

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**March 10, 2009**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

**IN RE: SB73** by Nelson (Relating to the establishment of an adult stem cell research program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB73, As Introduced: a negative impact of (\$10,413,670) 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	(\$5,206,835)
2011	(\$5,206,835)
2012	(\$5,206,835)
2013	(\$5,206,835)
2014	(\$5,206,835)

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

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2010	(\$5,206,835)
2011	(\$5,206,835)
2012	(\$5,206,835)
2013	(\$5,206,835)
2014	(\$5,206,835)

Fiscal Year	Change in Number of State Employees from FY 2007
2010	2.0
2011	2.0
2012	2.0
2013	2.0
2014	2.0

## **Fiscal Analysis**

The bill would establish a Texas Adult Stem Cell Research Coordinating Board comprised of members representing the Higher Education Coordinating Board, Health and Human Services Commission, professional members with special training and interest in the field appointed by the Governor, Lieutenant Governor and Speaker of the House and members representing institutions of higher education.

The Adult Stem Cell Research Coordinating Board would have the following functions:

- Support consortium institutions in all stages of their research and development.
- Establish regulatory standards and oversight bodies.
- Assist institutions with applying for grants and loans.
- Develop a competitive grant program.
- Administer the grant program and grants and loans.

The program would be funded by legislative appropriations or gifts, grants and donations. The following scenario assumes the program would be funded with \$5 million in General Revenue for grants and loans per year and additional associated administrative costs incurred by the Higher Education Coordinating Board.

## **Methodology**

The fiscal impact of the bill will be split between administrative costs for the Higher Education Coordinating Board and costs associated with the research grants.

The Higher Education Coordinating Board indicates that they would need one-half time supervisory dedication at the director level, one full-time dedicated program director, and one-half time position for administrative support. The three different functions, combined into two new FTEs, would provide the expertise and effort necessary to set up and administer a grant program or fulfill the other required functions. The estimated salary and benefits cost for two new FTEs is estimated at \$188,535 per year.

Two Higher Education Coordinating Board representatives will be required to attend several meetings annually at different institutions across the state. The travel cost is estimated at \$1,500 annually. Total personnel and travel cost is estimated at \$190,035 per year.

The Higher Education Coordinating Board estimates that 32 potential proposals for grants will be submitted annually for review, and that twenty proposals will be selected and funded at \$250,000 per year. While the grant program would include basic research, it is actually focused on the development and application of research to address human disease. For comparison, the Coordinating Board administers the Advanced Research Program, which is a competitive grant program for basic research at a cost of approximately \$100,000 per proposal.

Additional costs will be incurred for 6 reviewers every other year; each reviewer will be paid a \$1,000 honorarium plus \$1,300 in travel costs for a total of \$13,800 per year.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 529 Health and Human Services Commission, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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