



Legislative
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FINAL FISCAL NOTE

Drafting Number:	LLS 20-0536	Date:	June 23, 2020
Prime Sponsors:	Sen. Fenberg Rep. Herod; McCluskie	Bill Status:	Postponed Indefinitely
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Bill Topic: POSTSECONDARY EDUCATION LOAN REPAYMENT ASSISTANCE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill would have created the Get on Your Feet Student Loan Repayment Assistance Program in the Department of Higher Education. The bill would have increased state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill would have required an appropriation of \$2.1 million to the Department of Higher Education.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the Senate Finance Committee. The bill was not enacted into law; therefore, the impacts identified in this fiscal note do not take effect.

**Table 1
State Fiscal Impacts Under SB 20-004**

		FY 2020-21	FY 2021-22	FY 2022-23
Revenue		-	-	
Expenditures	General Fund	\$2,121,199	\$3,921,850	\$3,834,598
	Centrally Appropriated	\$31,648	\$41,021	\$20,255
	Total	\$2,152,847	\$3,962,871	\$3,854,853
	Total FTE	2.4 FTE	3.0 FTE	1.5 FTE
Transfers		-	-	
TABOR Refund		-	-	

Summary of Legislation

The bill creates the Get on Your Feet Loan Repayment Assistance Program in the Department of Higher Education (DHE). The program provides up to 24 monthly payments on a qualified student loan on behalf of an eligible recipient.

Eligibility. To be eligible for student loan repayments, a person must:

- have graduated from a Colorado high school;
- earn an associate's or bachelor's degree from a state institution of higher education in Colorado on or after January 25, 2021, and apply no later than two years after earning the degree;
- have a qualified loan and be enrolled in a federal income-driven repayment plan;
- have resided in Colorado for at least 12 continuous months, unless the person is a military member on active duty residing in Colorado;
- have a primary work location in Colorado; and
- be in compliance with conditions imposed by state or federal student loans, and state financial aid policies.

A person is not eligible if their monthly income-driven repayment amount is zero, or if the loan is in forbearance or deferment status.

Repayments. Award amounts are 100 percent of the recipient's monthly federal income-driven repayment amount. DHE may not make more than 24 payments, which are made directly to the federal loan administrator on behalf of the recipient.

Administration. DHE must administer the program, including reviewing and accepting applications, making monthly payments to the federal loan administrator, and annually verifying eligibility. The Colorado Commission on Higher Education (CCHE) must create guidelines for the administration of the program. Recipients must submit to DHE any changes in eligibility or their monthly repayment amount. The bill establishes procedures for terminating or suspending an award, and for requiring a recipient to reimburse a payment if eligibility requirements are not met.

Background and Assumptions

Budget request. In its budget request (DHE BA-01), DHE requested funding for a three-year student loan repayment program. The request includes funding to cover 24 months of payments for two cohorts of participants, and 12 months of payments for a third cohort. The budget request includes a \$14.1 million appropriation in FY 2020-21, to be spent over FY 2020-21, FY 2021-22, and FY 2022-23.

Participation. Based on the most recent data available, there is expected to be 27,019 resident graduates in FY 2020-21, and 27,381 resident graduates in FY 2021-22 from state two- and four-year institutions of higher education. Of those graduates, the fiscal note assumes that 1,204 in FY 2020-21, and 2,423 in FY 2021-22 will participate in the program, based on the following assumptions:

- 42 percent of graduates from two-year institutions and 55 percent of graduates from four-year institutions have federal student loan debt after graduation;
- 29 percent of students with federal debt are on an income-driven repayment program; and
- 30 percent of eligible students will participate in the program.

Repayment Amounts. Based on the repayment amounts in a similar program in New York, the fiscal note assumes that monthly payments will average \$125 per month. This corresponds to \$1,500 per year, or \$3,000 over the course of the maximum 24 months identified in the bill.

State Expenditures

The bill increases state General Fund expenditures in DHE by \$2.2 million in FY 2020-21, and about \$3.9 million in FY 2021-22 and future years.

**Table 2
Expenditures Under SB 20-004**

	FY 2020-21	FY 2021-22	FY 2022-23
Department of Higher Education			
Personal Services	\$193,636	\$258,180	\$126,273
Operating Expenses	\$3,240	\$4,050	\$2,025
Capital Outlay Costs	\$18,600	-	-
Data System	\$100,000	\$25,000	\$25,000
Loan Repayment Awards	\$1,805,723	\$3,634,620	\$3,681,300
Centrally Appropriated Costs*	\$31,648	\$41,021	\$20,255
Total Cost	\$2,152,847	\$3,962,871	\$3,854,853
Total FTE	2.4 FTE	3.0 FTE	1.5 FTE

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

Administrative costs. DHE requires 3.0 FTE in FY 2020-21 and FY 2021-22 to implement and administer the program; this amount is prorated for the General Fund paydate shift and a September 1, 2019 start date in FY 2020-21. Staff includes 1.0 FTE for a program manager to develop procedures, review applications, conduct outreach and marketing, and handle questions; 1.0 FTE for a data manager to manage and implement data submittal and verification processes; and 1.0 FTE for an accountant to work with loan administrators and process payments. In FY 2022-23 and beyond, the required FTE drops to 1.5 FTE, including the program manager and 0.5 FTE for an accountant.

DHE will also incur costs to purchase and maintain data system with a web application for participant application, documentation, and payment processes. Based on similar systems purchased, \$100,000 is required in FY 2020-21 to purchase the system, and \$25,000 per year is required for ongoing maintenance.

Loan repayments. Table 3 includes the number of assumed recipients in each year and the total amount required for repayments. Payments are assumed to be \$1,500 per participant per year.

Table 3
Estimated Loan Repayments

	FY 2020-21	FY 2021-22	FY 2022-23
Assumed Participants	1,204	2,423	2,454
Loan Repayments	\$1,805,723	\$3,634,620	\$3,681,300

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 \$31,648 in FY 2020-21, \$41,021 in FY 2021-22, and \$20,255 in FY 2022-23.

Effective Date

The Senate Appropriations Committee postponed the bill indefinitely on June 10, 2020 by laying it over until after adjournment Sine Die.

State Appropriations

For FY 2020-21, the bill requires a General Fund appropriation of \$2,121,199 to the Department of Higher Education, and 2.4 FTE.

State and Local Government Contacts

Education Higher Education