

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 782
 SPONSOR: Senator Sanderson
 SUBJECT: Nursing Student Loan Forgiveness Program
 DATE: March 2, 2001 REVISED: 03/14/01 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Munroe</u>	<u>Wilson</u>	<u>HC</u>	<u>Fav/2 amendments</u>
2.	_____	_____	<u>AHS</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill amends requirements for the Nursing Student Loan Forgiveness Program to include family practice teaching hospitals and specialty children’s hospitals as employing institutions whose employees are eligible to receive loan repayment under the program. The bill extends an exemption to family practice teaching hospitals and specialty children’s hospitals from the requirement to match loan forgiveness funding for those nurses employed by those entities. The bill creates a priority listing, by employer, for the disbursement of funds from the Nursing Student Loan Forgiveness Trust Fund, if insufficient funding prevents the grant of all eligible applicants’ requests for awards. The Nursing Scholarship Program requirements are also amended to include family practice teaching hospitals and specialty children’s hospitals in the list of facilities where scholarship recipients can complete their service obligation. The bill transfers by a type two transfer, all statutory powers, duties, functions and the records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the Nursing Student Loan Forgiveness Program from the Board of Regents to the Department of Health.

The bill amends sections 240.4075 and 240.4076, Florida Statutes, and creates an undesignated section of law.

II. Present Situation:

Nursing Student Loan Forgiveness Program

Section 240.4075, Florida Statutes, establishes the Nursing Student Loan Forgiveness Program within the Department of Education. The program was established 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. The program provides financial assistance to eligible nurses by making repayments toward loans obtained by the licensed nurse to pay for a postsecondary nursing education. To be eligible for repayment of a loan, a candidate must have graduated from an accredited or approved nursing program and have received a Florida license as a licensed practical nurse or registered nurse, or certification as an advanced registered nurse practitioner. The program only covers repayment of loans to pay the costs of tuition, books, and living expenses for a total which may not exceed \$4,000 for each year of education. To receive funds under the program, the candidate must show proof of employment in designated facilities in the State. Loan principal payments must be made by the Department of Education directly to the federal or state programs, or the commercial lending institutions. The loan principal and accrued interest is retired on the following schedule: twenty-five percent of the loan principal and accrued interest shall be retired after the first year; fifty percent is retired after the second year; seventy-five percent is retired after the third year; and the remaining loan principal and accrued interest after the fourth year.

The program is funded from a \$5 licensing fee collected from each nurse upon initial licensure and license renewal. Revenues collected from the fee must be deposited into the Nursing Student Loan Forgiveness Trust Fund and used to fund both the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program. The trust fund is administered by the Department of Education and the Comptroller authorizes expenditures from the trust fund upon receipt of vouchers approved by the Department of Education. The Department of Education may solicit technical assistance for the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program from the Department of Health.

Any funds which are used for loan forgiveness for nurses employed by hospitals, birth centers, and nursing homes must be matched on a dollar-for-dollar basis by contributions from the employing institutions. Employing institutions that are state-operated medical and health care facilities, county health departments, federally sponsored community health centers, or statutory teaching hospitals are exempt from the requirement to match loan forgiveness funding for those nurses employed by those entities. Any money collected from the private health care industry and other private sources, as matching funds must be deposited into the trust fund. Any balance in the trust fund at the end of any fiscal year must remain and be available for the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program established under s. 240.4076, F.S. All moneys in the Nursing Student Loan Forgiveness Trust Fund must be invested and interest income accruing to that portion of the trust fund not matched must increase the total funds available for loan forgiveness and scholarships. The Department of Education is authorized to recover its costs for administering both the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program from the trust fund. The Department of Education may adopt rules necessary to implement the Nursing Student Loan Forgiveness Program.

The Office of Health Professional Recruitment within the Department of Health initially administered the Nursing Student Loan Forgiveness Program. The program was transferred to the Department of Education on July 1, 1998. According to officials at the Department of Education, there were no employing entities that were required to give a dollar for dollar match of scholarship funds during the period from 1994-2000.

The following table identifies the number of nurses funded, the average amount of an award, and total program disbursements for FY 95-96 through FY 99-00.

Year	Number of Nurses Funded	Average Award Amount	Total Disbursements
1995-1996	95	\$1,301	\$123,569
1996-1997	58	\$1,791	\$103,853
1997-1998	81	\$2,251	\$182,364
1998-1999	90	\$2,025	\$182,269
1999-2000	80	\$2,709	\$216,730

Source: Department of Education

Nursing Scholarship Program

Section 240.4076, F.S., establishes the Nursing Scholarship Program that gives financial assistance to applicants who are enrolled as full-time or part-time students in the upper division of an approved nursing program leading to a baccalaureate or any advanced registered nurse practitioner degree or are enrolled as a full-time or part-time student in an approved program leading to an associate degree in nursing or a diploma in nursing. A scholarship may be awarded for no more than 2 years, in an amount no greater than \$8,000 per year. Registered nurses who are pursuing an advanced registered nurse practitioner degree may receive up to \$12,000 per year. Beginning July 1, 1998, these amounts are adjusted by the amount of any increase or decrease in the consumer price index for urban consumers, published by the United States Department of Commerce.

Scholarship payments are transmitted to the recipient after the Department of Education has received documentation that the recipient is enrolled in an approved nursing school. To be eligible for a nursing scholarship in the program, an applicant must be enrolled as a full-time or part-time nursing student in an approved nursing program and pursuing an associate degree or a diploma in nursing; or be enrolled in the upper division of an approved nursing program and pursuing a baccalaureate or any advanced registered nurse practitioner degree. For each full year of scholarship assistance received, the recipient must agree to work 12 months at a health facility in a medically under-served area approved by the Florida Department of Education. Scholarship recipients who attend school on a part-time basis must 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 statutory teaching hospitals. The Department of Education must develop a formula to prorate payments to scholarship recipients so that it does not exceed the maximum amount per academic year.

The Nursing Scholarship Program has penalties for recipients who default on their education or service requirements. Any recipient who does not complete an appropriate program of studies or who does not become licensed must repay the Department of Education the entire amount of the scholarship plus 18 percent interest accruing from the date of the scholarship payment. 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 the Department of Education 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. Repayment must be made within 1 year of notice that the recipient is in default. The Department of Education must adopt rules to implement the Nursing Scholarship Program, including rules to address extraordinary circumstances that may cause a recipient to default on his or her agreement.

On July 1, 1998, the Nursing Scholarship Program was transferred from the Department of Health to the Department of Education.

The following table identifies the number of nurses receiving scholarships, the average amount of the scholarship and total program disbursements for FY 95-96 through FY 99-00.

Year	Number of Nurses Funded	Average Award Amount	Total Disbursements
1995-1996	8	\$10,500	\$84,000
1996-1997	1	\$6,000	\$6,000
1997-1998	2	\$12,000	\$24,000
1998-1999	1	\$3,000	\$3,000
1999-2000	0	\$0	\$0

Source: Department of Education

Type-two Transfers

Section 20.06, F.S., provides methods of reorganizing the executive branch of government. A type two transfer under s. 20.06, F.S., is defined to mean the transfer of a program, activity, or function and all its statutory powers, duties, and functions, and its records, personnel, property, and unexpended balances of appropriations, allocations, or other funds from one agency to another.

Office of Health Professional Recruitment

The Office of Health Professional Recruitment within the Department of Health is charged both with identifying medically under-served areas throughout Florida and with administering several programs to improve access to primary care by alleviating health professional shortages. This office administers a federally funded cooperative agreement with the United States Public Health Service which assists in recommending placement of the health care professionals participating in the program, and the Area Health Education Center Network which recruits students from under-served, remote, rural and inner-city communities into primary health care professional training programs. The office also recommends health professional placement to work in medically under-served areas and state programs primarily through the National Health Service Corps Program, recommends placement of foreign physicians under the J-1 Visa Waiver Program, and gathers data for recommending areas for designation by the federal government as health professional shortage areas.

Family Practice Teaching Hospitals

Section 395.805, F.S., defines a family practice teaching hospital to mean a freestanding, community-based hospital licensed under chapter 395, F.S., that offers a 3-year family practice residency program accredited through the Residency Review Committee of the Accreditation Council of Graduate Medical Education or the Council on Post-doctoral Training of the American Osteopathic Association.

III. Effect of Proposed Changes:

The bill amends requirements for the Nursing Student Loan Forgiveness Program to include family practice teaching hospitals and specialty children's hospitals as employing institutions whose employees are eligible to receive loan repayment under the program. The bill extends an exemption for employing institutions that are exempt from the requirement to match loan forgiveness funding for those nurses employed by those entities to also include family practice teaching hospitals and specialty children's hospitals. If, in any given fiscal quarter, there are insufficient funds in the Nursing Student Loan Forgiveness Trust Fund to grant all eligible applicants' requests, the bill creates the following priority for the disbursement of Nursing Student Loan Forgiveness Program funding by employer: county health departments, federally sponsored community health centers, state-operated medical and health care facilities, statutory teaching hospitals, family practice teaching hospitals, specialty children's hospitals, and other hospitals, birthing centers, or nursing homes where the match is required.

The bill amends the requirements for the Nursing Scholarship Program to include family practice teaching hospitals and specialty children's hospitals in the list of facilities where recipients can complete their service obligation.

The bill transfers by a type two transfer, all statutory powers, duties, and functions and the records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the Nursing Student Loan Forgiveness Program from the Board of Regents to the Department of Health.

The effective date of the bill is July 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Art. III, s. 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

To the extent that the bill includes family practice teaching hospitals and specialty children's hospitals as employing institutions whose employees are eligible to receive loan repayment under the Nursing Student Loan Forgiveness Program or whose employees are fulfilling a service obligation as a condition of having received a nursing scholarship, these employing institutions may be able to retain and recruit more nursing staff.

C. Government Sector Impact:

According to the Department of Education, 2 full-time equivalent positions (1 senior clerk and a program specialist III) are needed to support the administrative activities of both the Nursing Student Loan Forgiveness Program and the Nursing Scholarship Program which are funded from the Nursing Student Loan Forgiveness Trust Fund. Since FY 1999-2000, the Department of Health has transferred \$1,876,076.30 into the trust fund from revenue generated from a \$5 fee collected from nurses upon initial licensure and license renewal.

The Department of Health estimates that it will need 3 positions (Senior Human Services Program Specialist, pay grade 22; Senior Clerk, pay grade 11; and Program Administrator, pay grade 25) and other expenses to implement the Nursing Student Loan Forgiveness Program at a total recurring cost of \$857,583 for FY 2001-2002 and \$861,207 for FY 2002-2003. These costs were estimated by using the amounts from the budget amendment that transferred this program from the Department of Health to the Department of Education in July 1998. The salaries have been annualized to include a 3 percent pay increase for each year, with a projected 3 percent increase in FY 2002-2003. The Department of Health does not anticipate any additional funding or resources beyond that provided in the type two transfer to implement the program.

VI. Technical Deficiencies:

On page 3, line 13, the bill refers to the "Board of Regents" and the correct reference is the Department of Education.

VII. Related Issues:

The bill transfers the Nursing Student Loan Forgiveness Program by a type two transfer from the Department of Education to the Department of Health. The bill does not transfer the Nursing

Scholarship Program, although both programs are funded by the Nursing Student Loan Forgiveness Trust Fund.

Numerous statutory references to the Department of Education would need to be changed to the Department of Health in s. 240.4075, F.S., to conform to the transfer of the Nursing Student Loan Forgiveness Program to the Department of Health.

VIII. Amendments:

#1 by Health, Aging and Long-Term Care:

Revises requirements for the Nursing Scholarship Program to include nursing homes in the list of facilities where scholarship recipients may complete their service obligation.

#2 by Health, Aging and Long-Term Care:

Changes a reference to the Board of Regents to the Department of Education in the transfer provisions of the bill.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
