

**PUBLIC ISSUE BRIEFS
2005-2006**

TOBACCO USE PREVENTION

Public policy efforts focus on:

- **Providing for tobacco use prevention programming in the state;**
- **Pursuing tobacco control measures in public facilities, including restaurants, public transport, and office building;**
- **Supporting employer-based tobacco cessation programming;**
- **Ensuring tobacco excise tax parity on par with other states.**

Issue Explanation:

Tobacco use is the nation's leading preventable cause of death and disease, killing more than 400,000 people in the U.S. and costing the nation \$100 billion in smoking-caused health care bills every year. Nearly 90 percent of all smokers start at or before age 18. Every day in the U.S., 4,000 kids try their first cigarette, and another 2,000 kids become regular, daily smokers, one-third of whom will die prematurely as a result.¹

The state of Missouri ranks **FIFTY-FIRST** in the nation for tobacco use prevention programming. In both FY 2003 and 2004, Missouri spent \$0.00 on tobacco control. Although most states have seen a significant reduction in tobacco use, Missouri has remained essentially the same since 1985. The state of Missouri can and must do better.

Missouri spent \$307 per capita on smoking-attributable direct medical expenditures. In 1998, about 14% (\$415,000,000 or \$565.59 per recipient) of all Medicaid expenditures in Missouri were spent on smoking-related illnesses and diseases. The state loses \$1.7 billion annually in health care expenditures and \$2.2 billion in productivity losses due to smoking.²

Missouri Tobacco-Related Expenditures

Smoking-Attributable Direct Medical Expenditures, 1998		Smoking-Attributable Productivity Costs, 1999	
Ambulatory	\$507,000,000	Annual Total	\$2,173,000,000
Hospital	\$452,000,000	Annual Per Capita	\$397
Nursing Home	\$466,000,000		
Prescription Drugs	\$133,000,000		
Other	\$110,000,000		
Annual Total	\$1,668,000,000		
Annual Per Capita	\$307		

¹ Source: U.S. Centers for Disease Control and Prevention

² Source: Missouri Department of Health and Senior Services

The U.S. Centers for Disease Control and Prevention (CDC) recommends that the state of Missouri spend between \$32.8 million and \$91.4 million a year to have an effective, comprehensive tobacco prevention program. Missouri receives \$249 million in tobacco-generated revenue each year from tobacco settlement payments and tobacco taxes; however securitization has dramatically reduced the amount available for annual appropriation.³ Missouri to date has spent none of its tobacco settlement funds on tobacco prevention.

Tobacco Excise Tax⁴

Increasing the excise tax on tobacco products has been one of the most effective ways to discourage youth from starting to smoke. According to an August 1993 report from a National Cancer Institute expert panel, "An increase in cigarette excise tax may be the most effective single approach to reducing tobacco use by youth. The impact of an increase can be expected to encourage teenagers to stop smoking, and it may also discourage children from ever starting."

Publicly, the tobacco industry decries excise tax increases as ineffective. Privately, in their own documents, the industry admits exactly the opposite — that kids are especially sensitive to price.

All 50 states, the District of Columbia, and the Federal government have continued to impose excise taxes on cigarettes. State tobacco taxes currently range from \$2.05 per pack of cigarettes in **New Jersey** to a low of \$0.03 in **Virginia**. Missouri's tobacco excise tax is currently \$.017, the ninth lowest in the country. Missouri's excise tax on tobacco has room to grow and could direct additional tax revenue to programs favored by voters in economically strapped times. These programs include Medicaid, economic development, health research and services, and various education programs.

Increasing taxes have substantial economic and health benefits. Raising excise taxes increases rates of tobacco cessation and provides long-term health care savings to the states.⁵ Unfortunately, in 2003, the Missouri legislature rejected a proposal by then-Governor Bob Holden for a tax ballot initiative that, among other things, would have increased the state's cigarette tax. This plan dedicated no funding for tobacco control and therefore was opposed by public health organizations.

It is important to note that excise tax revenue is sensitive to consumer demand, therefore, the amount of excise tax revenue collected by the state may vary annually. Therefore, no state should rely completely on excise tax revenues.

³ Source: Campaign for Tobacco-Free Kids

⁴ Source: American Heart Association

⁵ Source: Health Policy Research Service

EDUCATION

Policy efforts in Missouri focus on:

- ***Providing sufficient funding for public school districts in Missouri, with a particular emphasis on maintaining K-12 education as a funding priority throughout the appropriations process;***
- ***Ensuring adequate funding for colleges and universities to ensure access to quality and affordable education for Missouri citizens;***
- ***Providing sufficient funding and support for salaries to retain quality teachers in the state of Missouri.***

Issue Explanation:⁶

K-12 Education:

Like many other states, Missouri is facing fiscal challenges. The recent recession and voter pressure not to raise taxes forces legislators to make tough budgetary choices. The Missouri state constitution requires that at least 25% of the state budget be allocated to Education. In recent years, it's been 29 - 32% of the budget.

Missouri's school districts have been among the local governments hit hardest by the state budget crisis. (In Missouri, school districts are independent of city and county governments.) School districts on average rely even more heavily on the state for revenue than other local government units do: the U.S. Census Bureau reports that state aid in the 2001-2002 school year provided about 45 percent of K-12 public school revenue in Missouri.

Core reductions over the last four years reduced K-12 funding by a cumulative \$163 million; some but not all of those reductions were later restored. After adjusting for inflation and enrollment growth, University of Wisconsin economist Andrew Reschovsky calculates that state K-12 funding in Missouri dropped 7.8 percent from 2002 to 2004 — the 11th steepest decline in the country.

Moreover, these cuts have come during a period in which Missouri's Foundation Formula, the mechanism by which the state distributes aid to school districts, has called for significant *increases* in K-12 funding. These required increases have resulted in part from rising enrollment and increasing costs.

The Foundation Formula was created in 1993 to reduce disparities in wealth and income among different school districts, and there is evidence it has done so. But the cuts to K-12 funding in recent years have resulted in the state falling further and further below the funding level required by the formula and thus is likely to be doing a poorer job of reducing disparities. By 2005, the under funding will rise to \$610 million, meaning that school districts will receive \$610 million less next year than if the state had adhered to the formula. (See Table 7.) School districts statewide are suing the state for its failure to

⁶ Sources: Missouri Budget Project; Alliance for the Status of Missouri Women

Table 7

Under funding of Foundation Formula

	Estimated Required Funding	Actual Funding	Amount of Under funding
FY 2001	\$1.98 billion	\$1.96 billion	\$20 million
FY 2002	\$2.06 billion	\$2.04 billion	\$21 million
FY 2003	\$2.22 billion	\$2.09 billion	\$122 million
FY 2004	\$2.43 billion	\$2.07 billion	\$364 million
FY 2005	\$2.79 billion	\$2.18 billion	\$610 million

Source: Missouri Department of Elementary and Secondary Education

fund the formula fully, but it is not clear how the state will finance the additional payments if their suit is successful. The Foundation Formula was reviewed and legislators worked to revise the formula in the 2005 legislature.

Finally, the Missouri Department of Elementary and Secondary Education reports that at least 1700 certified positions were eliminated by public schools in 2004. Though not all of these lost positions were a result of layoffs (in some cases, positions vacated by retirement or for other reasons were left unfilled), this nevertheless translates into fewer teachers within the school system.

In addition to budget cuts, Missouri teachers are even harder hit by low salaries. The average Missouri teacher salary of \$36,420 fell nine steps—to 44th in the nation—for 2001- 2002, according to an education funding report released by the National Education Association. Last year’s average teacher salary—the last year for which data is available—is estimated to be \$37,655, maintaining its national ranking of 44th.

In his state of the state speech in January 2005, Governor Matt Blunt made K-12 education a priority, stating:

- “First, so that all Missouri children can reach their potential, we must make education our highest public policy and budgetary priority.”
- And later in the speech: “Public education is an investment in our future. If it is to be our top public policy priority, then it must also be our highest budget priority. That is why my budget provides \$170.6 million in new funding for our public schools. This is a 4.7 percent increase over last year. Tonight, I reaffirm my commitment that dollars approved for our classrooms will never be withheld under any circumstances whatsoever. We must make this commitment to our school children in spite of anemic growth in the general revenue budget. We must also make this commitment without any new job-killing taxes.”

Types of funding available for education are:

- Foundation Formula: The amount of aid distributed to the school districts by the state is established by state law and is commonly referred to as the Foundation Formula. The Foundation Formula is being revised by a joint committee and the cause of much debate regarding equitable funding.

- Categorical Funding: Categorical Funding covers things like transportation and gifted programs.

Colleges and Universities:

Between 2002 and 2005, the state has made \$153 million in spending reductions for its colleges and universities. One particularly visible result of the funding cuts has been dramatic increases in tuition: since 2002, tuition increases have ranged from \$150 to \$630 at two-year colleges and from \$888 to \$1,743 at four-year colleges. The largest increases have occurred at the state's largest campuses, those of the University of Missouri at Kansas City, Rolla, St. Louis, and Columbia.

HOMELESSNESS

Public policy efforts focus on:

- ***Ensuring access to services for individuals and/or families who are or are at risk for being homeless, including substance abuse prevention and treatment, mental health services, and domestic violence counseling;***
- ***Supporting outreach services that facilitate coordination of programs and services for individuals or families who are homeless;***
- ***Expanding the provision of transitional housing for individuals or families who are homeless.***

Issue Explanation:⁷

Homelessness is a growing crisis in the United States, and it's not just an issue for adults. Today, families with children make up 40 % of the homeless population. In 2001, the demand for emergency shelter in the United States rose 13%. Three million people sleep in cars, under bridges, in shelters or on the streets. Further, nearly 23 percent of homeless adults are veterans, and many more veterans who live in poverty are at risk of becoming homeless.⁸

In their most recent statewide Homeless Study (2001), the Missouri Association for Social Welfare provided the following statistics on Missouri's homeless:

- Over 87,250 homeless per year
- 28% of the homeless have severe mental illness
- 34% of the homeless are addicted to drugs or alcohol
- 10% are both mentally ill and addicted
- 40% of the homeless are from rural areas
- Since the last study in 1998, **homelessness in Missouri has increased by 42%.**

In St. Louis, the Homeless Network Providers estimate that, during a calendar year, there are 29,000 people who experience homelessness in the St. Louis area and 100,000 people who are just one paycheck away from experiencing homelessness.

Children and families in the country and in Missouri are homeless. School districts count the number of homeless children and youth in Missouri. In 2000, 23,195 children, of whom 5,668 were preschool age or younger, were reported. Of those reported:

- 7,264 had their primary nighttime residence in shelters,
- 6,741 doubled-up staying with relatives or friends,
- 5,094 were unsheltered (staying in campgrounds, cars, parks, etc.),
- 2,277 were housed in other ways, and
- the housing of 209 was unknown.

⁷ Sources: Social Justice Teams of the United Methodist Church of Missouri; National Center on Homelessness and Poverty

⁸ Source: Department of Veteran Affairs

For veterans in Missouri, the major veterans' homeless programs are based in St. Louis and Kansas City. In 1987, the St. Louis homeless program became the first one in Veterans Affairs to offer services for homeless who are mentally ill. Through outreach to various shelters, soup kitchens and the streets, more than 3,500 homeless veterans have been clinically assessed with mental health and substance abuse problems. An estimated additional 2,000 veterans have been screened as homeless. There are approximately 9,000 homeless adults on the streets in St. Louis on any given night, with one-third veterans. It is also estimated that 2 percent of homeless veterans are females.⁹

⁹ Ibid.