

# Response to Grand Jury Report “Got Money to Burn?”

*A Report on the Tobacco Settlement Advisory Committee  
and Santa Barbara County’s Health Care Community*

June 6, 2005

**Finding 1:** The Tobacco Settlement Advisory Committee receives applications from a small field of applicants.

## Response to Finding #1:

**Agree.** The Board of Supervisors adopted the Tobacco Funds Allocation Criteria and Procedures for tobacco settlement funding. These Funds Allocation Criteria and Procedures direct that Tobacco settlement funds shall be spent on County health-related needs and programs and that the non-endowment funding shall be used to fund current health care funding shortfalls and top priority health problems facing County citizens.

Tobacco Settlement Advisory Committee (TSAC) discussed funding allocation mechanisms and reached consensus to utilize a funding allocation mechanism other than Request for Proposals (RFP). Because there is no formal RFP process by design, there are no applications received. TSAC makes funding recommendations based on presentations on health-related needs from the perspective of key health representatives as follows:

1. Hospitals
2. Private Health Providers
3. County Health
4. Mental Health
5. Social Service
6. Environmental Health
7. Tobacco Prevention and Treatment
8. Community Clinics

Allocations are recommended to the Board of Supervisors based on the needs identified with a target of directing 50% of tobacco settlement funding to treatment, 29% to prevention, and 21% for other health needs.

**Recommendation 1:** The Tobacco Settlement Advisory Committee should encourage new applications with the goals of broadening the pool of applicants and making sure the process does not favor a small field of agencies.

## Response to Recommendation #1

**This recommendation requires further analysis** and will be discussed in subsequent TSAC meetings within the next 4 months. While an RFP process is an option frequently used to allocate funding, there is no requirement to make these County funds available through an RFP process. RFP processes have disadvantages that TSAC sought to avoid including the significant investment of time, administrative requirements, and corresponding costs.

TSAC believes the allocation process it has used is responsive in the most cost effective way to addressing the unmet health needs in the county and that by concentrating on a limited number of significant health needs has allowed the tobacco settlement funding to be focused to achieve greater impact.

TSAC encourages all perspectives on health needs to be incorporated in the needs papers it solicits. Any individual or organization is encouraged to bring forward a health need for funding consideration by TSAC. This can be done by bringing a need forward in public comment or by requesting that a need be included in a needs paper. TSAC considers this input and has made funding recommendations in response to needs brought forward. Announcements about TSAC meetings are sent out to 70 individuals and health-related agencies each year. The TSAC website will be updated to clarify the process for bringing needs forward for TSAC consideration during the funding allocation process. This will be completed by October 2005.

**Finding 2:** The composition of the committee has remained basically the same since its creation. When committee members and grant applicants are from the same agencies, conflict of interest is inevitable.

### **Response to Finding #2:**

**Agree.** The Board of Supervisors has defined TSAC membership as follows:

- Public Health Department Director, or designee
- Alcohol, Drug, & Mental Health Services Department Director, or designee
- Board of Supervisors Representative that serves on the Children & Families Commission, or designee
- Representative from the Coalition Engaged in a Smoke Free Effort (CEASE)
- Representative from County hospitals
- Representative from the SB County Medical Society
- Representative from the American Lung Association/Cancer Society
- Representative from the South Coast Watershed Alliance
- Youth representative selected by the Tobacco Settlement Community Coalition

It is up to the 6 organizations above to select a representative to serve on TSAC representing their agency.

Since the year of TSAC's inception in 2000 (5 funding cycles), there have been a total of 15 individuals that have served on TSAC. The representatives from CEASE, hospitals, South Coast Watershed Alliance, and the Board of Supervisors have served continuously since 2000. All other members have had multiple representatives.

When the Board of Supervisors established TSAC, it determined that the expertise of the designated members was important. As on any committee, conflicts of interest do occur and these have been dealt with appropriately under the supervision of County Counsel to ensure that members recuse themselves when conflicts are determined to exist.

**Recommendation 2:** The Board of Supervisors should consider term limits for membership on the Tobacco Settlement Advisory Committee and should select persons from other sectors of the health care community. The Board should also add North and South County representatives from the general public.

### Response to Recommendation #2:

**This recommendation requires further analysis** and will be discussed in subsequent TSAC meetings within the next 4 months. TSAC feels that a number of the TSAC representatives have broad perspective and expertise that is essential to the work it does. TSAC will discuss term limits and potential additional representation in its June meeting and will consider making a recommendation to the Board of Supervisors. The Board of Supervisors could choose to implement changes to the membership of TSAC as it deems appropriate.

**Finding 3:** There are general performance measures for agencies receiving funds. However, the Tobacco Settlement Advisory Committee only briefly reviews them in the two meetings in the fall of the year.

### Response to Finding #3:

Agree.

**Recommendation 3:** The Tobacco Settlement Advisory Committee should hold a mid-year meeting to review program accountability. Performance measures should be followed to insure that tobacco settlement money is going to those agencies that are most effective.

### Response to Recommendation #3:

**This recommendation has been implemented.** A mid-year meeting has been scheduled for June 20 to review program performance measures and will be carried on into the future.

**Finding 4:** Funding from other sources is often available to those receiving Tobacco Settlement Advisory Committee funding.

### Response to Finding #4:

Agree. Many programs that receive TSAC funding are funded by multiple funding sources.

**Recommendation 4:** Tobacco settlement money should supplement, not substitute for, other funding. Agencies should demonstrate an effort to obtain other funding during the application process.

### Response to Recommendation #4:

**The recommendation that agencies demonstrate an effort to obtain other funding during the application process has been implemented.** TSAC has consistently directed agencies to seek alternate funding sources when available. In some cases, TSAC has reduced or ceased funding services after a period of directing the program to seek alternate funding sources. With respect to supplementing or supplanting, current direction by the Board of Supervisors states that:

*While it may be ideal for these funds to be used to supplement current health funding; however, depending on future legislation, litigation, and/or*

*County fiscal challenges, it may be necessary to supplant current health funding.*

Specifically, with respect to Proposition 63 funding, Maddy Funds or other new funding sources, TSAC will be evaluating any additional funding made available through these sources and will be determining the extent to which any new funding received as a result of these initiatives may reduce the need for TSAC funding. It should be noted that agencies have service needs that exceed available funding; therefore, multiple funding sources are necessary in order to address local needs. However, TSAC reassesses its funding recommendations when new funding sources become available to TSAC-funded programs.

**Finding 6:** The Tobacco Settlement Advisory Committee has recommended not funding the endowment fund this year. The endowment fund is not being supported as originally intended.

### **Response to Finding #6:**

**Agree.** The Board of Supervisors directed that an endowment fund be created and that beginning in 2000 and annually for 12 years, 20% of tobacco settlement revenues be placed into long-term investments with a maturity not to exceed 15 years, and that the principal and interest would not be used during this 12 year period. This endowment was created to address future health needs.

In the last 4 years, TSAC recommendations to the Board of Supervisors has included such an allocation to the endowment. For 2005-06, TSAC chose not to recommend funding an endowment and to distribute the funding to meet current health needs. The Board of Supervisors may choose to accept this recommendation based on their assessment of current needs versus the need to build the endowment for future health needs. This will be determined by the Board of Supervisors in the June 2005 budget hearings.

**Recommendation 6:** The Board of Supervisors should maintain the 20% level of funding to the endowment fund, as agreed to in 1998-1999.

### **Response to Recommendation #6:**

**This recommendation requires further analysis.** The Board of Supervisors, after review of TSAC recommendations, may elect to allocate 20% of funding to the endowment either for 2005-06 and/or for subsequent years. To do this for 05-06 would require reduction of recommended allocations to agencies for current health needs.