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Transparency Denied: What We Still Don't Know About the Tobacco Arbitration Settlement

TOPEKA—Kansas Action for Children today released a new report on the implications of Kansas' decision to settle its long-standing dispute with tobacco companies regarding the state's enforcement of the original tobacco master settlement agreement (MSA).

“The Tobacco Arbitration Settlement: What Does It Mean for Kansas Kids?” outlines the history of the tobacco MSA, which funds the majority of early childhood programs in Kansas, and the uncertainty that remains in regards to future payments to Kansas because of the arbitration settlement. The information contained in the report was secured through a series of Kansas Open Records Act requests.

“Pursuing transparency has cost more than \$5,000 in legal fees, document preparation fees and filing fees,” said KAC President and CEO Shannon Cotsoradis. “When we decided to pursue this course of action, I never imagined that it would take more than 10 months to secure the documents we need to determine the impact of a public settlement on Kansas children.”

KAC's requests for information were related to the monies Kansas is expected to receive from the MSA's “Disputed Payment Account,” or DPA, which is the share of money that tobacco companies withheld from their payments to states during the arbitration process.

In December 2012, Kansas and other states reached an agreement with manufacturers in the tobacco arbitration. In March 2013, the settlement was approved by the Master Settlement Agreement arbitration panel. Unlike the rest of the states participating in the arbitration settlement, Kansas opted to receive only a portion of its DPA, \$28.9 million, in 2013. The remaining \$17.2 million is expected to be received in 2014. KAC is working to ensure those funds are protected and preserved for Kansas children.

“Transparency is an ideal policymakers talk about, but the process for achieving transparency is less than ideal,” said Cotsoradis. “In this case, it is especially troubling because the delay in receiving information related to the arbitration settlement will impact hundreds of thousands of Kansas children and their families for years to come.”

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