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FISCAL IMPACT REPORT

ORIGINAL DATE 03/02/21

SPONSOR HEC LAST UPDATED _____ HB 150/HECS

SHORT TITLE Medical School Scholarship Act SB _____

ANALYST Valenzuela

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
	\$6,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received for the Original Bill

UNM Health Sciences Center (UNMHSC)

New Mexico Higher Education Department (NMHED)

SUMMARY

Synopsis of Bill

The House Education Committee (HEC) substitute for House Bill 150 appropriates \$6 million from the general fund to the University of New Mexico School of Medicine for the purpose of providing free tuition and cost of attendance 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. HB150/HECS creates a new 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 2,300 students, according to the *UNM HSC Data Book*, 2020. State support per student is more than \$50 thousand/student.

Cost of Attendance. The UNM School of Medicine, on its website, shows tuition and fees as “cost of attendance”, which is not an accurate definition of “cost of attendance”. According to federal law, total cost of attendance includes the sum of published tuition and required fees, books and supplies, and the weighted average for room and board and other expenses.

In its marketing materials to prospective students, UNM reports the total annual cost of attendance for the School of Medicine totals \$49.5 thousand/student for in-state residents and almost \$75 thousand for out-of-state residents.

Cost of Attendance	UNM Medical School (Resident)	UNM Medical School (Non-resident)
Tuition and required fees	\$ 19,145.00	\$ 44,523.00
Room and board	17,496.00	17,496.00
Books and supplies	3,818.00	3,818.00
Transportation	3,822.00	3,822.00
Miscellaneous	5,230.00	5,230.00
Total Cost of Attendance	\$ 49,511.00	\$ 74,889.00

SIGNIFICANT ISSUES

Rural Areas Underserved. Keeping doctors in New Mexico to practice medicine in underserved rural areas is a problem. The bill seeks to address this imbalance by offering students scholarships for up to \$75thousand/year in exchange for those student agreeing to practice medicine in rural and underserved urban areas, which includes Albuquerque.

Incredible Demand for Medical School Slots. 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. UNM reports that 78 percent of first year students graduate from a New Mexico college or university (not including BA/MD program participants).

Criteria for Awards. The bill’s language is confusing and may eliminate discretion in making award decisions. Section 8A(1) states that the awards **shall be made available** to graduates of high schools in New Mexico and of high schools located on the Navajo Nation in New Mexico. Then, the following item, Section 8A(2) states that awards **shall be given to** individuals who have graduated from a New Mexico high school or New Mexicans who have graduated from home school programs or high school equivalency programs. The phrases, “shall be made available” and “shall be given”, could cause confusion in administering the program.

The bill could have the impact of shifting enrollment in the School of Medicine from in-state residents to out-of-state residents because the bill does not provide a preference for students who earned a bachelor's degree from an in-state university.

PERFORMANCE IMPLICATIONS

The *2019 LFC's Progress Report on State Financing of UNM Health Sciences Center* 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.

MFV/al/rl