

BOARD MEETING DATE: May 3, 2019

AGENDA NO. 7

**PROPOSAL:** Authorize Transfer of Monies from General Fund to Health Effects Research Fund

**SYNOPSIS:** In 2008, the Board established the Health Effects Research Fund (48) and authorized, upon annual Board approval, the transfer of 20 percent of annual penalty money received each fiscal year that exceeds \$4 million in receipts from the General Fund to the Health Effects Research Fund. Approval is needed for the transfer of 20 percent of annual penalty money that exceeded \$4 million received in FY 2010-11, FY 2011-12, FY 2012-13, FY 2015-16 and FY 2016-17. This action is to authorize the transfer of 20 percent of annual penalty money that exceeded \$4 million received in these fiscal years, for a total of \$4,206,765, from the General Fund to the Health Effects Research Fund (48) over a period of five fiscal years with installment payments of \$841,353 per year, starting in FY 2018-19.

**COMMITTEE:** Administrative, April 12, 2019; Recommended for Approval

**RECOMMENDED ACTIONS:**

Authorize the transfer of \$841,353 per year from the General Fund, Unreserved (Unassigned) Fund Balance, to the Health Effects Research Fund (48) in five installment payments during each of the following fiscal years for a total transfer of \$4,206,765: FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22, and FY 2022-23.

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Executive Officer

SJ:DRP:NC

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**Background**

At their June 2008 meeting, the Board established the Health Effects Research Fund and initially funded it with \$1.5 million from the BP Arco Settlement Fund. The Board further authorized, upon annual Board approval, the transfer of 20 percent of annual penalty money that exceeded \$4 million received each fiscal year from the General Fund to the Health Effects Research Fund. Authorization is needed for the transfer of 20 percent of annual penalty money that exceeds \$4 million received in FY 2010-11, FY 2011-12, FY 2012-13, FY 2015-16 and FY 2016-17. The amount totals \$4,206,765. Funding from the Health Effects Research Fund has been used to fund a number of research projects at local universities and research institutions, including the Health

Effects of Air Pollution Foundation. Findings from research conducted by Health Effects of Air Pollution Foundation and funded by the Health Effects Research Fund have indicated that fine particulate exposure is associated with biochemical changes in the brains of laboratory animals that are consistent with the biochemical pattern found in human brain tumors. Another project funded by the Health Effects Research Fund found preliminary associations of particulate matter levels and the risk of childhood brain tumors. These findings are being followed up with additional study to better understand the relationship between pollution exposure and the risk of contracting brain tumors. In a current study, laboratory animals are exposed to ambient particulate matter, including ultrafine particles, for investigation of potential stem cell activation into cancer precursor cells. The elucidation of molecular pathways involved in survival, proliferation, and differentiation of cancer stem cells may be fundamental information to help develop therapies for brain tumors and to develop potential preventive measures. The requested Board action will provide funding to conduct additional health effects research, which may include follow-up on the results described above, and will provide information to better assess the health risks of exposure to air pollutants. Results from these studies will provide scientific information to inform policy choices for reducing emissions and exposures to pollutants in the South Coast Air Basin and potentially world-wide.

**Proposal**

Staff is proposing that the Board authorize the transfer of 20 percent of annual penalty money received in FY 2010-11, FY 2011-12, FY 2012-13, FY 2015-16 and FY 2016-17 that exceeded \$4 million from the General Fund to the Health Effects Research Fund (48) in five installment payments over a period of five fiscal years, starting in FY 2018-19. The total amount to be transferred is \$4,206,765 as detailed in Table 1. The installment payment would be \$841,353 during each of the five fiscal years as detailed in Table 2.

**TABLE 1**

**Calculation of Proposed Transfer Amount from General Fund to Health Effects Research Fund**

<b>Fiscal Year</b>	<b>General Fund Penalty Money</b>	<b>20% over \$4M</b>
2010-11	\$ 7,348,657	\$ 669,731
2011-12	4,906,391	181,278
2012-13	11,562,529	1,512,505
2015-16	5,704,685	340,937
2016-17	11,511,570	1,502,314
	<b>Total</b>	<b>\$ 4,206,765</b>

Note: Funds have already been transferred from the General Fund to the Health Effects Research Fund for FY 2008-09, 2009-10, 2013-14, 2014-15 and 2017-18.

**TABLE 2**

**Proposed Yearly Transfer Amount from General Fund to Health Effects Research Fund**

<b>Fiscal Year</b>	<b>Amount</b>
2018-19	\$ 841,353
2019-20	841,353
2020-21	841,353
2021-22	841,353
2022-23	841,353
Total	\$4,206,765

**Resource Impacts**

Funds are available from the General Fund Unreserved (Unassigned) Fund Balance in FY 2018-19 and will be included in the budget process for each of the additional four fiscal years.