

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

Revision 1

April 15, 2011

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

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

IN RE: SB1648 by Watson (relating to the establishment of a system health center by a university system.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time, however the following analysis is provided.

The provisions of the bill provide the authority for a university system to establish a System Health Center (Center) if it meets the criteria in the bill as determined by the Higher Education Coordinating Board (Board). The Center is a program that integrates biomedical and clinical research, patient care services, and predoctoral and postdoctoral teaching provided by participating institutions, schools, and programs.

Each of the following must offer substantial educational programs through the Center: (1) one or more allopathic or osteopathic medical schools each of which must administer residency programs in not fewer than three medical specialties within the Center; (2) two or more health professional schools or programs, such as nursing, public health, or pharmacy schools or programs; (3) one or more undergraduate degree programs of a general academic teaching institution; and (4) one or more graduate degree programs of a general academic teaching institution.

In addition, for purposes of the appropriation formulas recommended by the Board, a student of an educational program offered by a Center established is considered to be a student of a health-related institution (HRIs) to the extent that formula funding of HRIs applies to the discipline in which the student is enrolled.

For purposes of this fiscal note it is assumed that The University of Texas Medical Branch at Galveston would create a System Health Center with The University of Texas at Austin.

Currently, the HRIs and the general academic institutions (GAIs) are funded using a different methodology. The HRIs are funded on a full-time student equivalent (FTSE) basis and the GAIs on a weighted semester credit hour basis. The School of Nursing and School of Pharmacy funding allocated to certain HRIs were broken down into semester credit hours and compared to the funding received by The University of Texas at Austin's School of Nursing and College of Pharmacy.

If The University of Texas at Austin met the requirements of the bill to be considered a Center, the estimated increase in costs for the two programs offered at The University of Texas at Austin would range from \$5 million to \$8 million per biennium depending on the number of programs and semester credit hours for those programs. However, it isn't certain if the same semester credit hours for GAIs would be classified the same as HRIs' semester credit hours to determine the number of FTSEs for formula funding.

The bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 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

LBB Staff: JOB, KK, RT, DE