

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

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

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

IN RE: SB420 by Lucio (Relating to establishing a health science center and medical school in the Rio Grande Valley.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB420, As Engrossed: a negative impact of (\$31,603,760) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$13,000,000)
2009	(\$18,603,760)
2010	(\$28,603,760)
2011	(\$33,603,760)
2012	(\$38,603,760)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$13,000,000)
2009	(\$18,603,760)
2010	(\$28,603,760)
2011	(\$33,603,760)
2012	(\$38,603,760)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	30.0
2009	55.0
2010	90.0
2011	110.0
2012	125.0

Fiscal Analysis

The provisions of the bill would establish The University of Texas Health Science Center- Rio Grande Valley (Institution) within The University of Texas System and provide the authority to establish a medical school and other health-related degree programs. The new Institution would be eligible to participate in the Available University Fund and the Permanent Health Fund for Higher Education. Facilities built with tuition revenue bonds for the Regional Academic Health Center would be transferred to the new Institution.

Facilities and financial obligations of the existing Regional Academic Health Center, which is currently affiliated with The University of Texas Health Science Center at San Antonio and The University of Texas Health Science Center at Houston, could be converted to the new Health Science Center- Rio Grande Valley. The existing Regional Academic Health Center consists of public health, nursing, and allied health programs at various locations in the region.

The provisions of the bill expands the region of the Institution to Jim Hogg, Kenegy, and Zapata Counties and also require the Board of Regents to establish the first two years of a degree program preparing students for licensure as physicians be offered at The University of Texas at Brownsville.

Requiring the first two years at The University of Texas at Brownsville would require additional costs related to logistical issues for students and faculty that could result in the Institution needing to provide transportation between the main campus of the health science center and The University of Texas at Brownsville, increase cost for faculty if multiple faculty need to be hired to teach in Brownsville and the main campus, additional infrastructure costs for duplicative library resources for medical students in two locations, and additional infrastructure may be needed for classroom space specific to medical students at The University of Texas at Brownsville that would have otherwise been shared with 3rd and 4th year students on the main campus.

The Institution would incur additional costs to administer and accredit the existing programs independent of its affiliated partners. Third and fourth year medical students from The University of Texas Health Science Center at San Antonio currently complete rotations at the RAHC and are supervised by non-salaried local physicians. It is assumed the Institution would receive full four year medical school accreditation and add the first and second year programs. A new medical school would require its own administrative structure, the addition of salaried faculty and support staff, and additional facilities. Existing General Revenue appropriations for the RAHC would provide a minimal offset for the increased costs.

The provisions of the bill would also require the Higher Education Coordinating Board to supervise the new institution under Chapter 61 of the Education Code.

The bill would take effect September 1, 2007.

Methodology

The University of Texas System estimates operating costs related to the new medical school and other health academic programs would be \$13 million in fiscal year 2008 and \$15 million in fiscal year 2009. It is assumed the first class consisting of 50 medical students would be admitted in 2010, which would increase costs to \$25 million. The second year would increase to \$30 million in fiscal year 2011 when the first year students become second year and a new first year class would be added.

With the requirement of the first two years of the physician's program being offered at The University of Texas at Brownsville, it is estimated that this would require additional infrastructure, including faculty and lab facilities outside the main campus. Based on Infrastructure funding per square footage per student and Instruction and Operation funding for The University of Texas Health Science Center at San Antonio in the 2006-07 biennium, it is estimated the costs for 50 students would require \$992,700 per year for infrastructure funding and \$2,611,060 for faculty funding for an estimated 10 additional FTEs to duplicate some of the costs from the main campus starting in fiscal year 2009.

In addition to a medical school dean and associate deans for research, clinical affairs, student affairs

and related administrative support positions, multiple faculty in seven basic sciences and eight clinical science fields would need to be hired. Information technology, human resources/payroll, budget, internal audit, and student services staff would need to be hired. At the end of five years, there would be a total of 90 faculty members and 35 staff.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

LBB Staff: JOB, MN, DE, RT