


**Resolution of the Board of Directors
Supporting Cancer Research Bonds**

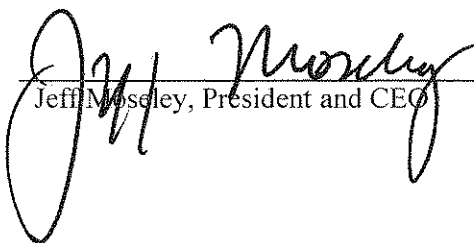
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The Partnership recognizes the following medical and economic benefits of expanding cancer research capabilities within the state:

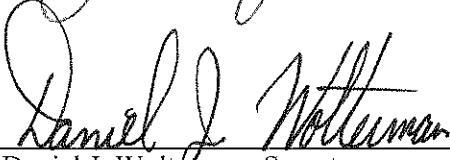
- Texas currently spends approximately \$500 million/year in cancer-related costs for Medicaid patients, state employees and teachers. The National Health Institute study shows that every one dollar invested in medical research yields approximately \$16 in medical cost savings.
- Creation of the Cancer Prevention and Research Institute of Texas will establish Texas as a world leader in cancer research and will enhance the recruitment of new medical, biomedical and nanotechnology businesses to the region, resulting in new jobs.



John D. Hofmeister, Chairman



Jeff Moseley, President and CEO



Daniel J. Wolterman, Secretary



MEMORANDUM

DATE: October 3, 2007

TO: Greater Houston Partnership Board of Directors

FROM: Jim Edmonds, Chairman
Health Care Advisory Committee

SUBJECT: Resolution of the Board of Directors in Support of Cancer Research Bonds

RECOMMENDATION

The Greater Houston Partnership supports Proposition 15, on the statewide November ballot, which authorizes \$3 billion in cancer research bonds and establishes the Cancer Prevention and Research Institute of Texas.

The Partnership recognizes the following medical and economic benefits of expanding cancer research capabilities within the state:

- Texas currently spends approximately \$500 million/year in cancer-related costs for Medicaid patients, state employees and teachers. The National Health Institute study shows that every one dollar invested in medical research yields approximately \$16 in medical cost savings.
- Creation of the Cancer Prevention and Research Institute of Texas will establish Texas as a world leader in cancer research and will enhance the recruitment of new medical, biomedical and nanotechnology businesses to the region, resulting in new jobs.

BACKGROUND

During the 80th Texas Legislative Session, House Joint Resolution 90 (HJR 90) passed creating Proposition 15. HJR 90 would require the legislature to establish the Cancer Prevention and Research Institute of Texas, and would provide for its management, duties, and powers. It would authorize the issuance of up to \$3 billion (\$300 million per year for 10 years) in general obligations bonds to be used for operations and grants for the purpose of scientific research of all forms of human cancer. In November, the matter will go before Texas voters in the form of a constitution amendment.

The proposed amendment will appear on the ballot as follows:

“The constitutional amendment requiring the creation of the Cancer Prevention and Research Institute of Texas and authorizing the issuance of up to \$3 billion in bonds

payable from the general revenues of the state for research in Texas to find the causes of, and cures for cancer."

The Institute will have three clear purposes: (1) further cancer research and prioritize a medical or scientific breakthrough in the prevention of cancer and cures for cancer; (2) attract, create, and expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in this state; and (3) develop and implement the Texas Cancer Plan.

House Joint Resolution 90, as passed by the Texas Legislature, provides the following organizational structure, procedures and provisions for the Institute:

Oversight Committee:

- This is the governing body of the Institute and is composed of the following:
 - three members appointed by the Governor;
 - three members appointed by the Lieutenant Governor;
 - three members appointed by the Speaker;
 - Comptroller or designee; and
 - Attorney General or designee.
- Members of the Oversight Committee must:
 - Represent the geographic and cultural diversity of the state.
 - Include cancer survivors and family members of survivors.
- Members of the Oversight Committee (and/or spouse) may not:
 - Be employed or manage entities that have received funds from the Institute;
 - Own or control more than 5 percent of a business that receives funds from the Institute; or
 - Use or receive tangible goods, services, or money from the Institute (except for reimbursements authorized under the bill).
- Hires the Executive Director of the Institute.
- Appointed to four-year terms.

Scientific Research and Prevention Programs Committee:

- 18 members – nine voting and nine non-voting.
- nine voting members:
 - three Physician or licensed health care professionals active in cancer treatment.
 - Gov., Lt. Gov., and Speaker appoint one each.
 - three Representatives of a licensed health care facility that treats a significant number of cancer patients.
 - Gov., Lt. Gov., and Speaker appoint one each
 - three Representatives of voluntary health organizations interested in cancer.
 - Gov., Lt. Gov., and Speaker appoint one each.

- nine non-voting members from the State's higher education systems

Cancer Research and Prevention Fund:

- This is a dedicated account in General Revenue.
- Fund will consist of:
 - Money appropriate by the Legislature;
 - Gifts, grants (including from federal govt.), and donations;
 - Patent, royalty, and license fees received from contracts entered into by the Institute; and
 - Interest earned on investment money.
- Fund may be used only for:
 - Grants for cancer research and facilities in Texas for the cure or substantial mitigation of all types of cancer in humans;
 - Purchase of laboratory facilities by or on behalf of a state agency or grant recipient;
 - Grants to implement the Texas Cancer Plan; and
 - The operation of the Institute.
- Up to 10 percent may be used for Prevention.
- No more than 5 percent may be used for facility construction.
- No more than 5 percent may be used for indirect costs.

Procedure for Making Awards:

- The Scientific Research and Prevention Programs Committee shall review grant applications and make recommendations to the Oversight Committee.
- There are several provisions the Scientific Research and Prevention Programs Committee must consider when reviewing grants, such as: could this lead to immediate or long-term medical breakthroughs, ensure a comprehensive approach, are matched with private or non-profit funds, etc.
- The non-voting members of the Scientific Research and Prevention Programs Committee may participate in the grant review, but may not vote on the recommendations to the Oversight Committee
- The Oversight Committee must approve the recommendation unless two-thirds of the Oversight Committee votes against.

Other Provisions:

- All current employees of the Cancer Council will transfer to the Institute, except for the Executive Director.
- All current contracts of the Cancer Council will be transferred to the Institute.
- Grant recipient must contribute funds equal to one-half the total grant dedicated to the research subject of the grant. In other words, if the grant is for \$1 million, the recipient must match those funds with at least \$500,000.

FISCAL IMPACT

Due to the number of cancer related public and private entities in the region, a positive fiscal impact in the Houston area is expected.

KNOWN OPPOSITION

During the legislative session opponents raised the following objections:

- Creative research is neither the role nor the talent of state government and research funding should be addressed at the national level.
- The state has other pressing needs that represent more appropriate uses of state general revenue, such as insuring Texas children, enhancing mental health services and reducing the wait list for community services for the disabled.
- The state should demonstrate that cancer research is a priority by funding the Institute with general revenue in the state budget process rather than issuing bonds.

RESOURCES REQUIRED

None.