Rice University and Baylor College of Medicine have begun holding serious discussions that could lead to a merger of the state's top private university and one of the country’s best medical schools.

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 is one of only 10 stand-alone medical schools in the United States.

"Rice and Baylor have a long history of valuable collaborations and are exploring the possibility of a closer affiliation," the schools said in a joint statement. "Preliminary talks are under way."

The statement said the schools would provide no further details at this time.

The negotiations came to light as talk circulates around the Texas Medical Center about Baylor's ability to balance its budget while building a hospital in an era of tight credit markets and economic malaise.

The possible strains have raised questions about the future of Baylor's president, Dr. Peter Traber. A spokesperson declined comment, but numerous sources in the Medical Center said his leadership is the subject of board discussion.

Rice and Baylor have had talks in the past, but observers said they never reached the serious stage, mostly because of resistance on Rice's part. But Rice professors said this week that President David Leebron is very receptive to the idea.

Leebron is scheduled to make presentations to faculty in Rice's different schools in November. He has begun meeting with key faculty in recent weeks to gauge their interest.

One professor who has spoken with Leebron about the potential pairing characterized the president's attitude as "gung-ho" about the idea. The professor added that a sizable number of the university's faculty appears to welcome such a move as a way to increase Rice's prestige during an era when so much of basic science funding has shifted from the realm of physics into biology.
In 2007, for instance, Rice received $11 million in funding from the National Institutes of Health. Baylor received $211 million.

"In the 21st century, it's difficult to be an elite university without a medical school," the professor said.

Rice is the more affluent of the two institutions. As of June 30, its endowment was $4.6 billion. As of Sept. 30, Baylor's was $954 million.

**Cut ties with school in '69**

Baylor has been a free-standing medical school since severing ties with Baylor University in 1969, a move that enhanced the medical school's ability to raise funds, still a top means of support.

In 2004, Baylor split with The Methodist Hospital, its partner of more than half a century, over the college's plan to build its own clinic, an effort to generate more revenue. Instead, it partnered with St. Luke's Episcopal Hospital, but that relationship foundered as well.

In 2006, Baylor announced that it would build a hospital on a site adjacent to the Michael E. DeBakey Veterans Affairs Medical Center. A spokesperson said Tuesday that Baylor is on schedule to open the hospital in 2011. Next week, it plans to open a medical building on the campus that will house ambulatory surgery and its eye clinic.

It is unclear whether Rice would want to run a hospital.

One Rice professor said the key issue from the university's perspective will be making sure there's a firewall between Rice's endowment and Baylor's.

Rice has been building up its biomedical side in recent years, building a soon-to-open 10-story building for biomedical research and appointing a new dean of natural sciences, Dan Carson, who was a reproductive biology researcher at the University of Texas M.D. Anderson Cancer Center for 15 years.

Last year, Leebron told the Chronicle that research universities such as Rice that lack a medical school must aggressively push biomedical research.

Dr. Marget Nosek, director of Baylor's Center for Research on Women with Disabilities, said a merger would make it "so much easier to collaborate on projects that go beyond traditional medicine."
The nation’s other free-standing medical schools are Albany Medical College in New York, Eastern Virginia Medical School, Mayo Medical School in Minnesota, Medical College of Wisconsin, Meharry Medical College in Tennessee, Morehouse School of Medicine in Georgia, New York Medical College and Ponce School of Medicine and San Juan Bautista School of Medicine, both in Puerto Rico. The other 121 all have some sort of university or government affiliation.

Chronicle reporter Eric Berger contributed to this report.