

Calendar No. 140

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AMENDING THE PUBLIC HEALTH SERVICE ACT WITH RE-  
SPECT TO THE NATIONAL FOUNDATION FOR THE CEN-  
TERS FOR DISEASE CONTROL AND PREVENTION

JUNE 27, 2005.—Ordered to be printed

Mr. ENZI, from the Committee on Health, Education, Labor, and  
Pensions, submitted the following

R E P O R T

[To accompany S. 655]

The Committee on Health, Education, Labor, and Pensions, to  
which was referred the bill (S. 655) to amend the Public Health  
Service Act with respect to the National Foundation for the Cen-  
ters for Disease Control and Prevention, having considered the  
same, reports favorably thereon with an amendment in the nature  
of a substitute and recommends that the bill (as amended) do pass.

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I. PURPOSE AND SUMMARY OF THE BILL

S. 655 makes several technical corrections and improvements to  
Section 399G of the Public Health Service Act (PHSA), which es-  
tablished the National Foundation for the Centers for Disease Con-  
trol and Prevention (CDC Foundation). Most significantly, these  
corrections assure that the Foundation receives funds and support  
services from the Centers for Disease Control and Prevention  
(CDC) to support the CDC Foundation’s administrative and oper-  
ating expenses.

## II. BACKGROUND AND NEED FOR THE LEGISLATION

The Foundation is a private, not-for-profit foundation established by Congress to raise private funds to support the work of the CDC. Authorized in 1992 and incorporated as a nonprofit organization in Georgia 11 years ago, the Foundation during its brief history has raised more than \$100 million to augment CDC's efforts. Over the past 5 years the Foundation has raised on average \$15 million per year to support initiatives at CDC. This represents a 30:1 return on CDC's \$500,000 per year investment in the CDC Foundation. The funds the CDC Foundation raises in support of CDC bring the flexibility of a non-profit organization to build effective partnerships between CDC and private sector corporations, foundations and individuals to improve health and safety around the world.

The Foundation has managed more than 100 programs that have helped CDC do more and faster work in this country and in more than 30 countries on five continents to fight deadly infectious and other diseases that threaten the safety and well-being of U.S. citizens here and abroad. With an outstanding internationally renowned Board of Directors from the corporate, philanthropic, educational and public health sectors, the non-profit CDC Foundation brings accountability and flexibility to every private-sector partnership it builds on behalf of CDC. Examples of such partnerships include:

1. *Lilly International Fellowships*: A series of year-long laboratory fellowships that bring laboratorians from other countries' ministries of health to learn from CDC laboratorians and build relationships to prepare for when diseases in those countries threaten U.S. citizens.

2. *Corporate/CDC Roundtable on Global Health Threats*: This CDC Foundation-based roundtable brings together the CDC Director and her leadership team with representatives of 10 global corporations to develop joint approaches to detecting and responding to global health threats that threaten U.S. citizens and each corporations' bottom line. Members include top executives from such corporate leaders as GE, General Motors, IBM, UPS, Coke and Wal-Mart. In its first meeting CDC and the corporate members agreed to begin exchanging disease surveillance data that should help both CDC and the corporations do their respective jobs better.

3. *Emergency Preparedness and Response Fund*: After 9/11 and the anthrax attacks, the CDC Foundation established a special fund that enables CDC to respond with greater flexibility during future crises when existing government regulations might not be sufficient to enable CDC to do all it can as possible to save lives. The fund provides credit cards, made available by the Synovus Corporation, to the administrative leader of each of the 15 CDC teams that have been established to respond to national health threats.

4. *Emergency Operations Center*: After 9/11 CDC Foundation Board member Bernie Marcus, a co-founder of Home Depot, recognized the need for CDC to have a state-of-the-art Emergency Operations Center. He donated \$4 million to the CDC Foundation as a challenge grant to encourage other United States corporations to help CDC build a world-class emergency

operations center “at the speed of business.” The CDC Foundation quickly contacted corporations and raised over \$400,000 worth of in-kind equipment donations from corporations like Dell, Motorola, and Shure. Because of the Marcus gift and other corporate donations, CDC’s new Emergency Operations Center opened 6 months early, just in time to track and combat the deadly SARS threat.

5. *Management Academy for Public Health*: Using \$1 million each from the Robert Wood Johnson Foundation, the Kellogg Foundation, CDC and the Health Resources and Services Administration (HRSA), the Foundation supported the establishment of a new management academy to train mid-career leaders from State and local health departments in how to manage people, data and dollars. The academy is now totally self-sufficient and continues to train hundreds of public health leaders from across the country.

6. *Mobile Breast Cancer Detection*: Through a multi-million dollar grant from Avon, the Foundation has purchased and placed mobile mammography screening vans to reach underserved women in multiple States across the country. Funding also supports a CDC scientist to evaluate the van placement programs and disseminate lessons learned about best practices that will help other such programs across the country be most effective and have the best chance of becoming self-supporting.

7. *Field Disease Detection and Response Training Programs in Developing Countries*: With privately-raised support from organizations like the World Bank, the Nuclear Threat Initiative and the Ellison Medical Foundation, the CDC Foundation has enabled CDC to establish special disease detection and/or laboratory support programs in countries like Brazil, India and Kenya that will help detect and control deadly infectious diseases that pose serious threats not only in those countries, but to the United States as well.

### III. LEGISLATIVE HISTORY AND COMMITTEE ACTION

On March 17, 2005, Senator Isakson, for himself and Senator Chambliss, introduced S. 655, to amend Section 399G of the PHS Act to improve the Foundation for the Centers for Disease Control and Prevention (CDC). On April 27, 2005, the committee held an executive session to consider S. 655. The committee approved an amendment in the nature of a substitute offered by Senator Enzi, and then approved S. 655, as amended, by unanimous voice vote.

### IV. EXPLANATION OF BILL AND COMMITTEE VIEWS

The operating costs for the CDC Foundation have climbed from \$300,000 when it began in 1995 to almost \$3 million in 2005. In 1995, CDC’s \$500,000 of support was sufficient to fully support the Foundation’s operations. However, this amount, which has been capped since the Foundation’s inception, no longer provides sufficient funds to allow the CDC Foundation to provide the kinds of beneficial support noted in the examples above. S. 655 will allow the CDC Director to support the work of the Foundation beyond the \$500,000 baseline up to \$1.25 million if, in the judgment of the CDC Director, an occasion would arise that would warrant it. Such

support does not require an increased appropriation since funds would come from existing appropriations to the CDC director's office. Such financial support, at most, would constitute approximately half of the operating costs of the Foundation.

The legislation would also incorporate language that would allow CDC to provide facilities, utilities, and support services to the Foundation if "it is determined by the Director to be advantageous to the programs of such Centers."

Currently, privately supported fellows assigned to help CDC implement Foundation programs are artificially limited to 2 years each. This creates program implementation problems for programs supported by private funding from organizations like the Robert Wood Johnson and Kellogg Foundations that sometimes can run 3 or 4 years. To remedy this, the legislation aligns the length of any privately supported fellowships to coincide with the duration of private funding for each such fellowship.

#### V. COST ESTIMATE

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, May 31, 2005.*

Hon. MIKE ENZI,  
*Chairman, Committee on Health, Education, Labor, and Pensions,  
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 655, a bill to amend the Public Health Service Act with respect to the National Foundation for the Centers for Disease Control and Prevention.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Tim Gronniger.

Sincerely,

DOUGLAS HOLTZ-EAKIN, *Director.*

Enclosure.

*S. 655—A bill to amend the Public Health Service Act with respect to the National Foundation for the Centers for Disease Control and Prevention*

Summary: S. 655 would modify the Public Health Service Act to increase the amount of the grants the Department of Health and Human Services is authorized to provide to the National Foundation of the Centers for Disease Control and Prevention (CDC) from \$500,000 per year to \$1,250,000 per year. The bill also would allow longer terms of voluntary service to be contributed from the Foundation to the CDC and would allow sharing of equipment and support services from the CDC to the Foundation.

CBO estimates that enacting S. 655 would cost \$500,000 in 2006 and \$3.5 million over the 2006–2010 period, assuming appropriation of the necessary amounts.

S. 655 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. S. 655 would not affect direct spending or receipts.

**Estimated Cost to the Federal Government:** The estimated budgetary impact of S. 655 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By fiscal year, in millions of dollars—					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Estimated Authorization Level <sup>1</sup> .....	1	1	1	1	1	1
Estimated Outlays .....	1	1	1	1	1	1
Proposed Changes:						
Estimated Authorization Level .....	0	1	1	1	1	1
Estimated Outlays .....	0	1	1	1	1	1
Spending Under S. 655: <sup>2</sup>						
Estimated Authorization Level <sup>1</sup> .....	1	1	1	1	1	1
Estimated Outlays .....	1	1	1	1	1	1

<sup>1</sup> The 2005 level is the amount appropriated for that year.

<sup>2</sup> Rows may not sum to totals because of rounding.

**Basis of Estimate:** The National Foundation for the CDC is a not-for-profit entity that raises private funds to support the work of the CDC. Under current law, CDC may accept the services of an individual who receives financial support from the Foundation for a period of up to two years. S. 655 would eliminate that two-year restriction. The bill would also allow the CDC to provide in-kind transfers and support services to the Foundation. Under current law, the Foundation receives \$500,000 in transfers from the funds appropriated to the Department of Health and Human Services. S. 655 would require HHS to transfer at least that amount, and would allow the department to transfer up to \$1,250,000 to the Foundation each year.

In addition to the \$500,000 that CBO expects will be transferred to the foundation each year under current law, CBO estimates that S. 655 would cost \$500,000 in 2006 and \$3.5 million over the 2006–2010 period, assuming the appropriation and transfer of the necessary amounts.

Intergovernmental and private-sector impact S. 655 contains no intergovernmental or private-sector mandates as defined in the UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Tim Gronniger; Impact on State, Local, and Tribal Governments: Leo Lex; Impact on the Private Sector: Meena Fernandes.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## VI. APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

S. 655 amends section 399G of the PHSA to make improvements to the functioning of the Foundation for the Centers for Disease Control and Prevention, a non-profit corporation in the State of Georgia that supports the work of the CDC. As such, it has no application to the legislative branch.

## VII. REGULATORY IMPACT STATEMENT

The legislation amends section 399G of the PHSA to make improvements to the functioning of the Foundation for the Centers for Disease Control and Prevention. It includes a requirement that the

Director of the CDC transfer no less than \$500,000 and no more than \$1.25 million of the CDC's appropriated funds to the Foundation to support its costs in supporting the work of the CDC. Pursuant to the requirements of paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee has determined that the bill will not have significant regulatory impact.

#### VIII. SECTION-BY-SECTION ANALYSIS

##### *Sec. 1. National Foundation for the Centers for Disease Control and Prevention; Acceptance of Voluntary Services; Federal Funding*

Paragraph (a) makes a technical amendment to clarify that any fellowship with the CDC Foundation will match the length of time the endowment for that project takes.

Paragraph (b) requires the Foundation's annual reports to include an accounting of the use of funds transferred from the CDC to the Foundation for its operating expenses and that these reports be provided to the appropriate committees in Congress.

Paragraph (c) makes a change to require the CDC Director to transfer no less than \$500,000 and not more than \$1,250,000 to the Foundation for operating expenses.

#### IX. CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in the black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### **Public Health Service Act**

\* \* \* \* \*

#### **PART N—NATIONAL FOUNDATION FOR THE CENTER FOR DISEASE CONTROL AND PREVENTION**

##### **SEC. 399G. [280d-11] ESTABLISHMENT AND DUTIES OF FOUNDATION.**

###### **(a) IN GENERAL.—**\* \* \*

\* \* \* \* \*

###### **(h) GENERAL PROVISIONS.—**

###### **(1) AUTHORITY FOR ACCEPTING FUNDS.—**\* \* \*

###### **(2) AUTHORITY FOR ACCEPTANCE OF VOLUNTARY SERVICES.—**

(A) The Director of the Centers for Disease Control and Prevention may accept, on behalf of the Federal Government, any voluntary services provided to such Centers by the Foundation for the purpose of aiding or facilitating the work of such Centers. [In the case of an individual, such Director may accept the services provided under the preceding sentence by the individual for not more than 2 years.] *In the case of an individual, such Director may accept the services provided under the preceding sentence by the individual until such time as the private funding for such individual ends.*

\* \* \* \* \*

## (7) REPORTS.—

(A) Not later than February 1 of each fiscal year, the Foundation shall publish a report describing the activities of the Foundation during the preceding fiscal year. Each such report shall include for the fiscal year involved a comprehensive statement of the operations, activities, financial condition, and accomplishments of the Foundation, *including an accounting of the use of amounts provided for under subsection (i)*

(B) \* \* \*

[(C) The Foundation shall make copies of each report submitted under subparagraph (A) available for public inspection, and shall upon request provide a copy of the report to any individual for a charge not exceeding the cost of providing the copy.]

*(C) The Foundation shall make copies of each report submitted under subparagraph (A) available—*

*(i) for public inspection, and shall upon request provide a copy of the report to any individual for a charge not to exceed the cost of providing the copy; and*

*(ii) to the appropriate committees of Congress.*

\* \* \* \* \*

## (i) FEDERAL FUNDING.—

## (1) AUTHORITY FOR ANNUAL GRANTS.—

(A) \* \* \*

\* \* \* \* \*

## (2) FUNDING FOR GRANTS.—

(A) For the purpose of grants under paragraph (1), there is authorized to be appropriated ~~["\$500,000"]~~ *\$1,250,000* for each fiscal year.

(B) For the purpose of grants under paragraph (1), the Secretary may for each fiscal year make available ~~["not more than \$500,000"]~~ *not less than \$500,000, and not more than \$1,250,000* from the amounts appropriated for the fiscal year for the programs of the Department of Health and Human Services. Such amounts may be made available without regard to whether amounts have been appropriated under subparagraph (A).

## (3) CERTAIN RESTRICTIONS.—\* \* \*

*(4) Support services.—The Director of the Centers for Disease Control and Prevention may provide facilities, utilities, and support services to the Foundation if it is determined by the Director to be advantageous to the programs of such Centers.*

\* \* \* \* \*