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**FISCAL IMPACT REPORT**

|              |                                |             |          |          |           |
|--------------|--------------------------------|-------------|----------|----------|-----------|
| SPONSOR:     | Beam                           | DATE TYPED: | 02/16/00 | HB       | 110/aHAFC |
| SHORT TITLE: | Next Generation Trust Fund Act |             |          | SB       |           |
|              |                                |             |          | ANALYST: | Eaton     |

**APPROPRIATION**

| Appropriation Contained |         | Estimated Additional Impact |        | Recurring<br>or Non-Rec | Fund<br>Affected  |
|-------------------------|---------|-----------------------------|--------|-------------------------|-------------------|
| FY00                    | FY2001  | FY00                        | FY2001 |                         |                   |
|                         | Unknown |                             |        |                         | Next Generation   |
|                         | Unknown |                             |        |                         | Youth Development |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

**SOURCES OF INFORMATION**

State Department of Education (SDE)

**SUMMARY**

Synopsis of HAFC Amendment

The HAFC amendment changes the entity status of the next generation council from an oversight entity to an advisory entity for developing comprehensive programs and strategies to support youth development statewide.

The HAFC amendment moves forward (from FY2002 to FY2001) the annual distribution to the youth development grant fund from the next generation trust fund.

The HAFC amendment lowers the amount of the distributions (from 5% to 3/4%) to the youth development grand fund from the next generation trust fund beginning in fiscal year 2001. The distribution shall be used by the department of health and the next generation council for administration of the Next Generation Trust Fund Act.

The HAFC amendment changes the language regarding the appropriations to the grand fund. Money in the youth development grant fund in excess of the amount appropriated for administrative purposes shall be appropriated by the legislature for youth development grants pursuant to recommendations of the council. Previously, appropriations in the youth development grant fund to make youth development grants were to be made by the department of health upon council approval.

The HAFC amendment changes language regarding the design and implementation of a youth development grant assistance program. The language changes the process by giving the legislature authority to make final funding of grant decisions that will be carried out by the council. Previously, the language gave the council design, implementation, management, and grant award decision-making authority.

The HAFC amendment changes language to state that administrative expenses of the program shall be appropriated by the legislature and is not to exceed ten percent of money distributed to the fund in fiscal year 2002 through 2005, and not more than five percent thereafter. Previously, the council was permitted to set their own budget within those constraints.

### Synopsis of Bill

This bill establishes a council for oversight of tobacco settlement distributions made to the state for the

purpose of developing comprehensive programs and strategies to support youth development statewide. The bill requires the Department of Health to provide administrative support for the council.

Council members will consist of both adult and youth members that are appointed by various entities for limited terms. The State Board of Education is requested to appoint one adult to the council.

Council members shall receive per diem and milage, as provided in the Per Diem and Mileage Act and no other compensation.

Money in the next generation trust fund shall be invested by the State Investment Council and shall not be expended for any other purpose. Income earned on the investment shall be credited to the fund.

In fiscal year 2002 and 2003, the annual distribution to a newly created youth development grant fund from the next generation trust fund will be five percent of the amount appropriated to the trust fund in fiscal year 2001. Subsequent appropriations shall be 4.7% of the two year average annual balance of the prior fiscal years.

The youth development grant fund shall consist of distributions from the next generation trust fund and money from any other public or private source. Income earned on balances shall be credited to the fund. Balanced in the fund at the end of any fiscal year shall not revert to the general fund.

## **FISCAL IMPLICATIONS**

Remaining balances in the proposed tobacco settlement program fund (currently named the tobacco settlement permanent fund), after other appropriations are made, are to be transferred to the Next Generation Trust Fund for expenditure. The legislature may make additional appropriations.

The amount of appropriation to the Next Generation Trust Fund from the tobacco settlement permanent fund is contingent upon a.) 40% of settlement proceeds received and deposited in the state treasury and distributed to the tobacco settlement permanent fund in the prior fiscal year, and b.) the balance of tobacco settlement funds after appropriations have been made (refer to House Bill 8).

## **ADMINISTRATIVE IMPLICATIONS**

Possible impact on the State Department of Education, Public Schools as well as the Department of Health.

JBE/gm