

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 27, 2017

TO: Honorable J. M. Lozano, Chair, House Committee on Higher Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2478 by Davis, Sarah (Relating to an innovation grant program to support residency training programs in psychiatric specialty fields.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2478, As Introduced: a negative impact of (\$2,100,000) through the biennium ending August 31, 2019.

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
2018	(\$2,100,000)
2019	\$0
2020	(\$2,100,000)
2021	\$0
2022	(\$2,100,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2018	(\$2,100,000)
2019	\$0
2020	(\$2,100,000)
2021	\$0
2022	(\$2,100,000)

Fiscal Analysis

The bill would amend the Education Code to require the Texas Higher Education Coordinating Board (THECB) to establish and administer the Psychiatric Specialty Innovation Grant Program. Under this bill, THECB would award incentive payments to medical schools that administer innovative residency training programs designed to increase the number of physicians in training

programs designed to increase the number of physicians in this state who specialize in pediatric or adult psychiatric care. The bill would require THECB to work in consultation with each medical school in the state to adopt rules for the administration of the program. In awarding grants under the program to medical schools, the bill would require THECB to award 60 percent of available funding to pediatric psychiatric care residency programs and 40 percent to adult psychiatric care programs, giving priority to residency programs based in rural or underserved areas.

The bill would allow up to three percent of any money appropriated for the program to be used for administrative costs for THECB to administer the program. In addition to money appropriated by the legislature, the bill would require THECB to seek and apply for any available federal funds and would allow the board to solicit and accept gifts, grants, and donations from any other source for the purpose of the program.

The bill would require THECB to establish the grant program not later than September 1, 2018, and begin to award grants as soon as practicable after the program is established. The bill would take effect September 1, 2017.

Methodology

Based on information provided by THECB, administrative costs associated with the program, including salaries, wages, benefits, and other expenses, are estimated to range from \$61,300 in fiscal year 2018 to \$31,800 in fiscal year 2022. It is assumed that any remaining appropriations would go toward grant awards for the program. Based on information provide by institutions of higher education, duties and responsibilities associated with implementing the provisions of the bill could be absorbed within current resources.

Based on information provided by THECB regarding a similar grant program for graduate medical education, it is assumed that eight two-year grants would be awarded each biennium at approximately \$250,000 per grant. It is also assumed that appropriations for the program would be made in the first year of the biennium with unexpended balance authority from the first year of the biennium to the second year of the biennium. Based on these assumptions, total costs associated with the program would be \$2.1 million in fiscal years 2018, 2020, and 2022. Potential cost for this grant program are scalable and would vary from this estimate based on the number of awards provided and the value of each grant.

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, 768 Texas Tech University System Administration, 781 Higher Education Coordinating Board

LBB Staff: UP, THo, DEH, ED