

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 6, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

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

IN RE: SB2077 by Uresti (Relating to physician shortage residency programs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2077, Committee Report 1st House, Substituted: a negative impact of (\$3,078,513) 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	(\$1,102,855)
2011	(\$1,975,658)
2012	(\$1,975,659)
2013	(\$1,975,659)
2014	(\$1,975,659)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$1,102,855)	2.0
2011	(\$1,975,658)	2.0
2012	(\$1,975,659)	2.0
2013	(\$1,975,659)	2.0
2014	(\$1,975,659)	2.0

Fiscal Analysis

The provisions of the bill create the allowance for contracts for Physician Shortage Residency Programs (Program). It allows the Texas Higher Education Coordinating Board (THECB) to contract with a medical school, licensed hospital, or nonprofit corporation to establish and operate an approved physician residency training program. Compensation is determined by a formula approved by the THECB based upon the number of resident physicians in the training program. The THECB may receive and expend appropriations for the program and may accept gifts, grants, and donations of real or personal property from any entity.

The provisions also create a nine member Physician Shortage Residency Advisory Committee (Committee) whose duties are to review data to determine the physician shortage areas in Texas. The Committee will also review residency training program applications for the THECB and make

recommendations to the THECB relating to disbursement of funds.

THECB may receive and expend funds generated by fees under Chapter 153, Occupations Code, in excess of the funds needed for the purposes authorized by Section 153.052, Occupations Code.

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Methodology

The Higher Education Coordinating Board (THECB) estimates needing two new Full-time Equivalents (FTEs) to fully implement the monitoring requirements under the provisions of the bill. New and existing staff would establish the program, have rules developed by the THECB's October 2009 meeting and in place by January 1, 2010. Staff would also have to appoint and hold advisory committee meetings. Additionally, staff would travel to an estimated nine to ten new and expanding residency program sites annually to evaluate expansion capabilities and their innovations in residency training.

The salary and benefits cost for two new FTEs is estimated at \$178,405 in fiscal year 2010 and \$155,207 in fiscal year 2011 and each year thereafter. The travel cost of an average site visit is estimated at \$1,000 per visit for two staff estimated at nine site visits for a total of \$9,000 in travel costs. The THECB estimates personnel, travel and technology cost is estimated at \$193,405 in fiscal year 2010 and \$166,207 in subsequent years.

The THECB estimates new costs would be incurred as the provisions of the bill allows for payment of the Advisory Committee members. If the Advisory Committee meets three times in fiscal year 2010, with nine members travel costs for the agency to would average \$350 per member multiplied by nine committee members for three meetings is \$9,450 and the same amounts each year thereafter.

THECB estimates that 60 new resident positions could be added in fiscal year 2010 at \$15,000 per resident (the same rate used for other residency programs at the HECB) for a total cost of \$900,000. THECB estimates doubling the number of funded residents in fiscal year 2011 by 60 and would result in an increased cost to \$1,800,000 (120 x \$15,000).

Total THECB cost and funding cost for new residency programs is estimated at \$1,102,855 in fiscal year 2010 and \$1,975,658 annually thereafter.

Technology

The Higher Education Coordinating Board (THECB) estimates new technology cost for additional reporting and accountability requirements that would be required to document new residents in a uniform way. THECB estimates cost is \$6,000 for initial equipment and set-up in fiscal year 2010, and \$2,000 annually for maintenance in subsequent years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 720 The University of Texas System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board

LBB Staff: JOB, KK, RT, DE