

SUBJECT: Creation of the Cancer Prevention and Research Institute of Texas

COMMITTEE: Public Health — committee substitute recommended

VOTE: 6 ayes — Delisi, Jackson, Cohen, Gonzales, S. King, Truitt

1 nay — Laubenberg

1 present not voting — Coleman

1 absent — Olivo

WITNESSES: (*On original version:*)

For — (*Registered, but did not testify:* Tom Kleinworth, Baylor College of Medicine; Amber Pearce, Texas Healthcare and Bioscience Institute; Denise Rose, Texas Children's Hospital; Susie Shields, San Antonio Chamber of Commerce)

(*On committee substitute:*)

For — Rebecca Birch, Susan G. Komen for the Cure; Cathy Bonner, KillCancer.org; Mark Clanton, American Cancer Society - High Plains Division; Jim Dannenbaum, Texas Cancer Council; Arthur Frankel, Scott & White Cancer Research Institute; Ladon Homer, Texas Medical Association; Andy Miller, Lance Armstrong Foundation; (*Registered, but did not testify:* Mazie Jamison, Children's Medical Center Dallas; Carol McDonald, Independent Colleges and Universities of Texas, Inc.; Andrea McWilliams; Michele O'Brien, CHRISTUS Santa Rosa Healthcare, CHRISTUS Health; John Sharp, KillCancer.org)

Against — None

On — Kimberly Edwards, Texas Public Finance Authority; Billy Hamilton

BACKGROUND: The Texas Cancer Council was established by the Texas Legislature in 1985 to reduce the human and economic impact of cancer on Texans. The council developed the *Texas Cancer Plan* as an approach to cancer prevention and control in Texas.

DIGEST:

CSHB 14 would dissolve the Texas Cancer Council and transfer all rights, duties, and obligations of the council to the Cancer Prevention and Research Institute of Texas. The Cancer Prevention and Research Institute would be funded by the issuance of \$3 billion in general obligation bonds over a 10-year period. Oversight and Scientific Research and Prevention Programs would be created to provide Institute oversight and professional expertise.

The purpose of the Cancer Prevention and Research Institute of Texas would be to:

- create and expedite innovation in the area of cancer research enhancing the potential for a scientific breakthrough in the prevention of and cure for cancer;
- attract, create, or expand research capabilities of higher education institutions and other public or private entities that would promote a substantial increase in cancer research and in the creation of high-quality new jobs in Texas; and
- develop and implement the Texas Cancer Plan.

The Cancer Prevention and Research Institute of Texas would be subject to Sunset review and would be abolished if not continued on September 1, 2021.

**Powers and duties.** The institute could provide grants to public and private entities, medical research facilities, and educational institutions to fund research into the causes, cures, and treatments for cancer. Grants also could be provided to support research facilities. The institute would support educational institutions, advanced medical research facilities and collaborations in developing laboratory research, clinical trials, and advanced cancer treatments. The institute would continually revise and implement the Texas Cancer Plan.

The institute would issue an annual report regarding the grants awarded, grants in progress, research accomplishments, and future program direction. This report would include specific financial information regarding grant amounts, funding availability from outside the institute, and the direct and indirect cost of cancer to Texas.

**Oversight.** The Cancer Prevention and Research Institute of Texas Oversight Committee would be the governing body of the institute. The

oversight committee would comprise 11 members serving four-year terms with the governor, the lieutenant governor, and the speaker of the House each appointing three members. The remaining two members would be the governor and the comptroller or the designee of these officials. The members of the oversight committee would represent the geographic and cultural diversity of the state with an emphasis on appointment of cancer survivors and family members of cancer patients. Committee membership would be restricted on the basis of a person's interest in organizations funded by the institute. The committee would adopt conflict-of-interest rules.

The oversight committee would meet at least quarterly and would provide the opportunity for public comments. The committee could award up to \$300 million in grants each year between September 1, 2009, and August 31, 2020. The oversight committee would establish a contract governing the use of grant funds, intellectual property rights, and the return of funds to the institute, if funds were not used during the contracted period. The committee would adopt intellectual property rules that allowed the state to collect appropriate royalties from projects undertaken with grant funds without removing the incentive of a potential grantee to seek funding for medical research. The committee would establish standards requiring grant recipients to use Texas suppliers to the extent reasonably possible.

A certified public accountant would conduct an annual independent audit and convey audit findings to the comptroller. The comptroller would issue a report with financial and performance recommendations based on the audit findings.

**Research and Prevention Programs Committee.** The Research and Prevention Programs Committee would include nine voting members including health care professionals, representatives of health care facilities, and representatives of voluntary health organizations. Nine non-voting members would be appointed representing public and private educational institutions.

The Research and Prevention Programs Committee would perform grant application review and make recommendations regarding the award of research, therapy, development, and clinical trial grants. A committee member could not attempt to influence a decision based on the member's employer. The oversight committee would follow the research and prevention program committee's award recommendations unless

overridden by a two-thirds vote of the oversight committee. Grant recommendations would give priority to proposals that:

- strengthened fundamental cancer research and could lead to immediate or long-term scientific breakthroughs;
- were collaborative, interdisciplinary, and interinstitutional; and
- enhanced the economic, educational, employment, and commercial environment of the state.

Funded programs would be subject to peer review by the Scientific Research and Prevention Programs Committee, and recommendations would be made for any actions that should be taken. Research projects would have to be conducted with consideration for ethical and medical implications of the research and federal and state law regarding research conduct.

**Funding.** The Texas Public Finance Authority could issue \$300 million in general obligation bonds per year after September 1, 2009. Proceeds of the bonds could be used for the purposes of the Cancer Prevention and Research Fund and to pay the cost of issuing the bonds.

CSHB 14 would establish the Cancer Prevention and Research general revenue-dedicated account. The account could contain patent, royalty, and license fees received under contract. The institute could solicit and accept gifts and grants from any source. The Cancer Prevention and Research Fund could be used to pay for grants, laboratory facilities, and operations of the institute.

Grantees could use funds for salaries, travel, operating expenses, supplies and other contracted purposes as long as not more than 5 percent was spent on indirect costs. Not more than 10 percent of total money awards could be used for facility construction and not more than 5 percent could be used for cancer control programs.

**Dissolution of the Texas Cancer Council.** The members of the Oversight and Research and Prevention Programs Committees would be selected by December 1, 2007. The dissolution of the Texas Cancer Council would occur on the date on which a majority of the appointed members of the Oversight Committee had taken office. Obligations, rights, duties, proceedings, policies, procedures, employees, and funding of the Texas Cancer Council would be transferred to the institute on this date. Statutes

in the Health and Safety Code regarding the specific operation of the Texas Cancer Council would be repealed.

**Effective date.** CSHB 14 would take effect on the date on which a constitutional amendment establishing the Cancer Prevention and Research Institute of Texas was approved by the voters.

SUPPORTERS  
SAY:

CSHB 14 would make Texas a global leader in cancer research and prevention. The Texas Cancer Council indicates that cancer is the number two killer of Texans, killing more than 35,000 Texans each year. More than 77,000 Texans are diagnosed with cancer annually. The direct economic cost of cancer to Texas is more than \$4 billion each year.

Texas already has the infrastructure in place to support cancer research but needs more funding and direction to encourage collaboration to leverage the existing infrastructure. CSHB 14 would accelerate landmark discoveries in cancer research and allow scientists and practitioners to translate these discoveries into practical tools and techniques to treat and prevent cancer.

Grants through the Cancer Prevention and Research Institute would infuse the cancer research and treatment community with up to \$300 million each year. This not only would enhance cancer research, but also would attract private businesses to emerging Texas technology clusters. This would create more jobs in Texas as companies capitalized on local intellectual resources.

CSHB 14 would provide for professional expertise on the oversight and research and prevention committees that would make recommendations on grant awards. The bill would afford appropriate protections against conflicts of interest in these bodies. CSHB 14 would charge the oversight committee with creating standards that would balance Texas' economic interest in contracting for intellectual property rights and royalties with the need to provide incentives to grantees to conduct worthwhile research.

In light of the groundbreaking advances in cancer research that could occur, the debt service on the general obligation bonds for the Cancer Prevention and Research Institute would be a small price to pay. Much of this cost would be offset by new jobs generated in Texas and the decreased direct and indirect costs of cancer that directly resulted from breakthrough medical advances discovered and implemented through the Cancer

Prevention and Research Institute. CSHB 14 would lead to these breakthroughs not because the state government singularly was performing cancer research but rather because Texas would provide a sustained source of funding fostering a collaborative environment for both public and private entities to advance the field.

OPPONENTS  
SAY:

CSHB 14 would come at too high a cost to Texas taxpayers. Estimates of the long-term interest on \$3 billion in general obligation bonds would be as high as \$1.6 billion. While Texas would not feel the full effect of this investment now, it would become increasingly burdensome as more bonds were issued. By 2012, only three years into the bond issuance period, estimates of debt service would be \$75.6 million and would continue to rise.

While cancer research doubtless is a worthwhile undertaking, there are countless other pressing needs in this state, such as insuring Texas children and reducing the wait list for community services for the disabled. Medical research should be left in the hands of private organizations. Creative research is neither the role nor the talent of government.

NOTES:

CSHB 14 would be the enabling legislation for HJR 90 by Keffer, which appears on the May 7 Constitutional Amendments Calendar. The companion bill, SB 1292 by Nelson, as well as the related joint resolution, SJR 43 by Nelson, have been referred to the Senate Health and Human Services Committee.

The fiscal note would reflect no cost for fiscal 2008-09 because the first bonds would not be issued until the beginning of fiscal 2010. The general revenue-dedicated Cancer Research Fund account would be augmented by \$300 million per year beginning in fiscal 2010. The cost for debt service in fiscal 2010 would be \$15.9 million in general revenue-related funds. This cost would increase to \$75.6 million annually in fiscal 2012.