



UNIVERSITY OF UTAH CANCER CLINICAL RESEARCH HOSPITAL FUNDING

HIGHER EDUCATION
STAFF: SPENCER PRATT

ISSUE BRIEF

SUMMARY

The Analyst recommends funding the final bond payment of phase 1 of the cancer clinical research hospital facility with \$2 million, one-time, from the General Fund for FY 2019.

DISCUSSION AND ANALYSIS

During the 2001 General Session, the Legislature passed S. B. 2, 2001 General Obligation Bond and Capital Facilities Authorizations, which, among other things, authorized up to \$100 million for the acquisition and construction of a cancer clinical research hospital facility adjacent to the University of Utah Medical Center, together with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

The anticipated revenue sources for repayment of any obligation created under authority 18 of this section are:(i) 60% from the Huntsman Cancer Foundation; and(ii) 40% from institutional funds of the University of Utah, including the University's annual distribution of tobacco settlement funds from the state.

Up through FY 2017, the University of Utah annually received \$4 million from the GFR - Tobacco Settlement account. Of this amount \$2 million was designated for the operations of the hospital and the other \$2 million was designated, as authorized, to service the debt. FY 2019 represents the final bond payment for phase one of the hospital. After the final bond payment, the entire \$4 million is to be designated for operational costs.

Beginning in FY 2017, the funds the State received that were designated for the GFR - Tobacco Settlement Account began to be reduced. For FY 2017, the \$4 million was short by \$1.5 million, and for FY 2018, no funding was expected from the account. During the 2017 General Session, the Legislature replaced the FY 2017 funding of \$1.5 million and the FY 2018 funding of \$4 million with General Funds.

For FY 2018, the Legislature approved the replacement of the \$4 million with the General Fund, but then to recognize the bond payment, reduced that General Fund appropriation one-time by \$2 million, which was then transferred to the University's Education and General line item. (see S.B. 2, Items 94 and 96, and the intent language in S.B. 3, Item 186, all 2017 General Session)

Since there is one more payment on this bond, the Analyst recommends another year of the same action, to wit, a one-time FY 2019 General Fund reduction of \$2 million in the Cancer Research and Treatment line item and a one-time FY 2019 General Fund appropriation on \$2 million for the Education and General line item.

To University of Utah – Education and General

From General Fund, One-Time \$2,000000

To University of Utah – Cancer Research and Treatment

From General Fund, One-Time (\$2,000,000)