

EMS and Trauma Care Tobacco Endowment Depletion

(FUND 5046)

HISTORY

In 1998, the State of Texas negotiated a record \$17.3 billion settlement with tobacco manufacturers. The next year, the 76th Texas Legislature set up a number of permanent funds and endowments to ensure that these tobacco settlement funds were utilized for the ongoing benefit of children and public health. The endowments were established and held outside of the General Revenue Fund to protect them from distributions to other initiatives.

The Permanent Fund for Emergency Medical Services and Trauma Care (Fund 5046) was established with a \$100 million corpus intended to provide a perpetual source of funds for EMS providers and the 22 Trauma Service Area Regional Advisory Councils (RACs) from the interest earned by the fund, prohibiting the use of the corpus of the funds for any purpose.

FUNDS EXPANDED

During the 82nd Legislature 1st Called Session (2011), Senate Bill 2 expanded the use of three tobacco settlement funds to pay the principal or interest on a bond issued on behalf of the Cancer Prevention and Research Institute of Texas (CPRIT). The three funds included the Permanent Fund for Emergency Medical Services and Trauma Care as well as the Permanent Fund for Health and Tobacco Education and Enforcement and the Permanent Fund for Children and Public Health. The expansion was included in legislation relating to fiscal matters necessary for the implementation of House Bill 1, focused on measures that allowed school districts to operate more efficiently. SB 2 and SB 1 focused solely on school financing and the reference in the legislation to the use of the tobacco funds was only referenced as a dedicated permanent fund, easily assumed to be education related.

PROBLEM BEGINS

This significant change to the EMS & Trauma Care Tobacco Endowment was not realized until the spring

of 2014 when previously appropriated funding from the interest on the endowment funds was not available due to the dwindling corpus.

Even today, confusion abounds due to the current state budget continuing to indicate a \$100 million corpus for fund 5046 in an informational listing of permanent funds and endowments from the tobacco settlement.

DEPTH OF THE PROBLEM

Since 2011 a total of \$98,942,469 has been appropriated to CPRIT from the Permanent Fund for Emergency Medical Services and Trauma Care Fund 5046, all but depleting the corpus of the fund.

Appropriations from the interest on Fund 5046 previously helped to support EMS through crucial local project grants (approximately \$1.3 million per year) and the operation of the Regional Advisory Councils, tasked with coordination of regional trauma and emergency healthcare throughout the state (approximately \$77,000 per year).

The Department of State Health Services was appropriated \$2.38 million for each year of the current budget for these purposes. However, those funds have never materialized. Through re-allocation of funds within DSHS, they have made limited funds available for this year, but will not be able to cover this shortfall in future years.

The depletion of the tobacco settlement funds and other recent funding cuts has resulted in a dire and uncertain future for EMS and RACs, and therefore our state trauma system.

TETAF asks the current legislature to recognize the significant impact EMS and RACs provide in supporting the trauma system and seeks immediate action to appropriate new and much needed funds to help sustain the life-saving Texas Trauma System.



TETAF
3400 Enfield Road
Austin, TX 78703
www.tetaf.org