

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 13
 Finance

(Senator Jackson)

Health and Government Operations

Public Health - Maryland Pediatric Cancer Fund and Commission

This bill (1) establishes the Pediatric Cancer Research Commission to oversee the award of competitive grants from the Maryland Pediatric Cancer Fund; (2) alters the authorized uses of the fund to include the provision of grants to eligible applicants to conduct pediatric cancer research (repealing the authorization that funds may be used to provide grants for pediatric cancer *prevention* and *treatment*) and the administrative costs of the fund and the commission; (3) authorizes a specified promotional account to allocate funds to a State-based childhood cancer organization; and (4) authorizes the specified promotional account to be used to educate the State scientific community about the opportunities for childhood cancer research through the fund (in addition to promoting donations to the fund under current law).

Fiscal Summary

State Effect: Special fund expenditures for the Maryland Department of Health (MDH) increase by \$52,900 in FY 2025 for staff. Future years reflect annualization, inflation, and elimination of one-time costs. While the bill primarily alters the purposes for which existing funds may be used, grant expenditures may increase to the extent that expanded use of the promotional account increases demand for grants. Any expense reimbursements for commission members are assumed to be absorbable within existing budgeted resources.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	52,900	60,500	63,200	66,000	69,000
Net Effect	(\$52,900)	(\$60,500)	(\$63,200)	(\$66,000)	(\$69,000)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Maryland Pediatric Cancer Fund

Each year the Secretary may (1) distribute funds from the fund to a promotional account to be allocated to a State-based childhood cancer organization for use in promoting further donations to the fund and to educate the State scientific community about the opportunities for childhood cancer research through the fund and (2) use funds from the fund to administer the fund (including staff and administrative associated with the commission). However, the Secretary may not distribute or use more than 5% of the fund for these purposes.

Pediatric Cancer Research Commission

The commission must:

- develop criteria, standards, and requirements for the review of applications for pediatric cancer research grants from the fund;
- establish procedures and guidelines to be used in the review, evaluation, ranking, and rating of the research grant proposals;
- develop criteria and a process for reviewing grant applications to ensure that each application is complete and satisfies the developed criteria, standards, and requirements;
- develop disclosure and recusal guidelines to be followed by commission members when considering grant applications;
- establish standards for the oversight of awards; and
- conduct progress reviews of grant recipients.

The commission comprises the Secretary of Health (or designee) and various members appointed by the Governor. A member of the commission (1) must disclose to the State Ethics Commission whether the member is employed by or has a financial interest in an entity that may apply for grant funds and (2) may not receive compensation but is entitled to reimbursement for expenses under standard State travel regulations. The Secretary may use funds from the fund for administrative expenses associated with the commission.

Current Law: Chapters 253 and 254 of 2022 established the Maryland Pediatric Cancer Fund within MDH. The fund is authorized only to provide grants for eligible physicians, hospitals, laboratories, educational institutions, and other organizations and persons to conduct pediatric cancer research, *prevention*, and *treatment*. Expenditures from the fund

must be made in accordance with the State budget, and money expended from the fund is supplemental to and not intended to take the place of funding otherwise appropriated to pediatric cancer research, *prevention*, and *treatment*.

Chapters 253 and 254 required the Governor, in fiscal 2023, to include an appropriation of \$5.0 million to the fund or, if not included, to include \$5.0 million in the fiscal 2024 budget. Each year, MDH may use up to 5% of the amount appropriated to the fund for a promotional account to be used to promote donations to the fund.

State Fiscal Effect: Although the bill primarily alters the purposes for which existing funds may be used, actual special fund expenditures likely increase to cover administrative costs and to the extent that there is increased demand for research grants due to the expanded use of the promotional account. Additionally, while the fiscal 2025 budget withdraws \$5.0 million in general funds (representing the entire fiscal 2024 appropriation for the fund) through a deficiency appropriation, the fund retains a \$5.0 million fund balance from a fiscal 2023 appropriation. However, the fiscal 2025 budget does not include an appropriation from the fund for fiscal 2025 authorizing funds to be expended. Moreover, it is unclear if the bill’s language authorizing up to 5% of the fund to be used for a promotional account and for administrative costs is based on 5% of an appropriation or the annual fund balance. Nevertheless, this analysis assumes that:

- the \$5.0 million fund balance is available to be expended in fiscal 2025 either by a budget amendment or deficiency appropriation; and
- the portion of funds authorized to be used for administrative expenses is limited to 5% of the \$5.0 million fund balance (\$250,000).

Thus, special fund expenditures for MDH increase by \$52,920 in fiscal 2025, which accounts for the bill’s October 1, 2024 effective date. This estimate reflects the cost of hiring one part-time (0.25) physician program manager to participate on the commission as the Secretary’s designee. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.25
Salary and Fringe Benefits	\$46,272
Operating Expenses	<u>6,648</u>
FY 2025 Administrative Expenditures	\$52,920

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Any expense reimbursements for members of the commission are assumed to be minimal and absorbable within existing budgeted resources. To the extent that 5% of the special fund balance is insufficient to fully

cover ongoing administrative costs – due to the absence of an ongoing funding mechanism for the fund – general funds may be necessary in future fiscal years to cover such costs.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 51 (Delegate Rosenberg, *et al.*) - Health and Government Operations.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2024
km/jc Third Reader - March 16, 2024
Revised - Amendment(s) - March 16, 2024
Enrolled - April 22, 2024
Revised - Amendment(s) - April 22, 2024
Revised - Budget Information - April 22, 2024

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