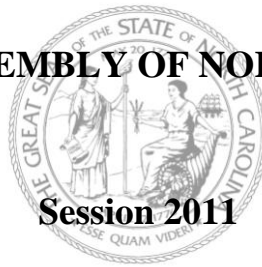


# GENERAL ASSEMBLY OF NORTH CAROLINA



## **FISCAL ANALYSIS MEMORANDUM**

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. **This is not an official fiscal note.** If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

**DATE:** March 21, 2011

**TO:** Senator Rucho

**FROM:** Andrea Poole  
Fiscal Research Division

**RE:** Senate Bill 137 (First Edition)

### **FISCAL IMPACT**

**Yes ( )**

**No (x)**

**No Estimate Available ( )**

**FY 2011-12**

**FY 2012-13**

**FY 2013-14**

**FY 2014-15**

**FY 2015-16**

**REVENUES:**

**EXPENDITURES:**

**POSITIONS**  
**(cumulative):**

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:**

**EFFECTIVE DATE:**

**BILL SUMMARY:**

Senate Bill 137 consolidates twelve scholarship-loan and scholarship programs to establish the new Forgivable Education Loans for Service Program (FELS) and Fund. Of the twelve funds consolidated, eight are currently operating programs and the remaining four are for programs no longer in operation, but still receiving repayments from past recipients. The existing programs are funded from both General Fund and Escheat Fund money, and target students in health, science, mathematics, and teaching careers. The State Education Assistance Authority (SEAA) administers the twelve funds.

The new FELS would provide financial assistance in the form of forgivable loans to qualified students for certain high-need professions. Loans could be forgiven through employment in a designated field in North Carolina. The program would be able to respond to current and future employment needs in the State, and would initially target future teachers, nurses, and allied health professionals. The State Education Assistance Authority (SEAA) would administer the Program and Fund. The bill requires SEAA to make a report on loans from the Fund no later than December 1, 2013 and annually thereafter to the Joint Legislative Education Oversight Committee.

**ASSUMPTIONS AND METHODOLOGY:**

The bill transfers all assets and liabilities of the twelve funds into the Forgivable Education Loans for Service Fund, but does not change the total amount of funding available for the programs. Therefore, there is no fiscal impact.

It is important to note, however, that SEAA's administrative expenses for these programs have historically been paid from federal receipts generated from new loan originations under the Federal Family Education Loan program. This federal program has ended, and those receipts will no longer be available for purposes of administration of State programs, including those that Senate Bill 137 would combine into FELS. The bill does permit the SEAA to use the Fund for administrative costs as well as for loans, as is done for other SEAA-administered State programs. If SEAA does use a portion of the funds for administration, it would reduce the amount available for scholarship-loans, but would not change the total program funding.

**SOURCES OF DATA:**

State Education Assistance Authority

**TECHNICAL CONSIDERATIONS:** None