

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 3, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

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

IN RE: **HB519** by Giddings (Relating to the establishment of a school of pharmacy in the city of Dallas by the University of North Texas System.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB519, As Introduced: a negative impact of (\$5,552,110) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$2,142,850)
2011	(\$3,409,260)
2012	(\$6,529,212)
2013	(\$8,480,605)
2014	(\$8,480,605)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Est Oth Educ &amp; Gen</i> <i>Inco</i> 770	Probable (Cost) from <i>Est Oth Educ &amp; Gen</i> <i>Inco</i> 770	Probable Revenue Gain from <i>Institutional Funds</i> 997
2010	(\$2,142,850)	\$0	\$0	\$0
2011	(\$3,409,260)	\$405,000	(\$405,000)	\$488,700
2012	(\$6,529,212)	\$810,000	(\$810,000)	\$814,500
2013	(\$8,480,605)	\$1,350,000	(\$1,350,000)	\$1,400,000
2014	(\$8,480,605)	\$1,350,000	(\$1,350,000)	\$1,400,000

Fiscal Year	Probable (Cost) from <i>Institutional Funds</i> 997	Change in Number of State Employees from FY 2009
2010	\$0	7.0
2011	(\$488,700)	20.0
2012	(\$814,500)	47.0
2013	(\$1,400,000)	62.0
2014	(\$1,400,000)	62.0

Fiscal Analysis

The bill allows the University of North Texas System to establish and operate a school of pharmacy in the city of Dallas. Under provisions of the bill, until the University of North Texas at Dallas has been administered as a general academic teaching institution for five years, the Board of the University of

North Texas System, shall administer the school of pharmacy as a professional school of the system. Before the school of pharmacy is established, the Higher Education Coordinating Board will be required to conduct a study on what actions the University of North Texas System needs to obtain accreditation of the school of pharmacy.

**Methodology**

The fiscal impact of the bill will be broken down by faculty and operation expenses. The University of North Texas System has indicated the pharmacy school will be located in an existing building, so this estimate does not include any construction costs.

The University of North Texas System indicate that in fiscal year 2010 they will need to hire seven FTEs, including four faculty, two staff and one graduate assistant at a total cost of \$642,850 which includes salaries, wages, retirement and insurance. There will also be start-up costs of \$500,000 per year for the new faculty that both teach and conduct research. The start-up costs will be used to purchase research equipment. The remaining costs for 2010 of \$1,000,000 include other operating expenses. In fiscal year 2011, a total of twenty FTEs will be hired including additional faculty, staff and graduate assistants at a total cost of \$2,314,260 in salaries and wages and retirement benefits. An additional twenty-seven FTEs will be hired in fiscal year 2012.

While General Revenue will be the only method of financing in fiscal year 2010, beginning in fiscal year 2011, statutory tuition (Fund 770) and institutional funds (including designated tuition) will be used to support the pharmacy school as the first entering class enters the program. Beginning in fiscal year 2012, the school of pharmacy will be eligible for formula funding. Based on estimates provided by the University of North Texas System, the formula funding could generate approximately \$1.6 million for fiscal year 2012 and \$2.7 million in the following year as more students are added. These estimates have been included in the costs associated with the bill.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

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