

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5105A PCB HUSA 09A-01 Biomedical Research

SPONSOR(S): Human Services Appropriations Committee; Zapata

TIED BILLS: **IDEN./SIM. BILLS:** SB 10A

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Human Services Appropriations Committee	7 Y, 0 N	Holt	Massengale
1)	Full Appropriations Council on General Government & Health Care		Holt	Leznoff
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

The Florida Biomedical Research Program within the Department of Health includes two distinct programs. The James and Esther King Biomedical Research Program supports research initiatives that address the health care problems of Floridians in the areas of tobacco-related cancers, cardiovascular disease, stroke, and pulmonary disease. In Fiscal Year 2008-2009, the Legislature appropriated \$6 million recurring General Revenue and \$3.9 million from the Lawton Chiles Endowment Fund interest earnings to the program.

The William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program (Bankhead-Coley Program) supports cancer research to further the search for cures for cancer. In Fiscal Year 2008-2009, the Legislature appropriated \$9 million recurring General Revenue to the Bankhead-Coley Program.

The bill reduces the statutorily required recurring General Revenue appropriation to the James and Esther King Biomedical Research Program of \$6 million by \$240,000. Likewise, the recurring General Revenue appropriation of \$9 million is reduced by \$360,000 for the Bankhead-Coley Program. These changes conform to reductions in the Fiscal Year 2008-2009 Special Appropriations Act.

The bill takes effect upon becoming a law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives:

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

The Florida Biomedical Research Program within the Department of Health includes two distinct programs: the James and Esther King Biomedical Research Program and the William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program.

Biomedical Research Grant Awards

The Florida Biomedical Research Program distributes grant awards for one-, two-, or three-year periods. Applications are accepted annually and awards are announced every June/July. After the awards are announced, the program obtains a signed contract, final budget, and the required study approvals from the grant recipient. Funds are only released to recipients on an as needed basis and the undispersed, but obligated funds, are held in an interest bearing account. The accrued interest is held in the Biomedical Research Trust Fund.

James and Esther King Biomedical Research Program

In 1999, the Legislature created the Florida Biomedical Research Program in the Department of Health to support research initiatives that address the health care problems of Floridians in the areas of cancer, cardiovascular disease, stroke, and pulmonary disease.¹ In 2003, the Florida Biomedical Research Program was renamed the "James and Esther King Biomedical Research Program."²

At inception, the program was to be supported by funds from the Lawton Chiles Endowment Fund,³ but a specific appropriation amount was not statutorily indicated.⁴ The statute⁵ further stipulates that appropriated funds were to be used by the Florida Biomedical Research Program to provide grants and fellowships for research relating to the diagnosis and treatment of diseases related to tobacco use, including cancer, cardiovascular disease, stroke, and pulmonary disease, and administrative expenditures.

Moreover, appropriations made from the interest earnings in the Lawton Chiles Endowment Fund were to be placed in a special appropriation category called the James and Esther King Biomedical

¹Chapter 99-167, L.O.F.

²Chapter 2003-414, L.O.F.

³Section 215.5601(1)(d), F.S.

⁴Chapter 99-167, L.O.F.

⁵Section 215.5602(2), F.S.

Research Program and deposited into the Biomedical Research Trust Fund in the Department of Health; however, in Fiscal Year 1999-2000, the program did not receive an appropriation.⁶

In 2000, the Legislature amended the Florida Biomedical Research Program to indicate a specific appropriation amount. The program was to receive 33.5 percent of the proceeds available from the interest earned on the principal of \$150 million set aside in the Lawton Chiles Endowment Fund for Biomedical Research starting in Fiscal Year 2001-2002. Since the interest earnings were not available, the program received \$2 million in nonrecurring Tobacco Settlement trust funds.⁷

In 2001, the Legislature amended the legislative purpose of the program, stating that the intent for the program was to provide an annual and perpetual source of funding to support research initiatives that address the health care problems of Floridians in the areas of tobacco-related cancer, cardiovascular disease, stroke, and pulmonary disease.⁸ In Fiscal Year 2001-2002, the program received \$6 million from the Lawton Chiles Endowment Fund, which was deposited into the Tobacco Settlement Trust Fund and then transferred into the Biomedical Research Trust Fund.⁹

According to the Fiscal Year 2002-2003 General Appropriations Act, the Legislature appropriated \$6.1 million to support the program. Of this amount, it appears that \$3 million was interest earnings from the Lawton Chiles Endowment Fund.

In 2003, the Legislature passed legislation that appropriated \$3.5 million from the Biomedical Research Trust Fund to the Department of Health to operate the James and Esther King Biomedical Research Program for the 2003-2004 fiscal year.¹⁰ It appears that all the funding appropriated in Fiscal Year 2003-2004 was from interest earnings from the Lawton Chiles Endowment Fund.

The 2004 Legislature passed legislation that annually distributed \$6 million recurring funds from the Alcoholic Beverage and Tobacco Trust Fund¹¹ within the Department of Business and Professional Regulation to the Biomedical Research Trust Fund in the Department of Health.¹² In Fiscal Years 2004-2005 and 2005-2006, the Legislature appropriated \$10.1 million; of this, \$3.4 million appears to be from interest earnings from the Lawton Chiles Endowment Fund.

In 2006, the Legislature repealed the distribution from the Alcoholic Beverage and Tobacco Trust Fund and replaced it with \$6 million recurring General Revenue.¹³ In Fiscal Year 2006-2007, the James and Esther King Biomedical Research Program received a total appropriation of \$9.5 million, of which \$3.5 million was from interest earnings from the Lawton Chiles Endowment Fund.

In Fiscal Years 2007-2008 and 2008-2009, the Legislature appropriated \$6 million from General Revenue Fund and \$3.9 million from interest earnings from the Lawton Chiles Endowment Fund.

Bankhead-Coley Program

In 2006, the Legislature created the William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program ("Bankhead-Coley Program") within the Department of Health. The purpose of the program was to advance progress towards cures for cancer through grant awards.

Since inception in 2006, the Legislature appropriated \$9 million recurring General Revenue to the Biomedical Research Trust Fund within the Department of Health to support the Bankhead-Coley Program.¹⁴ The funds are distributed as grants to researchers seeking cures for cancer, with emphasis given to the efforts that significantly expand cancer research capacity in the state.¹⁵

⁶Section 215.5601(5)(a)1., F.S.

⁷Chapter 2000-255, L.O.F.

⁸Chapter 2001-73, L.O.F.

⁹See Budget Amendment EOG 0373, posted to the Biomedical Research Trust Fund in January 2002.

¹⁰Chapter 2003-414, L.O.F.

¹¹Funding comes from excise taxes on alcoholic beverages.

¹²Chapter 2004-2, L.O.F.

¹³Chapter 2006-182, L.O.F.

¹⁴Chapter 2006-182, L.O.F.

¹⁵The efforts to improve cancer research are outlined in s. 381.921, F.S.

Effects of the Bill

The bill reduces the statutorily required recurring General Revenue appropriation for the James and Esther King Biomedical Research Program by \$240,000 and the William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program by \$360,000. These changes conform to reductions in the Fiscal Year 2008-2009 Special Appropriations Act.

B. SECTION DIRECTORY:

Section 1. Amends s. 215.5602, F.S., relating to the appropriation to the James and Esther Biomedical Research Program.

Section 2. Amends s. 381.922, F.S., relating to the appropriation to the Bankhead-Coley Cancer Research Program.

Section 3. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Research Program	General Revenue	Lawton Chiles Endowment Fund (interest earnings)	Biomedical Research Trust Fund
James & Esther King	\$5,760,000	\$3,900,000	\$9,660,000
Bankhead-Coley	\$8,640,000	\$-	\$8,640,000
TOTAL	\$14,400,000	\$3,900,000	\$18,300,000

The General Revenue funds and the Lawton Chiles Endowment Fund interest earnings are transferred to the Biomedical Research Trust Fund. In Fiscal Year 2008-2009, the Legislature appropriated a total of \$15,000,000 in General Revenue. The bill reduces the James and Esther King Biomedical Research Program by \$240,000 and the Bankhead-Coley Cancer Research Program by \$360,000 in recurring general revenue funds to conform to reductions in the Fiscal Year 2008-2009 Special Appropriations Act. There is a corresponding \$600,000 reduction in budget authority to the Biomedical Research Trust Fund.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There may be fewer funds available to award biomedical research grants to applicants.

D. FISCAL COMMENTS:

As of November 30, 2008, the Biomedical Trust Fund accrued interest earnings of \$1.68 million. In addition, the James and Esther King Biomedical Research Program had an estimated remaining balance from unobligated grant awards of \$585,000.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. **Applicability of Municipality/County Mandates Provision:**
Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.
2. **Other:**
None.

B. RULE-MAKING AUTHORITY:

The bill does not require the department to promulgate rules.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES