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March 3, 2011

MEMORANDUM

TO: Honorable Marcus R. Oshiro, Chair
Committee on Finance

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 614, S.D. 1 - RELATING TO CHILDREN**

Hearing: Thursday, March 3, 2011; 3:15 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 614, S.D. 1, is to establish a hospital-based screening and assessment and intensive home visitation program under the Department of Health; appropriates funds from the tobacco settlement special fund and the temporary assistance to needy families fund.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill to establish an assessment and home visitation program within the Department of Health to provide a healthy start to at-risk infants and children under three years of age.

At this time, however, the Department does not have any additional TANF block grant funding available. The annual Temporary Assistance for Needy Families (TANF) federal block grant amount is fully allocated and accounted for in the proposed FB 2011-2013 budget.

The Department advises that federal law prohibits the Department from transferring TANF funds to any entity other than the Social Services Block Grant (SSBG) Program and the Child Care Development Fund (CCDF) Program. TANF funds must be appropriated to the TANF State Agency, which is DHS. DHS may then authorize the expenditure of the appropriated TANF funds for the identified purpose.

Thank you for the opportunity to provide comments on this bill.

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Testimony on HB 614, HD1, Relating To Children

One of the American Heart Association's leading policy focuses is to insure that each state invests in tobacco prevention, control and cessation programs at at least the minimum level recommended by the Centers for Disease Control. Tobacco use remains the leading preventable cause of death in our state and in the country, and a leading risk factor for heart disease and stroke.

The U.S. Centers For Disease Control (CDC) recommends that Hawaii needs to invest a *minimum* of $15.2 million each year to fund a fully effective, comprehensive tobacco control program. The most that Hawaii has invested since the Tobacco Prevention and Control Trust Fund was established was approximately $8 million.

At the same time, according to the Federal Trade Commission, the tobacco companies spend approximatly $42 million each year toward marketing and advertising their deadly products in Hawaii.

The resulting loss of revenue dedicated to tobacco prevention, control and cessation programs proposed by this bill would mean that fewer new community programs could be established and it would stall the growth of a sustainable infrastructure of programs that would otherwise further reduce smoking rates, and deaths and disability caused by tobacco use.

A study completed last year by Penn State University estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of $1.1 billion, including workplace productivity losses of $215 million, premature death losses of $449 million, and direct medical expenditures of $444 million. While the retail price of a pack of cigarettes in Hawaii is on average $7.45, the combined medical costs and productivity losses attributable to each pack of cigarettes sold are approximately $23.26 per pack of cigarettes.

Allocations to the Tobacco Prevention and Control Trust Fund were halved from 25 percent of annual Tobacco Settlement Funds received by Hawaii to only 12 ½ percent in 2001. Since then, allocations to the Trust Fund were cut in half again so that currently only 6 ½ percent of the Settlement Funds actually fund tobacco prevention, cessation and control programs.

Restoring the funds diverted from the Tobacco and Control Trust Fund to help Hawaii smokers and youth to cecede from smoking, or to never start, will insure that future generations of Hawaii taxpayers will no longer have to subsidize tobacco industry profits through the payment of tobacco-related healthcare costs.

The structure of the Master Settlement Agreement payments from the tobacco industry to the state are based in part on national smoking rates. As smokers die, and tobacco-control efforts continue to successfully wean current tobacco users off their addiction and prevent

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new smokers from starting, payments from the industry to the state will drop, thus making those payments an unstable source of funding. Drops in tobacco control program funding as a result of drops in smoking rates would be not only acceptable, but a goal of those programs. A reduction in smoking rates, the death and disability caused by tobacco use, and its resulting economic costs should also be the goal of the state.

The American Heart Association strongly urges legislators to identify an alternative, more appropriate, stable source of funding for the programs outlined in HB 614, HD1. Tobacco settlement funds should be used to help those who are affected directly by tobacco addiction and tobacco industry marketing.

Respectfully submitted,

Donald B. Weisman

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