

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 470** HLS 18RS 645
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 10, 2018 9:16 PM	Author: STOKES
Dept./Agy.: LA Dept. of Treasury	Analyst: Zachary Rau
Subject: Creates the LA Medical Research Fund	

FUNDS/FUNDING OR INCREASE SD EX See Note Page 1 of 2
 Creates and provides for the Louisiana Medical Research Fund

Proposed law creates the LA Medical Research Fund within the State Treasury. Proposed law provides that the fund shall be governed by a three-member board appointed by the governor and provides for terms of board members and entities that may nominate board members. Proposed law outlines the responsibilities of the board, including hiring a managing director, dissemination of research funding to qualified researchers, and adopting guidelines, policies, and procedures to award research funding. Proposed law outlines the responsibilities of the managing director for the fund. Proposed law requires the fund to distribute resources according to criteria adopted by the board. Proposed law stipulates requirements for a proposed research venture to receive resources from the fund. Proposed law stipulates that at least 51% of funding annually shall be in the specialties of neuroscience, cancer, and cardiovascular science, and provides for prioritization of funding. Proposed law requires entities receiving resources from the fund to submit annual cost and program reports. Proposed law allows for collaboration between the fund, Health Education Authority of LA, and the LA Cancer Research Center.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase state expenditures by an indeterminable, but possibly significant amount, assumed to be funded by the new statutorily dedicated LA Medical Research Fund beginning in FY 19. Expenditure may include costs associated with the new fund's managing director, domicile within a state-owned building, board of directors, and operations of the fund. Proposed law states that the fund may receive deposits via legislative appropriations, deposits of federal funds, public or private donations, gifts, or grants. Deposits to the fund may require an SGF appropriation in absence of funding from other sources.

The most explicit costs associated with administration of the fund are personal services expenditures (salary and related benefits) to hire the fund's managing director. Furthermore, proposed law states that fund's physical domicile shall be within a state building. The fund's managing director would require supplies and information technology equipment (desk, chair, computer, printer, office supplies, etc.) to undertake administration of the fund, although it is unclear if these would be obtained through the Office of Technology Services and the Office of State Procurement, or independently. The need for additional staff is uncertain at this time.

Additional expenditures associated with the fund itself are disbursements associated with the award of grants for research proposals. Furthermore, one of the managing director's duties is to coordinate peer reviews of research proposals for applicants of grant funding, and provides that peer reviewers may be compensated in accordance with international practice, which is another expense assumed to be absorbed by the fund.

In addition, the proposed legislation provides for a three-member board of directors to oversee the fund, but does not provide for meetings of the board, nor does it specify board compensation. Therefore it is uncertain if board members will receive compensation or reimbursements for travel to meetings pursuant to PPM 49. Lastly, the proposed legislation allows the LA Cancer Research Center, the Health Education Authority of LA, and the LA Medical Research Fund to collaborate, but does not specify collaboration in a formal setting. Therefore, it is assumed that collaboration between these entities will be informal in nature with no explicit costs.

(Expenditure Explanation cont. on Page 2)

REVENUE EXPLANATION

The proposed legislation includes provisions allowing for the newly created LA Medical Research Fund to receive resources from a variety of sources, including "public or private donations, gifts, or grants" from various donors, including individuals, corporations, charitable foundations, nonprofit entities, or other business entities. However, any potential revenue generated from such donations, gifts, and/or grants is speculative and cannot be quantified.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Page 1)

Furthermore, creating a new statutory dedication (LA Medical Research Fund) within the state treasury will result in a marginal additional workload for the Treasury, which can generally be absorbed with existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 389 special funds. When unable to absorb additional workload with existing resources, the treasury anticipates a personal services expenditure increase of approximately \$71,000 for 1 T.O. position plus approximately \$2,500 for a one-time purchase of office equipment. These expenditures are assumed to be SGR.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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