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Expenditure of Tobacco Settlement Revenue in San Diego County	E-14	1 of 3

Purpose

It is the purpose of this policy to establish guidelines for the allocation of Tobacco Settlement revenue.

Background

On November 16, 1998, the attorneys general of eight states (including California) and the nation's four major tobacco companies agreed to settle numerous lawsuits brought by states against the tobacco industry. The agreement resulted in significant, though varying, levels of new revenues for San Diego County. On February 16, 1999 (34), the Board of Supervisors recognized the opportunity this new funding would provide to reduce tobacco-related illness and death, and to improve the health and well-being of all citizens county-wide. The Board directed the Chief Administrative Officer (CAO) to develop a health-based policy to serve as a guideline for the County's share of the Tobacco settlement revenues. The Board also approved the establishment of an interest bearing Tobacco Settlement Trust Fund.

On June 29, 1999 (27) the Board of Supervisors became one of the first legislative bodies in the country to approve the use of Tobacco Settlement revenues for health-based programs and services. The Board approved a policy (as outlined below) that provided guidelines for the use of Tobacco Settlement revenues and directed the CAO to evaluate alternatives to secure the Tobacco revenue.

In 1999, the Board took a series of actions that resulted in the establishment of a Joint Powers of Authority with Sacramento County, the establishment of a non-profit corporation to issue the Tobacco Securitization bonds and the positioning of San Diego County to complete the securitization of the County's Tobacco Settlement Revenue. On September 11, 2001 the Board received a recommendation to amend the memorandum of understanding between the California Attorney General and various local governments and to assign the County's Tobacco Settlement revenues to a trustee. This Board action allowed for the issuance of the tobacco bonds for the County to secure its Tobacco Settlement Revenue.

Policy

It is the policy of the Board of Supervisors to use Tobacco Settlement revenues for healthcare-based programs in a manner deemed appropriate by the Board of Supervisors. Funds shall be allocated using the following guidelines:

1. Support a comprehensive tobacco control strategy that will significantly reduce tobacco use among youth and adults. Programs may include, but not be limited to, those that address cessation of tobacco use, support of tobacco control laws, and prevention and health promotion activities that encourage a tobacco-free lifestyle.

2. Increase funding for programs that:

    - Promote access and reduce barriers to assure quality healthcare
    - Promote healthy lifestyles through prevention and education
    - Reduce the abuse of alcohol, tobacco and other addictive substances
    - Improve mental health services
    - Significantly reduce violence and abuse
    - Reduce the incidence of chronic and infectious diseases
    - Improve the health status indicators of vulnerable populations
    - Minimize disparities in health status

3. Support programs that leverage funding from other sources.

4. Use funds to supplement and not replace existing healthcare revenue.

5. Programs and services shall demonstrate effectiveness through evaluation of outcomes.

    - Programs shall incorporate "best practices" that have been proven to be cost-effective and efficient.
    - Innovative programs may be funded, providing there are plans for evaluation of outcomes.

6. The following IRS Regulations for Securitized Tobacco Settlement Funds are included in this policy as guidelines:

    - Cannot be spent on “core” county services
    - Must be expended by a third party (such as through a contract – cannot pay for county staff)
    - Must be spent on new or expanded programs (since the original availability of Tobacco Settlement Revenue in 1999)
    - Cannot be spent on goods or services that benefit the County government directly (such as Information Technology services)
    - Cannot be used for existing obligations of the San Diego County Administrative Code, Article XV, Section 232.4.

This policy supports *Live Well San Diego*, the County’s strategy to create healthy, safe and thriving communities by supporting building a better service delivery system.

This policy was established in accordance with recommendations by the following organizations: American Cancer Society, American Heart Association, American Lung Association, Alcohol & Drug Advisory Board, Aging and Independence Services Advisory Council, Community Health Improvement Partners, Health Services Advisory Board, Healthy San Diego, HIV Planning Council, Mental Health Board, Tobacco Control Coalition

Sunset Date
This policy will be reviewed for continuance by December 31, 2020.

Board Action
2/16/99 (34)
6/29/99 (27)
9/18/01 (1)
5/15/07 (3)
12/9/08 (33)
12/3/13 (15)

CAO Reference
Health and Human Services Agency