



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0864
Prime Sponsor(s): Sen. Romer
 Rep. Massey

Date: April 2, 2007
Bill Status: Senate Health and Human Services
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING REPAYMENT OF EDUCATION LOANS FOR HEALTH PROFESSIONALS WHO AGREE TO WORK IN MEDICALLY UNDERSERVED AREAS OF THE STATE.

| Fiscal Impact Summary | FY 2007-2008 | FY 2008-2009 |
|---|---------------------|---------------------|
| State Revenue | \$ 0 | \$ 0 |
| Transfers and Diversions | | |
| Cash Funds Exempt Transfer from the Short-term Innovative Health Program Grant Fund to the Health Care Provider Loan Repayment Fund | (\$ 56,000) | (\$ 60,000) |
| State Expenditures | | |
| <u>Total</u> | <u>\$ 212,000</u> | <u>\$ 220,000</u> |
| Cash Funds Exempt | | |
| Health Care Provider Loan Repayment Fund | 56,000 | 60,000 |
| CollegeInvest Fund | 50,000 | 50,000 |
| Federal Funds | 106,000 | 110,000 |
| FTE Position Change | 0.0 FTE | 0.0 FTE |
| Effective Date: Upon signature of the Governor. | | |
| Appropriation Summary for FY 2007-2008: See State Appropriations section of the fiscal note. | | |
| Local Government Impact: None. | | |

Summary of Legislation

The bill moves the loan repayment program for health professionals from the University of Colorado Health Sciences Center to the Department of Higher Education, Division of CollegeInvest. While program participants continue to be required to practice for at least 2 years in an under-served area, the bill makes a number of changes to the program including the following:

- only those health professionals practicing in primary care are eligible for the program;
- health professionals may receive up to \$35,000 per year of participation in the program;
- loan repayment is only available for those professionals who have loans with College Invest; and
- the 10-member Health Care Community Board is created to review applications for the program.

In addition, the bill directs a transfer of \$60,000, or 4 percent of allocated funds whichever is less, from the Short-term Innovative Health Program Grant Fund each of the next 5 years to support the program.

Background

CollegeInvest is a not-for-profit state authority established by the General Assembly to provide a secondary market for student lenders. CollegeInvest is able to purchase existing student loans from lenders using bond proceeds. It then repays the bonds with collections from its loan portfolio. If revenue exceed expenses, CollegeInvest can provide benefits to borrowers of federal student loans in its portfolio. CollegeInvest is a state enterprise.

Transfers and Diversions

The bill directs a transfer from the Short-term Innovative Health Program Grant Fund of \$60,000, or 4 percent of allocated funds whichever is less, each year through FY 2011-12 to the newly created Health Care Provider Loan Repayment Fund. For FY 2007-08, the Short-Term Innovative Grant Fund is expected to receive \$1.4 million, resulting in a transfer to the Health Care Provider Loan Repayment Fund of \$56,000. In FY 2008-09, the transfer is expected to increase to the maximum of \$60,000.

SB07-097 established the Short-term Innovative Health Program Grant Fund and identified funding of \$1.4 million in FY 2007-08 and \$2.1 million in FY 2008-09 from tobacco litigation settlement moneys. The program provides grants of no longer than one fiscal year to fund innovative health programs designed to improve the health care of Coloradans. SB07-232 reduces funds available for innovative health programs by \$54,000 in FY 2007-08 and by \$60,000 in FY 2008-09.

State Expenditures

Expenditures for the Department of Higher Education, Division of CollegeInvest, are expected to increase by \$212,000 in FY 2007-08 and \$220,000 FY 2008-09.

CollegeInvest is expected to supplement funds from the Health Care Provider Loan Repayment Fund (\$56,000 in FY 2007-08 and \$60,000 in FY 2008-09) with \$50,000 each year from its existing resources and matching federal funds to implement the loan repayment program. In total, the funding level for the Health Care Provider Loan Repayment Program is expected to be \$212,000 in FY 2007-08 and \$220,000 in FY 2008-09. In addition, the program is authorized to accept gifts, grants and donations which may further increase available funds, but none are identified at this time. Administrative costs for staff and collateral materials of up to \$25,000 are expected, with the balance used to forgive loans of 5 or more health professionals each year.

The Health Care Community Board is created to review applications for participation in the loan repayment program. Board members are not eligible for compensation or reimbursement of expenses. Therefore, the fiscal note does not include any expenditures related to the board.

State Appropriations

The bill specifies that moneys in the Health Care Provider Loan Repayment Fund are continuously appropriated to the Department of Higher Education. In addition, CollegeInvest has continuous spending authority over funds in the CollegeInvest Fund (23-3.1-205.4, C.R.S.). Thus, no new appropriations are required.

Departments Contacted

Higher Education
Health Care Policy and Financing

Public Health and Environment
Treasury