

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

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

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

IN RE: HB2687 by Shelton (relating to a physician residency matching grant program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2687, Committee Report 1st House, Substituted: a negative impact of (\$2,851,511) through the biennium ending August 31, 2011.

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
2010	(\$220,158)
2011	(\$2,631,353)
2012	(\$5,068,853)
2013	(\$7,506,353)
2014	(\$9,943,853)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Local Matching Funds	Change in Number of State Employees from FY 2009
2010	(\$220,158)	\$0	1.5
2011	(\$2,631,353)	(\$2,437,500)	1.5
2012	(\$5,068,853)	(\$4,875,000)	1.5
2013	(\$7,506,353)	(\$7,312,500)	1.5
2014	(\$9,943,853)	(\$9,750,000)	1.5

Fiscal Analysis

The provisions of the bill would establish a Physician Residency Matching Grant Program with the intent of increasing the number of physician residency programs. The Texas Higher Education Coordinating Board (HECB) would be responsible for administering the physician matching grant program to provide matching grants to eligible residency programs at health care entities. The HECB may only provide grants to support physician residency positions created on or after January 1, 2010, in fields of medicine experiencing shortages.

Travel costs will be incurred by staff to visit residency programs and meet with program and community leaders to conduct financial review to document financial involvement of local community.

The provisions of the bill require community collaborative groups to proportionally contribute to the amount of funding that each residency position will receive.

The provisions of the bill would authorize up to \$65,000 per resident per year in grants and up to 420 residents. The HECB estimates there would not be any awards in fiscal year 2010, but anticipates 75 in fiscal year 2011, with an increase of 75 per year in subsequent years.

Methodology

The Texas Higher Education Coordinating Board (HECB) estimates needing an additional program director (one Full-time Equivalent) to manage and administer the physician residency matching program. The HECB also estimates needing a 0.5 FTE for a financial analyst to adequately assist with the continual development of a methodology for assessing eligible residency programs to receive funding and for documenting and accounting for the various source of funds. Salary and benefits cost is estimated at \$98,790 in fiscal year 2010 and \$98,790 in fiscal year 2011. Other associated costs total \$35,369 in fiscal year 2010 and \$13,063 in subsequent years.

The HECB estimates that 80 site visits per year will be necessary, at a cost of \$1,000 per visit, or \$80,000 annually, for a total cost of \$169,203 in fiscal year 2010 and \$157,604 in fiscal year 2011.

The HECB estimates there will not be any grants awarded in the first year of the program but estimates awards to 75 residents at \$65,000 per resident per year starting in fiscal year 2011 for a total of \$4,875,000 and an increase of another 75 residents every year thereafter.

For the purposes of this cost estimate, it is assumed the grants provided to support physician residency positions will be matched equally from community collaborative groups.

The bill takes effect September 1, 2009.

Technology

The HECB also estimates the need to develop and maintain a new database to track the cost of residency training with an anticipated cost of \$6,000 in fiscal tear 2010 and \$2,000 in subsequent years.

Local Government Impact

The local impact is shown in the table above.

Source Agencies: 781 Higher Education Coordinating Board

LBB Staff: JOB, KK, RT, DE