

Date of Hearing: April 9, 2024

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 2357 (Bains) – As Introduced February 12, 2024

**SUBJECT:** University of California: school of medicine: University of California San Joaquin Valley Regional Campus Medical Education Endowment Fund.

**SUMMARY:** Establishes the University of California (UC) San Joaquin Valley Regional Campus Medical Education Endowment Fund (SJV Fund). Specifically, **this bill:**

- 1) Establishes the UC SJV Fund in the State Treasury.
- 2) Requires that funds received by the UC or the State Controller, as specified, must be deposited into the UC SJV Fund.
- 3) Stipulates that moneys in the SJV Fund must be allocated to the UC, upon appropriation by the Legislature, to support the annual operating costs for the development, operation, and maintenance of a branch campus of an existing UC School of Medicine in the County of Kern, and to generate funding through investment earnings for the support of medical education in the San Joaquin Valley.
- 4) Requires that moneys in the SJV Fund must initially be invested with the goal of achieving capital appreciation to create a balance sufficient to generate ongoing earnings to cover the estimated annual operating costs associated with the development, operation, and maintenance of a branch campus of an existing UC School of Medicine in the County of Kern.
- 5) Specifies that upon the determination of the State Controller, in consultation with the UC, that the SJV Fund balance has attained the goal established, pursuant to (4) above, moneys in the SJV Fund must be invested to generate earnings to fund annual operating costs associated with the development, operation, and maintenance of a branch campus of an existing UC School of Medicine in the County of Kern. Moneys must be invested in a manner that best meets the goals of the SJV Fund.
- 6) Authorizes that the SJV Fund may receive donations and contributions from public and private entities, partnerships between public and private entities, fees, cash advances, and transfers from the General Fund (GF) as may be specified by law.
- 7) Requires that earnings generated by the SJV Fund must be retained by the SJV Fund.
- 8) Stipulates that moneys deposited in the SJV Fund are exempt from administrative costs, as specified.
- 9) Requires, upon the determination of the Controller, in consultation with the UC, that the SJV Fund has adequate principal to annually yield sufficient investment earnings, from the date of determination, to cover the annual costs for the development, operation, and maintenance of a branch campus of an existing UC School of Medicine in the County of Kern, the UC must

seek approval and accreditation from the Liaison Committee on Medical Education (LCME) for a branch campus of an existing UC School of Medicine in the County of Kern.

- 10) Requires the Controller, upon appropriation by the Legislature, to transfer moneys from the SJV Fund to the UC, in an amount equal to the estimated costs of applying for and obtaining approval and accreditation from the LCME for a branch campus of an existing UC School of Medicine in the County of Kern.
- 11) Stipulates that any funds, public or private, received for or generated by the SJV Fund must supplement, not supplant, any current or future funding. Any funds allocated from the SJV Fund must supplement, not supplant, the UC budget allocations for any fiscal year.
- 12) Defines “endowment fund” as the UC SJV Fund.

**EXISTING LAW:**

- 1) Establishes the UC as a public trust to be administered by the Regents of the UC; and, grants the Regents full powers of organization and government, subject only to such legislative control as may be necessary to insure security of its funds, compliance with the terms of its endowments, statutory requirements around competitive bidding and contracts, sales of property and the purchase of materials, goods and services (Article IX, Section (9)(a) of the California Constitution).
- 2) Creates the UC San Francisco, San Joaquin Valley Regional Campus Medical Education Endowment Fund. Stipulates that upon appropriation by the Legislature, moneys in the endowment fund must be allocated to the UC to support the annual operating costs for the development, operation, and maintenance of a branch campus of the UC San Francisco, School of Medicine in the San Joaquin Valley;
- 3) Requires, upon appropriation by the Legislature and a determination by the Controller of sufficient funds in the endowment fund, moneys in the fund to be used to cover the UC’s estimated costs of applying for and obtaining approval and accreditation from the LCME, as provided; and,
- 4) Requires moneys in the endowment fund to initially be invested with the goal of achieving capital appreciation to create a balance of \$500 hundred million to generate ongoing earnings to cover the estimated annual operating costs associated with the development, operation, and maintenance of the branch campus, and, upon the determination of the Controller that the endowment fund balance is \$500 hundred million, requires moneys in the endowment fund to be invested to generate earnings to fund annual operating costs associated with the development, operation, and maintenance of the branch campus (Education Code Section 92162, et seq.).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *San Joaquin Valley (SJV)*. The SJV is defined as encompassing the Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties. The California Health Care Foundation reported in 2021, that the SJV had just 47 primary care physicians per

100,000 residents, short of the US Department of Health and Human Services' recommended supply ratio of 60-80 per 100,000 and the state average of 60 per 100,000 residents.<sup>1</sup>

Further, according to the Healthforce Center at UC San Francisco, the SJV is one of the fastest growing, lowest socioeconomic, and least healthy regions of California. The Healthforce Center released a report, titled, *Current & Future Health Profession Workforce Needs in the San Joaquin Valley*. The Report finds that the SJV has historically suffered from a shortage of physicians and other critical segments of the region's health professions workforce may not adequate to meet the region's needs. The Report finds that Latinx are underrepresented in most health professions relative to their proportion of the general population, and that large percentages of physicians and psychologists are likely to retire within the next decade.

*Need for the measure.* According to the author, "while the University of California [UC] has done admirable work in expanding to underserved areas in the San Joaquin Valley and California as a whole, including the creation of a new campus in Merced and a UCSF [UC San Francisco] medical school program in Fresno, there is no mechanism in current law to establish and fund a medical school in Kern County."

The author contends that, "AB 2357 will lay the foundation for the creation of a University of California medical school in Kern County. The presence of medical schools in a geographic area also increases the opportunities for residency training, the latter of which is highly correlated to where physicians ultimately reside and practice. According to the Association of American Medical Colleges (AAMC), over 77% of physicians who complete residency in California continue to practice in-state, the highest percentage in the nation.<sup>2</sup> Increasing opportunities for future physicians to complete medical school in California's medically underserved areas is the first crucial step to addressing the physician shortages in those areas."

Lastly, the author states, "with California facing a significant budget deficit, relying entirely on state funding to create a new medical school could lead to undue delays. Creating an endowment will allow private funding to be leveraged to stand up the medical school as early as practical."

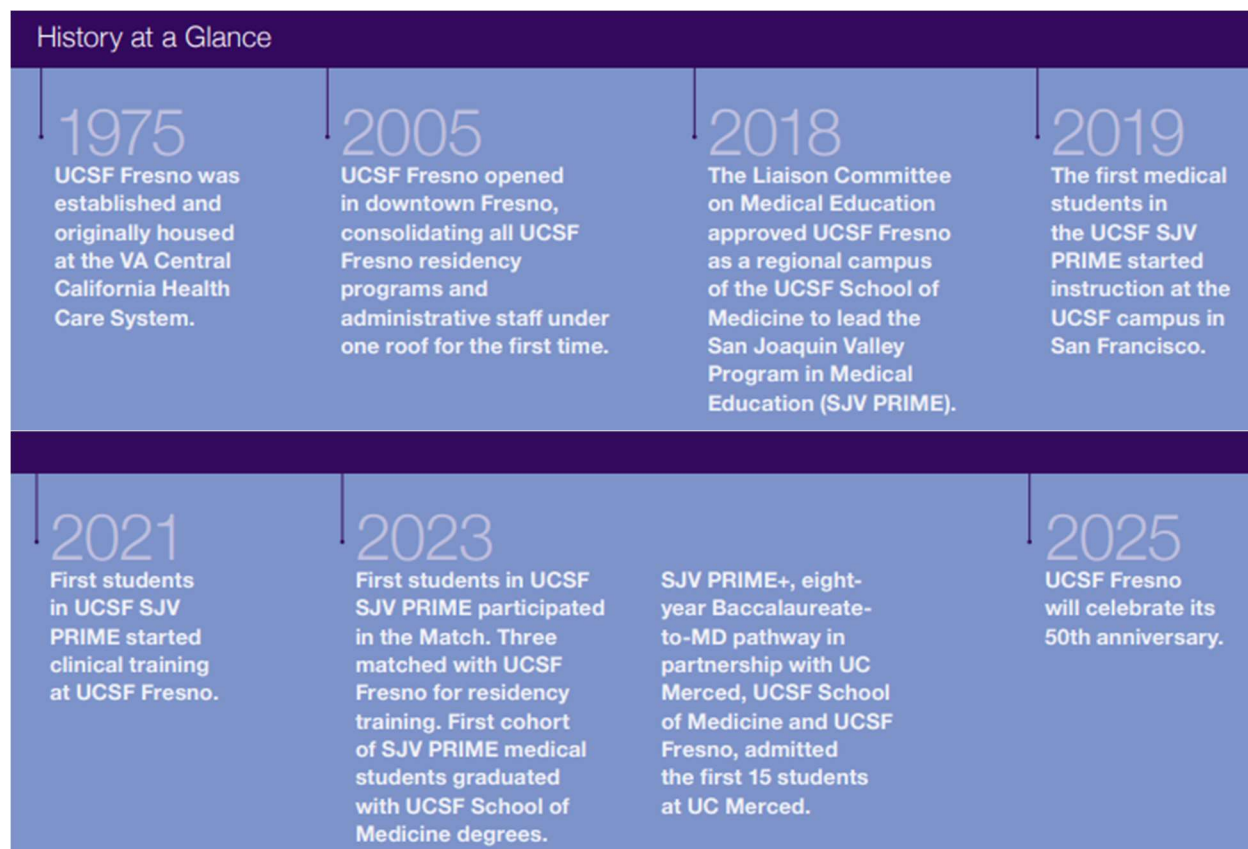
This measure establishes the UC SJV Fund in the State Treasury and authorizes that the SJV Fund may receive donations and contributions from public and private entities, partnerships between public and private entities, fees, cash advances, and transfers from the GF, as specified.

*UC Medical Education in the SJV.* The UC San Francisco (UCSF) Fresno was established in 1975 as a graduate medical education campus of the UCSF School of Medicine, with support from the State Legislature and the Veteran's Administration to address the severe shortage of physicians in California's San Joaquin Valley. The graph below, details a brief history of UCSF Fresno.

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<sup>1</sup> California Health Care Almanac 2021, <https://www.chcf.org/wpcontent/uploads/2021/03/PhysiciansAlmanac2021.pdf>

<sup>2</sup> AAMC Report on Residents, 2023: <https://www.aamc.org/data-reports/students-residents/data/report-residents/2023/table-c6-physician-retention-state-residency-training-state>



Source: 2022-23 UCSF Fresno Annual Report, *Improving Health in the San Joaquin Valley*

Today, UCSF Fresno is the largest academic physician training program in between San Francisco, Sacramento and Los Angeles. According to the 2022-23 UCSF Fresno Annual Report, *Improving Health in the San Joaquin Valley*, the graph below reflects the most recent data of UCSF Fresno graduates. Further, as a way for UC Merced (UCM) to begin to build partnerships with existing UC medical schools and facilitate its involvement with academic medicine, UCM partnered with the UC Davis (UCD) School of Medicine to help develop a new medical education program focusing on the health needs of the region. The SJV Program in Medical Education (PRIME) was launched in 2011 by UCD, in partnership with UCSF Fresno and UCM, to recruit and prepare students for future careers in medicine in the SJV. SJV PRIME students complete their basic sciences/pre-clinical education at UCD, then complete most of their required third-year core clerkships at UCSF Fresno, with options for selecting the amount of time spent in the fourth year at UCSF Fresno or UCD. In 2018-19, management and oversight of the SJV PRIME program transitioned from UCD to UCSF.

2023 Commencement Highlights



83%  
or 5 of the 6 graduating  
Psychiatry residents stayed  
in the Central Valley to  
provide much needed  
mental health care



52%  
or 13 of the 21 graduating  
Internal Medicine residents  
including chief residents  
stayed in the Central Valley  
to provide primary care



The Advanced Cardiac  
Imaging fellow stayed  
at UCSF Fresno for  
a Cardiovascular  
Disease Fellowship



The Hepatology fellow  
stayed at UCSF Fresno for a  
Gastroenterology Fellowship



60% of UCSF Fresno  
graduates remained in  
California to provide care



Graduates from Community  
Health Systems' General  
Dentistry Residency program  
also were recognized during  
the commencement program

Source: 2022-23 UCSF Fresno Annual Report, *Improving Health in the San Joaquin Valley*

*Arguments in support.* As noted by Kaiser Permanente in their support of this measure, “Kern County has long faced challenges in accessing adequate health care resources, which leads to suboptimal health outcomes for its residents. The establishment of a University of California campus in Kern County will not only address the shortage of healthcare professionals, but also contribute to the development of a sustainable and resilient healthcare system. By providing education, training, and research opportunities in the local community, the university can foster a new generation of health care professionals, who are not only academically qualified, but also deeply connected to the unique needs of Kern County.”

*Related legislation.* AB 3081 (Arambula), which will be heard by this Committee in a subsequent hearing this month, would, on or before July 1, 2025, and each July 1 thereafter, appropriate \$15 million from the GF to the UC Regents for allocation to the UC, Merced, Medical Education Collaborative, as defined. And requires the UC Merced Medical Education Collaborative, as a condition of receiving the appropriation, to develop a program, consistent with its mission, and in conjunction with the health facilities of its medical residency programs, to identify eligible medical residents and to assist those medical residents in applying for physician retention programs, as specified.

*Prior legislation.* AB 2202 (Gray), Chapter 756, Statutes of 2018, which, in part, established the UCSF San Joaquin Valley Regional Campus Medical Education Endowment Fund to support the annual operating costs of a branch campus of UCSF School of Medicine in the SJV.

AB 2232 (Gray) of 2014, AB 174 (Gray) of 2015, SB 841 (Cannella) of 2014, and SB 131 (Cannella) of 2015, all of which appropriated funds for the SJV PRIME Program, were held on the Suspense File in the Senate Committee on Appropriations.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Life Sciences  
Kaiser Permanente

**Opposition**

None on file.

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