

Education Facilities Trust Fund (Fund N87)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Capital appropriation of \$313.4 million for FYs 2003-2004 biennium	Capital appropriation of \$313.4 million for FYs 2003-2004 biennium	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2003 is July 1, 2002 – June 30, 2003.

*The expenditures listed for FYs 2003-2004 represent the appropriations made in those funds in the bill. Therefore, the expenditure is listed as “up to \$X”, where \$X equals the amount of the appropriation.

- The tobacco revenue distribution schedule, which is contained in existing law, dictates what percentage of revenue are to be transferred from the Tobacco Master Settlement Agreement (Fund 087) to the various trust funds. Those transfers will happen independently of this bill. Therefore, except for the new funds being established in this bill, the revenues for the existing funds are shown as \$0 in the table above. The expenditure information provided in the table above lists the amount of appropriation authority for each fund that is contained in this bill. The following table shows the estimated distributions of tobacco revenue for FYs 2003 and 2004.

Estimated Distributions of Tobacco Revenue	FY 2003	FY 2004
Biomedical Research and Technology Transfer Trust Fund (M87)	\$22,919,215	\$23,724,600
Education Facilities Trust Fund (N87)	\$185,804,476	\$180,561,673
Education Facilities Endowment Fund (P87)	\$5,000,000	\$5,000,000
Education Technology Trust Fund (S87)	\$16,090,013	\$15,319,420
Ohio's Public Health Priorities Trust Fund (L87)	\$9,809,665	\$10,959,366
So. Ohio Agriculture & Community Development Trust Fund (K87)	\$0	\$0
Tobacco Use Prevention and Cessation Trust Fund (H87)	\$0	\$0
Tobacco Settlement Oversight, Admin., and Enforcement Fund (U87)	\$529,958	\$551,516
Tobacco Settlement Enforcement Fund (T87)	\$210,981	\$219,179
TOTAL ESTIMATED DISTRIBUTIONS	\$240,364,308	\$236,335,754

- Am. Sub. H.B. 405 of the 124th G.A. also included uncodified law transferring \$120.0 million per year in FYs 2002 and 2003 from the share of Fund 087 that is designated for the Tobacco Use Prevention and Cessation Trust Fund (Fund H87) to the General Revenue Fund. Since the allocation to Fund H87 will be less than \$120.0 million in each year, the amount transferred to Fund H87 will be \$0.
- The Tobacco Use Prevention and Control Foundation Endowment Fund funds all programmatic activities for the Foundation. This fund is a custodial account not subject to the legislative appropriations process. As of the beginning of FY 2002, this endowment fund had a total value (cash and fair value of investments) of \$228.8 million. OBM estimates that the fund will receive \$105.9 million in FY 2003 and \$117.9 million in FY 2004. However, as a result of the provisions of Section 32 of Am. Sub. H.B. 405 of the 124th G.A. there will be no transfer made to the Tobacco Use Prevention and Control Foundation from the master settlement agreement fund. The amount transferred to the GRF will be repaid to the fund in FYs 2013 and 2014.
- The Southern Ohio Agricultural and Community Development Foundation Endowment Fund funds all programmatic activities for the Foundation. This fund is a custodial account not subject to the legislative appropriations process. As of the beginning of FY 2002, this endowment fund had a total value (cash and fair value of investments) of about \$15.8 million. OBM estimates that the fund will receive \$16.6 million in FY 2003 and \$16.7 million in FY 2004. However, as a result of the provisions of Section 32 of Am. Sub. H.B. 405 of the 124th G.A. there will be no transfer made to the Southern Ohio Agricultural and Community Development Foundation from the master settlement agreement fund.
- The bill establishes the Tobacco Settlement, Oversight, Administration, and Enforcement Fund (Fund U87) and the Tobacco Settlement Enforcement Fund (Fund T87). Fund U87 is to be used by the Attorney General to pay costs incurred by that office in tobacco settlement oversight, administration, and enforcement. Fund T87 is to be used by the Tax Commissioner to offset the cost of enforcing the excise tax on tobacco for each brand of cigarettes and roll-your-own cigarette tobacco that is not covered in the tobacco master settlement agreement. The bill appropriates \$529,958 in FY 2003 and \$551,516 in FY 2004 to the Attorney General from Fund U87. The bill also appropriates \$210,980 in FY 2003 and \$219,179 in FY 2004 to the Department of Taxation from Fund T87. The Department of Taxation will incur additional costs associated with the enforcement of the tobacco master settlement agreement. These costs will be offset by the appropriation in the bill from Fund T87.
- The bill requires the vendors of tobacco products not covered in the master settlement agreement to file a monthly report with the Tax Commissioner detailing the quantity of such cigarettes and cigarette tobacco sold, and authorizes the Tax Commissioner to charge a late fee of up to \$250 for reports that are not filed in a timely manner. Individuals not filing this report may be charged with a fourth degree misdemeanor.
- Am. Sub. H.B. 405 of the 124th G.A. included uncodified law allowing OBM to transfer up to \$20.0 million from the Tobacco Master Settlement Agreement Fund (Fund 087) to the General Revenue Fund. This bill increases that amount to \$36.24 million and makes it clear that this transfer shall come from the shares of Fund 087 that are to be allocated to the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87) and the Ohio's Public Health Priorities Trust Fund (Fund L87). This language is also amended to limit the amount that may be taken from the share allocated to Fund L87 to \$3.9 million.
- Under the bill, each year through FY 2025, the Director of Budget and Management is required to transfer from the Tobacco Master Settlement Agreement Fund (Fund 087) to Funds U87 and T87 an amount that the Director determines is necessary to pay for the costs

incurred by the Attorney General and the Department of Taxation. This transfer from Fund 087 will occur after the transfers are made to the Education Facilities Trust Fund (Fund N87) and the Education Facilities Endowment Fund (Fund P87), but prior to the transfers made to the other trust funds established in Chapter 183. of the Revised Code. This will result in less dollars being transferred to the non-educational facilities trust funds in each year through FY 2025.

- The bill codifies the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8) and the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9), which were created by the Controlling Board on August 28, 2000. Under the provisions of the bill, the Treasurer of State will periodically pay into Fund 5M8 and Fund 5M9 from the endowment funds established in the Revised Code for the operations of the Tobacco Use Prevention and Control Foundation and the Southern Ohio Agricultural and Community Development Foundation. The funds transferred to Fund 5M8 and 5M9 are to be used only to pay the compensation of the state employees of the foundations. All investment earnings of Fund 5M8 and 5M9 will stay with that fund.
- This bill includes eight line items under the Department of Health (DOH) funded by the Ohio's Public Health Priorities Trust Fund. The sum of the appropriations is \$5.9 million in each fiscal year.
- The Commission on Minority Health (MIH) has appropriation authority in two line items funded by the Ohio's Public Health Priorities Trust Fund. These line items, which total \$1.2 million in each fiscal year, are to be used for minority health and academic partnership grants and for training and capacity building.
- Appropriation amounts will allow the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) to maintain funding for six Circle For Recovery programs, seven ODADAS/DYS aftercare intensive outpatient programs, and one ODADAS/DYS aftercare residential treatment facility, which are currently being paid for with resources from the Ohio's Public Health Priorities Trust Fund (Fund L87). Total appropriations to ODADAS, in two line items, are \$3.5 million per year.
- The bill appropriates \$636,000 in each fiscal year to the Department of Public Safety (DHS) from the Ohio's Public Health Priorities Trust Fund (Fund L87). This appropriation level will provide for a continuation of current funding levels to be used to increase vendor compliance and to decrease underage tobacco use. Of the total appropriation, 80 percent will be used for enforcement and 20 percent will be used for education.
- The bill appropriates \$833,000 in FY 2003 and \$1,212,000 in FY 2004 in Fund 5M8 to cover the operating expenditures for the Tobacco Use and Prevention Control Foundation (TUP).
- The bill appropriates \$416,000 in FY 2003 and \$435,000 in FY 2004 in Fund 5M9 to cover the operating expenditures for the Southern Ohio Agricultural and Community Development Foundation (SOA).
- The bill appropriates an additional \$6.2 million in FY 2003 and \$1.0 million in FY 2004 from Fund J87 to line item 055-635 to fund capital improvements and technology enhancements at the Ohio Peace Officer Training Academy and the Bureau of Criminal Identification and Investigation.
- The bill continues the 25-member Biomedical Research and Technology Transfer Commission within the Ohio Board of Regents. Regents provides office space and facilities for the Commission with costs paid from the Biomedical Research and Technology Transfer Trust Fund (Fund M87). The Commission, under the bill, will periodically make strategic assessments on the types of state investments in biomedical research in Ohio that would be likely to create jobs and business opportunities and produce the most beneficial long-term improvements to the public health of Ohioans. When appropriate, the Commission will coordinate its activities with those of the Tobacco Use Prevention and Control Foundation. The bill includes appropriations totaling \$25,500,000 per year in fiscal years 2003 and 2004 in Regents' line item 235-405, Biomedical Research and Technology Transfer Commission.
- In each fiscal year of the FYs 2003-2004 biennium, the Education Technologies Trust Fund (S87) will have appropriation authority of \$16.5 million. Earmarking language from Am. Sub. H.B. 94 of the 124th G.A. is being repealed as of July 1, 2002 and updated in this bill to reflect tobacco appropriations for the current biennium.
- The Education Facilities Trust Fund (N87) will be credited with \$313.4 million to be used by the Classroom Facilities Assistance Program to fund the state's share for constructing, renovating, or repairing schools. These funds will be appropriated to the School Facilities Commission as a capital appropriation for the FY 2003-2004 biennium.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2003	FY 2004	FUTURE YEARS
School Districts			
Revenues	Gain of \$313.4 million from SFC Fund N87	- 0 -	- 0 -
Expenditures	Permissive increase of up to \$54.9 million	- 0 -	- 0 -
Public Hospitals, Clinics, etc.			
Revenues	Gain of up to \$3.5 million	Gain of up to \$3.5 million	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- School districts wishing to receive classroom facilities assistance program moneys from the School Facilities Commission must first elect to finance a portion of the project with its own bond issue and tax levy. LSC estimates that the local portion of these projects will be approximately 15-20 percent of the total cost of the projects. Using the FYs 2003-2004 capital appropriation of \$313.4 million, LSC estimates that in FY 2003, school districts choosing to participate in the program will face an increase in expenditures of up to \$54.9 million.
- In FYs 2003 and 2004, appropriations out of Fund L87 total \$11.1 million and \$11.2 million, respectively. Of this amount, at least 25 percent must go toward minority health programs and five percent must go towards a non-entitlement program to provide emergency medical assistance, including medication, oxygen, or both, to low-income seniors whose health has been adversely affected by tobacco use. The bill outlines three additional activities that will receive a portion of Fund L87 appropriations. One of these areas is for partial reimbursement, on a county basis, of public hospitals, free medical clinics, and similar organizations that provide free, uncompensated care to the general public. Of the Fund L87 appropriations, \$3.5 million is appropriated in each fiscal year in line item 440-414, Uncompensated Care, for this purpose. Therefore, public hospitals, clinics, etc., stand to receive up to \$3.5 million per fiscal year from Fund L87.

Detailed Fiscal Analysis

Overview

As part of the Tobacco Master Settlement Agreement (MSA), the State of Ohio was initially projected to receive approximately \$10.1 billion from fiscal year (FY) 2000 through 2025. Of this total, \$239.5 million is a result of the role the Attorney General played in the tobacco litigation and settlement negotiations. A variety of factors will affect the exact amount received by the state in a given year, and all revenue projections should be viewed as estimated figures. Once received by the state, the MSA funds are deposited into the Tobacco Master Settlement Agreement Fund (Fund 087). The funds collect interest while in Fund 087 and then are distributed to the various trust funds, pursuant to the allocations established in section 183.02 of the Revised Code, shortly after the end of the fiscal year in which the funds are received. This bill does not change the allocations to each of the funds that are currently in the Revised Code. This bill, among other things, makes the appropriations from the various tobacco trust funds for fiscal years 2003 and 2004.

The state received a total of \$412.3 million in FY 2000 and \$315.8 million in FY 2001 in revenue from the MSA. In addition to the payments from the MSA, investment earnings totaled \$7.7 million in FY 2000 and \$8.4 million in FY 2001. Therefore, the total amount available to be allocated to the various trust funds was \$420.0 million in FY 2001 and \$324.2 million in FY 2002.

OBM is estimating total revenue, including investment earnings, of \$364.0 million in FY 2002 and \$372.7 million in FY 2003. In both fiscal years, the amount of revenue from investment earnings totals less than 2.0 percent of all revenue. The remaining 98 percent of the revenue is from payments made pursuant to the MSA. By comparison, the amount of revenue that Ohio would have received prior to any revenue adjustment factors is \$418.8 million in FY 2002 and \$422.7 million in FY 2003.

Transfer of Tobacco Funds to the GRF

Am. Sub. H.B. 405 of the 124th G.A. included uncodified language allowing OBM to transfer up to \$20.0 million from the Tobacco Master Settlement Agreement Fund (Fund 087) to the General Revenue Fund. This bill increases that amount to \$36.24 million and makes it clear that this transfer shall come from the shares of Fund 087 that are to be allocated to the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87) and the Ohio's Public Health Priorities Trust Fund (Fund L87). This language is also amended to limit the amount that may be taken from the share allocated to Fund L87 to \$3.9 million.

This transfer to the GRF is in addition to another transfer that was made in Am. Sub. H.B. 405 of the 124th G.A. In Section 32 of Am. Sub. H.B. 405, uncodified law was included that gives OBM the authority to transfer up to \$120 million per year in FYs 2002 and 2003 from the share of Fund 087 that would be credited to the Tobacco Use Prevention and Cessation Trust Fund (Fund H87) to the GRF. OBM is projecting that the full \$260.0 million will be transferred to the GRF, with \$123,635,692 being transferred in FY 2002 and \$136,364,246 being transferred in FY 2003. Once the transfers are made to the GRF, the total amount of tobacco revenue available to be distributed to the various trust funds is \$240,364,308 in FY 2002 (to be used for FY 2003 appropriations) and \$236,335,754 in FY 2003 (to be used for FY 2004 appropriations). OBM projects that to achieve the \$260.0 million, all of the distributions made for the Tobacco Use Prevention and Control Foundation and for the Southern Ohio Agricultural and Community Development Foundation will be used. In addition, \$1.9 million per year will be used from the share to be distributed to the Ohio's Public Health Priorities Trust Fund.

The following table illustrates the estimated distributions to the various funds for each year of the FYs 2003-2004 biennium.

Estimated Distributions of Tobacco Revenue	FY 2003	FY 2004
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Estimated Distributions of Tobacco Revenue Trust Fund (M87)	FY 2003	FY 2004
Education Facilities Trust Fund (N87)	\$185,804,476	\$180,561,673
Education Facilities Endowment Fund (P87)	\$5,000,000	\$5,000,000
Education Technology Trust Fund (S87)	\$16,090,013	\$15,319,420
Ohio's Public Health Priorities Trust Fund (L87)	\$9,809,665	\$10,959,366
So. Ohio Agriculture & Community Development Trust Fund (K87)	\$0	\$0
Tobacco Use Prevention and Cessation Trust Fund (H87)	\$0	\$0
Tobacco Settlement Oversight, Admin., and Enforcement Fund (U87)	\$529,958	\$551,516
Tobacco Settlement Enforcement Fund (T87)	\$210,981	\$219,179
TOTAL ESTIMATED DISTRIBUTIONS	\$240,364,308	\$236,335,754

The following table illustrates the actual distributions to the various trust funds for FYs 2001 and 2002.

Historical Distributions of Tobacco Revenue	FY 2001	FY 2002	TOTAL
Biomedical Research and Technology Transfer Trust Fund (M87)	\$4,359,243	\$26,697,667	\$31,056,910
Education Facilities Trust Fund (N87)	\$133,062,505	\$128,938,733	\$262,001,238
Education Facilities Endowment Fund (P87)	\$5,000,000	\$5,000,000	\$10,000,000
Education Technology Trust Fund (S87)	\$11,967,810	\$11,436,420	\$23,404,230
Ohio's Public Health Priorities Trust Fund (L87)	\$8,702,399	\$12,711,363	\$21,413,762
Law Enforcement Improvements Trust Fund (J87)	\$18,702,400	\$4,414,725	\$23,117,125
So. Ohio Agriculture & Community Development Trust Fund (K87)	\$20,261,756	\$15,451,537	\$35,713,293
Tobacco Use Prevention and Cessation Trust Fund (H87)	\$217,938,159	\$119,578,148	\$337,516,307
TOTAL DISTRIBUTIONS	\$419,994,272	\$324,228,593	\$744,222,865

Establishment of New Funds

The bill establishes the Tobacco Settlement, Oversight, Administration, and Enforcement Fund (Fund U87) and the Tobacco Settlement Enforcement Fund (Fund T87). Fund U87 is to be used by the Attorney General to pay costs incurred by that office in tobacco settlement oversight, administration, and enforcement. Fund T87 is to be used by the Tax Commissioner to offset the cost of enforcing the excise tax on tobacco for each brand of cigarettes and roll-your-own cigarette tobacco that is not covered in the tobacco master settlement agreement. The bill appropriates \$529,958 in FY 2003 and \$551,516 in FY 2004 to the Attorney General from Fund U87. The bill also appropriates \$210,980 in FY 2003 and \$219,179 in FY 2004 to the Department of Taxation from Fund T87.

At this time, these appropriation levels are intended to support the payroll and related operating expenses associated with five full-time equivalent (FTE) staff positions at the Office of the Attorney General. This appears to include the costs associated with three existing FTEs plus an additional attorney and a paralegal. Last fall, the Controlling Board approved the transfer of \$208,281 from its Emergency Purposes Fund (Fund 5S4) to the Office of the Attorney General to pay the FY 2002 costs associated with MSA oversight, administration, and enforcement duties. These costs included the payroll expenses associated with three FTEs.

Under the bill, each year through FY 2025, the Director of Budget and Management is required to transfer from the Tobacco Master Settlement Agreement Fund (Fund 087) to Funds U87 and T87 an amount that the Director determines is necessary to pay for the costs incurred by the Attorney General and the Department of Taxation. This transfer from Fund 087 will occur after the transfers are made to the Education Facilities Trust Fund (Fund N87) and the Education Facilities Endowment Fund (Fund P87), but prior to the transfers made to the other trust funds established in Chapter 183. of the Revised Code. This will result in less dollars being transferred to the non-educational facilities trust funds in each year through FY 2025.

The bill codifies the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8) and the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9), which were created by the Controlling Board on August 28, 2000. Under the provisions of the bill, the Treasurer of State will periodically pay into Fund 5M8 and Fund 5M9 from the endowment funds established in the Revised Code for the operations of the Tobacco Use Prevention and Control Foundation and the Southern Ohio Agricultural and Community Development Foundation. The funds transferred to Fund 5M8 and 5M9 are to be used only to pay the compensation of the state employees of the foundations. All investment earnings of Fund 5M8 and 5M9 will stay with these funds.

Administrative Costs in Grants

Under current law, the Tobacco Use Prevention and Control Foundation (TUP), the Southern Ohio Agricultural and Community Development Foundation (SOA), or the Biomedical Research and Technology Transfer Commission may not spend over five percent of its annual appropriation on administrative expenses. This bill modifies that restriction to instead requires the Controlling Board to approve a spending plan submitted by the foundation or commission to allow a foundation or commission to exceed the five percent cap on administrative expenses. This change may provide entities with additional flexibility in the use of tobacco settlement dollars.

Ohio's Public Health Priorities Trust Fund (Fund L87)

This trust fund funds the appropriations for programs located in four agencies. OBM projects that this trust fund will receive \$9.8 million in FY 2003 and \$11.0 million in FY 2004. As noted above, the amount received by this trust fund was reduced by \$1.9 million per year pursuant to the provisions of Am. Sub. H.B. 405 of the 124th G.A.

The moneys in the fund are used for five priority areas. Under the provisions of the Revised Code, at least 25 percent of the annual appropriations from this fund must be used for minority health programs and five percent of the annual appropriations from the fund must be used for a non-entitlement program to provide emergency medical assistance, including medication, oxygen, or both, to low-income seniors whose health has been adversely affected by tobacco use. The other priority areas are enforcement of the under-age tobacco use laws, alcohol and drug abuse prevention programs, and uncompensated care programs.

The moneys from Fund L87 are allocated to the departments of Health, Alcohol and Drug Addiction Services (ODADAS), Public Safety, and the Commission on Minority Health in the following amounts:

AGENCY	FY 2003	FY 2004	TOTAL
Health	\$5,851,105	\$5,902,421	\$11,753,526
Minority Health	\$1,155,000	\$1,190,000	\$2,345,000
ODADAS	\$3,500,000	\$3,500,000	\$7,000,000
Public Safety	\$636,000	\$636,000	\$1,272,000
TOTAL	\$11,142,105	\$11,228,421	\$22,370,526

Department of Health (DOH)

Uncompensated Care

The Department has a total of eight line items covering three of the five priority areas for the Public Health Priorities moneys. Sixty percent of the funds appropriated to DOH are in line item 440-414, Uncompensated Care. The funds in this line item are used to make subsidy payments for a variety of uncompensated care programs. These programs include Child and Family Health Services clinics, dental clinics, Federally Qualified Health Centers (FQHCs), free clinics, pulmonary rehabilitation, uncompensated care costs for hospitals, and infant mortality reduction.

This bill appropriates \$3.5 million in each fiscal year for this purpose. The following table shows the historical and proposed spending for this program, by initiative.

Program	FY 2001 Actual	FY 2002 Appropriations	FY 2003 Recommendations	FY 2004 Recommendations
Child & Family Health Service Clinics	\$400,000	\$400,000	\$400,000	\$400,000
Dental Clinics	\$508,333	\$900,000	\$450,000	\$450,000
FQHCs	\$900,000	\$900,000	\$950,000	\$950,000
Free Clinics	\$800,000	\$800,000	\$800,000	\$800,000
Pulmonary Rehab.	\$277,946	\$344,138	\$294,138	\$294,138
Infant Mortality Reduction	\$0	\$0	\$205,862	\$205,862
Ohio Hospital Association	\$400,000	\$400,000	\$400,000	\$400,000
TOTAL	\$3,286,279	\$3,744,138	\$3,500,000	\$3,500,000

The moneys allocated to the Ohio Hospital Association are used to help fund services to individuals. During FYs 2001 and 2002, OHA solicited proposals from health care providers to provide services to uninsured children and pregnant women. Fourteen proposals were funded and 1,340 people were served.

Emergency Medical Assistance

In this bill, \$557,105 in FY 2003 and \$561,421 in FY 2004 is appropriated for this priority area in line item 440-412, Emergency Medications and Oxygen for Low-Income Seniors. All of this appropriation authority is for subsidy payments to provide assistance to low-income seniors whose health has been adversely affected by tobacco use.

DOH administers this program by distributing funds to the Ohio Primary Care Association, which then allocates the money to FQHCs in Ohio. Services provided with these funds are only offered to the extent that funds are available.

In FY 2001, about 12 low-income seniors received assistance from this program. DOH expects that in the upcoming biennium, the number of participants will increase.

Minority Health Programs

DOH has six separate line items funding minority health programs totaling \$1,794,000 in FY 2003 and \$1,841,000 in FY 2004. The line items are listed in the table below.

ALI	ALI Name	FY 2001 Actual	FY 2002 Appropriation	FY 2003 Recommendation	FY 2004 Recommendation
440-404	Minority Health Care Data Development	\$963	\$600,000	\$350,000	\$350,000
440-409	Tuberculosis Prevention and Treatment	\$133,321	\$450,000	\$450,000	\$450,000
440-410	Hepatitis C Prevention and Intervention	\$3,982	\$300,000	\$425,000	\$425,000
440-411	Dental Care Programs for Minority & Low-Income Populations	\$270,000	\$420,000	\$300,000	\$300,000
440-420	Childhood Lead WIC Pilot	\$0	\$0	\$50,000	\$50,000
440-421	Infant Mortality Reduction Initiative	\$0	\$0	\$219,000	\$266,000
TOTAL		\$408,266	\$1,770,000	\$1,794,000	\$1,841,000

In addition to appropriations made to the Commission on Minority Health (discussed below), about 31 percent of the appropriations made from this trust fund are for minority health programs. According to the Department, the funding levels recommended by the governor will support the continuation and/or the expansion of existing minority health programs operated by DOH. The follow list outlines the proposed uses of the funds by line item.

- 440-404: Collect data to determine the most prevalent public health challenges within economically disadvantaged minority communities;
- 440-411: Provide screening, preventive services, and comprehensive dental care to over 2,250 children over the biennium;
- 440-420: Develop a pilot program in two WIC (Women, Infants, and Children) clinics using filter paper to test for high levels of lead in children;
- 440-410: Continue Hepatitis C research by DOH;
- 440-409: Provide technology and supplies that will produce tuberculosis test results in two days, rather than six to eight weeks; and
- 440-421: Expand Infant Mortality Reduction Initiative sites to reach a greater number of high-risk women in low-income minority communities and help them obtain appropriate pre- and post-natal care.

Commission on Minority Health (MIH)

The Commission has two line items in the bill funding activities in the minority health programs priority.

Community Minority Health and Academic Partnership Projects

The majority of MIH's funding is in line item 149-402, Minority Health and Academic Partnership Grants, with appropriation authority of \$1.055 million in FY 2003 and \$1.09 million in FY 2004. Of this appropriation amount, \$1.0 million in each year is designated for subsidy payments. Projects receiving grant dollars from MIH are required to document initial baseline data regarding the behavior or risk to be reduced, and then monitor the impact of the intervention by measuring changes in the behavior or risk. In previous years, these activities were funded in separate line items.

In addition to the community partnership grants, this line item will also fund projects at academic institutions that target the six critical areas that are responsible for the majority of premature illness and death in minority populations. These six areas are heart disease, cancer, diabetes, infant mortality, substance abuse, and violence.

In FYs 2001 and 2002, MIH funded 19 community partnership grants and plans to fund three academic projects.

Training and Capacity Building

In each fiscal year, \$100,000 is appropriated in line item 149-403, Training and Capacity Building. These moneys are to be used to assist groups and organizations that serve minority communities to train them in initiating and implementing projects that will improve the health status of their community.

Department of Alcohol and Drug Addiction Services (ODADAS)

Appropriation amounts will allow the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) to maintain funding for six Circle For Recovery programs, seven ODADAS/DYS aftercare intensive outpatient programs, and one ODADAS/DYS aftercare residential treatment facility, which are currently being paid for with resources from the Ohio's Public Health Priorities Trust Fund (Fund L87).

Minority Health Programs

The Circle For Recovery programs are operated within the existing Urban Minority Alcoholism and Drug Abuse Outreach Program (UMADAOP). The objective of the Circle For Recovery programs is to prevent relapse of criminal and chemical dependency involvement among African-American adult parolees. Six Circle For Recovery programs were fully operational by the end of FY 2001. These programs provide services to 300 parolees annually. Specific services include: weekly intensive alcohol and other drug prevention sessions to adult parolees, weekly family reunification sessions, monthly victim awareness sessions, and weekly employment/vocational sessions.

This bill appropriates \$500,000 per year in line item 038-403, Urban Minority Alcoholism and Drug Abuse Outreach Programs, for this purpose.

Alcohol and Drug Abuse Prevention

Currently, there are seven ODADAS/DYS aftercare intensive outpatient programs and an ODADAS/DYS aftercare residential treatment facility. Both aftercare programs are designed to assist DYS parolees with substance abuse problems to successfully transition from institutional life back into their communities. These programs provide case managed community outpatient treatment to juvenile ex-offenders or a community-based residential transitional treatment program for adolescents with severe alcohol and other drug problems. The seven outpatient programs provide intensive services to 450 DYS parolees per year. The aftercare residential treatment facility provides services to 50 DYS parolees per year.

The bill appropriates \$3.0 million per year in line item 038-405, Juvenile Offender Aftercare Program, for these purposes.

Department of Public Safety (DHS)

The Department of Public Safety has been allocated \$636,000 in fiscal year 2003 and \$636,000 in fiscal year 2004. These funds are for the under-age tobacco use enforcement priority. This level of funding would be a continuation of current funding levels and will be used to increase vendor compliance and to decrease underage tobacco use. Local governments will continue to receive funding through enforcement grants. Eighty percent (\$508,800) of available funds will be used for enforcement and 20 percent (\$127,200) of funds will be used for education.

The planned allocation by district for enforcement is as follows for both fiscal years:

ENFORCEMENT ALLOCATIONS FOR FY 2003 AND FY 2004			
FUNDING ALLOCATION	AMOUNT	LOCAL GOVERNMENT ALLOCATION	TOTAL
Public Safety Central Office	\$21,597	\$13,988	\$35,585
Akron	\$39,712	\$26,368	\$66,080
Cincinnati	\$49,394	\$32,638	\$82,032
Cleveland	\$37,726	\$25,082	\$62,808
Columbus	\$57,089	\$37,623	\$94,712
Toledo	\$37,726	\$25,082	\$62,808
Total Fringe Benefits			\$99,776
Investigative Unit	\$60,556		
Local Governments		\$39,220	
Administrative Costs	\$5,000	\$0	\$5,000
TOTAL	\$308,800	\$200,000	\$508,800

Tobacco Use Prevention and Control Foundation (TUP)

Operating Expenses

The Tobacco Use Prevention and Control Foundation has appropriation authority of \$833,000 in fiscal year 2003 and \$1,212,000 in fiscal year 2004 for payroll expenses in the bill. These funds are accounted for in the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8).

The bill contains uncodified language relating to the Foundation that deals with investment earnings on Fund 5M8. On July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management is required to transfer the investment earnings that would have been credited to the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8) in fiscal years 2001 and 2002 from the General Revenue Fund back to Fund 5M8.

Endowment Fund

In addition to the operating expenses fund, the Foundation has a custodial fund, the Tobacco Use Prevention and Control Foundation Endowment Fund that pays for non-operating expenses. The Office of Budget and Management projects that the endowment fund will receive \$105.9 million in FY 2003 and \$117.9 million in FY 2004, transferred from the Tobacco Master Settlement Agreement Fund (Fund 087) via the

Tobacco Use Prevention and Cessation Trust Fund (Fund H87). However, pursuant to Section 32 of Am. Sub. H.B. 405 of the 124th G.A., all of the revenue that was to be distributed to Fund H87 will instead be transferred to the GRF. The amount transferred to the GRF will be repaid to Fund H87 in FYs 2013 and 2014.

At the beginning of FY 2002, the Foundation's endowment fund had a cash balance of \$228.8 million. Estimated investment earnings for FY 2002 are \$17.0 million. As noted above, the amounts transferred to this fund in FYs 2001 and 2002 was \$217.9 million and \$119.6 million, respectively.

Although the foundation's trust fund will not receive any new revenues in FYs 2003-2004, its programs are funded through the endowment funds, which had a cash balance at the start of FY 2002, as noted above, of \$228.8 million. Since the endowment fund is a custodial fund, the moneys in the fund are controlled by the Foundation's Board of Directors and are not required to be appropriated by the legislature. As of February 2002, the Foundation has not yet determined how much money it will spend on programmatic activities. All activities are required to be in accordance with five goals outlined in the Revised Code. In order to carry out its planned activities, the Foundation is planning to hire 10 to 20 employees over the course of the biennium. The majority of these individuals will fall under the program director and the finance director in the draft table of organization.

LSC believes that the Foundation plans to continue during the upcoming biennium with a counter-marketing media campaign, which began in FY 2002, with a focus on preventing youth smoking. The estimated cost of this media campaign is \$25 million over the course of the biennium.

In addition to the media campaign, the Foundation is planning to disburse about \$20 million in grants to organizations across Ohio to carry out programs targeted at the prevention and reduction of tobacco consumption.

Southern Ohio Agricultural and Community Development Foundation (SOA)

Operating Expenses

The Southern Ohio Agricultural and Community Development Foundation has appropriation authority of \$416,000 in fiscal year 2003 and \$435,000 in fiscal year 2004 for payroll expenses in the bill. These funds are accounted for in the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9). These funding levels will allow the Foundation to continue to operate at current levels.

The bill contains uncodified language relating to the Foundation that deals with investment earnings on Fund 5M9. On July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management is required to transfer the investment earnings that would have been credited to the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9) in fiscal years 2001 and 2002 from the General Revenue Fund back to Fund 5M9.

Endowment Fund

The Foundation also has a custodial fund, the Southern Ohio Agricultural and Community Development Foundation Endowment Fund, that pays for non-operating expenses. The Office of Budget and Management estimates the fund will receive \$15.8 million in fiscal year 2003 and \$16.6 million in fiscal year 2004, transferred from the Tobacco Master Settlement Agreement Fund (Fund 087) via the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87). The amount actually transferred to the endowment fund in FYs 2003 and 2004 will be \$0 in both fiscal years after the transfer from Fund 087 to the GRF is made pursuant to division (B) of Section 32 of Am. Sub. H.B. 405 of the 124th General Assembly.

According to the Foundation, the endowment fund had a total value (cash and fair value of investments) of \$20.2 million at the beginning of fiscal year 2002. The interest earned on this will be approximately \$570,000. As noted above, the amount transferred to this fund in FYs 2001 and 2002 was \$21.1 million and \$15.7 million, respectively.

The mission of the Foundation is to create and develop opportunities for Ohio's tobacco farming areas as well as rural communities. The Foundation also helps replace production of tobacco with the production of other agricultural products. The Foundation has four pilot projects currently planned to begin in the current fiscal year. These are as follows:

- **Education Assistance Program** – provides education and training assistance to tobacco growers making the transition from tobacco growing to the production of other agricultural products.
- **Farmland Preservation Program** – preserves agricultural land and soils in regions where tobacco has traditionally been grown.
- **Livestock Genetics Improvement Project** – assists livestock farmers by improving the quality of herds through the use of genetics or superior breeding stock.
- **Livestock Systems Program** – deals with fences, corrals, and working systems.

School Facilities Commission (SFC)

The bill appropriates \$313.4 million for the Classroom Facilities Assistance Program (CFAP) through the School Facilities Commission. While all districts are eligible for financial assistance under CFAP, funding is based on the Department of Education's equity list. This funding

represents about one-third of the total capital funding that SFC hopes to obtain from the tobacco and capital budgets this biennium. The School Facilities Commission received \$462.8 million in tobacco money last biennium.

School districts wishing to receive classroom facilities assistance program moneys from the School Facilities Commission must first elect to finance a portion of the project with its own bond issue and tax levy. LSC estimates that the local portion of these projects will be approximately 15-20 percent of the total cost of the projects. Using the FYs 2003-2004 capital appropriation of \$313.4 million, LSC estimates that in FY 2003, school districts choosing to participate in the program will face an increase in expenditures of up to \$54.9 million.

Board of Regents

The bill continues both the Biomedical Research and Technology Transfer Trust Fund and its related Commission, which is created "within the Ohio Board of Regents." The Commission is funded by line item 235-405, Biomedical Research and Technology Transfer Commission, within the Board of Regents' budget. This line item contains appropriations of \$25.5 million per year in fiscal years 2003 and 2004.

From the funds appropriated in the line item, the 25-member unpaid Commission provides competitive grants to public and private parties in Ohio for "any of a broad range of activities" related to biomedical research and technology transfer. For guidance, the Commission conducts assessments to determine the kinds of grant opportunities that would be likely to create jobs and business opportunities and benefit public health. A required focus of the assessments will be initiatives that address tobacco-related illnesses. Priority will be given to proposals that "leverage additional private and public funding resources."

The Board of Regents provides office space and facilities for the Commission.

SchoolNet Commission (NET)

The bill appropriates \$16.5 million in each of the FYs 2003-2004 biennium for the SchoolNet Commission. In FY 2003, \$1.0 million is earmarked for RISE Learning Solutions. As under prior grants, the SchoolNet Commission is required to work with RISE to develop a program to educate preschool staff members and providers on developmentally appropriate teaching methods, behavior guidance, and literacy using the latest technology available. In FY 2003, \$1,917,293 will be used for the Ohio ONEnet project. The Ohio ONEnet project aims to connect every K-12 public classroom with the internet and with other classrooms. Other FY 2003 earmarks include \$909,247 to be used for the INFOhio Network, a program that provides online resources, such as the encyclopedia, to schools and \$298,750 for the JASON Project. The JASON Project is a professional development project for teachers. The funds will be used to provide statewide access to JASON Content and provide a 75 percent subsidy for licensing fees of the content. In FY 2003, \$200,000 has been earmarked for the Stark County School Teacher Technical Training Center. The earmarks for FY 2003 contained in this bill are equivalent to the FY 2003 earmarks contained in Am. Sub. H.B. 94 of the 124th G.A., which are being repealed in this bill.

A majority of the tobacco funds will be used to purchase computers for sixth grade students. The state's goal is to have one computer for every five students. Grants are given to local school districts based on their quartile of wealth. The first two quartiles of wealth receive \$380 per pupil and students in the third and fourth quartile receive \$188 per student. Language in the bill permits SchoolNet to use remaining funds to move onto the seventh grade once all computers are purchased for the sixth grade. In FY 2003, \$12,174,710 is available for SchoolNet Plus. In FY 2004, the entire amount appropriated, \$16.5 million, is available for SchoolNet Plus. The fifth round of SchoolNet Plus will be approximately \$37.6 million.

As noted above, the bill repeals Section 103.03 of Am. Sub. H.B. 94 of the 124th G.A. This section deals with the earmarking of Education Technologies Trust Fund moneys received by the SchoolNet Commission for FYs 2002 and 2003. The effective date of the repeal of this section is July 1, 2002, the beginning of FY 2003. The FY 2003 earmarks contained in Section 103.03 are reproduced in this bill.

Attorney General

Existing division (B) of section 183.02 and section 183.10 of the Revised Code, which are unchanged by the bill, control the revenues and expenditures of Fund J87. Specifically, section 183.10 of the Revised Code creates the Law Enforcement Improvements Trust Fund (Fund J87) and requires that: (1) all money credited to the fund be used by the Office of the Attorney General to maintain, upgrade, and modernize its law enforcement and laboratory facilities, and (2) all investment earnings of the fund be credited to the fund. And under division (B) of section 183.02 of the Revised Code, \$23.1 million has been transferred from Fund 087 to Fund J87.

Under current law, unchanged by the bill, Fund J87 will not receive any additional MSA revenue. Fund J87 will, however, continue to retain its investment earnings.

To date, \$5.2 million has been appropriated from Fund J87 to line item 055-635. According to the Office of the Attorney General's Tobacco Budget Revenue Request, these funds will be used to: (1) purchase laboratory equipment, supplies, and support maintenance and system upgrades to the Automated Fingerprint Identification System (AFIS), and (2) purchase distance learning equipment and other training aids for the Ohio Peace Officer Training Academy (OPOTA).

The bill appropriates an additional \$6.2 million in FY 2003 and \$1.0 million in FY 2004 from Fund J87 to line item 055-635. According

to the Office of the Attorney General's Tobacco Budget Revenue Request, these additional funds will be used as follows:

- (1) Support expansion of OPOTA's outdoor training facility in London, Ohio, including the addition of a driving skills pad, a drivers' training track and skid pad, a 250-yard outdoor weapons firing range, and a multi-level firing and ropes training tower (\$5,200,000 in FY 2003).
- (2) Purchase equipment and other items for OPOTA's training facility, including a state-of-the-art portable interactive target, portable metal targets, weapons supplies, grounds and maintenance equipment, and five driving track vehicles (\$600,000 in FY 2003).
- (3) Make the final lease/purchase payment for AFIS and replace outdated laboratory and forensic equipment (\$400,000 in FY 2003 and \$500,000 in FY 2004).
- (4) Provides for laboratory improvements and training upgrades at OPOTA in the area of computer crimes and DNA evidence (\$500,000 in FY 2004).

The bill also contains uncodified law: (1) requiring moneys in line item 055-635 be used in accordance with section 183.10 of the Revised Code, and (2) allowing the Office of the Attorney General to consolidate the design and construction elements of the Ohio Peace Officer Training Academy Outdoor Training Facility and Improvements project into one contract. This project will be funded using moneys in the aforementioned line item 055-635. The Office of the Attorney General has indicated that: (1) in the past, the combination of design and construction elements into one contract has allowed capital projects to finish early and under budget, and (2) similar positive effects are expected by permitting a combination design-construction contract in the case of the Ohio Peace Officer Training Academy Outdoor Training Facility and Improvements project. This uncodified law relative to the Office of the Attorney General's handling of money in line item 055-635 was first enacted pursuant to Am. Sub. H.B. 405 of the 124th General Assembly.

Department of Taxation

As mentioned above, the bill creates the Tobacco Settlement Enforcement Fund (Fund T87) to offset the cost of enforcing the excise tax on tobacco for each brand of cigarettes and roll-your-own cigarette tobacco that is not covered in the tobacco master settlement agreement. It requires the vendors of such products to file a monthly report with the Tax Commissioner detailing the quantity of such cigarettes and cigarette tobacco sold, and it authorizes the Tax Commissioner to charge a late fee of up to \$250 for reports that are not filed in a timely manner.

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