Characterizing merger talks with Baylor College of Medicine as serious, Rice University President David Leebron said Tuesday the two elite institutions should know within a couple of months whether such a deal is possible.

Leebron, who just two weeks ago termed discussions preliminary, said the process is moving ahead and generating a lot of enthusiasm but added that a series of practical problems need to be ironed out before Rice and Baylor can be brought together.

"A general prerequisite is that we're sure the medical school would be on stable and secure financial footing and that we continue to see possibilities not just for Baylor to become part of Rice but to build on the synergies that exist between the institutions," said Leebron. He said the matter will be resolved one way or another this academic year. He said it was "not some general meandering discussion."

The comments, made to the Chronicle editorial board, marked the first time a Rice or Baylor administrator has talked substantively about the possible merger since the Chronicle published an article about it two weeks ago. At the time, Rice and Baylor issued a statement acknowledging preliminary talks but providing no details.

Rice and Baylor have had talks in the past in which the prospect of a merger came up, but they've never reached a serious stage. Such a merger would bring Rice the reputational enhancement it has long desired and Baylor the security of a university affiliation, which is often necessary to keep medical schools afloat financially.

Baylor, which severed ties with the Baptist university of the same name in Waco in 1969, is one of only 10 free standing medical schools in the United States. Baylor would certainly give Baylor financial security. As of June 30, its endowment was $4.6 billion. As of Sept. 30, Baylor's was $954 million.

The disparity has raised some questions about whether Baylor would drain Rice resources — one professor has remarked on the need to build a firewall between the two endowments — but Leebron downplayed the nearly five-fold difference. He said an endowment of about $1 billion is typical of a high-quality medical school.

But Leebron said the big question is how all the parts of the medical school — such as the hospital and clinic it is building — would fit into Rice's overall finances. He called medical schools "extremely complicated" and said the challenge will be "to organize Baylor in a way that fits both the needs of Rice and Baylor."

But Leebron also waxed enthusiastic about the proposed merger, saying that if it can be pulled off, the biggest winner would be the city of Houston.

"To have a top-ranked university and medical school that would attract companies in the area of (pharmaceuticals) and other areas would be a great addition to the city," Leebron said.

He said the reaction to the proposed merger has been positive, from institutions in the medical center to alumni to faculty across the curriculum, not just in the sciences. He said 80 percent of alumni feedback in the past two weeks has been in favor of a merger.

Though Leebron said a medical school is attractive to Rice, he added that the university is only interested in one through a merger with Baylor. Rice is "not in the market for a medical school," he said, and starting one from scratch would be "daunting financially and reputationally."

Medical schools are seen as vital to university prestige, because so much basic science funding has shifted from physics to biology. In 2007, Rice received $11 million in funding from the National Institutes of Health. Baylor received $211 million.
Medical schools are seen as vital to university prestige, because so much basic science funding has shifted from research to clinical care. Starting a medical school from scratch would be "daunting financially and reputationally." But Leebron said the big question is how all the parts of the medical school would fit into Rice's overall finances. He called medical schools "extremely complicated" and said the prospect of a merger with Baylor would mean the hospital and clinic it is a part of would be "burdened" by the university. "Rice and Baylor have had talks in the past in which the prospect of a merger came up, but they've never reached a meandering discussion."

"A general prerequisite is that we're sure the medical school would be on stable and secure financial footing and that the university affiliation, which is often necessary to keep medical schools afloat financially, is not in the market for a medical school," Leebron said. "Rice would certainly give Baylor financial security. As of June 30, its endowment was $4.6 billion. As of Sept. 30, its reserves stood at about $4 billion. As of June 30, Rice had about $2 billion in reserves. So a serious stage. Such a merger would bring Rice the reputational enhancement it has long desired and Baylor the security of a university affiliation, which is often necessary to keep medical schools afloat financially."

"We continue to see possibilities not just for Baylor to become part of Rice but to build on the synergies that exist between the institutions," said Leebron. "To have a top ranked university and medical school that would attract companies in the area of (pharmaceuticals), I think it would be a great addition to the city," Leebron said. "We've turned down several opportunities to get into such a medical school."

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