

When the smoke clears, where will the money go?

August 21, 2002 Publication: Lansing City Pulse (MI) Word Count: 1966

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By Daniel Sturm

Four years ago, Michigan, along with 45 other states, settled a lawsuit with the tobacco industry to recover smoking-related health care costs, to reduce youth tobacco use and especially to decrease tobacco marketing to kids. The industry committed to paying \$246 billion over the next 25 years, including \$8 billion to Michigan. Since 1998 the state has already received \$610 million.

Yet, three-quarters of Michigan's money does not go to fight smoking or improve health, but to finance college scholarships. According to the national Campaign for Tobacco-Free Kids, the state government under Gov. John Engler has provided zero funding for tobacco prevention. Michigan is tied for last on the organization's list of the "ten most disappointing states" together with North Carolina, Tennessee and the District of Columbia. Instead, Engler has divided the settlement revenues received so far in two ways: \$103 million annually for the Michigan Merit Scholarship Award and \$90 million for the development of a state life-sciences research complex and prescription drug coverage for seniors.

In July, Citizens for a Healthy Michigan turned in 476,000 signatures of Michigan voters to put an initiative on the Nov. 5 General Election ballot. If voters approve, 90 percent of the tobacco settlement money would fund critical smoking prevention, research and health-care programs. The state general fund would receive the remaining 10 percent.

Having lost the race for Republican gubernatorial candidate, Sen. John Schwarz recently signed on as the chairman of a new coalition, Protecting Kids and the Constitution, which strongly opposes the "Healthy Michigan" ballot proposal.

But Schwarz is also a board member of the American Legacy Foundation, which stands firmly behind

tobacco control programs. This inconsistency raised questions about both the American Legacy Foundation's position and Schwarz' credibility. The board's vice chairman, Steve Schroeder, commented: "We greatly respect Sen. Schwarz. However, it is important to clarify that the American Legacy Foundation has always stood for the strongest possible tobacco control efforts."

In a recent report, "Saving Lives, Saving Money," the Washington-based organization stated that by reducing smoking rates 25 percent Michigan could save \$22.7 million a year in Medicaid. In June they ran ads urging that tobacco settlement dollars be spent on tobacco reduction programs.

Schwarz said foundation officials know he disagrees with them on this issue. "But this has nothing to do with (the foundation), it has to do with public control of public dollars." He said Michigan already spent enough money in anti-smoking campaigns. He argued the increase of the cigarette tax to \$1.25 a package was an appropriate incentive to quit smoking.

"Smoking is an idiotic habit that people have, but cigarettes are a legal product. If people are dumb enough to buy them, it's their business." He said the anti-tobacco groups approached "cult status" and treated "the rest of us like people who really don't understand."

Schwarz said if the proposal passed, the state would have to pull \$300 million out of an already approved 2003 budget, and the hospitals were under no obligation to spend the money on tobacco-related costs. In his view, the proposal is a "massive attempt of money grabbing." Organizations pushing the anti-tobacco campaign such as the Michigan Hospital Association represented a "very greedy group of people," he said.

Schwarz quickly emerged after his unsuccessful primary election bid as a visible opponent to the initiative. Two days after he lost to Lt. Gov. Dick Posthumus, Schwarz led a press conference with student government presidents of 20 Michigan colleges and universities who oppose the initiative.

The student leaders are concerned about losing scholarship money if the ballot initiative passes. Schwarz is one of the legislators who implemented the Merit Scholarship providing \$2,500 to college-bound students who meet Michigan Educational Assessment Program test standards. During the last three years, nearly 140,000 Michigan youths have received the awards to help them attend universities, community colleges, or technical schools. Now the students fear the program will end on Jan. 1, 2003, if the Healthy Michigan Amendment is successful.

Matthew Clayson, who chairs a branch of student government at MSU, said the student leaders contacted Schwarz "since he is such an opponent of the ballot initiative (and) a big proponent of student activism." He said with

Michigan's current budget shortfall he couldn't see where another funding source would come from. They consulted with Schwarz on how to build regional coalitions against the Healthy Michigan proposal and discussed the importance of registering student voters "to show their opposition on election day."

While it seems plausible that students are concerned about losing scholarship money, it's not quite clear why they would campaign against the ballot initiative for a healthier Michigan. Should college undergraduates now draw black-and-white scenarios, only to pit education against health?

Clayson, who is a pre-law student, said he wasn't only interested in keeping the Merit Award Scholarship money, but also wanted to initiate a political fight against the ballot initiative. "Most people involved in

student governments are interested in good government, and this ballot initiative leads to bad government, because it earmarks our Constitution for a special interest group." Clayson claimed the state was already spending \$24 million annually on anti-smoking programs and had success in reducing smoking.

But the ballot proponents say these figures are false. Charlie Baase, spokesman for Tobacco-Free Michigan, said the state really spends less than \$6.5 million per year. He argues that opponents purposely create misleading statistics by adding to their figures funds for programs like the Council of Michigan Foundations (\$3 million) that don't mandate tobacco prevention. Even if the opposition's claims were accurate, Michigan would still not come close to the recommendation from the National Centers for Disease Control and Prevention that Michigan should spend between \$54 million and \$152 million per year on tobacco prevention and reduction.

Baase, who observed the meeting, believes Schwarz led students down the wrong path. "They were told that the money for the Michigan Merit Scholarship runs out on Jan. 1," he said. However, in all likelihood the next governor, whether it be Jennifer Granholm or Posthumus, will find funding for the scholarship "because it's a politically popular program."

Baase thinks it's very curious that Schwarz, who is a medical doctor, is campaigning against the Healthy Michigan Amendment, in clear conflict with his work for the American Legacy Foundation. He said it's even more suspect given that the coalition's campaign to fight the ballot initiative is run by the Marketing Resource Group, a Lansing company that has a long history of representing the tobacco industry. The coalition's spokesperson, David Waymire, is also the marketing company's vice president. Among their clients are Philip Morris and the Indianapolis-based Tobacco Institute. They work for big business corporations such as AT&T, the Perrier Group of America and the Wolverine Pipe Line Co. MRG represents a large number of Republicans, including John Engler and Posthumus, as well as the Republican National Committee and the Michigan House Republican Campaign Committee. City Pulse has copies of MRG's 1999 communications plan supporting Philip Morris in its fight against the threat of a federal lawsuit.

In the same plan, the public relations firm also discussed recruiting potential beneficiaries of the tobacco settlement money. "Governor Engler has proposed to use all the funds to back his Michigan Merit Scholarship Awards program. ... As the issue heats up, we may find some unusual opponents to the federal plan (for distributing the money). While we may not be able to call them 'allies,' their opposition could be just as effective."

Clayson doesn't mind being involved in a political battle against the implementation of tobacco control programs. He believes the health-care system doesn't need more money. Instead he suggests spending more on education, since research showed there was a link between education levels and tobacco habits. He argues that only 11 percent of all smokers are college-educated, "which seems to indicate that the more educated a person is, the less likely they are to smoke."

But student leaders might want to rethink some of their positions. In battling against improving the health-care system, they inadvertently aid the tobacco companies in their efforts to thwart tobacco reduction programs. They might consider improving their own funding system, which awards money disproportionately to children of white middle-class families. Two years ago, the American Civil Liberties Union filed a lawsuit charging that Michigan's merit scholarship program relied on a standardized test that discriminated against minorities. White students are nearly five times more likely to receive the scholarship than African-American students. In November 2001, the ACLU won a partial victory, as a federal judge rejected the state's attempt to dismiss the case.

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Date: August 21, 2002

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