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FISCAL IMPACT REPORT

SPONSOR Martinez, J./
Bash/Armstrong, O/
Ferry/Stansbury ORIGINAL DATE 2/02/2020
LAST UPDATED _____ HB 246 _____
SHORT TITLE Medical School Scholarship Act SB _____
ANALYST Valenzuela _____

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$6,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act to UNM Health Sciences Center

SOURCES OF INFORMATION

FY21 LFC Appropriation Recommendation, Volume 2, pages 346 - 356.

Responses Received From

Higher Education Department (HED)

University of New Mexico Health Sciences Center (UNM/HSC)

SUMMARY

Synopsis of Bill

House Bill 246 appropriates \$6 million from the general fund to the University of New Mexico School of Medicine for the purpose of providing free tuition for medical students. The scholarship requires students to sign a contractual agreement, requiring a service commitment equal to the years of scholarship support.

FISCAL IMPLICATIONS

The appropriation of \$6 million contained in this bill is a recurring expense to the general fund. HB246 creates a non-reverting fund, the Medical School Scholarship Fund. This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

State Appropriations to the Medical School. UNM's School of Medicine receives substantial support from state appropriations every year. UNM reports annual revenue from the state general fund totals \$66.7 million for the School of Medicine and \$3.4 million from formula funding. The

medical school enrolls 100 new medical students each year; earning a medical degree takes four years, so total annual enrollment is approximately 400 students. Total enrollment in healthcare educational fields (i.e., medical school, nursing, pharmacy, etc.) is close to 1,800 students, according the UNM HSC Data Book, 2019. State support per student is more than \$50,000/student.

Cost to Taxpayers. The free tuition scholarship would be eligible to U.S. citizens and citizens from foreign countries. According to UNM's School of Medicine, the annual in-state resident tuition is \$15,848.00 and the annual out-of-state resident tuition is \$19,713.00. An in state student, who completed medical school in four years, would receive \$63,392.00; an out of state resident student would receive \$78,892.00.

The annual cost to taxpayers is shown below:

- Assuming a 50 percent mix from in-state residents and out-of-state residents, free tuition would cost New Mexico taxpayers \$7.5 million annually.
- Assuming 100 percent of the scholarship recipients are New Mexico residents, free tuition would cost New Mexico taxpayers \$6.3 million annually.

SIGNIFICANT ISSUES

UNM receives three times the number of applications for admissions than the number of available slots for its Medical School, accepting only 100 new students a year. Of those enrolled, 34 percent are Hispanic, 37 percent White, 13 percent Asian, 2 percent American Indian, 1 percent African American, and the remaining percentage students who chose not to classify. Students who graduated from New Mexico high schools represent 85 percent of the currently enrolled medical students.

PERFORMANCE IMPLICATIONS

The *2019 LFC's Progress Report* showed that only 23 percent of UNM medical school graduates practice medicine in New Mexico, indicating that medical students have a higher likelihood to practice where they complete their residency. Residencies can last from three to seven years, depending on the specialization. The LFC also reported that when a medical student both graduated and completed their residency in New Mexico, the percentage who practice in the state increased to 54 percent.

The UNM BA/MD program, which is designed to bring New Mexico students from rural communities, pay for their undergraduate education, guarantee them a slot in the medical school, with the hope that those students will practice medicine in New Mexico.

Of the 98 MD graduates from UNM's combined BA/MD program since 2006, 76 are still completing their residencies (23 in state and 53 out of state). Sixteen graduates have completed their residencies and are practicing in state, but only six are practicing outside the Bernalillo County metro area. A 2011 LFC evaluation found that the return on investment from the combined BA/MD program is not realized for at least a decade, and recommended other methods of physician recruitment might be more cost-effective.

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