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DATE: April 16, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FISCAL POLICY & RESOURCES
ANALYSIS**

BILL #: CS/HB 523

RELATING TO: Nursing Student Loan Forgiveness

SPONSOR(S): Committee on Colleges & Universities and Representative Green

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) COLLEGES & UNIVERSITIES YEAS 11 NAYS 0
 - (2) FISCAL POLICY & RESOURCES
 - (3) COUNCIL FOR LIFELONG LEARNING
 - (4)
 - (5)
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I. SUMMARY:

CS/HB 523 expands the types of facilities whose employees are eligible to participate in the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program to include family practice teaching hospitals and specialty hospitals for children. In addition, CS/HB 523 exempts these facilities from the requirement to match loan forgiveness payments. CS/HB 523 also expands the types of facilities whose employees are eligible to participate in the Nursing Scholarship Program to include nursing homes.

CS/HB 523 establishes priorities for the distribution of funds in any given quarter if there are insufficient funds available to grant all eligible applicant requests. Priority in the distribution of awards is to be given based on the following priority of employer: county health departments; federally sponsored community health centers; state operated medical and health care facilities; teaching hospitals as defined in s. 408.07, F.S.; family practice teaching hospitals as defined in s. 395.805, F.S.; specialty hospitals for children as used in s. 409.9119, F.S.; and other hospitals, birth centers, and nursing homes where a match is required.

CS/HB 523 revises the repayment provisions for the Nursing Scholarship Program to be consistent with other state-funded scholarship loan programs administered by the Department of Education (DOE). Moneys repaid will be deposited into the State Student Financial Aid Trust Fund.

DOE reports that \$216,730 of the \$686,656 appropriated in 1999-2000 for the Nursing Student Loan Forgiveness Trust Fund was disbursed to Nursing Student Loan Forgiveness participants. DOE projects that expenditures for 2000-2001, with the same appropriation, will increase to \$559,000. DOE further reports that 28 program participants are currently employed at sites that are required to provide matching funds (estimated to be \$56,000). All 28 participants are employed at sites that CS/HB 523 redesignates as state-funded sites resulting in a loss of revenue to the state of \$56,000 based on this year's participants.

CS/HB 523 takes effect July 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Nursing Loan Forgiveness Program

Section 240.4075, F.S., establishes the Nursing Loan Forgiveness Program to encourage qualified personnel to seek employment in areas of this state in which critical nursing shortages exist. The primary function of the program is to increase employment and retention of registered nurses and licensed practical nurses in nursing homes and hospitals in the state and in state-operated medical and health care facilities, birth centers, federally sponsored community health centers, and teaching hospitals by making repayments toward loans received by students from federal or state programs or commercial lending institutions for the support of postsecondary study in accredited or approved nursing programs.

To be eligible, a candidate must have graduated from an accredited or approved nursing program and have received a Florida license as a licensed practical nurse or a registered nurse or a Florida certificate as an advanced registered nurse practitioner.

Only loans to pay the costs of tuition, books, and living expenses are eligible for repayment under the provisions of this program. The award amount may not to exceed \$4,000 for each year of education towards the degree obtained. Receipt of funds pursuant to this program is contingent upon continued proof of employment in the designated facilities in Florida. The Department of Education (DOE) makes loan principal payments directly to the federal or state programs or commercial lending institutions holding the loans as follows:

1. Twenty-five percent of the loan principal and accrued interest is retired after the first year of nursing;
2. Fifty percent of the loan principal and accrued interest is retired after the second year of nursing;
3. Seventy-five percent of the loan principal and accrued interest is retired after the third year of nursing;
4. The remaining loan principal and accrued interest is retired after the fourth year of nursing.

According to DOE, award recipients may receive loan forgiveness through employment at the following designated sites:

- The Department of Health's 67 county health departments
- Federally funded community/migrant health centers
- State operated medical facilities
- Any of the six statutorily defined teaching hospitals
 1. Shands at Jacksonville
 2. Shands Teaching Hospital (Gainesville)
 3. Orlando Regional Medical Center (Orlando)
 4. Tampa General Hospital (Tampa)
 5. Mt. Sinai Medical Center (Miami Beach)
 6. Jackson Memorial Hospital (Miami)

Nurses not employed by one of the above facilities may also participate by being employed at Florida hospitals, birth centers and nursing homes that contribute matching funds on a dollar-by-dollar basis toward the employee's loan forgiveness program.

The Department of Health estimates that approximately 350 registered nurses and nurse practitioners participate annually in the Nursing Student Loan Forgiveness Program at an average annual cost of \$2,500-\$2,800 for registered nurses and \$3,000-\$3,500 for nurse practitioners. DOE reports that \$216,730 of a \$686,656 appropriation was disbursed to Nursing Student Loan Forgiveness participants in 1999-2000. DOE estimates disbursements of \$559,000 in 2000-2001.

Funds to support this program come from the Nursing Student Loan Forgiveness Trust Fund.

Nursing Scholarship Program

Section 240.4076, F.S., establishes within DOE a scholarship program for the purpose of attracting capable and promising students to the nursing profession. A scholarship applicant must be enrolled as a full-time or part-time student in the upper division of an approved nursing program leading to the award of a baccalaureate degree or any advanced registered nurse practitioner degree or be enrolled as a full-time or part-time student in an approved program leading to the award of an associate degree in nursing or a diploma in nursing. A scholarship may be awarded for no more than two years in an amount not to exceed \$8,000 per year. Registered nurses pursuing an advanced registered nurse practitioner degree may receive up to \$12,000 per year. Scholarship payments are to be transmitted to the recipient upon receipt of documentation that the recipient is enrolled in an approved nursing program.

For each full year of scholarship assistance, the recipient must agree to work for 12 months at a health care facility in a medically underserved area as approved by DOE. Scholarship recipients who attend school on a part-time basis will have their employment service obligation prorated in proportion to the amount of scholarship payments received. Eligible health care facilities include state-operated medical or health care facilities, county health departments, federally sponsored community health centers, or statutorily defined teaching hospitals.

Any recipient who does not complete an appropriate program of studies or who does not become licensed must repay to DOE the entire amount of the scholarship plus 18% interest accruing from the date of the scholarship payment. DOE determines the repayment schedule.

Any recipient who does not accept employment as a nurse at an approved health care facility or who does not complete 12 months of approved employment for each year of scholarship assistance received must repay to DOE an amount equal to two times the entire amount of the scholarship plus interest accruing from the date of the scholarship payment at the maximum allowable interest rate permitted by law. DOE determines the repayment schedule.

The Department of Health reports that only six registered nurses have taken advantage of the scholarship program to get an advanced registered nurse practitioner degree.

Funds to support this program come from the Nursing Student Loan Forgiveness Trust Fund.

DOE recommends that the repayment provisions for the Nursing Scholarship Program be revised to be consistent with the repayment provisions of other state-funded scholarship loan programs administered by DOE. These programs provide for a one-to-one repayment of funds received by the student at an interest rate of eight percent. DOE suggests that these changes will encourage program participation. DOE also recommends depositing moneys from the repayments into the State Student Financial Aid Trust Fund rather than the Nursing Student Loan Forgiveness Trust Fund.

Nursing Student Loan Forgiveness Trust Fund

Section 240.4075, F.S., creates the Nursing Student Loan Forgiveness Trust Fund which is administered by DOE. The fund is comprised of revenues collected from an additional \$5 fee that is paid by persons seeking licensure or renewal of licensure under Part I of ch. 464, F.S. The fund is also supported by the matching contributions from employing institutions that are not exempt from the dollar-for-dollar matching requirement for employees participating in the loan forgiveness program. The matching provision does not apply to state-operated medical and health care facilities, county health departments, federally sponsored community health centers, or statutorily defined teaching hospitals.

C. EFFECT OF PROPOSED CHANGES:

CS/HB 523 expands the types of facilities whose employees are eligible to participate in the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program to include family practice teaching hospitals and specialty hospitals for children. In addition, CS/HB 523 exempts these facilities from the requirement to match loan forgiveness payments. CS/HB 523 also expands the types of facilities whose employees are eligible to participate in the Nursing Scholarship Program to include nursing homes.

CS/HB 523 establishes priorities for the distribution of funds in any given quarter if there are insufficient funds in the trust fund to grant all eligible applicant requests. Priority in the distribution of awards is to be based on the following priority of employer: county health departments; federally sponsored community health centers; state operated medical and health care facilities; teaching hospitals as defined in s. 408.07, F.S.; family practice teaching hospitals as defined in s. 395.805, F.S.; specialty hospitals for children as used in s. 409.9119, F.S.; and other hospitals, birth centers, and nursing homes where the match is required.

CS/HB 523 revises the repayment provisions for the Nursing Scholarship Program to be consistent with other state-funded scholarship loan programs administered by DOE. Moneys repaid are to be deposited into the State Student Financial Aid Trust Fund rather than the Nursing Student Loan Forgiveness Trust Fund.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

DOE reports that currently 28 program participants are employed at matching fund sites, which provides maximum savings of \$56,000 to the state. All 28 participants are employed at sites that would be re-designated as state funded sites by CS/HB 523. This would result in a loss of revenue to the state of \$56,000 based on this year's participation.

2. Expenditures:

DOE reports that it disbursed \$216,730 of a \$686,656 appropriation to Nursing Student Loan Forgiveness participants during 1999-2000. DOE projects expenditures of \$559,000, with the same appropriation, in 2000-2001.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

The Department of Health indicates that hospitals funded by local governments could save dollars spent to attract and educate nurses. The hospitals specifically mentioned in statute would save up to \$2,000 in match contributions toward loan repayment for each employee who applies for loan repayment.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Exempted hospitals could save match contributions of up to \$2,000 per loan repayment applicant as well as dollars spent to attract and educate nurses. Facilities participating in the program would be able to use loan repayment or scholarship opportunities as a benefit of employment reducing their recruitment, retention, and professional education costs. Family practice teaching hospitals and specialty hospitals for children would be able to compete more favorably with other hospitals to attract nurses for employment.

D. FISCAL COMMENTS:

Revenues from repayments of awards made through the Nursing Scholarship Program will be deposited into the State Student Financial Aid Trust Fund rather than the Nursing Student Loan Forgiveness Trust Fund.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

CS/HB 523 expands the facilities whose employees are eligible to participate in the Nursing Scholarship Program to include nursing homes. CS/HB 523 also modifies the loan repayment provisions for the Nursing Scholarship Program to be consistent with other state-funded scholarship programs administered by DOE. Monies repaid will be deposited into the State Student Financial Aid Trust Fund rather than the Nursing Student Loan Forgiveness Trust Fund.

VII. SIGNATURES:

COMMITTEE ON COMMITTEE ON COLLEGES & UNIVERSITIES:

Prepared by:

Betty H. Tilton, Ph.D.

Staff Director:

Betty H. Tilton, Ph.D.

AS REVISED BY THE COMMITTEE ON FISCAL POLICY & RESOURCES:

Prepared by:

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