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February 9, 2015

To: House Committee on Appropriations
From: The Coalition for a Tobacco Free Vermont
Subject: Governor's FY16 Budget Proposal: Tobacco Control Program Funding

The Coalition for a Tobacco Free Vermont respectfully requests the following:

- Commit to level funding Vermont's comprehensive tobacco control program in FY16 at \$3.9 million as agreed upon in the [FY14-16 Sustainability Plan for the Tobacco Control Program](#) by the Secretary of Administration, Secretary of Finance and Administration, the Department of Health, the Blueprint for Health and the Vermont Tobacco Evaluation and Review Board (VTERB). Please see attached memo.
- Oppose amendments proposed by the Administration to Title 18, Chapter 225 that would eliminate the budget for VTERB, changing it from an independent board with oversight of the tobacco control program budget and program to an advisory group, and eliminating the program's independent evaluation.

Sustainability Plan Background:

In 2012, HAC members were concerned about the future of Vermont's Comprehensive Tobacco Control Program (TCP) for several reasons: 1) the decline in annual payments from the tobacco industry Master Settlement Agreement. Annual payments are based on national cigarette consumption and as smoking declines, payments drop. In addition, the state's annual payment will drop from \$33-34 million to an estimated \$22 million each year beginning in FY18 with the end of the ten-year Strategic Contribution Fund. 2) Vermont receives about \$72 million each year in tobacco tax revenue, all of which is deposited in the State Healthcare Resource Fund, not for tobacco control. 3) the use of the Tobacco Trust Fund, established in 2001 to provide a long-term, sustainable source of funding for the TCP, for other programs and to fill budget gaps. It is due to be zeroed out in FY16.

To address these concerns, the committee added language to the FY13 appropriations bill that directed the Secretary of Administration, the Tobacco Evaluation and Review Board, the Department of Health and the Blueprint for Health to "develop a plan for tobacco funding for fiscal years 2014-2016 at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since inception." This directive resulted in a plan to level fund the comprehensive tobacco control program at \$3.9 million for FY14-16. The plan was agreed upon by all parties and submitted to the Governor, the House and Senate Leadership, The House and Senate Appropriations Chairs and the House and Human Services Committee Chairs in January 2013 (please see attached memo).

Broken Agreement:

Despite this agreement, the Governor's budget would strip nearly \$245,000 in funding from the TCP in fiscal year 2016. His budget would eliminate the funding for the Vermont Tobacco Evaluation and Review Board, an independent board created by the Legislature to establish the annual tobacco control budget, program criteria and policy development and review and evaluate the comprehensive tobacco control program. In addition, the Governor's budget proposes to eliminate the independent program evaluation. This is on top of a \$68,000 cut to the evaluation budget in the FY14 budget adjustment and maintained in FY15 (from \$ 291,127 to \$223,127). The proposed budget would also reduce global commitment funding by \$45,000 for the health department's portion of the tobacco control program.

Vermont's Tobacco Control Program is Proven to be Effective:

The success the state has had in preventing and reducing tobacco use has been driven by VTERB and the independent evaluation. While Vermont has successfully cut the youth smoking rate in half, 400 children become new daily smokers each year and 10,000 children currently alive in Vermont will ultimately die prematurely from smoking¹. The board and program evaluation is leading Vermont's Healthy People 2020 goals of lowering the adult smoking rate to 12% (currently at 18%) and the youth smoking rate to 10% (currently at 13%). While the Governor proposes to maintain the board as an advisory council, it would no longer be staffed and would only meet at the request of the Commissioner of Health. For more information on VTERB, see the board's website: <http://humanservices.vermont.gov/boards-committees/tobacco-board> or contact the Administrator, Kate O'Neill, Kathryn.o'neill@state.vt.us or 802-503-2745.

The Governor's proposed cut in prevention funding for Vermont's Tobacco Control Program will only move the state backwards in the state's efforts to control skyrocketing healthcare costs. Vermont currently spends \$348 million² in tobacco-attributable health care expenses, (a number that has increased while the state's Tobacco Control Program funding decreased). Despite the historic successes of Vermont's evidence-based tobacco control program, tobacco use is still the number one preventable cause of death and disease, claiming the lives of 1,000 Vermonters annually³. 17 percent of Vermont adults and 20.4 percent of Vermont college-age youth smoke⁴. Smoking rates are significantly higher amongst Vermont's most vulnerable populations, with the rates of smoking for those with lower incomes and education, serious mental illness, or without insurance at or above 30 percent⁵.

As Vermont continues to struggle to control soaring health care costs, the prevention and reduction of tobacco use is critical to the state's success. A study in the *American Journal of Public Health* found that for **every dollar spent** by Washington State's tobacco prevention and control program between 2000 and 2009, more than **five dollars were saved** by reducing hospitalizations for heart disease, stroke, respiratory disease and cancer caused by tobacco use⁶.

There is more evidence than ever before that tobacco prevention and cessation programs work to reduce smoking, save lives and save money. Thank you for your consideration of these requests.

¹ The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General, 2014.

² Centers for Disease Control and Prevention, Office of Smoking and Health, [Best Practices for Comprehensive Tobacco Control Programs, 2014](#).

³ Robert Wood Johnson Foundation, American Cancer Society Cancer Action Network, Campaign for Tobacco Free Kids, American Heart Association, Americans for Nonsmokers Rights, American Lung Association. ["Broken Promises to our Children: A State-by-State Look at the 1998 Tobacco Settlement 16 Years Later"](#). 2014.

⁴ [Behavioral Risk Factor Surveillance System \(BRFSS\)](#), Centers for Disease Control and Prevention, 2012.

⁵ *ibid*

⁶ Dilley, Julia A., et al., ["Program, Policy and Price Interventions for Tobacco Control: Quantifying the Return on Investment of a State Tobacco Control Program"](#), *American Journal of Public Health*, February 2012.



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Jeb Spaulding, Secretary

To: Governor Peter Shumlin
House and Senate Leadership
House and Senate Appropriations Committee Chairs
House Health and Human Services Committee Chair

From: Secretary of Administration Jeb Spaulding
Commissioner of Finance and Administration James Reardon
Commissioner of Health Harry Chen
Commissioner of Health Access Mark Larson
Tobacco Evaluation and Review Board Chair Brian Flynn

Date: January 11, 2013

Re: FY2014-2016 Sustainability Plan for the Tobacco Control Programs

As requested in Section E312.1 "Sustainability of Tobacco Control" of the FY2013 Appropriations bill (Attachment 1), we have developed a plan for funding the Tobacco Control Program for the three budget years FY2014-2016. The plan elements were established in the course of two one hour meetings on December 20, 2012 and January 3, 2013.

1. The base budget for tobacco control appropriations derived from Master Settlement Agreement (MSA) funds for the Departments of Health and Liquor Control, the Agency of Education, and the Tobacco Evaluation and Review Board should be level compared to the current year; that is a total of about \$3,971,713 for each of these years (FY14, FY15, and FY16).
2. For FY2015 and FY2016, the parties will consider whether the programs are falling short of the Section E312.1 mandate to "maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception." The primary indicators of failure to maintain gains will be flattening of the current downward trends in youth and adult smoking prevalence. Lack of progress may indicate a need for increased investment as outlined in the Tobacco Control Program Goals and Strategies for 2012-2020 (Attachment 2).
3. Tobacco control budget cuts in recent years have focused entirely on Health Department program components resulting in distortions of the proportions of program resources concerned with adult (cessation) and youth (prevention) interventions. We recommend that the overall MSA-derived tobacco control budget be redistributed among the Health Department, Agency of Education, and Department of Liquor Control components in proportions that more closely match those recommended by the Centers for Disease Control and Prevention, and that were applied in Vermont prior to the several years of significant budget cuts, as outlined in the following table below.

We appreciate the mandate for the parties to work together on this matter. It stimulated a thorough and helpful exchange of information and perspectives. Although the results may not represent an ideal resolution for all participants, we jointly provide this plan in response to the request outlined in Section E312.1.

Table: Reallocation of MSA-Derived Robacco Control Funding by Department/Agency to Align with CDC Recommendations and Pre-FY2010 Proportional Allocations.

	<u>Reference 2009 MSA</u>		<u>Current 2013 MSA</u>		<u>Proposed 2014 MSA</u>	<u>Based on CDC Best Practices</u>
DEPARTMENT OF HEALTH	3,839,634	0.735	2,396,507	0.603	2,684,878	0.676
DEPARTMENT OF EDUCATION	995,668	0.191	991,931	0.250	758,597	0.191
DEPARTMENT OF LIQUOR CONTROL	289,645	0.055	291,945	0.074	238,303	0.060
TOBACCO BOARD	100,000	0.019	291,330	0.073	291,127	0.073
TOTALS	5,224,947	1.000	3,971,713	1.000	3,972,905	1.000

Note. Responsibility for the independent evaluator contract shifted from the Health Department to the Tobacco Board between FY2009 and FY2013.

Attachment 1

Sec. E.312.1 SUSTAINABILITY OF TOBACCO PROGRAMS

(a) The secretary of administration, the tobacco evaluation and review board, the department of health, and the blueprint for health shall develop a plan for tobacco program funding for fiscal years 2014 through 2016 at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception. The plan shall consider the inclusion of monies that have been withheld by manufacturers in prior years under the master settlement but may be received by the state in the future. The plan shall be presented to the general assembly on or before January 15, 2013.

Attachment 2

VERMONT TOBACCO CONTROL GOALS AND STRATEGIES 2012-2020 Adopted by the Vermont Tobacco Evaluation and Review Board on 11-14-2012

Goal A. Reduce adult cigarette smoking prevalence to 12% by 2020.

1. Support legislative enactment of policies that are likely to reduce adult tobacco use.
2. Advance development of community policies that are likely to reduce adult tobacco use.
3. Advance program and policy collaborations with partners reaching large populations of tobacco users.
4. Advance cessation services for adult tobacco users through multiple modes of delivery.
5. Advance community programs to promote tobacco use cessation.
6. Advance media and other public education activities that promote adult tobacco use cessation.
7. Identify adult population groups with disparately high smoking rates and utilize opportunities to address their unique needs.

Goal B: Reduce youth cigarette smoking prevalence to 10% by 2020.

1. Support legislative enactment of policies that are likely to reduce youth tobacco use.
2. Advance development of community policies that are likely to reduce youth tobacco use.
3. Advance community programs to promote youth tobacco use prevention.
4. Advance school-based actions to prevent youth tobacco use and promote cessation.
5. Advance media and other public education activities that promote youth tobacco use prevention and cessation.
6. Identify youth population groups with disparately high smoking rates and utilize opportunities to address their unique needs.

Goal C. Reduce exposure of non-smokers to second-hand smoke (SHS).

1. Support legislative enactment of policies that are likely to reduce exposure to SHS.
2. Advance development of community policies that are likely to reduce exposure to SHS.
3. Advance development of organizational policies that are likely to reduce exposure to SHS.
4. Advance media and other public education activities that promote SHS exposure hazards and protections.

Goal D. Maintain low prevalence of Other Tobacco Product (OTP) use.

1. Monitor use of OTPs among youth and adults.
2. Respond to higher levels of OTP use, as needed, with policy and program intervention.