Chapter 2. Findings

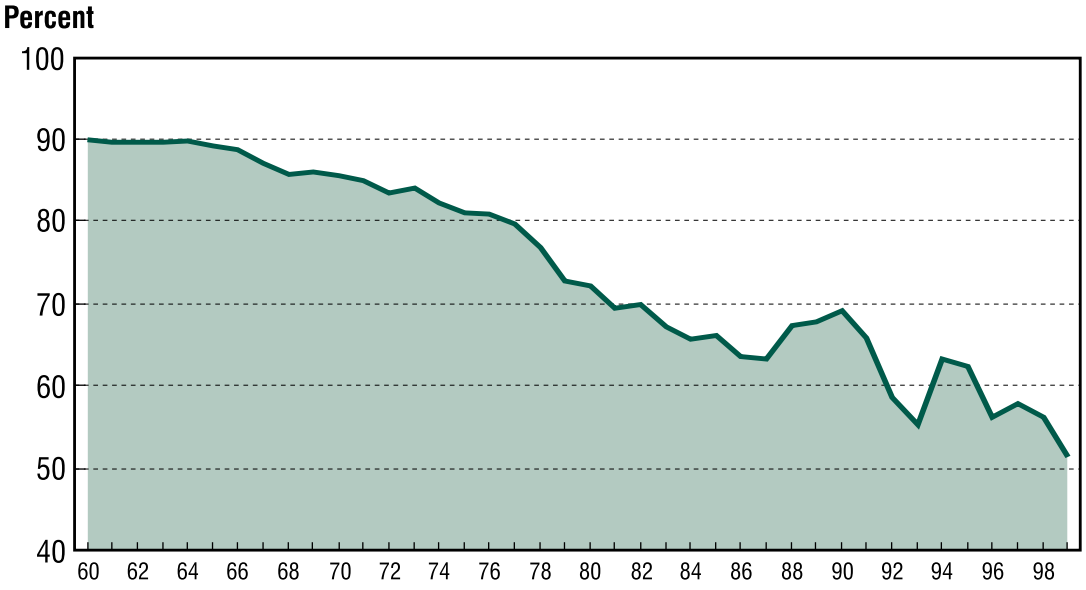
Evidence presented to the Commission during its deliberations strongly indicates that while manufacturers of tobacco products enjoy profitable circumstances, many U.S. tobacco farmers and their communities are in dire economic straits. Downturns in domestic manufacturing demand for U.S. tobacco, losses in the U.S. share of the global tobacco market, reduced domestic demand for tobacco products and state and federal tobacco policies, which have inadvertently encouraged economic dependence on tobacco — all contribute to the tobacco farmer's dilemma.

Downturn in Domestic Manufacturing Demand for U.S. Tobacco

American-grown flue-cured and burley tobacco once dominated the domestic market. It accounted for the greatest percentage of tobacco in cigarettes manufactured in this country[1] and was widely sought overseas. But over the last 40 years — and especially in the last decade — demand for U.S. tobacco leaf for domestic cigarettes has declined precipitously, while the amount of foreign-grown tobacco in those cigarettes has increased substantially and is now at record-high levels *(Figure 1)*.

U.S. tobacco farmers supplied virtually all flue-cured and burley leaf in American-made cigarettes in the 1960s. Since then, the amount of foreign tobacco in American cigarettes increased

Figure 1. Declining Percentage of U.S. Tobacco Leaf in American-made Cigarettes, 1960-1999



Source: USDA, Economic Research Service, Tobacco Situation & Outlook. 2000 data not yet available.

1 American-blend cigarettes contain approximately 45 to 50 percent flue-cured leaf, 35 to 40 percent burley leaf, 15 percent Oriental *(foreign-grown)* leaf and one percent Maryland leaf *(grown primarily in Maryland and Pennsylvania)*. However, the flue-cured and burley leaf they contain need not be grown in this country. Foreign-blend cigarettes typically include higher percentages of Oriental or darker tobacco leaf.

by more than 325 percent. In just the three years from 1996 to 1999, the amount of U.S.-grown tobacco in American-made cigarettes dropped by 9.5 percent.

As U.S. cigarette manufacturers continue to turn away from tobacco grown in this country, imports of foreign-grown tobacco are accelerating. Over the past 20 years, foreign-grown flue-cured tobacco imports increased by 220 percent and foreign-grown burley tobacco by 106 percent. Today, 48 percent of the tobacco leaf in cigarettes manufactured in this country comes from outside the Unted States.

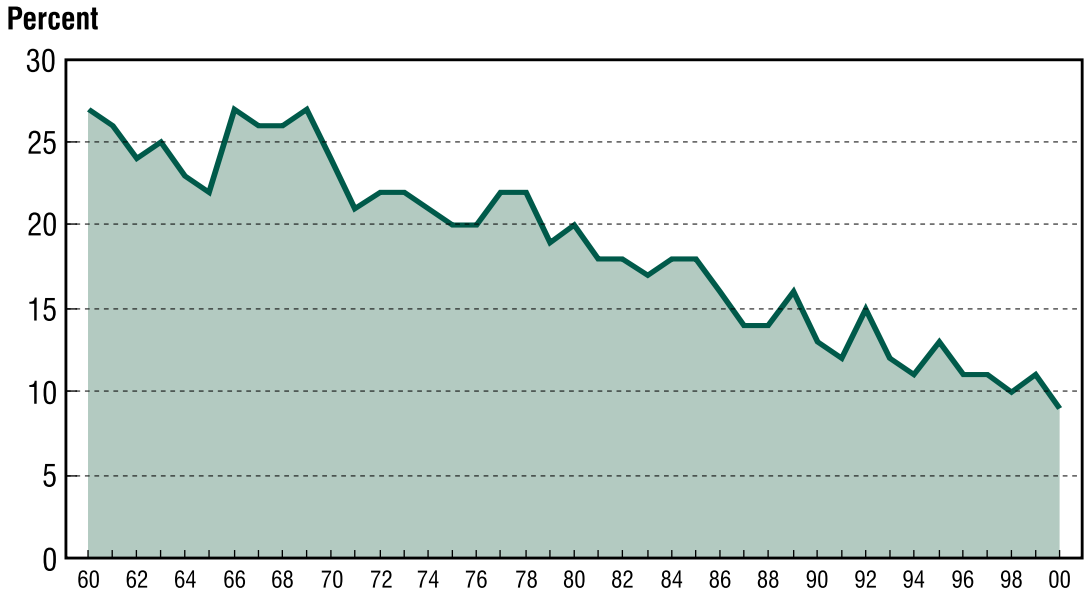
Losses in the U.S. Share of the Global Tobacco Market

Traditionally, declines in domestic consumption were offset by increased exports of U.S. tobacco leaf and American cigarettes, but that is no longer the case. U.S. tobacco farmers now claim a much smaller portion of the world tobacco market. Their share of all tobacco exported around the world fell from more than 25 percent in 1960 to less than 10 percent in 2000 *(Figure 2)*.

The Commission's findings were first presented in a preliminary report issued in January 2001. We adopt those findings, which stem from extensive information from federal and state government agencies, academic institutions, tobacco associations and public health organizations and by experts in rural and agricultural economics.

The Commission also heard from witnesses at public hearings and reviewed and assessed all comments on the preliminary report.

Figure 2. U.S. Share of World Tobacco Leaf Exports, 1960-2000



Source: Foreign Agricultural Service. Percentage for 2000 is based on estimates.

During the 1950s and 1960s, U.S. tobacco farmers produced about 40 percent of the world's total flue-cured crop and 55 percent of all flue-cured leaf traded in the world market. For burley, U.S. tobacco farmers accounted for 77 percent of total global production and 51 percent of total trade shipments.
Because of the increased availability of foreign leaf and reduced demand for the highest-quality leaf, U.S. production of flue-cured and burley leaf fell to about 20 percent of the world total by the end of the 1990s, and the U.S. share of world trade dropped to 14 percent for flue-cured and 18 percent for burley.
From 1996 to 2000 alone, the amount of U.S. flue-cured and burley leaf used by the tobacco industry worldwide dropped from 1.6 billion pounds to an estimated 1.2 billion pounds, or by about 25 percent. In 2000, an estimated 290 million pounds of flue-cured and 150 million pounds (farm sales weight) of burley leaf were exported from the United States. Ten years earlier, more than 400 million pounds of flue-cured and about 200 million pounds of burley were exported.

Figure 3. Changes in U.S. Flue-cured Leaf Production and in Other Countries, 1980-82 to 1996-98

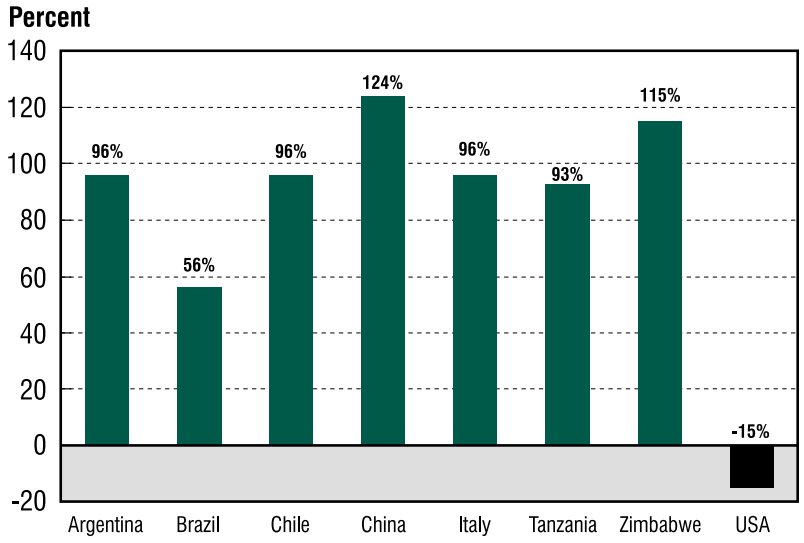
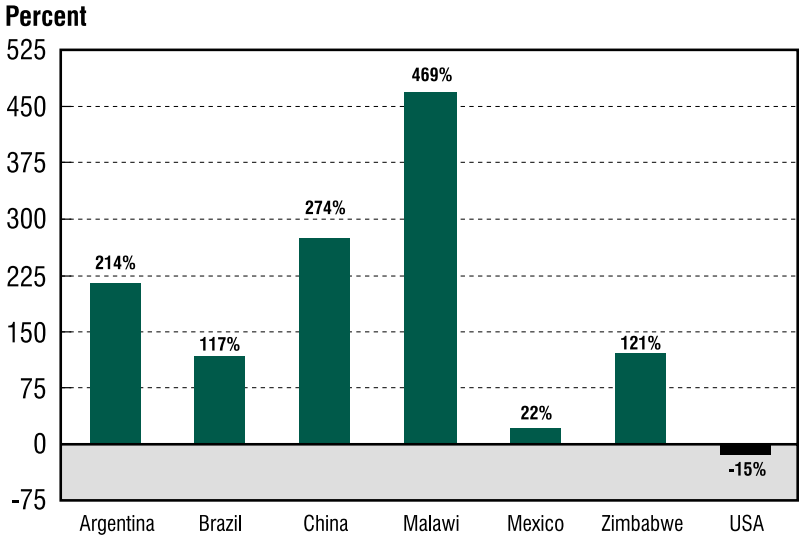


Figure 4. Changes in U.S. Burley Leaf Production and in Other Countries, 1980-82 to 1996-98



Source: USDA Foreign Agricultural Service

Since 1996 alone, manufacturing of American brands of cigarettes for export declined more than 40 percent. That drop occurred in part because of regional economic troubles *(in the Pacific Rim countries, for example)*. But the primary cause is U.S. cigarette manufacturers' expansion of their overseas manufacturing capacity, which has reduced their reliance on American cigarette exports to serve their growing foreign markets.

Cheaper labor costs and lax or non-existent labor standards and health and safety controls allow many other countries to produce tobacco at less cost than in the United States. This has led U.S. cigarette manufacturers and leaf dealers to provide foreign growers with financial assistance, seed, technology and training to produce improved-quality flue-cured and burley leaf overseas. The manufacturers and dealers have made substantial investments in foreign tobacco farming in Argentina, Brazil, China, India, Mexico, Russia, Tanzania, Vietnam and numerous other countries.

As a result, the portion of American cigarette brands sold overseas that are actually produced in the United States has been shrinking steadily for years. And the manufacturers' foreign-made cigarettes typically contain much less U.S. tobacco than those made for sale in this country. As one example, Marlboros made in Argentina both for sale there and for export contain no U.S.-grown tobacco leaf.

While American-grown tobacco is still of much higher quality than most foreign-grown tobacco, manufacturing technology now allows cigarette manufacturers to achieve adequate taste and flavor levels while using lower-quality foreign leaf. Consumer shifts to low-tar cigarettes, which require less high-quality tobacco, have also made it easier for the manufacturers to substitute cheaper foreign tobacco for U.S. leaf.

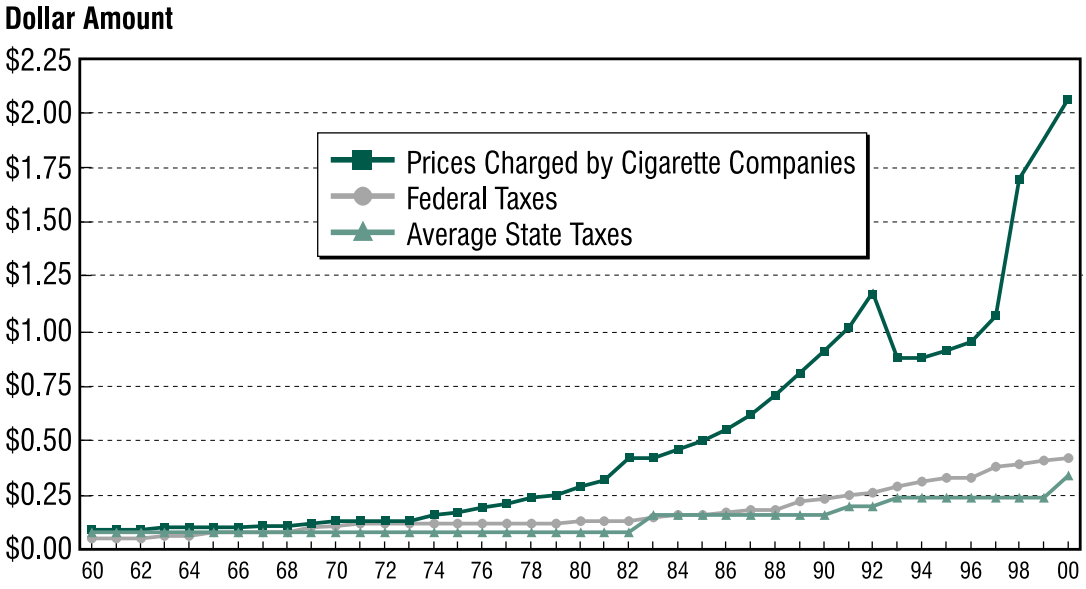
Ironically, even though demand for U.S. tobacco is down, overseas demand for American-blend cigarettes is up. But the term "American blend" does not necessarily mean "grown in America." It means that the principal tobaccos in the cigarettes are flue-cured and burley, but they need not be grown in the United States.

Many foreign smokers of American-blend cigarettes are attracted more by the status of the cigarettes than by their taste. Simply having an American brand name or some other link to the United States is often enough to sell American-blend cigarettes overseas, even if they contain no U.S. tobacco. Lack of content labeling makes it impossible for foreign buyers, and U.S. buyers for that matter, to know how much U.S. tobacco, if any, the cigarettes with American brand names actually contain or where those products were manufactured.

Reduced Domestic Demand for Tobacco Products

Demand for cigarettes in this country is declining as well. Since peaking in 1981, the number of cigarettes smoked in the United States gradually but steadily fell about 1.5 percent per year until 1998. In the single year from 1998 to 1999, cigarette sales dropped almost 6.5 percent, but expectations are that sales will decline less rapidly in the years to come. Sales fell only one percent in 2000, for example. If current trends continue, sales are projected to decline by about two percent annually over the next several years.

Figure 5. Cigarette Company Prices and Federal and State Cigarette Taxes, 1960-2000



Source: USDA Economic Research Service. Cigarette company prices do not include any taxes.

The 1998-1999 decline reflects, in part, sharp increases in the price of cigarettes. Since the beginning of 1998, the major U.S. cigarette manufacturers have raised their prices by more than $1.10 per pack, which more than doubled the average price of cigarettes (Figure 5). Roughly half of the price increases were targeted at covering the manufacturers' costs associated with the settlement of the states' lawsuits against the cigarette manufacturers.

Over the last 20 years, the real tax burden on cigarettes actually declined. Even more recent tax increases have had only a modest impact on the price of cigarettes. The federal cigarette tax remained at 24 cents per pack from 1993 to January 2000 before increasing 10 cents per pack. State cigarette taxes rose more rapidly, but on average only 23 cents per pack from 1993 to 2000.

Cigarette price increases have had the greatest effect on U.S. smoking rates over the last four years, but tobacco-use prevention programs may have the largest impact in the future. Some states are investing part of their tobacco settlement funds, general revenues and tobacco excise tax receipts in new programs to reduce smoking and other forms of tobacco use *(Table 1)*. In states that already have comprehensive tobacco-prevention programs, both youth and adult smoking has declined much more rapidly than in other states *(See page 17)*.

Overseas efforts to reduce smoking are also accelerating, and that may result in lower global demand for cigarette tobacco, including tobacco grown in the United States.

Table 1. Estimates of Settlement-related Funding* for State Tobacco Prevention and Cessation Programs *(various states)*

	Total Settlement Payments 1998 through 2000	Current Annual Funding to Prevent Tobacco Use	CDC** Minimum Annual Recommendation
	←	*(millions of dollars)*	→
Georgia***	200.8	15.8	42.6
Hawaii	48.6	9.3	10.8
Kentucky***	142.3	5.8	25.1
Louisiana	182.9	4.1	27.1
South Carolina***	96.3	1.8	23.9
South Dakota	28.6	1.7	8.7
Tennessee***	202.9	0.0	32.2
Texas	1,578.0	9.3	103.3
Virginia***	167.3	12.6	38.9
Washington	168.0	15.0	33.3
North Carolina***	188.4	0.0	42.6

* *Refers to funds that cigarette manufacturers agreed to pay the states as a result of settlement agreements reached over the states' lawsuits against the manufacturers.*
** *CDC = Centers for Disease Control and Prevention*
*** *Tobacco-growing states*

Federal Tobacco Policy

Since the early 1930s, the federal government has operated programs to support and stabilize tobacco prices and thus insulate growers from seasonal and cyclical price changes caused by the weather and variations in production and use. Tobacco policy has produced benefits for tobacco farmers by limiting the amount of tobacco that can be grown and setting quality standards for tobacco. At the same time, however, tobacco policy has unintentionally created strong economic dependence on tobacco for many small farmers and their communities.

Price supports and marketing quotas. The two key components of tobacco policy are:

(1) a price-support system that guarantees minimum leaf prices for participating growers and

(2) a marketing quota system that restricts tobacco farming to growers who own quota or lease or rent their quotas.

Price supports, which since 1982 have operated at no net cost to U.S. taxpayers except for administrative costs, keep U.S. tobacco prices higher than they would be without a program. For many years, the price-support program made tobacco a highly profitable crop. Over time, it assured active tobacco growers an adequate income, and it provided income for many people in nearby communities who did not grow the crop

but who operated tobacco manufacturing plants, tobacco warehouses and other businesses that grew up around the tobacco economy.

The marketing quota system limits tobacco growing to historical production areas in often-hilly terrain of tobacco-growing states that is amenable to tobacco but not to many other crops. The quota system also determines how much tobacco can be grown and marketed. The national quota is set each year based on estimated demand and then apportioned to quota owners.

There have been many legislative changes since the 1930s, but federal authority to control price and quantity through the marketing quota system continues. More than 97 percent of U.S.-grown tobacco is produced under the federal control program.

Voting in favor of quotas. For each kind of tobacco, quota owners and growers vote every three years on whether to continue the program. The overwhelming majority of all tobacco quota owners and growers consistently vote in favor of the program, as occurred during the most recent referenda in early 2001.

Many quota owners vote to continue the quota system because changes to the initial tobacco program have increased the value of quotas and made them highly desirable assets. For example, owners are allowed to sell their quotas or transfer them away from the farms to which they were originally assigned. Thus, owners can sell, lease or rent their production rights to other tobacco growers. Quotas are often used as collateral to obtain loans to modernize or diversify on-farm operations. And increasingly, older quota owners rely on the income generated from leasing, renting and even selling their quotas in lieu of the retirement benefits that many employees of U.S. companies enjoy.

The quota system has been a powerful influence in creating economic dependency on tobacco. But quota levels, which reflect the amount of tobacco that can be grown, have dropped dramatically with the downturn in demand for U.S. tobacco. Quota owners increasingly are choosing to sell their quotas or raise the price of the leases and rents they charge to others. The effect has been to consolidate tobacco quotas in fewer hands on fewer and larger farms and further squeeze tenant farmers through artificially high production costs.

To help relieve the financial difficulties of tobacco growers, some tobacco-growing states are sharing with tobacco farmers part of the state monies received from the recent settlement agreements between cigarette manufacturers and state attorneys general. But this temporary fix does not remedy long-time government policy that has helped create economic dependence on tobacco.

Tobacco quota owners are people who have bought or inherited tobacco quota. Tobacco growers are people who provide labor, equipment and other investments that are needed to grow and market tobacco.

Contracting and the Tobacco Program

Historically, U.S. flue-cured and burley tobacco leaf has been sold through government-sanctioned auctions. But in 2000, more than 25 percent of U.S. burley leaf sales bypassed the auction markets in favor of direct contracts with this country's largest cigarette manufacturer. In 2001, it is expected that even more burley will be sold under direct contracts and that a majority of flue-cured tobacco growers will also pursue contracts with the manufacturers of tobacco products.

At the Commission's hearings and in comments on the preliminary report, tobacco farmers expressed serious concerns about the trend toward contracts.

Significantly, tobacco farmers told the Commission that they worry about losing their independence and becoming, in effect, employees of the cigarette manufacturers if they enter into direct contracts rather than selling their leaf through auctions. And because large cigarette manufacturers hold more bargaining power than tobacco farmers, many farmers fear that the manufacturers will ultimately demand significant concessions, particularly lower prices for tobacco leaf. Shifts to direct contracting in the U.S. poultry and pork markets, for example, have resulted in sharp price reductions among other problems for farmers.

In their analysis of tobacco contracting, University of Kentucky agricultural economists Will Snell and Daniel Green highlighted some of the current concerns tobacco farmers have regarding this alternative marketing system. Their study indicated that contracting could eventually lower prices, favor large growers, reduce grower independence and increase the cigarette manufacturers' control of the tobacco industry, thereby creating a greater risk of potential market power abuses by the manufacturers.

They also concluded that direct contracting could limit the amount of public information on prices, quantities sold and quality and grade that the current auction system provides as required by the federal tobacco program.

The Commission received several comments that federal legislation is needed to make sure that tobacco contracting does not put existing U.S. tobacco farmers in an even worse position than they are in today. Related comments expressed the view that tobacco sold under contract should still be inspected for quality and safety to ensure fair competition with non-contract leaf growers and address public health concerns.

As was also pointed out to the Commission, increased pressure to move toward contracts between growers and manufacturers and away from the protections of the tobacco program threatens public health as well as the family tobacco farm. The tobacco program's maintenance of small family farms protects the public health because it limits the spread of tobacco growing and requires quality standards such as keeping tobacco free from non-approved pesticides. Most foreign governments do not impose such standards on their tobacco growers.

Economic Impacts on U.S. Tobacco Farmers and Their Communities

Loss of tobacco farms and drops in quota levels. Domestic and global economic trends in tobacco have had a disproportionately harsh impact on small family farms and on their communities. In 1978, there were

Tobacco Farmers Face Lower Demand and Higher Production Costs

From the 1997 to 2000 growing seasons, demand for U.S. tobacco dropped sharply and so did the national quota, which is pegged to demand. The flue-cured quota fell more than 430 million pounds (farm sales weight), or 45 percent, and the quota for burley was down more than 450 million pounds, or 65 percent.

U.S. flue-cured and burley prices have not kept up with inflation over the past 25 years, and farmers are feeling the effects of both reduced sales of leaf and stagnant or declining real prices for leaf. As a result, from 1980 to 1998, the U.S. farmers' share shriveled from seven cents to just two cents of the retail tobacco dollar and has declined further since 1998.

While sales and prices drop, tobacco growers face additional costs to raise their crops, including demands by cigarette manufacturers that farmers market flue-cured tobacco leaf in bales and retrofit their flue-cured curing barns.

Unknown to many people, growers also pay most of the costs of operating the tobacco program. Since 1982, they have paid no-net-cost assessments to assure that the price-support program operates at no cost to taxpayers. (Since 1986, purchasers of U.S. tobacco leaf have shared in these assessments.) Growers cover the costs associated with pesticide use and application licensing. And they pay the cost of USDA's tobacco-grading services.

188,650 tobacco farms in the United States *(Table 2)*. That number dropped dramatically by 1997, when USDA recorded 89,700 tobacco farms — a decline of more than 50 percent. Over the same time period, the number of larger tobacco farms (more than 50 acres) increased by 128 percent.

The Commission also heard from quota owners that the overall value of their asset is dropping substantially as demand for U.S. tobacco declines. In most cases, those quota owners who lease or rent their quota are raising their lease and rent prices. This causes additional financial woes for tobacco growers who do not own quota. Many who work small and even medium-sized farms say that despite their best efforts, they simply can no longer make ends meet.

"The bottom line remains the same: public resources are needed to help create economic development in many communities that are experiencing the impacts of declining tobacco farming operations, jobs and income.

These communities need assistance to diversify their local economies and make those economies more resilient to changes in the tobacco-growing industry.

They need special assistance to help tobacco farmers move successfully into non-tobacco agriculture or other sectors of the economy."

The Commission's Economic Development Subcommittee

Table 2. U.S. Tobacco Farming Facts

Number of U.S. tobacco farms in 1978:	188,650
Number of U.S. tobacco farms in 1997:	89,700
U.S. tobacco farms with less than 50 acres of tobacco:	86,100
U.S. farm acreage used for tobacco:	647,000
U.S farming gross income from tobacco:	$2.27 billion

States with the most tobacco farms:		States with the most tobacco acreage:	
Kentucky	44,967	North Carolina	320,599
Tennessee	14,995	Kentucky	255,053
North Carolina	12,095	Tennessee	59,427
Virginia	5,870	South Carolina	54,660
Ohio	2,811	Virginia	54,035
Indiana	2,017	Georgia	41,083

Average total size of farm that grows flue-cured tobacco:	442 acres
Average portion of flue-cured farm acreage used for tobacco:	38 acres (8.6%)
Average total size of farm that grows burley tobacco:	154 acres
Average portion of burley farm acreage used for tobacco:	5 acres (3.2%)
Portion of U.S. tobacco farms' gross farming income from tobacco sales:	79%
Flue-cured tobacco farms that grow only tobacco:	18%
Burley tobacco farms that grow only tobacco:	42%
Average U.S. tobacco farm's gross revenue from tobacco sales:	$43,000
Average Kentucky tobacco farm's gross revenue from tobacco sales:	$19,000
Average Tennessee tobacco farm's gross revenue from tobacco sales:	$14,000
Tobacco farms for which tobacco sales make up at least half of farm sales:	73%
Average value of all farm products sold by these tobacco farms:	$43,750
Average value of all tobacco leaf sold by these tobacco farms:	$34,890 (80% of total)

Per-acre returns from crops above variable and fixed costs (1996):

Flue-cured tobacco:	$661	Burley tobacco:	$407
Cotton:	$132	Corn:	$52
Peanuts:	$44	Soybeans:	$6

Percent of flue-cured farmers for which farming is principal occupation:	89%
Percent of burley farmers for which farming is principal occupation:	43%
Amount of retail tobacco dollar that went to U.S. tobacco farmers, 1980:	7%
Amount of retail tobacco dollar that went to U.S. tobacco farmers, 1998:	2%

Average age of flue-cured tobacco farmers:	52	Average age of burley tobacco farmers:	51
Average age of all farmers:	54.3		
Total flue-cured quota owners:	112,625	Total burley quota owners:	303,124
Flue-cured quota owned by African-Americans:	16%	Burley quota owned by African-Americans:	1%
Flue-cured quota owned by women:	44%	Burley quota owned by women:	35%

This data is from the *1997 Census of Agriculture* (next Census scheduled for 2002), USDA, *Farm Costs and Returns Survey/Agricultural Resource Management Study* (FCRS/ARMS) (1996), Tobacco Situation and Outlook Report and the Farm Service Agency.

Tobacco-dependent communities. Tobacco farming is distributed among 568 different counties in 20 different states, and the many tobacco-farming communities are located in vastly different geographic and economic regions with widely varying capabilities to address the ongoing changes to U.S. tobacco production and marketing.

USDA data indicate that Kentucky, North Carolina and Tennessee have the most counties in which tobacco farming income constitutes a substantial portion of total county farming and non-farming income, with counties in Virginia, South Carolina, Georgia and Indiana on the list as well.

Many of the counties are already experiencing significant economic difficulties because of the decline in tobacco income and face even more serious challenges in the years ahead.

Public Health Concerns

The Surgeon General first documented the harmful effects of smoking in 1964 with publication of "Smoking and Health: Report of the Advisory Committee of the Surgeon General of the Public Health Service," which summarized the state of scientific knowledge regarding tobacco use at that time. Since then, the body of evidence linking disease and death to use of tobacco products has grown significantly. It is now well established that smoking and other forms of tobacco consumption cause enormous health problems and human suffering. Smoking, for example, is the leading preventable cause of death in the United States, killing more than 400,000 Americans every year.

The Commission was presented with numerous reports and analyses concerning the harms caused by use of tobacco products. Among the findings are the following:

Smoking and cancer. Smoking causes about 30 percent of all cancer in this country. Smoking is responsible for 87 percent of lung cancer cases, and 28 percent of deaths attributable to smoking involve lung cancer. Smoking is also a risk factor for cancer of the larynx, oral cavity, esophagus, bladder, kidney, pancreas, stomach and cervix.

Smoking and respiratory diseases. Twenty-six percent of deaths attributed to smoking are the result of respiratory diseases. Smoking is the cause of most cases of emphysema and chronic bronchitis.

Smoking, heart disease and heart attacks. More men and women in the United States die each year from cardiovascular disease attributed to smoking than from cancer or any other single cause. Approximately 18 percent of strokes are attributable to active cigarette smoking. As much as 30 percent of all coronary heart disease deaths in this country each year are attributable to smoking.

Smokeless tobacco. Use of chewing tobacco and snuff causes gum disease and oral cancer and increases the risk of cardiovascular disease.

Smoking and pregnant women. Pregnant women who smoke increase their risk of spontaneous abortions and stillbirths. They also increase the risk that their babies will experience birth complications, respiratory disorders and sudden infant death syndrome (SIDS).

Secondhand smoke. Children exposed to secondhand smoke, particularly the children of parents who smoke, face a higher risk of SIDS, acute and chronic respiratory disease, asthma and middle

ear infections than do children who are not exposed to secondhand smoke. Research shows that exposure to secondhand smoke also increases the risk of diseases such as lung cancer and chronic coronary heart disease in otherwise healthy adults.

The Commission also heard that smoking addiction starts early. Many young people who first try smoking are in the sixth and seventh grades, or between the ages of 11 and 12, although many children start even earlier. Within a few weeks or sometimes even days of starting to smoke occasionally, young smokers show numerous signs of nicotine addiction. More than one-third of all kids who ever try smoking a cigarette will become regular, daily smokers before they leave high school.

Smoking in tobacco states. The Commission found that states and communities with the highest smoking rates and largest per-capita cigarette consumption suffer much higher rates of the diseases caused by use of tobacco. In the tobacco-growing states, it appears that residents have been slower to accept the link between smoking and health harms. For the most part, those states have fewer health programs and have adopted fewer policies to keep children from smoking or help adults quit.

In addition, tobacco use in tobacco-growing states is often higher because tobacco-growing states have lower state cigarette tax rates than the national average, and cigarettes cost considerably less than in states where tobacco is not produced. The state excise tax on a pack of cigarettes in the tobacco-growing state of Kentucky is three cents, while in the non-tobacco-growing states of California and New York, the state tax is 87 cents a pack and $1.11 a pack, respectively.

Evidence suggests that higher prices for cigarettes tend to reduce demand and so do comprehensive tobacco prevention and cessation programs. It is not surprising, therefore, that in tobacco-growing states where cigarette tax rates are low, cigarettes cost less and tobacco prevention and cessation health programs are inadequate, the smoking rates are higher than average and residents suffer disproportionately from smoking-caused harms.

"It is time to finally acknowledge that tobacco is more than just an economic issue related to agriculture in Kentucky. Kentucky spends between $800 million and $1 billion every year related to the treatment and care of sick smokers."

Mike Kuntz,
Chair of Kentucky ACTION

Smoking-caused health care costs in the major tobacco states are high, ranging from more than $760 million a year in South Carolina to more than $1.7 billion annually in Georgia. Nationwide, annual smoking-caused health care expenditures total at least $89 billion, including $17 billion per year in Medicaid payments for smoking-related diseases. States with comprehensive tobacco prevention and cessation programs provide proof that effective measures exist to prevent young people from trying tobacco products and help adults who want to quit (Table 3). Comprehensive tobacco prevention and cessation programs — consisting of community-based initiatives, school-based programs, counter-marketing, public education, programs to help people quit and vigorous enforcement of state laws forbidding tobacco sales to children and

protecting nonsmokers from secondhand smoke — prolong lives, reduce disease and reduce health care costs.

In California, for example, studies indicate that the state's tobacco prevention and cessation program prevented 33,000 deaths from tobacco-caused heart disease in eight years and saved 2,100 people from dying of smoking-caused strokes over five years. The incidence of low-birthweight babies born to smoking mothers also decreased. The program has helped the state save an estimated $390 million in smoking-caused health care costs, and officials estimate that the program saves the state eight dollars for every single dollar invested in the program.

In Massachusetts, where the tobacco prevention and cessation program has not been operating as long as California's program, the state is saving well over two dollars in reduced smoking-caused health care costs for every one dollar spent on the program. Early successes in Florida, Oregon, Arizona and Mississippi indicate similar savings.

Table 3. Tobacco Use Rates and Related Harms in Selected States

Major Tobacco* and Other States	High School Youth Smoking *(percent)*	Adult Smoking *(percent)*	Male Youth Smokeless *(percent)*	Smoking Deaths Per 100,000	State 2000/2001 Per-Capita Tobacco Prevention Spending *(dollars)*
Georgia*	35.3	23.7	21.7	364	2.11
Kentucky*	37.4	29.7	23.0	444	1.49
North Carolina*	31.6	25.2	14.0	368	0.00
South Carolina*	36.0	23.6	13.8	378	0.47
Tennessee*	32.4	24.9	22.3	390	0.00
Virginia*	NA	21.2	NA	360	1.87
California	21.6	18.7	7.5	343	3.55
Florida	22.6	20.7	8.8	344	3.00
Massachusetts	30.3	19.4	8.1	331	7.04
USA	28.4	24.1	11.6	351	NA

Source: *U.S. Centers for Disease Control and Prevention (CDC),* ***Investment in Tobacco Control - State Highlights 2001****, www.cdc.gov/tobacco/statehi/statehi_2001.htm; state-specific surveys on tobacco use among youth; Campaign for Tobacco-Free Kids, et al.,* ***Show Us The Money: An Update on the State's Allocation of the Tobacco Settlement Dollars*** *(January 11, 2001), http://tobaccofreekids.org/reports/settlements.*