

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 11, 2007**

**TO:** Honorable David Swinford, Chair, House Committee on State Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1486** by Naishtat (Relating to the establishment of the stem cell research program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1486, As Introduced: a negative impact of (\$10,138,959) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$5,074,992)
2009	(\$5,063,967)
2010	(\$5,063,967)
2011	(\$5,063,967)
2012	(\$5,063,967)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>
2008	(\$5,074,992)
2009	(\$5,063,967)
2010	(\$5,063,967)
2011	(\$5,063,967)
2012	(\$5,063,967)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	0.5
2009	0.5
2010	0.5
2011	0.5
2012	0.5

## **Fiscal Analysis**

The following scenario assumes the new Stem Cell Research Program would be funded with \$5 million in General Revenue for grants and loans per year and additional associated administrative costs incurred by the Higher Education Coordinating Board. If appropriations are less than the estimated \$5 million, it is estimated that the Coordinating Board could absorb the costs with current resources.

The Coordinating Board anticipates hiring a half-time program director at an estimated cost of \$47,992 in fiscal year 2008 and \$36,967 in subsequent years to provide \$5 million in grants and loans to institutions seeking funds to participate in the Stem Cell Research Program. It also anticipates additional costs for peer review services and travel are estimated of \$27,000 annually. Total estimated cost for the Coordinating Board would be \$74,992 in fiscal year 2008 and \$63,967 in subsequent years. The Coordinating Board has developed electronic systems for peer review and grants administration that could facilitate this program.

## **Methodology**

The above scenario provides \$5 million in grants and loans. The Coordinating Board anticipates costs for peer review depend on number of submissions and not on program size. If investigators were limited to two proposals, then it is possible that the Coordinating Board would get 200 proposals requiring 400 separate reviews (2 per proposal). This estimate is based solely on a fraction of the numbers of submissions to all areas for biological sciences and biomedicine and medical biotechnology.

For the 400 reviews, the Coordinating Board proposes 10 reviewers reading pre-proposals to be reimbursed at \$700 each or \$7,000. For the subsequent full proposal reviews, Coordinating Board recommends a ten-member panel to meet in Austin. Average cost for a traveling reviewer, including review fee, is estimated to be \$2,000 or \$20,000 for the 10-member panel. Total review costs are estimated to be \$27,000 per year.

Program staff necessary to recruit reviewers and handle the extra workload is estimated at 1/2 FTE for the year of the grants competition.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, KJG, RT, DE