

Bill's Tobacco Budget Report



Master Tobacco Settlement Agreement

- MSA settled claims by states against the tobacco industry in 1998
- Vermont sued under public health & consumer protection laws
- Established program to counter youth tobacco use
- Limits tobacco marketing strategies



Master Tobacco Settlement Agreement

- Annual payment to states in perpetuity for advancement of public health
- 10 years of extra payments 2008-2017, the Strategic Contribution Fund
- Vermont was awarded a large share of the extra payments in recognition of its leadership in tobacco control efforts, about \$12m/year
- Total payments average about \$35m in last 6 years

Vermont's Tobacco Funds



- VT Legislature created 2 special funds in 1999
- **The Tobacco Litigation Settlement Fund**
to support tobacco use prevention, cessation & control & other health care purposes
- **The Tobacco Trust Fund**
a self-sustaining, perpetual fund for tobacco cessation & prevention which is not dependent upon tobacco sales volume

VT's Projected Payments

- National Association of Attorneys General revised payments projections in Dec. 2013
- Subjected to revision
- Payments made in April

	MSC	SCF	Total
2014	\$22,889,138.39	\$12,084,400.19	\$34,973,538.58
2015	\$22,456,188.70	\$11,853,827.71	\$34,310,016.41
2016	\$22,246,299.32	\$11,743,312.37	\$33,989,611.69

VT Tobacco Control Program



- Four long term goals:
 - ❖ Reduce adult cigarette smoking prevalence to 12% by 2020. Currently 17%, down from 22% in 2001. 48% of current smokers attempted to quit in 2012
 - ❖ Reduce youth cigarette smoking prevalence to 10% by 2020. Currently 13% down from 33% in 1999
 - ❖ Reduce exposure of non-smokers to secondhand smoke
 - ❖ Maintain low prevalence of other tobacco produce use. Is low among adults, 1-11%

Vermont Tobacco Evaluation and Review Board



- Oversees evaluation of the Tobacco Control Program
- Reviews & approves media campaigns
- Reviews community coalition applications and recommends grants to fund
- Reviews program components and recommends strategies for increased collaboration
- Coordinates building the budget

VT Tobacco Control Program



- Is funded through MSA funds
- Budget is Coordinated by the VT Tobacco Evaluation and Review Board
- Funds appropriated to:
 - ❖ Department of Health
 - ❖ Agency of Education
 - ❖ Department of Liquor Control

Tobacco Trust Fund

	FY10	FY11	FY12	FY13	FY14	FY15
Beg Bal	27.8	22.5	17.1	9.9	8.3	1.7
Transfers	(8.3)	(7.7)	(7.6)	(2.1)	(7.0)	(1.7)
Performance	3.1	2.4	.5	.5	.4	
Ending	22.5	17.1	9.9	8.3	1.7	ZERO

Tobacco Control Appropriations

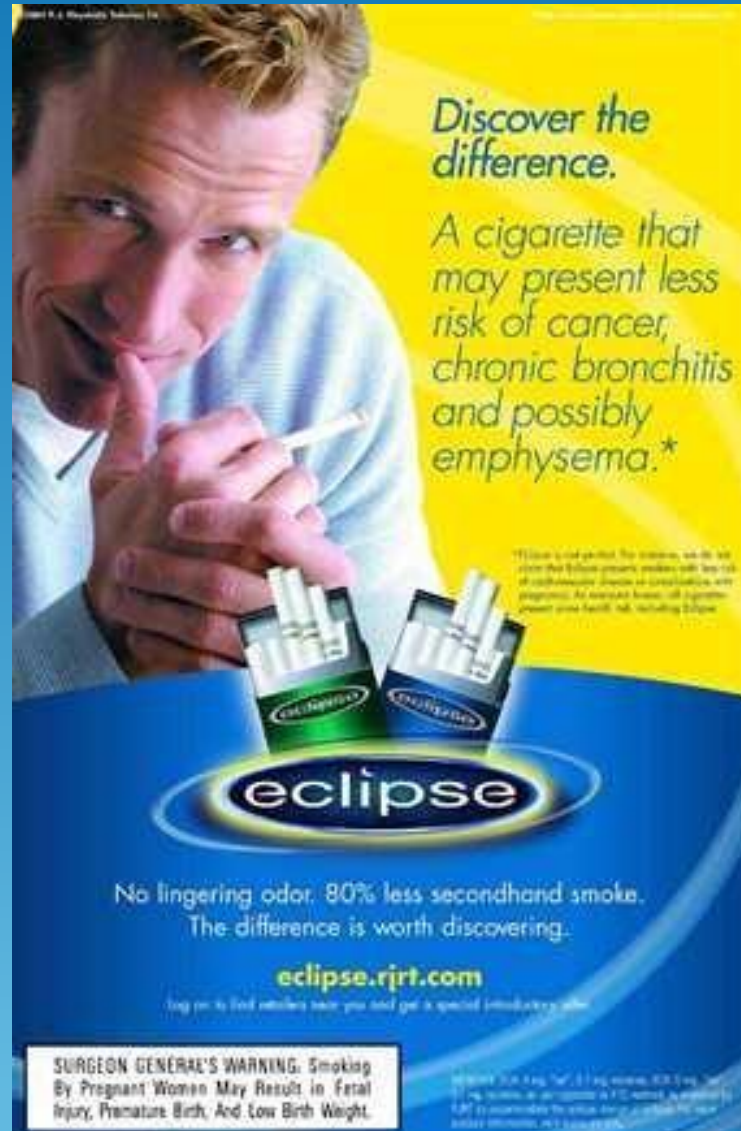
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Health	3.8	3.8	3.2	2.9	1.9	2.4	2.7	2.4
Education	1.0	1.0	1.0	1.0	1.0	1.0	.8	.8
Liquor Control	.3	.3	.3	.3	.3	.3	.2	.2
Tobacco Board	.1	.1	.3	.3	.2	.3	.3	.3
Total	5.2	5.2	4.8	4.5	3.4	4.0	4.0	3.7

Appropriations Recommendations

1. Bring the Tobacco Control Program appropriations back to 2009 levels
+1.5m
2. Start re-building up the Tobacco Trust Fund with an appropriation of **\$8.5m**

Total \$10 million

\$10million, from where?



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$$\mathbf{\$8.3 + \$1.7 = \$10}$$

- Vermont received \$8.3m from settlement with R.J. Reynolds over false advertising of its tobacco product eclipse as a “risk reduction” cigarette
- Vermont expects \$1.7m extra payment in April, over MSA