

## Executive Summary

For the past 18 years – since the states settled their lawsuits against the major tobacco companies in November 1998 – we have issued annual reports assessing how well the states have kept their promise to use a significant portion of their settlement funds to combat tobacco use in the United States. In addition to their settlement funds – estimated at \$246 billion over the first 25 years – the states collect billions each year in tobacco taxes.

This year’s report finds, once again, that nearly every state gets a failing grade and is spending only a miniscule portion of tobacco revenues to fight tobacco use and the enormous public health problems it causes.

**In the current budget year, Fiscal Year 2017, the states will collect \$26.6 billion in revenue from the tobacco settlement and tobacco taxes. But they will spend only 1.8 percent of it – \$491.6 million – on programs to prevent kids from smoking and help smokers quit. This means the states are spending less than two cents of every dollar in tobacco revenue to fight tobacco use.**

The states’ failure to adequately fund tobacco prevention and cessation programs is undermining the nation’s efforts to reduce tobacco use – still the No. 1 preventable cause of death in the country and the killer of more than 480,000 Americans each year. It is also indefensible given the conclusive evidence that such programs work not only to reduce smoking and save lives, but also to reduce tobacco-related health care costs. These costs total about \$170 billion a year in the U.S., according to the Centers for Disease Control and Prevention (CDC).<sup>1</sup>

Other key findings of this year’s report include:

- The states continue to fall far short of CDC-recommended spending levels for tobacco prevention programs.<sup>2</sup> The \$491.6 million allocated by the states amounts to a small fraction of the \$3.3 billion the CDC recommends for all states combined. It would take less than 13 percent of total state tobacco revenues to meet the CDC recommendations in every state.
- Only two states – **North Dakota** and **Alaska** – currently fund tobacco prevention programs at the CDC-recommended level (Alaska meets that standard when a federal grant is included along with state funds). Only one other state – **Oklahoma** – provides even half the recommended funding. Twenty-nine states and the District of Columbia are spending less than 20 percent of what the CDC recommends. **New Jersey**, which ranks last in our report for the third year in a row, and **Connecticut** have allocated no state funds for tobacco prevention programs.

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<sup>1</sup> Xu, Xin, “Annual Healthcare Spending Attributable to Cigarette Smoking,” *Am J Prev Med*, published online: December 09, 2014, <http://www.ajpmonline.org/article/S0749-3797%2814%2900616-3/abstract>

<sup>2</sup> U.S. Centers for Disease Control and Prevention (CDC), *Best Practices for Comprehensive Tobacco Control Programs – 2014*, Atlanta, GA: U.S. Department of Health and Human Services (HHS), January 2014.

- States have failed to reverse deep cuts to tobacco prevention and cessation programs that have occurred since 2008. The current funding of \$491.6 million is more than 30 percent less than the \$717.2 million spent in FY 2008.
- The states' inadequate funding of tobacco prevention programs is dwarfed by the billions tobacco companies spend each year to market their deadly and addictive products. According to the latest data from the Federal Trade Commission, the major cigarette and smokeless tobacco companies spent \$9.1 billion in 2014 – more than one million dollars *each hour* – on marketing.<sup>3</sup> This means the tobacco companies spend more than \$18 to market tobacco products for every \$1 the states spend to reduce tobacco use.
- States that have implemented well-funded, sustained tobacco prevention programs continue to report significant progress, adding to the evidence that these programs work. Florida, with one of the longest-running programs, reduced its high school smoking rate to 5.2 percent in 2016, one of the lowest ever reported by any state.<sup>4</sup> North Dakota reduced smoking among high school students by nearly half from 2009 to 2015, to 11.7 percent.<sup>5</sup>

## Finishing the Fight Against Tobacco

This year's report comes at a pivotal moment in the nation's fight against tobacco. The latest government surveys show that both adult and youth smoking rates fell to record lows in 2015, with declines accelerating in recent years. In the last 50 years, the U.S. has cut the adult smoking rate by 64 percent – from 42.4 percent in 1965 to 15.1 percent in 2015, according to the CDC's National Health Interview Survey.<sup>6</sup> Since peaking at 36.4 percent in 1997, the high school smoking rate has been slashed by 70 percent to 10.8 percent in 2015, according to the CDC's Youth Risk Behavior Survey.<sup>7</sup>

Recent results have been even more impressive. An [analysis](#) published in *The New England Journal of Medicine* (NEJM) in August 2016 found that the adult smoking rate in the U.S. fell more than twice as steeply under the Obama Administration as under the previous two

<sup>3</sup> U.S. Federal Trade Commission (FTC). *Cigarette Report for 2014, 2016*, [https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-cigarette-report-2014-federal-trade-commission-smokeless-tobacco-report/ftc\\_cigarette\\_report\\_2014.pdf](https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-cigarette-report-2014-federal-trade-commission-smokeless-tobacco-report/ftc_cigarette_report_2014.pdf); FTC, *Smokeless Tobacco Report for 2014, 2016*, [Data for top 5 manufacturers only].

<sup>4</sup> Florida Department of Health. Bureau of Epidemiology, Division of Disease Control and Health Protection. "Florida Youth Tobacco Survey: 2012-2016 Florida Youth (Ages 11-17), High School, and Middle School Data," 2016, <http://www.tobaccofreeflorida.com/wp-content/uploads/2016-FYTS-State-and-County-Data.pdf>.

<sup>5</sup> North Dakota Department of Health, "Youth Risk Behavior Survey Results-Detailed Summary Tables," 2015, <https://www.nd.gov/dpi/uploads/1298/2015NDHighSchoolSummaryTables.pdf>

<sup>6</sup> Centers for Disease Control and Prevention (CDC), "Current Cigarette Smoking Among Adults—United States, 2005-2015," *Morbidity & Mortality Weekly Report*, 65(44): 1205-1211, November 11, 2016, [http://www.cdc.gov/mmwr/volumes/65/wr/mm6544a2.htm?s\\_cid=mm6544a2\\_w](http://www.cdc.gov/mmwr/volumes/65/wr/mm6544a2.htm?s_cid=mm6544a2_w).

<sup>7</sup> CDC, "Youth Risk Behavior Surveillance—United States, 2015," *Morbidity and Mortality Weekly Report*, 65(6), June 10, 2016. [http://www.cdc.gov/healthyyouth/data/yrbs/pdf/2015/ss6506\\_updated.pdf](http://www.cdc.gov/healthyyouth/data/yrbs/pdf/2015/ss6506_updated.pdf).

administrations and would fall to zero by around 2035 if this accelerated rate of decline continues.<sup>8</sup>

The NEJM analysis made clear this progress is no accident: “The recent accelerated decrease in cigarette smoking has not occurred in a vacuum. The striking decline since 2009 is most likely due to the implementation of an array of tobacco-control interventions at the federal, state, non-profit, and private-sector levels.”

In particular, the analysis pointed to a series of actions taken by the federal government. These include a 62-cent increase in the federal cigarette tax in 2009; enactment of the landmark 2009 law granting the Food and Drug Administration (FDA) authority over tobacco products; enhanced coverage for tobacco cessation treatments under the Affordable Care Act; and the first-ever federally funded mass media campaign to reduce tobacco use, the CDC’s Tips From Former Smokers.

The Tips From Former Smokers campaign has been highly successful. According to the CDC, the Tips campaign – now in its fifth year – has helped at least 400,000 smokers quit for good and saved at least 50,000 lives at a cost of less than \$400 per year of life saved, making the campaign a public health “best buy.”<sup>9</sup> Thanks to Tips, as well as campaigns by the FDA and Truth Initiative aimed at youth and young adults, the United States currently has the strongest and most sustained media campaigns to reduce tobacco use in history. However, continuation of the Tips campaign is threatened by a proposal in Congress to cut funding for the CDC’s tobacco prevention and cessation programs by more than half (from \$210 million to \$100 million).

To keep making progress, the NEJM analysis endorsed the roadmap of scientifically proven strategies laid out by the 2014 Surgeon General’s report on smoking and health, *The Health Consequences of Smoking – 50 Years of Progress*.<sup>10</sup> Robust tobacco prevention and cessation programs – both at the federal and state levels – are a critical part of these recommendations. The Surgeon General’s report called for “fully funding comprehensive statewide tobacco control programs at CDC-recommended levels.” It also called for conducting national media campaigns, such as Tips, “at a high frequency level and exposure for 12 months a year for a decade or more.”

Other key recommendations of the Surgeon General include:

- Regularly and significantly increasing tobacco taxes to prevent kids from smoking and encourage smokers to quit. (California voters passed a \$2-per-pack increase in the state’s tobacco tax in November – the single largest tobacco tax increase by any state.)

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<sup>8</sup> Fiore, Michael C. "Tobacco Control in the Obama Era—Substantial Progress, Remaining Challenges." *New England Journal of Medicine* 375.15 (2016): 1410-1412.

<sup>9</sup> CDC Press Release, “Impact of first federally funded anti-smoking ad campaign remains strong after three years,” March 24, 2016 <http://www.cdc.gov/media/releases/2016/p0324-anti-smoking.html>; Centers for Disease Control and Prevention (CDC), FY 2017 Justification of Estimates for Appropriations Committees <http://www.cdc.gov/budget/documents/fy2017/fy-2017-cdc-congressional-justification.pdf>; and CDC; Xu, Xin, et al., “Cost-Effectiveness Analysis of the First Federally Funded Antismoking Campaign,” *American Journal of Preventive Medicine*, 2014.

<sup>10</sup> U.S. Department of Health and Human Services. *The Health Consequences of Smoking: 50 Years of Progress. A Report of the Surgeon General*. Atlanta, GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.

- Fulfilling the Affordable Care Act’s requirement that health plans provide coverage for all proven tobacco cessation treatments, including counseling and medication.
- Effectively implementing the FDA’s authority over tobacco products “in order to reduce tobacco product addictiveness and harmfulness.”
- Enacting comprehensive smoke-free laws that protect all Americans from secondhand smoke. Currently, 25 states, Washington, D.C., and hundreds of cities have such laws, protecting nearly 60 percent of the U.S. population.

Another strategy gaining momentum across the country is to increase the minimum legal sale age for tobacco products to 21. Such Tobacco 21 laws have been adopted by the states of California and Hawaii and more than 200 cities and counties, including New York City, Chicago, Boston, Cleveland, Washington, D.C., St. Louis and both Kansas Cities. While most activity has occurred at the state and local level, federal legislation to raise the tobacco age to 21 has also been introduced. A March 2015 report by the prestigious Institute of Medicine (now called the National Academy of Medicine) predicted that raising the tobacco sale age to 21 nationwide would, over time, reduce the smoking rate by about 12 percent and smoking-related deaths by 10 percent.<sup>11</sup>

The recent *New England Journal of Medicine* analysis shows that eliminating smoking and all the death and disease it causes is not a faraway dream. Rather, it is a realistic goal that can be achieved relatively quickly with bold action at all levels of government to implement these proven strategies.

### **No Excuses: Tobacco Prevention Programs Save Lives and Save Money**

As recommended by the Surgeon General, the CDC and other public health experts, well-funded state tobacco prevention and cessation programs are essential components of a comprehensive strategy to accelerate progress and win the fight against tobacco use. Through their youth prevention and other community-based activities, public education efforts and programs and services to help smokers quit, state programs play a critical role in helping to drive down tobacco use rates and serve as a counter to the ever-present tobacco industry.

There is conclusive evidence that tobacco prevention and cessation programs work to reduce smoking, save lives and save money by reducing tobacco-related health care costs, especially when part of a comprehensive strategy to reduce tobacco use. Every scientific authority that has studied the issue – including the Surgeon General, the CDC, the Institute of Medicine, the President’s Cancer Panel and the National Cancer Institute – has concluded that when properly funded, implemented and sustained, tobacco prevention and cessation programs reduce smoking among both kids and adults. (See Appendix C and Appendix D for a full summary of this evidence).

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<sup>11</sup> Institute of Medicine, Public Health Implications of Raising the Minimum Age of Legal Access to Tobacco Products, Washington, DC: The National Academies Press, 2015, [http://www.iom.edu/~media/Files/Report%20Files/2015/tobacco\\_minimum\\_age\\_report\\_brief.pdf](http://www.iom.edu/~media/Files/Report%20Files/2015/tobacco_minimum_age_report_brief.pdf).

The 2014 Surgeon General’s report found, “States that have made larger investments in comprehensive tobacco control programs have seen larger declines in cigarettes sales than the nation as a whole, and the prevalence of smoking among adults and youth has declined faster, as spending for tobacco control programs has increased.” The report concluded that long-term investment is critical: “Experience also shows that the longer the states invest in comprehensive tobacco control programs, the greater and faster the impact.”

The CDC reached similar conclusions in January 2014 when it released its updated *Best Practices for Comprehensive Tobacco Control Programs – 2014*. The CDC found, “Research shows that the more states spend on comprehensive tobacco control programs, the greater the reductions in smoking. The longer states invest in such programs, the greater and quicker the impact.”<sup>12</sup>

The strongest evidence that tobacco prevention programs work comes from the states themselves.

- **Florida**’s high school smoking rate fell to a historically low 5.2 percent in 2016. Florida has cut its high school smoking rate by 81 percent since 1998.<sup>13</sup> Launched in 2007 and based on CDC Best Practices, the Tobacco-Free Florida program is a key contributor to these declines. The program implements community-based efforts including the youth-led Students Working Against Tobacco (SWAT), hard-hitting media campaigns and help for smokers trying to quit. Florida voters approved a constitutional amendment in 2006 requiring the state to spend 15 percent of its tobacco settlement funds on tobacco prevention.
- Another state reporting significant progress in reducing youth smoking is **North Dakota**, which ranks first in this report for the fourth year in a row and has funded its tobacco prevention program at or near the CDC-recommended level since FY 2010 as a result of a voter-approved ballot measure. From 2009 to 2015, smoking among North Dakota’s high school students fell by 48 percent, from 22.4 percent to 11.7 percent.<sup>14</sup>
- **Washington** state, which had a well-funded prevention program before funding was virtually eliminated in FY2012, reduced adult smoking by one-third and youth smoking by half from the initiation of its program in 1999 to 2010.<sup>15</sup> These smoking declines translated into lives and health care dollars saved. A December 2011 study in the *American Journal of Public Health* found that from 2000 to 2009, Washington state saved more than \$5 in health care costs for every \$1 spent on its tobacco prevention and cessation program by reducing hospitalizations for heart disease, strokes, respiratory diseases and cancer caused by tobacco use. Over the 10-year period, the program

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<sup>12</sup> U.S. Centers for Disease Control and Prevention (CDC), *Best Practices for Comprehensive Tobacco Control Programs –2014*, Atlanta, GA: U.S. Department of Health and Human Services (HHS), January 2014.

<sup>13</sup> Florida Youth Tobacco Survey <http://www.floridahealth.gov/statistics-and-data/survey-data/fl-youth-tobacco-survey/index.html>; Florida Department of Health. Bureau of Epidemiology, Division of Disease Control and Health Protection. “Florida Youth Tobacco Survey: 2012-2016 Florida Youth (Ages 11-17), High School, and Middle School Data,” 2016, <http://www.tobaccofreeflorida.com/wp-content/uploads/2016-FYTS-State-and-County-Data.pdf>.

<sup>14</sup> North Dakota Department of Health, “Youth Risk Behavior Survey Results-Detailed Summary Tables,” 2015, <https://www.nd.gov/dpi/uploads/1298/2015NDHighSchoolSummaryTables.pdf>

<sup>15</sup> Washington State Department of Health, Tobacco Prevention and Control Program, *Progress Report*, March 2011

prevented nearly 36,000 hospitalizations, saving \$1.5 billion compared with \$260 million spent on the program.<sup>16</sup>

- Studies show that **California**, which has the nation's longest-running tobacco prevention and cessation program, has saved tens of thousands of lives by reducing smoking-caused birth complications, heart disease, strokes and lung cancer. From 1988 to 2011, California reduced lung and bronchus cancers twice as fast as the rest of the United States.<sup>17</sup> A February 2013 study in the scientific journal *PLOS ONE* found that, from 1989 to 2008, California's tobacco control program reduced health care costs by \$134 billion, far more than the \$2.4 billion spent on the program.<sup>18</sup> The tobacco tax ballot initiative passed in November also boosts funding for California's tobacco prevention and cessation programs, which has been steadily eroded in recent years.

This strong return on investment demonstrates that tobacco prevention is one of the smartest and most fiscally responsible investments states can make.

Despite our nation's progress, tobacco use remains an enormous public health problem in the United States. In fact, smoking kills more people than alcohol, AIDS, car accidents, illegal drugs, murders and suicides combined. More than 36 million Americans still smoke, and there are large disparities in smoking rates, with higher rates among people who live below the poverty level; those with less education; American Indians/Alaska Natives; residents of the Midwest; lesbians, gays and bisexual people; people with mental illness; and adults who are uninsured or on Medicaid.<sup>19</sup>

We know how to win the fight against tobacco, but continued progress is not inevitable. It requires aggressive implementation of proven strategies, including well-funded, sustained tobacco prevention programs in every state. By doing what we know works, our nation can end this entirely preventable epidemic and make the next generation tobacco-free.

*December 14, 2016*

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<sup>16</sup> 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*, Published online ahead of print December 15, 2011. See also, Washington State Department of Health, Tobacco Prevention and Control Program, Progress Report, March 2011. Washington State Department of Health, Tobacco Prevention and Control Program, News Release, "Thousands of lives saved due to tobacco prevention and control program," November 17, 2010, [http://www.doh.wa.gov/Publicat/2010\\_news/10-183.htm](http://www.doh.wa.gov/Publicat/2010_news/10-183.htm)

<sup>17</sup> California Department of Public Health, California Tobacco Control Program, California Tobacco Facts and Figures 2016, Sacramento, CA 2016, <https://www.cdph.ca.gov/programs/tobacco/Documents/CDPH%20CTCP%20Refresh/Research%20and%20Evaluation/Facts%20and%20Figures/FactsFigures2016PrePrintEditionV2.pdf>

<sup>18</sup> Lightwood, J and Glantz SA, "The Effect of the California Tobacco Control Program on Smoking Prevalence, Cigarette Consumption, and Healthcare Costs: 1989-2008," *PLOS ONE* 8(2), February 2013.

<sup>19</sup> CDC, "Current Cigarette Smoking Among Adults—United States, 2005-2015," *Morbidity & Mortality Weekly Report*, 65(44): 1205-1211, November 11, 2016, [http://www.cdc.gov/mmwr/volumes/65/wr/mm6544a2.htm?s\\_cid=mm6544a2\\_w](http://www.cdc.gov/mmwr/volumes/65/wr/mm6544a2.htm?s_cid=mm6544a2_w).