

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2397 - A**Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal OfficePrepared by: John Terpening
Reviewed by: Monica Brown
Date: 4-27-2011**Measure Description:**

Creates loan forgiveness program for primary care practitioners in Office of Rural Health.

Government Unit(s) Affected:

Oregon Health Sciences University (OHSU), Department of Administrative Services (DAS)

Summary of Expenditure Impact:

Agency – Fund Type	2011-13 Biennium	2013-15 Biennium
Department of Administrative Services -- General Funds	\$525,000	TBD
Department of Administrative Services – Other Funds (Payments to OHSU)	TBD	TBD

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure creates the Primary Health Care Loan Forgiveness Program in the Office of Rural Health at the Oregon Health Sciences University (OHSU) for eligible primary care practitioners. The measure stipulates the eligibility and repayment requirements and establishes a maximum loan amount of \$35,000 to each participant. The measure allows for OHSU to give preference to a practitioner who agrees to practice in a community that contributes funds to the program. The loan payments are deposited into the Primary Health Care Loan Forgiveness Program Fund and any participant defaults are collected by the Department of Revenue and deposited into the fund.

The measure established the Primary Health Care Loan Forgiveness Program Fund separate and distinct from the General Fund, continuously appropriates moneys in the fund to the Department of Administrative Services for distribution to the Office of Rural Health, and credits interest earned back to the fund. The measure appropriates \$525,000 of General Fund for the 2011-2013 biennium.

OHSU anticipates the need for a 0.20 FTE position, at an estimated cost of \$36,400 in 2011-13, to administer the program, with the remainder distributed as loans to qualified applicants. With the remainder of the funds available, and assuming the maximum of \$35,000 to each participant, OHSU anticipates approximately 13 loans to be distributed in 2011-13. OHSU intends to pursue donations from communities to provide more funding for the program; however the number of donations and the amounts are unknown.

The Legislative Fiscal Office notes that the demand for the individual loans to be awarded is indeterminate. The measure does not specify if the intent of the \$525,000 General Fund appropriation is one-time or on-going, and does not specify the source of additional grant funds if the initial appropriation is expended. OHSU assumes the entire amount of General Fund would be transferred in the first year; however the intent of the measure establishing a fund in the State Treasury and accruing interest back to the fund indicates that OHSU would receive periodic distribution of funds from DAS.