

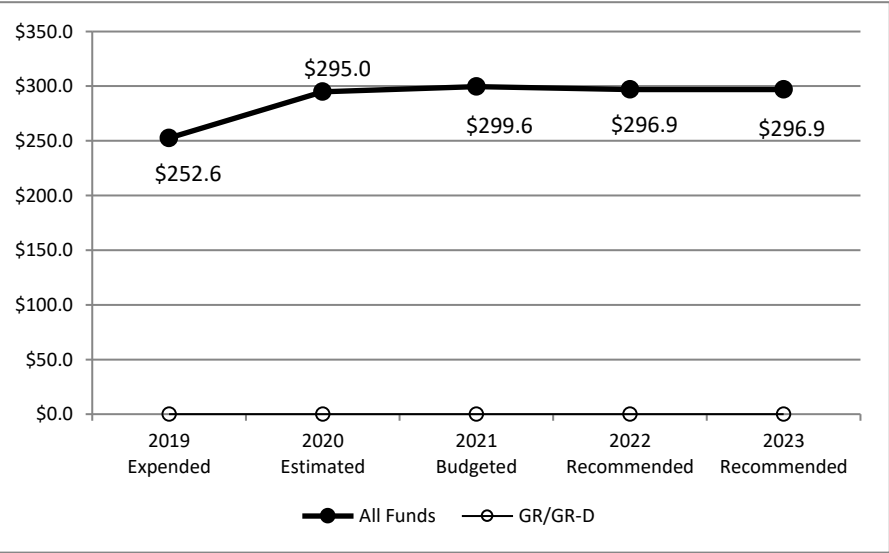
Cancer Prevention and Research Institute of Texas  
Summary of Budget Recommendations - House

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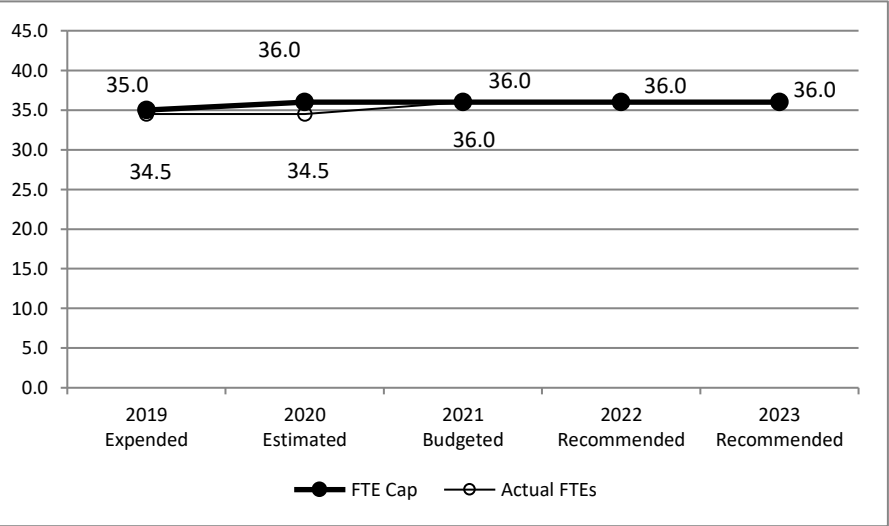
Method of Financing	2020-21	2022-23	Biennial Change (\$)	Biennial Change (%)
	Base	Recommended		
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$594,589,118	\$593,865,936	(\$723,182)	(0.1%)
All Funds	\$594,589,118	\$593,865,936	(\$723,182)	(0.1%)

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	36.0	36.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Cancer Prevention and Research Institute of Texas**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>OTHER Funding Changes and Recommendations (this issue is not explained in Section 3 but additional details are provided in Appendix A):</i>							
A)	Recommendations reflect a decrease in unexpended balances for contractual services carried forward from fiscal year 2019.	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	A.1.3, B.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.7)</b>	<b>(\$0.7)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	As Listed

NOTE: Totals may not sum due to rounding.

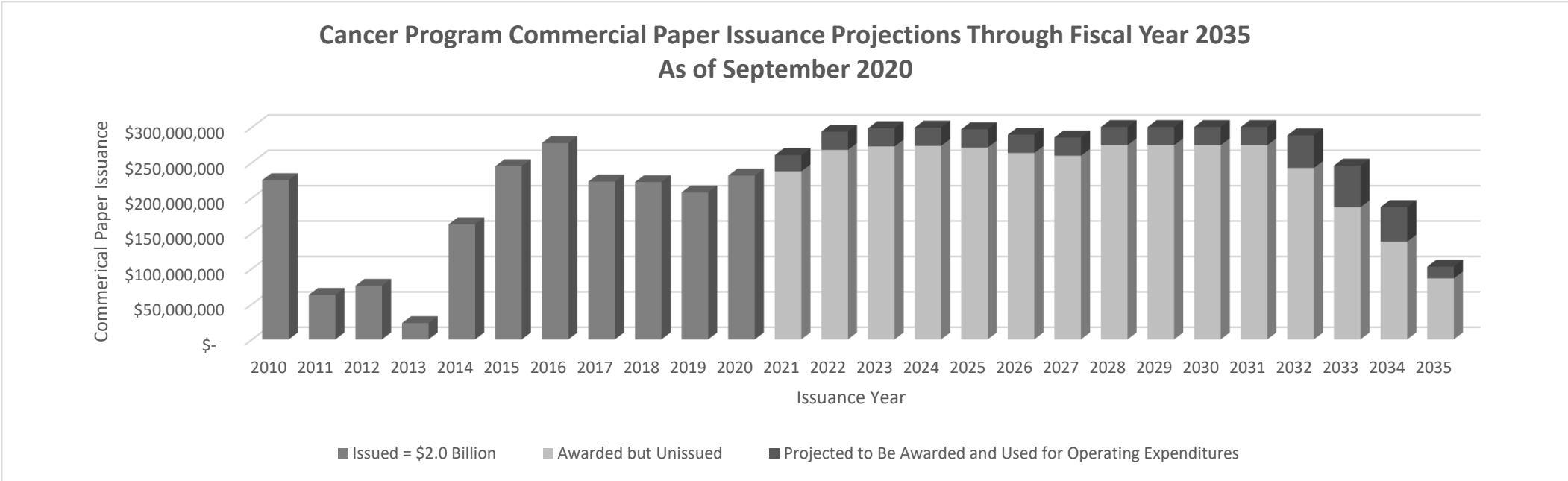
Cancer Prevention and Research Institute of Texas  
Selected Fiscal and Policy Issues - House

1. **Appropriation of Bond Proceeds and Bond Issuances.** House Joint Resolution 12, Eighty-sixth Legislature, 2019 and the approval of Proposition 6 by voters in November of 2019 increased the maximum in general obligation bond proceeds from \$3.0 billion to \$6.0 billion for the Cancer Prevention and Research Institute of Texas (CPRIT). Each fiscal year, CPRIT is authorized \$300 million in general obligation (GO) bond proceeds to issue and review new grants, as well as monitor compliance for existing grants. CPRIT is requesting \$600 million in GO bond proceeds for the 2022-23 biennium, the maximum amount authorized by the Texas Constitution, Article III, Section 67.

Since the 2010-11 biennium, CPRIT has been appropriated \$3.5 billion in bond authority. Grant award reimbursements can be spread over two to five year spans, depending on the type of grant. As a result, CPRIT has the authority to transfer unexpended balances across biennia. In practice, this means that for an academic research grant awarded in 2020, initial expenses may not be requested and distributed until two fiscal quarters after the grant is approved by the CPRIT Oversight Committee.

Consequently, the Texas Public Finance Authority (TPFA) issues bonds as needed for award expenditures and operating costs. Each May, the CPRIT Oversight Committee approves bond resolutions based on projected estimates. This includes operating expenses, the transfer to the Department of State Health Services for the cancer registry, and estimated grant reimbursements. TPFA reviews and verifies the request, and after approval is received by the Bond Review Board, issues the debt for the next year. CPRIT requests that these amounts be spread out through the quarters of the fiscal year, with the first issuance including half of CPRIT’s operating expenditures.

Due to the increase in constitutional bond authority, CPRIT has incorporated budget projections through 2031. The agency estimates that after issuing bonds for the last grant awards using bond funds in fiscal year 2031, the final issuance would occur in quarter one of fiscal year 2035.



2. **CPRIT Returns on Investment.** Pursuant to the Health and Safety Code, Sec. 102.256, the CPRIT Oversight Committee is required to establish standards to make all grant awards subject to an intellectual property agreement that allows the state to collect royalties and other benefits generated from projects funded by CPRIT grants. CPRIT is also authorized to transfer the management and authority of the state's interest in projects selected by the CPRIT Oversight Committee to the Texas Treasury Safekeeping Trust Company to maximize returns.

Prior to fiscal year 2014, all revenues generated from these agreements were deposited into General Revenue-Dedicated Account No. 5136 Cancer Prevention and Research Institute of Texas Fund. Statute allows the fund to be used to pay debt service on CPRIT bonds, as well as provide CPRIT grants and fund agency operations. Senate Bill 149, Eighty-third Legislature, Regular Session, 2013, amended Health and Safety Code to establish a cancer prevention and interest and sinking fund to receive any income received under a grant contract. This limited the use of the fund to pay only debt service on CPRIT bonds. However, the fund did not survive funds consolidation in the Eighty-third Legislature and beginning September 1, 2013 all grant revenues are were deposited into General Revenue until the fund was recreated by House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017 as General Revenue-Dedicated Account No. 5168.

The table below provides an overview of revenues received from grant contracts. Revenue totals are expected to increase as CPRIT continues to invest in companies through product development awards.

**Total Revenue Sharing Received by CPRIT**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
GR-D Account 5136	\$ 14,367	\$ 136,826	\$ 145,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,629
General Revenue	\$ -	\$ -	\$ 101,324	\$ 1,768,790	\$ 46,774	\$ 921,686	\$ 60,318	\$ -	\$ -	\$ -	\$ 2,898,892
GR-D Account 5168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,695	\$ 187,337	\$ 295,740	\$ 947,206	\$ 1,468,977
Total Revenue Sharing as of 10/09/2020											\$ 4,664,499

Source: Comptroller of Public Accounts and CPRIT

3. **Response to COVID-19.** In April 2020, CPRIT suspended the first round of applications for grants that were to be awarded at the beginning of fiscal year 2021 due to the potential uncertainty of funding. CPRIT was exempted from the five-percent reduction, and subsequently announced that it would award cancer research and prevention grants in fiscal year 2021, but on a modified schedule.

In response to the issues that grantees began encountering, such as restrictions to labs or patients, and based on similar guidance promulgated by the National Institutes of Health for federal grant programs, CPRIT developed guidance to allow grantees to claim certain COVID-19 related expenses for reimbursement. As of December 2020, the agency has issued \$3.3 million in reimbursements for expenses related to COVID-19. However, these dollars are for grants awarded in fiscal years prior to 2020. Due to the nature of the grant projects funded, obligations on grants include those awarded as early as fiscal year 2012.

**Cancer Prevention and Research Institute of Texas  
Rider Highlights - House**

**Modification of Existing Riders**

4. **Transfer Authority.** This rider has been modified to resemble Rider 7, Limitation on Expenditure for Contracts, and include language for the automatic approval of the request, unless written disapproval is received within 30 business days. The following language was added to this rider: The request shall be considered approved unless the Legislative Budget Board issues a written disapproval within 30 business days of the date on which the staff of the Legislative Budget Board concludes its review of the transfer request and forwards its review to the Chair of the House Appropriations Committee, the Chair of the Senate Finance Committee, the Speaker of the House, and Lieutenant Governor.
9. **Unexpended Balances Between Biennia.** The estimated unexpended balances in General Obligation Bond Proceeds available for the next biennium has been modified to \$0.

**Deleted Riders**

2. **Texans Conquer Cancer and Cancer of Unknown Primary Origin Awareness Plates: Appropriation of License Plate Receipts.** This rider has been deleted because authority for license plate revenue is in Article IX, Section 8.13, Appropriation of Specialty License Plate Receipts.
10. **Contingency for House Joint Resolution 12.** House Joint Resolution 12, Eighty-sixth Legislature, Regular Session, 2021 passed and a constitutional amendment was approved by voters in November 2019 increasing the maximum bond amount authorized for CPRIT from \$3 billion to \$6 billion.

Cancer Prevention and Research Institute of Texas  
Items Not Included in Recommendations - House

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
Agency Exceptional Items Not Included (in agency priority order)							
1)	Request to reallocate \$6,298,752 in G.O. bond proceeds from Strategy A.1.1, Award Cancer Research Grants and Strategy A.1.2, Award Cancer Prevention Grants to maintain the current funding level in 1.1.3 Grant Review and Award Operations. This includes increases in honoraria for peer reviewers, grant support services and evaluations, as well as an interagency contract with the Texas Safekeeping Trust Company. This request also includes a transfer of \$900,000 for the biennium to Strategy B1.1, Indirect Administration to cover a significant increase in the agency's Statewide Cost Allocation Plan (SWCAP) cost share amount of \$448,525 per fiscal year.	\$0	\$0	0.0	No	Yes	\$0
2)	Request to reallocate \$1,204,746 in G.O. bond proceeds from Strategy A.1.1, Award Cancer Research Grants, and Strategy A.1.2, Award Cancer Prevention Grants to Strategy A.1.3, Grant Review and Award Operations, and Strategy B.1.1, Indirect Administration, to add the following 8.0 FTE positions: -2.0 Grant Accountants -1.0 Accountant -3.0 Grant Compliance Specialists -1.0 Program Manager, Academic Research Program -1.0 Program Manager, Product Development Research Program	\$0	\$0	8.0	No	No	\$0
3)	The agency is requesting authority for a 10.0 percent increase from \$553,500 to \$608,850 for the Chief Scientific Officer position. The agency would use existing funds in Strategy A.1.3, Grant Review and Award Operations.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	8.0			\$0

**Cancer Prevention and Research Institute of Texas**  
**Appendices - House**

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\* Appendix is not included - no significant information to report

**Cancer Prevention and Research Institute of Texas**  
**Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
AWARD CANCER RESEARCH GRANTS 1.1.1	\$498,249,332	\$503,240,208	\$4,990,876	1.0%	Recommendations include a \$5.0 million increase in Bond Proceeds in this strategy, related to transfers authorized during the 2020-21 biennium for grant and award operations costs and indirect administration. CPRIT must request to transfer additional amounts from Strategy A.1.1 to operating expenditures in other strategies.
AWARD CANCER PREVENTION GRANTS 1.1.2	\$56,120,157	\$56,092,162	(\$27,995)	(0.0%)	Recommendations primarily reflect a decrease in anticipated license plate revenue.
GRANT REVIEW AND AWARD OPERATIONS 1.1.3	\$31,290,698	\$25,773,460	(\$5,517,238)	(17.6%)	Recommendations include: 1) \$4.9 million decrease in Bond Proceeds in this strategy, related to the amount authorized to be transferred from Strategy A.1.1. for contractual and operating expenses in the 2020-21 biennium. 2) \$0.6 million decrease in Bond Proceeds for unexpended balances for contractual services carried forward in 2019.
<b>Total, Goal 1, CANCER RESEARCH AND PREVENTION SVCS</b>	<b>\$585,660,187</b>	<b>\$585,105,830</b>	<b>(\$554,357)</b>	<b>(0.1%)</b>	
INDIRECT ADMINISTRATION 2.1.1	\$8,928,931	\$8,760,106	(\$168,825)	(1.9%)	Recommendations include a \$0.2 million decrease in Bond Proceeds related to a decrease in the amount authorized for other operating expenditures in this strategy compared to the 2020-21 biennium and a decrease in unexpended balance authority carried over from 2019.
<b>Total, Goal 2, INDIRECT ADMINISTRATION</b>	<b>\$8,928,931</b>	<b>\$8,760,106</b>	<b>(\$168,825)</b>	<b>(1.9%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$594,589,118</b>	<b>\$593,865,936</b>	<b>(\$723,182)</b>	<b>(0.1%)</b>	



**Cancer Prevention Research Institute of Texas**  
**FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Estimated 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	35.0	36.0	36.0	36.0	36.0
Actual/Budgeted	34.5	34.5	36.0	NA	NA

**Schedule of Exempt Positions (Cap)**

Chief Executive Officer, Group 9	\$256,250	\$281,875	\$281,875	\$281,875	\$281,875
Chief Scientific Officer	\$553,500	\$553,500	\$553,500	\$553,500	\$553,500

Notes:

- a) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$253,895 for the Chief Executive Officer position at the Cancer Prevention and Research Institute of Texas. The agency is not requesting any changes to this exempt position.
- c) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), does not indicate a market average salary based on similar professional positions for Chief Scientific Officer. The agency is requesting a 10.0 percent increase from \$553,500 to \$608,850 for the Chief Scientific Officer position. The cap was last adjusted in the Eighty-Third Legislative Session, 2015, for the 2016-17 biennium, from \$540,000 to the current amount.