



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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February 27, 2001

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

As required by 1999 Wisconsin Act 9, we have completed a limited-scope review of the fiscal year 1999-2000 funds provided to the University of Wisconsin-Madison Medical School's Center for Tobacco Research and Intervention. In the 1999-2001 biennial budget, the Center was appropriated \$1.0 million annually from the funds received as part of the State's lawsuit settlement with tobacco manufacturers, which is known as the Master Settlement Agreement. The Center uses the funds it receives to support education, outreach, and research activities related to tobacco prevention and cessation.

Overall, we found the Center has developed and implemented adequate procedures to help ensure compliance with legislative intent and general statutory requirements that funds be used only for tobacco prevention and cessation activities. However, because of delays in finalizing the State's 1999-2001 biennial budget, as well as the need for start-up time to develop the programs, few expenditures have been incurred to date. Therefore, it is too early to assess the effectiveness of the Center's programs.

We appreciate the courtesy and cooperation extended to us by University of Wisconsin staff during our review.

Respectfully submitted,

Janice Mueller
State Auditor

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cc: Senator Judith Robson Representative Samantha Starzyk
 Senator Brian B. Burke Representative John Gard
 Senator Peggy A. Rosenzweig Representative David A. Cullen
 Senator Mary A. Lazich Representative James E. Kreuser

David Gundersen, Executive Director
Tobacco Control Board

Dr. Michael Fiore, Director
Center for Tobacco Research and Intervention

Deborah Durcan, Vice President
Finance, University of Wisconsin System Administration

TOBACCO MASTER SETTLEMENT AGREEMENT

In November 1998, the District of Columbia, 5 United States territories, and 46 states including Wisconsin signed an agreement with the major tobacco companies to settle all lawsuits seeking to recover the Medicaid costs of treating smokers. This agreement, known as the Master Settlement Agreement, imposes restrictions on tobacco advertising and marketing and requires the tobacco manufacturers to pay approximately \$206.0 billion over the next 25 years. Tobacco funds are being allocated based on estimated tobacco-related Medicaid expenditures and the number of smokers in each state, and the State of Wisconsin will receive approximately \$5.9 billion over the next 25 years. During fiscal year (FY) 1999-2000, the State received approximately \$167.4 million.

The Tobacco Control Board, which was created in 1999 Wisconsin Act 9 to administer and disburse funds for tobacco prevention and cessation activities, received \$23.5 million in the current biennium. The Board is charged with distributing these funds to four organizations and programs—the University of Wisconsin (UW) Center for Tobacco Research and Intervention, the Thomas T. Melvin program, the Youth Smokeless Tobacco Campaign, and the Medical College of Wisconsin—as shown in Table 1. The Board also plans to award competitive grants to other organizations and individuals based on proposals submitted to it.

Table 1

Tobacco Control Board Funding

	<u>FY 1999-2000</u>	<u>FY 2000-01</u>	<u>Total</u>
Board Administration and Operations	\$ 200,000	\$ 400,000	\$ 600,000
Grants:			
UW Center for Tobacco Research and Intervention	1,000,000	1,000,000	2,000,000
Thomas T. Melvin Program	1,000,000	1,000,000	2,000,000
Youth Smokeless Tobacco Campaign	92,000	0	92,000
Medical College of Wisconsin	0	500,000	500,000
Competitive Grants	<u>0</u>	<u>18,308,000</u>	<u>18,308,000</u>
Subtotal	<u>2,092,000</u>	<u>20,808,000</u>	<u>22,900,000</u>
Total	<u>\$2,292,000</u>	<u>\$21,208,000</u>	<u>\$23,500,000</u>

The Center for Tobacco Research and Intervention, which is part of the UW-Madison Medical School, was created in 1992 and has established two primary objectives: assisting adult smokers who want to quit smoking, and reducing youth tobacco usage. Starting in FY 1999-2000, the Center has received \$1.0 million annually from the Tobacco Control Board to help accomplish these goals.

The Legislative Audit Bureau is required by the nonstatutory language of 1999 Wisconsin Act 9, s. 9131(b), to conduct a financial review that examines the use of tobacco funds appropriated to the Center. We reviewed the FY 1999-2000 expenditures and found that they appeared allowable, given the goals established by the Center. However, few expenditures have been incurred to date, and the prevention and cessation programs are in the initial stages, making it difficult to assess their effectiveness at this time.

Center for Tobacco Research and Intervention Programs

With the tobacco settlement funds, the Center supports education, outreach, and research activities related to tobacco prevention and cessation. Specifically, with ten full-time positions, the Center has designed and is subsequently implementing a five-part program consisting of: 1) a statewide health education and outreach program; 2) a mini-grant program to encourage local tobacco cessation and prevention research; 3) a statewide partnership program with the Wisconsin Women's Health Foundation, intended to reach adolescent girls; 4) an annual statewide survey tracking adult tobacco use in Wisconsin; and 5) a statewide tobacco hotline to assist people who want to quit smoking.

The statewide health education and outreach program is based on a similar program being used in Dane County. The Center plans to expand this program to the entire state by locating education and outreach specialists in each of the Department of Health and Family Services' five regional health districts (Eau Claire, Green Bay, Madison, Milwaukee, and Rhinelander). The goal is to bring cessation and prevention strategies to communities, schools, and medical facilities in each of the five regions. An outreach director, an outreach training coordinator, six regional specialists, and an administrative assistant have been hired and are continuing to establish and finalize overall outreach goals, objectives, and evaluation plans.

The mini-grant program is designed to encourage and expand tobacco research within Wisconsin at a local level. The program will provide a maximum of eight one-year grants of up to \$25,000 to organizations or individuals. One mini-grant was awarded in FY 1999-2000. Funding from it was carried forward to FY 2000-01, when five additional grants were awarded, as shown in Table 2. The Center will soon be receiving grant proposals for planned FY 2001-2002 funding.

The Health for Mothers and Daughters program, which is a partnership effort between the Center and the Wisconsin Women's Health Foundation, is intended to bring sixth- through eighth-grade girls and their mothers together with health professionals to discuss issues such as tobacco use. The program distributes "quit-kits" and donates nicotine patches to encourage and aid women in quitting smoking. This program has already been presented by the Wisconsin Women's Health Foundation in Milwaukee, Madison, and Wausau, with an additional presentation planned in Sheboygan in March 2001.

An annual survey to measure trends in tobacco use across the state is a collaborative effort between the Center and the UW-Madison Department of Preventive Medicine. It is designed to assist clinicians, researchers, policymakers, and health professionals in developing and fine-tuning cessation and prevention programs. Currently, the Center is working to finalize the questionnaire, methodology, and sampling plan. The Center has contracted with a vendor to perform the survey, which will be distributed in February 2001, and anticipates having results available by July 2001.

Table 2

Awarded Mini-Grants

<u>Project Name</u>	<u>Recipient</u>	<u>Awarded Amount</u>
FY1999-2000		
Inoculation, Normative Appeals and Emotion as Strategies to Promote Resistance to Adolescent Smoking	Erin Szabo, Ph. D. candidate at UW-Madison	\$ 10,848
FY2000-01		
Inoculation, Normative Appeals and Emotion as Strategies to Promote Resistance to Adolescent Smoking	Erin Szabo, Ph. D. candidate at UW-Madison*	2,053
Effect of Spirometry Testing/Feedback on Smoking Cessation	Caledonia/Mt. Pleasant Health Dept.	25,000
Tobacco Intervention Program	Marathon County Health Dept.	25,000
Electronic Support of Collegiate Cessation Contests	La Crosse County Health Dept.	10,600
Youth Mentoring Youth for a Smoke Free Lifestyle	Eau Claire City-County Health Dept.	23,995
Social Norms Campaign to Decrease College Tobacco Use	UW-Oshkosh Student Health	25,000
Subtotal for FY 2000-01		<u>11,648</u>
Total		<u>\$122,496</u>

* Funding from FY 1999-2000 grant carried forward to FY 2000-01.

The tobacco hotline is designed to provide counseling and cessation services that are easily accessible, convenient, and free-of-charge to Wisconsin smokers. The program will be modeled after similar programs in California, Massachusetts, and Arizona. The goal of the hotline is a 20 percent reduction in tobacco use among Wisconsin adults by 2005. The Center has contracted with a vendor for the administration of the hotline and anticipates that hotline services will be available in April 2001. The Center also plans to hire a coordinator to oversee both the tobacco hotline and the annual survey.

Center for Tobacco Research and Intervention Expenditures

In FY 1999-2000, the Center incurred expenditures of \$175,106, as shown in Table 3. Administrative expenditures, including staff salaries and fringe benefits, represent the majority of expenditures. According to the Center's staff, these expenditures were incurred to develop and support various programs and cannot be easily classified within a single program. Expenditures for FY 1999-2000 were significantly below the appropriated \$1.0 million because of delays in finalizing the State's 1999-2001 biennial budget, as well as the need for start-up time to develop the programs.

Table 3

FY 1999-2000 Center Expenditures

Administrative Costs	\$114,258
Wisconsin Women's Health Foundation Grant	50,000
Mini-grant Program	<u>10,848</u>
Total	<u>\$175,106</u>

The Center's projected expenditures through the 2001-2003 biennium are shown in Table 4. In the 1999-2001 biennium, the Center anticipates spending the majority of its tobacco funds, which are nearly \$2.0 million in a continuing appropriation, on four programs. A fifth program, the hotline, is being funded through FY 2000-01 by a competitive grant from the Tobacco Control Board.

Table 4

Projected Center Expenditures

	<u>1999-2001</u>	<u>2001-03</u>
Education and Outreach Program	\$1,061,300	\$1,349,000
Mini-grant Program	400,000	400,000
Wisconsin Women's Health Foundation Grant Program	100,000	190,000
Annual Statewide Survey	<u>400,000</u>	<u>800,000</u>
Subtotal	1,961,300	2,739,000
Tobacco Hotline	<u>200,000</u>	<u>2,600,000</u>
Total	<u>\$2,161,300</u>	<u>\$5,339,000</u>

During the upcoming budget process, the Legislature will determine how tobacco settlement funds will be appropriated in the 2001-2003 biennium. For that period, the Center estimates that costs related to the first four initiatives will increase to over \$2.7 million, and an additional \$2.6 million will be needed to run the hotline. The Center has submitted a grant proposal through the Tobacco Control Board's competitive grant program to obtain the funding needed to meet these budget projections.
