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Fiscal Note

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Prime Sponsors:

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Bill Topic: **SCHOOL MENTAL HEALTH PROFESSIONAL LOAN REPAYMENT PROGRAM**

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill creates the Licensed School Mental Health Professional Loan Repayment Program in the Department of Higher Education. The bill increases state expenditures and requires an annual transfer of funds through FY 2028-29.

Appropriation Summary: For FY 2024-25, the bill requires multiple appropriations totaling \$716,003 to the Department of Higher Education. See the State Appropriations Section.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Colorado Youth Advisory Commission.

Table 1
State Fiscal Impacts Under Bill 5

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$244,696	\$270,321
	Cash Funds	\$500,000	\$500,000
	Centrally Appropriated	\$28,694	\$35,867
	Total Expenditures	\$773,390	\$806,188
	Total FTE	1.6 FTE	2.0 FTE
Transfers¹	General Fund	(\$500,000)	(\$500,000)
	Cash Funds	\$500,000	\$500,000
	Net Transfer	\$0	\$0
Other Budget Impacts	General Fund Reserve	\$111,704	\$115,548

¹This transfer from the General Fund is assumed to be made via an appropriation.

Summary of Legislation

The bill creates the Licensed School Mental Health Professional Loan Repayment Program in the Department of Higher Education (DHE). The Colorado Commission on Higher Education (CCHE) must adopt program policies, review applications for loan repayment, and report annually on the program. If there are more applicants than available funding, CCHE must prioritize applicants in schools or districts with few mental health professionals, including considering those who have been employed by those entities for the longest period of time. Applicants must be licensed and have a masters or doctoral degree in a program qualifying the applicant to be a mental health professional.

Recipients are eligible for up to \$10,000 in loan repayment over three years, with exact loan repayment amounts determined by CCHE. The bill creates the Licensed School Mental Health Professional Loan Repayment Program Fund. Money in the fund must be spent on repayment of loans, and is annually appropriated by the General Assembly. CCHE may accept and expend gifts, grants, and donations for the program.

The program is repealed on July 1, 2029.

State Revenue

The bill potentially increases state revenue to the Licensed School Mental Health Professional Loan Repayment Program Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Transfers

Because there is no other identified revenue source to support the loan repayment program, it is assumed that money from the General Fund must be appropriated to the Licensed School Mental Health Professional Loan Repayment Program Fund for loan repayments. The amount of this appropriation may be set at the discretion of the General Assembly, but is preliminarily estimated at \$500,000 per year from FY 2024-25 to FY 2026-27.

State Expenditures

The bill increases state expenditures in the DHE by about \$773,000 in FY 2024-25 and \$806,000 in FY 2025-26. Costs continue through FY 2028-29. Costs for loan repayments are paid from the Licensed School Mental Health Professional Loan Repayment Program Fund and costs for administrative expenses are paid from the General Fund. Costs are listed in Table 2 and discussed below.

**Table 2
 Expenditures Under Bill 5**

	FY 2024-25	FY 2025-26
Department of Higher Education		
Personal Services	\$153,808	\$192,261
Operating Expenses	\$2,048	\$2,560
Capital Outlay Costs	\$13,340	-
Vendor Costs	\$75,000	\$75,000
Data License	\$500	\$500
Loan Repayments	\$500,000	\$500,000
Centrally Appropriated Costs ¹	\$28,694	\$35,867
Total Cost	\$773,390	\$806,188
Total FTE	1.6 FTE	2.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff. The DHE requires 2.0 FTE to administer the program, including a program manager and accountant. This is based on the assumed size of the program and the workload required to administer existing educator loan forgiveness programs. Staffing levels in the first year are prorated to 1.6 FTE for a September start date. Costs include standard capital outlay and operating costs.

Loan repayments. Funding for loan repayments may be set at the discretion of the General Assembly. The fiscal note assumes that \$500,000 is required for three cohorts of loan repayment recipients, for a total cost of \$1.5 million over five years. This amount would provide the maximum loan repayment amount for about 150 school mental health professionals over the life of the program.

Data and vendor costs. The DHE requires \$75,000 to contract with a vendor to provide the application portal and process and to interface with loan servicers that receive the repayments. Costs are based on the assumed program size and vendor costs for current loan repayment programs.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Technical Note

The bill specifies that money in the Licensed School Mental Health Professional Loan Repayment Program Fund must only be spent on loan repayment. As a result, the fiscal note assumes that loan repayments will be made from the cash fund, while administrative expenses for the program will be paid directly from the General Fund.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$500,000 from the General Fund to the Licensed School Mental Health Professional Loan Repayment Program Fund, with this amount reappropriated for use by the Department of Higher Education; and
- \$244,696 from the General Fund to the Department of Higher Education, and 1.6 FTE.

State and Local Government Contacts

Higher Education