

**COUNTY OF SACRAMENTO
CALIFORNIA**

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For the Agenda of:
June 17, 2009

To: Board of Supervisors
From: Countywide Services Agency
Subject: Report Back – Tobacco Litigation Settlement Funds
Contact: James W. Hunt, Acting Administrator Countywide Services Agency, 874-5886

REPORT BACK

On April 25, 2000, the Board conceptually approved the policies for use of the Tobacco Litigation Settlement Funds, directed the County Executive’s Office to recommend uses of one-time funding and establish an interest bearing fund, directed the Department of Health and Human Services to coordinate funding requests for the new special interest bearing fund, directed the Office of Budget and Debt Management, Department of Finance and County Counsel to commence activities to prepare for a “securitization” (bonding) of long-term revenues to finance qualifying tax-exempt facilities and/or equipment, including but not limited to health-related items.

The Board report detailed the prioritized list of one-time expenditures, as well as, the interest bearing fund otherwise known as the Endowment Fund. The Board dedicated 15% of the Endowment Fund (\$845,000 yearly) to be used for tobacco prevention and education programs and 85% to be used for health and/or youth programs, including mental health.

On November 15, 2005, the Board approved the refunding of the original 2001 Tobacco Settlement Asset-Backed Bonds. The Board was advised that during the refunding process the new tax certificate allowed the funding of new and expanded programs by tax-exempt qualified nonprofit organizations other than the County itself, or qualified capital projects only. In order to mitigate this change in allowable funding caused by the ending of the endowment deallocation, capital maintenance costs are passed through the Tobacco Litigation Settlement Fund so that General Fund monies are “freed-up” and made available to fund the same programs originally funded with the deallocated proceeds. A copy of the Board report is attached for information purposes.

In Fiscal Year 2009-2010, the Agency is recommending a reduction in program funding of past prevention programs and the dedicated 15% funding for tobacco prevention and education programs to fund Child Protective Services in the Department of Health and Human Services.

Respectfully submitted,

APPROVED:

JAMES W. HUNT, Acting Administrator
Countywide Services Agency

TERRY SCHUTTEN
County Executive