

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

February 23, 2024

SENT VIA ELECTRONIC MAIL

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 620, Legislative Office Building
Raleigh, NC 27603

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

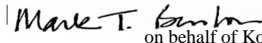
The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

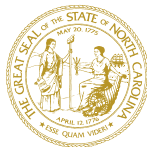
Dear Chairmen:

Session Law 2023-134, Section 9H.4.(c), requires the Department of Health and Human Services to submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from The Youth Electronic Nicotine Dependence Abatement Fund and an evaluation of the reach, effectiveness, and outcomes of each activity that is funded. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at Karen.Wade@dhhs.nc.gov.

Sincerely,

DocuSigned by:

on behalf of Kody H. Kinsley
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Kody H. Kinsley
Secretary



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

February 23, 2024

SENT VIA ELECTRONIC MAIL


Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Matteson:

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Secretary

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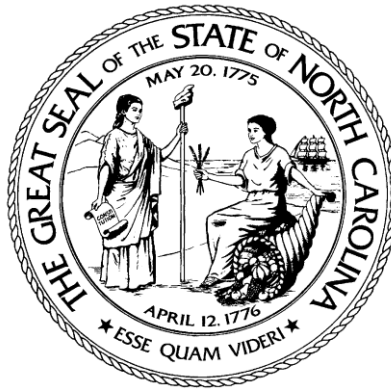
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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

**Progress Report on
Expenditures from the Youth Electronic
Nicotine Dependence Abatement Fund**

Session Law 2023-134, Section 9H.4.(c)



**Report to
The Joint Legislative Oversight Committee on Health
and Human Services
and**

Fiscal Research Division

by

NC Department of Health and Human Services

February 23, 2024

BACKGROUND

The final consent judgement resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc. (JLI), in the General Court of Justice, Superior Court Division, Durham County (JLI Case), Juul shall pay \$40 million to the State over six years, with payments to be used to the maximum extent possible to fund e-cigarette cessation, prevention, evaluation, a documents depository and litigation costs. The \$40 million Settlement amount is to be received by the State over the course of six years as follows:

- \$13 million in Year 1
- \$8 million in Year 2
- \$7.5 million in Year 3
- \$7 million in Year 4
- \$2.25 million in Year 5
- 2.25 million in Year 6

The consent order states that JUUL may apply for a waiver of the fifth and sixth payment years. The settlement requires NC DHHS and the AG's Office to assess whether to grant the waiver after year 4 depending on the progress toward *NC's Strategic Plan to Reduce the Health and Economic Consequences of Tobacco Use*. E-cigarette use among young people has become epidemic in North Carolina. The 2022 NC Youth Tobacco Survey (NC YTS) showed that one in eight high school students currently uses a tobacco product with e-cigarettes being the most used product. A 2022 CDC Foundation Study reported that 40 percent of young adults (18-24) currently use a tobacco product and 27.9 percent are current e-cigarette users.

Therefore, critical priorities for Juul Investment are evidence-based tobacco use prevention and cessation interventions for youth and young adults.

Continued implementation of the statewide NC YTS and other surveys that measure outcomes and effectiveness of interventions will be necessary to evaluate and monitor activity progress.

Year 1 of the Juul Settlement funds was stipulated in Session Law 2021-180, Section 9G.10.(a): The Youth Electronic Nicotine Dependence Abatement Fund (Fund) is created within the Department of Health and Human Services, Division of Public Health, as a non-reverting special fund. The Fund shall consist of (i) monies received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the General Court of Justice, Superior Court Division, Durham County (JLI Case) and (ii) all interest and investment earnings received on monies in the Fund. Monies in the Fund shall be expended only upon an act of appropriation by the General Assembly and in accordance with the final consent judgment resolving the JLI Case.

Section 9G.10.(b): There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in subsection (a) of this section to the Department of Health and Human Services, Division of Public Health (DPH), the sum of thirteen million dollars (\$13,000,000) in nonrecurring funds for the 2021-2022 fiscal year to be used and allocated as follows:

- (1) \$2,000,000 shall be transferred to the Department of Justice to cover the costs of litigation incurred by the Office of the Attorney General with respect to the JLI Case.
- (2) \$4,400,000 shall be allocated for tobacco cessation media campaigns, resources, and programs to help both youth and young adults who have become addicted to nicotine using e-cigarettes and other tobacco/nicotine products quit.
- (3) \$3,300,000 shall be allocated for evidence-based media and education campaigns to prevent the initiation of tobacco use, especially with respect to e-cigarettes and other new and emerging tobacco/nicotine products.
- (4) \$1,100,000 shall be allocated for data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; and for independent evaluation of the reach and effectiveness of the State's tobacco prevention and cessation programs with respect to evidence-based programs designed to help youth addicted to nicotine through e-cigarettes and other new and emerging tobacco and nicotine products quit.
- (5) \$2,200,000 shall be allocated for staff, projects, and systems to educate partners and stakeholders about evidence-based policy, systems, and environmental change to help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products; and to track compliance with the conduct provisions set forth in Part III of the final consent judgment resolving the JLI Case.

Session Law 2022-74, Section 9G.3 amended Session Law 2021-180, 9G.10(b) to add the following statement: "Funds allocated under this subsection shall remain available for expenditure as specified in this subsection until expended."

Session Law 2023-134, Section 9H.4.(c) requires that beginning November 1, 2023, the Department of Health and Human Services shall annually report preceding state fiscal year expenditures made from the Youth Electronic Nicotine Dependence Abatement Fund to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report shall include at a minimum:

- (1) An itemized list of expenditures and for each expenditure, an indication of the authority under this section for the expenditure.
- (2) An evaluation of the reach, effectiveness, and outcomes of each activity funded pursuant to subdivision (a)(2) of this section.
- (3) An evaluation of the reach, effectiveness, and outcomes of each activity funded by Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of S.L. 2022-74.

NOTE: No funds appropriated under Section (a)(2) were expended in the preceding fiscal year as they had not yet been appropriated.

Expenditures from the Youth Electronic Nicotine Dependence Abatement Fund

The table below enumerates each expenditure made from the Fund for state fiscal years 2022 and 2023 and indicates the statutory authority for that expenditure.

<u>Authority to expend funds on the following activities provided by SL 2021-180 Section 9G.10.(b):</u>	<u>Fund Code</u>	<u>State Fiscal Year</u>	<u>Expenditures</u>
Tobacco cessation media campaigns, resources, and programs to help both youth and young adults who have become addicted to nicotine using e-cigarettes and other tobacco/nicotine products quit.	2600-6550	2022 2023	\$0 \$0
Evidence-based media and education campaigns to prevent the initiation of tobacco use, especially with respect to e-cigarettes and other new and emerging tobacco/nicotine products.	2600-6650	2022 2023	\$0 \$466,817.00
Data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; and for independent evaluation of the reach and effectiveness of the State's tobacco prevention and cessation programs with respect to evidence-based programs designed to help youth addicted to nicotine through e-cigarettes and other new and emerging tobacco and nicotine products quit.	2600-6850	2022 2023	\$9,973.73 \$28,656.43
Staff, projects, and systems to educate partners and stakeholders about evidence-based policy, systems, and environmental change to help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products; and to track compliance with the conduct provisions set forth in Part III of the final consent judgment resolving the JLI Case.	2600-6950	2022 2023	\$0 \$225,076.98
Total			\$730,524.14

Evaluation of the Reach, Effectiveness, and Outcomes of Each Activity Funded

NCDHHS continues to work with partners on the NC YTS survey, which includes a random sample of approximately 300 middle and high schools across the state. The NC YTS survey is designed to collect representative data to inform the North Carolina Division of Public Health's planning, implementation, and evaluation of strategic teen-focused tobacco use prevention and cessation programs supported by Juul settlement funds. The NC YTS survey provides critically important outcome data on the use of all tobacco products and e-cigarettes among youth, as well as susceptibility to future use, exposure to secondhand smoke/vapor, minors' access and enforcement, knowledge and attitudes towards tobacco use, and tobacco cessation. This is the single reliable and representative source of NC specific data, enabling NC DPH to measure trends and track the progress of interventions intended to reduce e-cigarette use among youth. This statewide data is used for Juul expenditure reporting to NC Legislature and for responding to requests by Juul Labs Incorporated (JLI) pertaining to waiver of payment for settlement years 5 and 6, totaling \$5.5 million to the state.

Promotion and Delivery of Tobacco Cessation “This is Quitting” Campaign. DPH executed a two-year contract on June 7, 2023, for public education and media campaign interventions to promote text-based vaping cessation content, including promoting tobacco-free colleges and education at select NC universities. The primary target audience being young adults that first became addicted to nicotine when Juul hit the market.

Evaluation and Reach: Prior to the NC specific promotional campaign, North Carolina baseline data with a sample size of 400 young people (15–24-year-olds) was collected and provided to the TPC Branch that can be compared to the National level.

In the first month of the launch of This is Quitting targeting young people in NC:

- Over 1,000 NC young people responded, which outpaces any other Truth “This is Quitting” client.
- This demonstrates strong demand from young adults in NC who likely first became addicted to e-cigarettes because of Juul.
- Sixty-five percent have enrolled in the program.
- Plans are underway to bring “This is Quitting” to the NC A&T campus in partnership with the Student Health Services and to Fayetteville State University in partnership with their Student Health Services.

Group Cessation Services for NC Youth “Quit the Hit”. DPH executed a two-year contract on November 1, 2022, for a peer-based virtual cessation group program for teens (ages 13-17) who prefer to have peer-based social support for quitting e-cigarettes and other tobacco products.

Evaluation and Reach: Campaign ran April-July 2023. It delivered nearly 20 million impressions (reach) and nearly 100,000 website sessions (reach). Nearly 1,500 teens (who were qualified to participate) began the registration process. 207 participated in 16 Instagram-based cessation groups.

Cessation Services for NC Youth - “Live Vape Free” program which provides live text message cessation coaching via the NC Quitline vendor with teens to help them quit e-cigarettes.

Evaluation and Reach: Launched a campaign for Live Vape Free (LVF) to encourage teens (13-17) to text the program LVF. The campaign ran from May 1, 2023, through June 30, 2023. The campaign was successful in reaching teens with more than 30 million impressions (reach) and a high click-through rate of 0.6 percent. It also increased the number of teens initiating contact with LVF by 993% from the same period in 2022. However, enrollment of teens was 12 percent due to their reluctance to provide a home zip code. The Tobacco Prevention and Control staff will work with the vendor to decrease enrollment barriers.

Tobacco Prevention Education via Mass Media. This educational approach uses crowd media for tobacco use prevention tailored to North Carolina youth. DPH executed a two-year contract on November 1, 2022, for these campaigns which include the Behind the Haze Campaign and Down and Dirty Campaign. The audience for Behind the Haze is teens aged 13-17 that are at high risk for e-cigarette/vaping use and the purpose is to educate about the harms of vaping including, for example, increased depression and anxiety. Down and Dirty is a campaign to prevent rural teens from smoking, vaping and smokeless tobacco use.

Evaluation and Reach: Behind the Haze. Advertisements for this campaign ran from January to March and from May to July 2023. The campaigns delivered 14 million impressions (reach). There were nearly 700,000 video completions. Teens interacted with the campaign in exploratory ways (for example, clicking on a link) nearly one million times and nearly 2,000 participated in more active ways (such as sharing a post).

Down & Dirty. Advertisements ran from May to September 2023. These advertisements were targeted toward rural NC counties. The campaign delivered 6.5 million impressions (reach), and also garnered 210,000 video viewing completions. This campaign flight documented 2700 interactions with NC teens.

NC Youth Engagement and Leadership: NC Vaping Prevention Training Summit held July 24th through the 26th, 2023, equipped attendees with the knowledge, skills, and tools needed to become vaping/tobacco prevention champions in their schools and the broader community. The summit was planned and implemented in partnership with UNC-CH Vaping Prevention Resource Center. Held on the campus of UNC Chapel Hill, the selected participants spent three days learning from a range of dynamic vaping prevention experts and professionals. Selected adult tobacco prevention participants learned how to support youth on their journeys to becoming community vaping/tobacco prevention champions.

Evaluation and Reach:

- NC Vaping Prevention Training Summit attended by 45 youth leaders and adult participants from across the state.
- Student participants working to educate school administrators and fellow students on benefits of implementing evidence-based **tobacco prevention curricula** and **alternatives to suspension programs** for those caught using tobacco/vape products on school grounds.

- Attendees created community action plans to guide further tobacco prevention work based on regional groupings of students and adult leaders.
- Post-Summit surveys indicated that participants had increased knowledge of tobacco prevention and cessation principles and increased confidence in implementing plans to reduce youth use in their communities.

Data Monitoring and Independent Evaluation - a two-year contract which was executed on July 1, 2023, to support analysis of youth tobacco and e-cigarette use in North Carolina; identify gaps in knowledge from both youth, young adults, and adult influencers of youth; effective planning and delivery of resources for prevention and cessation; and to support youth and young adults more effectively in living tobacco-free lives.

Evaluation and Reach:

- The evaluation deliverable will provide an accurate picture of youth and young adult vaping in North Carolina.
- Approximately 53 full responses have been collected from SROs on the Qualtrics contact information survey. Of the schools that provided responses, 25 out of 51 are in rural counties. An important aspect of this process is to engage School Resource Officers (SROs) about their experiences with youth vaping and other tobacco products while in schools. The interview results provide SROs' observations of students vaping, knowledge of the current tobacco policies, and opinions of potential evidence-based policies.
- Over the past week, three SROs have scheduled and completed semi-structured qualitative interviews. More interviews have been scheduled for future dates.

Additional Baseline Surveys

- **Parents' Survey** of middle and high school students about youth vaping and other tobacco products with an estimated reach of 450 responses.
- **Young Adult Survey** about youth vaping and other tobacco products with an estimated reach of 500 responses.
- **School Administrators Survey** will reach a representative sample across North Carolina on youth vaping and other tobacco use in the schools. A census approach will be utilized such that the survey will be distributed to the complete list of approximately 1400 middle and high school principals.

ENDSTracker, Research Triangle Institute is collecting and analyzing North Carolina e-cigarette sales/marketing data for real-time monitoring of trends in North Carolina commercial tobacco product use. Two quarterly reports have been delivered to date.

Assessments at the Point of Sale – Product manufacturers spend the majority of their marketing budgets on point-of-sale advertising because it works well, particularly among youth and historically marginalized communities. For that reason, we partnered with an agency that specializes in understanding the rapidly changing marketplace and helps states/communities plan effective point of sale interventions to prevent and reduce youth tobacco access.

Evaluation and Reach

- Conducted Retail Environmental Scans of seventy (70) tobacco retailers in Orange County, North Carolina. The sample included those in select locations such as those near schools and in zip codes where tobacco related health disparities exist.
- Conducted Retail Environmental Scans of two hundred twenty-eight (228) tobacco retailers across Cabarrus, Cleveland, Iredell, Mecklenburg, and Union Counties in the spring of 2023.
- Three (3) Counter Tools-conducted data collection trainings. Participants were trained on why the point-of-sale matters for tobacco, how to conduct data collection using POST Collect, how to answer questions in the store assessment form, and tips for assuring high quality data. Community partners that attend these webinars and training sessions included Orange Partnership for Alcohol & Drug Free Youth, Region Durham County Health Department, UNC School of Public Health, Mecklenburg County Public Health Department, Wingate University, and Duke Master of Biomedical Science students.
- Creation of communication materials of data assessment to support community tobacco prevention education efforts and elevate tobacco retail environment issues/impact on youth tobacco use and other tobacco disparities.
- Developed an interactive dashboard for data visualization. The data dashboard displays the findings from the pilot environmental scan conducted in Cabarrus, Cleveland, Iredell, Mecklenburg, and Union Counties.
- Provided four (4) training sessions on Public Health Concepts and Point of Sale Efforts to key audiences including school resource officers, local law enforcement officers, Drug Free Communities coalition members, youth, state and local-level tobacco prevention and control practitioners, and other local public health advocates across North Carolina.

Documents Depository. Executed a two-year contract with UNC-Chapel Hill, University Libraries as of July 1, 2023, that will create and implement a documents depository, in accordance with the final consent judgment resolving the JLI case. The depository will eventually house over five million documents submitted by Juul Labs Incorporated to the State and will be available to the public for historic and research purposes.