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February 27, 2017

To: House Committee on Appropriations
From: The Coalition for a Tobacco Free Vermont
Subject: Governor's FY18 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 FY18 at \$3.4 million using the Master Settlement dollars intended to fund this program. During this time when federal funding is completely at risk, we are concerned that the Governor's proposed budget would use Global Commitment, dependent on a federal match, to fund a portion of the program.
- Create a sustainable funding source ongoing for the Tobacco Control Program, such as a dedicated portion of tobacco tax revenue.
- Oppose eliminating the budget for VTERB, the program's independent evaluation has been critical to delivering results based accountability for the program.

The problem:

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. Tobacco is a primary driver of chronic disease in Vermont, and in 2015, medical costs related to chronic disease cost Vermont \$2,042,000,000 (that is BILLION). These costs are expected to continue to increase by 75 percent from 2010 to 2020. Currently:

- **35% of our low-income adult residents are smokers;**
- **17% of all adults smoke cigarettes, a level that has remained unchanged since 2012; and**
- **25% of all Vermont High School students have used some sort of tobacco product (cigarette, smokeless, cigar or electronic or vaping product) in the past 30 days. This figure is as high as 33% in some supervisory union regions.**

There is more evidence than ever before that tobacco prevention and cessation programs work to reduce smoking, save lives and save money. In fact, in Vermont, since 2001, we have realized a 2:1 return on investment. In comparison to the \$73 million appropriated to the Tobacco Control Program since 2001, there has been an estimated \$1.43 billion savings in overall smoking-related healthcare costs between 2001-2014. That figure includes \$586 million in Medicaid costs.

In the FY17 Budget, Vermont lawmakers included this legislative charge:

Section E. 300.4.a. of Act 172 (2016), An act relating to making appropriations for the support of government: “a. The Secretary of Administration or designee, the Secretary of Human Services or designee, the Tobacco Evaluation and Review Board, and participating stakeholders in the implementation of the tobacco control program shall develop an action plan for tobacco program funding at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception. In addition, the plan shall consider utilizing a percentage of tobacco revenues and the inclusion of monies that have been withheld by tobacco manufacturers but which may be received by the State of Vermont in future years.”

Funding for Vermont’s Tobacco Control Program has relied on annual appropriations from the Master Settlement Agreement (MSA). The program’s appropriation is 10% of the MSA compared to 82% directed to Medicaid. None of the \$77 million in annual tobacco product tax revenue is appropriated to the program. To protect and preserve our successful tobacco control program, we urge lawmakers to:

- **Dedicate 3% of annual tobacco tax revenue for the Tobacco Control Program.**
- **Not use Global Commitment, that is dependent on federal match, to fund the program.**
- **Ensure that any payments to the state that have been withheld by the tobacco industry be appropriated to the Tobacco Control Program.**

We have stalled in our progress because the funding for the program has continuously been decreased. Maintaining a holding pattern of level funding year-after-year erodes programs and headway in the tougher populations. Other states have seen the impact of tobacco prevention funding cuts. Oregon charted decreases in tobacco use rates over time which stalled when the program was cut by 60 percent. When funding was restored, rates began to decline again. Massachusetts saw an increase in adult smoking rates, youth rates stalled and sales to youth increased when funding was cut by 95%.

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.

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.