (both Minot) and one serving a community with less than 2,500 residents (Larimore). The Legislative Assembly, as provided in 2003 Senate Bill No. 2378, changed the dental loan repayment program effective for the 2003-05 biennium from requiring one dentist from each of the community-size categories to providing the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. As of December 2004 six dentists have been approved for the dental loan repayment program serving--the Fargo Community Health Center, New Rockford, Grand Forks, Fargo, Bismarck, and West Fargo.

⁵The 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 Legislative Assembly, as provided in 2003 Senate Bill No. 2297, appropriated \$600,000 for funding the Community Health Grant Advisory Committee (\$100,000) and for providing for city, county, and state employee tobacco education and cessation programs (\$500,000). In addition, the Legislative Assembly authorized the total unexpended 2001-03 appropriated funds of \$204,052 for city and county tobacco cessation and education programs to be carried forward to the 2003-05 biennium. The State Department of Health, however, does not anticipate expenditures for cessation programs will exceed the original \$500,000 appropriation for the 2003-05 biennium. The grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds. The 2005-07 biennium executive budget recommends \$495,000 for tobacco cessation grants (\$395,000) and for the Community Health Grant Advisory Committee (\$100,000).

⁶The 2003 Legislative Assembly appropriated \$680,000 for establishing a telephone tobacco "quit line." The executive recommendation includes \$884,000 to operate the "quit line" for the entire 2005-07 biennium.

⁷The executive recommendation adds one FTE tobacco prevention coordinator position and related funding for salaries and wages (\$95,666) and operations (\$15,334).

⁸The executive budget recommends an appropriation of \$254,356, an increase of \$139,601 from the 2003-05 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.