



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

**Bill #** SB0315

**Title:** Student loan forgiveness program

**Primary Sponsor:** Cobb, John

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$52,116	\$52,116	\$52,116	\$52,116
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	unknown	unknown	unknown	unknown

**Description of fiscal impact:** Senate Bill 315 creates a loan repayment assistance program for Montana workers who are in specified areas of critical worker shortage.

### FISCAL ANALYSIS

#### Assumptions:

1. The worker loan forgiveness program will be administered by the Guaranteed Student Loan (GSL) program within the Office of the Commissioner of Higher Education in accordance with policies and procedures adopted by the Board of Regents.
2. The Board of Public Education in consultation with the Department of Labor & Industry will identify the geographic regions and specific occupations impacted by critical worker shortages. See Technical concerns.
3. Since this is a new program, it is unknown how many workers might apply and qualify.
4. It is unknown how many workers will be eligible, the total annual loan repayment assistance can not be determined.

- Since this is a new program, there will be additional costs associated for administration by GSL. At a minimum, 1.00 FTE, grade 16 is requested to manage the program. (Salary & Benefits \$25.056/hr x 2080=\$52,116).

	<b><u>FY 2008 Difference</u></b>	<b><u>FY 2009 Difference</u></b>	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$52,116	\$52,116	\$52,116	\$52,116
Grants	Unknown	Unknown	Unknown	Unknown
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	Unknown	Unknown	Unknown	Unknown
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	Unknown	Unknown	Unknown	Unknown

**Technical Notes:**

- No definition of what constitutes a region has been given. Regional definitions are open to interpretation. The department could determine regions based on worker commuting pattern, but this would require more resources than if an existing regional framework were provided. The choice of regions has the potential to significantly impact the final critical worker shortage designations.
- No definition of what constitutes a “critical worker” has been given. Are these workers in jobs where lives are at stake, such as doctors and nurses, or could all occupations be considered critical? Without a predetermined definition of this term, the opportunity exists for serious manipulation of the system by interested parties.
- No definition of what constitutes a “shortage” has been given. It will be very difficult for the Department of Labor & Industry and the Board of Public Education to objectively designate occupations as shortage occupations without more guidance.
- The time-frame in which the shortage is occurring is not defined. The Department of Labor & Industry needs to know how often the critical worker shortage designations will be reevaluated. The evaluation time-frame needs to be coordinated with existing data compiled by the Department of Labor & Industry in order to ensure current designations are based on the most current data.
- The Department of Labor & Industry and the Board of Public Education will only be able to develop a defensible methodology if clear definitions of “critical worker” and “shortage” are provided as outlined in 2 & 3.

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*Sponsor’s Initials*

\_\_\_\_\_  
*Date*

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*Budget Director’s Initials*

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*Date*