



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0712	Introduced on March 30, 2021
Author:	Davis	
Subject:	Scholarships	
Requestor:	Senate Education	
RFA Analyst(s):	Tipton	
Impact Date:	January 11, 2022	

Fiscal Impact Summary

This bill establishes the Healthcare Professional Loan Forgiveness Program to reimburse student loan payments for eligible healthcare professional graduates. The S.C. Area Health Education Consortium (AHEC) will manage the program. Additionally, the program is contingent upon funding by the General Assembly.

This bill will have no expenditure impact on the State Treasurer, as establishing and housing the fund for this program can be managed within normal business operations.

This bill will have an undetermined expenditure impact on AHEC because funding for the loan program will depend upon the amount appropriated by the General Assembly. However, the agency indicates that General Fund expenses to administer the program could increase by at least \$149,189 in FY 2022-23 for development of a database, equipment, and 2.0 FTEs. General Fund expenses would decrease to \$125,489 each year thereafter.

This bill will have an undetermined General Fund revenue impact for AHEC. The agency is allowed to retain a percentage of the annual appropriations to cover the costs of administering the program, which will depend upon the funding amount provided to the program.

Explanation of Fiscal Impact

Introduced on March 30, 2021

State Expenditure

This bill establishes the Healthcare Professional Loan Forgiveness Program to reimburse student loan payments for eligible healthcare professional graduates. Eligible healthcare professionals include physicians, physician assistants, nurse practitioners, and certified nurse midwives. The healthcare professionals must also meet certain employment criteria. The program will award up to \$30,000 to an eligible participant who is accepted into the program. Eligible participants must commit to work as a healthcare professional in an underserved rural area or an urban area with underserved populations for two years at a 36-hour work week or four years at less than a 36-hour work week. Underserved rural areas or urban areas are defined as follows:

- An underserved or rural area as defined by Section 40-33-20; or

- A primary care Health Professional Shortage Area or a Medically Underserved Area as defined by the U.S. Department of Health Resources and Services Administration.

If a participant accepted into the program does not meet the requirements, they will be considered in default of the \$30,000 award and will be responsible for repayment of the full amount within one year.

The number of professionals who will qualify for the program will depend on how many meet the licensure and employment criteria. For reference, the Commission on Higher Education reports that 1,075 South Carolina students in a health profession or related program in FY 2020-21 received a doctorate or post-master's degree and 1,084 received a master's degree, not all of which will meet the professional criteria. Therefore, we anticipate that fewer than 2,000 individuals will qualify annually.

The program will be administered by AHEC, contingent upon funding by the General Assembly. AHEC must establish policies and procedures, review applications, recommend applicants, and monitor all eligible participants to ensure compliance. The fund will be established by the State Treasury and is separate and distinct from the General Fund.

The bill also establishes the Healthcare Professional Loan Forgiveness Program Advisory Committee, which must assist AHEC in developing and establishing procedures for administering the program. The advisory committee must be comprised of the following six individuals:

- Two licensed physicians appointed by the S.C. Medical Association;
- Two licensed physicians appointed by the S.C. Academy of Physician Assistants;
- One licensed nurse practitioner appointed by the S.C. Nurses Association; and
- One licensed certified nurse midwife appointed by the S.C. Nurses Association.

Office of State Treasurer. This bill establishes the Healthcare Professional Loan Forgiveness Program within the State Treasury, separate from the General Fund. The State Treasurer indicates that the creation of this fund can be accomplished within normal business operations. Therefore, this bill will have no expenditure impact for the State Treasurer.

SC Area Health Education Consortium. AHEC reports that the administration of the program will require the establishment of a database and a software program to manage the participants and applications. The agency indicates that the database will have a one-time cost of \$20,000, with maintenance fees after the initial setup being minimal. AHEC further reports that the software program for the online application system will cost \$4,566 per year. Additionally, AHEC anticipates the need for 2.0 FTEs, a Program Coordinator II and a Program Assistant, to manage the provisions of the bill at an annual expense of \$120,923. AHEC also anticipates a one-time office setup cost of \$3,700 for the FTEs. This results in a total non-recurring General Fund expenditure impact for AHEC of \$23,700 in FY 2022-23, and a total recurring General Fund expenditure impact of \$125,489 beginning in FY 2022-23. However, the bill allows AHEC to retain a percentage of funds appropriated to this program to cover administrative costs. Since

funding is at the discretion of the General Assembly, the administration of this program will have an undetermined impact on expenditures for AHEC.

Further, each member of the advisory committee established by this bill will receive per diem of \$35 and mileage reimbursements of \$0.59 per mile for each committee meeting pursuant to Section 117.19 of the FY 2021-22 Appropriations Act. This committee will have 6 members, resulting in a per meeting cost of \$210 before any mileage incurred. Since the number of meetings for the advisory committee is unknown, the expenditure impact of this portion of the bill on AHEC is undetermined.

Because this bill allows AHEC to retain a percentage of appropriated funds to cover costs of administering the program, and since funding for the program is at the discretion of the General Assembly, the overall expenditure impact of the bill on AHEC is undetermined.

State Revenue

This bill establishes the Healthcare Professional Loan Forgiveness Program to reimburse student loan payments for eligible healthcare professional graduates. AHEC must develop and manage the program. The bill is contingent upon appropriations by the General Assembly. Further, AHEC is allowed to retain a percentage of the appropriation to cover the costs of administering the program.

The bill will have an undetermined General Fund revenue impact for AHEC since the percentage of funds that can be retained by the agency is not stated in the bill, and the amount of appropriations by the General Assembly is unknown as well.

Local Expenditure

N/A

Local Revenue

N/A



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