

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

April 27, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

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

IN RE: SB365 by Nelson (Relating to the creation and implementation of the health professional education grant program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB365, Committee Report 1st House, Substituted: a negative impact of (\$3,743,663) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	(\$3,743,663)
2010	(\$3,751,163)
2011	(\$3,743,663)
2012	(\$3,743,663)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	\$0
2009	(\$3,743,663)
2010	(\$3,751,163)
2011	(\$3,743,663)
2012	(\$3,743,663)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	0.0
2009	1.5
2010	1.5
2011	1.5
2012	1.5

Fiscal Analysis

The bill would create the Health Professional Education Grant Program. Under provisions of the bill, the Higher Education Coordinating Board may award health professional education grants to eligible health professional education programs at institutions of higher education in this state, assist the programs in providing new distance learning or community-based education projects or activities, expanding or enhancing existing distance learning or community-based education projects or activities; and fund other related activities. The Board could not award a grant under this section to replace current funding for an existing distance learning or community-based education project or activity. The Higher Education Coordinating Board would begin awarding grants with the 2008-2009 academic year or fiscal year 2009.

Methodology

The following represents the estimated number of programs under each eligible professional education program based on the current definitions included in the bill and others refined by the Higher Education Coordinating Board:

414 - accredited physician resident training programs;

77 - accredited primary care physician resident training programs;

108-vocational nurse programs;

85-initial registered nurse programs;

17 - advanced nurse practitioner programs;

9 - physician assistant programs;

580 - public accredited undergraduate or graduate allied health programs that support direct patient care; and

390 - public accredited undergraduate or graduate allied health programs that support high-demand (predicted annual occupational growth rates of 30 percent or higher) programs in professions with direct patient care responsibilities.

In calculating the cost of funding an adequate number institutions under the program, the Higher Education Coordinating Board assumed that five percent of grant applicants would be funded and two-year grant awards would average \$120,000. The grant funds would be distributed evenly across the two-year grant period. Assuming the accredited physician resident training programs, advanced nurse practitioner programs, physician assistant programs and public accredited undergraduate or graduate allied health programs were funded $((414+17+108+85+9+580) \times .05)$, the number of two-year grants would be 61. Multiplying the annual grants (61) \times the funding per grant (\$120,000) = \$7.32 million (or \$3.66 million per year).

If the eligibility was limited to primary care physician residency training programs (77), advanced nurse practitioner programs (17), vocational nurse programs (108), initial registered nurse programs (85), physician assistant programs (9), and high-demand direct patient care allied health programs (390), the number of grants would decrease to 34 and the funding per year would \$2.04 million per year.

The Coordinating Board has indicated they would need to add one and one-half full-time equivalent position (1.5 FTE) to administer this program. A Program Director would be needed to prepare the Request for Proposal, coordinate the grant application and review process, monitor the progress of grants, travel to visit the institutions (in the second year of the grant cycle) and prepare the report to the legislature and Governor. An additional one-half (.50 FTE) Administrative Technician III will be needed for clerical support. The personnel cost for salaries and benefits is estimated at \$83,663 per year with travel of \$7,500 (visiting half of the institutions with grants (30) \times \$250) every other year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, JSp, MN, RT, GO