

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 549** HLS 13RS 809

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **W/ SEN FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 2, 2013	4:30 PM	Author: LEGER
Dept./Agy.: DHH		Analyst: Jennifer Katzman
Subject: Creation of the Louisiana MediFund		

RESEARCH & DEVELOPMENT

REF INCREASE GF EX See Note

Page 1 of 1

Establishes the MediFund for statewide advancement of biosciences and medical centers of excellence

Proposed law creates the Louisiana MediFund in the state treasury for the advancement of biosciences and medical centers of excellence. Proposed law also provides for board membership and activities under the Board of Regents. Funding for the MediFund may come from state appropriation, federal funds, public or private donations, gifts, or grants from individuals, corporations, nonprofit organizations, or other business entities. Proposed legislation also repeals R.S. 51:2201-2205 relative to the Dedicated Research Investment Fund.

Proposed legislation further indicates that the goals of the MediFund are to create regional and national medical centers of excellence to promote destination health care, contribute to improvement of health outcomes, support research & clinical partnerships, & facilitate a process for funding programs. Programmatic funding shall be based on a tiered system of awards known as planning or program grants to public or not-for-profit entities only. Proposed law terminates on 12/31/2018.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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						
REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is an anticipated increase in Statutory Dedications expenditures as a result of the proposed legislation due to the creation of the MediFund, which will be used to issue grants to public or not-for-profit entities for strategic research & clinical partnerships, improving health outcomes, and promoting Louisiana as a destination source for health care. The Board of Regents anticipates that a new analyst will be required in order to administer the MediFund's activities and apply for and monitor grant activities since these functions cannot be absorbed within current staff and resources. Funding for this position is estimated at approximately \$50,000 - \$75,000 annually, and will depend on availability of funding from deposits into the MediFund beginning in FY 14. The LFO assumes that no personnel will be hired until there is sufficient funding in the MediFund. Furthermore, to the extent that funding is not available in the MediFund for these expenditures in subsequent years, the LFO assumes that this position will have to either be funded with SGF or be terminated.

The proposed legislation also requires the Legislative Auditor to audit the use of all grant funds. A current auditor will be assigned to determining and assessing any Federal or State requirements relative to the grants and auditing their usage. Any increase in expenditures will depend on the level of activity within the MediFund. However, information provided by the Legislative Auditor indicates that these expenditures are estimated at a maximum of \$28,500 in SGF annually due to increased hours requiring reallocation of assignments and overtime devoted to auditing the MediFund (estimated at 300 hours at \$95/hour rate).

The LFO also anticipates the state treasury will realize a minimal workload increase associated with the creation and reporting requirements of this single fund. However, the treasurer has noted that if the number of special & administrative funds substantially increase during the 2013 Regular Session, this may cause a significant workload increase necessitating the hiring of an additional fiscal analyst (\$53,886 starting salary & related benefits funded with SGR).

REVENUE EXPLANATION

The impact on revenues as a result of the proposed legislation is unknown. The proposed legislation states that funding for the MediFund may come from state appropriation, federal funds, public or private donations, gifts, or grants from individuals, corporations, nonprofit organizations, or other business entities. As such, MediFund activities are subject to state appropriation and the availability of private and Federal funding sources. There are 2 restrictions on the annual level of deposits or transfers into the MediFund including: 1) transfers or appropriations into the MediFund shall not exceed 20% of any increase in SGF/Statutory Dedications in the Higher Education operational budget from the prior fiscal year, and 2) annual state appropriations and transfers in to the fund are capped at \$25 M. There is currently no state funding budgeted for the MediFund in FY 14, and the availability of Federal and private funding is unknown.

Note: There are currently no existing funds within the Dedicated Research Investment Fund which is being repealed by this legislation.

<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) >= \$500,000 Annual Fiscal Cost {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}

John D. Carpenter
Legislative Fiscal Officer