

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

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

**May 7, 2007**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on S/C 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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB420, Committee Report 1st House, Substituted: a negative impact of (\$28,000,000) 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	(\$15,000,000)
2010	(\$25,000,000)
2011	(\$30,000,000)
2012	(\$35,000,000)

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

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$13,000,000)
2009	(\$15,000,000)
2010	(\$25,000,000)
2011	(\$30,000,000)
2012	(\$35,000,000)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	30.0
2009	45.0
2010	80.0
2011	100.0
2012	115.0

## **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 Institution would incur new 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.

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 80 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

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