

**Minutes of the
Tobacco Education and Research Oversight Committee (TEROC)**

Meeting on Tuesday, May 25, 2010

Sheraton Grand Hotel

1230 J Street

Sacramento, CA 95814

MEMBERS PRESENT:

Dr. Wendel Brunner, Dr. Lawrence Green, Dr. Pamela Ling, Mr. Naphtali Offen,
Dr. Michael Ong (Chair), Dr. Dorothy Rice, Ms. Peggy Uyeda, Dr. Valerie Yerger

MEMBERS ABSENT:

Dr. Alan Henderson

OTHERS IN ATTENDANCE:

Dr. Bart Aoki, University of California, Office of the President (UCOP), Tobacco-
Related Disease Research Program (TRDRP)

Majel Arnold, California Department of Public Health (CDPH), California Tobacco
Control Program (CTCP)

Glen Baird, CTCP

Dr. David Cowling, CTCP

Dr. Mary Croughan, UCOP

Pat S. Etem, Civic Communications

Justin Garrett, American Lung Association in California (ALA), Center for
Tobacco Policy and Organizing

Tonia Hagaman, CTCP

Jerry Katsumata, CTCP

Dr. Caroline Kurtz, CTCP

John Lagomarsino, California Department of Education (CDE), Safe and Healthy
Kids Program Office (SHKPO)

Bruce Lee, Department of Finance (DOF)

Linda Lee, CTCP

Dr. George Lemp, TRDRP

Dr. Donald Lyman, CDPH

Carol McGruder, African American Tobacco Control Leadership Council
(AATCLC) and URSA Institute

April Roeseler, CTCP

Nadine Roh, CTCP

Alecia Sanchez, American Cancer Society (ACS)

Gordon Sloss, CTCP

Sandra Soria, CTCP

Colleen Stevens, CTCP

1. WELCOME, INTRODUCTION, AND OPENING COMMENTS

Tobacco Education and Research Oversight Committee (TEROC)
Chairperson Michael Ong called the meeting to order at 9:50 a.m. TEROC members and guests introduced themselves.

2. APPROVAL OF MINUTES FROM FEBRUARY 2, 2010 TEROC MEETING, CORRESPONDENCE, AND ANNOUNCEMENTS

Dr. Lawrence Green asked for clarification regarding a reference in the Minutes that the federal tax increase had not impacted smoking prevalence rates in California. Dr. Cowling indicated a decline was being observed in consumption rates, rather than prevalence rates.

Changes requested for the Minutes included addressing Dr. Phillip Gardiner, Dr. Bart Aoki, and Dr. George Lemp with the correct honorific, as well as correcting errors in Mr. Naphtali Offen's and Dr. Michael Ong's names.

Acceptance of Minutes as amended moved by Dr. Green, seconded by Dr. Valerie Yerger, motion carried unanimously.

Incoming Correspondence:

The Chair reviewed correspondence, including:

- E-mail from Dr. Mary Croughan to Chair regarding letters to and responses from University of California, Office of the President (UCOP) regarding Tobacco Related Disease Research Program (TRDRP), dated February 25, 2010.
- Letter from Chair, Senate Rules Committee to TEROC regarding the reappointment of Dr. Pamela Ling, dated March 19, 2010.
- E-mail from Dr. Donald Lyman to Chair regarding TEROC's request for the California Tobacco Control Program (CTCP) analysis on the California Cancer Research Act (CCRA) ballot initiative, dated March 23, 2010.
- E-mail from Dr. Mary Croughan to Chair regarding TEROC letter of December 17, 2009 to UC President Mark G. Yudof regarding the Non-Advocate Review (NAR) and TRDRP, dated March 31, 2010.
- Letter from UC President Mark G. Yudof to Chair regarding TEROC concerns on the NAR and TRDRP, dated March 31, 2010.
- Statement from the voluntary health agencies titled: *Policy Guidance Document Regarding E-Cigarettes*, dated April 9, 2010.
- Memorandum from Californians for a Cure/CCRA to the voluntary health agencies titled: *Moving Forward*, regarding the decision to reschedule the CCRA ballot initiative to 2012, dated April 12, 2010.
- E-mail from Dr. Lourdes Báezconde-Garbanati to Chair regarding recognition of TEROC service, dated April 25, 2010.
- Press release from the African American Tobacco Control Leadership Council (AATCLC) titled: *Stop Under Counting African American*

- E-mail from Robin Maitino, California Department of Public Health (CDPH), Center for Chronic Disease Prevention and Health Promotion (CCDPHP), declining request for release of CTCP analysis of the impact of the CCRA Ballot Initiative to TEROC, dated May 6, 2010.
- Letter from Kimberly Weich Reusché to Chair expressing appreciation for participation in Capital Information and Education (I&E) days, dated May 20, 2010.

Outgoing Correspondence:

The Chair reviewed correspondence, including:

- Chair's e-mail to Dr. Phillip Gardiner, Denise Adams-Simms and others regarding their presentation at the prior TEROC meeting and TEROC's receipt of the Report to the Food and Drug Administration (FDA) of the Summary of the Second Conference on Menthol Cigarettes, dated February 3, 2010.
- Chair's letter to CDPH Director, Dr. Mark B Horton regarding the status of the WestEd Contract, dated February 4, 2010.
- Chair's letter to CDPH Director, Dr. Mark B Horton regarding the status of the release of the CTCP analysis of the impact of the CCRA ballot initiative, dated February 16, 2010.
- Chair's e-mail to Dr. Mary Croughan regarding letters to and responses from UCOP regarding TRDRP, dated February 24, 2010.

Attached:

- TEROC letter to Dr. Rory Hume, dated May 23, 2008.
- TEROC letter to UC President Mark G. Yudof, dated August 15, 2008.
- TRDRP SAC letter to Dr. Steven V.W. Beckwith, dated August 3, 2008.
- UC President Mark G. Yudof letter to TEROC, dated September 9, 2008.
- TEROC letter to Dr. Steven V.W. Beckwith, dated December 16, 2008.
- TEROC letter to UC President Mark G. Yudof, dated July 7, 2009.
- UC President Mark G. Yudof letter to TEROC, dated July 21, 2009.
- TEROC letter to UC President Mark G. Yudof, dated December 17, 2009.
- Chair's e-mail to Dr. Mary Croughan regarding TEROC materials, dated February 25, 2010.
- CTCP e-mail to Andrew Bianchi regarding TEROC endorsement of CCRA, dated March 18, 2010.
 - Attachment: Statement of Support of CCRA, dated March 18, 2010.
- Chair's e-mail to Dr. Donald Lyman regarding the status of the release of the CTCP analysis of CCRA ballot initiative, dated March 23, 2010.

- Chair's e-mail to Dr. Mary Croughan regarding TEROC letter of December 17, 2009 to UC President Mark G. Yudof regarding the NAR and TRDRP, and attendance at May TEROC meeting, dated April 1, 2010.
- Chair's Letter to Dr. Lourdes Baézconde-Garbanati regarding TEROC service, dated April 13, 2010.
 - Attachment: Certificate of Appreciation.
- Chair's Letter to Governor Arnold Schwarzenegger, dated May 3, 2010.
 - Attachment: Op-Ed Piece.

It was clarified that while the last item had been sent to the Governor with copies to the key decision-makers listed, the attached Op-Ed had not yet been sent to media outlets. The Chair has information on Op-Ed submission and will be forwarding it directly to major newspapers.

Discussion ensued on CDPH's decision not to release the CTCP Analysis of the impact of the CCRA's proposed tax increase of \$1 per pack. Follow-up TEROC options identified included a Freedom of Information Act request; asking other groups to replicate the work; making additional requests to CDPH; and bringing the decision to the attention of others to bring pressure. The scope of TEROC's authority and oversight role in these types of situations was discussed. As the next TEROC Master Plan is being prepared in 2011, it will be critical to revisit the question of the impact of the tax increase proposed in the CCRA ballot initiative. It was noted the CCRA ballot initiative has been postponed to 2012, reducing the urgency of the issue, and the impact of the tax increase is now being analyzed as part of the current policy research initiative funded by TRDRP.

Members discussed the release and distribution of the Supplement to the journal *Tobacco Control* highlighting CTCP's twentieth anniversary and including ten peer-reviewed articles. The Supplement was shared with members who were informed they may request copies be mailed. CTCP staff and contributors were congratulated for their work. Discussion ensued on ways to highlight the Supplement in addition to the Op-Ed. Dr. Green suggested new consumption figures could be highlighted. Dr. Cowling indicated that while fiscal year consumption data has historically been compared, it would be possible to analyze and compare monthly data.

The articles may be accessed for free online, at the website www.tobaccocontrol.bmj.com, and the website was included in the letter to Governor Schwarzenegger and others highlighting the release. Dr. Green suggested that as a peer-reviewed publication, the Supplement very favorably represents and publicizes CDPH's tobacco control achievements.

Announcements:

- **New Members/Orientation**

While there have been indications that the Governor's nominees and reappointments have been moving forward, no final notifications have been made. If notification is received, it is likely a New Member Orientation will be part of the agenda at the next meeting.

- **TEROC By-laws**

Discussion was held over from the last meeting. Due to insufficient time on today's agenda that item again will be postponed to a future meeting.

- **Next Meeting Dates**

Two regular meetings (potentially August or September in Oakland and December in Los Angeles) and a first Master Plan meeting should be scheduled for 2010. The Master Plan meeting could be combined with the regular meeting as a two-day meeting in December.

Action Item

Dr. Pamela Ling moved that TEROc Members communicate with CTCP staff to provide preferred meeting dates for the remainder of 2010 using online scheduling software. Motion seconded by Dr. Yerger, carried unanimously.

3. ENVIRONMENTAL DEVELOPMENTS

The Chair reported the following Environmental Developments:

- **Centers for Disease Control (CDC) Report**

In April, the CDC's Office on Smoking and Health released the "Tobacco Control State Highlights: 2010" report. For California:

- The prevalence of cigarette smoking among adults (14 percent) ranks second across all states.
- Youth prevalence (6.9 percent) ranks third among the states.
- The per-pack tax rate now ranks 32nd among the states.
- Funding for tobacco control was 19.2 percent of the recommended level, ranking 24th among the states.

California is also not considered to have a 100 percent statewide smoke-free law.

- **Tobacco Taxes Report**

In February, the Campaign for Tobacco-Free Kids, American Cancer Society Cancer Action Network (ACS CAN), American Heart Association (AHA), American Lung Association (ALA), and Robert Wood Johnson Foundation released the report, "Tobacco Taxes: A Win-Win-Win for Cash-Strapped States."

- **Food and Drug Administration (FDA) Update**

The FDA announced the selection of the voting members of the Tobacco Products Scientific Advisory Committee in March, including Jonathan Samet from the University of Southern California and Neal Benowitz from the University of California, San Francisco. The first meeting of the

committee focused on the impact of the use of menthol in cigarettes on public health.

- **Health Care Reform & Tobacco Funding**

The health care reform bill signed into law by the President in March includes measures to prevent and reduce tobacco use, including:

- An expansion of coverage of smoking cessation and other services by group health plans and insurers
- An expansion of Medicaid coverage for smoking-cessation treatments.
- Community prevention programs.
- Competitive grants to state and local government agencies and community-based organizations.

4. TOBACCO RELATED DISEASE RESEARCH PROGRAM REPORT

The TRDRP report was provided by Dr. Lemp and Dr. Aoki. They reported:

- Funding of 173 new TRDRP Grants (19th Cycle), which are now tracked by Master Plan objectives. Selected grants were highlighted in the areas of Eliminating Disparities (including studies of interventions for Vietnamese Men and Korean Americans); Decreasing Secondhand Smoke (SHS) Exposure; Cessation Services; and Limiting Industry Influence.
- Progress by the three research teams working on the Tobacco Policy Research initiative. Each team is adding estimates of the effects of the proposed \$1.00 per pack tax increase. The final report is still anticipated for August 2010. An interim report has outlined activities by each team through March:
 - For the Time Series methodological approach (Lightwood/Glantz), the team is examining expenditures on the State's tobacco control program and smoking behavior, and smoking behavior and health care costs. The researchers have updated their models to account for "control" states now outspending California for tobacco control. They are investigating the "structural break" in price elasticity for cigarettes (post 2002) and adding different demographic variables to the model. They are conducting a sensitivity analysis to demonstrate the robustness of their model and a comparable analysis for Arizona to confirm the validity of the approach used for California.
 - The Microeconomic approach (Max/Sung) is examining the costs of treatment and mortality related to specific smoking linked diseases. The team has updated the healthcare expenditures and mortality data to 2010 dollar estimates and is including costs for African American and Hispanic populations. They have obtained or developed the most recent datasets for the United States and California and are developing preliminary estimates using this newer data.
 - The Epidemiologic Models approach (Pierce/Messer) is examining models of smoking uptake, cigarette consumption, and smoking cessation using individual-level data from surveys.

- Potential 2010-2011 Policy Research priorities, generated through stakeholder and scientific meetings, include:
 - Effects of local policy approaches to controlling smoking in multi-unit housing.
 - Impact of FDA regulation of tobacco on the marketing of tobacco and tobacco-related state and local policies.
 - Impact of worksite exposure to secondhand and thirdhand smoke, particularly for casino and hotel workers.
 - Future potential impact of the development and marketing of new nicotine products.

Further input will be sought and the field will be surveyed before a broader call for proposals addressing highlighted priorities is issued, concurrent with the Investigator-Initiated Research Awards cycle anticipated for September 1. Investigators could then propose a research study addressing a selected policy area.

Dr. Ong asked whether the analyses of the impact of the \$1.00 tax increase that has been added to the Policy Research initiative would be completed by September. Dr. Aoki indicated an extension is being discussed. Dr. Lemp indicated the analyses would likely be comparable to prior analyses conducted by CTCP. An extension may lead to a new Cost of Smoking document, comparable to the Cost of Smoking in California, (1999), published in 2002. The cost estimates would largely be drawn from the work of the research team taking the Microeconomic methodological approach. Dr. Lemp discussed the desire expressed by tobacco control advocates for the research and final report to yield citable facts and figures, rather than being an assessment of trends and the general impact of declining Proposition (Prop) 99 funding for tobacco control. The researchers continue to work with the External Scientific Monitoring Committee.

Dr. Dorothy Rice indicated the county-by-county data in the Cost of Smoking in California (1999) report was very useful to the field and asked if it would be replicated. Dr. Lemp indicated it may be a future possibility.

- A Request for Proposals (RFP) is being finalized for the Environmental Tobacco Exposure and Health Effects initiative. Research on thirdhand smoke will be required to focus on at least two of the following:
 - Identifying and characterizing the chemical toxicants.
 - Delineating effects in animal models and humans.
 - Developing methods to measure exposure.
 - Measurements of exposure in housing and other settings.
 - Effects on human health, particularly for vulnerable populations.
 Research on cigarette butt contamination must focus on at least two of the following:
 - Identifying and characterizing specific toxicants.

- Environmental effects on water and soil.
 - Sub-lethal effects for plants and animals.
 - Measurements of exposure for humans.
 - Effects on human health, particularly for vulnerable populations.
- All proposals must also include an examination of the economic and policy implications of the respective areas.

Dr. Lemp confirmed that prior funded research on the toxicity of cigarette butts to certain fish species found that filters with some tobacco attached were twice as toxic as filters alone.

The total amount available for the combined initiative will be up to \$3.75 million over three years for up to three multi-institutional teams. The RFP release date is anticipated to be June 2 or 3, 2010. The allocation was reduced by the amount of a recent Investigator-Initiated Award since that team will become part of this new consortium. Together, the Special Initiatives comprise approximately one third of TRDRP's total awards budget. Set-aside reserve funds are being drawn down to fund the Special Initiatives. The Scientific Advisory Committee (SAC) will be examining and advising on standing funding mechanisms and priorities.

- An initial advisory meeting for the Lung Cancer Early Detection initiative was held on February 3, 2010. It is now anticipated the RFP will also be released on September 2, 2010. At the meeting, reasons identified for making the early detection of lung cancer a priority were:
 - Patients with lung cancer continue to have a low 5-year survival rate of about 15 percent.
 - Earlier detection can increase the number of patients who would be candidates for surgery. Currently, most patients (75 percent) are not candidates for surgery.
 - Current strategy (treatment after presentation with symptoms) is ineffective and expensive.
 - Given the large population of current and former smokers, more than 90 million Americans remain at increased risk for lung cancer.

TEROC Members raised concerns that the four reasons identified do not directly address any advantages of early detection in terms of survival figures or other outcomes, or address the issue of overuse of expensive and ineffective treatments. Dr. Lemp suggested it is possible that by detecting and removing early, precancerous nodules, survival outcomes may improve.

Dr. Lemp discussed various biomarkers being examined for early lung cancer diagnosis, including salivary biomarkers and measurement devices, and the Caltech Electronic Nose that can detect compounds in expired air. In response to questions, Dr. Lemp confirmed that he was presenting

examples of current research by Californian investigators and that any entity like Caltech would need to apply for TRDRP funds through a competitive process.

At the initial advisory meeting it was noted that specimens and subjects needed for early detection are not being collected or recruited, and are particularly lacking for priority populations including African American males. One identified option would be for TRDRP to fund a cohort and biorepository in California through an RFP. Collaborative efforts and an expansion of existing cohorts could be encouraged, and the cohort could be limited to high-risk populations. An alternative option would be for TRDRP to fund Collaborative Grants for researchers to conduct validation studies of novel technologies or existing biomarkers.

Discussion ensued on the possibility of the National Institutes of Health (NIH), National Cancer Institute funding such a cohort project and the best use of TRDRP's limited resources. Dr. Lemp stressed the connection to TRDRP's mandate for tobacco-related disease research since lung cancer is the disease that is most associated with tobacco use; has the lowest survival rate; is the most underfunded; and has little advocacy. Advocates such as the Lung Cancer Alliance are represented as stakeholders, but the initiative is focused on TRDRP being on the cutting-edge as an early funder of research in emerging areas like biomarkers that could lead to greater funding in the future by NIH and others.

A question was asked regarding TRDRP's mandate to be California-specific. Dr. Lemp indicated TRDRP does fund a considerable amount of basic science research with limited applicability to tobacco control, while also trying to move more into applied areas. This basic science research is also fundable through NIH. TRDRP-funded projects must have Californian Investigators and a Californian patient population. Dr. Aoki added that TRDRP's legislative mandate to be California-specific must be balanced with the mandate to address diseases, which would never be specific to any one state. Dr. Lemp confirmed that TRDRP's SAC did consider the Lung Cancer initiative and provided input leading to the development of the two current options for the RFP. The SAC will reconsider any proposed initiative prior to approval.

In discussing the initiative, TERO members expressed concerns regarding:

- The commitment of scarce TRDRP resources given competing public health priorities.
- TRDRP funding for research in an area which should more appropriately be funded by NIH.
- The focus on screening rather than clinical and surgical research on improved health care and treatment outcomes.

- Disparities in access to screenings.
- The allocation of resources for treatment research rather than prevention.

The importance of adding a policy component to the RFP to consider the issue of screenings in the absence of effective treatment options was also raised.

Dr. Lemp and Dr. Aoki acknowledged the concerns of members. Dr. Lemp indicated that the research approach could be compared to mammography in its aim to investigate screening to address uncertainties regarding treatment of indeterminate nodules. He stressed the distinction between the proposed initiative and any proposal to use biomarker screenings for the general population. Dr. Aoki indicated he would raise member's concerns with the SAC sub-committee considering the initiative for report to the entire SAC.

4. UNIVERSITY OF CALIFORNIA, OFFICE OF THE PRESIDENT, RESEARCH GRANTS PROGRAM OFFICE UPDATE

Dr. Croughan joined Dr. Lemp and Dr. Aoki and was introduced to Members as the newly appointed Executive Director of the Research Grants Program Office (RGPO). Dr. Croughan discussed her experience on the faculty at UCSF since 1987; her development of a practice-based research network; her development of a cohort of 52,000 women who had undergone infertility treatment for her studies in reproductive and perinatal epidemiology; and service on the Academic Senate and Board of Regents.

Dr. Croughan discussed progress towards the UCOP reorganization of the Office of Research and Graduate Studies. In examining progress to date towards a new organizational structure, Dr. Croughan has identified limitations in achieving a balance between cost and efficiencies, particularly given declining state funding of UCOP and TRDRP. A new structure is in the process of being developed and an organizational chart was distributed which includes:

- Four grants programs:
 - California Breast Cancer Research Program (CBCRP)
 - California HIV Research Program (CHRP)
 - TRDRP
 - UC Grants, which was formerly to be centralized in the Central Review Unit to be known as the Investigator-Initiated Research Awards Center. Dr. Croughan suggested placing it on equal footing with the other grant programs will enhance collaboration and standardization across the four programs.
- Two centralized administrative units:
 - Central Review and Grants Administration Consolidated Unit

- Finance/Administration, which has existed as a separate unit for many years.
- A new Integration/Policy/Communications Outcomes Evaluation Coordinator (IC) to promote best practices/standardization.
- Centers of Excellence (COEs) (e.g. Grant Monitoring, Data Systems and Research Initiatives) comprising staff teams from the RGPO grants programs and coordinated by the new IC.

CHRP and TRDRP will not see staff savings from this model since staff are already being shared; they have full portfolios; efficiencies have already been achieved; and some standardization has occurred. CBCRP and UC Grants will see efficiencies. However, rising employer pension contributions will add to expenses over time. Dr. Croughan discussed plans to recruit a dedicated TRDRP Director which will have a budget impact. Issues relating to past recruitment attempts were discussed.

Dr. Lemp provided an overview of TRDRP operating costs. In 2007-08, total operating costs were approximately \$1.8 million, dropping to a projected \$1.5 million in 2010-11. Total state budget allocations dropped from \$16.6 million to \$12.5 million over the same period, and the proportion of projected operating costs to total costs is now higher. Projected cost savings in Proposal Review will be lower in 2010-11 than recent years due to increased personnel costs associated with rising pension contributions and the ending of staff furloughs on September 1, 2010. In addition, the annualized share of Personnel and Recharge Costs (PARC) is projected to return to 2007-08 levels in 2010-11, eradicating the savings achieved from RGPO restructuring since that time. However, other savings from UCOP restructuring continue to be observed. Administrative personnel cost projections continue to be lower than 2007-08 levels, but research personnel costs and evaluation/review personnel costs are projected to exceed those levels in 2010-11. Dr. Lemp indicated the 2010-11 budget projections include salary costs for the restoration of the position of a fourth TRDRP Research Administrator for special policy initiatives. Alternative models of the organizational structure are still being considered.

The Chair thanked Dr. Croughan, Dr. Lemp, and Dr. Aoki for their presentations.

5. CLOSED SESSION PURSUANT TO SECTION 11126 (a)(1) OF BAGLEY-KEENE OPEN MEETING ACT 2004

The Chair announced to members that following the requirements of Section 11125(b) of the Bagley-Keene Open Meeting Act, a closed session has been listed on the meeting agenda and proper notice had been given. He announced the issue to be considered in closed session, as listed on the

agenda, as “Discussion of Evaluation of UCOP, RGPO, and TRDRP Performance.” He referred to the agenda’s citation of the provision of the Act, Section 11126(a)(1), authorizing a personnel exception to the open meeting requirements to protect the privacy of employees, and to allow members to speak candidly. He indicated only evaluation of employee performance and no other matters would be considered during the closed session.

The Chair announced the meeting of TEROC would reconvene in open session at 1:30 pm. A report in that open session would only be required if a decision had been made to hire or fire an individual in the closed session, which does not apply to the closed session agenda item for this meeting. The Chair indicated minutes would be kept for the closed session but that under the Act, the minutes are confidential, and are disclosable only to the board itself or to a reviewing court, as they are not a public record subject to inspection pursuant to the California Public Records Act. The Chair asked that the room be cleared of individuals not directly involved in the closed session as part of their official duties.

TEROC met in closed session and reconvened in Open Session at 1:30 pm.

6. DEPARTMENT OF FINANCE REPORT AND GOVERNOR’S MAY REVISE BUDGET 2010-11

Bruce Lee from Department of Finance (DOF) presented on adjustments to the 2009-10 and 2010-11 Prop 99 revenues and expenditures in the May Revision of the Governor’s Budget. Mr. Lee presented the following information:

- Adjustments to 2009-10 Revenues:
 - Prop 99 Revenue Estimate decreased by \$2 million:
 - January Governor’s Budget Estimate: \$286 Million
 - May Revise Estimate: \$284 Million
 - No change to Prop 10 Backfill Estimate: \$16.9 Million
- Adjustments to 2009-10 Expenditures:
 - No adjustments required. All Proposition 99 account reserves were able to absorb the decreased revenue for 2009-10, but the \$2 million decrease reduces funds rolling into the next fiscal year, impacting 2010-11 appropriations.
- May Revise 2010-11 Revenue estimates:
 - An estimated \$6 Million decrease in revenues:
 - January Governor’s Budget Estimate: \$284 Million
 - May Revise Estimate: \$278 Million
 - No Change to Prop 10 backfill estimate of \$16.9 million
- May Revise Adjustments to 2010-11 Expenditures included:
 - An increase in funding by \$11.3 million for Medi-Cal Hospital Services outpatient care as a General Fund solution by eliminating funding for

- A reduction of \$1.2 million for CTCP's Media Campaign due to insufficient revenues in the Health Education Account.
- A reduction of \$500,000 for California Department of Education (CDE) due to insufficient revenues in the Health Education Account.
- A reduction of \$384,000 for the Resource Agency departments due to insufficient revenues in the Public Resources Account.
- A reduction of \$431,000 for TRDRP due to insufficient revenues in the Research Account.
- Reduction of \$153,000 for tobacco-related research within CDPH (Cancer Registry) due to insufficient revenues in the Research Account.
- A reduction of \$5.3 million for the Access for Infants and Mothers Program due to reduced caseload and insufficient revenues in the Unallocated Account.

Mr. Lee indicated that an attempt is made to pro-rate cuts within any particular account across the affected agencies funded from that account. Since accounts receive different proportions of Prop 99 revenues and each is balanced separately, percentage cuts will vary.

Dr. Lyman indicated the eradicated Asthma Prevention Program within CDPH has been comprised of demonstration projects focusing on high-risk children and was tobacco-related in the sense that SHS is a trigger for asthma.

Discussion ensued on the limited impact of the federal tax increase on revenues. Mr. Lee indicated that buying behavior and price elasticity are difficult to predict. Economic stress may also impact tobacco consumption.

Mr. Lee was questioned on allocations from the Unallocated Account. He indicated that these funds must be used for purposes related to the other five accounts, and in each budget process incremental changes may be made in these allocations from the operating base. In general terms, Budget Change Proposals (BCPs) could be developed and reviewed at the relevant State Agency level and by DOF for any increases or reductions for various programs, and these BCPs may or may not be considered by the Governor's Office in preparing a budget. The Governor's budget and the allocations could then be also modified when the budget bill is considered by the legislature. Mr. Lee indicated that other sources of program funds such as CDC or American Recovery and Reinvestment Act (ARRA) grants may be factored in to decisions on Prop 99 allocations. As revenues and reserves decline, allocation changes are most likely to continue on an incremental basis in the absence of legislative action and voter approval for fundamental change.

Mr. Lee was asked about variances in the percentages maintained in the reserve line item for the various accounts. He stated that maintaining a 5 percent level in reserve has been a general policy, but adjustments were possible. Mr. Lee indicated he would follow-up and provide information as to why the Physician Services Account has a zero balance in the reserve line item for 2010-11 in the May Revise.

The Chair thanked Mr. Lee for his presentation.

7. LEGISLATIVE & VOLUNTARY HEALTH AGENCY UPDATE

Alecia Sanchez of the American Cancer Society provided an update on voluntary health agency activities and the status of legislation for this legislative session.

Ms. Sanchez reported on progress on the CCRA and referred to the memorandum from the campaign announcing the decision to move the ballot initiative effort to the 2012 ballot. Initially, signature gathering was to continue through the end of May 2010. Early in May it was decided to continue the signature gathering effort through mid-June and qualify the initiative for the February 2012 presidential primary election (the next state-wide election) to allow additional time for fundraising to combat tobacco industry resources. Other initiatives have stalled due to difficulties in fundraising in the current climate. Approximately 75 percent of the 600,000 signature goal has been met. The voluntary health agencies are hoping to meet their own goal of collecting 110,000 signatures by June 20, 2010 (80,000 collected to date) and submit the signatures to County officials. Efforts have included collaboration with the Lance Armstrong Foundation at the Amgen Tour of California. Given that there have been 27 unsuccessful legislative attempts to raise the tobacco tax in California over the last 28 years, this CCRA initiative is considered the best opportunity to achieve a tax increase with funds earmarked for tobacco control. A legislative proposal has now been introduced for an increase in the tax on alcohol, rather than tobacco. Ms. Sanchez thanked the Chair for preparing the Op-Ed supporting efforts to increase the tobacco tax.

Ms. Sanchez outlined the initiative's proposed allocation of the \$1 per pack increase to tobacco control (20 percent, shared 80/20 between CDPH and CDE respectively); cancer and tobacco-related disease research (including facilities) (75 percent); enforcement (3 percent); and administration (2 percent). Ms. Sanchez indicated changes to the allocations were not possible once the initiative has been submitted for circulation. Ms. Sanchez indicated the initiative stands a good chance of success given strong support in polling for a tobacco tax increase but that the economic environment and other impacting factors in 2012 are difficult to predict. No recent polling on the specific language in the proposal has been conducted. It was noted that

TEROC's next Master Plan is scheduled to be released in January 2012, just prior to the February 2012 election.

Ms. Sanchez provided a legislative update on:

- Senate Bill (SB) 4 (Oropeza), requiring smoke-free state beaches and parks. The bill passed both Houses but was vetoed by the Governor. The Governor's veto message referred to his belief the provisions would be an improper intrusion of government into people's lives in outdoor environments; a preference for the Department of Parks and Recreation and local governments to make discretionary decisions in their jurisdictions; and a preference for increasing fines and penalties for existing litter laws. Ms. Sanchez indicated ACS had a neutral position on the final version of the bill as a result of a number of amendments watering down enforcement, signage and public health provisions. Discussion ensued on the lack of distinction between decisions by the Department of Parks and Recreation and the legislature in the veto message's rationale. Ms. Sanchez confirmed that the Department of Parks and Recreation has exercised its authority and banned smoking in several areas where fire hazards exist.
- SB 603 (Padilla), revising the STAKE Act and penalty scale for tobacco sales to minors, introducing an annual \$100 retail license fee, and prohibiting new licenses being issued to retailers within a stated distance from schools. The bill was held last year by Senator Padilla in the Governmental Organization Committee. ACS had concerns regarding the possibility language would be included in the bill to preempt local governments from enacting more restrictive provisions. It is unclear whether Senator Padilla will move the bill forward this year, or in what form. Discussion ensued on the ongoing debate in the public health arena regarding preemption in the case of strong state laws. Ms. Sanchez indicated it was felt the state licensing and fee provisions in SB 603 were not strong and preemption would have been problematic for local licensing efforts.
- SB 882 (Corbett), which in its current form creates an infraction for the sale of electronic cigarettes to minors. The voluntary health agencies jointly released a policy statement supporting Food and Drug Administration regulation of electronic cigarettes as drug-delivery devices. The federal case to determine FDA authority is continuing. SB 882 does not take this position into account as it is focused solely on youth. The bill is on the Senate floor as an urgency bill and has a two-thirds vote requirement. In response to questions, Ms. Sanchez indicated language in smoke-free model ordinances for local jurisdictions has been amended to include a prohibition on the use of electronic cigarettes, but the issue is not currently being addressed through state-wide legislation. It was noted that amending all existing smoke-free laws to include electronic cigarettes as a separate additional provision would be burdensome. Ms. Sanchez

- SB 220 (Yee), a gut and amend bill modeled on a 2006 bill requiring health insurers to cover tobacco cessation. It has passed the Senate and moved to the Assembly. ACS, AHA and ALA are cosponsors. Discussion ensued on the prevention and cessation components in the federal health care reform legislation. Ms. Sanchez indicated the language in the federal act requires new plans or plans entering the new health care exchanges to provide cessation coverage. Regulations are still being developed. SB 220 would extend this to include all existing plans in California and provides a framework for best practices, included numbers of interventions each year and provisions ensuring there are no out of pocket costs. The cessation coverage includes counseling and pharmacology but a stepped approach is not required (counseling would not be required prior to eligibility for cessation medications).
- Assembly Bill (AB) 2496 (Nava), sponsored by the Attorney General's Department, deals with Master Settlement Agreement payments and tax payments. This bill would require "nonparticipating manufacturers" to make annual payments into an escrow account to cover future legal costs and strengthens enforcement mechanisms. The technical changes proposed by the bill have no opposition and it is now on the floor of the Assembly.
- AB 2733 (Ruskin), sponsored by the Board of Equalization (BOE), would prohibit tobacco retailers from giving away or displaying tobacco products during a period when the state tobacco retailer license has been suspended or revoked. Discussion ensued on the benefits of state licensing. While suspension or revocation may be infrequent, state licensing is important in identifying retailers for tax collection purposes.
- AB 2757 (Bradford), sponsored by the Cigar Association of America, would only allow blunt wraps to be sold in businesses that prohibit the entry of minors. Similar restrictions apply to the sale of bidis. Blunt wraps contain some tobacco but the focus of the bill is use with illicit drugs.

The Chair thanked Ms. Sanchez for her presentation.

8. CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, CALIFORNIA TOBACCO CONTROL PROGRAM REPORT

Donald Lyman provided an update on CTCP activities and reported:

- The adult smoking prevalence rate from the combined Behavioral Risk Factor Survey and the California Adult Tobacco Survey was 13.1 percent in 2009, decreasing from 13.3 percent in 2008. This change is not statistically significant but continues the downward trend.
- Dr. Lyman acknowledged the contributions of Dr. Rice to the Supplement to the journal *Tobacco Control* published in April.

- The WestEd Contract for the 2009-10 in-school evaluation of the Tobacco Use Prevention (TUPE) Program was fully executed on March 22. Despite the delayed implementation the evaluation is now on track to proceed.
- CDPH received ARRA, Communities Putting Prevention to Work funding in several of the Funding Opportunity Awards components:
 - Component I award (non-competitive) of \$733,334 to advance protection from workplace SHS exposure and a policy to require all public schools to be tobacco free. CTCP will be working with CDE on the schools' objective.
 - Component III award of \$2,501,258 (non-competitive) to increase the capacity of the California Smokers' Helpline (Helpline)
 - CTCP's applications for Component II (Competitive Special Policy and Environmental Change Initiatives) and the competitive Community Initiative, a collaboration between CTCP, Solano, and Shasta Counties, did not receive funding. Los Angeles County and Santa Clara County were awarded \$16.2 million and \$6.9 million respectively for the Community Initiative.
- Merced County has discontinued work in tobacco control and CTCP will be releasing a competitive RFP for tobacco control activities in Merced County. The enabling legislation provides that governmental or nonprofit entities are eligible to apply to be the Local Lead Agency (LLA).
- Negotiations have been completed for the 37 new Competitive Grant awards and the contract approval process is commencing. For the 60 remaining LLAs, negotiations are progressing.
- General Market Focus Groups were conducted in April for preliminary advertising concepts and further groups will be conducted later in the year. Discussion ensued on the impact of the cut to the media budget in the Governor's May Revise. Ms. Stevens indicated that with the transition to a new advertising contractor, there have been some budget savings that reduce the immediate impact of the cut. Ms. Roeseler added that since Los Angeles and Santa Clara counties will be funding media activities with their ARRA awards, this will also offset the impact of the CTCP budget cut.
- The Capitol Information and Education Days were held May 11-12, 2010 with approximately 150 people attending the training and legislative visits. Dr. Lyman acknowledged the contribution of the Chair in speaking at the Meet and Greet event.
- Capacity Building Network (CBN) hosted Cultural Diversity Regional Trainings for Prop 99 funded programs in the San Francisco Bay Area, Calaveras County and Stanislaus County.
- With CDC funding, CTCP will conduct Regional Forums to be held in 2011 focusing on addressing exemptions and loopholes in California's Smoke-free Indoor Workplace Law and Tobacco Pricing and Manipulation.
- Dr. Shu-Hong Zhu, Principal Investigator of the Helpline, was awarded with the 2010 Award for Excellence in the Prevention and Control of Chronic Disease from the Association of State and Territorial Chronic

- CTCP received permission from New York State Department of Health to use their ad concepts in the continuing Health Care Provider ad campaign for the Helpline.
- *Tobacco Money and California Politics*, focusing on the first year of the 2009-10 election cycle, was released by the Center for Tobacco Policy and Organizing.
- CTCP won a Sacramento Workplace Excellence Leader (SWEL) Award. Dr. Horton attended and accepted the award on behalf of CTCP.

Dr. Lyman provided an update on the status of recruitment efforts for a CTCP Branch Chief. Internal recruitment efforts are proceeding, with eligibility lists being reviewed in accordance with civil services rules. There is an option for external recruitment efforts to follow. Dr. Lyman confirmed that while an MD degree had been a requirement in the prior classification for the position, it is not required for eligibility under the current classification. He confirmed informal efforts have been undertaken to identify qualified external candidates. He indicated he was committed to an open internal and external recruitment.

In response to questions, Dr. Lyman indicated it was likely that CDPH would contract with a consultant for TERO Master Plan development.

Mr. Offen acknowledged the inclusion of a question on sexual orientation for Helpline callers. He inquired as to whether gender identity was always included as a demographic question, and whether the sexual orientation question may at times be asked with an apology or with embarrassment in contrast to the manner in which other demographic questions are asked. Dr. Lyman indicated he would investigate what protocols may apply to the asking of these questions.

The Chair thanked Dr. Lyman for his presentation.

9. CALIFORNIA DEPARTMENT OF EDUCATION REPORT

The CDE update was provided by John Lagomarsino who gave Tom Herman's apologies. He reported:

- Safe and Healthy Kids Program Office (SHKPO) continues to meet and collaborate with staff of CTCP and TRDRP. A meeting scheduled with CTCP on June 16, 2010 will consider the issue of a policy for tobacco free schools irrespective of acceptance of TUPE funds.
- CDE is considering the establishment of a TUPE Advisory Panel comprised of approximately 15 members drawn from county education departments, Local Education Agencies (LEAs), LLAs and researchers to

- TUPE grantees funded by the 2009-13 Cohort E attended a web-based orientation in April that was recorded for subsequent viewing. Applications for TUPE Competitive Grants for the 2010 Cohort F needed to be postmarked by May 24, 2010. Thirty-seven applications have been received to date (approximately 100 were received last year). Notices of intent to submit an application were received from 106 LEAs, approximately 100 fewer than last year, but the intent form was not required as a condition for applying for this cohort. Potential applicants who submitted an intent to apply but did not submit a completed application could be surveyed to identify their reasons.

The grant reading conference is scheduled for June 21-25, 2010 in Sacramento, and Mr. Lagomarsino encouraged TEROC members to participate. He confirmed that paper rather than electronic applications are still required. As to why application rates are not higher given scarce resources, Mr. Lagomarsino indicated that some studies suggest the funding amount required for program effectiveness (\$200 per student) is considerably more than the TUPE grants (\$12.50 per student). However, the funding amounts available do exceed the prior allocation under the entitlement system of \$3 per student.

Mr. Lagomarsino was asked whether schools were reversing tobacco-free policies if they stop receiving TUPE funding. He indicated that it was possible but ensuring existing policies are enforced is also challenging and competitive funding for enforcement could be a future option.

Mr. Lagomarsino indicated the "Second-hand Tobacco Smoke Letter to Parents" template is now available in 28 languages on the CDE Clearinghouse for Multilingual Documents website. It was suggested the reference in the letter to SHS causing one million illnesses in children could be clarified to reflect whether it is an annual statistic.

SHKPO and the School Health Connections/Healthy Start Office will merge June 1, 2010 to become the Coordinated School Health and Safety Office (CSHSO) due to loss of funding. From July 1, TUPE will be the only fully-designated drug, alcohol or tobacco prevention program in schools. Federal Title IV funds for these purposes have been eradicated and state funds including School Safety funds allocated under AB 1113 can now be used for general fund purposes. Tom Herman will be the manager of the newly merged office and Mr. Lagomarsino will change duties on July 1, 2010, moving from TUPE to assist with a Physical Activity, Nutrition, and Tobacco CDC grant within the new CSHSO.

The Chair thanked Mr. Lagomarsino for his presentation and his long commitment to TUPE and TEROC and wished him well in his new role.

10. PUBLIC COMMENT

Mr. Offen asked for information on certain State health and safety laws applying to Indian Casinos despite tribal sovereignty. Ms. Roeseler indicated that Indian Gaming Compacts include provisions on adhering to State health and safety laws but smoke-free laws are exempted.

Mr. Offen asked if the California Air Resources Board (ARB) had followed up on their ruling that outdoor SHS is a toxic air contaminant by taking regulatory action. Ms. Stevens indicated she had been informed that ARB is planning to release a Risk Reduction Plan for SHS in August-September 2010 for public comment. Discussion ensued on discrepancies in CalEPA's and the US Surgeon General's conclusions on SHS as a cause of breast cancer. Dr. Cowling indicated additional information on the issue can be found in the Questions and Answers section of CalEPA's website.

Members expressed interest inviting ARB and CalEPA representatives to a future TEROC meeting to present on these issues. The Chair noted presentations by BOE and CDPH's Cancer Registry staff were also anticipated for future meetings.

Plans for the development of the next Master Plan were discussed. The Chair indicated that development would typically include reviewing the prior Master Plan to identify significant changes and surveying the field for input before developing themes.

Discussion returned to the CDPH decision not to release the CTCP analysis of the impact of the \$1 per pack tax increase proposed in the CCRA initiative. No further TEROC action was considered necessary at this stage pending TRDRP-funded activities and commencement of Master Plan activities. The Chair recapped the history of an initial analysis being prepared in response to the prior legislative proposal for a \$1.50 tax increase, with a summary being released to TEROC at that time.

Carol McGruder discussed the press release by AATLC on prevalence survey methodology and the press conference with Speaker Emeritus Karen Bass and members of the Legislative Black Caucus. She distributed and discussed the following recommendations that have been developed calling for the:

- Reestablishment and funding of a statewide autonomous African American Tobacco Control Advocacy Network with the ability to create its scope of work and set priorities; form an Advisory Council; collaborate with

- Creation of a Special Campaign Initiative targeting African Americans that includes dedicated funding; policy initiatives that include community action/capacity building components; and media/social marketing that is innovative, relevant and reaches the community.

Ms. McGruder explained that during the period of their existence, CTCP's ethnic networks had changed over time from more independent entities to partnerships that were more of an extension of CTCP. They had been recipients of CTCP competitive grants but the ethnic networks no longer exist. Ms. McGruder contended that priority populations need a structure of dedicated community members with an advocacy role comparable to the functioning of the voluntary health agencies.

The Chair indicated that continued collaboration and dialogue on outreach to priority populations will be beneficial in developing the next Master Plan. The Chair thanked Ms. McGruder for her comments.

There was no additional public comment.

The meeting was adjourned at 4:00 p.m. Next meeting: To be determined.