

## SPECIAL INITIATIVES

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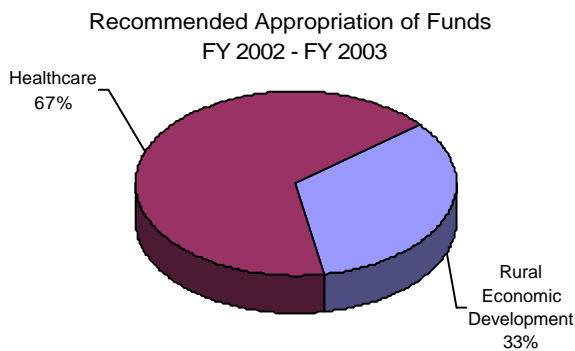
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### Tobacco Settlement Funds

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As a participating state in the master settlement agreement with five cigarette manufacturers, the State of Georgia is slated to receive over \$4.8 billion in payments throughout the next 25 years. Upon receipt of the state's first payment in December 1999, Governor Barnes committed that, over time, one-third of the funding would be dedicated to Rural Economic Development, while the remaining two-thirds would be committed to Healthcare. The Governor's recommendations for the appropriation of tobacco settlement funds in FY 2002 and in FY 2003 continue to honor that commitment as presented in the following chart.



The following describes the use of the tobacco settlement funds as recommended in the Governor's amended FY 2002 and FY 2003 appropriations.

#### RURAL ECONOMIC DEVELOPMENT – THE ONEGEORGIA AUTHORITY

The latest tool in Georgia's effort to support local and regional economic development efforts was rolled out in FY 2001 with the creation of the OneGeorgia Authority. The authority utilizes one third of the state's tobacco settlement to assist the state's most economically challenged areas. An estimated \$1.6 billion in funding for rural development is anticipated over the 25-year term of the settlement. OneGeorgia tobacco-funded investments are targeted towards Georgia's poorest counties.

Recognizing the importance of recruiting companies to provide jobs in rural Georgia, Governor Barnes set up the EDGE (Economic Development, Growth and Expansion) Fund within the OneGeorgia Authority to facilitate the location and expansion of firms in rural Georgia. Eligible uses of EDGE funds are the development of public

infrastructure, land acquisition and site development. Financial assistance is provided only in instances where a project would not come about in the absence of the assistance.

As of December 2001, EDGE Fund awards have been made for 14 projects in tier 1 and 2 counties. In all, 2,778 jobs will be created as a result of these projects. This investment will substantially benefit rural Georgia communities for years to come.

The Equity Fund, which is the infrastructure and capacity building portion of the OneGeorgia Authority, is centered on the principle that Georgia's communities must be empowered to help themselves. Equity Fund regulations were written to be very broad and flexible and can be used for a variety of activities to assist in preparation for economic development.

As of December 2001, OneGeorgia had awarded over \$17.8 million in Equity funds for 47 projects. Successful projects have included infrastructure improvements designed to facilitate existing business growth, targeted investments aimed at improving the competitiveness of a region or community, and projects involving agricultural innovation, tourism product development, and downtown revitalization projects.

In addition to EDGE and Equity Fund awards, OneGeorgia provides other forms of financial assistance to rural Georgia. In FY 2001, OneGeorgia provided \$13 million in tobacco industry assistance, matching federal funds for a total of \$26 million in assistance. This will be continued in FY 2002. OneGeorgia also provided \$10 million in low interest loans for water and sewer infrastructure projects benefiting tier 1 and 2 communities through the Georgia Environmental Facilities Authority in FY 2001.

Finally, \$4.5 million was provided to implement the Flint River Drought Protection Act. These funds went to farmers in the Flint River region who did not irrigate following the irrigation auction. The auction withdrew over 33,000 acres from surface water irrigation. If a drought auction is called for in FY 2002, OneGeorgia will again provide funds to reimburse farmers for keeping acreage out of irrigation.

The Governor's FY 2003 Budget includes \$65,430,712 for rural development through the OneGeorgia Authority.

## SPECIAL INITIATIVES

### HEALTHCARE

#### POPULATION-BASED HEALTHCARE

In FY 2001, Governor Barnes utilized the first receipts from the master agreement to enhance several population-based healthcare programs. These enhancements were funded to increase the number of Georgians receiving state-sponsored healthcare and to create new healthcare initiatives to support the general well being of Georgia's citizens. For FY 2003, the Governor's recommendations continue the existing tobacco settlement funding levels for the following population-based healthcare initiatives:

- Medicaid and PeachCare for Kids eligibility expansions for children and pregnant women with incomes between 200% (\$35,300 for a family of four in 2001) and 235% (\$41,478) of the federal poverty level
- Home and community-based services to prevent hospitalization or institutionalization for persons with physical and/or mental disabilities
- School nursing services for each school system
- Annual screening costs for newborn hearing screenings and follow-up treatment for the low-income uninsured
- Prevention services to reduce the prevalence of chronic diseases like asthma, diabetes, and heart disease
- Drug therapy for persons HIV positive or in the early stages of AIDS to prevent further progression of HIV/AIDS
- Early intervention for at-risk families to promote successful family functioning to prevent child abuse

In FY 2002, \$3.5 million in tobacco settlement funding was appropriated to support critical access hospitals. Critical access hospitals, so designated because they provide basic emergency care and inpatient services in rural or underserved areas, are now reimbursed at an amount at least equal to their cost. The Governor recommends \$3.5 million in tobacco settlement funds to continue enhanced critical access hospital reimbursement in FY 2003.

#### GEORGIA CANCER COALITION

The Georgia Cancer Coalition (GCC) was formed as a private/public partnership to make the state a leading contributor in the effort to eradicate cancer. The GCC represents a comprehensive, statewide consortium of all public and private sector cancer stakeholders and seeks to serve as a conduit for the best prevention, treatment, and research practices available across the state and around the nation to reduce cancer incidence, morbidity, and mortality rates in Georgia.

In the next 10 years, the Governor's goal is to leverage more than \$300 million in tobacco settlement funding with monetary and in-kind contributions from the public and private sectors to support the Coalition's goals. The state expects to leverage as much as 60% with contributions

from federal sources, foundations, pharmaceutical and biotechnological firms, and venture capital firms.

As a part of the state's commitment to the cancer initiative, the Governor is recommending the use of \$23.6 million in additional tobacco settlement funds in the amended FY 2002 budget for the following:

- \$5.8 million for the Unite Georgia media campaign for smoking cessation and prevention
- \$5.1 million to award grants to regional and community cancer coalitions and healthcare providers to support local cancer prevention, outreach, and care through cancer education programs and screening and detection initiatives
- \$3.2 million for a joint collaboration with the Georgia Research Alliance to fund eminent scholars and equipment for cancer related research in the areas of neuroscience, bioinformatics, computational human genetics and genomic medicine
- \$3 million for a Target Markets Seed Capital Fund, administered through the Advanced Technology Development Center (ATDC), to support the growth and development of a statewide biotechnology and associated life sciences industry with a primary focus on cancer related areas (ATDC will administer the seed fund for biotechnology and life sciences with the same parameters as the seed capital fund for Yamacraw: three private dollars are required for every state dollar invested)
- \$2 million in medical benefits for the Cancer State Aid treatment program
- \$1.55 million for Public Health's multimedia campaign for cancer awareness
- \$924,000 for Georgia Cancer Coalition treatment network development
- \$800,000 to match private sector contributions for a Cancer Tissue and Tumor Sample Repository to provide researchers access to human cells and tissues vital to cancer research
- \$710,000 for additional screening and detection costs for county health departments
- \$365,000 for systems costs to support the information infrastructure of the Georgia Cancer Coalition
- \$200,000 to supplement clinical drug trial costs

Together with \$10 million in bonds for a Cancer and Biotechnology Research Center at the Medical College of Georgia, these funds will be added to the \$39.2 million in tobacco settlement funding already appropriated in FY 2002 for items that support the GCC's mission.

Tobacco settlement funds recommended for FY 2003 total \$30.9 million and are earmarked to continue many of the GCC initiatives started in FY 2002 and will support 10 new eminent cancer scholars and clinicians.

## SPECIAL INITIATIVES

### Tobacco Settlement

Use of Tobacco Settlement Funds	FY 2002 Current	FY 2002 Revised	FY 2003 Proposed
Rural Economic Development			
OneGeorgia Authority	\$34,131,677	\$34,131,677	\$65,430,712
Healthcare			
Population Based Healthcare:			
Medicaid Expansion for Pregnant Women and Infants	\$8,193,814	\$8,193,814	\$9,001,967
PeachCare for Kids Expansion for Children	4,539,084	4,539,084	4,972,665
Independent Care Waiver Program	2,143,025	2,143,025	2,143,025
Critical Access Hospital reimbursement	3,500,000	3,500,000	3,500,000
School Nurses	30,000,000	30,000,000	30,000,000
Community Care Services Program	4,190,586	4,190,586	4,190,586
Home and Community Based Services for the Elderly	3,808,586	3,808,586	3,808,586
Mental Retardation Waiver Programs	10,251,882	10,251,882	10,251,882
Chronic Disease Prevention Program	1,350,000	1,350,000	1,350,000
Newborn Hearing Screening	2,840,000	2,840,000	2,840,000
AIDS Drug Assistance Program	1,226,667	1,226,667	1,226,667
Early Intervention for At-Risk Families	3,341,218	3,341,218	3,341,218
Federal Financial Participation changes	<u>220,650</u>	<u>220,650</u>	
Subtotal Population Based Healthcare:	\$75,605,512	\$75,605,512	\$76,626,596
Georgia Cancer Coalition:			
Public Education Campaign	\$2,237,500	\$4,900,000	\$180,250
Smoking Prevention and Cessation	20,765,890	26,515,890	15,165,890
Screening and Early Detection Initiatives	685,125	1,366,375	203,875
Cancer Screening	1,437,500	2,147,090	1,437,500
Cancer Network Development		4,224,036	
Cancer Treatment for Low-Income Uninsured	5,000,000	7,021,660	7,021,660
Eminent Cancer Scientists and Clinicians	3,340,000	3,340,000	4,840,000
Tumor and Tissue Repositories		800,000	
Clinical Trial Programs		200,000	
Training for Cancer Caregivers	2,000,000	2,000,000	
Ovarian Cancer Alliance	125,000	125,000	
Bioinformatics Lab equipment and software		1,200,000	400,000
Endowments for Eminent Cancer Scholars	2,400,000	4,431,000	
Seed Capital Fund		3,000,000	
Coalition Staff	921,821	921,821	1,295,889
Cancer Registry	350,000	415,000	350,000
GCC Information System requirements		<u>300,000</u>	<u>50,000</u>
Subtotal Georgia Cancer Coalition:	\$39,262,836	\$62,907,872	\$30,945,064
Subtotal	<u>\$114,868,348</u>	<u>\$138,513,384</u>	<u>\$107,571,660</u>
Total Tobacco Settlement Funds	<u>\$149,000,025</u>	<u>\$172,645,061</u>	<u>\$173,002,372</u>