

**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

**North Carolina Department of
Health and Human Services**

December 13, 2024

BACKGROUND

The original June 2021 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), ordered Juul to pay \$40 million to the State over six years. The funds are to be used for e-cigarette cessation, prevention, data monitoring and evaluation, a documents depository and litigation costs.

In a revised December 2023 consent judgement, the N.C. Department of Justice announced that North Carolina will receive an additional \$7.8 million from Juul Labs. This means North Carolina will receive a total of \$47.8 million over nine years to fund the intervention areas listed above.

The new payment schedule is as follows, subject to NCGA appropriation:

| | |
|----------------------|-----------------|
| Payment 1- June 2021 | \$13.0 million |
| Payment 2- June 2022 | \$8.0 million |
| Payment 3- June 2023 | \$7.5 million |
| Payment 4- June 2024 | \$7.0 million |
| Payment 5- June 2025 | \$3.250 million |
| Payment 6- June 2026 | \$2.750 million |
| Payment 7- June 2027 | \$2.111 million |
| Payment 8- June 2028 | \$2.111 million |
| Payment 9- June 2029 | \$2.111 million |

The revised consent order allows Juul Labs to apply for a waiver of payments 7-9 after the fourth payment, subject to approval. The waiver decision will be based on an assessment by NC DHHS and the Attorney General's Office, considering Juul Labs payments and progress in meeting the goals outlined in North Carolina's Strategic Plan to Reduce the Health and Economic Consequences of Tobacco Use. E-cigarette use among young people has reached epidemic levels in North Carolina, with the 2022 NC Youth Tobacco Survey revealing that one in eight high school students currently uses tobacco, predominantly e-cigarettes. Therefore, it's crucial that Juul Labs payments be invested in evidence-based tobacco prevention and cessation programs for young people.

The N.C. Division of Public Health, with endorsement by N.C. Department of Public Instruction, has launched the 2024 statewide NC YTS and other surveys (see Data Monitoring section) that measure outcomes and effectiveness of interventions that will be necessary to evaluate and monitor activity progress.

USE OF JUUL SETTLEMENT FUNDS

Session Law 2023-134

SECTION 9H.4.(a) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of Health and Human Services, Division of Public Health (DPH), the sum of eleven million two

hundred fifty thousand dollars (\$11,250,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of eleven million two hundred fifty thousand dollars (\$11,250,000) in nonrecurring funds for the 2024-2025 fiscal year to be allocated and used as follows:

(1) Up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to support data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; for independent evaluation of the reach, effectiveness, and outcomes of the State's evidence-based programs designed to help youth addicted to nicotine through electronic cigarettes and other new and emerging tobacco and nicotine products quit; and to prepare the report required by subsection (c) of this section.

(2) The remainder of these allocated funds for each year of the 2023-2025 fiscal biennium shall be used to fund evidence-based electronic cigarette and nicotine dependence prevention and cessation activities targeting students in grades four through 12.

SECTION 9H.4.(b) Funds allocated under subsection (a) of this section shall remain available for expenditure in the amounts and for the purposes specified in subsection (a) of this section until expended.

SECTION 9H.4.(c) Annually, beginning November 1, 2023, the Department of Health and Human Services shall 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 during the preceding fiscal year. The report shall include at least all of the following:

(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.

Expenditures from the Youth Electronic Nicotine Dependence Abatement Fund

The table below enumerates each expenditure made from the Fund for state fiscal years 2022, 2023 and 2024 and indicates the statutory authority for that expenditure.

| Authority to expend funds on the following activities provided by SL 2021-180 Section 9G.10.(b): | Budget Fund 230327 | State Fiscal Year | Expenditures |
|--|-----------------------|-------------------|------------------------|
| 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. | AMU 2B06550 | SFY 22 | \$0.00 |
| | | SFY 23 | \$0.00 |
| | | SFY 24 | \$2,615,660.70 |
| Evidence-based media and education campaigns to prevent the initiation of tobacco use, especially with | AMU 2B06650 | SFY 22 SFY 23 | \$0.00 \$466,817.00 |

| | | | |
|---|----------------|--------|----------------|
| respect to e-cigarettes and other new and emerging tobacco/nicotine products. | | SFY 24 | \$707,975.00 |
| 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. | AMU 2B06850 | SFY 22 | \$9,973.73 |
| | | SFY 23 | \$28,656.43 |
| | | SFY 24 | \$540,563.00 |
| 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. | AMU 2B06950 | SFY 22 | \$0.00 |
| | | SFY 23 | \$225,076.98 |
| | | SFY 24 | \$947,698.25 |
| Total | | | \$5,542,421.09 |

Cessation

Promotion and Delivery of Tobacco Cessation “This is Quitting” Campaign

On June 7, 2023, the Division of Public Health (DPH) executed a two-year contract to implement public education and media campaign interventions. These initiatives are designed to promote text-based vaping cessation content, support tobacco-free college campuses, and provide education at select North Carolina universities. The primary target audience for these efforts is young adults who first became addicted to nicotine when Juul entered the market.

Evaluation and Reach:

- Truth Initiative promoted the “This is Quitting” Campaign by featuring a young woman named Kendall from Raleigh, who started vaping as a freshman in high school. The ad follows her quit journey and drives users to text VAPEFREENC to 88709. The media campaign ran from August 28, 2023, to June 7, 2024. Overall, the awareness media campaign drove more than 190 million impressions to 18–24-year-olds in North Carolina, resulting in a 46.3% increase in ad awareness when compared to baseline survey results. In addition, those who vaped were more likely to think about quitting soon in the post-survey (27%) compared to the pre-survey (19%).
- In the first year of the launch of “This is Quitting” (TIQ) focused on young people in NC: (*Note:* North Carolina has outperformed all Truth Initiative TIQ programs among all other state clients).
 - There has been 6,012 subscriptions or contacts to TIQ (including 1,265 people who have subscribed more than once)
 - Of those who contacted TIQ, 64 % or 3485 individuals enrolled. Enrollees included 615 individuals aged 13-17 years and 3,230 individuals aged 18 – 24 years.

- 61.2% of participants completed the program.
- 68.9% of survey respondents reported decreased usage or complete abstinence after 14 days.
- 41.7% of respondents reported 30-day abstinence at 60 days.
- An educational and promotional program was created aimed at local colleges and universities
 - Truth Initiative executed several activities to educate college administrators and student leaders on the harms of vaping and to promote “This is Quitting.” Activities were a mix of virtual and in-person.
 - Two tours on TIQ at North Carolina A&T University and Fayetteville State University were held on the respective campuses. Through both tours, the team interacted with more than 1,000 students, faculty and staff, with 855 students registered for truth’s Take Action summit and 39 people enrolled on tour days.

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 to peer social support for quitting e-cigarettes and other tobacco products.

Evaluation and Reach:

- From April 16, 2023 - January 22, 2024 (combined year 1 and 2), this activity delivered nearly 34,314,767 impressions (reach) and 156,505 website sessions of which 66% came from Instagram (reach). 1,785 teens (who were qualified to participate) began the registration process. 263 participated in 23 Instagram-based cessation groups.

Preventing Initiation

Tobacco Prevention Education via Mass Media

This educational approach uses established crowd media tools 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 and teens from smoking, vaping and smokeless tobacco use.

DPH is also contracting with the UNC School of Medicine to leverage social media and conduct other forms of community outreach to educate stakeholders and the public on the harms of youth vaping.

Evaluation and Reach:

- “Behind the Haze” - Advertisements for this campaign ran from October 2023 - 12/22/23 and from 2/9/24 – 4/9/24, delivering nearly 28 million impressions (reach) and almost 2.3 million video completions. Teens interacted with the campaign in exploratory ways (for example, clicking on a link) nearly 172,000 times and over 1100

participated in more active ways (such as sharing a post). “Behind the Haze” was extended by Wake County to reach their teens specifically because of the success of the statewide campaign.

- “Down & Dirty” - Advertisements ran from December 2023 – February 2024 and April – June 2024, with specific outreach to youth in rural NC counties. The campaign delivered 18.3 million impressions (reach) and garnered over two million video completions. Over 50,000 teens interacted with the campaign in exploratory ways (for example, clicking a link to learn more) and 534 teens participated in active engagement (such as sharing the post to their social media). Rowan County leveraged success of the statewide campaign, extending “Down and Dirty” to reach teens in their county.
- The North Carolinians for a Tobacco-Free Generation project is using Juul funded contract for social media and other outreach strategies to educate the public and stakeholders on harms from e-cigarette use and effective policies and programs to reduce those harms. To date, there are 589 total followers across all platforms.

Data Monitoring and Independent Evaluation

On July 1, 2023, a two-year contract was initiated to support the analysis of youth tobacco and e-cigarette use in North Carolina. This contract aims to identify knowledge gaps among youth, young adults, and adult influencers, and to enhance the planning and delivery of prevention and cessation resources. Its goal is to support youth and young adults in living tobacco-free lives more effectively.

Evaluation and Reach:

To date the following key data collection activities have been completed to provide a more accurate picture of youth and young adult vaping in North Carolina.

- **School Resource Officer Interviews:** 17 School Resource Officers (SRO) participated in one-hour interviews in October-November 2023. SROs discussed their perception of e-cigarette use by students in school, school-related consequences for students using e-cigarettes on school property, their school’s policies, and future potential actions related to e-cigarettes. Most SROs recommended alternatives to suspension that keep students in school, stronger tobacco-prevention curricula that includes vaping prevention, and additional legislation to support prevention efforts among youth.
- **Young Adult Survey:** 920 North Carolina young adults, aged 18 to 26, completed an online survey between January-February 2024. The survey examined e-cigarette use, other tobacco use, e-cigarette knowledge, risk perceptions, and motivation to quit using e-cigarettes. Two thirds of participants (66.9%) reported “ever” using an e-cigarette and almost half (42.5%) reported using an e-cigarette in the past month. Over 80% of current e-cigarette users expressed some interest in quitting in the next three months.
- **Parent Survey:** 514 legal guardians/parents of children aged 11-18 enrolled in school in North Carolina completed an online survey. The survey examined parental perceptions of youth vaping and thoughts on resources and policies needed to reduce vaping among youth in NC. The majority of parents consider any e-cigarette to be risky or dangerous

for youth and believe that their school's alternative to suspension program is a great way to reduce e-cigarette use among students, compared to less effective measures such as confiscating devices and suspension programs.

- **School Administrators Survey:** 190 school administrators completed an online survey in May-June 2024 to provide insight on resources and internal policies schools need to reduce e-cigarette use among students in North Carolina. The survey found that administrators consider e-cigarette use among students as a serious problem and are concerned increasing rates of use, but many are not confident that they have sufficient resources to prevent e-cigarette use or sufficient resources to help students who are addicted.

Across all surveys, key findings highlight a significant concern about e-cigarette use among youth and a strong desire for more effective interventions. School Resource Officers advocated for alternatives to suspension and enhanced tobacco-prevention curricula. The Young Adult Survey revealed high e-cigarette usage rates, with many users eager to quit. Parents expressed a preference for alternative-to-suspension programs over punitive measures. School administrators reported a serious problem with rising e-cigarette use among students and a lack of confidence in their resources to address it. Collectively, these surveys underscore the urgent need for comprehensive, resource-supported strategies to combat youth e-cigarette use and support cessation efforts.

The Tobacco Prevention and Control Branch created a resource document entitled Youth-Centered Tobacco Resources and Educational Programs. The document has been shared with schools across N.C. and can be found at <https://tobaccopreventionandcontrol.dph.ncdhhs.gov/youth/Documents/TobaccoPreventionCessationProgramResources-for-YoungPeople.pdf>.

Additional activities undertaken include a review of relevant news stories and articles, a survey of school nurses, along with an activity to understand how social media users are exposed to tobacco-related content.

ENDSTracker

The Research Triangle Institute is actively gathering and analyzing e-cigarette sales and marketing data from North Carolina for real-time trend monitoring as part of the Juul funding. This data is crucial as it provides insight into the evolving marketplace, including new and revised e-cigarette products marketed and sold in the state. To date, four quarterly reports have been delivered, helping us understand how to enhance surveillance and evaluation efforts to ensure counter-marketing messages remain effective and up to date.

Special Projects

Tele-Town Halls

- Tele-town halls focused on equipping parents and other caregivers to talk with their child about vaping, how to advocate in their schools, as well as resources about vaping products and related health risks. The first Tele-Town Hall and Cafecito (Spanish version) on Youth

and Vaping: Prevention and Support were held for these audiences on May 29th and 30th 2024 were a huge success.

- Fireside Chat and Tele-Town Hall reach: 18,151 people listened by phone. On NCDHHS Facebook, Twitter (X) and YouTube accounts, 1,681 viewers watched, for a total reach of 19,834 people to date.
- Cafecito reach: 6,559 people listened by phone. On NC DHHS Facebook, Twitter and YouTube accounts, 2,023 viewers watched, for a total reach of 8,582 people to date.
- The Tobacco Prevention and Control Branch is working with NC DHHS in planning an additional Tele-Town Hall for school partners to be held on September 12, 2024.

Assessments at the Point of Sale

Product manufacturers allocate 96 percent of their marketing budgets to point-of-sale advertising, a strategy that is particularly effective among youth and historically marginalized communities. To address this, the Tobacco Prevention and Control Branch has partnered with local health departments and Counter Tools, an agency specializing in navigating the rapidly changing marketplace. Counter Tools assists states and communities in developing and implementing effective point-of-sale interventions aimed at preventing and reducing youth access to tobacco products. Product manufacturers spend 96 percent of their marketing budgets on point-of-sale advertising because it works well, particularly among youth and historically marginalized communities. For that reason, the Tobacco Prevention and Control Branch partnered with Counter Tools, 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 four trainings for tobacco control advocates and stakeholders across the state, including Regional Tobacco Control Managers, local health department tobacco prevention staff, on the how the retail environment matters for tobacco prevention and control, the trainings provided state and local stakeholders with a deeper understanding of the retail environment's impact on tobacco use.
- Conducted key informant interviews with youth, tobacco control staff, individuals involved in enforcement of tobacco control laws, healthcare professionals, and school staff about possible tobacco control opportunities in North Carolina. Key informant interviews led to the development of impactful storytelling materials that clearly communicate essential tobacco control policies.
- Created a set of three storytelling materials by incorporating qualitative data from the key informant interviews; quantitative data on tobacco use in North Carolina, tobacco retail sales to underage youth, and store assessment data; best practices in communicating about the key policies; as well as feedback from local and regional tobacco control staff.
- Leveraged the Point-of-Sale Toolkit (POST) Collect and provided training for local staff on how to use POST Collect to conduct the store assessments. The statewide POST Collect account, along with an updated retailer list and comprehensive staff training, enhanced the capability to conduct detailed store assessments. These improvements collectively support more effective and data-driven tobacco use prevention strategies across the state.

Documents Depository

Executed a two-year contract with UNC-Chapel Hill, University Libraries as of July 1, 2023, that is creating and implementing a documents depository, in accordance with the final consent judgment resolving the JLI case. The depository will ultimately house over four million documents from Juul Labs Incorporated for purposes of public access, historic and research uses.

Evaluation and Reach:

- On June 27, 2024, the documents library uploaded an additional 289,868 documents bringing total publicly available Juul documents to 1,870,542. These documents have already led to several publications.