



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #678

Carbone Cancer Center (UW System)

[LFB 2013-15 Budget Summary: Page 480, #6]

CURRENT LAW

No provision.

GOVERNOR

Provide \$3,750,000 GPR in 2013-14 in a new biennial appropriation for translational imaging research and require that the funds provided be used for costs incurred by the University of Wisconsin Carbone Cancer Center related to translational imaging research, research imaging and scanning, research imaging equipment, and the Wisconsin Oncology Network. Require the center to submit a plan to the Secretary of the Department of Administration (DOA) for raising an additional \$3,750,000 from federal, private, and other sources for the same purposes. Prohibit the release of funds from the appropriation unless the DOA Secretary approves the center's fundraising plan.

DISCUSSION POINTS

1. Molecular imaging technology has the potential to improve both the diagnosis and treatment of cancer. Advances in molecular imaging technology could allow doctors to develop and use molecular tracers to detect cancerous cells. This would allow doctors to diagnose patients and begin treatment earlier than is currently possible. Tracers could also be used to evaluate the effectiveness of a particular treatment for an individual patient, so that doctors could identify more quickly whether a particular treatment is working for a given patient and make modifications to the patient's treatment as necessary. In this way, the use of molecular imaging technology and molecular tracers could accelerate and personalize cancer treatment.

2. With these funds, the Carbone Cancer Center would build on the existing Wisconsin Oncology Network (WON) to create the Wisconsin Oncology Network of Imaging Excellence (WONIX). WON is a network of 17 oncology care institutions with sites throughout the state including in Antigo, Appleton, Beloit, Green Bay, Janesville, Johnson Creek, La Crosse, Manitowoc, Waukesha, Wausau, and Wisconsin Rapids. The WON network was created to allow researchers at the Cancer Center to conduct clinical trials throughout the state benefiting both the researchers, who have a larger pool of potential study participants, and the patients, who have access to experimental treatments that may otherwise be available only in Madison.

3. The development of WONIX would similarly allow researchers at the Cancer Center to conduct clinical trials using molecular imaging technology throughout the state, giving patients access to experimental treatments that are currently only available in Madison. The creation of WONIX could also make the Cancer Center more competitive for federal and private research grants and increase the amount of those funds the Cancer Center is able to attract. To develop WONIX, researchers at the Cancer Center would work with radiologists and medical physicists at each of the sites to ensure quality and consistency in imaging procedures.

4. The UW School of Medicine and Public Health (UWSMPH) announced in September, 2012, that it had entered into a 10-year research agreement with GE Healthcare through which the company would provide up to \$32.9 million in research support to the Departments of Radiology and Medical Physics. This support would include diagnostic imaging equipment and research staff as well as cash funding. According to Cancer Center staff, UW researchers would use the support provided by GE Healthcare and other sources to develop new molecular tracers, improve existing imaging hardware, and develop new software that could be used to analyze scans. Once developed, the tracers, hardware, and software could be commercialized, possibly leading to the creation of additional jobs in the region and generating additional funding for the cancer center.

5. Recent biennial budgets have similarly provided GPR funding for specific research projects. For example, the 2005-07 budget provided \$1,000,000 annually for Alzheimer's disease research. The 2007-09 budget provided \$2,500,000 in 2008-09 to the UWSMPH for lung cancer research. Under that provision, UWSMPH could not expend the GPR funding provided until it had received \$2,500,000 in gifts and grants for the same purpose. The 2007-09 budget also provided \$200,000 annually for the islet transplantation program at UWSMPH. The 2009-11 budget provided \$2,000,000 for the Wisconsin Genomics Initiative in 2009-10.

6. This proposal is most similar to the funding that was provided for lung cancer under the 2007-09 biennial budget (2007 Act 20) in that it would be provided on a one-time basis and would require an equal amount of non-state matching funds. Under the Governor's budget recommendations, no funding could be released for this purpose until the cancer center has submitted a fundraising plan to the DOA Secretary and DOA Secretary has approved that plan. Under the 2007 Act 20 provision, the Board of Regents could only spend the \$2,500,000 GPR provided for lung cancer research if it had received \$2,500,000 in gifts and grants from private sources to support such research. To be consistent with past practice and to ensure that the Cancer Center actually receives an equal amount of non-state gifts and grants, as opposed to merely developing a fundraising plan, the Committee could delete the language requiring the Cancer Center

to submit a fundraising plan and, instead, specify that the Board of Regents could only spend the funding provided if it had received \$3,750,000 in gifts and grants from non-state sources to support such research.

7. The Friends of Carbone Cancer Center initially requested \$3.75 million in each year of the biennium for molecular imaging research for a total of \$7.5 million over the biennium. The proposed annual budget included \$1,525,500 for salaries and fringe benefits, \$1,320,000 for scanning costs, and \$904,500 for other non-staff costs. (Although the proposed budget includes salary and fringe benefit costs, the Governor's budget would not provide any positions related to this provision.) Given that the Governor's budget provides a lesser amount of funding (\$3.75 million over the biennium) and the Friends group has not provided a revised budget, it is unclear how the funds would be spent if provided. As an alternative, the Committee may wish to require the Cancer Center to submit an expenditure plan to the Joint Committee on Finance for approval through a 14-day passive review process and specify that none of the funds provided may be expended until that plan has been approved.

8. In general, GPR funding for research and for specific research projects has been provided in the UW System's general program operations appropriation. The UW System's 2012 research report shows that the Board of Regents allocated \$96,875,400 from its GPR appropriation for general program operations to research activities in 2011-12. This figure includes \$14,075,490 that was provided for research projects mandated by the Legislature in previous state budgets. As an alternative to AB 40, the proposed funding could be provided in the UW System's GPR general program operations appropriation. This would be consistent with past practice as well as the "block grant" funding approach the Legislature adopted for the UW System under 2011 Act 32. One drawback to this approach is that the UW System's GPR general program operations appropriation is an annual appropriation, meaning that the funding could only be spent in the year in which it is provided as opposed to either year of the biennium as currently proposed. If the funding is provided in the UW System's GPR "block grant" appropriation, it could be provided as one-time funding in the second year of the biennium, which would give the cancer center additional time to secure matching funds and to develop an expenditure plan.

9. Another provision of the Governor's budget would provide \$10 million annually to create a new incentive grant program. Under that provision, the Board of Regents would award grants to UW institutions to fund certain activities, including those that would "increase or enhance research development." As the Carbone Cancer Center could be eligible for a grant under the proposed incentive grant program, the Committee may wish to instead provide the funding in the new incentive grants appropriation. Under this alternative, the Cancer Center would be required to submit an application to the Board of Regents and compete with other UW institutions in order to receive funding.

10. In a letter to the Committee dated May 15, 2013, the DOA Secretary recommended that funding for translational imaging research be provided through the UW System's program revenue block grant instead of through the new GPR appropriation that would be created for this purpose under the bill. As an alternative, the Committee could require the Board of Regents to allocate \$3.75 million over the biennium from its program revenue appropriation for general

program operations for translational imaging research.

ALTERNATIVES

1. Approve the Governor's recommendation. This would provide \$3,750,000 GPR in 2013-14 in a new biennial appropriation for translation imaging research.

2. Modify the provision as recommended by the DOA Secretary in his May 15 letter to the Committee, including: (a) delete \$3,750,000 GPR in 2013-14 and the related appropriation; and (b) require the Board of Regents to allocate \$3,750,000 over the biennium from its program revenue appropriation for general program operations to translational imaging research.

ALT 2	Change to Bill
	Funding
GPR	- \$3,750,000

3. Provide the funding recommended by the Governor but delete the language requiring the Carbone Cancer Center to submit a fundraising plan to the DOA Secretary and prohibiting the release of the appropriated funds until the DOA Secretary has approved the fundraising plan. Instead, specify that the Carbone Cancer Center could not expend the state funding provided until it has demonstrated that \$3,750,000 from federal, private, and other sources has been secured for the same purpose.

4. In addition to Alternative 3, require the Carbone Cancer Center to submit an expenditure plan to the Joint Committee on Finance for approval through a 14-day passive review process and specify that none of the funds provided may be expended until that plan has been approved.

5. Provide the funding in the UW System's GPR "block grant" appropriation in the second year of the biennium. Specify that this funding would be excluded from the UW System's base budget for the purpose of preparing the 2015-17 biennial budget.

6. Delete provision. Instead, increase the amount of funding provided for incentive grants by \$3,750,000 in 2013-14, from which the Carbone Cancer Center could apply for a grant from the UW System Board of Regents.

7. Delete provision.

ALT 7	Change to Bill
	Funding
GPR	- \$3,750,000

Prepared by: Emily Pope