
Cigarette Restitution Fund Fiscal 2003 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Cigarette Restitution Fund

Fiscal 2003 Budget Overview

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Executive Summary

Issues for consideration in making decisions on the future of Cigarette Restitution Fund (CRF) programming and funding levels may include the following:

- **Spending Priorities:** The fiscal 2003 allowance continues funding for the spending priorities established by the Cigarette Restitution Act. The reintroduction of funding for Medicaid in fiscal 2003 increasingly concentrates CRF in health-related areas. The General Assembly has the option of redistributing funds according to legislative spending priorities. The Department of Legislative Services (DLS) recommends changing State law to permanently earmark a portion of CRF dollars for Medicaid.
- **Possibility of Attorney Fee Settlement:** Attorneys for the Law Offices of Peter G. Angelos, P.C. have made public a proposal for settlement under which the State would pay the Law Offices \$250 million in six equal annual payments beginning in 2003. The General Assembly may want to further consider priorities for use of funds in escrow should a settlement be reached.
- **Centers for Disease Control (CDC) Recommended Funding Levels:** CDC minimum recommended funding levels for tobacco control average 20% to 25% of annual settlement revenues. The Governor's allowance of \$20.2 million for tobacco control falls short of meeting CDC recommended minimum funding of \$30 million.
- **Implementation of Tobacco and Cancer Control Programs:** Due to delays in establishing baseline studies and general implementation delays, the tobacco and cancer control programs were not able to spend the full amount appropriated in their first year.
- **Recommendations of the Cancer Treatment Task Force:** The cancer treatment task force released recommendations to maximize funding for cancer treatment as provided by the CRF Cancer Prevention, Education, Screening, and Treatment Program.
- **Crop Conversion:** The Strategy Action Plan for Agriculture has not been updated to reflect the current practices of the Tri-County Council for Southern Maryland (TCC).

History of the Cigarette Restitution Fund

On November 23, 1998, five major tobacco companies agreed to settle all outstanding litigation with 46 states, 5 territories, and the District of Columbia. Under this unprecedented agreement, the settling manufacturers will pay the litigating parties approximately \$206 billion over the next 25 years and beyond, as well as conform to a number of restrictions on marketing to youth and the general public.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

In anticipation of receiving tobacco settlement monies, the General Assembly established CRF in Chapter 173, Acts of 1999. The statute directs the Governor to propose a budget with at least 50% of funds allocated to the nine health- and tobacco-related priorities listed in **Exhibit 1**. The Governor's fiscal 2003 proposal meets this requirement, with \$115 million, or 64% of fiscal 2003 revenues (including funds in escrow), allocated to health- and tobacco-related programs.

Exhibit 1

Spending Priorities in the Cigarette Restitution Act

1. Reduction in tobacco use by youth
2. Tobacco control campaigns in schools
3. Smoking cessation programs
4. Enforcement of tobacco sales restrictions
5. Primary health care in rural areas
6. Programs concerning cancer, heart disease, lung disease, and tobacco control
7. Substance abuse treatment/prevention
8. Maryland Health Care Foundation
9. Crop conversion

Source: Chapter 173, Acts of 1999

Overview of the Governor's CRF Proposal

Impact of Attorney Fee Issue on Budget Decisions

The State of Maryland hired outside counsel to assist in the case against the tobacco manufacturers. At that time the Law Offices of Peter G. Angelos, P.C. submitted the lowest bid on the State's Request for Proposal to retain outside counsel to represent the State of Maryland against cigarette manufacturers. The original contract between the State of Maryland and the Law Offices, dated March 27, 1996, was based on a 25% contingency fee for services. Subsequent to entering into contract with the Law Offices many more states began to pursue litigation against the tobacco manufacturers, reducing the responsibilities of each state's individual counsel. The General Assembly passed legislation in April 1998 which simplified proof for the State's case and reduced the maximum amount of the contingency fee to 12.5%.

The State filed suit in Baltimore City Circuit Court in December 1999 after the Law Offices refused to request attorneys' fees from the tobacco manufacturers, as set out in the Master Settlement Agreement. The circuit court ordered that 25% of the proceeds received by the State under the Master Settlement Agreement be placed in escrow pending the outcome of the case. The Law Offices subsequently filed a contract claim before the Board of Contract Appeals. After appellate litigation, the Court of Appeals ruled that the case be tried first at the Maryland Board of Contract Appeals, with a final decision on jurisdiction pending the Board of Contract Appeals' ruling. Trial at the Board of Contract Appeals is scheduled to begin May 6, 2002.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

As a condition of the Master Settlement Agreement, the tobacco manufacturers agreed to pay outside counsel's fees directly, but the Law Offices refused to apply for these fees. The State applied directly to the arbitration panel determining payments to counsel; the hearing before the panel occurred in June 2001 and July 2001. The panel has not yet published a decision; preliminary reports indicate the panel has awarded \$132 million, paid over twenty years, to the Law Offices.

The State has paid the Law Offices \$5.3 million from funds in escrow. It is estimated the escrow account will contain \$123 million at the end of fiscal 2002 and \$170 million at the end of fiscal 2003. In January 2002 attorneys for the Law Offices made public a proposal for settlement under which the State would pay the Law Offices \$250 million in six equal annual payments beginning in 2003. In return, the Law Offices would release any claim to the funds in escrow and payments from the arbitration panel.

Under the statutory provisions of CRF any proceeds to the State from a settlement would return to the Cigarette Restitution Fund. Senate Bill 723/House Bill 841 of 2002 would divert available escrow funds to a Special Reserve Fund, to be transferred to the Revenue Stabilization Fund at the beginning of fiscal 2004.

Fiscal 2001 Actual Spending

The fiscal 2001 budget was developed prior to the circuit court order that required 25% of settlement payments to be placed in escrow. As such, funding for the tobacco and cancer programs, as well as funding for teachers' salaries, aid to nonpublic schools, and school wiring, was reduced in the 2001 working appropriation to make adequate funding available for attorneys' fees. It was expected that the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program would experience implementation delays in their first years, making sufficient funds available for escrow. Between the legislative and the working appropriations, funding for teachers' salaries was reduced \$6.1 million due to greater-than-anticipated revenue from the teachers' retirement fund; in addition, \$0.4 million was added for the Attorney General for the cost of outside counsel related to the Angelos case. Further, the legislation establishing each of the programs, Chapter 17, Acts of 2000 required DHMH to submit the results of baseline studies of tobacco use and cancer incidence and mortality before the majority of funds for these programs could be expended. The combination led to a difference of \$26 million, detailed in **Exhibit 2**, between the fiscal 2001 legislative appropriation and actual spending.

The cancer baseline report was presented August 2000, allowing the release of funds shortly after the beginning of the fiscal year. The tobacco baseline was not completed until February 2001, restricting funding availability for more than six months. In addition to funding delays, existing health programs were unable to expand at a rate that would allow for full use of funds. Each local health department, for example, had to create capacity to accommodate the sudden growth in funds, although many programs were able to spend the full amount appropriated in fiscal 2001. The tobacco program expended \$7.3 million of \$12.8 million appropriated; the cancer program expended \$23.8 million of \$26.3 million appropriated. A total of \$8.0 million was unspent in fiscal 2001. Unused funds accrue to the CRF fund balance, which totaled \$10.0 million at the beginning of fiscal 2002.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Exhibit 2

Fiscal 2001 Actual Spending
(\$ in Millions)

	<u>FY 2001 Legislative Appropriation</u>	<u>FY 2001 Working Appropriation</u>	<u>FY 2001 Actual</u>	<u>Legislative Appropriation to Actual Difference</u>
Health				
Tobacco	\$18.1	\$12.8	\$7.3	\$10.8
Cancer	30.8	26.3	23.8	7.0
Substance Abuse	18.5	18.5	18.5	0.0
Maryland Health Care Foundation	1.5	1.5	1.5	0.0
Medical Provider Reimbursements	24.6	24.6	24.6	0.0
Subtotal	\$93.5	\$83.7	\$75.7	\$17.8
Education (K-12)				
Teachers Salaries	\$13.0	\$6.9	\$6.9	\$6.1
Baltimore City Partnership	8.0	8.0	8.0	0.0
Academic Intervention	12.0	12.0	12.0	0.0
Aid to Nonpublic Schools	6.0	5.0	5.0	1.0
Judy Hoyer Centers	4.0	4.0	4.0	0.0
School Wiring*	1.4	0.0	0.0	1.4
Education Modernization	2.5	2.5	2.5	0.0
Teacher Mentoring	2.5	2.5	2.5	0.0
Teacher Certification	2.0	2.0	2.0	0.0
Technology Academy	1.7	1.7	1.6	0.1
Readiness and Accreditation	3.0	3.0	3.0	0.0
Subtotal	\$56.1	\$47.6	\$47.6	\$8.5
Higher Education				
MAITI Technology	\$3.7	\$3.7	\$3.7	0.0
Access/Success	1.0	1.0	1.0	0.0
Digital Library	0.5	0.5	0.5	0.0
Subtotal	\$5.2	\$5.2	\$5.2	\$0.0
Crop Conversion	\$9.0	\$9.0	\$9.0	\$0.0
Attorney General	\$0.0	\$0.4	\$0.4	(\$0.4)
Unallocated Reversion				
Total Expenses	\$163.8	\$145.9	\$137.9	\$25.9

* School wiring funds were not expended because lease payments were not scheduled to begin until fiscal 2002.

Source: Department of Budget and Management

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Fiscal 2002 Working Appropriation

The fiscal 2001 distribution of funds was the foundation for the distribution of funds in the fiscal 2002 legislative appropriation. The majority of programs were either level-funded or included funds to annualize the cost of a full year of services. Notable exceptions included the elimination of funding for teachers' salaries due to the availability of an alternate funding source, limiting funding for crop conversion to 5% of available revenue, and not spending funds for Medicaid.

Funding levels in the fiscal 2002 legislative appropriation were contingent on the availability of funds. The fiscal 2002 allowance was built on the assumption that attorneys' fees would require only 9% of fiscal 2002 tobacco revenue. To comply with the requirement that 25% of the funds be placed into escrow, \$27 million of the appropriation was withheld. **Exhibit 3** details the withheld funds: \$19 million in DHMH; \$4 million in public education; and \$4 million in higher education. Although less overall funding was available in fiscal 2002, overall program funding increased because \$25 million appropriated for Medicaid in fiscal 2001 was distributed to other activities in fiscal 2002.

Fiscal 2003 Allowance

The fiscal 2003 allowance includes \$132 million for CRF programs, an increase of \$10.5 million from the fiscal 2002 working appropriation. As evidenced in **Exhibit 4**, most programs are funded near fiscal 2002 working appropriation levels with several exceptions: \$31 million is provided for Medicaid; and public education programs including Academic Intervention, the Baltimore City Partnership, and School Readiness, supported with \$24 million in CRF in fiscal 2002, are funded with general funds in fiscal 2003. The Governor has set aside sufficient funding for attorneys' fees in fiscal 2003; no further reductions to the amounts allocated are anticipated. Even if agencies are able to spend all funds appropriated in fiscal 2003, CRF will carry a balance of \$1.2 million into fiscal 2004.

The General Assembly may reallocate fiscal 2003 funding among programs through the following mechanisms:

- The General Assembly may reduce the appropriation for a given program and request the funds reintroduced as part of a supplemental budget.
- The General Assembly may authorize the transfer of CRF between budget codes.
- The General Assembly may redistribute funds within a single budget code; for instance, funding for the cancer and tobacco programs, both budgeted in the Family Health Administration (FHA), could be reallocated with addition of budget bill language.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Exhibit 3

**Fiscal 2002 Working Appropriation
(\$ in Millions)**

	FY 2002 Legislative <u>Appropriation</u>	<u>Contingent Funds</u>	FY 2002 Working <u>Appropriation</u>
Health			
Tobacco	\$30.4	(\$10.7)	\$19.7
Cancer	42.3	(8.0)	34.3
Substance Abuse	18.5		18.5
Maryland Health Care Foundation	1.5	(0.5)	1.0
Subtotal	\$92.7	(\$19.2)	\$73.5
Education (K-12)			
Teachers Salaries	\$0.0		\$0.0
Baltimore City Partnership	3.2		3.2
Academic Intervention	19.5		19.5
Aid to Nonpublic Schools	5.0		5.0
Judy Hoyer Centers	4.0		4.0
School Wiring	3.6	(\$3.6)	0.0
Education Modernization	0.0		0.0
Teacher Mentoring	2.5		2.5
Teacher Certification	2.0		2.0
Technology Academy	1.7		1.7
Readiness and Accreditation	3.0		3.0
Subtotal	\$44.5	(\$3.6)	\$40.9
Higher Education			
MAITI Technology	\$3.7	(\$3.7)	\$0.0
Access/Success	1.0		1.0
Digital Library	0.5	(0.5)	0.0
Subtotal	\$5.2	(\$4.2)	\$1.0
Crop Conversion	\$6.3		\$6.3
Attorney General	\$0.1		\$0.1
Total Expenses	\$148.8	(\$27.0)	\$121.8

Notes: Difference between legislative and working appropriation includes \$1 million in cost containment savings.
\$3 million in aid to nonpublic schools was withheld in fiscal 2002 and reverted to CRF.

Source: Department of Budget and Management

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Exhibit 4

**Cigarette Restitution Fund
Fiscal 2001 through 2003
(\$ in Millions)**

	FY 2001 <u>Actual</u>	FY 2002 Working <u>Appropriation</u>	FY 2003 <u>Allowance</u>	Difference <u>FY 2002-2003</u>
Health				
Tobacco	\$7.3	\$19.7	\$20.2	\$0.5
Cancer	23.8	34.3	37.7	3.4
Substance Abuse	18.5	18.5	18.5	
Maryland Health Care Foundation	1.5	1.0	1.0	
Medical Provider Reimbursements	24.6	0.0	31.0	31.0
Subtotal	\$75.7	\$73.5	\$108.4	\$34.8
Education (K-12)				
Teachers Salaries	\$6.9	\$0.0	\$0.0	
Baltimore City Partnership	8.0	3.2	0.0	(\$3.2)
Academic Intervention	12.0	19.5	0.0	(19.5)
Aid to Nonpublic Schools	5.0	5.0	5.0	
Judy Hoyer Centers	4.0	4.0	4.0	
School Wiring	0.0	0.0	1.9	1.9
Education Modernization	2.5	0.0	0.0	
Teacher Mentoring	2.5	2.5	2.5	
Teacher Certification	2.0	2.0	1.5	(0.5)
Technology Academy	1.6	1.7	1.7	
Readiness and Accreditation	3.0	3.0	0.0	(3.0)
Subtotal	\$47.6	\$40.9	\$16.6	(\$24.3)
Higher Education				
MAITI Technology	\$3.7	\$0.0	\$0.0	
Access/Success	1.0	1.0	1.0	
Digital Library	0.5	0.0	0.0	
Subtotal	\$5.2	\$1.0	\$1.0	
Crop Conversion	\$9.0	\$6.3	\$6.3	
Attorney General	\$0.4	\$0.1	\$0.1	
Total Expenses	\$137.9	\$121.8	\$132.4	\$10.6

Source: Department of Budget and Management

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Tobacco Use Prevention and Cessation Program

The Tobacco Use Prevention and Cessation Program, established by Chapter 17, Acts of 2000 is charged with developing initiatives to reduce Maryland tobacco use and otherwise benefit public health. As established by law, the program consists of five components:

- surveillance and evaluation;
- statewide public health;
- countermarketing;
- local public health; and
- administration.

Funding for the tobacco program increases \$0.5 million in fiscal 2003, as detailed in **Exhibit 5**, due to incremental increases in the surveillance and administrative components of the program.

Exhibit 5

Funding of Tobacco Control Programs
Fiscal 2001 through 2003
(\$ in Millions)

	FY 2001 <u>Actual</u>	FY 2002 <u>Working</u> <u>Appropriation</u>	FY 2003 <u>Allowance</u>
Tobacco Use Prevention and Cessation			
Surveillance and Evaluation	\$1.2	\$2.5	\$2.7
Local Public Health	4.0	9.2	9.2
Statewide Public Health	1.5	2.9	2.8
Countermarketing	0.0	4.5	4.5
Administration	0.6	0.6	1.0
Total	\$7.3	\$19.7	\$20.2

Source: Department of Budget and Management

Although increasing, the amount of funding for tobacco prevention does not meet guidelines established by the Centers for Disease Control's (CDC) *Best Practices for Comprehensive Tobacco Control Programs*. The best practices established by the CDC include recommended funding levels for nine separate components of comprehensive tobacco control programs. Recommended levels, based on a combination of base funding

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

and per capita rates, average 20-25% of annual settlement revenues, or \$5 to \$7 per resident. The Governor's allowance of \$20.2 million for tobacco control falls short of meeting CDC recommended levels. According to CDC best practices, the State should be spending between \$30 million and \$79 million annually for these programs. **The department should comment on meeting CDC recommended spending levels for tobacco control programs.**

Surveillance and Evaluation

The surveillance and evaluation component was established for the purpose of collecting and analyzing data relating to tobacco use and prevention in order to evaluate the results of the Tobacco Use Prevention and Cessation Program. Central to this mission was administration of a baseline study of tobacco use in the State. Annual tobacco studies will be used to measure progress in reducing tobacco use as compared to established baseline levels.

The Maryland Youth Tobacco Survey was administered to 55,000 Maryland middle and high school students in the fall of 2000. The Maryland Adult Tobacco Survey was administered to 15,000 adults. The results of the two surveys were compiled and presented as the Maryland baseline study in February 2001. As required by law, the baseline study included measures of the number of people who smoke statewide, the number of pregnant women who smoke, the number of households with someone under 18 years of age in which at least one adult smokes, and the number of smokers who have stopped in the year prior. Findings were reported according to age, sex, race, and geographic location. According to the 2001 baseline report:

- 16% of youth and 18% of adults in Maryland currently smoke cigarettes.
- 12% of Maryland middle school students reported current tobacco product use, comparable to the national average of 13%.
- 30% of Maryland high school students reported current tobacco product use, less than the national average of 35%.
- 42% of youth in grades 6 through 12 live in households where one or more adults smokes cigarettes.
- 53% of smokers statewide have attempted to stop smoking in the past year.

The first of the annual tobacco surveys will be administered in the first quarter of 2002. The Youth Tobacco Survey, conducted exclusively in public schools in 2000, will be conducted in alternative public schools and in private schools in March 2002. The Adult Tobacco Survey, redesigned to include a greater proportion of minority respondents, will be piloted in Montgomery County and Baltimore City in February 2002. The surveys will be administered statewide in the fall of 2002 according to the revised methodologies. As the 2002 study will be the first follow-up to the baseline study, it is important for data to be comparable across periods. **DHMH should comment on the use of revised methodologies in conducting annual tobacco surveys and the anticipated effect on results and comparability with the baseline data.**

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Local Public Health

The local public health component is intended to maximize the effectiveness of anti-tobacco initiatives by authorizing local health departments to develop and implement community- and school-based programs. Grants to local health departments are determined using the results of annual tobacco surveys to approximate tobacco use by jurisdiction. According to the legislated formula, half of the available local public health funds are distributed according to the number of people under age 18 who smoke in a given county divided by the number of people under age 18 who smoke statewide. The other half of the funds are distributed by dividing the overall number of smokers in a given county by the number of smokers statewide. Funding awards by jurisdiction in fiscal 2001 through 2003 are located in **Appendix 1**. Awards will be recalculated in fiscal 2004 according to the results of the Youth Tobacco Survey and the Adult Tobacco Survey.

Each of the local health departments is required to develop and update annually a comprehensive plan for tobacco funds. The elements of the plan are designed to provide accountability between each of the local health departments and DHMH. Elements include, but are not limited to:

- an evaluation of county programs funded with the local public health grant in the last year;
- measures of progress in meeting prevention and cessation goals;
- a budget plan including funding levels for each initiative;
- identification of all grant recipients;
- reporting of amounts unspent in the prior year;
- a plan to reduce tobacco use among women, minority groups, and youth; and
- a plan to provide access to services for the uninsured and the medically underinsured.

In addition to annual updating of the comprehensive plan, each local health department is required to submit quarterly reports summarizing accomplishments in each of the elements of the tobacco control program: community education, school-based programs, cessation, and enforcement. DHMH provides ongoing programmatic support and technical assistance to assist in ongoing implementation of tobacco control programs.

Delays in releasing the results of the tobacco baseline study delayed the transfer of funds to the local health departments. As a result, the local public health component was able to spend only \$4 million of the \$5.7 million appropriated in fiscal 2001. The level of spending in fiscal 2002 will be critical in assessing the ability to spend the funds appropriated. **DHMH should comment on levels of anticipated spending in fiscal 2002.**

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Statewide Public Health

The statewide public health component is intended to ensure that the tobacco program is implemented in a coordinated and integrated manner, as well as ensure that the program sufficiently involves minority and underrepresented populations. This component is funded at \$2.8 million in the fiscal 2003 allowance to support the following projects:

- ***Minority Outreach and Technical Assistance (\$1.5 Million):*** DHMH is currently contracting with four community-based organizations to develop resource materials for use statewide. Money also funds minority participation in community-based coalitions. **The department should comment on accountability mechanisms for minority outreach and methods for measuring progress toward goals.**
- ***Statewide Enforcement (\$0.5 Million):*** DHMH has proposed that enforcement activities be transferred to the Alcohol and Drug Abuse Administration (ADAA), which already conducts randomized compliance checks as a condition of receipt of funds from the federal Substance Abuse Prevention and Treatment block grant. As this action would not take effect until July 1, 2002, at the earliest, it is unlikely that fiscal 2002 funds will be spent. **The department should comment on the use of enforcement funds in fiscal 2002 and the proposed transfer of enforcement responsibilities to ADAA.**
- ***Telephone Quitline (\$0.4 Million):*** This project has not been funded in fiscal 2002 due to the need to withhold funds for legal fees. Based on the cost of similar projects established privately, it appears that the amount of fiscal 2003 funding is insufficient to establish and maintain an effective hotline. **The department should comment on the estimated costs of development and maintenance of a telephone hotline.**
- ***University of Maryland School of Law (\$0.35 Million):*** This partnership with the University of Maryland School of Law is designed to make legal assistance available to local health departments in reducing access to tobacco. The Legal Resource Center for Tobacco Regulation, Litigation, and Advocacy established with CRF will also draft model ordinances and evaluate strategies for reducing tobacco use.
- ***Maryland Occupational Safety and Health Administration (\$0.13 Million):*** This project is unfunded in fiscal 2002 to make funds available for legal fees. In fiscal 2003 the funds will support the addition of staff to increase enforcement of workplace smoking restrictions.

Only minority outreach and technical assistance and the University of Maryland School of Law are funded in fiscal 2002. The original intent of the minority outreach program was to increase minority participation in community-based coalitions. **As this phase of development has been completed, the department should comment on the use of funding in fiscal 2002 and the choice to fully fund this program at a time when other statewide activities have been deferred. The department should also comment on the programmatic goals of the minority outreach program since the original intent of the program has been completed.**

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Countermarketing and Media

In January 2002 the Board of Public Works approved a contract between FHA and Gray/Kirk/Vansant Advertising to develop a media campaign to counteract tobacco advertisements. The \$14 million, 17-month contract will include the development of print and electronic advertising as well as the purchase of print space and air time. As only \$4.5 million is available in each of fiscal 2002 and 2003, the original scope of the media plan will be reduced in consideration of the availability of funds.

Cancer Prevention, Education, Screening, and Treatment Program

The Cancer Prevention, Education, Screening, and Treatment Program, established by Chapter 17, Acts of 2000, is charged with developing initiatives to reduce morbidity and mortality rates for cancer- and tobacco-related diseases and otherwise benefit public health. DHMH has identified seven cancers to target based on their ability to be effectively detected and treated: lung and bronchus, colorectal, breast, prostate, oral, melanoma, and cervical cancers. As established by law, the program consists of five components: surveillance and evaluation, statewide public health, statewide academic health centers, local public health, and administration. Funding for the cancer program increases \$3.4 million in fiscal 2003, as detailed in **Exhibit 6**, due to the elimination of the unallocated reversion item and incremental increases in surveillance and administration. Although the majority of the funding is transferred to local health departments, academic health centers, and other contractors, the program is administered within DHMH's FHA.

Existing programs administered by DHMH, including the Maryland Cancer Registry, the State Cancer Council, the Breast and Cervical Cancer Screening and Treatment Programs, complement the cancer prevention and treatment activities established as part of the CRF program. Funding for and administration of these programs is separate, although programs collaborate to the extent possible. As the legislation establishing the CRF specified that funding not supplant existing funding, there are no planned reductions to cancer programs established prior to CRF.

Surveillance and Evaluation

The surveillance and evaluation component was established for the purpose of collecting and analyzing data relating to the seven targeted cancers in order to evaluate the results of the Cancer Prevention, Education, Screening, and Treatment Program. Central to this mission was administration of a baseline cancer study. The baseline study included the number of individuals with each of the targeted cancers and the mortality rate for each of the targeted cancers, reported by jurisdiction and demographic information. Results of the study include:

- more than 23,000 cases of cancer were diagnosed in Maryland in 1998;
- more than 10,000 cancer deaths occurred in Maryland in 1999; and
- the 1998 Maryland cancer mortality rate (173.0 per 100,000 population) exceeds the national rate (161.5 per 100,000 population).

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Exhibit 6

**Cancer Prevention, Education, Screening, and Treatment
Fiscal 2001 through 2003
(\$ in Millions)**

	FY 2001 <u>Actual</u>	FY 2002 <u>Working Appropriation</u>	FY 2003 <u>Allowance</u>
Surveillance and Education	\$0.3	\$2.0	\$2.3
Local Public Health	8.4	11.0	11.0
Statewide Academic Health Centers			
University of Maryland Medical Group			
Tobacco-related Disease Research	0.0	3.0	3.0
Cancer Research	7.1	9.0	9.0
Statewide Network	2.6	4.0	4.0
Baltimore City Public Health	1.5	2.0	2.0
Subtotal	\$11.2	\$18.0	\$18.0
The Johns Hopkins Health System			
Cancer Research	\$2.2	\$3.0	\$3.0
Baltimore City Public Health	1.2	2.0	2.0
Subtotal	\$3.4	\$5.0	\$5.0
Administration	\$0.4	\$1.0	\$1.4
Unallocated Reversion	0.0	(2.8)	0.0
Total	\$23.8	\$34.3	\$37.7

Note: \$0.6 million of the unallocated reversion was applied to cancer surveillance in fiscal 2002. The remainder was applied to the tobacco program and information technology.

Source: Department of Budget and Management

The surveillance component works closely with the Maryland Cancer Registry to collect data on new cases of reportable cancers. CRF will support improvement of the Maryland Cancer Registry database management system to enhance the quality and completeness of reported data sets. CRF will also be used to improve the Registry's ability to conduct cancer cluster investigations and related analysis.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

The CRF program is also improving internal collections of data from the local health departments. Surveillance includes an increasing number of reportable elements of local health department activity, including the number of people screened for each of the targeted cancers as well as the number diagnosed and treated by jurisdiction. Work is also being done to improve the reporting of private screening and treatment. A contract for these services will be awarded in late fiscal 2002.

Local Public Health

The local public health component is intended to maximize the effectiveness of cancer prevention, education, screening, and treatment programs by making them available through each of the local health departments. This project is intended to complement existing cancer screening and treatment programs with emphasis on ensuring that the uninsured and underinsured receive appropriate treatment. Grants to local health departments are determined using the results of annual cancer surveys to approximate need by jurisdiction. According to the legislated formula, half of the available local public health funds are distributed according to the number of people with any of the targeted cancers divided by the number statewide, exclusive of Baltimore City, who have any of the targeted cancers. The other half of the funds are distributed by dividing the local targeted cancer mortality rate by the targeted cancer mortality rate statewide, exclusive of Baltimore City. As the local health component for Baltimore City is administered by the University of Maryland Medical Group and The Johns Hopkins University, Baltimore City is excluded from formula funding and calculations. Funding awards by jurisdiction in fiscal 2001 through 2003 are located in **Appendix 2**.

Each of the local health departments is required to develop and update annually a comprehensive plan for tobacco funds. The elements of the plan are designed to provide accountability between each of the local health departments and DHMH. Elements include, but are not limited to:

- an evaluation of county programs funded with the local public health grant in the last year;
- measures of progress in meeting prevention, education, screening, and treatment goals;
- a budget plan including funding levels for each initiative;
- proof that treatment or linkages to treatment were provided for all abnormal findings;
- identification of all grant recipients;
- reporting of amounts unspent in the prior year;
- a plan to reduce morbidity for minority and rural populations; and
- a plan to provide access to services for the uninsured and the medically underinsured.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

In addition to annually updating the comprehensive plan, each local health department is required to submit quarterly reports summarizing accomplishments in outreach and educational activities and data relating to treatment activities and demographic data of those screened through the program. DHMH uses this information to evaluate needs by jurisdiction and assist in program development as needed.

Due to implementation delays, the local public health component was able to spend just \$8 million of the \$13 million appropriated in fiscal 2001. The level of spending in fiscal 2002 will be critical in assessing the ability to spend the funds appropriated. **DHMH should comment on levels of anticipated spending in fiscal 2002.**

Recommendations of the Cancer Treatment Task Force

Language in the 2001 *Joint Chairmen's Report* required DHMH to establish a task force to examine the use of CRF for cancer treatment. The task force was charged with outlining a plan that ensured that all individuals identified with cancer under the Cancer Prevention, Education, Screening, and Treatment Program are provided with appropriate treatment or linkages to treatment, as specified by Chapter 17, Acts of 2000.

The combination of the number of uninsured in Maryland and the substantial costs for cancer treatment has caused concern that provision of treatment through the Cancer Prevention, Education, Screening, and Treatment Program could easily overwhelm available resources. As a possible result, the number of people screened and identified for treatment would be reduced to reduce overall program costs. CRF program funds alone are not sufficient to both screen and treat Maryland's estimated 640,000 uninsured. As detailed in **Exhibit 7**, the costs are substantial and increase according to the age of the patient and the progression of the disease.

Exhibit 7

Average Costs for Treatment by Targeted Cancer

	Patients Younger than 65		Patients 65 Years and Older	
	<u>Initial Care</u>	<u>Terminal Care</u>	<u>Initial Care</u>	<u>Terminal Care</u>
Lung	\$21,298	\$26,620	\$29,647	\$46,319
Colorectal	22,626	25,995	31,495	45,231
Breast	9,665	27,299	13,454	47,500
Prostate	9,287	16,558	12,928	28,811
Cervix	13,699	21,123	19,069	36,754
Head and Neck	15,485	28,808	21,555	50,126
Melanoma	3,326	24,124	4,630	41,976

Source: SEER-Medicare database as provided by the Cancer Treatment Task Force

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

A total of \$11 million is available for county health departments to fulfill the goals of the Cancer Prevention, Education, Screening, and Treatment Program. The task force recommendations were guided by recognition of the finite resources available for screening and treatment. As limited funding is available for the charges of the program, the task force asserted that investment in treatment must be proportional to the total resources available. To that end, local health departments must refer individuals identified with cancer to existing sources of treatment, namely Medicaid, whenever possible. As FHA is in the process of expanding eligibility for breast and cervical cancer treatment under the Medicaid program, there may be additional opportunity to control CRF costs by referring women to the Family Health Administration's Breast and Cervical Cancer Treatment Program. Referring women to the Breast and Cervical Cancer Treatment Program may prove to be a strategy for controlling CRF costs; however, it is critical that the CRF program not exercise this option at the expense of alternate providers of cancer treatment. The capacity of FHA to provide services under the Medicaid waiver, scheduled to begin April 2002, will need to be evaluated for capacity to include women otherwise screened and treated with CRF funding.

The task force made several recommendations to maximize the availability of funds for prevention, education, and screening, as well as provide sufficient resources for treatment. First among the recommendations was determining the volume of screening and treatment that can be provided given the limited resources available. The task force recommended the use of modeling software to accurately determine the estimated costs associated with screening, diagnosis, and treatment for each of the cancers as well as the anticipated demand for treatment and associated costs. The task force further recommended using the estimates derived from financial modeling in determining the screening and treatment criteria according to estimated costs and the amount of funding available.

To insure that adequate treatment dollars are available across jurisdictions, the task force further recommended designating a certain percentage of local public health dollars for treatment. These funds would be pooled and administered centrally to insure against risk and variations in local need. The remainder of available local public health dollars would be distributed to local health departments according to the formula established by statute. A certain percentage of local funds would be available for screening with the rest designated for staff, education, and outreach.

In order to control costs incurred by the Cancer Prevention, Education, Screening, and Treatment Program, the task force recommended using treatment funds to enroll those in need of cancer treatment in the Substantial, Available, and Affordable Coverage (SAAC) Plan. The SAAC plan insures individuals with otherwise uninsurable conditions. Health insurers participating in the SAAC plan are required to sell the comprehensive standard health benefit to any individual who enrolls during the enrollment period, regardless of pre-existing conditions. Premiums under the SAAC program range from \$159 to \$397 per month with additional costs for deductibles and co-insurance. The task force determined that it may be more cost efficient for the local public health component to pay these costs on behalf of patients requiring treatment than to directly compensate providers; however, enrollment is limited to certain months of the year and may not always provide a viable or timely option. Additionally, substantial increases in the number of cancer patients making use of the SAAC plan may increase costs and reduce participation by providers.

The report of the Cancer Treatment Task Force emphasized that the Cancer Prevention, Education, Screening, and Treatment program maximize the use of existing cancer treatment resources to provide sufficient resources for screening and treatment as well as cost-efficient prevention and education

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

programming. **The administration should comment on the task force's recommendations, including the possible legal and financial ramifications of centrally pooling treatment dollars and the possibility of providing treatment through Medicaid or the SAAC plan.**

The University of Maryland Medical Group

The fiscal 2003 allowance includes funding for the following research and network development grants:

- ***Cancer Research (\$9 Million):*** Cancer research funds are available for research activities relating to the targeted cancers and increasing the rate at which cancer research activities are translated into treatment protocols. Receipt of cancer research funds is dependent on submission of a cancer research plan, development of a memorandum of understanding (MOU) governing the State's ownership of marketable findings, and establishment of an independent peer group to review research proposals.

The medical group has used the grant to recruit new faculty, research personnel, and administrative support. It was the intention that additional research staff would be able to parlay CRF funding to obtain other sources of research support. CRF clinical infrastructure has increased the medical group's access to grants for clinical trials, increasing grant support by \$350,000. CRF-funded investigators and individuals in CRF-supported facilities have received a total of \$3.3 million. The medical group expects that CRF faculty will be able to leverage additional funds in the coming year, reducing the proportion of funds for faculty support required in fiscal 2003.

The grant currently supports faculty and infrastructure development in clinical services and translational research. The former supports clinical trials and cancer treatment; the latter supports the transition of research findings to clinical practices. In fiscal 2002, 55% of CRF funding supports clinical services while 45% supports translational research. Sixty-two percent of available cancer research monies are directed to faculty support in fiscal 2002.

- ***Statewide Network Development (\$4 Million):*** This program was developed with the intention of supporting research programs relating to the targeted cancers and tobacco-related disease for statewide access. To that end, this money supports increasing minority participation in clinical trials, development of best practices for addressing cancer- and tobacco-related disease, and providing coordination among state health providers and hospitals. Three regional offices and a central office have been established to provide support to local health departments, health care providers, and community-based organizations. The medical group plans to expand the number of offices in Western Maryland and the Eastern Shore in fiscal 2003.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

- ***Tobacco-related Disease Research (\$3 Million):*** Similar to the cancer research program, receipt of tobacco-related disease research funds is dependent on submission of a research plan, development of a MOU governing the State's ownership of marketable findings, and establishment of an independent peer group to review research proposals. The grant agreement was recently completed, allowing research to proceed in fiscal 2002.

The Johns Hopkins Institutions

Similar to the cancer research grant requirements for the University of Maryland Medical Group, receipt of cancer research funds is dependent on submission of a research plan, development of a MOU governing State ownership of research findings, and establishment of an independent peer group. The institutions have used the \$3 million research grant to recruit new faculty, retain existing faculty, and fund translational research projects. In fiscal 2002 and 2003, the institutions have budgeted \$2 million of these funds for faculty recruitment and retention and \$1 million for surveillance and epidemiology. To date, the Johns Hopkins researchers have used CRF funds to sponsor research identifying means of cancer prevention and early detection, identifying cancer-causing agents and environmental risks, investigating genetic alterations that may predispose individuals to cancer, and advancing cancer treatment technology. In addition, the prostate cancer demonstration project, in conjunction with the Baltimore City Local Public Health component, has collected epidemiological data to improve screening and treatment in high-risk areas and identify potential areas for research.

Baltimore City Local Public Health

Baltimore City's local public health program is administered by the University of Maryland and The Johns Hopkins Institutions under the academic health center component of the cancer program. As specified by statute, the fiscal 2002 allowance is set at \$4 million, which will be split equally between the University of Maryland and The Johns Hopkins Institutions. As in other jurisdictions, Baltimore City must form a community coalition to develop its grant application to the department. The Baltimore City Health Department, the University of Maryland, and The Johns Hopkins Institutions share responsibility for the coalition, which met several times to collaborate on the comprehensive cancer plan submitted to DHMH. Six community-based sites have been established and screening and diagnosis services are underway. **The department should comment on means to ensure that the statewide academic health centers conform to accountability requirements placed on other local public health programs. The academic health centers should brief the committees on progress in establishing infrastructure and screening and treatment services in Baltimore City.**

Other Health Programs

The fiscal 2003 allowance contains CRF for programs beyond the jurisdiction. These include:

- ***Medicaid (\$31.0 Million):*** Funding for Medicaid has been restored to \$31 million in the fiscal 2003 allowance. \$100 million, or 98% of fiscal 2000 CRF revenue supported the Medicaid program. With

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

the introduction of the tobacco and cancer control programs in fiscal 2001, Medicaid funding was reduced to \$25 million. Funding for Medicaid was eliminated in fiscal 2002, requiring the State to find additional general funds to support program costs. Should CRF support for Medicaid be eliminated again in fiscal 2004, the program will again require a corresponding increase in general funds. In light of escalating Medicaid deficits, permanency in CRF funding is critical to maintaining an adequate level of support for the Medicaid program. **The Department of Legislative Services recommends that the General Assembly add language to the Budget Reconciliation Act of 2002 permanently directing 25% of CRF appropriations to the Medicaid program. Alternatively, the provision could be combined under provisions of Senate Bill 736 or House Bill 740 of 2002 which would earmark money for other purposes.**

- ***Substance Abuse Treatment (\$18.5 Million):*** Beginning in 2001, ADAA began receiving a portion of CRF to expand substance abuse treatment services. The fiscal 2001 budget included \$18.5 million for substance abuse treatment. Due to implementation delays, ADAA was able to spend only \$16.3 million of CRF funds available in the first year. The remainder was transferred to MHA by budget amendment to cover the costs of substance abuse treatment provided to patients in the mental health system. The fiscal 2002 working appropriation again included \$18.5 million in funds for treatment services and infrastructure enhancement. ADAA is expected to spend all money appropriated for treatment services in fiscal 2002; funds have not yet been released for information technology. The fiscal 2003 allowance includes \$17.1 million in awards to local jurisdictions and increases to \$1.4 million funding for information technology improvements.

- ***Maryland Health Care Foundation (\$1 Million):*** This is the third year of a grant to support programs that increase access to health care. CRF are used to fund preventive and primary health services for uninsured and underinsured populations. Grants are distributed among five categories:
 - dental health;
 - rural health;
 - pharmaceuticals;
 - health education and promotion; and
 - program evaluation.

The foundation was able to spend only \$1.1 million of \$1.5 million appropriated in fiscal 2001 due to implementation delays and differences in State and grantee fiscal years. The CRF program has recommended the foundation expand criteria for selecting vendors to favor those that have built the foundation necessary to promptly implement programs. Further, the CRF program has recommended increased oversight of grant programs to identify implementation difficulties in a timely manner.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Tobacco Transition Program

Under the legislation, CRF is to fund the “Implementation of the Southern Maryland Regional Strategy-Action Plan for Agriculture adopted by TCC with an emphasis on alternative crop uses for agricultural land now used for growing tobacco.” Typically, the program receives 5% of the available CRF funds due to a *Joint Chairmen’s Report* statement. Legislation has been introduced in the 2002 session (House Bill 740/Senate Bill 736) which would mandate this 5% allocation. Funds are appropriated to the Maryland Department of Agriculture (MDA), which issues grants to TCC. The Strategy Action Plan has four components:

- tobacco buyout;
- infrastructure development;
- agricultural land preservation; and
- administrative expenses.

Since inception, the tobacco buyout program has been extremely successful. 66% of Maryland’s tobacco farmers participate in the buyout program.

Strategy Action Plan Not Updated

During the 2001 session, legislators and individuals from TCC and Governor’s Office had different understandings as to what the exact terms of the buyout were, especially concerning the obligations of tobacco farmers who also owned the land they farmed. Much of the confusion stemmed from the fact that the Strategy Action Plan for Agriculture, which is what CRF is supposed to fund, had not been updated to reflect the current practices of TCC.

DLS has made numerous requests since February 2001 for an updated copy of the plan. TCC submitted a revised plan on January 22, 2002. The plan, however, understates TCC’s work in Southern Maryland and does not give enough detail to illustrate the mechanics of any of the programs. Furthermore, much of the confusion about the tobacco transition program is that the information provided by TCC lacks specifics. For instance, there is a land preservation component to the plan, but the updated version does not state how funds will be distributed for land preservation. According to the plan, infrastructure and agricultural development will be gained through “economic development and education.” TCC’s grant program, criteria for grants, goals for grants, etc., are not mentioned. Lastly, the Strategy Action Plan does not detail the buyout program sufficiently. The plan fails to state what the conditions are on the farmers that participate in the buyout, the compensation plan for farmers participating in the buyout, or the penalties for non-compliance with the terms of the buyout.

DLS recommends that language be added to the special fund appropriation restricting expenditures of funds until a complete strategy action plan has been submitted to the budget committees for review and comment. Committee narrative requesting the submission of an updated plan with every budget is also recommended.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Infrastructure and Agriculture Land Preservation Spending Ramps Up in Fiscal 2002 and 2003

With the buyout program underway, TCC has begun to implement its infrastructure program. The program is divided into three sections:

- Education, Entrepreneurship, and Leadership;
- Economic Development; and
- Outreach.

As mentioned above, concrete details for infrastructure and land preservation programs have not been forthcoming, especially in the early years of the program.

Projects in the Education, Entrepreneurship, and Leadership section include a farm viability program, educational tours, continuing education classes through the College of Southern Maryland, and the development of a resource library and reference site. In the Economic Development section, TCC plans to spend \$80,000 over fiscal 2002 and 2003 on a Southern Maryland retail storefront and restaurant that promotes tourism and showcases products grown and processed in Southern Maryland. Economic Development will also promote “agri-tourism” (packaged tours to promote farms, farming, and natural resource based operations) and support grants for certain agricultural sectors. The Outreach component involves partnerships with other entities (MDA, Southern Maryland Agriculture Commission, etc.) to develop a web site, trade fairs/conferences, and mapping.

TCC is also beginning to fund county agricultural land preservation programs. **TCC should detail its infrastructure program, including project listings and funding amounts. TCC should also provide an in-depth explanation of its agricultural land preservation program.**

Education Programs (K-12)

The fiscal 2003 allowance contains \$16.6 million in CRF for education programs (K-12), which is \$24.3 million, or 59.4% less than the \$40.9 million in the fiscal 2002 working appropriation. The Governor’s request to shift funding sources from CRF to general funds to support these programs represents \$23.8 million of the decrease. The remaining \$500,000 of the decrease reflects less funding requested in fiscal 2003 for teacher certification.

Programs No Longer Supported by CRF in Fiscal 2003

- **Academic Intervention:** This program assists students with deficiencies in reading and mathematics. The allowance contains \$19.5 million in general funds for academic intervention, the same amount appropriated with CRF in fiscal 2002. The Maryland State Department of Education (MSDE) reduced the \$400,000 administrative component of academic intervention in the fiscal 2002 legislative appropriation by \$30,000 to comply with the Governor’s cost containment measures.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

- ***Baltimore City Partnership – Remedy Plan:*** The remedy plan provides additional funding to support the State’s plan to restructure and improve the academic achievement and management of the Baltimore City schools. In fiscal 2002 the General Assembly appropriated \$3.2 million in CRF for the remedy plan. In fiscal 2003 the Governor has requested that the \$3.2 million be allocated using general funds.
- ***School Readiness and Accreditation:*** This program allows MSDE to evaluate how well prepared children are to enter kindergarten. In fiscal 2002 this program was funded with \$3.0 million in CRF. In fiscal 2003 the Governor has requested that the \$3.0 million be allocated using general funds.

Programs Supported by CRF in Fiscal 2003

The following programs are budgeted under and administered by either MSDE or the Interagency Committee for School Construction:

- ***Aid to Nonpublic Schools (\$5.0 Million):*** In fiscal 2002 the General Assembly appropriated \$8.0 million in CRF to loan textbooks to nonpublic school students. However, the General Assembly prohibited MSDE from expending \$3.0 million of the \$8.0 million and restricted MSDE’s expenses for administering the program to 3.0%, or \$150,000, leaving \$4,850,000 in accessible program funds. The program will serve 77,562 students in fiscal 2002. The Governor’s allowance contains \$5.0 million in fiscal 2003, \$3.0 million less than appropriated in fiscal 2002. **DLS recommends deleting funds for the Nonpublic Student Textbook Program since providing funds for nonpublic school students is outside the mission of MSDE.**
- ***Judy Hoyer Centers (\$4.0 Million):*** These neighborhood centers offer early childhood development, parenting skills, literacy training, job placement, health care, and other services. Funding for the centers remains at \$4.0 million in CRF, the same amount appropriated in fiscal 2002.
- ***Teacher Mentoring (\$2.5 Million):*** The Governor has requested \$2.5 million in fiscal 2003 – the same amount appropriated in fiscal 2002 – for teacher mentoring, a program which helps newly hired teachers and teachers with less than five years experience by pairing them with more experienced teachers who can help them with classroom management, pedagogy, curriculum, and school agendas.
- ***School Wiring (\$1.9 Million):*** The fiscal 2003 allowance contains almost \$1.9 million in CRF monies – \$1.7 million less than the amount appropriated in fiscal 2002 – for a second-year lease repayment on the Technology in Maryland Schools Program (TIMS) funding borrowed to wire all schools for technology by the end of fiscal 2002. In fiscal 2001 and 2002, the Governor withheld all funds for school wiring as part of the dispute over attorney fees.
- ***Technology Academies (\$1.7 Million):*** This program provides summer sessions for elementary and high school teachers to help them incorporate technology into the classroom. The Governor has requested \$1.7 million in fiscal 2003 – the same amount appropriated in fiscal 2002 – for technology academies.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

- ***Teacher Certification (\$1.5 Million)***: This \$5.5 million, three-year program allows MSDE to expand professional development opportunities to lower the number of provisionally certified teachers. The General Assembly appropriated \$2.0 million in each of fiscal 2001 and 2002. In fiscal 2003, the Governor is requesting the remaining \$1.5 million.

Higher Education

In the fiscal 2003 allowance, \$1 million in CRF funds is earmarked for a grant from the Maryland Higher Education Commission (MHEC) to the four public historically black institutions (HBIs) for the Access and Success program. The program, which began in fiscal 1999, provides grants of equal shares to the HBIs to improve the retention and graduation rates of African American students. In fiscal 1999 and 2000 the grant was funded at \$2 million annually. In fiscal 2001 the grant increased to a total of \$3 million, of which \$1 million was CRF. As part of the State's agreement with the Office for Civil Rights, it agreed to double funding for the program in two years. As a result, funding increased to \$4.5 million in fiscal 2002, and the fiscal 2003 allowance provides \$6 million, including \$1 million in CRF.

Programs No Longer Supported by CRF in Fiscal 2003

Two higher education programs supported with CRF do not receive CRF in the fiscal 2003 allowance: the Maryland Applied Information Technology Initiative (MAITI) and the Maryland Digital Library.

- ***MAITI (\$3.68 Million)***: Established in fiscal 1999 as a five-year effort to address the critical shortage of an information technology workforce, MAITI is in its final year. The initiative is sponsored by MHEC, coordinated by Department of Business and Economic Development (DBED), and administered at University of Maryland College Park. MAITI is a coalition of public and private institutions seeking to increase the number of graduates in the information technology field. Grants are awarded to institutions on a competitive basis to fund faculty, teaching assistants, and some facilities. Grants complement funding from the federal government and industry partners.

In fiscal 1999 and 2000, the initiative was funded at \$1.32 million annually. Beginning in fiscal 2001 the grant increased to a total of \$5 million, of which \$3.68 million was CRF. In fiscal 2001 and 2002, the Governor withheld the \$3.68 million as part of the dispute over attorney fees, and the program borrowed funds from other sources. The fiscal 2003 allowance removes the \$3.68 million in CRF support but continues \$1.32 million in general fund support.

Participating institutions anticipated moving MAITI costs to their current services budget requests in fiscal 2004, because fiscal 2003 is the fifth year of the five-year program.

- ***Digital Library (\$500,000)***: The Maryland Digital Library seeks to provide access to electronic and library-housed resources via a web interface to students, faculty, and staff of Maryland's public and private institutions of higher education. Since its inception, the library has far exceeded expectations of use.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

In fiscal 2001 and 2002, the library received \$500,000 in CRF that was then embargoed subject to the settlement of the dispute concerning attorney's fees. In each year, the program secured loans from other sources until the release of CRF funds.

The 2003 allowance removes all CRF support and instead provides \$620,000 for the library in special and reimbursable funds. MHEC would collect the special funds from participating private institutions and the reimbursable funds from public institutions. At print, institutions have not finalized an agreement to contribute to the support of the library. DLS has recommended budget bill language to restrict the expenditure of special and reimbursable funds for the library until the participating institutions reach agreement on a permanent funding strategy for fiscal 2003 and beyond. The permanent strategy should apportion the costs of the library among participating institutions while preserving maximum access.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Appendix 1

**Tobacco Local Public Health Funds by Jurisdiction
Fiscal 2001 through 2003**

	FY 2001 <u>Actual</u>	FY 2002 Working <u>Appropriation</u>	FY 2003 <u>Allowance</u>
Allegany	\$57,605	\$170,204	\$170,204
Anne Arundel	148,678	946,015	946,015
Baltimore City	766,406	1,245,830	1,245,830
Baltimore County	780,530	1,268,791	1,268,791
Calvert	57,542	180,956	180,956
Caroline	47,485	80,157	80,157
Carroll	28,344	311,184	311,184
Cecil	70,438	197,377	197,377
Charles	143,071	276,979	276,979
Dorchester	39,905	64,985	64,985
Frederick	10,028	419,018	419,018
Garrett	30,499	64,625	64,625
Harford	198,703	473,754	473,754
Howard	25,576	367,554	367,554
Kent	22,099	42,689	42,689
Montgomery	403,400	1,067,275	1,067,275
Prince George's	673,865	1,095,403	1,095,403
Queen Anne's	22,129	91,138	91,138
St. Mary's	110,465	188,664	188,664
Somerset	22,976	53,604	53,604
Talbot	23,634	60,066	60,066
Washington	163,087	286,720	286,720
Wicomico	93,540	176,552	176,552
Worcester	55,962	95,460	95,460
Total	\$3,995,967	\$9,225,000	\$9,225,000

Note: Fiscal 2003 award amounts have not yet been recalculated. Awards are estimated.

Cigarette Restitution Fund - Fiscal 2003 Budget Overview

Appendix 2

**Cancer Local Public Health Funds by Jurisdiction
Fiscal 2001 through 2003**

	FY 2001 <u>Actual</u>	FY 2002 Working <u>Appropriation</u>	FY 2003 <u>Allowance</u>
Allegany	\$70,599	\$307,031	\$307,031
Anne Arundel	556,643	1,318,828	1,318,828
Baltimore County	2,653,872	1,440,496	1,440,496
Calvert	52,410	184,653	184,653
Caroline	41,427	62,953	62,953
Carroll	83,992	374,643	374,643
Cecil	82,798	250,292	250,292
Charles	123,185	296,160	296,160
Dorchester	87,165	226,326	226,326
Frederick	74,377	448,681	448,681
Garrett	85,258	84,928	84,928
Harford	249,257	551,899	551,899
Howard	75,278	451,751	451,751
Kent	78,000	80,662	80,662
Montgomery	1,841,125	1,848,703	1,848,703
Prince George's	1,024,800	1,734,585	1,734,585
Queen Anne's	35,268	83,405	83,405
St. Mary's	425,580	184,337	184,337
Somerset	63,673	106,547	106,547
Talbot	44,994	106,547	106,547
Washington	345,846	420,029	420,029
Wicomico	175,318	235,658	235,658
Worcester	140,058	220,886	220,886
Total	\$8,410,923	\$11,020,000	\$11,020,000

Note: Fiscal 2003 award amounts have not yet been recalculated. Awards are estimated.