



TEXAS HIGHER EDUCATION COORDINATING BOARD

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April 17, 2007

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512/427-6101
Fax 512/427-6127

Web site:
<http://www.theccb.state.tx.us>

Mr. John O'Brien
Executive Director
Legislative Budget Board
Robert E. Johnson Building, 5th Floor
1501 N. Congress
Austin, Texas 78701

Dear Mr. O'Brien:

The Coordinating Board has authorized me to forward you the following educational impact statement on **Senate Bill 420**, which would authorize the Board of Regents of The University of Texas System to convert the existing Lower Rio Grande Valley Regional Academic Health Center into a new health-related institution, The University of Texas Rio Grande Valley Health Science Center. The new institution would be authorized to offer degree programs in medicine and other health-related areas. The programs would be located in Cameron, Hidalgo, Starr, and Willacy counties, and administrative operations would be located in Harlingen.

Current State Commitments

Recognizing the need for more physicians in the state, Texas medical schools have recently initiated enrollment expansions. The Texas Legislature has supported these efforts with additional formula funding for graduate and undergraduate medical education.

The Texas Legislature is proposing a 2008-2009 biennial funding commitment of \$48.5 million to support the development and establishment of a new medical school in El Paso, which is slated to enroll medical students in fall 2009. The new school will be created by converting Texas Tech University Health Sciences Center Regional Academic Health Center in El Paso into a complete health science center. It is currently seeking accreditation from the Liaison Committee on Medical Education, with plans to enroll 80 medical students in fall 2009 and graduate the first class in spring 2013.

While the planned enrollment increases at the existing medical schools and establishment of the Texas Tech University Health Sciences Center at El Paso are not yet fully funded or fully implemented, when these initiatives are realized, the results will be more medical doctors educated and trained in Texas. This may result in greater numbers of physicians educated in Texas who remain in Texas to practice. However, even with increased medical school enrollments and planned residency expansions, it is likely that Texas will continue to be a net importer of medical doctors. Currently, just 45 percent of the practicing Texas physicians graduated from a Texas medical school.

Given continued commitment to the development and establishment of required residency programs in the Rio Grande Valley, the current Regional Academic Health Center could also be converted into an academic health science center. This would add significant new capacity for education and training of physicians likely to remain in the state.

Accreditation Requirements for a New Medical School

Establishing a new U.S. medical school requires obtaining accreditation from the national accrediting body for MD granting degree programs, the Liaison Committee on Medical Education (LCME), *prior* to accepting the first class of medical students. Currently, the accreditation for the medical students who receive some of their education in Harlingen is maintained by The University of Texas Health Science Center at San Antonio. It will take significant financial commitment for Texas to establish a new health science center with a fully-accredited medical school, and will require the full support and backing of the local and regional communities, and state higher education system.

Importance of Residency Training

Residency programs are required for the establishment of a medical school, and serve as the foundation of medical students' clinical experiences. Currently, two residency programs, internal medicine (15), and family medicine (16), are available in the Rio Grande Valley. In order to establish a medical school there, medical residencies in pediatrics, obstetrics/gynecology, and general surgery are necessary. Establishment and maintenance of these new residency programs would cost approximately \$200,000 per resident. If general revenue funds were provided to support 25 percent of the operational costs of these programs, a general revenue commitment of \$11.6 million would be required in the first six years to initiate residency support in general surgery (15 residents), pediatrics (28 residents), and obstetrics/gynecology (15 residents). Estimates of the number of residents to be trained were based on current national and state averages, with consideration given to minimum accreditation requirements, and community population. Formula funding for the residency programs would total \$1.3 million in the first six years, assuming all three new residency programs were in operation by 2010. This would result in an on-going additional general revenue special item funding need of \$2.6 million beginning in 2010 to support the residency programs.

Cost to Establish a New Medical School

In addition to the on-going general revenue costs in support of new residency programs in the three fields listed above, the Coordinating Board estimates that general revenue costs for a six-year start-up for a new medical school in Harlingen would be an additional \$127 million for administration, faculty, and staff. Estimates were developed through review of current state commitments to existing Texas health-related institutions and other states' estimates to establish new medical schools. Estimates are based on 20 basic science and clinical faculty in 2008 with an entering class of 60 medical students in 2010 and 86 full-time basic science and clinical faculty. The medical school would reach its full capacity in 2013 with 240 students and 160 faculty.

Formula funding generated by the health science center would total \$41 million in the first six years. This includes medical school formula of \$12.4 million generated by 240 medical

students, \$1 million in formula funding generated by 90 full-time student equivalent (FTSE) allied health students, and \$1 million generated by 55 public health students. However, cost to support faculty and administration in the first six years would exceed the formula income by an average of \$14.3 million annually. An additional \$2 million in general revenue would be required for operational costs, resulting in a need for on-going general revenue special item funding of \$16.3 million annually. Additional one-time costs of \$65 million would be required for facilities to accommodate additional residency programs required for medical education. This assumes a building of 160,000 gross square feet, constructed and furnished at a cost of \$407 per square foot. When fully operational, annual general revenue obligations for a health science center in the Rio Grande Valley would be at least \$168 million.

Coordinating Board's 2002 Study on New Medical School

The Coordinating Board's 2002 study of medical education needs stated that if additional schools were to be established they should be located in areas that met the following criteria: 1) high population area served by significantly fewer than the state average number of physicians, 2) potential to address issues of geographic access, opportunity to attend medical school, and physician workforce diversity, and 3) the state could build on significant prior investments that it and other entities have made for the provision of medical education and services. Based on those criteria, two areas were identified as potential sites of new medical schools: El Paso and the Lower Rio Grande Valley.

Considerations

If the state should choose to establish a new health science center with an accredited medical school, the Lower Rio Grande Valley area needs more of the essential components and infrastructure that will serve as its foundation. Several steps must be taken before all components are in place, including the establishment of additional residency programs located in the region and outreach efforts to help area residents obtain health insurance.

Residency training programs provide medical schools with clinical facilities to provide required educational experiences for students. Medical schools are required to offer students clinical experiences in family medicine, neurology, psychiatry, pediatrics, obstetrics/gynecology, internal medicine, and surgery. Residency programs are most often used to provide these clinical experiences for medical students. Additionally, residency programs in smaller communities have been linked to retention of physicians in areas nearby.

Actions

There is a long-term need for a medical school in the Rio Grande Valley, but significant work must be done and investments made prior to its establishment. The following recommendations must be accomplished prior to the establishment of a new health science center in the Rio Grande Valley.

1. Provide new general revenue funding of \$11 million to The University of Texas Health Science Center at San Antonio to open residency programs in pediatrics, obstetrics/gynecology, and general surgery in the Rio Grande Valley.

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2. Provide new general revenue funding of \$13 million in Fiscal Year (FY) 2008-FY 2009 for development and planning of a new medical school in the Rio Grande Valley, with the recognition that additional funding would be required and this would be an on-going financial commitment for the state. Estimates of biennial funding needs in FY 2010-FY 2011 are \$35 million, and would reach \$50 million in FY 2012-FY 2013.

There is documented need to enhance existing educational opportunities and develop new instructional programs for students living in the South Texas region. Providing adequate funding for the eventual establishment of a medical school in the area would serve the needs of the state and the region. While establishment of such an institution at this time is premature, The University of Texas System should begin initial planning for such an eventuality.

The Coordinating Board welcomes the opportunity to comment upon proposed legislation affecting higher education. Please let me know if the Board or I can provide additional assistance regarding Senate Bill 420 or other proposed legislation.

Sincerely,

Raymund A. Paredes

c: Coordinating Board Members
David Gardner

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