



**Colorado
Legislative
Council
Staff**

HB17-1282

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0991

Date: April 6, 2017

Prime Sponsor(s): Rep. Ginal
Sen. Sonnenberg

Bill Status: House Agriculture

Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: RURAL VETERINARY EDUCATION LOAN REPAYMENT PROGRAM

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue Cash Funds	Potential gifts, grants, and donations.	
State Expenditures	<u>\$94,332</u>	<u>\$163,733</u>
General Fund	73,031	130,432
Centrally Appropriated Costs	21,301	33,301
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$73,031 - Department of Agriculture (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase.		

Summary of Legislation

The bill creates the veterinary education loan repayment program in the Department of Agriculture (CDA) as a Type 2 transfer. The program provides financial incentives through education loan repayment to licensed veterinarians to practice in areas with a shortage of veterinarians.

The bill also creates the Veterinary Education Loan Repayment Council to administer the loan repayment program and sets the membership and appointment procedures for the council. Members do not receive compensation, but may be reimbursed for necessary expenses. The council must:

- determine eligibility criteria for the program;
- identify areas with veterinary shortages that will participate in the program;
- establish priority ranking for the designated areas based on level of need;
- determine the amount of loan repayment money for each selected applicant; and
- enter into a contract with selected applicants and the designated area with which the applicant has been matched.

Up to four applicants may be selected annually to participate in the program. The bill specifies the eligibility criteria and the factors that the council must consider in evaluating

applications. An applicant selected for the program is eligible for an amount that correlates to his or her outstanding loans, up to \$70,000, and must contract with the council to provide services in a designated shortage area for up to four years. The amount is distributed to selected applicants as follows:

- \$10,000 upon completion of six months of the first year;
- an additional \$15,000 upon completion of the second year;
- an additional \$20,000 upon completion of the third year; and
- an additional \$25,000 upon completion of the fourth year.

The bill creates the Veterinary Education Loan Repayment Fund and moneys in the fund are continuously appropriated. The council may receive and expend gifts, grants, and donations for the program, including endowment funds, and may contract with a public or private entity. If an entity donates money for the placement of a veterinarian in a specific shortage area, that entity must commit to provide the full amount required for placement of a selected applicant for four years.

Background

Federal program. The federal Veterinary Education Loan Repayment Program provides \$25,000 per year in loan repayment to selected individuals who commit to working in areas with veterinary shortages for three years. In FY 2014-15, 48 veterinarians received awards and were working in 26 states. Although none were placed in Colorado in FY 2014-15, two veterinarians were placed in Colorado in FY 2015-16. For the federal program, eight shortage areas in Colorado were identified.

Type 2 agencies. Type 2 agencies are directly under the control of the executive director of their principal departments, including their statutory powers, duties, records, property, personnel, and functions of budgeting, purchasing, and planning.

State Revenue

The bill may increase state cash fund revenue from gifts, grants, and donations to the Veterinary Education Loan Repayment Fund. No sources have been identified at this time. Revenue from gifts, grants, and donations is exempt from TABOR.

State Expenditures

The bill increases General Fund expenditures by \$94,332 and 0.5 FTE in FY 2017-18 and \$163,733 and 0.5 FTE in FY 2018-19 in the CDA, as listed in Table 1 and discussed below. The fiscal note assumes costs will be paid by the General Fund, as no gifts, grants, donations, or other funding sources have been identified.

Table 1. Expenditures Under HB17-1282		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$23,153	\$25,257
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	5,178	475
Council Costs	4,700	4,700
Loan Repayment Awards	40,000	100,000
Centrally Appropriated Costs*	21,301	33,301
TOTAL	\$94,332	\$163,733

* Centrally appropriated costs are not included in the bill's appropriation.

Administrative costs. CDA requires 0.5 FTE to provide support to the council, and develop and implement the program, including identifying shortage areas, conducting outreach, processing applications, and executing contracts with selected applicants. The fiscal note assumes that approximately 20 applications will be received and four will receive awards per year. Personal services costs are prorated based on the General Fund paydate shift.

Loan repayment grants. The bill requires \$40,000 in FY 2017-18 and \$100,000 in FY 2018-19 for loan repayments awards. In FY 2017-18, the amount is based on four applicants each receiving \$10,000; in FY 2018-19, it is based on the four initial applicants receiving \$15,000 in their second year, plus four new applicants each receiving \$10,000.

Colorado State University. The bill increases the workload for Colorado State University by a minimal amount to have a faculty or staff member of the College of Veterinary Medicine and Biomedical Sciences serve on the council.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB17-1282		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,204	\$4,208
Supplemental Employee Retirement Payments	2,075	2,263
Indirect Costs	15,022	26,830
TOTAL	\$21,301	\$33,301

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2017-18, the Department of Agriculture requires a General Fund appropriation of \$73,031 and allocation of 0.5 FTE.

State and Local Government Contacts

Agriculture Higher Education Information Technology