

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 22, 2003

TO: Honorable Geanie Morrison, Chair, House Committee on Higher Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2802 by Giddings (Relating to the establishment of a school of pharmacy at the University of North Texas Health Science Center at Fort Worth.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2802, As Introduced: a negative impact of (\$350,000) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$350,000)
2005	\$0
2006	(\$3,075,893)
2007	(\$3,075,893)
2008	(\$5,735,627)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$350,000)	2.0
2005	\$0	2.0
2006	(\$3,075,893)	3.5
2007	(\$3,075,893)	5.0
2008	(\$5,735,627)	20.0

Fiscal Analysis

The bill would authorize The Board of Regents at the University of North Texas System to establish and maintain a school of pharmacy at the University of North Texas Health Science Center at Fort Worth. The Board may offer courses leading to degrees in pharmacy education and award those degrees. Additionally, the bill would require the Texas Higher Education Coordinating Board to prepare an impact statement on the new school not later than August 31, 2004.

Methodology

The Texas Higher Education Coordinating Board (THECB) has assumed the following would occur: (1) the pharmacy school would require the construction of a new building to be financed by tuition revenue bonds (this bill does not include such authorization of tuition revenue bonds); and (2) the number of full-time employees and the costs of personnel, equipment, instruction and other operating expenses would mirror the program development, timeline, and appropriation and expenditure

histories of the college of pharmacy at Texas Tech University Health Sciences Center (Texas Tech), which was the same methodology used to estimate costs of establishing a pharmacy school at Texas A&M Kingsville.

The THECB estimates the construction of a 60,000 square foot pharmacy building would cost \$21,517,868 in tuition revenue bonds and be completed and ready for occupancy in May 2007. In addition, debt service is estimated at \$1,075,893 (assuming a bond rate of 4 percent for 20 years) per year, beginning in fiscal year 2006. Additionally, it is estimated operation and maintenance costs of \$250,000 for the pharmacy building would start occurring by fiscal year 2009.

For the 2004-05 biennium, the THECB estimates there would be a cost of \$350,000 to begin the curriculum design and accreditation process and allow the University of North Texas Health Science Center (UNTHSC) to hire one pharmacy educator and one dean. Beginning in fiscal year 2006, it is estimated UNTHSC would need to hire additional faculty and staff (1.5 in fiscal year 2006 and 1.5 in fiscal year 2007). It is estimated the cost would be \$256,714 in fiscal year 2006 and \$482,783 in fiscal year 2007 for salaries and benefits for all employees. Additionally, the estimate assumes there would be operating cost and capital expenditures that would cost \$1,743,286 in fiscal year 2006 and \$1,767,217 in fiscal year 2007.

In Fall 2007 (fiscal year 2008), the school would enroll the first class of 65 students and would need to hire fifteen additional faculty and staff. It is estimated the cost would be \$1,518,417 for salaries and benefits for all employees. The estimate assumes operating cost and capital expenditures would be ongoing and cost \$3,141,317 in fiscal year 2008.

Based on this timeline, the school would be eligible for formula funding for instruction beginning in fiscal year 2010. Also, using the Texas Tech model, the UNTHSC would continue to receive special item funding for the college of pharmacy through fiscal year 2011.

The THECB has estimated there would be cost to complete the impact statement but would be absorbed within existing agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 763 University of North Texas Health Science Center at Fort Worth, 781 Higher Education Coordinating Board

LBB Staff: JK, JO, CT, PF, GS