



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0610
Prime Sponsor(s): Rep. Joshi
 Sen. Boyd

Date: March 17, 2011
Bill Status: House Health and Human Services
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TITLE: CONCERNING HEALTH CARE PROFESSIONAL LOAN FORGIVENESS PROGRAMS ADMINISTERED BY THE PRIMARY CARE OFFICE IN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012	FY 2012-2013
State Revenue			
State Transfers or Diversions			
Transfer from the Nursing Teacher Loan Forgiveness Fund to the General Fund	(\$565,592)		
Diversion from the Short-Term Innovative Health Program Grant Fund to the Colorado Health Service Corps Fund		(\$159,930)*	(\$250,000)
State Expenditures			
Cash Funds			
Colorado Health Service Corps Fund		\$43,119	\$40,767
FTE Position Change		0.5 FTE	0.5 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2011-2012: See State Appropriations section.			
Local Government Impact: None.			

* This amount represents the amount of new money that will be diverted to the fund. The total diversion is \$250,000 in FY 2011-12. Please see the State Transfers or Diversions section.

Summary of Legislation

This bill consolidates loan forgiveness programs for health care professionals in the Primary Care Office in the Colorado Department of Public Health and Environment (CDPHE). Currently, CollegeInvest in the Department of Higher Education (DHE) administers the Nursing Teacher Loan Forgiveness Program. This bill allows CollegeInvest to administer existing obligations but removes the division's authority to enter into new ones. In the current fiscal year, this bill retains \$132,000 of the balance in the Nursing Teacher Loan Forgiveness Fund (in order to retire the division's existing debts) and transfers the remaining money into the General Fund.

Currently, the CDPHE administers a health professional loan repayment program known as the Colorado Health Service Corps. This bill combines the nursing teacher loan repayment program with the health service corps and authorizes the program to repay loans for other health care professional faculty who teach in institutions of higher education. Beginning in FY 2011-12, if the General Assembly makes General Fund appropriations to the health service corps, the first \$500,000 of any appropriation is to be dedicated to faculty loan repayments.

Under current law, \$90,070 of Tier II Tobacco Settlement Monies would be diverted from the Short-Term Innovative Health Program Grant Fund to the Colorado Health Service Corps Fund in FY 2011-12. This bill repeals that diversion and substitutes annual diversions of \$250,000.

Background

Nursing Teacher Loan Forgiveness Fund. This program, created by Senate Bill 06-136 (Tapia/Butcher), allows payments of up to \$20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at a state institution of higher education for at least five years after receipt of an advanced nursing degree. For each year that the teacher is employed in a qualified position, the lesser of one-fifth or \$4,000 shall be paid or forgiven.

The program is administered by CollegeInvest, a self-supporting, state enterprise established to provide a secondary market for student lenders, and which operates as a division of the DHE. Beginning in FY 2006-07, \$161,600 General Fund has been appropriated annually as part of the overall appropriation for financial aid. Each annual appropriation can support eight participants for five years.

Short Term Innovative Health Program Grant Fund. This program, created by SB07-097 (Fitz-Gerald, Madden), is part of the Tier 2 tobacco settlement programs (i.e., funds left after Tier I programs are fully funded), and is intended to provide grant funds to local governments for programs that implement a short term (one year or less) innovative plan to improve the health of Colorado citizens.

SB 07-097 also directed that all interest and unencumbered or unexpended funds from some of the other Tier II programs be transferred into the fund. Although the fund was given an initial appropriation, and annually receives up to \$1.7 million in settlement monies, other special legislation and budget balancing bills have tapped most of the available money in the fund. For fiscal years 2009-10 through 2010-11, the CDPHE did not operate the program, and most of the funds have been diverted to the General Fund. The department intends to restart the program beginning in FY 2011-12. Currently, the fund has a balance of about \$5.0 million.

Colorado Health Service Corps Fund. The health service corps is a state, federal, and private partnership that seeks to improve access to health professionals in underserved Colorado communities by repaying the educational loans of health care providers who agree to practice in areas with a health professional shortage. Nontaxable awards may be made up to \$35,000 for

each year of service. Certain physicians who work for a federally qualified health center, rural health clinic, community clinic or are a graduate of the Rose or Swedish Family Medicine Residency programs may be eligible for awards of up to \$50,000 per year. All contracts are for two to three years, though the program's goal is to facilitate long-term retention of providers in underserved communities beyond his or her contract with the state.

State Transfers and Diversions

In FY 2010-11, this bill transfers \$565,592 from the Nursing Teacher Loan Forgiveness Fund to the General Fund. At the end of the current fiscal year, the balance in the Nursing Teacher Loan Forgiveness fund is estimated to be \$697,592. The bill retains \$132,000 of this balance in order for the division to continue to administer existing obligations under the program. Therefore, \$565,592 is available for transfer into the General Fund ($\$697,592 - \$132,000 = \$565,592$).

Beginning in FY 2011-12, and annually thereafter, this bill diverts \$250,000 from the Short Term Innovative Health Program Grant Fund to the Colorado Health Service Corps Fund. Under current law, but ending in FY 2011-12, the same diversion is made in the amount of \$90,070. This bill eliminates that diversion and substitutes an annual diversion in the amount of \$250,000. Therefore, in FY 2011-12, the result is an increase of \$159,930 over the amount provided under current law ($\$250,000 - \$90,070 = \$159,930$). For FY 2012-13, the diversion is an increase of \$250,000 since no diversion is included under current law.

State Expenditures

In FY 2011-12, this bill has new costs of \$43,119 and 0.5 FTE in the CDPHE. In FY 2012-13, costs are \$40,767 and 0.5 FTE. The bill expands the powers and duties of the Primary Care Office to include administration of the nursing teacher and health care professional faculty loan repayment programs. This creates the need for 0.5 new FTE and operating expenses as displayed in Table 1. Staff will develop and maintain an online application process, promote the programs, monitor faculty repayment contracts, and liaison with institutions of higher education and the health care community. The program will also have operating costs for printing, travel and outreach, including expenses of the health service corps advisory council.

Cost Components	FY 2011-12	FY 2012-13
Personal Services	\$31,692	\$31,692
FTE	0.5	0.5
Operating Expenses and Capital Outlay	2,827	475
Travel, Outreach, & Printing	7,600	7,600
Online Application Management	1,000	1,000
TOTAL	\$43,119	\$40,767

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB11-1281*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,550	\$3,550
Supplemental Employee Retirement Payments	1,230	1,690
TOTAL	\$4,984	\$5,240

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

In FY 2011-12, this bill requires an appropriation of \$43,119 and 0.5 FTE from the Colorado Health Services Corps Cash Fund to the Department of Public Health and Environment.

Departments Contacted

Education
Human Services
Public Health & Environment

Health Care Policy Financing
Military Affairs

Higher Education
Personnel