



History of the Arkansas Tobacco Settlement Proceeds Act of 2000

In October 1998, major US tobacco companies settled a pending lawsuit with 4 states—Minnesota, Florida, Mississippi, and Texas—after public disclosure that these companies intentionally targeted youth in marketing and knowingly withheld information on the addictive nature of nicotine. Immediately thereafter, the remaining 46 states were offered a legal option to join the national Master Settlement Agreement (MSA). In November 1999, Arkansas's Attorney General, Winston Bryant, agreed on behalf of the state to accept approximately \$62 million per year in exchange for an agreement that Arkansas would not sue the tobacco companies for negative health impact or past health care costs caused by tobacco use.

Arkansas's share of the MSA—\$62 million/year for 25 year—was apportioned without specificity as to the allocation or purpose of the expenditures and was dependent upon state legislative action. Other states have used MSA funds for highway expansion, crop insurance and jail construction, in addition to health issues. Initial efforts by the Arkansas Department of Health to secure funds for health-related issues and efforts by the University of Arkansas for Medical Sciences to secure funds for indigent care and biomedical research did not achieve necessary support in the state to ensure allocation to these areas.

With the possibility that MSA funds could be directed to non-health budgetary needs, the Health Policy Board of the Arkansas Center for Health Improvement commissioned a white paper on the effects of tobacco on the state. According to this report, Arkansas's citizens had the 3rd highest proportion of adults in the nation who smoked cigarettes, more than 45% of high school students were using tobacco, and lung cancer exceeded all other causes of cancer deaths combined. The white paper was presented to Arkansas's Governor; Speaker of the House; President Pro Tem of the Senate/Chair of the Senate Public Health, Welfare, and Labor Committee; and the Chair of the House Public Health, Welfare, and Labor Committee. Four principles were outlined for allocation of the MSA funds.

1. All funds should be used to improve and optimize the health of Arkansans.
2. Funds should be spent on long-term investments that improve the health of Arkansans.
3. Future tobacco-related illness and health care costs in Arkansas should be minimized through this opportunity.
4. Funds should be invested in solutions that work effectively and efficiently in Arkansas.

After the acceptance of these principles by several leaders in state government and concerned citizens, the Arkansas House of Representatives held a Committee of the Whole to which more than 300 proposals for tobacco fund expenditures were submitted. Concurrently, a group of health care providers, educational/research institutions, and health advocacy organizations loosely formed a working group staffed by the Arkansas Center for Health Improvement to assess the state's needs and formulate a plan to allocate the MSA funds to most directly improve the health of Arkansans.

Based upon the empirical information available, identified needs of the state, and evidence for solutions that held promise, this group—the Coalition for a Healthier Arkansas Today (CHART)—

developed a plan for spending the MSA funds that included both short- and long-term strategies for health improvement. Short-term strategies included smoking cessation programs for current tobacco users, expansion of health insurance coverage through Medicaid, increased access to clinical services in the Mississippi Delta through the Area Health Education Centers, dissemination of health promotion strategies for the elderly, and specific programs to address minority health issues.

Long-term strategies included anti-smoking education campaigns in grades K-12, the establishment of a graduate education program in public health, and a multi-institutional Biosciences Institute.

The CHART coalition undertook a statewide education program and solicited reaction and feedback to the proposed plan. Modifications were incorporated including strengthening the fiscal management, including performance indicators for each program, promising that public health education and research programs would directly benefit Arkansans, and establishing the Arkansas Healthy Century Trust (a \$100 million trust to serve as insurance to guarantee future programmatic funding). Despite these efforts, support for the plan was not achieved in the House with principle concerns being the long-term strategies—in particular, public health education and the Arkansas Biosciences Institute.

After a failed special session in April 2000, the CHART coalition led by the Governor successfully mounted an Initiated Act campaign that was passed by 65% of Arkansas voters on November 7, 2000. While the Initiated Act—The Tobacco Settlement Proceeds Act of 2000 ("the Act")—enabled the proposed programs, appropriation bills authorizing the expenditure of funds by state agencies and educational institutions were required from the 2001 Arkansas General Assembly. (Appropriation bills will be required every two years by the Arkansas General Assembly.)

To secure support for the appropriation bills, particularly for long-term investments in the Act, commitments were reiterated to ensure that these programs would benefit Arkansans. Only after passage of a new tobacco tax allowing the funding of "Meals on Wheels" was sufficient support attained to ensure passage of the bills. In April, 2001 the Governor signed the appropriation bills and programs funded by the Act were enabled and authorized with funding that began July 1, 2001.

Oversight of the Act's programs rests with the Arkansas Tobacco Settlement Commission (ATSC) established in the legislation and impaneled October 2001. The ATSC, acting in tandem with the Rand Institute as external consultants and evaluators, has established performance indicators, monitored progress, and makes recommendations to the Governor and General Assembly regarding continuation or reallocation of Act funding. This is accomplished through the submission of a biennial report to the Governor and the General Assembly.

For more information, visit [Arkansas Tobacco Settlement Commission](#)