

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0328-02  
Bill No.: SB 109  
Subject: Attorney General, State; Boards, Commissions, Committees, Councils; Health Department; Mental Health Department; Tobacco Products; Treasure, State  
Type: Original  
Date: February 12, 2007

Bill Summary: This proposal creates a trust fund and commission for youth smoking prevention.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Youth Smoking Prevention Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and expenses are expected to net to \$0 each year.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Youth Smoking Prevention Fund	10 FTE	10 FTE	10 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>10 FTE</b>	<b>10 FTE</b>	<b>10 FTE</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

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### ASSUMPTION

Officials from the **Missouri House of Representatives**, **Office of the State Treasure** and the **Missouri Senate** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue** state funds received from the Master Settlement Agreement are currently distributed based on statutes. These statutes would need to be revised or sunset if this legislation is passed, however, this proposal would have no direct affect on taxation.

Officials from the **Department of Mental Health (DMH)** state language in Section 196.1013 refers to "moneys received from subsequent participating manufacturers under the master settlement agreement ...". Therefore the DMH assumes funding in this legislation only originates from new settlement money from manufacturers not under the original master settlement agreement. As a result, the Department assumes no fiscal impact.

ASSUMPTION (continued)

However, DMH states if the intention of this legislation is to include existing core funding from the tobacco funds there will be a significant adverse affect to the DMH. If the legislation targets the core funding of the Department from the tobacco settlement agreement, a substantial negative impact on the substance abuse treatment system would result.

Approximately 2,250 clients would lose treatment services. The current CSTAR treatment costs = \$2,281 per client \* 40% (State Medicaid Match %) = \$912.40. The current HFT FY07 appropriation is \$2,052,908 = 2,250 clients. In addition, the \$300,000 smoking prevention program administered by the Department would be lost.

Officials from the **Department of Health and Senior Services (DHSS)** state that it has a tobacco use prevention program infrastructure that is supported by federal funds consists of 9 staff, including 5 located in out state districts that provide training and technical assistance to schools and community organizations on evidence-based tobacco prevention interventions. The program also maintains contracts with four organizations to support local tobacco control programs in St. Louis area, Springfield area, Kansas City area and Joplin area; the first two of which address youth prevention as part of their contract. The proposal would provide funds for local youth smoking programs not currently available. Funds would be needed to augment existing central office staff to provide administrative support to the Commission and to administer the youth tobacco prevention grant program. Proposed additional staff in the districts would be available to assist with training and technical assistance to contractors funded for Youth Smoking Prevention programs.

DHSS states this legislation establishes a 13-member commission within the DHSS. Although a minimum number of meetings is not prescribed, DHSS assumes that the number of meetings will need to be more frequent during the beginning phase of organizing the program. DHSS assumes the commission will meet monthly for the first six months, and quarterly thereafter. DHSS anticipates 8 meetings in FY08 and 4 meetings in subsequent years.

DHSS assumes a cost of \$160 per member per meeting to cover all board member expenses, including lodging, meals, and mileage.

ASSUMPTION (continued)

This legislation establishes the Youth Smoking Prevention Trust Fund within the state treasury. The attorney general shall deposit into the fund all moneys received from subsequent participating manufacturers under the master settlement agreement beginning in fiscal year 2008. According to an article published by the campaign for tobacco free kids (<http://tobaccofreekids.org/research/factsheets/pdf/0286.pdf>), Missouri will receive an estimated \$15.7 million more from the master settlement agreement in FY 2008. An increase of approximately \$151.5 million in FY 2007 to approximately \$167.2 million in FY 2008. This large increase can be attributed mainly to new payments from "subsequent participating manufacturers".

This legislation mandates this funding will be used for evidence based youth smoking prevention programs designated by the Commission for Youth Smoking Prevention. DHSS assumes all funding deposited into the Youth Smoking Prevention Trust Fund will be expended on administration and youth tobacco prevention contracts resulting in a zero fiscal impact on the fund. Of the estimated \$15.7 million deposited into the fund annually, DHSS estimates approximately \$14.9 will be available for youth smoking prevention contracts. Although the commission will ultimately determine how this funding will be spent, DHSS would propose using the funding in the following manner: approximately \$6 million for competitive local/regional contracts to implement evidence-based interventions to prevent youth from starting tobacco use; approximately \$1 million for cessation services for youth tobacco users, to include expansion of the telephone quitline, counseling, classes, etc.; approximately \$2 million for development of a marketing plan and messaging that will be targeted at youth audiences; and approximately \$5.9 million for placement of advertising and other media to encourage youth to not begin tobacco use or to quit tobacco use.

Administration and implementation of a program receiving this level of funding is projected to include the following staff:

- 1 Program Coordinator (\$44,472) to implement and oversee the program;
- 1 Administrative Office Support Assistant (\$25,248) to assist the Commission and the program staff;
- 1 Health Educator (\$36,480) to centrally develop evidence-based materials and programs, disseminate training and educational materials for staff, allied organizations and the public concerning youth tobacco use and its prevention, and assure uniformity of program delivery;
- 1 Public Information Officer (\$35,148) to develop, place and disseminate evidence-based media materials and campaigns for statewide and local use.

ASSUMPTION (continued)

- 8 Health Program Representative IIIs (\$35,148) to be located in regions of the state to be program liaisons providing more responsive and personalized service to regional and local organizations, and to provide technical assistance, training and other resources to local organizations working to reduce tobacco use among youth.

Standard expense and equipment was added for these staff.

**Oversight** assumes because DHSS would award contracts for youth smoking prevention programs, the duties of a Program Coordinator and a Health Educator could be absorbed by the staff of the current smoking prevention program.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**YOUTH SMOKING PREVENTION TRUST FUND**

Income - Department of Health and Senior Services\*

Master settlement agreement	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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Costs - Department of Health and Senior Services\*

Personal Services	(\$287,926)	(\$355,877)	(\$366,553)
Fringe Benefits	(\$130,315)	(\$161,070)	(\$165,902)
Equipment and Expense	(\$105,707)	(\$54,590)	(\$56,228)
Commission meeting expense	(\$16,640)	(\$8,320)	(\$8,320)

Youth smoking prevention program costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>Total Costs - DHSS</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FTE Change - DHSS	10 FTE	10 FTE	10 FTE
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**ESTIMATED NET EFFECT ON YOUTH SMOKING PREVENTION TRUST FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE Change for Youth Smoking Prevention Fund	10 FTE	10 FTE	10 FTE
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\*Income and expenses are expected to net to \$0 each year.

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

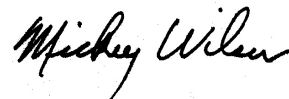
FISCAL DESCRIPTION

This legislation creates the "Youth Smoking Prevention Trust Fund," which shall be funded by monies received under the Tobacco Master Settlement Agreement. The Commission for Youth Smoking Prevention is established in the Department of Health and Senior Services. The Commission shall fund youth smoking prevention programs modeled after evidence-based programs proven to reduce youth smoking.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Senate  
Office of the Secretary of State  
Department of Mental Health  
Department of Health and Senior Services  
Office of the Attorney General  
Department of Revenue  
Missouri House of Representatives  
Office of the State Treasure



Mickey Wilson, CPA  
Director  
February 12, 2007