



## Financing and Sustaining Youth Programs

### **2011 Master Settlement Agreement (MSA) Payment Highlights**

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#### **Overview**

In April 2011, states received \$6.04 billion as part of their annual tobacco Master Settlement Agreement (MSA) payment.<sup>1</sup> These unrestricted payments began in 2000 and will be made to the states in perpetuity. The 46 states in agreement with tobacco companies have received nearly \$81 billion since 2000, with total payments estimated to exceed \$246 billion by 2025. States use MSA funds to support a variety of programs and services, including tobacco prevention and control, health, education, and debt service on securitized funds. Twenty-two states have allocated a portion of MSA funds to invest in their youth populations by providing health insurance and college scholarships to children and youth, as well as through health promotion and tobacco prevention programs.

The following summary is based on data provided by the state budget offices of 32 of the 46 states party to the agreement. It highlights key trends in the allocation of 2011 MSA funds, with a focus on how MSA revenues can support initiatives that promote the positive youth development. For more information, visit our [interactive database](#) detailing how MSA payments are allocated in each state and [promising practice profiles](#) for innovative examples of how states use MSA funds to support youth programs and services.

#### **2011 Key Findings**

In 2011, MSA payments to all 46 states were lower than in 2010. Despite this overall decrease in payments, states continued to allocate their MSA funding across the same categories as in previous years, including health, education, social services, tobacco control, economic development, infrastructure, and debt service on securitized funds. The 32 states that provided detailed budget information reported allocating nearly double the amount of funds to “general purposes” in 2011 than in 2010 (18% versus 10%).<sup>2</sup> This category includes funds allocated to a state’s general fund that have not been earmarked for any specific purpose. Despite the economic downturn, only one state reported using funds specifically to cover budget shortfalls and the majority of states made no substantial changes to their overall allocation of MSA funds.

Over half of all MSA funds were spent on health initiatives (42%) or education and social services (9%). This reflects a slight decrease in funding for health compared with 2010 (when states spent 48% of their funds for health), but a slight increase for education and social services (from 6% to 9%). Despite the overall decline in funding for health initiatives, at least eight states allocated a greater percentage of funds in this area than in 2010. Funding for smoking prevention and control remained level, at just 2 percent of all payments. Other key findings include:

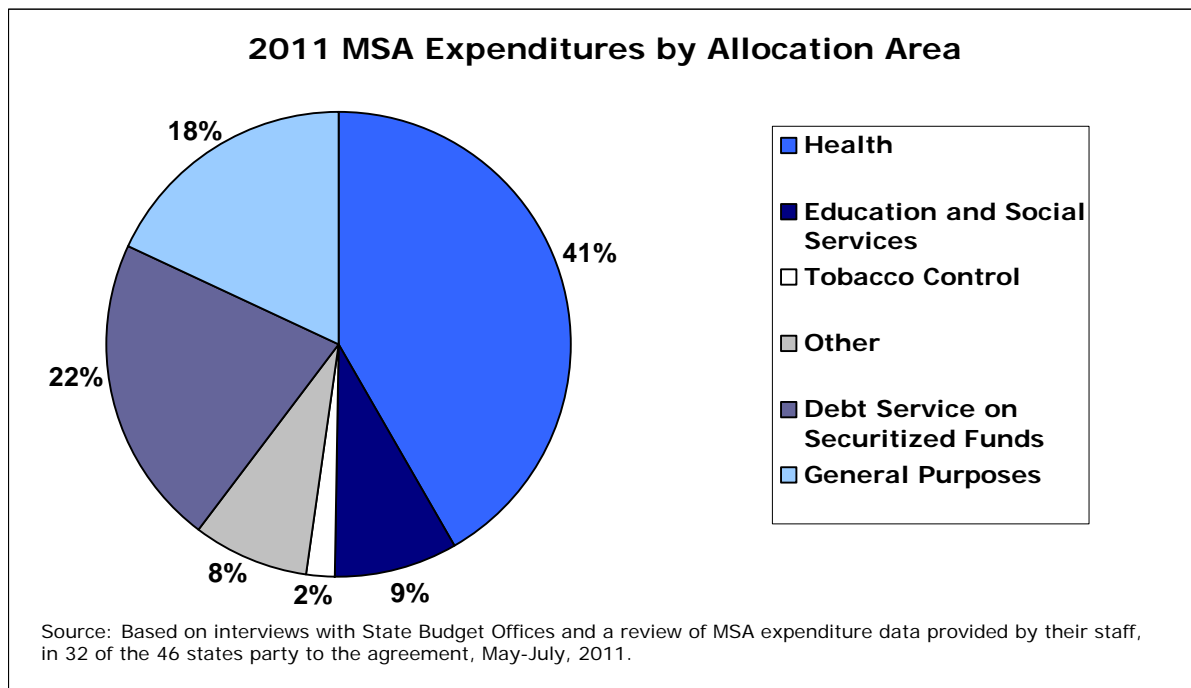
- ✓ States received roughly \$6.04 billion in MSA payments. This represents a decline of nearly \$300 million compared to 2010.

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<sup>1</sup> The \$6.04 billion reflects 2011 payments made to all states party to the MSA. See National Associations of Attorneys General web site [http://www.naag.org/backpages/naag/tobacco/msa-payment-info/2011-04-19%20Payments to States Inception thru April 19 11.pdf/download](http://www.naag.org/backpages/naag/tobacco/msa-payment-info/2011-04-19%20Payments%20to%20States%20Inception%20thru%20April%2019%2011.pdf/download)

<sup>2</sup> The number of states that provided information was approximately the same in 2010 and 2011. The list of responding states differs between the two years but not to an extent to significantly impact comparisons.

- ✓ States allocated the majority of their MSA payments to health (42%), debt service on securitized funds (22%), and general purposes (18%). Funding for tobacco prevention and control continues at just 2 percent.
- ✓ Twenty-three states<sup>3</sup> allocate a portion of their MSA funds directly to youth programs or for services to support youth. An additional nine states reported that youth programs may be able to access MSA revenue through funds allocated to tobacco prevention and cessation programs or from money allocated to the state's general fund.
- ✓ One state (Illinois) securitized a portion of its MSA payments in FY2011. Twenty states have securitized a portion or all of their MSA payments since 2000; however, in 2009 Wisconsin purchased the "right to receive" MSA payments from the securitization corporation, essentially reversing its partial securitization of funds in 2002.



### Highlights of States Investing MSA Funds in Youth Services

- ✓ **Virginia allocates 8.5% of its MSA funds to the Foundation for Healthy Youth Endowment.**<sup>4</sup> In 2009, the Virginia Tobacco Settlement Fund was renamed the Foundation for Healthy Youth Endowment, reflecting an additional focus on reducing childhood obesity. The Virginia Youth Obesity Prevention (VYOP) initiative promotes physical activity and good nutrition at home, in schools, and in the community. For the 2010-2012 project period, over \$1.2 million was awarded for 21 Healthy Communities Action Teams (HCAT) grants to prevent childhood obesity.
- ✓ **Colorado dedicates over 90% of its MSA funds to health and social service programs, many of which support children and youth.** In 2011, 4%

<sup>3</sup> This includes data provided by the state budget offices of the 32 states who responded to The Finance Project's survey, as well as publicly available information on the remainder of the states.

<sup>4</sup> For more information on the Foundation for Health Youth Endowment, see their website at: <http://healthyouthva.org/vyop/>

