

**Testimony of Carol Kelly, Managing Director of Pivot Point, Inc.**

**on the Fund for a Healthy Maine portion of LD 210,**

*"An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027"*

Good afternoon, Senator Rotundo, Representative Gattine, Senator Ingwersen, Representative Meyer, and members of the Appropriations and Financial Affairs Committee and the Health and Human Services Committee. My name is Carol Kelly and I am a public health policy consultant in Portland. I am also the former director of the Maine Coalition on Smoking or Health, the current chair of Maine's Tobacco Prevention and Control Advisory Council, and the facilitator of an informal group of public health professionals convened by the Bingham Program called Public Health Reimagined. As such, the Fund for a Healthy Maine has never been far from my work.

In 1999, the 119<sup>th</sup> Maine Legislature established the Fund for a Healthy Maine, infusing it with its first revenue stream – Maine's annual settlement payments from the tobacco industry for the illness and death caused by tobacco use. The Fund was carefully designed to invest in programs that prevent chronic disease, promote good health, lower health costs, and give Maine children and adults every opportunity to live healthy, productive lives.

In 2003, a second revenue stream was added to the Fund for a Healthy Maine. By citizen initiative, a portion of revenue from Maine's new racino in Bangor was dedicated to the Drugs for the Elderly program in the Fund for a Healthy Maine.

For decades, the Fund has served as a source of revenue for critical public health prevention programs in Maine, but settlement payments are based on national combustible cigarette sales (electronic vaping products and nicotine pouches were not included in the 1998 settlement), so in recent years the Fund has been facing a looming structural deficit as combustible cigarette sales decrease.

With that context, this budget warrants a big thank you to Governor Mills and Commissioner Gagne-Holmes. It's very good news that the proposed budget does not appear to make cuts to current FHM programs. This acknowledgment of the importance of prevention, and its return on investment, is much appreciated. However, the budget proposal does include a very concerning restructuring of the FHM.

The Governor's proposed budget moves \$22.1M in FHM baseline allocations for programs and positions to the General Fund, plus another \$1.2M to a lead prevention special revenue account. This restructuring would convert the tobacco settlement to being used almost exclusively for MaineCare, rather than multiple interconnected and essential prevention initiatives. This also disconnects Maine's tobacco prevention and treatment programs, as well as other prevention initiatives, from their naturally aligned funding source.

There is no practical benefit to moving FHM programs to the General Fund. FHM prevention programs that have been investing in healthy kids and communities for decades could be lost if competing for taxpayer dollars. It's important to keep the Fund intact and keep it focused on prevention.

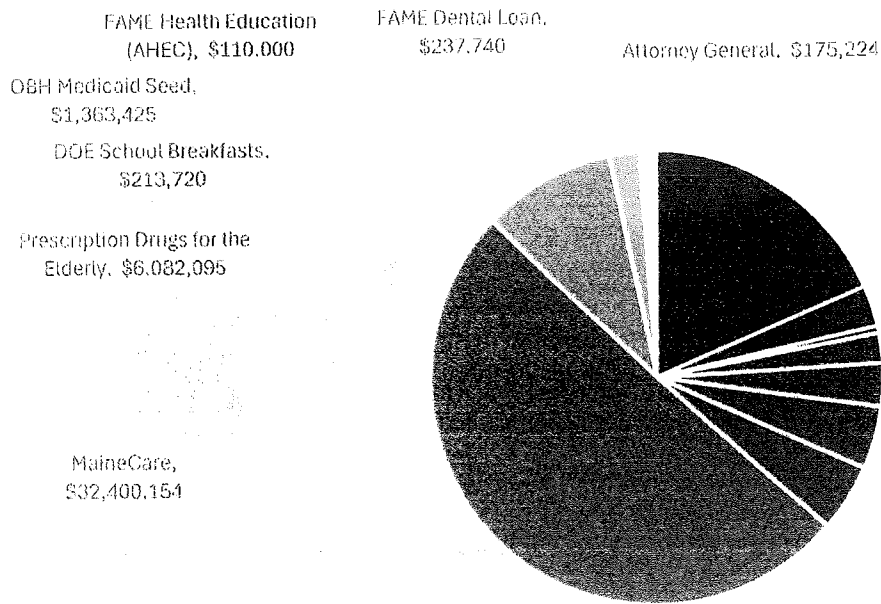
Luckily, there is a simple solution. By moving a percentage of Maine's overall tobacco excise tax revenue into the FHM each year at a rate equivalent to the proposed baseline shift of \$22.1, prevention programs will not need to be moved to the General Fund. There is no fiscal impact on making this structural adjustment and

keeping the Fund intact. Creating an annual stream of tobacco excise tax revenue into the FHM further strengthens the alignment of funding sources and uses.

Maine can be proud of our FHM legacy. We have consistently used the Fund for supporting the health of Maine people when most other states have let the opportunity of the tobacco settlement slip through their fingers. We can and must protect Maine's only dedicated source of funding for public health and prevention by securing the Fund for future generations.

I'm here today to ask you to build on this legacy, look to the future, and add a portion of Maine's tobacco excise tax as a third revenue stream to the Fund for a Healthy Maine. Taking this simple, no-cost step will secure Maine's investment in prevention and position us to be strong and responsive to future health concerns.

Thank you for your time. I would be happy to answer any questions you may have today or in the weeks to come.



**Fund for a Healthy Maine**  
*FY 25 Allocations*  
 Total = \$63.8M

Tobacco Prevention & Treatment, \$11,822,855

SUD Prevention & Treatment \$1,848,306

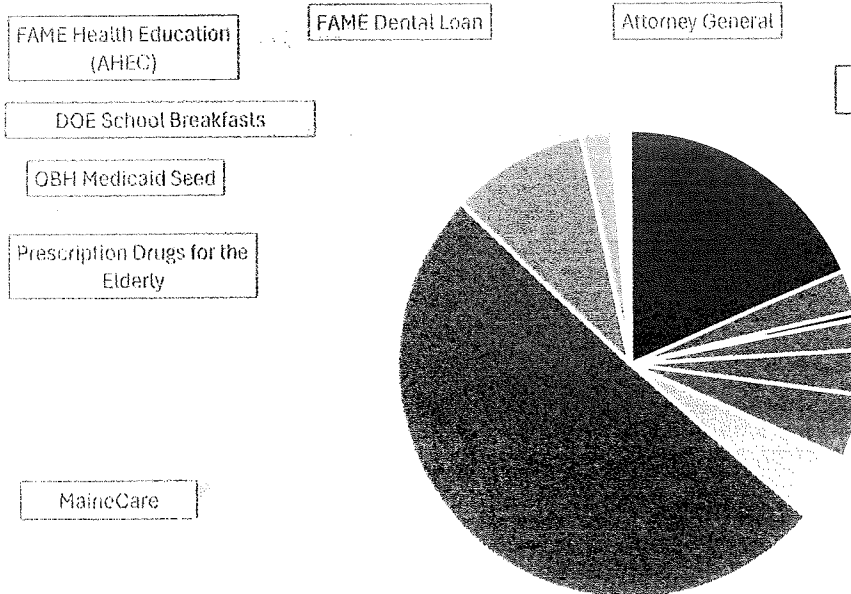
Oral Health & Donated Dental, \$336,463

HeadStart, \$1,354,580

Purchased Social Services, \$1,971,118

Community & School Grants, \$2,824,222

Public Health Infrastructure, \$3,028,830



**Fund for a Healthy Maine**  
*FY 27 Proposed Restructuring*  
 FHM = \$ 41.5M (in green)  
 General Fund = \$22.1M (in blue)

Tobacco Prevention & Treatment

SUD Prevention & Treatment

Oral Health & Donated Dental

HeadStart

Purchased Social Services

Community & School Grants

Public Health Infrastructure

**Fund for a Healthy Maine**  
Recommended Improvements to FY 26/27 Budget Proposal  
February 2025

**Current FHM structure**

(FY 25)

Resources

Tobacco settlement \$\$ + Racino \$\$

**Fund for a Healthy Maine**  
(special revenue account)

+ Carryover \$\$  
from previous fiscal years

\$23M annual shortfall  
(structural deficit)  
starting in FY 27\*

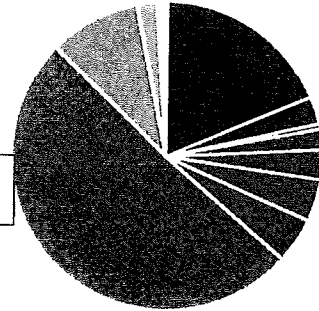
\* not including any  
settlement payment disputes

Allocations

\$63.8 M

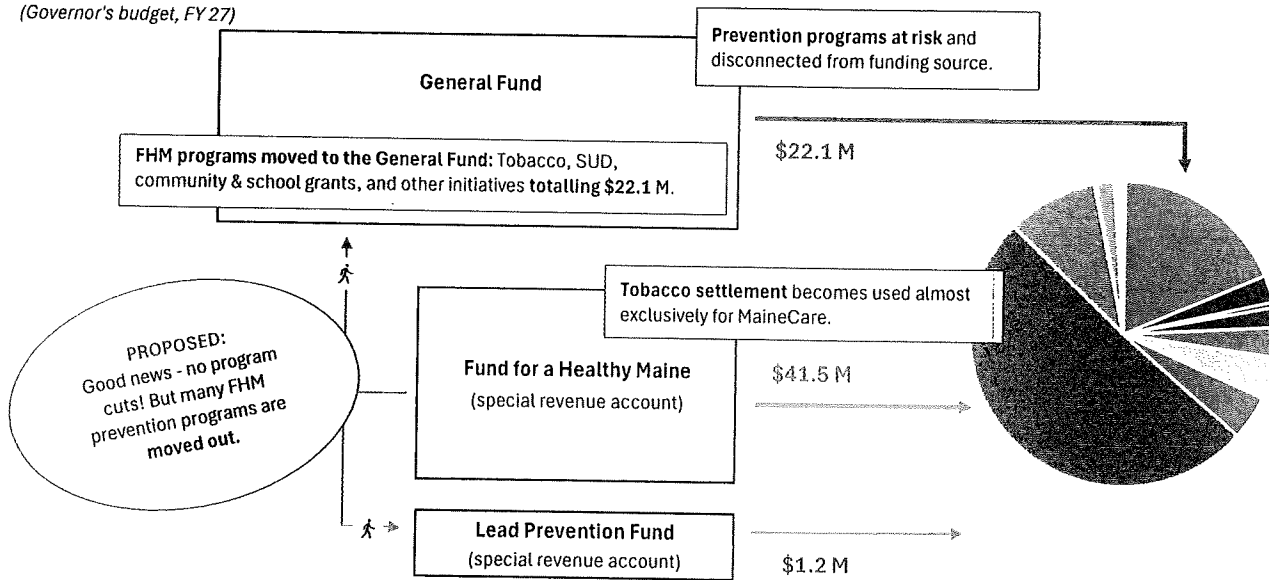
(FY 25 programs)

16 program lines within  
8 statutory categories



**Proposed FHM structure**

(Governor's budget, FY 27)



**Improved FHM structure**

(Friends of the Fund)

