

Date of Hearing: April 29, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 58 (Soria) – As Amended March 24, 2025

SUBJECT: University of California, Merced: medical school.

SUMMARY: Requests the University of California (UC) to submit a report to the Legislature, on or before August 31, 2026, on the financial requirements necessary to expand the current UC, San Francisco (UCSF) and UC Merced (UCM) medical education collaboration, the San Joaquin Valley PRIME+ program, and to transition the program into a fully independent medical school operated by the UCM. Specifically, **this bill:**

- 1) Finds and declares the following intent of the Legislature:
 - a) The San Joaquin Valley historically has been among the lowest regions in educational attainment in the state. Universities in the San Joaquin Valley serve a disproportionate number of first-generation college students, many of whom also come from low-income households;
 - b) Among UC campuses, the UCM is uniquely positioned to serve a population of students from rural areas in the San Joaquin Valley that have been historically isolated, both geographically and socioeconomically, from the rest of the state, especially in regard to high-quality medical care;
 - c) In addition to UCM's mission to educate students, the university also intends to increase available workforce development opportunities in the San Joaquin Valley in sectors experiencing significant shortages in the region or state;
 - d) A health workforce assessment of the San Joaquin Valley conducted in 2017 by the UCSF found that the region has the lowest ratios of licensed medical doctors, doctors of osteopathy, nurse practitioners, and registered nurses per 100,000 residents in California;
 - e) To meet the health care needs of the patient population of the San Joaquin Valley, it is the UCM's long-term intent to develop an independent medical school. As part of achieving this goal, UCM launched, in cooperation with the UCSF, the San Joaquin Valley PRIME+ program with its inaugural class of students entering the bachelor of science degree program at the university in 2023; and,
 - f) The first combined San Joaquin Valley PRIME+ class will begin their medical training at UCM campus through the partnership with the UCSF and UCM Department of Medical Education in 2027, and graduate in 2031. However, achieving an independent medical school at UCM, in development with the UCSF's regional campus in the City of Fresno, to address the medically underserved across this region of California will require financial support, faculty and staff, capital investments, and a strong foundation of clinical partnerships for student rotations.
- 2) Requests the UC, on or before August 31, 2026, to submit a report to the Legislature on the financial requirements necessary to expand the current UCSF and UCM medical education

collaboration, the San Joaquin Valley PRIME+ program, and to transition the program into a fully independent medical school operated by UCM.

- 3) Requests the report, pursuant to (2) above, to include all of the following:
 - a) The projected costs of all of the following:
 - i) Hiring new permanent full-time faculty and staff;
 - ii) Capital investments in facilities and infrastructure;
 - iii) Procurement of medical equipment and supplies needed to conduct medical research and instruction;
 - iv) Potential development of a program to assist medical residents with applying for physician retention programs;
 - v) Transitional costs associated with establishing the UCM medical school; and,
 - vi) Development of nursing and physician assistant programs.
 - b) A list of potential health facilities at which students could conduct residencies and what accommodations, if any, are needed to facilitate those residencies;
 - c) If the facilities identified in (b) above are determined to be insufficient to accommodate student residencies, an assessment of what prospective new medical facilities might be able to meet that need in the future; and,
 - d) Timeline and milestones for the completion of an independent school of medicine at the UCM.

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 UCSF, 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 UCSF 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 Liaison Committee on Medical Education (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 (EC Section 92162, et seq.).
- 5) Establishes the UC Kern County Medical Education Endowment Fund for the purposes of supporting the operating costs associated with establishing a branch campus of an existing UC Medical School in Kern County. Stipulates that moneys in the endowment 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, to conduct a feasibility study related to that branch campus, and to generate funding through investment earnings for the support of medical education in the San Joaquin Valley. Further, existing law requires that any funds public or private, received for or generated by the endowment fund shall supplement, not supplant, any current or future funding. Any funds allocated from the endowment fund shall supplement, not supplant, the UC budget allocations for any fiscal year (EC Section 92168, et seq.).

FISCAL EFFECT: Unknown

COMMENTS: *Need for the measure.* According to the author, “UC Merced is uniquely positioned to serve a population of students from rural areas in the San Joaquin Valley that have been historically isolated, both geographically and socioeconomically, from the rest of the state. Located in the heart of the Central Valley, UC Merced serves a disproportionate number of first-generation college students, many of whom also come from low-income households. This has allowed UC Merced to become a key step for these students to pull themselves out of poverty and serve as the next generation of educated professionals in the Central Valley. Ensuring the successful transition into fully utilizing the newly completed UC Merced Medical Education Building and eventually running a fully independent medical school will allow UC Merced to increase the opportunities to its unique student body.”

The author further contends that, “funding limitations in the state budget have resulted in reductions to overall funding to the UC system as a whole. In the Governor’s January proposal for the 2025-26 Budget, the UC would see funding reduced by \$271 million, and it is unclear what future budget years might look like given these restrictions. The timing of these shortfalls is especially concerning for UC Merced given the scheduled completion of their Medical Education Building in 2026. In order to ensure existing successful medical education programs at UC Merced like SJVPRIME+ and key capital investments like the Medical Education Building do not go to waste, prudent financial planning is needed.”

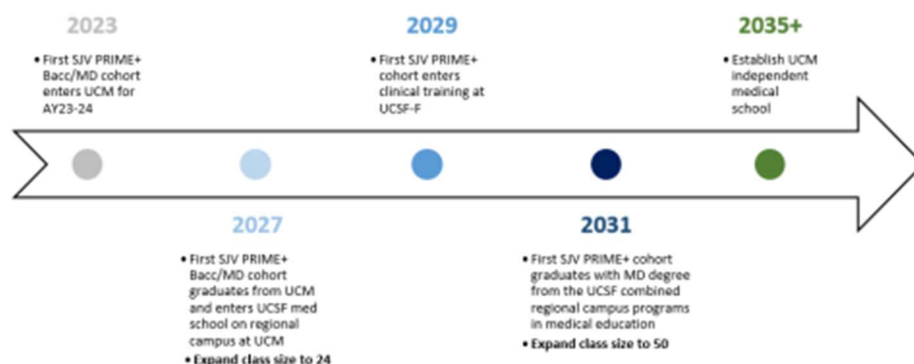
Lastly, the author states that, “AB 58 would request the UC to build on its successful management and development of the medical education offerings at UC Merced by reporting to the Legislature on the projected financial needs to open and begin fully utilizing the UC Merced Medical Education Building to support the SJVPRIME+ program and transition to a fully independent medical school.”

San Joaquin Valley (SJV). The SJV is defined as encompassing the Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties. According to a report by the UC, entitled, *Improving Health Care Access in the San Joaquin Valley – A Regional Approach through Collaboration and Innovation*, the SJV has long-standing shortages of physicians and other health care professionals. A health workforce assessment of the SJV conducted by the UC found that the region has the lowest ratios of licensed MDs, DOs, NPs, RNs, marriage and family therapists, licensed counselors, and licensed social workers per 100,000 population in California and the second lowest ratios of PAs, CNs, and psychologists per capita. These and other findings show that action will be needed to ensure that the SJV has sufficient supplies of health professionals for meeting its future needs.

Further, according to an article entitled, “A UC Merced Medical Program is Slowly Taking Shape,” published by *CalMatters* on July 8, 2024, the SJV is home to approximately 4.3 million people. The area is also known for having terrible air quality, high levels of chronic disease, like diabetes and obesity, and insufficient medical providers. It is found that the SJV has 47 primary care doctors for every 100,000 residents. Comparing that data point to the San Francisco Bay Area as a whole, it is found that said area has 80 primary care physicians for every 100,000 people; and, when it comes to specialty care, 81 specialists per 100,000 people work in SJV, but the Bay Area has more than twice that number. The article also found that some residents of the SJV schedule medical appointments over a year in advance because of the lack of doctors available to see them.

Background. According to a background paper by the Assembly Committee on Budget, Subcommittee No. 3, published on April 9, 2024, the SJV has an established need for more physicians. According to the UC, there are no medical schools in the SJV and the supply of medical residents in the region is 30% below the statewide average. Additionally, the UC notes that 30% of the region’s healthcare workforce is nearing the age of retirement.

To address this issue, UCM’s long-term goal is to develop an independent medical school. The campus’ current plan is to host an accredited medical school no earlier than 2035. In the meantime, the campus has partnered with the UCSF School of Medicine, which already operates in Fresno. Using \$15 million ongoing General Fund (GF) through the UC Programs in Medical Education (PRIME) program, UC launched SJV PRIME+ (an 8-year Baccalaureate-MD program) in Fall 2023. SJV PRIME+ students will receive a baccalaureate degree from UCM and a Doctor of Medicine degree from UCSF. Students will complete the first 1.5 years of their medical education at UCM and the remaining 2.5 years at UCSF Fresno. Currently the class size is 12-15 students per year. The graph below depicts UCM’s timetable.



The Budget Act of 2019 provided the UC the authority to construct a medical education facility on or near the campus of UCM. The accompanying provisional language indicated that the state would cover the associated debt service. In November 2023, the UC Regents gave final approval to the new, 203,000-square-foot building, which will be directly on the campus of UCM. The project is expected to cost at least \$300 million to complete, with an estimated opening date of Fall 2026. Of this amount, \$243 million would be covered by state GF, \$45 million by gift funds, and \$12 million by campus funds. The building will support the medical education program, allied healthcare-related programs developed in partnership with community colleges, house the Health Sciences Research Institute, and include a range of medical education and general assignment learning environments, and specialty learning spaces for medical education, general assignment classrooms, and class laboratories to support several new and existing academic programs.

The Legislature has been supportive of efforts at both the Merced and Riverside campuses to establish medical schools. The state currently provides \$27 million ongoing GF to support operating costs at the UC Riverside School of Medicine, and \$6.5 million ongoing GF to support debt service costs for a new medical education building that opened on the Riverside campus in Fall 2023. The UC Riverside School of Medicine received accreditation in 2017, and currently enrolls 361 medical students, 40 Ph.D. students, 31 students receiving a master's degree in Biomedical Sciences, and 127 medical residents.

Committee Staff understands that the Merced project was essentially approved in the 2019 Budget Act, when the Legislature agreed to support debt service costs. However, the Legislative Analyst's Office noted in April of 2024, that now that the details for the project are known, the UCM project has the highest state-supported cost of any single capital project ever approved for UC. As one point of comparison, the Riverside medical school building had a state-supported cost of \$94 million, compared to the \$243 million in state support UC is seeking for the Merced building.

Arguments in support. According to the California Chapter of the American College of Emergency Physicians (California ACEP), "AB 58 is an important measure that would strengthen patient access-to-care by researching what would be fiscally necessary to expand the current University of California, San Francisco and University of California, Merced medical education collaboration and eventually transition to an independent University of California, Merced School of Medicine."

California ACEP contends that, "the San Joaquin Valley's ratio of primary care physicians to population is below the minimum required by California law for managed care plans. Opening a medical school in Merced will help meet the serious need for physicians in the medically underserved San Joaquin Valley. Very often physicians end up practicing where they trained, and increasing the number of new physicians trained in the San Joaquin Valley will most certainly help improve the quality of and access to health care. With California's already dire physician shortage, we must allocate the appropriate resources to ensure that all Californians have access to world-class health care provided by physicians trained at our own world-class institutions. AB 58 is an important step toward that goal."

Related legislation. AB 730 (Arambula), which is scheduled to be heard by this Committee on April 29, 2025, in part, appropriates \$15 million from the General Fund (GF) to the Regents of the UC on or before July 1, 2026, and each July 1 thereafter, for allocation to the UCM Medical

Education Collaborative, and requires UCM 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.

AB 1361 (Bains), which unanimously passed out of this Committee on April 8, 2025, and, as of April 23, 2025, is on the Suspense File in the Assembly Committee on Appropriations, in part, establishes the County of Kern Grow Our Own Medical School Feasibility Study Act. The Act, in part, requires the UC, on or before January 1, 2027, to complete a feasibility study, as specified, to determine the steps necessary to establishing a branch campus of an existing UC medical school in Kern County.

Prior legislation. AB 2357 (Bains), Chapter 959, Statutes of 2024, in part, establishes the UC SJV Regional Campus Medical Education Endowment Fund.

AB 3081 (Arambula), of the 2023-24 Legislative Session, which was held on the Suspense File in the Assembly Committee on Appropriations, was substantially similar to AB 730 (Arambula) as described above in the *Related legislation* section of this analysis.

Prior legislation. AB 2202 (Gray), Chapter 756, Statutes of 2018, which, in part, established the UCSF SJV 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 Chapter of the American College of Emergency Physicians

Opposition

None on file.

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