

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

JUNE 20, 2006.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. BARTON of Texas, from the Committee on Energy and
Commerce, submitted the following

R E P O R T

[To accompany S. 655]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred
the bill (S. 655) to amend the Public Health Service Act with re-
spect to the National Foundation for the Centers for Disease Con-
trol and Prevention, having considered the same, report favorably
thereon with an amendment and recommend that the bill as
amended do pass.

CONTENTS

| | Page |
|---|------|
| Amendment | 2 |
| Purpose and Summary | 2 |
| Background and Need for Legislation | 2 |
| Hearings | 4 |
| Committee Consideration | 4 |
| Committee Votes | 4 |
| Committee Oversight Findings | 4 |
| Statement of General Performance Goals and Objectives | 5 |
| New Budget Authority, Entitlement Authority, and Tax Expenditures | 5 |
| Committee Cost Estimate | 5 |
| Congressional Budget Office Estimate | 5 |
| Federal Mandates Statement | 7 |
| Advisory Committee Statement | 7 |
| Constitutional Authority Statement | 7 |
| Applicability to Legislative Branch | 7 |
| Section-by-Section Analysis of the Legislation | 7 |
| Changes in Existing Law Made by the Bill, as Reported | 7 |

AMENDMENT

The amendment (stated in terms of the page and line numbers of the introduced bill) is as follows:

Page 2, line 19, insert “at the end of the second sentence” after “period”.

PURPOSE AND SUMMARY

S. 655 amends Section 399G of the Public Health Service Act (PHSA), the statute governing the National Foundation for the Centers for Disease Control and Prevention (CDC Foundation). The legislation makes several technical corrections and changes to Section 399G that, among other things, grant increased flexibility in the amounts of Federal funding and support services allocated to the CDC Foundation to compensate for the Foundation’s administrative and operating expenses.

BACKGROUND AND NEED FOR LEGISLATION

Authorized by Congress in 1992 and incorporated two years later, the CDC Foundation is a private, non-profit organization that supports the work of the CDC. In its eleven year history, the Foundation has raised more than \$100 million in private funds to enhance the CDC’s work. Donations to the CDC Foundation come from individuals, corporations, foundations, and other organizations. Along with private donations, the Federal government contributes \$500,000 per year through the CDC to help cover the Foundation’s operating expenses. Over the past five years, the CDC Foundation has raised an average of \$15 million per year to boost the work of the CDC, representing a 30 to 1 return on CDC’s \$500,000 annual investment in the Foundation. The CDC Foundation uses donated funds to bring the flexibility of a non-profit organization to bear on the CDC’s many efforts to improve health and safety.

The CDC Foundation’s mission statement is to help CDC “do more, faster by forging effective partnerships between CDC and others to fight threats to health and safety.” To this end, the CDC Foundation has managed more than 100 programs that have supported the CDC’s work both in the United States and in over 30 countries to fight deadly infections and other diseases that threaten the safety of U.S. citizens here and abroad. With an outstanding, internationally renowned Board of Directors taking its members 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 the CDC. Examples of such partnerships include:

- 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 disease in those countries threaten U.S. citizens.
- 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 both U.S. citizens and eco-

conomic activities. Members include top executives from corporations such as GE, General Motors, IBM, UPS, Coke, and Wal-Mart.

- **Emergency Preparedness and Response Fund:** After 9/11 and the anthrax attacks, the CDC Foundation established a special fund that allows the CDC to respond with greater flexibility in future crises when existing government regulations may hinder CDC in doing all it can 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. Credit cards provided by the fund were used by CDC experts in the field following Hurricane Katrina to purchase needed computers and printers.

- **Emergency Operations Center:** After 9/11, CDC Foundation Board member Bernie Marcus, 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 was able to open 6 months early, just in time to track and combat the spread of the deadly severe acute respiratory syndrome (SARS) virus.

- **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 around the country each year.

- **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 around 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.

- **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 in the United States as well.

The annual operating costs for the CDC Foundation have climbed from \$300,000 when it began in 1995 to nearly \$3 million in 2005. In 1995, CDC’s \$500,000 annual grant of support was sufficient to cover the Foundation’s operations. However, this amount, which has been capped under current law since the Foundation’s

inception, no longer provides sufficient funds to allow the CDC Foundation to provide the kinds of support activities noted in the examples above. S. 655 will allow the CDC Director to support the work of the Foundation beyond the current \$500,000 baseline to up to \$1.25 million if, in the judgment of the CDC Director, an occasion arises that warrants such increase. Such support does not require an increased appropriation since funding would come from existing appropriations to the CDC Director's office. Such financial support, at most, would constitute approximately half of the current operating costs of the Foundation.

The legislation also incorporates language that would allow the 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 two years each. This limitation creates program implementation problems for programs supported by private funding from organizations such as the Robert Wood Johnson Foundation and the Kellogg Foundation that sometimes run three or four years long. To remedy this, the legislation contains a provision linking the length of any privately supported fellowships to the duration of private funding for each such fellowship.

HEARINGS

The Committee on Energy and Commerce has not held hearings on the legislation.

COMMITTEE CONSIDERATION

On Thursday, June 8, 2006, the Subcommittee on Health met in open markup session and approved S. 655 for Full Committee consideration, without amendment, by a voice vote, a quorum being present. On Thursday, June 15, 2006, the Committee on Energy and Commerce met in open markup session and ordered S. 655 reported to the House, amended, by a voice vote, a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no record votes taken in connection with ordering 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, reported. A motion by Mr. Deal to order S. 655 reported to the House, amended, was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has not held oversight or legislative hearings on this legislation.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goals of S. 655 are to enhance the CDC Foundation's ability to assist the CDC and to increase the accountability of the Foundation.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that 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, would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 19, 2006.

Hon. JOE BARTON,
*Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 655, an act 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,

DONALD B. MARRON,
Acting Director.

Enclosure.

S. 655—An act 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 (HHS) is authorized to provide to the National Foundation of the Centers for Disease Control and Prevention (CDC) from \$500,000 per year to \$1.25 million per year. The bill also would increase the amount HHS can transfer to the Foundation from \$500,000 to not less than \$500,000 and not more than \$1.25 million. S. 655 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 implementing S. 655 would cost \$1 million in 2007 and \$7 million over the 2007–2011 period, assuming appropriation and transfer of the authorized 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. Enacting S. 655 would not affect 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— | | | | | |
|--|---|------|------|------|------|------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Spending Under Current Law: | | | | | | |
| Estimated Authorization Level ¹ | 1 | 1 | 1 | 1 | 1 | 1 |
| Estimated Outlays | 1 | 1 | 1 | 1 | 1 | 1 |
| Proposed Changes: | | | | | | |
| Estimated Authorization Level | 0 | 2 | 2 | 2 | 2 | 2 |
| Estimated Outlays | 0 | 1 | 2 | 2 | 2 | 2 |
| Spending Under S. 655: | | | | | | |
| Estimated Authorization Level ¹ | 1 | 2 | 2 | 2 | 2 | 2 |
| Estimated Outlays | 1 | 2 | 2 | 2 | 2 | 2 |

¹The 2006 level is the amount appropriated and transferred to the National Foundation for the CDC for that year.
Note.—Components 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 act also would allow the CDC to provide in-kind transfers and support services to the Foundation. Current law authorizes both the appropriation of \$500,000 to the Foundation and the transfer to the Foundation of \$500,000 from funds appropriated to HHS. S. 655 would increase the authorized appropriation to \$1.25 million a year, and would authorize the annual transfer from HHS of at least \$500,000 and no more than \$1.25 million.

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 \$1 million in 2007 and \$7 million over the 2007–2011 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 UMRA and would not affect the budgets of state, local, or tribal governments.

Previous CBO estimate: On May 31, 2005, CBO transmitted a cost estimate for S. 655 as reported by the Senate Committee on Health, Education, Labor, and Pensions on April 27, 2005. That version of the legislation does not differ significantly from S. 655 as ordered reported by the House Committee on Energy and Commerce. CBO's previous estimate for S. 655 did not consider the increase in transfer authority as affecting the authorization of future

appropriations. This estimate corrects that error. Accounting for that change increases the estimated cost of implementing S. 655 from \$3.5 millions to \$7 million over the relevant five-year periods, assuming appropriation and transfer of necessary funds.

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.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No Advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. National Foundation for the Centers for Disease Control and Prevention; Acceptance of voluntary services; Federal funding

Section 1(a) amends Section 399G(h)(2)(A) of the Public Health Service Act to clarify that any fellowship with the CDC Foundation will match the length of time the endowment for that project takes.

Section 1(b) amends Section 399G(h)(7) of the Public Health Service Act to require 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.

Section 1(c) amends Section 399G(i) of the Public Health Service Act by requiring the CDC Director to transfer no less than \$500,000 and not more than \$1,250,000 to the Foundation for operating expenses.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill,

as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 399G OF THE PUBLIC HEALTH SERVICE ACT

SEC. 399G. ESTABLISHMENT AND DUTIES OF FOUNDATION.

(a) * * *

* * * * *

(h) GENERAL PROVISIONS.—

(1) * * *

(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).*

* * * * *

[(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) * * *

(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).

* * * * *

(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.*

* * * * *

