

Minutes of the
Tobacco Education and Research Oversight Committee (TEROC)
Thursday, June 7, 2018
9:30 AM – 11:30 AM

Location
Residence Inn
1121 15th Street
Sacramento, CA 95814

MEMBERS PRESENT:

Dr. Michael Ong (Chair), Dr. Pamela Ling, Ms. Patricia Etem, Dr. Mark Starr, Ms. Mary Baum, Dr. Edith Balbach, Dr. Robert Oldham (*arrived later in order to reach quorum and left early due to a prior commitment.*)

MEMBERS ABSENT:

Dr. Lourdes Baezconde-Garbanati, Ms. Vicki Bauman, Dr. Alan Henderson, Dr. Wendy Max, Dr. Claradina Soto, Mr. Primo Castro

OTHERS IN ATTENDANCE:

Mayra Miranda, California Tobacco Control Program (CTCP)
Phil Gardiner, Tobacco-Related Disease Research Program (TRDRP), African American Tobacco Control Leadership Council (AATCLC)
Bart Aoki TRDRP, Research Grants Program Office (RGPO)
Katherine McKenzie, TRDRP, RGPO
Xinran Dhaliwal, Tobacco Education Clearinghouse of California (TECC)
Matt McDowell, TECC
Cody Fowler, CTCP
Narinder Dhaliwal, TECC
Valerie Yerger, University of California, San Francisco, the LOOP
Raymond Boyle, TRDRP
Joseph Martin, Rover Library
Josh Brown, American Heart Association, American Stroke Association (AHA, ASA)
Lindsey Freitas, American Lung Association (ALA)
Tom Herman, California Department of Education (CDE)
John Lagomarsino, CDE
Rebecca Williams, CTCP
Karina Camacho, ALA

Tim Gibbs, American Cancer Society, Cancer Action Network (ACS CAN)
Rich Kwong, CTCP
Shalonn Woodard, CDE
Rachael Gutierrez, CDE
Veronica Wogec, CTCP
Jerry Katsumata, CTCP
Norval Hickman, TRDRP
Darren Yee, CTCP
Tonia Hagaman, CTCP
Lina Grant, Department of Finance (DOF)
Carol McGruder, AATCLC
Cynthia Hallett, Americans for Nonsmoker's Rights Foundation (ANR Foundation)
Maricris B. Acon, DOF
Iliana Ramos, DOF
Noah Johnson, DOF
Rebecca Lee, California Department of Public Health (CDPH)
Adam Dorsey, DOF
Sandra Soria, CTCP
Shannon Sharma, CDE
Lynn Baskett
Kim Homer Vagadori, California Youth Advocacy Network (CYAN)
Vicki Webster, CYAN
Catherine Hess, CTCP

Cynthia Garcia, CTCP
Lori Ajax, Bureau of Cannabis Control (BCC)
Nadine Roh, CTCP

Beto Jurado, CTCP

OTHERS WHO JOINED VIA TELECONFERENCE:

Susana Badalyan-Deus, CTCP
Y'Lonn Burris, AATCLC
Karla Damian Vazquez
Galt Dunn, CTCP

Miren Klein, CDPH
Charmaine Monte, Stanislaus County Office of
Education
Lisa Peterson, Rover Library

1. Welcome and Introductions

TEROC Chair, Dr. Michael Ong, called the meeting to order at 10:15am noting that there was no quorum and that the group would only address items on the agenda that did not require a vote until there was a quorum when Dr. Oldham would arrive. TEROC members and meeting guests introduced themselves.

Dr. Ong introduced the newest member of TEROC, Dr. Edith Balbach.

Dr. Ong recognized that Proposition E, which upholds the San Francisco Board of Supervisors decision to ban flavored and mentholated tobacco products, had passed on June 5, 2018, and congratulated Dr. Pamela Ling in her work outside of TEROC in support of the proposition.

Dr. Ong recognized and thanked Dr. Bart Aoki for his years of service and contributions to Tobacco-Related Diseases Research Program (TRDRP) and to tobacco research and policy efforts. He also congratulated Dr. Aoki on his promotion.

Dr. Ong recognized Mr. John Lagomarsino for his years of service and contributions to the California Department of Education's Tobacco Use Prevention Education (TUPE) program and congratulated Mr. Lagomarsino on his retirement.

2. California Department of Finance (DOF)

Dr. Ong invited staff from the DOF to present. He reminded the audience that TEROC was not at quorum. However, the information presented by the DOF is public and available in the May revise.

Proposition 99

Lina Grant presented on the Proposition 99 budget for the fiscal year (FY) 2018-19 May revision.

2016-17 Past Year Actual Revenues and Program Expenditures

Revenues

At the 2018-19 May Revision, past-year actual revenues remained the same compared to the 2018-19 Governor's Budget:

- 2018-19 Governor's Budget: \$246.1 million
- 2018-19 May Revision: \$246.1 million

Expenditures

Actual program expenditures for the past year also remained the same compared to the 2018-19 Governor's Budget:

- 2018-19 Governor’s Budget: \$316.6 million
- 2018-19 May Revision: \$316.6 million

2017-18 Projected Revenues

Revenues

Estimated revenues increased by \$4.1 million:

- Estimate at 2018-19 Governor’s Budget: \$215.9 million
- Estimate at 2018-18 May Revision: \$220.0 million

Proposition 10 Backfill remained at \$11.3 million:

- Estimate at 2018-19 Governor’s Budget: \$11.3 million
- Estimate at 2018-19 May Revision: \$11.3 million

2017-18 Projected Program Expenditures

Expenditures

The 2018-19 May Revision Prop 99 estimates remain the same as at Governor’s Budget for 2017-18.

- 2018-19 Governor’s Budget: \$279.8 million
- 2018-19 May Revision: \$279.8 million

2018-19 Projected Revenues

Revenues

- The 2018-19 May Revision projects a revenue increase of \$4 million as compared to the 2018-19 Governor’s Budget:
 - 2018-19 Governor’s Budget: \$211.8 million
 - 2018-19 May Revision: \$215.8 million
- Proposition 10 Backfill remains the same, at \$11.3 million
- Proposition 56 Backfill remains the same, at \$8.6 million

2018-19 Projected Program Expenditures – All Accounts

Expenditures

Specific changes include:

- Health Education Account (0231): +\$1.526 million
- Hospital Services Account (0232): +\$2.671 million
- Physicians' Services Account (0233): +\$764,000
- Public Resources Account (0235): +\$381,000
- Unallocated Account (0236): +\$1.753 million

2018-19 Department of Public Health-Program Expenditures Changes Expenditures Continued

For the Department of Public Health, there was a total increase of \$1,188,000 over 2018-19 Governor's Budget projections for tobacco health expenditures.

- Health Education Account increased by \$1,122,000

- Unallocated Account increased by \$66,000

	2018 Governor's Budget	Adjustments	2018 May Revision	Percent Change
<u>Health Services Programs</u>				
DHCS-Administration	680	0	680	0.0%
DPH-Administration	10,628	188	10,816	1.8% ¹
California Health Interview Survey	878	0	878	0.0%
External Contracts	1,374	0	1,374	0.0%
Medi-Cal - Hospital Services	127,234	-4,710	122,524	-3.7% ²
Breast Cancer Early Detection	14,515	0	14,515	0.0%
Major Risk Medical Insur. Prgm. (MRMIP)	0	4,916	4,916	100.0% ³
Medi-Cal Access	0	0	0	0.0%
<u>Health Education Programs</u>				
Media Campaign	9,000	0	9,000	0.0%
Competitive Grants	12,319	1,000	13,319	8.1% ⁴
TEROC Evaluations	2,260	0	2,260	0.0%
Local Lead Agencies	9,150	0	9,150	0.0%
Department of Education	13,594	404	13,998	3.0% ⁴
<u>Other Programs</u>				
UC Research	15,196	0	15,196	0.0%
Public Resources	4,737	381	5,118	8.0% ⁴
Financial Information System of CA	6	0	6	0.0%
State Controller	0	0	0	0.0%
Total	\$221,571	\$2,179	\$223,750	1.0%

¹ Increase in expenditures due to statewide administrative cost adjustments in the Health Education and Unallocated accounts.

² Increase in expenditures to account for available revenues in the Hospital Services, Physicians' Services and Unallocated accounts.

³ Increase in the Unallocated Account to address Major Risk Medical Insurance Program expenditures, per Health and Safety Code 15893 (e).

⁴ Increase in expenditures due to availability of revenue in the Health Education Account.

General Discussion

Dr. Aoki clarified with Ms. Grant that that \$7.7 million of the \$ 15.196 million in the University of California (UC) Research Account (Fund 0234), was re-appropriated from the previous FY and that the actual amount received was \$7.4 million for FY 18-19. Ms. Grant confirmed that the \$7.4 million was the amount appropriated to the UC research account for FY 18-19 and that \$7.7 million was re-appropriated.

Proposition 56

Noah Johnson presented on the Proposition 56 budget for the fiscal year (FY) 2018-19 May revision.

Revenue Forecast

- Projections of cigarette tax revenues are based on:
 - Projected per capita consumption of cigarettes,
 - Population growth,
 - Impact from increasing the smoking age from 18 to 21 in effect as of June 9, 2016 (Chapter 8, Statutes of 2016 (SBX2 7), and

- Impact of increased prices due to Proposition 56.
- The May Revision projects revenue of \$1.5 billion in 2017-18, however the full amount available for allocation is higher since the fourth quarter of 2016-17 revenue is included. The projected amount of revenue is \$1.4 billion in 2018-19.
- DOF is forecasting an 18 percent decline in consumption as a result of Proposition 56 tobacco tax increase in addition to the current forecasted approximate 3 percent secular decline per year of cigarette consumption in California.

Backfills

- Proposition 56 requires a backfill for Proposition 99, Proposition 10, the Breast Cancer Fund, the state General Fund cigarette tax, as well as all state and local sales and use taxes.
- The Proposition 56 backfill is determined annually by the California Department of Tax and Fee Administration (CDTFA), and is implemented to offset the changes in consumption resulting from Proposition 56 on the aforementioned funds.
- The May Revision does not assume a Proposition 56 backfill to state and local sales and use tax funds because the decrease in cigarette consumption from the baseline is not expected to be large enough to offset the gains in ad valorem sales tax revenue resulting from the \$2 price increase.

Backfills for lost revenue (In thousands)			
	2017-18 at 2018-19 May Revision ¹	2018-19 at 2018-19 Governor’s Budget	2018-19 at 2018-19 May Revision
Proposition 99	\$8,668	\$40,170	\$40,167
Breast Cancer Fund	\$693	\$2,625	\$2,626
Proposition 10	\$17,337	\$69,874	\$69,878
General Fund	\$3,467	\$13,126	\$13,128
Local and State	\$0	\$0	\$0
Total	\$30,166	\$125,796	\$125,798
	¹ No Change to 2017-18 Backfills compared to Governor’s Budget		

Defined Allocations

Proposition 56 sets defined allocations to various entities, including the University of California, Department of Justice/Attorney General, Department of Public Health, and Board of Equalization for specific purposes as follows:

Purpose	Annual Allocation
Graduate Medical Education	\$40 million to University of California
State Dental Program	\$30 million to Department of Public Health
Law Enforcement Efforts	\$48 million annually as follows: <ul style="list-style-type: none"> •\$30 million for Department of Justice/Attorney General •\$6 million for Department of Tax and Fee Administration •\$6 million for Department of Public Health •\$6 million to Attorney General

Allocations Based on Percentage of Remaining Revenue

The remaining revenue after the backfills and defined allocations are distributed as follows:

Allocation	Purpose
82 % to the Department of Health Care Services	Funding for existing healthcare programs and services including those that provide healthcare, treatment, and services for Californians with tobacco-related diseases and conditions.
13% for Tobacco Prevention and Control: <ul style="list-style-type: none"> •85% to Department of Public Health •15% to Department of Education 	<p>Department of Public Health funding for the implementation, evaluation, and dissemination of evidence-based health promotion and health communication activities.</p> <p>Department of Education funding for school programs to prevent and reduce the use of tobacco and nicotine products by young people.</p>
5% to University of California	Funding for medical research of cancer, heart and lung tobacco-related diseases.

2018-19 Governor's Budget

Proposition 56 Expenditures

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>2018-19 Governor's Budget</i>
Enforcement	Department of Justice	Local Law Enforcement Grants ^{1/}	\$30.0
	Department of Justice	Distribution and Retail Sale Enforcement ^{1/}	\$6.0
	Board of Equalization	Distribution and Retail Sales Tax Enforcement ^{1/}	\$6.0
	Department of Public Health	Law Enforcement ^{1/}	\$6.0
Education, Prevention, and Research	University of California	Cigarette and Tobacco Products Surtax Medical Research Program	\$57.0
	University of California	Graduate Medical Education ^{1/}	\$40.0
	Department of Public Health	State Dental Program ^{1/}	\$30.0
	Department of Public Health	Tobacco Prevention and Control	\$125.9
	State Department of Education	School Programs	\$22.2
Health Care	Department of Health Care Services	Health Care Treatment	\$850.9
Administration and Oversight	State Auditor	Financial Audits	\$0.4
	Board of Equalization	Sales and Use Tax	\$1.3
Revenue Backfills	Proposition 99, Breast Cancer Research Fund, Proposition 10, and General Fund		\$125.8
Total			\$1,301.5

^{1/} Annual amount specified in statute.

2018-19 May Revision

Proposition 56 Expenditures

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>2018-19 May Revision</i>
Enforcement	Department of Justice	Local Law Enforcement Grants ^{1/}	\$30.0
	Department of Justice	Distribution and Retail Sale Enforcement ^{1/}	\$6.0
	Department of Tax and Fee Administration	Distribution and Retail Sales Tax Enforcement ^{1/}	\$4.5
	Department of Public Health	Law Enforcement ^{1/}	\$6.0
Education, Prevention, and Research	University of California	Cigarette and Tobacco Products Surtax Medical Research Program	\$58.6
	University of California	Graduate Medical Education ^{1/}	\$40.0
	Department of Public Health	State Dental Program ^{1/}	\$30.0
	Department of Public Health	Tobacco Prevention and Control	\$129.5
	State Department of Education	School Programs	\$22.8
Health Care	Department of Health Care Services	Health Care Treatment	\$854.6
Administration and Oversight	State Auditor	Financial Audits	\$0.4
	Department of Tax and Fee Administration	Sales and Use Tax	\$1.3
Revenue Backfills	Proposition 99, Breast Cancer Research Fund, Proposition 10, and General Fund		\$125.8
Total			\$1,309.5

^{1/} Annual amount specified in statute.

Administration Proposal at May Revision

- The May Revision proposes to shift, beginning in 2018-19, Budget Act appropriations for non-Medi-Cal Proposition 56 funds to continuous appropriations, consistent with Revenue and Taxation Code section 30130.53(c). This change does not affect the Department of Health Care Services, which has a separate fund established differently in statute through Revenue and Taxation Code section 30130.55(a).

***Note** – the outcome of this proposal is dependent on Legislative actions during the budget process

General Discussion

Dr. Mark Starr inquired about the fund for the oral health program. Mr. Johnson stated the funding came from the State Dental Program.

Dr. Pamela Ling inquired if the issue of continuous appropriation, raised by the field, had been resolved. Mr. Johnson replied that the issue of continuous appropriation had been resolved to his knowledge. Dr. Ong added that more information would be provided by partners from the American Heart Association (AHA), American Lung Association (ALA) and the American Cancer Society, Cancer Action Network (ACS CAN) who would inform TEROC and the audience of where the conversation on continuous appropriation stands in the legislature.

Ms. Maricris Acon of the DOF stated the conversations are ongoing with the Legislature and they were unsure of where the Legislature stood with continuous appropriation and that DOF had no control over the Legislature's decision.

Dr. Starr inquired with Ms. Acon if the administration had proposed continuous appropriation specified in Proposition 56 be applicable to the Budget Act of FY 17-18 and all Budget Acts going forward.

Ms. Acon clarified that continuous appropriation would not be applicable to FY 17-18 unless a bill amendment was to occur. Continuous appropriation is applicable in the Budget Act of FY 18-19 and onward. Dr. Starr then inquired if the Budget Act appropriations going forward would be compatible with what Proposition 56 specified.

Mr. Johnson added that a budget act would not be needed for continuous appropriation. Ms. Acon added that Proposition 56 only created two funds, with the main one, California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund (Fund 3304), having continuous appropriation. The Health Care Treatment Fund (Fund 3305) was created differently from what was specified in the statute. In FY 17-18 additional funds were established for the eight programs to keep track of expenditures and because of that, the DOF applied the standard rule of one year to encumber and three years to liquidate. Going forward because continuous appropriation will be applied to these funds, they now will align with the main account, to the extent that the legislature would agree to it.

Ms. Patricia Etem inquired if the mention of revenue increases throughout the presentation could be interpreted as cigarettes becoming more expensive or an increase in smoking. Dr. Ong replied it is unclear from his interpretation of the information presented. Many of the projections were based on assumptions that did not have enough evidence. If they continue to see revenue increases over the next couple of years, it could be attributed to the inclusions of tobacco products not taxed in the past, for example electronic smoking devices (ESDs). ESDs were not taxed in the past. Additionally, there was not a clear way to measure use and purchases of these items prior to their inclusion.

Ms. April Roeseler of the California Tobacco Control Program (CTCP) added this is the first year since the tax has been implemented. The early data CTCP has received indicates cigarette consumption has decreased although revenues have increased. The tax is serving its purpose.

Dr. Ong again acknowledged that TEROC was not at quorum and invited partners from voluntary health agencies to provide their updates.

3. Voluntary Agencies Update

Ms. Lindsey Freitas from the American Lung Association (ALA), Mr. Tim Gibbs from the American Cancer Society, Cancer Action Network (ACS CAN), and Mr. Josh Brown from the American Heart Association (AHA) provided a legislative update on behalf of the ALA, ACS CAN, and AHA.

- American Lung Association

Ms. Lindsey Freitas provided a general update on the continuous appropriation discussions in the legislature. The DOF has proposed that the Proposition 56 funds for the oral health and tobacco control funds be transitioned to continuous appropriation funds. Hearings on the issue of continuous appropriation occurred in the Assembly and Senate budget subcommittees. Trailer bill language was introduced and mirrors language in Proposition 99 that allowed the ability to rollover funds for the three programs with TEROC oversight. It would also provide complementary language for the oral health program. The conference committee is currently discussing if granting the programs continuous appropriation is the correct action to take. Ms. Freitas is hopeful that the discussions would end today and a solution would be provided.

Dr. Ong thanked Ms. Freitas and welcomed Dr. Robert Oldham to the meeting (he arrived at 10:38am) stated that TEROC was now at quorum. He also stated quorum would be limited and that any actions would be taken until Dr. Oldham's departure before noon due to his prior commitment as Chair to the California Conference of Local Health Officers.

Dr. Balbach questioned the objection to granting the funds in tobacco and oral health with continuous appropriation. Ms. Freitas stated Proposition 56 designates funding to programs and provides control over how the tax funds are distributed. Ms. Freitas added ALA's focus on the issue is for the small portion of tobacco control funding generated from Proposition 56. The Medi-Cal portion is much larger and the fear seems to be if continuous appropriation is granted to the tobacco and oral health programs, it could possibly be applied to other programs and set a precedent for Medi-Cal programs.

Dr. Starr noted in the DOF's presentation, Medi-Cal and Department of Health Care Services (DHCS) were not specified as having continuous appropriation in the ballot measure. He inquired if the Legislature would have the ability to change it as well. He also noted the ballot did not provide the ability to Medi-Cal or DHCS nor was it prohibited. Ms. Freitas replied the discussions were ongoing and the possibility these programs could be granted this ability was of concern. Dr. Starr shared a similar proposal by one of the houses of the Legislature that included oral health, research, education, and prevention. This proposal would exclude DHCS and the Department of Justice (DOJ). Dr. Starr queried Ms. Freitas about the types of solutions in conference discussion. He questioned if the DOJ funds marked for public health were overlooked. Ms. Freitas stated her understanding is any Proposition 56 funds marked for CDPH, CDE and TRDRP would be granted continuous appropriation. She believed the DOJ fund would not be granted the same ability but was unsure if this was part of the ongoing discussions.

- American Cancer Society Cancer Action Network

Mr. Tim Gibbs provided general updates on introduced legislation.

Assembly Bill (AB) 2308, introduced by Assembly member Stone, would prohibit single use filters in cigarettes. It failed to pass the Assembly Governmental Organizational Committee.

AB 2020, introduced by Assembly member Quirk, would streamline licensing for marijuana festivals. ACS CAN had opposed this bill unless amended. ACS CAN proposed marijuana events not occur in indoor workplaces protected by Labor Code. The author accepted those amendments.

The smoke-free parks and beaches bills are still alive. ALA, ACS CAN and AHA do not support them.

The last item is Senate Concurrent Resolution (SCR) 143 – Smoke-Free Movies Resolution, which encourages the Motion Picture Association of America (MPAA) to give an “R” (Restricted) rating to any new film meant for viewing by youth that features smoking or tobacco use. There was a hearing the day prior in which SCR 143 received bipartisan support. It now goes to the senate floor. Mr. Gibbs asked if TEROC would be willing to support this resolution. Dr. Ong stated that TEROC has long been on the record as supporters of smoke-free movies.

Ms. Patricia Etem made a motion for TEROC to write a letter of support for SCR 143. Dr. Ling seconded the motion. Motion passed unanimously.

- American Heart Association

Mr. Josh Brown provided a brief update on Proposition E, a ballot initiative to repeal a local flavored tobacco ordinance in San Francisco. Voters overwhelmingly supported Proposition E, 68 percent to 32 percent. The campaign spent \$2.3 million dollars, while the tobacco industry spent \$12 million dollars. Mr. Brown was hopeful this win would mark the start of future flavor bans. Ms. Freitas highlighted the work of Carol McGruder, Dr. Valerie Yerger and Dr. Phil Gardiner in regards to tobacco flavors and the campaign as being a key element leading to the ordinance being upheld.

Ms. Etem suggested letters of commendation be written to those who worked on the campaign. Dr. Ong requested that members put together a list of intended recipients. Ms. Etem and Dr. Ling volunteered to compose a list for TEROC staff.

Ms. Etem motioned for TEROC to write a letter thanking those who worked on the Proposition E campaign. Dr. Ling seconded the motion. Motion passed unanimously.

Dr. Balbach suggested that Michael Bloomberg also receive a thank you letter, for providing campaign support funding.

4. General Business

Dr. Ong requested members review the meeting minutes for the February 6 and May 1 meetings and vote to approve them.

Ms. Mary Baum motioned for approval of the meeting minutes. Dr. Starr seconded the motion. Motion passed unanimously. Meeting minutes were approved.

Dr. Ong, directed TEROC members to the Master Plan infographic in member packets. Ms. Mayra Miranda, of CTCP and staff to TEROC, provided more detail on the infographic. Ms. Miranda stated the infographic is now online and highlights the successes that have occurred since the last Master Plan but also the work still needed in order to end the tobacco epidemic.

Dr. Ong and recognized and thanked Lynn Baskett, writer of the Master Plan, for her work.

5. University of California Office of the President, Tobacco Related Disease Research Program (TRDRP) Report to TEROC

Dr. Bart Aoki provided updates on behalf of TRDRP.

Dr. Aoki thanked TEROC on behalf of TRDRP and the Research Grants Program Office (RGPO) for the letter written to the UC Board of Regents in regards to the Huron Report. The UC Board of Regents is addressing the suggestions made one at a time and Dr. Aoki is expecting the RGPO recommendations to be addressed sometime in the summer. Dr. Aoki was assured TEROC and other stakeholders will be consulted. Both the Provost and Vice President of the UC system are on board with RGPO and have not come to a conclusion on where it should be located. They have not yet come to a conclusion on where RGPO should go and they are seeking to understand stakeholders.

Dr. Aoki stated he would withhold from providing updates on grants and grant opportunities for Ms. Lori Ajax of the Bureau of Cannabis Control, as many of the updates are related to cannabis research.

Ms. April Roeseler of CTCP, inquired about the research grants awarded. Dr. Aoki stated in the past Scientific Advisory Committee (SAC) meeting, \$44 million in grants were awarded. However, several initiatives are still in the works. Awards will be posted online shortly.

TRDRP has launched a search for a TRDRP Director. A link to the posting is included in the TRDRP report to TEROC and requested members of the audience and TEROC pass along the information. He also wanted to introduce Ms. Katie McKenzie and Mr. Raymond Boyle who will be taking on increased coordination of TRDRP tasks. Dr. Aoki also mentioned he would be appointing an interim director for TRDRP, which is in the approval process. He is hoping the interim director will take office July 1, 2018.

6. California Department of Education (CDE) to TEROC

Mr. Tom Herman provided updates on behalf of CDE.

Mr. Herman reported that Ms. Sarah Planche was appointed director of CDE's Tobacco Use Prevention Education (TUPE) Office. He also introduced Ms. Shalonn Woodard and Ms. Rachael Gutierrez who have joined the office. Going forward, Mr. Herman will be transitioning out of the CDE TUPE Office as Ms. Planche takes on her new role.

Mr. Lagomarsino reported two Health Education Consultant positions have been reposted due to the lack of applicants. One School Health Education Consultant position is currently open. Mr. Lagomarsino asked for this information be shared with anyone interested in the positions.

Ms. Etem inquired about the recruitment process for TUPE positions. Mr. Herman stated CDE use a variety of platforms to advertise the open positions across the state. Among them, EdJoin, which is an education focused job board, as well as through contacts.

Dr. Ong noted that all parties involved for the California Student Tobacco Survey evaluation had approved the contract with the University of California, San Diego (UCSD). Mr. Lagomarsino confirmed Dr. Ong's observation adding he has requested an invoice prior to his departure to ensure payment as there will be a contract monitor vacancy for an unknown amount of time after he retires.

7. CDPH, California Tobacco Control Program (CTCP) Report to TEROC

Ms. April Roeseler, provided updates on behalf of CTCP.

CTCP launched the flavors media campaign on April 24, 2018 and CDPH Director Dr. Karen Smith gave a press briefing as part of it.

On May 7, 2018, the social smoking and dual-use (smoking/vaping) media campaign was launched. The campaign addresses the issue of social smoking and dual use in various communities.

She shared the CTCP smoke-free multiunit housing (SFMUH) media campaign which ran from November 2017 to January 2018, was an integrated campaign within the Tobacco Control Branch. The Media Unit and Community & Statewide Interventions Section worked closely together, creating a SFMUH calculator that was posted on the [Tobacco Free California](#) website. The ads ran bilingually (English/Spanish) and directed the public to the website. The calculator is for people who live in multi-unit housing or landlords. More than 48,000 people visited the website and used the calculator during the campaign, and 368 emails seeking additional information or assistance were sent to the Tobacco Control Branch as a result of the campaign.

Two Requests for Proposals (RFPs) were released in May, one for a Statewide Coordinating Center for the American Indian Initiative to reduce tobacco related disparities. In addition, a solicitation to evaluate the media campaign was re-released. Under the previous release, no applicant met the minimum evaluation requirements.

Community & Statewide Interventions Section and the Media Unit staff traveled across the state for various regional workshops including how to work with TUPE-funded programs and how to use media assets.

Ms. Roeseler also introduced Rebecca Williams, Ph.D., as the new Chief of the Evaluation and Surveillance Section.

Dr. Balbach noted the staff vacancies within CTCP and inquired about recruitment efforts for CTCP and for Local Lead Agencies (LLAs). Ms. Roeseler noted hiring for positions in civil service takes a long time and is geared for applicants who are within the system. The application system is often difficult to navigate for those on the outside.

8. Environmental Developments

Dr. Ong noted the Food and Drug Administration has requested public comments on flavored tobacco products, reducing nicotine levels in combusted cigarettes and their investigation with JUUL.

There was no incoming correspondence.

Outgoing Correspondence:

1. February 12, 2018 letter to University of California Regent George Kieffer, Chair, expressing concern about the possible relocation of the Tobacco-Related Disease Research Program (TRDRP).
2. February 28, 2018 letter to Amalia Neidhardt, Division of Occupational Safety and Health, supporting Cal/OSHA's proposed addition of "cannabis or cannabis products" to state regulations prohibiting smoking in the workplace in order to prevent secondhand smoke

exposure.

3. March 26, 2018 letter to State Superintendent of Public Instruction Tom Torlakson supporting the action of the California Department of Education to Reject and Prevent Tobacco Industry Sponsored Prevention Programs.
4. May 24, 2018 letter to the San Francisco Board of Supervisors strongly supporting Proposition E, which would uphold the their decision to prohibit the sale of flavored tobacco products, including menthol.

Supplemental Outgoing Correspondence:

1. June 4, 2018 letter to Dr. Karen L. Smith, Director and State Public Health Officer of California Department of Public Health, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
2. June 4, 2018 letter to State Superintendent of Public Instruction Tom Torlakson requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
3. June 4, 2018 letter to the University of California President Janet Napolitano requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
4. June 4, 2018 letter to Attorney General Xavier Becerra requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
5. June 4, 2018 letter to Assembly Member Phil Ting, Chair, Assembly Budget Committee, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
6. June 4, 2018 letter to Assembly Member Kevin McCarty, Chair, Assembly Budget Subcommittee Number 2 on Education Finance, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
7. June 4, 2018 letter to Assembly Member Joaquin Arambula, Chair, Assembly Budget Subcommittee Number 1 on Health and Human Services, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
8. June 4, 2018 letter to Senator Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
9. June 4, 2018 letter to Senator Anthony Portantino, Chair, Senate Budget Subcommittee Number 1 on Education, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
10. June 4, 2018 letter to Senator Richard Pan, Chair, Senate Budget Subcommittee Number 3 on Health and Human Services, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
11. June 4, 2018 letter to Governor Edmund Brown requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
12. June 4, 2018 letter to Michael Cohen, Director, California Department of Finance, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.
13. June 4, 2018 letter to Betty Yee, State Controller, requesting an update on multi-year encumbrance and spending authority for Proposition 56-funded State agencies.

Dr. Oldham left the meeting and TEROC was no longer at quorum after this point.

9. Bureau of Cannabis Control

Dr. Ong welcomed Ms. Lori Ajax, Chief of the Bureau of Cannabis Control (BCC).

Ms. Ajax gave a brief overview of the BCC:

BCC recently re-adopted its emergency regulations. The emergency regulations will be valid for 180 days. The BCC, along with the two other licensing authorities prior to re-adoption revised the regulations in an effort to streamline services. BCC operates as lead agency but is one of three licensing authorities. CDPH's Manufactured Cannabis Safety Branch (MCSB) and the California Department of Food and Agriculture (CDFA) are the other two agencies.

The BCC is tasked with the regulation and licensing of distributors, testing laboratories, microbusinesses, retailers, and temporary cannabis events. A notable change in the regulations is only one license is needed to become either an adult or medical cannabis retailer.

The BCC, MCSB and the CDFA, collaborated on the preparation of the final regulations. Ms. Ajax expects that the notice of the intended regulations will be posted by the end of June 2018. These final regulations will go through the normal rulemaking process which will include a 45-day comment period responses to all comments received.

The Cannabis Advisory Committee (CAC) is a 22-member panel that advises the BCC. The CAC provided recommendations that have come out of the various subcommittee meetings they have established. They have also received feedback from the public.

Although the Cole memo was rescinded in January 2018, the BCC continues to follow the memo guidelines. The BCC is working on reducing youth access and ensuring a strong regulatory and tracking system. All three licensing authorities began issuing temporary licenses in January 2018. The temporary licenses are valid for 120 days and as long as applicants have submitted paperwork for annual licensing. Temporary permits will be extended an additional 90 days. The BCC received at least 900 annual applications and 3,000 temporary license applications. This upcoming weekend there will be a push to update their system to reflect the merger of the licenses and within a few weeks, the issuing of annual licenses will begin and given to those whose jurisdictions allow for commercial cannabis activity. They are still working with local jurisdictions, as many do not allow commercial cannabis activities. For the annual licenses, the BCC cannot issue licenses in jurisdictions where commercial cannabis is not allowed.

The BCC is in the process of hiring and submitted a budget proposal for additional staff. Another item to note in the budget proposal is \$1.5 million to go towards a public education campaign, to assist applicants through the process and raise consumer awareness about buying cannabis through a licensed retailer, as well as enforcement. The campaign will include television and radio advertisements in addition to social media.

Another item to note is BCC issued two temporary cannabis event licenses. Both happen to be for the High Times Cannabis Cup one of which was held at the Cal Expo in Sacramento and the other held in Sonoma County. There was alcohol at the Sonoma event, however it was separate from the cup and members of the BCC were present to ensure compliance.

They still have some individuals operating under the collective cooperative model. The collective cooperative model is in effect until January 9, 2019. They are working on determining which businesses can operate under this model still and which should already be in the system.

As of January 1, 2019, the BCC will have \$10 million to award to a public university in California. They are working on determining needs, priorities, and goals for research and evaluation. They currently manage the grant for the UC San Diego study on cannabis effects on motor skills. It is a three-year grant that is currently in its first year and a half. Ms. Ajax expressed she is aware there is a great need for cannabis research and data collection. The BCC would like input on focus areas.

Dr. Ong shared Dr. Aoki and Mr. Boyle had some cannabis-related research initiatives they wanted to share as part of their update to TEROC.

Dr. Aoki shared a brief overview of what TRDRP is funding. TRDRP received \$92 million in research money and experienced an increase in cannabis-related research proposals.

Mr. Boyle stated they took a closer look at TRDRP's portfolio of applications and funded awards and learned in FY 17-18, there were almost \$14 million in research requests for cannabis-related funding. These are research applications for which cannabis included as part of the work. In the current cycle, TRDRP is funding \$12 million in cannabis-related research, among 18 separate grants. Topics range from policy to specific public health areas. Across the two cycles for FY 17-18, the last cycle of \$7.7 million in grants were awarded and the cycle prior to that, \$4.8 million and the year prior, it was \$2 million. Over a year, essentially \$10 million in cannabis-related research has been funded.

Some topics currently funded include exposure to tobacco, e-cigarettes, and cannabis in the multiunit housing setting to applying lessons learned in tobacco control to cannabis. TRDRP also continues to plan the National Cannabis Summit. It is very clear California researchers are interested in this topic and have provided unique ideas. The UC has infrastructure already in place to fund research related to cannabis. They now know who the cannabis research reviewers could be and who could help TRDRP appropriately manage and assist with applications.

Dr. Aoki shared TRDRP has had a series of meeting with CDPH and BCC to examine funding and to see how Proposition 56 research could be complemented by Proposition 64 research.

Dr. Ong noted this was the start of ongoing conversations between tobacco and cannabis and he wanted to open the floor for members of the audience and other programs to speak with Ms. Ajax.

Dr. Starr stated he and Ms. Ajax met prior to the meeting to give a brief overview of TEROC and areas of overlap and concern with tobacco and cannabis. Some of the items listed on the PowerPoint fall into the BCC's domain, while other items fall into the purview of the MCSB and CDFA.

Ms. Roeseler inquired as to BCC's view on secondhand smoke exposure or other public health issues. Ms. Roeseler acknowledged that the BCC's jurisdiction may not focus on health effects of exposure but the temporary events have the effect of undermining existing tobacco control laws and there is a tension between revenue and enforcement of these laws.

Ms. Ajax responded when it comes to advertising and marketing, the BCC does not want cannabis to be marketed to youth. BCC is also concerned with the retail environment and the placement of cannabis stores in youth sensitive areas or low income communities. The BCC tries to keep in mind the placement of stores and ensuring they do not contribute to the deterioration of a community. This also goes with smoking in public spaces. Cannabis is prohibited anywhere smoking tobacco products is prohibited. In terms of secondhand smoke, that is more difficult to regulate. Smoking was allowed throughout the premises of the

Sonoma Cannabis Cup and not confined to a tent, but a license cannot be issued without local jurisdiction approval or the approval of the fairgrounds. Applicants must be involved.

Ms. Roeseler inquired if, when BCC staff provide education about marijuana licenses, if they could also include education on secondhand smoke protections. For example, when tobacco control staff educate retailers about tobacco sales to minors laws, they also try to make the connection to preventing youth from becoming addicted to tobacco. CTCP could help the BCC come up with messaging around secondhand smoke for their outreach materials.

Ms. Mary Baum inquired if there is a way to educate advertising companies who own billboards about BCC's efforts. Most of the time, these companies are advertising a dispensary that is operating illegally and the advertisements often do not include the business license on it. Ms. Baum has discussed the issue with fellow colleagues who report these companies have not received any information or education. It would be helpful to educate the companies who rent out spaces for advertisement about best practices.

Ms. Ajax agreed. She stated current efforts of the BCC have been around getting retailers licensed and marijuana legally on the market. Education materials are not where they need to be. Part of the funding for educating the public would be to develop more materials. Ms. Baum offered to leave Ms. Ajax with copies of emails on what the needs are in terms of regulating advertising.

Ms. Baum also inquired if there will be local offices similar to those that the Alcohol Beverage Control has in local jurisdictions or if there would be opportunities for local communities to interact with someone from the BCC.

Ms. Ajax stated the BCC only has an office in Sacramento. They do have sworn and non-sworn investigators. There is also a complaint system online and the investigators do investigate complaints. The BCC also has a 24-hour law enforcement hotline for those in law enforcement to call with cannabis related questions. She noted they are considering a similar hotline for local jurisdictions. If approved, the plan would also be to have a local liaison unit with twenty or so staff dedicated to working with local jurisdictions. Ms. Baum stated there have been complaints about retailers not displaying their licenses on their advertisements. They have directed complaints to the BCC and have seen some changes.

Ms. Ajax stated the BCC is also looking at having regional offices. The statute requires that an office be established in Northern California, which recently opened.

Ms. Carol McGruder from the African American Tobacco Leadership Council stated she agreed with Ms. Roeseler and gave the example of being at a concert in which some attendees were smoking cannabis, which has begun to erode social norms around smoking. There is a concern with retailers and allowing consumption onsite. It is important to educate retailers similar to those that sell tobacco products of the health effects and to create a social norm as has been done with tobacco.

Ms. Ajax agreed with Ms. McGruder's sentiments, adding cannabis retailers have to follow the policies of the BCC and of their local jurisdiction. She welcomed tobacco control related input on the retail environment on the regulations, since tobacco control has a system in place to address this.

Dr. Aoki added there is information on the health effects of secondhand cannabis smoke and it could be used to inform education and policy.

Dr. Norval Hickman of TRDRP added TRDRP will also be researching the impact on dispensary density and its effects on adolescent tobacco and cannabis use. It is in the very early stages. TRDRP will also be examining the impact of secondary advertising (such as advertisements littered around the dispensary) and the impact on youth. They will also be examining if cannabis legalization has any effect on cessation.

Dr. Hickman also added work does need to be done around social norm change. He gave the example of being in a meeting in which cannabis smoke made its way to the room via vents because an individual was smoking under one. He also mentioned a need for focus on cannabis advertising to priority populations.

Mr. Herman inquired if the regulations included a memorandum of understanding between DHCS and CDE for prevention services and the funding. Ms. Ajax stated the funding for prevention services would not fall under the BCC's purview. Dr. Starr clarified that Proposition 64 has a provision for DHCS to contract with CDE and CDPH on prevention for youth prevention. He stated once the funding is available there may be opportunities to do prevention intervention activities such as the retailer environment and advertising.

Ms. Cynthia Hallett of the Americans for Nonsmokers Foundation (ANR) expressed the same concerns as Ms. Roeseler and Ms. McGruder. As a national organization, ANR has worked with other states that have legalized cannabis and dealt with similar issues. She inquired if the BCC would consider a public health component to their public education campaign. She also shared ANR has been contacted by localities in regards to businesses looking to allow onsite consumption in businesses outside of the traditional dispensary. Many have been given the example of having a ventilation system in the business to protect employees. Ms. Hallett added the American Society of Heating, Refrigerating and Air Conditioning Engineers standard for acceptable indoor air quality is based off the tobacco control standard of a smoke-free environment, which includes vaping, and cannabis. She noted while we do not have all the science that is needed, there needs to be messaging where cannabis is no less harmful than tobacco.

Ms. Ajax stated the public education campaign does not contain a public health component although the campaign is not finalized. The BCC is not a public health expert. The BCC relied on CDPH for education to the public with the Let's Talk Cannabis campaign. The BCC's campaign focus is on educating consumers and getting retailers licensed. They have received inquiries similar to those that Ms. Hallett mentioned. The BCC does not have jurisdiction and it falls on the local jurisdictions to enforce. They try to determine with the business and the local jurisdiction if they are engaging in commercial cannabis activity or consumption. If it is just consumption, the BCC does not see it as commercial cannabis activity. If sales are occurring at the business, the BCC would be concerned.

Mr. Richard Kwong of CTCP stated in regards to cannabis consumption in yoga studios, he conducted a search and found a studio in Los Angeles that did not allow patrons to bring their cannabis products but offered patrons a marijuana vaping device to use at the venue. After reading the cannabis regulations, Mr. Kwong noted a free sample restriction, limited to those who are using cannabis for medicinal purposes. He inquired if the giving of vaping devices with cannabis products in them was considered a free sample and if this fell under the BCC's jurisdiction to regulate free samples.

Ms. Ajax responded that it possibly could. Under the statute, cannabis samples cannot be given for promotional or business purposes. Retailers cannot give free samples to a customer unless they have a medical marijuana card. In regards to the example that Mr. Kwong gave, it goes back to whether or not the BCC thinks that the distribution of vapes is a commercial cannabis activity. It is possible they could be engaging in unlicensed commercial cannabis activities. The BCC would need more information to make this determination. The BCC's focus with unlicensed commercial cannabis activities has been more with actual sells and unlicensed deliveries of cannabis products. There is a component of unlicensed sales with deliveries.

Ms. Ajax added filing a complaint and having the BCC call businesses is enough to gain compliance. The BCC is limited currently due to resources and they have to prioritize enforcement. She is expecting as the BCC gains resources more enforcement activities can occur.

Mr. Kwong inquired about cannabis events. These type of events were added in legislation subsequent to marijuana legalization. The concern is not only with marijuana smoking on smoke-free fairgrounds but also for those fairgrounds where smoking was not prohibited. There is a possibility smoking could occur in indoor spaces such as exhibition rooms, which would be a violation of the state smoke-free workplace law. He inquired if while evaluating applications, does the BCC take into consideration the smoke-free workplace law in the approval process. He noted it appeared to be a conflict in State laws and if it was not monitored, could smoke-free workplace law compliance be added to the BCC's application checklist, understanding this is not within the BCC's jurisdiction.

Ms. Ajax stated temporary cannabis events are currently allowed to occur on fairgrounds and on the premises of a district agriculture association. The last two events were held on fairgrounds. The BCC does not check for any smoke-free workplace violations. They have a host of other items of compliance they require for review. However, different fairgrounds have different requirements. The BCC leaves it to the fairgrounds to grant permission. If the state fairground does not approve of the event, the BCC will not issue a license. The applicant has to comply with the local jurisdiction. She is open to having greater discussions about this for future events. Mr. Kwong added it would helpful to have some coordination between state programs to ensure compliance and uniform enforcement. Ms. Ajax added she would be interested to hear how the Cal Expo fairgrounds concluded the event was permissible since they do have a smoke-free policy.

Mr. Kwong responded Cal Expo fairgrounds have a smoke-free policy with a few designated smoking areas. They added an addendum to allow the smoking of cannabis at cannabis events. This poses the issue of public health versus revenue. Ms. Ajax added it would be helpful for the BCC to hear those comments during their comment period. She added although it is not currently in legislation, there is a push to hold temporary cannabis events in areas outside of fairgrounds and district agricultural grounds.

Ms. Etem inquired whether one has to own a dispensary in order to sell cannabis, and they simply cannot sell out of a yoga studio as mentioned previously. In the regulations, if a business starts to become something else, does the BCC seek to regulate it? Ms. Ajax stated it would be dependent upon what was listed in the application. The application requires the applicant list the type of business activities set to occur on the premises. If a yoga studio came to the BCC and wanted to sell cannabis, the BCC would grant approval so long as they comply with the law.

Ms. Etem also inquired since the industry is unbanked, how does the BCC ensure compliance with taxes. Ms. Ajax stated the industry is still cash based and many owners may have bank accounts for other businesses. For the BCC, compliance is ensured through product tracking. The distributor is responsible for procuring the excise tax from the retailer and remitting the taxes to the California Department of Tax and Fee Administration (CDTFA). The BCC ensures compliance by looking at the distributor's invoices. The product is tracked throughout the product lifecycle and invoices are provided to ensure compliance. They must also keep their records for seven years.

Dr. Balbach stated it took years to denormalize tobacco smoking and to get local jurisdictions to understand acceptable exemptions. It is unclear who is responsible for doing this for cannabis. The education component is vague. Meaningful education needs to be conducted with localities.

Ms. Ajax responded she is not aware of any state agencies in the regulations tasked with educating localities about cannabis laws.

Dr. Starr added CDPH's MCSB is one of the licensing agencies. CDPH has the role Dr. Balbach is asking about, although there is not a program equivalent to tobacco control for cannabis. Part of the ballot measure and the funding is contracted to CDPH through DHCS to do youth prevention. However, it is not a broad scope prevention program like tobacco control. CDPH does have a Let's Talk Cannabis Campaign. It had some nominal startup funding and specific mandates, such as educating the public about the law and some prevention messaging. There is also a media campaign; it has mainly focused on youth prevention and pregnant women. It was not specified in the ballot measure that a program similar to tobacco control be established.

Dr. Starr also added in addition to what Dr. Hickman mentioned about research related to secondhand smoke, one resource to make note of, is cannabis smoke is listed on the Proposition 65 list of known carcinogens. This could be a resource for the public education campaign.

He added the process for commenting could be confusing with the involvement of three licensing agencies. For emergency regulations, there is a 5-day comment period. The comment period for the readopted emergency regulations has already passed. All three licensing authorities can receive comments at any time, but are only obligated to respond to those left within the 45-day comment period for the permanent regulations. Dr. Starr added comments can be received at any time and are useful for his work in cannabis regulation and for the other regulatory agencies. For the MCSB, regulations have to do with packaging and attractiveness to children.

Dr. Starr and Dr. Ong thanked Ms. Ajax for joining them. Dr. Ong added he hoped that this would start an ongoing conversation between the agencies that oversee both cannabis and tobacco.

10. Adjourn

Dr. Ong adjourned the meeting.