

SENATE AMENDMENTS

2nd Printing

By: Ashby, Price, Guillen, Oliverson, Clardy,
et al.

H.B. No. 1065

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a rural resident physician grant program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 58A, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. RURAL RESIDENT PHYSICIAN GRANT PROGRAM

Sec. 58A.081. RURAL RESIDENT PHYSICIAN GRANT PROGRAM. (a)

The board shall administer the Rural Resident Physician Grant Program as a competitive grant program to encourage the creation of new graduate medical education positions in rural and nonmetropolitan areas, with particular emphasis on the creation of rural training tracks. The board shall award grants to new or expanded physician residency programs at teaching hospitals and other appropriate health care entities according to the program criteria established under this section.

(b) The board shall establish criteria for the grant program in consultation with one or more physicians, including a physician who practices in a rural area of this state, teaching hospitals, medical schools, and independent physician residency programs, and with other persons considered appropriate by the board. The program criteria must take into account whether a rural or nonmetropolitan area has the resources sufficient to support a physician residency program in a manner that would satisfy

1 applicable residency program accreditation requirements.

2 (c) The board may provide grants only to support a physician
3 residency program:

4 (1) that provides the level of medical care that is
5 most needed in a rural or nonmetropolitan area; and

6 (2) until the program becomes eligible for federal
7 grant funding.

8 (d) Grant funds awarded under this section may be used only
9 to pay direct costs associated with creating or maintaining a
10 residency position, including the salary of the resident physician.

11 (e) Each grant application must:

12 (1) specify the number of residency positions expected
13 to be created or maintained with the grant money;

14 (2) specify the grant amount requested for each year;

15 (3) include documentation of infrastructure and
16 staffing to satisfy applicable residency program accreditation
17 requirements;

18 (4) include documentation that the residency program
19 will set a primary goal of producing physicians who are prepared for
20 practice in a rural area; and

21 (5) include evidence of support for residency training
22 by sponsoring institutions and the community.

23 (f) The board shall award grants for all residency positions
24 awarded a grant under this section in the preceding year before
25 awarding a grant for a residency position that did not receive a
26 grant in the preceding year, provided that the applicable grant
27 recipient from the preceding year complies with all conditions of

1 the grant as described by Subsection (g) and satisfies the grant
2 eligibility requirements.

3 (g) The board shall monitor physician residency programs
4 receiving grants as necessary to ensure compliance with the grant
5 program and shall require the return of any unused grant money by,
6 or shall decline to award additional grants to, a residency program
7 that receives a grant but fails to:

8 (1) create and fill, within a reasonable period, the
9 number of residency positions proposed in the program's grant
10 application; or

11 (2) satisfy any other conditions of the grant imposed
12 by the board.

13 (h) The board shall use money forfeited under Subsection (g)
14 to award grants to other eligible applicants. With respect to the
15 physician residency program forfeiting the grant, the board may
16 restore grant money or award additional grants, as applicable, to
17 the program as soon as practicable after the program satisfies all
18 conditions of the grant.

19 (i) The board shall adopt rules for the administration of
20 the grant program. The rules must include:

21 (1) administrative provisions governing:

22 (A) eligibility criteria for grant applicants;

23 (B) grant application procedures;

24 (C) guidelines relating to grant amounts;

25 (D) guidelines relating to the number of grants
26 to be awarded each year, subject to available funds;

27 (E) procedures for evaluating grant

1 applications;

2 (F) procedures for monitoring the use of grants;

3 and

4 (G) reporting requirements for grant recipients;

5 (2) methods for tracking the effectiveness of grants;

6 and

7 (3) any conditions relating to the receipt and use of a
8 grant as considered appropriate by the board.

9 SECTION 2. (a) As soon as practicable after the effective
10 date of this Act, the Texas Higher Education Coordinating Board
11 shall adopt rules for the implementation and administration of the
12 grant program established under Subchapter E, Chapter 58A,
13 Education Code, as added by this Act. The board may adopt the
14 initial rules in the manner provided by law for emergency rules.

15 (b) Not later than October 1, 2019, the Texas Higher
16 Education Coordinating Board shall establish the grant program
17 required by Subchapter E, Chapter 58A, Education Code, as added by
18 this Act, and shall begin to award grants under that program not
19 later than January 1, 2020.

20 SECTION 3. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2019.

ADOPTED

MAY 14 2019

Atty. Gen.
Secretary of the Senate

By: Kolkhaust

H.B. No. 1005

Substitute the following for H.B. No. 1005:

By: [Signature]

C.S.H.B. No. 1005

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10 Program as a competitive grant program to encourage the creation of
11 new graduate medical education positions in rural and
12 nonmetropolitan areas, with particular emphasis on the creation of
13 rural training tracks. The board shall award grants to new or
14 expanded physician residency programs at teaching hospitals and
15 other appropriate health care entities according to the program
16 criteria established under this section.

17 (b) The board shall establish criteria for the grant program
18 in consultation with one or more physicians, including a physician
19 who practices in a rural area of this state, teaching hospitals,
20 medical schools, and independent physician residency programs, and
21 with other persons considered appropriate by the board. The
22 program criteria must take into account whether a rural or
23 nonmetropolitan area has the resources sufficient to support a
24 physician residency program in a manner that would satisfy

1 applicable residency program accreditation requirements.

2 (c) The board may provide grants only to support a physician
3 residency program:

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5 most needed in a rural or nonmetropolitan area; and

6 (2) until the program becomes eligible for federal
7 grant funding.

8 (d) Grant funds awarded under this section may be used only
9 to pay direct costs associated with creating or maintaining a
10 residency position, including the salary of the resident physician.

11 (e) Each grant application must:

12 (1) specify the number of residency positions expected
13 to be created or maintained with the grant money;

14 (2) specify the grant amount requested for each year;

15 (3) include documentation of infrastructure and
16 staffing to satisfy applicable residency program accreditation
17 requirements;

18 (4) include documentation that the residency program
19 will set a primary goal of producing physicians who are prepared for
20 practice in a rural area; and

21 (5) include evidence of support for residency training
22 by sponsoring institutions and the community.

23 (f) The board shall award grants for all residency positions
24 awarded a grant under this section in the preceding year before
25 awarding a grant for a residency position that did not receive a
26 grant in the preceding year, provided that the applicable grant
27 recipient from the preceding year complies with all conditions of

1 the grant as described by Subsection (g) and satisfies the grant
2 eligibility requirements.

3 (g) The board shall monitor physician residency programs
4 receiving grants as necessary to ensure compliance with the grant
5 program and shall require the return of any unused grant money by,
6 or shall decline to award additional grants to, a residency program
7 that receives a grant but fails to:

8 (1) create and fill, within a reasonable period, the
9 number of residency positions proposed in the program's grant
10 application; or

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12 by the board.

13 (h) The board shall use money forfeited under Subsection (g)
14 to award grants to other eligible applicants. With respect to the
15 physician residency program forfeiting the grant, the board may
16 restore grant money or award additional grants, as applicable, to
17 the program as soon as practicable after the program satisfies all
18 conditions of the grant.

19 (i) The board shall adopt rules for the administration of
20 the grant program. The rules must include:

21 (1) administrative provisions governing:

22 (A) eligibility criteria for grant applicants;

23 (B) grant application procedures;

24 (C) guidelines relating to grant amounts;

25 (D) guidelines relating to the number of grants
26 to be awarded each year, subject to available funds;

27 (E) procedures for evaluating grant

1 applications;

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4 (G) reporting requirements for grant recipients;

5 (2) methods for tracking the effectiveness of grants;

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7 (3) any conditions relating to the receipt and use of a
8 grant as considered appropriate by the board.

9 SECTION 2. (a) As soon as practicable after the effective
10 date of this Act, the Texas Higher Education Coordinating Board
11 shall adopt rules for the implementation and administration of the
12 grant program established under Subchapter E, Chapter 58A,
13 Education Code, as added by this Act. The board may adopt the
14 initial rules in the manner provided by law for emergency rules.

15 (b) Not later than October 1, 2019, the Texas Higher
16 Education Coordinating Board shall establish the grant program
17 required by Subchapter E, Chapter 58A, Education Code, as added by
18 this Act, and shall begin to award grants under that program not
19 later than January 1, 2020.

20 SECTION 3. The Texas Higher Education Coordinating Board is
21 required to implement a provision of this Act only if the
22 legislature appropriates money specifically for that purpose. If
23 the legislature does not appropriate money specifically for that
24 purpose, the coordinating board may, but is not required to,
25 implement a provision of this Act using other appropriations
26 available for that purpose.

27 SECTION 4. This Act takes effect immediately if it receives

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 14, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1065** by Ashby (Relating to the establishment of a rural resident physician grant program.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1065, As Passed 2nd House: a negative impact of (\$1,123,494) through the biennium ending August 31, 2021.

The Texas Higher Education Coordinating Board is required to provide grants as provided by this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the board may, but is not required to, provide grants as provided by this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$583,549)
2021	(\$539,945)
2022	(\$547,445)
2023	(\$539,945)
2024	(\$547,445)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2020	(\$583,549)
2021	(\$539,945)
2022	(\$547,445)
2023	(\$539,945)
2024	(\$547,445)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	0.5
2022	0.5
2023	0.5
2024	0.5

Fiscal Analysis

The bill would require the Texas Higher Education Coordinating Board (THECB) to establish and administer the Rural Resident Physician Grant Program as a competitive grant program to encourage the creation of new graduate medical education positions in rural and nonmetropolitan areas. The bill would require THECB to award grants to new or expanded physician residency programs at teaching hospitals and other appropriate health care entities as defined in the provisions of the bill. The bill would require THECB to establish criteria for the grant program in consultation with one or more physicians.

Under the provisions of the bill, all grant funds awarded under the program could only be used to pay direct costs associated with creating or maintaining a residency position, including the salary of the resident physician. The bill would require THECB to monitor the physician residency program receiving a grant to ensure compliance with the grant program. For any residency program that fails to comply with the rules of the grant program, the bill would require the return of any unused grant money by a residency program or for THECB to decline additional grants to that program.

The bill would require the Board to establish the grant program no later than October 1, 2019, and to begin to award grants under the program no later than January 1, 2020.

Methodology

Based on information provided by THECB regarding similar grant programs for graduate medical education, it is assumed that beginning in fiscal year 2020, the agency would award two grants, at \$250,000 per grant, to support operational and financial planning, accreditation, and infrastructure needs for the new graduate medical education programs. It is assumed that once the programs are operational, future residency costs would be supported by the Graduate Medical Education Expansion Program administered by the agency.

Costs associated with this grant program are scalable and could vary from this estimate depending on the total number of awards provided and the value of each award.

Based on information provided by THECB, administrative costs associated with the new program, including salaries, wages, benefits, and other expenses, are estimated to range from \$83,549 in fiscal year 2020 to \$47,445 in fiscal year 2023.

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: WP, SD, JGAn, DEH, GO, THo

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 9, 2019

TO: Honorable Brandon Creighton, Chair, Senate Committee on Higher Education

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1065** by Ashby (relating to the establishment of a rural resident physician grant program.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1065, Committee Report 2nd House, Substituted: a negative impact of (\$1,123,494) through the biennium ending August 31, 2021.

The Texas Higher Education Coordinating Board is required to provide grants as provided by this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the board may, but is not required to, provide grants as provided by this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$583,549)
2021	(\$539,945)
2022	(\$547,445)
2023	(\$539,945)
2024	(\$547,445)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2020	(\$583,549)
2021	(\$539,945)
2022	(\$547,445)
2023	(\$539,945)
2024	(\$547,445)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	0.5
2022	0.5
2023	0.5
2024	0.5

Fiscal Analysis

The bill would require the Texas Higher Education Coordinating Board (THECB) to establish and administer the Rural Resident Physician Grant Program as a competitive grant program to encourage the creation of new graduate medical education positions in rural and nonmetropolitan areas. The bill would require THECB to award grants to new or expanded physician residency programs at teaching hospitals and other appropriate health care entities as defined in the provisions of the bill. The bill would require THECB to establish criteria for the grant program in consultation with one or more physicians.

Under the provisions of the bill, all grant funds awarded under the program could only be used to pay direct costs associated with creating or maintaining a residency position, including the salary of the resident physician. The bill would require THECB to monitor the physician residency program receiving a grant to ensure compliance with the grant program. For any residency program that fails to comply with the rules of the grant program, the bill would require the return of any unused grant money by a residency program or for THECB to decline additional grants to that program.

The bill would require the Board to establish the grant program no later than October 1, 2019, and to begin to award grants under the program no later than January 1, 2020.

Methodology

Based on information provided by THECB regarding similar grant programs for graduate medical education, it is assumed that beginning in fiscal year 2020, the agency would award two grants, at \$250,000 per grant, to support operational and financial planning, accreditation, and infrastructure needs for the new graduate medical education programs. It is assumed that once the programs are operational, future residency costs would be supported by the Graduate Medical Education Expansion Program administered by the agency.

Costs associated with this grant program are scalable and could vary from this estimate depending on the total number of awards provided and the value of each award.

Based on information provided by THECB, administrative costs associated with the new program, including salaries, wages, benefits, and other expenses, are estimated to range from \$83,549 in fiscal year 2020 to \$47,445 in fiscal year 2023.

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: WP, JGAn, DEH, GO, THo

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 29, 2019

TO: Honorable Brandon Creighton, Chair, Senate Committee on Higher Education

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1065** by Ashby (Relating to the establishment of a rural resident physician grant program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1065, As Engrossed: a negative impact of (\$1,123,494) through the biennium ending August 31, 2021.

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
2020	(\$583,549)
2021	(\$539,945)
2022	(\$547,445)
2023	(\$539,945)
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All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i>
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2020	(\$583,549)
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Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
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The bill would require the Board to establish the grant program no later than October 1, 2019, and to begin to award grants under the program no later than January 1, 2020.

Methodology

Based on information provided by THECB regarding similar grant programs for graduate medical education, it is assumed that beginning in fiscal year 2020, the agency would award two grants, at \$250,000 per grant, to support operational and financial planning, accreditation, and infrastructure needs for the new graduate medical education programs. It is assumed that once the programs are operational, future residency costs would be supported by the Graduate Medical Education Expansion Program administered by the agency.

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Local Government Impact

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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: WP, JGAn, DEH, GO, THo

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 4, 2019

TO: Honorable Chris Turner, Chair, House Committee on Higher Education

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1065 by Ashby (Relating to the establishment of a rural resident physician grant program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1065, As Introduced: a negative impact of (\$1,123,494) through the biennium ending August 31, 2021.

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