

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 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 grant program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2687, As Introduced: a negative impact of (\$5,201,807) 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	(\$169,203)
2011	(\$5,032,604)
2012	(\$9,907,604)
2013	(\$14,782,604)
2014	(\$19,657,604)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$169,203)	1.0
2011	(\$5,032,604)	1.0
2012	(\$9,907,604)	1.0
2013	(\$14,782,604)	1.0
2014	(\$19,657,604)	1.0

Fiscal Analysis

The provisions of the bill would establish a Physician Residency Grant Program with the intent of increasing the number of physician residency programs. The Coordinating Board would be responsible for administering funding for family practice, pediatrics, psychiatry, and internal medicine residencies and monitoring local community financial support.

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

## **Methodology**

The Coordinating Board estimates needing an additional program director (1 Full-time Equivalent) to manage and administer the program. Salary and benefits cost is estimated at \$89,203 in fiscal year 2010 and \$77,604 in fiscal year 2011. The Coordinating Board 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 Coordinating Board 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.

The bill takes effect September 1, 2009

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 781 Higher Education Coordinating Board

**LBB Staff:** JOB, KK, RT, DE