OPEGA

Information Brief

Purpose

The Joint Standing Committee on Health and Human Services (HHS) requested an OPEGA review of Fund for a Healthy Maine programs that included a comparison of Maine to other states in terms of the degree to which preventive health services are prioritized in the expenditure of funds from the Master Tobacco Settlement Agreement (TMSA). The Government Oversight Committee directed OPEGA to begin this review in the fall of 2008.

This Information Brief discusses how Maine compares to other states. It also provides a summary of the Fund for a Healthy Maine programs and their major activities.

OPEGA currently has a full performance review of Fund for a Healthy Maine programs in progress to address the remainder of the HHS request. That review is focused on the following question:

Are existing managerial and oversight systems adequate to help ensure that activities supported by the Fund For A Healthy Maine:

- *are cost-effective and carried out in an efficient and economical manner; and*
- *have sufficient transparency and accountability for results and expenditures?*

A final report on this performance review will be issued later this year.

2009

No SR-FFAHM-08

Fund For A Healthy Maine Programs: *A Comparison of Maine's Allocations to Other States and a Summary of Programs*

Overview

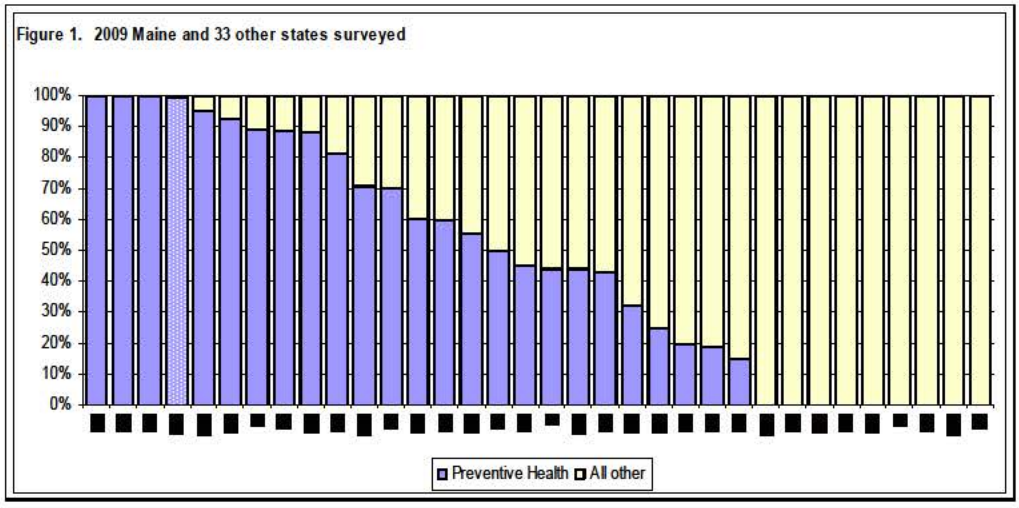
The Legislature established the Fund for a Healthy Maine (FHM) in 1999 to receive Maine's annual Tobacco Master Settlement Agreement (TMSA) payments. 22 MRSA §1511 restricts uses of the fund to eight health-related purposes:

- Smoking prevention, cessation and control activities, including, but not limited to, reducing smoking among the children of the State;
- Prenatal and young children's care including home visits and support for parents of children from birth to 6 years of age;
- Child care for children up to 15 years of age, including after-school care;
- Health care for children and adults, maximizing to the extent possible federal matching funds;
- Prescription drugs for adults who are elderly or disabled, maximizing to the extent possible federal matching funds;
- Dental and oral health care to low-income persons who lack adequate dental coverage;
- Substance abuse prevention and treatment; and
- Comprehensive school health and nutrition programs, including school-based health centers.

The specific uses in the FHM statute and original allocation amounts were the result of a legislatively-led statewide participatory process involving many organizations, individuals and community groups. This process created a broad base of support for the uses specified in statute. One outgrowth of this process was an advocacy group currently known as The Friends of the Fund for a Healthy Maine.

OPEGA utilized past studies conducted by the U.S. Government Accountability Office (GAO) as a basis for collecting data from other states and performing comparisons on the uses of TMSA funds. Thirty-three of the 45 other states receiving TMSA funds responded to OPEGA's survey and are included in the comparisons. For specifics on our methodology and its limitations, see Appendix A.

Our comparison shows that Maine has consistently prioritized preventive health services in its spending more than most other states receiving TMSA funding. Figure 1 illustrates FY09 allocations to preventive health uses versus all other uses for the comparison states.



Comparison of Maine to Other States

Defining Preventive Health Services

To compare Maine's use of Tobacco Settlement funds for preventive health services with other states, it was necessary to define preventive health services. OPEGA utilized a definition provided by Dr. Dora Mills, Maine's Director of the Center for Disease Control & Prevention in the Department of Health and Human Services. Dr. Mills defines preventive health services broadly as *services designed for health promotion and prevention of disease* with three levels of prevention:

- Primary Prevention – focuses on preventing risks for disease, such as preventing smoking, preventing physical inactivity, and preventing poor nutrition;
- Secondary Prevention – focuses on reducing existing risks for disease, such as reducing smoking, increasing physical activity, and improving nutrition;
- Tertiary Prevention – focuses on reducing the impact of diagnosed disease (or a health concern such as teenage pregnancy), for example assuring treatment, reducing smoking, improving nutrition and physical activity for those with diagnosed cardiac disease.

According to Dr. Mills, all currently funded FHM programs are considered Preventive Health Services with the exception of the program called FHM-Attorney General which provides funding for enforcement of the Tobacco Settlement Agreement. See Table 2 for a listing of the FHM programs and a summary of information about them.

Gathering Comparison Data

Previous studies done by the GAO for Congress between 2000 and 2005 had examined how states receiving TMSA funds were allocating those funds. The GAO developed 13 allocation categories and surveyed all 46 states receiving TMSA funds. OPEGA asked states to complete the same survey for FY08-09 and received responses from 28 states. We also reviewed publicly available budget documents for five other states resulting in comparison data from 33 states, or 73% of those receiving TMSA funds.

For Maine's data, OPEGA assigned FY09 allocations to the GAO survey categories. We confirmed that the allocations were assigned in the same way as in Maine's 2005 survey by verifying them with the staff person from the Department of Administrative and Financial Services who had submitted the survey to the GAO in 2005.

OPEGA reviewed the descriptions given for the GAO categories and compared them with the FHM programs Dr. Mills had identified as being preventive health services. Those FHM programs fell within the GAO categories of Education, Health, Tobacco Control and Social Services. Consequently, our comparisons consider allocations made to any of these four GAO categories as representing allocations to preventive health services.

GAO Allocation Categories for 2000 – 2005 Studies:

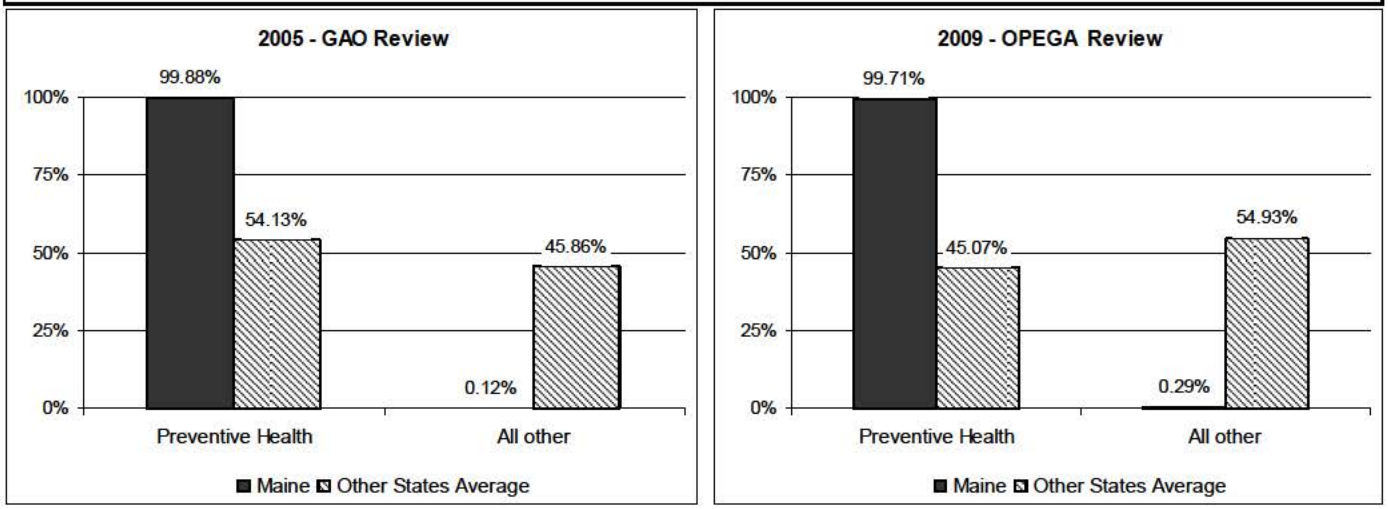
- Health
- Education
- Social Services
- Tobacco Control
- Infrastructure
- General Purposes
- Payments to Tobacco Growers
- Reserves/Rainy day funds
- Debt Service on Securitized Funds
- Budget Shortfalls
- Economic Development for Tobacco Regions
- Tax Reductions
- Unallocated

There are some limitations (discussed in Appendix A) in precisely matching the GAO's categories with Maine's definition of preventive health services. The GAO categories are broad and may include activities by some states that may not be related to preventive health. Despite these limitations, we feel that this approach generally provides a sufficient comparison of the degree to which states prioritize their allocations to preventive health uses. It also allows for a comparison between years.

Comparison Results

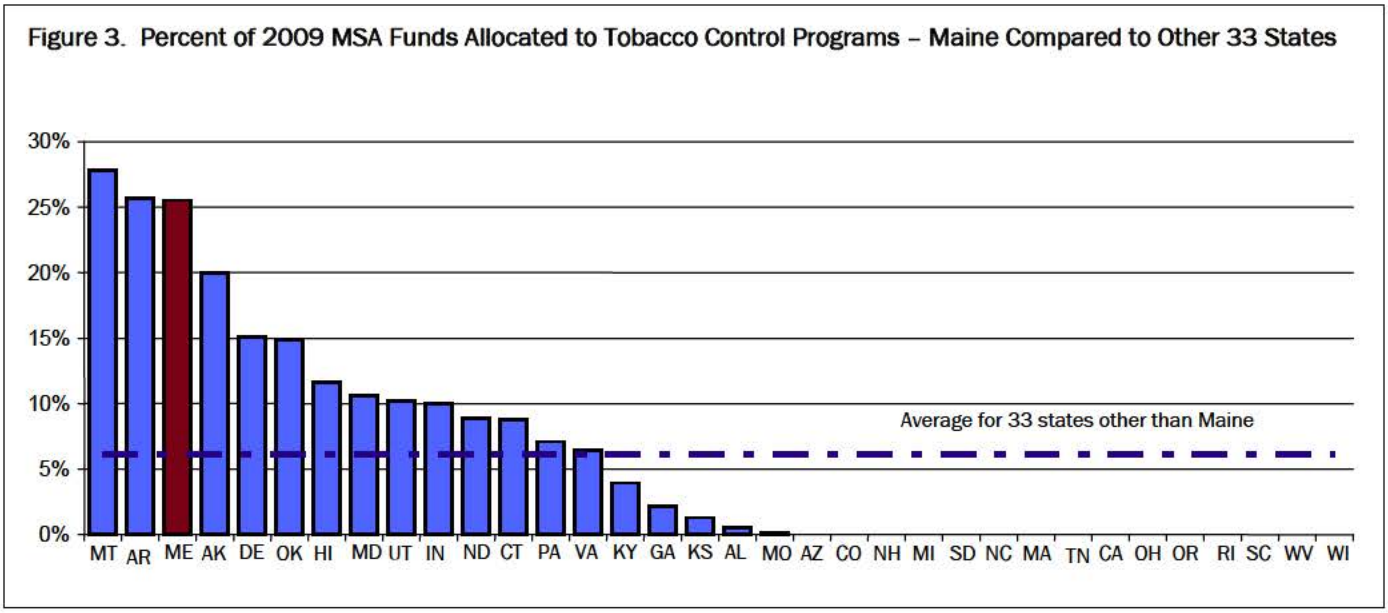
Maine has consistently prioritized preventive health services more than other states receiving TMSA funding (see Figure 2) allocating 99.8% in 2005 and 99.7% in 2009. In 2005, the other 33 states reviewed allocated an average of 54% of their TMSA funds to preventive health services and an average of just 45% in 2009. Nine of the 33 states reviewed allocated none of their settlement funds to preventive health services in 2009.

Figure 2. Average Allocations to Preventive Health Compared to All Other Uses for 2005 and 2009



Maine also allocates more of its TMSA funds specifically to Tobacco Control programs than most other states. As illustrated in Figure 3, Maine ranks third while 15 states allocate no funds for tobacco control at all.

Figure 3. Percent of 2009 MSA Funds Allocated to Tobacco Control Programs – Maine Compared to Other 33 States



While Maine's allocations have remained consistent over time, there have been some shifts in allocations in the other states. Table 1 shows the average percent allocations for the comparison states for each of the thirteen categories in both FY05 and FY09. The average is calculated from all 33 states, but not all have allocations in every category. The count shows the number of states with allocations in each category.

Table 1. Others States TMSA Allocations by GAO Category for 2005 and 2009				
Allocation Category	Avg. % Allocation 2005	# of States with Allocations in 2005	Avg. % Allocation 2009	# of States with Allocations in 2009
Health	35.46%	25	28.43%	20
Education	5.70%	11	8.32%	9
Social Services	5.12%	11	2.72%	7
Tobacco Control	7.86%	25	5.61%	18
Infrastructure	2.37%	4	3.10%	6
General Purposes	13.59%	19	13.73%	14
Payments to Tobacco Growers	0.11%	1	0.00%	0
Reserves/Rainy day funds	3.11%	3	5.25%	4*
Debt Service on Securitized Funds	18.18%	9	27.30%	13
Budget Shortfalls	1.58%	2	0.00%	0
Economic Development for Tobacco Regions	3.96%	5	5.41%	5
Tax Reductions	0.00%	0	0.00%	0
Unallocated	2.95%	9	0.15%	2
Note: Average percentages are calculated on all 33 states. * in 2009 two of these states placed funds in a health related trust fund				

Current Fund for a Healthy Maine Programs

Funding Allocations

The State of Maine develops its budget using a baseline budget process. The baseline for the next budget period is equal to the current year's budget. Personal Services lines for each department are adjusted by the DAFS Budget Office using a formula to take into consideration projected salary, benefits, and contractual agreements. The All Other lines are flat funded. Any increases or decreases in this baseline budget require a specific budget initiative that is included in the Governor's Proposed Budget and considered by the Legislature.

Within a year or two of the establishment of the FHM, specific programs were established in the budget to facilitate tracking allocations of it. (See Table 2 for a listing of FHM programs). The original baseline budget amounts for the Fund for a Healthy Maine programs were established in FY01 by the Legislature following the participatory community process previously described. The original allocation amounts in some of the programs were specifically assigned to particular activities or organizations – examples include the FHM-Head Start and FHM-Fire Marshal programs. The original allocations in other programs, like FHM-Medical Care, were assigned at the program level for purposes that were more broadly defined.

The activities supported by many FHM programs also receive other State and/or federal funds. For example, Drugs for the Elderly & Disabled (DEL) receives a dedicated portion of racino revenue that flows through FHM. DEL is also funded by the General Fund. Child care providers may receive FHM-Purchased Social Services funding as well as federal Social Services Block Grant funds. Some FHM activities have no other source of State funding - examples include Home Visits and Donated Dental. FHM dollars in several programs are used by the State and/or service providers to leverage federal funds.

Over the years, agency staff generally have not proposed budget initiatives that increase or decrease FHM baseline allocations. Within agencies there may be management discussions concerning possible initiatives impacting the General Fund, such as how to meet savings targets or increased need, and the impacts of such changes. Possible adjustments to FHM program amounts are usually not considered in those discussions. There is a general awareness of the FHM statute, its history, the original 2000-2001 program allocations, and the statutory intent that FHM not be used to supplant General Funds.

Fluctuations in TMSA payments received by the State are generally allocated proportionally to all FHM programs. Over time some other changes have been made to existing FHM allocations and new programs, such as the School Breakfast Program and Public Health Infrastructure, have been added. These changes emerge from budget deliberations at DAFS, with the Governor, and ultimately by the Legislature.

Purposes and Primary Activities

While levels of funding for FHM programs tend to remain static or are adjusted proportionally as resources shrink or grow, activities within a specific program area may vary due to changes occurring in other funding sources for that program area. Table 2 briefly summarizes the budgeted allocation, purpose and primary activities of each Fund for a Healthy Maine program for the current fiscal year. The Table also notes whether the activities are also supported by other funding sources and whether there is data available related to the program's performance.

Some of the FHM programs have specific and narrowly defined purposes and activities that may stand alone or interrelate with other State activities. For example, the purpose of the FHM-Fire Marshal program is to provide for timely fire safety inspections of child care facilities. Although the program funds three inspectors within the Inspections Unit who also conduct inspections of nursing homes and other facilities, the total number of child care inspections completed by the Inspection Unit's 10 inspectors each year exceeds the work load of the three full-time inspectors funded by FHM.

The purposes and activities of other FHM programs are more complex as they are part of specific departmental initiatives with several interconnected components or involve activities funded by multiple FHM programs. An example of this complexity is the Healthy Maine Partnerships (HMPs), which encompass a wide variety of activities funded primarily through the FHM Community/School Grants program. HMPs are part of a larger multi-faceted effort working to create an environment supportive of healthy lifestyles to make Maine the nation's healthiest state. HMPs work through coalitions to enact policy and environmental changes within schools and in the larger community in order to reduce tobacco use, tobacco related diseases and associated risk factors, substance abuse and related consequences, physical inactivity, poor nutrition, and chronic disease (cardiovascular disease, cancer, diabetes, asthma, and other chronic lung disease). HMP organizations also work on broader public health issues through Community Health Coalitions funded by the FHM Public Health Infrastructure program, and on specific tobacco issues, funded by the FHM Tobacco Prevention and Control program, with Partnership for a Tobacco Free Maine. In addition to being funded by multiple FHM programs, HMPs also receive other public funding such as federal funds from Substance Abuse and Mental Health Services Administration (SAMHSA) and U.S. Department of Agriculture funds administered through the Physical Activity and Nutrition (PAN) program.

Table 2 Legend

Acronyms for Agency Names

AG – Attorney General
DOE – Department of Education
DHHS – Department of Health and Human Services
- **CDCP** – Center for Disease Control & Prevention
- **IS** – Integrated Services
  - **OCFS** – Office of Child & Family Services
  - **OIAS** – Office of Integrated Access & Support
  - **OSA** – Office of Substance Abuse
- **QHM** – Quality and Healthcare Management
  - **LRS** - Licensing and Regulatory Services
- **OMS** – Office of MaineCare Services

DPS – Department of Public Safety
FAME – Finance Authority of Maine

Codes for Other Funds Column

F – Federal funds also support one or more activities in this program.
FL – Federal funds, leveraged by the State and/or service providers with Fund for Healthy Maine funds, also support one or more activities in this program.
GF – State General Funds also support one or more activities in this program.
OSR – Other Special Revenue.
N – There are no other State or federal funds supporting activities in this program.

Codes for Performance Evaluation Column

C – Performance-related data is collected and resides in agency.
F – Federal government also monitors these activities.
R – Performance-related data is formally collected and reported to either State or federal entities.
O – Other information exists that could be used to evaluate performance.
N - No performance data is collected or reported for this program.

Note: FY09 budget figures included in Table 2 are taken from the Bureau of the Budget including PL 2009, Chapter 1. All other Information in the Table is derived from interviews with agency management and staff and/or review of agency prepared documents. OPEGA has not yet verified this information.

Table 2. Summary of Current Fund for a Healthy Maine Programs by Responsible Agency				
Program Info	**Purpose**	**Key Activities Funded**	**Other Funds**	**Perf Eval**
Program #: 0947 **Name:** FHM – Attorney General **FY08/09 Budget:** $198,684 **Responsible Agency:** AG	To ensure tobacco companies which are signatories to the Master Settlement Agreement meet their full obligations per that agreement.	One and a half Assistant AG positions to: • enforce the Tobacco Manufacturer's Act and the Tobacco Distributor's Act.	N	O
Program #: 0963 **Name:** FHM - Judicial **FY08/09 Budget:** $110,686 **Responsible Agency:** Judiciary	To support Adult Drug Courts in supporting recovery from drugs and alcohol and reducing recidivism.	One Drug Court Coordinator to: • work with all adult drug courts; • liaison with parties involved in drug court cases; • problem solve with the courts; and • write grants to obtain additional resources and administer grants received.	F	R
Program #: 0964 **Name:** FHM – Fire Marshal **FY08/09 Budget:** $262,906 **Responsible Agency:** DPS - Fire Marshal	To provide timely fire safety inspections of child care facilities seeking new or renewed licenses. FHM funds offset charges made to DHHS for child care inspections done for the department.	Three inspector and one half support staff positions to: • conduct fire safety inspections.	OSR	R
Program #: 0949 **Name:** FHM – School Nurse Consultant **FY08/09 Budget:** $103,670 **Responsible Agency:** DOE	Provide statewide school nursing leadership, consultation and direction for coordinated school health care programs.	One DOE position to: • serve as liaison and resource for school nurses, • develop and conduct school nurse training programs; • participate in committees dealing with school health issues; and • collaborate with other states.	N	O
Program #: Z068 **Name:** FHM – School Breakfast Program **FY08/09 Budget:** $224,925 **Responsible Agency:** DOE	Increase number of children actually receiving school breakfast that are eligible for reduced fee breakfasts.	Cover family contribution of $.30 per meal for federally subsidized school breakfasts.	N	R
Program #: 0950 **Name:** FHM – Area Health Education Centers **FY08/09 Budget:** $117,235 **Responsible Agency:** FAME	To attract and retain health care personnel in underserved areas of the State or to provide services to underserved cultural groups through educational system incentives.	*Contract with University of New England to: • provide continuing education courses to promote professional development for rural health professionals; • provide clinical placements for health professions students in rural and underserved areas; and • expose students in rural areas to health professions through summer career camps and other educational experiences; **note: updated 2-27-09*	FL	R

Table 2. Summary of Current Fund for a Healthy Maine Programs by Responsible Agency				
Program Info	Purpose	Key Activities Funded	Other Funds	Perf Eval
Program #: 0951 **Name:** FHM - Dental Education **FY08/09 Budget:** $277,735 **Responsible Agency:** FAME	Increase the number of dentists practicing in Maine in underserved areas or for underserved populations.	Loans to dental students who are Maine residents and potential forgiveness of loans for those who practice in Maine under specified conditions. Dental education loan repayments for dentists practicing in Maine that meet specified conditions.	N	C
Program #: 0952 **Name:** FHM – Quality Child Care **FY08/09 Budget:** $167,792 **Responsible Agency:** FAME	To increase the skills of people working in child care by providing educational grants for related education.	Distribution of funding to colleges and universities to be used for: • scholarships for post-secondary students enrolled in child development and early childhood education courses.	N	C
Program #: 0948 **Name:** FHM – Substance Abuse **FY08/09 Budget:** $6,554,080 **Responsible Agency:** DHHS - IS - OSA	To decrease substance use, abuse & dependency in Maine through the implementation of prevention, intervention and treatment services.	Contracts with multiple entities to provide: • adult and youth prevention services; • prevention media campaigns; • prescription monitoring program for health care providers; • adolescent and adult community based outpatient and residential treatment services; and • corrections based treatment services for adolescents and adults.	FL GF	C F
Program #: 0954 **Name:** BFI - Central **FY08/09 Budget:** $61,898 **Responsible Agency:** DHHS – IS – OIAS	To assist in providing services for MaineCare.	One OIAS position to: • determine eligibility for MaineCare.	N	N
Program #: 0959 **Name:** FHM – Head Start **FY08/09 Budget:** $1,582,460 **Responsible Agency:** DHHS – IS - OCFS	To increase the number of children in full day, full year Head Start programs and early Head Start infant/toddler care.	Grants to agencies receiving federal Head Start funding to: • provide comprehensive developmental child care.	F FL GF	C F

Table 2. Summary of Current Fund for a Healthy Maine Programs by Responsible Agency				
Program Info	**Purpose**	**Key Activities Funded**	**Other Funds**	**Perf Eval**
Program #: 0961 **Name:** FHM – Purchased Social Services **FY08/09 Budget:** $4,605,435 **Responsible Agency:** DHHS – IS - OCFS	To increase availability of affordable, quality child care for low income parents.	Distribution of child care vouchers to low income parents. Contracts with child care providers and after school programs for subsidized: • child care slots; • odd hour child care; • child care for at risk children; and • 12-15 year old care. Contracts with other multiple entities to: • run resource development centers; and • provide quality improvement programs.	F FL GF	C F
Program #: 0953-06 **Name:** FHM – Home Visits **FY08/09 Budget:** $5,432,713 **Responsible Agency:** DHHS – IS - OCFS	To support and assist new and adolescent parents in understanding child development so children have better health outcomes, developmental issues are identified earlier and child abuse is prevented.	Contracts with multiple entities to: • conduct home visits; • train home visitation staff; and • evaluate the home visits program.	N FL	C R
Program #: 0953-01 **Name:** Oral Health **FY08/09 Budget:** $973,897 **Responsible Agency:** DHHS –CDCP	To improve access to oral health care services for low income individuals without dental insurance.	Contracts with providers who agree to certain conditions to: • subsidize the cost of services they provide to certain categories of individuals.	N	O
Program #: 0953-02 **Name:** Tobacco Prevention and Control **FY08/09 Budget:** $7,377,596 **Responsible Agency:** DHHS - CDCP	To prevent youths from using tobacco products and to assist youths and adults who currently use tobacco products to discontinue that use.	Four positions in CDCP manage implementation of all functions in Tobacco Prevention & Control and Community/School Grants. Contracts with multiple entities to: • provide a tobacco helpline, treatment and medication assistance for individuals seeking to stop smoking; • conduct tobacco-related public education and media campaigns; • evaluate effectiveness of tobacco-related program components; and • provide support for other statewide tobacco initiatives.	FL	R C

Table 2. Summary of Current Fund for a Healthy Maine Programs by Responsible Agency				
Program Info	**Purpose**	**Key Activities Funded**	**Other Funds**	**Perf Eval**
Program #: 0953-07 **Name:** Community/School Grants **FY08/09 Budget:** $9,059,743 **Responsible Agency:** DHHS - CDCP	To reduce tobacco use, tobacco-related chronic disease, associated risk factors and substance abuse by addressing these issues at the local level.	Contracts with multiple entities, including 28 Healthy Maine Partnerships, to: • promote, coordinate and organize policy and environmental change activities within schools and communities to support healthy behaviors and lifestyles; • establish School Based Health Centers for adolescents; • provide support for engaging youth in Healthy Maine Partnership work; • provide training and technical assistance for Healthy Maine Partnership work; • conduct research on obesity reduction and prevention; • partial funding for School Breakfast program; and • enforce tobacco laws statewide.	FL	C R
Program #: 0953-08 **Name:** Public Health Infrastructure **FY08/09 Budget:** $1,470,000 **Responsible Agency:** DHHS – CDCP	To establish a system at the broad community level that can respond to public health issues.	Contracts with the 28 Healthy Maine Partnership organizations to: • organize community health coalitions; • assess community health needs; and • develop local health improvement plans to inform the State Health Plan.	N	O
Program #: Z048 **Name:** Immunization **FY08/09 Budget:** $1,258,000 **Responsible Agency:** DHHS - CDCP	To supply influenza and pneumonia vaccinations to targeted populations.	Purchase vaccines at a discount through the federal government which then distributes the vaccines to providers.	N	R
Program #: 0956 **Name:** Family Planning **FY08/09 Budget:** $884,240 **Responsible Agency:** DHHS - CDCP	To reduce teen pregnancy rate.	Contract with Family Planning Association of Maine to: • fund clinics; and • conduct community education and outreach.	F GF	F R
Program #: 0958 **Name:** Donated Dental **FY08/09 Budget:** $42,562 **Responsible Agency:** DHHS - CDCP	To increase availability of donated dental services for disabled persons who could otherwise not afford them.	Contract with National Foundation for Dentistry for the Handicapped for a part-time coordinator to: • recruit dentists to donate services; and • coordinate with laboratories for discounted or donated prosthetics.	N	R

Table 2. Summary of Current Fund for a Healthy Maine Programs by Responsible Agency				
Program Info	**Purpose**	**Key Activities Funded**	**Other Funds**	**Perf Eval**
Program #: 0962 **Name:** Bone Marrow Screening **FY08/09 Budget:** $93,712 **Responsible Agency:** DHHS - CDCP	To increase the number of identified potential bone marrow donors on the national registry.	Contract with the Maine Leukemia Foundation to: • provide outreach throughout Maine to attract new potential donors to the national bone marrow registry; • run screening clinics; and • pay for screening tests.	OSR	R
Program #: 0960 **Name:** Medical Care **FY08/09 Budget:** $8,776,069 **Responsible Agency:** DHHS – OMS	To cover costs of pharmaceuticals for Medicaid eligible individuals.	Transfer of Medicaid eligible pharmaceutical expenditures from General Fund to FFHM to free up General Fund allotment for other Medicaid expenses.	FL GF	N
Program #: Z015 **Name:** Drugs for the Elderly & Disabled **FY08/09 Budget:** $13,912,727 **Responsible Agency:** DHHS - OMS	To increase the availability of affordable prescription drugs for low income elderly and disabled individuals who are not eligible for Medicaid.	Contracts with multiple entities for: • pharmaceutical subsidies; • Medicare premiums; and • outreach and education.	GF OSR	C
Program #: 0955 **Name:** Bureau of Medical Services **FY08/09 Budget:** $140,497 **Responsible Agency:** DHHS - OMS	To oversee and administer Drugs for the Elderly and Drugs for the Elderly Medicare support programs.	One position in OMS to: • oversee and administer programs.	FL	N
Program #: 0957 **Name:** Service Center **FY08/09 Budget:** $720,101 **Responsible Agency:** DHHS – QHM - LRS	To assure safety and quality care for children in child care and children's residential treatment facilities.	Ten positions in Licensing and Regulatory Services to: • conduct licensing inspections of child care and residential treatment facilities; • investigate complaints about providers; and • investigate allegations of abuse in out of home situations (i.e. foster homes).	GF	O
Program #: Z070 **Name:** FHM - Dirigo Health **FY08/09 Budget:** $5,000,000 **Responsible Agency:** Dirigo Health	To expand access to comprehensive, affordable health care coverage.	Dirigo Health provides the DirigoChoice insurance program currently offered through Harvard Pilgrim Health Care. FHM funds are used for subsidies for low income members.	GF	C R

Appendix A - Methodology

General Research

In producing this Information Brief OPEGA reviewed:

- the legislative history of the Fund for a Healthy Maine;
- budget documents and reports from the Office of Policy and Legal Analysis (OPLA), Office of Fiscal and Program Review (OFPR), and Bureau of the Budget;
- information available on specific programs including annual reports; and
- GAO reports on State's Allocations of Fiscal Years 2000-2005 Tobacco Settlement Payments.[1]

We also interviewed staff at the GAO, OPLA, OFPR, DAFS, DHHS, DPS, Dirigo Health, Education, FAME, University of New England, Judiciary, Attorney General's Office and Friends of the Fund for a Healthy Maine.

State Comparisons

The data on other state's allocations of their Tobacco Master Settlement Agreement payments in 2005 was obtained from the General Accountability Office's "Tobacco Settlement *States' Allocations of Fiscal Year 2005 and Expected Fiscal Year 2006 Payments."* OPEGA gathered the 2009 data by surveying the 45 states identified in the GAO report as receiving Tobacco Master Settlement Agreement payments. To assure a consistent comparison between years and to make the survey effort easier for the other states, we used the same survey tool that the GAO had used to gather data for its reports. A copy of the survey form can be found in Appendix B.

The GAO defined thirteen general categories and asked states to group the many specific program areas with TMSA allocations into these categories. OPEGA asked the 45 other states to fill out the GAO survey with updated information on their FY09 budgeted allocations. Eighteen surveys were completed and returned, 10 states responded via email or phone, and data for five other states was gathered from publicly available documents. As a result, OPEGA obtained comparison data for a total of 33 states, or 73% of the states receiving TMSA payments. OPEGA also filled out the survey using Maine's FY09 allocations as per the FFHM Allocations History prepared by the legislative Office of Fiscal and Program Review. To confirm that the FHM programs were assigned to the same categories as in Maine's 2005 GAO survey, OPEGA checked with the DAFS staff person who had submitted the survey to the GAO in 2005.

To perform our comparisons, OPEGA selected the GAO categories of Education, Health, Tobacco Control and Social Services as representing allocations to preventive health services. These categories were selected after reviewing the descriptions for the GAO categories and comparing them with the activities the Maine Center for Disease Control & Prevention had defined as preventive health services. Maine's activities fell within these four GAO categories. The category descriptions can be found at the end of Appendix B.

In addition, we limited the GAO 2005 data used to a subset that included only the same 33 states for which we had 2009 data so that comparisons between 2005 and 2009 would have greater validity.[2] We then compared Maine to the other states for the aggregate of all GAO categories identified as preventive health, versus the sum of all other categories. This comparison was done for both 2005 and 2009. Further analysis was done breaking out the specific GAO categories that make up preventive health to see how Maine compared.

There are some limitations to the approach we used with regard to specific comparisons of allocations to preventive health services. The GAO categories are broad and may include some activities that might not be considered preventive health. For example, South Dakota spends 43% of its funds in the education category, but it is for general aid to education. Conversely, states that transfer all TMSA funds to their general funds have 100% of their allocations in the General Purpose category, but one can presume that some portion of all general fund expenditures are for preventive health activities.

[1] These reports can be found on the GAO's website at http://www.gao.gov/new.items/d06502.pdf

[2] The GAO 2005 data from all MSA states was compared with OPEGA's FY09 data from 33 states to determine whether they represent comparable populations. OPEGA found only a 1% difference between the two data sets.

Appendix B – OPEGA Survey Form(2005 GAO Survey)

Contact Information

Please provide the following information about the primary person completing this survey in case we need to clarify a response.

Name:		Title:	
E-mail:		Agency:	
Telephone:		Fax:	

Master Settlement Agreement (MSA) Payments and Securitized Proceeds Received

1. What was the amount of **current fiscal year MSA payments and securitized proceeds** your state received, or will receive?

Master Settlement Agreement Payments:	$
Securitized proceeds:	$
Total:	$

Allocation of MSA Payments for Current Fiscal Year

2. For each of the categories below, please provide the amount of **MSA payments and securitized proceeds** your state allocated for the **current fiscal year** (including any unallocated funds). In addition, please provide specific examples of programs for each of the categories to which funds were allocated.

Category	Amount of MSA payments allocated for current **fiscal year**	Amount of securitized proceeds allocated for current **fiscal year**	Examples of programs receiving funds
Budget shortfalls	$	$	NA
Debt service on securitized funds	$	$	NA
Economic development for tobacco regions	$	$	
Education	$	$	
General purposes	$	$	
Health	$	$	
Infrastructure	$	$	
Payments to tobacco growers	$	$	
Reserves/ rainy day funds	$	$	
Social services	$	$	
Tax reductions	$	$	
Tobacco control	$	$	
Unallocated	$	$	
Total	$	$	NA

3. Do MSA payments and securitized proceeds, reported in question 2, include the following? *(Check all that apply.)*

[ ] Carry-over funds
[ ] Interest earned
[ ] Neither carry-over funds nor interest earned

Comments. If you have any additional comments relating to any of the issues raised in this survey, please enter them in the space provided.
If the numbers you have provided are estimates then please note that fact here.

Glossary

Please refer to the following definitions when completing this survey:

Allocation – Refers to funds appropriated or otherwise designated (e.g., earmarked for a trust fund or an endowment that has a specific purpose). It also includes funds designated for debt servicing on bonds issued when a state securitized all or a portion of the MSA funds.

Fiscal year - Refers to your state's fiscal year.

MSA - Refers to the November 1998 Master Settlement Agreement, under which the attorneys general of 46 states signed a comprehensive agreement with four of the nation's largest tobacco companies requiring them to make annual payments to states in perpetuity as reimbursement for past tobacco-related costs.

Securitization - Refers to the use of MSA payments to back the issuance of bonds. More specifically, securitization is a type of structured financing method based on the cash flow of receivables or rights to future payments.

Definitions of MSA payment allocation categories

To standardize the information reported by the 46 states in prior years, GAO developed categories for the program areas to which states allocated their MSA payments. When classifying funds to a category, please include administrative costs that apply to that category.

Budget Shortfalls: This category is comprised of amounts allocated to balance state budgets and close gaps or reduce deficits resulting from lower than anticipated revenues or increased mandatory or essential expenditures.

Debt Service on Securitized Funds: This category consists of amounts allocated to service the debt on bonds issued when the state securitized all or a portion of its MSA payments.

Economic Development for Tobacco Regions: This category is comprised of amounts allocated for economic development projects in tobacco states such as infrastructure projects, education and job training programs, and research on alternative uses of tobacco and alternative crops. This category includes projects specifically designed to benefit tobacco growers as well as economic development that may serve a larger population within a tobacco state.

Education: This category is comprised of amounts allocated for education programs such as day care, preschool, Head Start, early childhood education, elementary and secondary education, after-school programs, and higher education. This category does not include money for capital projects such as construction of school buildings.

General Purposes: This category is comprised of amounts allocated for attorneys' fees and other items, such as law enforcement or community development, that could not be placed in a more precise category. This category also includes amounts allocated to the state's general fund that were not earmarked for any particular purpose. Amounts used to balance state budgets and close gaps or reduce deficits should be categorized as budget shortfalls rather than general purposes.

Glossary (Continued)

Health: This category is comprised of amounts allocated for direct health care services, health insurance including Medicaid and the State Children's Health Insurance Program (SCHIP), hospitals, medical technology, public health services, and health research. This category does not include money for capital projects such as construction of health facilities.

Infrastructure: This category is comprised of amounts allocated for capital projects such as construction and renovation of health care, education and social services facilities, water and transportation projects, and municipal and state government buildings. This category includes retirement of debt owed on capital projects.

Payments to Tobacco Growers: This category is comprised of amounts allocated for direct payments to tobacco growers including subsidies and crop conversion programs.

Reserves/Rainy Day Funds: This category is comprised of amounts allocated to state budget reserves such as rainy day and budget stabilization funds not earmarked for specific programs. Amounts allocated to reserves that are earmarked for specific areas are categorized under those areas--e.g., reserve amounts earmarked for economic development purposes should be categorized in the economic development category.

Social Services: This category is comprised of amounts allocated for social services such as programs for the aging, assisted living, Meals on Wheels, drug courts, child welfare, and foster care. This category also includes amounts allocated to special funds established for children's programs.

Tax Reductions: This category is comprised of amounts allocated for tax reductions such as property tax rebates and earned income tax credits.

Tobacco Control: This category is comprised of amounts allocated for tobacco control programs such as prevention, including youth education, enforcement and cessation services.

Unallocated: This category is comprised of amounts not allocated for any specific purpose, such as amounts allocated to dedicated funds that have no specified purpose; amounts states chose not to allocate in the year MSA payments were received that will be available for allocation in a subsequent fiscal year; interest earned from dedicated funds not yet allocated; and amounts that have not been allocated because the state had not made a decision on the use of the MSA payments.