

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[Second Reprint]

## ASSEMBLY, No. 4613

# STATE OF NEW JERSEY

DATED: MAY 18, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4613 (2R).

This bill broadens eligibility for the Primary Care Practitioner Loan Redemption Program established within the Higher Education Student Assistance Authority (HESAA). The bill appropriates \$10 million to HESAA for the program.

The bill specifically:

- renames the program as the Health Care Professional Loan Redemption Program;
- provides for the participation in the program of psychiatrists and other health professionals working in fields designated by the Commissioner of Health for inclusion in the program;
- permits the Commissioner of Health, after consultation with the Commissioner of Labor and Workforce Development and the Director of Consumer Affairs, to designate additional health care fields experiencing critical Statewide labor shortages for inclusion in the program;
- requires HESSA to annually submit a report on the Health Care Professional Loan Redemption Program to the Governor and the Legislature no later than August 1 of each year;
- increases the maximum loan redemption amount under the program from \$120,000 to \$180,000;
- expands the definition of “State designated underserved area” to include municipalities where more than 50 percent of households are at or below 185 percent of the federal poverty line;
- permits a program participant to identify an approved site for designation and approval under the program; and
- establishes eligibility requirements for approved sites and prohibits HESAA from requiring any additional eligibility requirements for approved sites.

The current law that dedicates 25 percent of the funds annually appropriated for the Health Care Professional Loan Redemption Program to the Nursing Faculty Loan Redemption Program is maintained. However, the amended bill specifies that any funds dedicated to the Nursing Faculty Loan Redemption Program that are in excess of the amount necessary to satisfy qualifying applications for

the program are to be reallocated to the Health Care Professional Loan Redemption Program.

FISCAL IMPACT:

The Office of Legislative Services determines that this bill will result in a State expenditure increase of up to \$7.5 million over four years associated with expanding eligibility for the Primary Care Practitioner Loan Redemption Program, renamed the Health Care Professional Loan Redemption Program, and increasing the maximum loan amount eligible for redemption under the program. Additionally, \$2.5 million will be dedicated to the Nursing Faculty Loan Redemption Program, which is unchanged by the bill, and may be used for the Health Care Professional Loan Redemption Program if it exceeds the amount needed to satisfy qualifying applications for the Nursing Faculty Loan Redemption Program.

Based on current cohort sizes, not taking into account any change in participation that may occur as a result of this bill, and assuming that every participant has the maximum eligible loan amount redeemed, the actual increased costs in each fiscal year are likely to be \$108,000 in the first year, \$264,000 in the second year, \$432,000 in the third year, and \$600,000 in the fourth year and each subsequent year. By the fourth year, inclusive of the incremental spending resulting from this bill, total annual expenditures on the Health Care Professional Loan Redemption Program would be approximately \$1.8 million.