F I S C A L I M P A C T R E P O R T

SPONSOR Jennings **ORIGINAL DATE** 1/31/08 **LAST UPDATED** **HB**

SHORT TITLE UNM Center for Isotopes in Medicine **SB** 464

ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	**FY09**		
	$3,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			Unknown at this time	Unknown at this time	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Higher Education Department (HED)
Economic Development Department (EDD)
University of New Mexico Health Sciences Center (UNM HSC)

SUMMARY

Synopsis of Bill

Senate Bill 464 appropriates $3 million from the General Fund to the Board of Regents of the University of New Mexico to plan and develop a Center for Isotopes in Medicine. Funds would be available from FY09 to FY12.

FISCAL IMPLICATIONS

The appropriation of $3 million contained in this bill is shown as a recurring expense to the General Fund, despite the language to "plan and develop". Any unexpended or unencumbered balance remaining at the end of FY12 shall revert to the General Fund.

Per UNM HSC, funding would be used as follow: Faculty and staff salaries and benefits $400,000 per year for 3 years ($1,200,000); 2) Equipment and renovation $500,000 per year for 3 years ($1,500,000); and 3) Software and radiopharmaceuticals $100,000 per year for 3 years ($300,000). Therefore, this bill is scored as a recurring impact to the general fund. UNM HSC notes infrastructure development funds are needed along with faculty salaries and start-up expenses for three new faculty. After the three year period, the faculty positions would be provided for jointly by the College of Pharmacy and the UNM Cancer Research and Treatment Center. Yet, UNM HSC argues that formula funding would not be available. If these items were to be considered non-recurring, it is not clear what the source of funding would be and whether there would be additional operating costs for the general fund.

SIGNIFICANT ISSUES

The mission of the NMCIM is to develop unique medically-useful radio-isotopes, in collaboration with the Los Alamos National Laboratory (LANL) Isotope Production Facility (IPF). The IPF is a beam spur off of the LANL linear accelerator (LINAC) that produces unique gamma emitting and positron emitting (PET) isotopes that have not historically been available in sufficient quantities for product development. The IPF represent total investment of $30 million.

There is a longstanding partnership between the University of New Mexico (UNM) College of Pharmacy (COP) Radiopharmacy Program, the UNM Cancer Research and Treatment Center (CRTC) and Los Alamos National Laboratory (LANL). On March 8, 2005, the Executive co-signed an agreement to formally establish the first medical isotopes center in the United States as a partnership between UNM and LANL.

This branch of nuclear medicine uses radiation to provide diagnostic information about the functioning of specific organs or to treat disease. The use of radiopharmaceuticals in diagnosis is growing at over 10 percent per year.

The center has or currently receives funding the federal government, including Department of Energy, Defense and Health and Human Services; State of New Mexico; University of New Mexico; Los Alamos National Laboratory (LANL) and pharmaceutical industry contacts. In the past, the United States Department of Energy provided grant funding for education and training.

The initial four funding grants supported by the 2005 Technology Research Collaborative (TRC) appropriations were based on the following award criteria: Strategic value, commercial feasibility, economic potential, collaboration, management and matching resource requirement. Total TRC grant awards from 2005 appropriations totaled $996.8 thousand, which included $348.0 thousand to the University of New Mexico Health Sciences Center and Los Alamos National Laboratory for radiopharmaceutical isotopes for medical diagnostic applications.

HED notes this proposal was submitted by UNM HSC for consideration in the Fall 2007 budget request cycle, but was not included in the HED budget request for higher education. In that budget request, this project was ranked by the UNM Board of Regents in priority order as #4 out of 6 for UNM HSC. In a November 2007 HED evaluation of research and public service projects expansion and new initiative requests, HED ranked this project as “would not oppose if funding available.”

The January 2008 LFC report “Higher Education Department Review of Selected Research and

Public Service Projects" discusses best practices for funding these types of projects.

OTHER SUBSTANTIVE ISSUES

Making drugs with these isotopes is difficult because of rapid decay; in some cases, in a couple of days. UNM notes LANL is limited in its ability to develop medically useful formulations and products because it has large-scale production facilities which cannot develop dosage forms used in medical laboratories and clinics.

The center plans to develop the products and markets for these radioisotopes, specifically to develop radiochemical procedures using novel isotopes and formations, focusing initially on cancer detection and therapy with the UNM CRTC, to test these novel radiopharmaceuticals in appropriate cell culture and animal models leading to development of new drugs. UNM College of Pharmacy is an established world leader in the training and certification of scientists qualified to formulate and develop novel radiopharmaceuticals, as well as to test them in animal models and advance them to clinic trails.

NM Center for Isotopes in Medicine (NMCIM) and the UNM Cancer Research and Treatment Center are finalizing a partnership with Siemens PETNET for $5 million to establish a cyclotron in the Cancer Research and Treatment Center. NMCIM personnel will be the principal scientists on this project. The project recently received a Keck Foundation grant, relating to novel imaging agents.

POSSIBLE QUESTIONS

1. How does this project align the university's strategic plan?
2. What performance measures would be available to assess outcomes?
3. To what extent are federal funds or other funds available for this purpose? What is the outlook for this funding source?
4. To what extent are indirect cost share funds available for this purpose?
5. How was grant funding used from the 2005 appropriation to the Technology Research Collaborative used?
6. To what extent would there be on-going operating costs to the general fund?

AW/mt