

Summary of Legislation

Under current law, a teacher loan forgiveness pilot program in the Department of Higher Education provides loan repayment for teachers in high-poverty schools in rural areas, or in positions in math, science, special education, or linguistically diverse education. The program, which was created in 2001, has not been funded for several years and repeals on July 1, 2019.

The bill renames the program the Educator Loan Forgiveness Program and makes the following changes:

- expands the program to include principals and special service providers;
- specifies the loans that are eligible for repayment;
- changes the definition of qualified position from one in a high-poverty schools to a hard-to-staff position in a rural school district or content shortage area;
- modifies annual reporting requirements; and
- extends the program's repeal date to September 1, 2033.

The bill specifies that eligible educators may receive up to \$5,000 in loan forgiveness for each year of employment in a qualified position, for up to five years. The Colorado Commission on Higher Education (CCHHE) must approve up to 100 educators per year for participation in the program. If more than 100 applications are received, CCHHE must prioritize applicants who have contracted for a qualified position in a rural school and in a content shortage area, followed by those who have contracted for a qualified position in a rural school, and finally those who have contracted for a qualified position in a content shortage area.

The bill removes the requirement that the Colorado Department of Education (CDE) identify high-poverty elementary schools in rural areas, and instead requires that CDE identify rural schools and districts, content shortage areas, and positions that are hard to fill due to geographical and/or content shortage areas.

State Expenditures

The bill increases state expenditures in the Department of Higher Education by \$641,742 in FY 2019-20 and \$1,135,979 in FY 2020-21. The program will be fully implemented in beginning in FY 2023-24; costs in that year continue until the program is repealed in FY 2033-34. Expenditures are from the General Fund and are listed in Table 2 and discussed below.

**Table 2
Expenditures Under SB 19-003**

	FY 2019-20	FY 2020-21	FY 2023-24
Department of Higher Education			
Personal Services	\$113,138	\$115,987	\$115,987
Operating and Capital Outlay Expenses	\$10,831	\$1,425	\$1,425
Loan Repayments	up to \$500,000	up to \$1,000,000	up to \$2,500,000
Centrally Appropriated Costs*	\$17,773	\$18,567	\$18,567
FTE – Personal Services	1.4 FTE	1.5 FTE	1.5 FTE
Total Cost	\$641,742	\$1,135,979	\$2,635,979
Total FTE	1.4 FTE	1.5 FTE	1.5 FTE

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

Personal services. DHE requires 1.5 FTE to implement the program, including developing an application and award process, conducting outreach, establishing a process for payments to be made to loan servicers, and processing applications and payments. The FTE includes staff time for a program manager and accounting staff. As the program is phased in, workload shifts from additional hours for program development and initial outreach to processing additional payments as the number of participants increases through FY 2023-24. Program administration continues on an ongoing basis. The fiscal note assumes that one payment will be made per recipient per year and that the personnel costs will begin in FY 2019-20. Personnel costs in FY 2019-20 are prorated for the General Fund paydate shift.

Loan repayments. Up to 100 educators will receive \$5,000 per year for five years; as a result, loan repayments phase in over the first five years of implementation. The bill requires \$500,000 in FY 2019-20, \$1.0 million in FY 2020-21, and so on, with up to \$2.5 million required in FY 2023-24 at full implementation until program repeal in FY 2033-34..

Department of Education. The bill also increases the workload in CDE by a minimal amount to identify geographic and content shortage areas. No change in appropriations is required.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$17,773 in FY 2019-20 and \$18,567 in FY 2020-21.

Effective Date

The bill was signed into law by the Governor and took effect on May 13, 2019.

State Appropriations

In FY 2019-20, the bill includes a General Fund appropriation of \$623,969 to the Department of Higher Education, and an allocation of 1.4 FTE.

State and Local Government Contacts

Education Higher Education