



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised June 24, 1998

S. 1754

Health Professions Education Partnerships Act of 1998

*As ordered reported by the Senate Committee on Labor and Human Resources
on April 1, 1998*

SUMMARY

S. 1754 would reauthorize, amend, and consolidate programs within the Public Health Service Act. These programs provide federal funding through grants and contracts for health professions students, schools, clinics, and demonstration projects. They focus on increasing the diversity and supply of health care providers and the care they provide to shortage areas, ethnic populations, and high-risk population groups. The legislation would authorize appropriations for fiscal years beginning in 1998 and, in most instances, ending in 2002. Assuming appropriation of the authorized amounts, CBO estimates that enacting S. 1754 would result in additional discretionary outlays of \$334 million in 1999 and a total of \$3.5 billion over the 1998-2003 period.

Subtitle C would reauthorize the Health Education Assistance Loan (HEAL) program through 2002. This provision would increase direct spending by \$1 million in fiscal year 1998 and by \$21 million during the 1998-2003 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

S. 1754 would waive any state statutes of limitations that govern the repayment of loans by nursing and other medical students. This preemption of state statutory authority would represent a mandate as defined by the Unfunded Mandates Reform Act (UMRA). However, CBO estimates that the mandate would have no impact on the budgets of state, local, or tribal governments. The legislation does not include any private-sector mandates as defined in UMRA.

This revised estimate supersedes CBO's estimate of May 28, 1998, and corrects an error in the assumed subsidy rate for Health Education Assistance Loans.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1754 is shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	828	0	0	0	0	0
Estimated Outlays	796	522	151	39	b	0
WITH ADJUSTMENTS FOR INFLATION						
Proposed Changes						
Authorization Level	24	875	898	922	944	46
Estimated Outlays	0	334	724	862	924	618
Spending Under S. 1754						
Authorization Level	852	875	898	922	944	46
Estimated Outlays	796	856	875	901	924	618
WITHOUT ADJUSTMENTS FOR INFLATION						
Proposed Changes						
Authorization Level	24	852	852	852	851	40
Estimated Outlays	0	326	698	813	851	561
Spending Under S. 1754						
Authorization Level	852	852	852	852	851	40
Estimated Outlays	796	848	849	852	852	561
DIRECT SPENDING						
Spending Under Current Law						
Estimated Budget Authority	1	0	0	0	0	0
Estimated Outlays	1	0	0	0	0	0
Proposed Changes						
Estimated Budget Authority	1	3	4	5	5	3
Estimated Outlays	1	3	4	5	5	3
Spending Under S. 1754						
Estimated Budget Authority	2	3	4	5	5	3
Estimated Outlays	2	3	4	5	5	3

a. The 1998 level is the amount appropriated for that year.

b. Less than \$500,000.

The costs of this legislation fall within budget function 550 (health).

BASIS OF ESTIMATE

S. 1754 would reauthorize and consolidate several programs within the Public Health Service Act. The initial and final year of the period of authorization would vary across programs. For years in which the bill specifies the amount authorized, CBO assumed that appropriations for each program would be made in the full amount of the authorization. For years in which the bill authorizes appropriation of such sums as may be necessary, CBO assumed that the specific amount appropriated in 1998 or authorized in a subsequent year would be increased by inflation and that the amount authorized would be appropriated.

With the exception of 1998, CBO assumed that all amounts authorized by S. 1754 would be appropriated by the start of the fiscal year and that outlays would follow the historical spending patterns of the respective agencies. The estimate assumes that amounts authorized for 1998 would be appropriated late in the year and that outlays would begin in 1999.

Title I—Health Professions Education and Financial Assistance Programs

Subtitle A—Health Professions Education Programs. S.1754 would reauthorize, amend, and consolidate the Health Professions Education Programs administered by the Health Resources and Services Administration (HRSA) and would include funding for behavioral or mental health providers and services under the Programs. It authorizes \$237 million in 1998 and such sums as necessary for 1999-2002. Assuming appropriation of the authorized amounts CBO estimates Subtitle A would result in additional discretionary outlays of \$107 million in 1999 and \$985 million over the 1998-2003 period.

Subtitle B—Nursing Workforce Development. S.1754 would reauthorize, amend, and consolidate the Nursing Workforce Development programs administered by HRSA. It authorizes \$65 million in 1998 and such sums as necessary over the 1999-2002 period. CBO estimates that this subtitle would result in additional discretionary spending of \$28 million in 1999 and \$269 million over the 1998-2003 period.

Subtitle C—Financial Assistance.

Chapter 1—School-Based Revolving Loan Funds. S.1745 would reauthorize and amend HRSA's school-based revolving loan funds. It authorizes \$8 million in annual appropriations for 1998 through 2002. CBO estimates this provision would result in additional discretionary outlays of \$11 million in 1999 and \$39 million during the 1998-2003 period.

Chapter 2—Insured Health Education Assistance Loans to Graduate Students. S. 1754 would reauthorize the HEAL program through 2002. Currently, the program's authorization expires at the end of 1998, and it is only authorized to make loans to students who received their first HEAL loan before 1995. Section 143 of the bill would reauthorize HEAL for five years, starting in 1998. The authorized loan limits would be \$350 million in 1998, \$375 million in 1999, and \$425 million a year for 2000 through 2002. Loans to new borrowers would not be issued after 2000, and no loans would be insured under the program after 2005. CBO assumes that loan disbursements would equal the amount authorized. CBO estimates that the average subsidy rate for these disbursements would be about 1 percent. Therefore, this provision would result in \$1 million in direct spending in 1998 and a total of \$21 million during the 1998-2003 period.

For lenders who fail to meet certain performance standards, the bill would also reduce federal payments from 100 percent to 98 percent of losses incurred through loan defaults. In addition, the Secretary would have the authority to collect any unpaid balances from the estate of a deceased borrower. Finally, the proposal would grant a deferment to borrowers who furnish health care services to Indians through an Indian Health Service program.

Title II—Office of Minority Health

S. 1754 would reauthorize the Office of Minority Health within the Office of the Assistant Secretary. It would also require the Secretary to establish the Advisory Committee on Minority Health. It would authorize appropriations of \$30 million for 1998 and such sums as necessary for 1999-2002.

It would also reauthorize the National Center for Health Statistics (NCHS) within the Centers for Disease Control and Prevention (CDC), providing such sums as necessary for 1999 through 2003. In addition, where current law provides a general authorization for NCHS to make grants to entities for data collection and analysis on racial and ethnic populations, S.1754 would authorize an additional grant program. The funding under this grant program would be used for collecting data specifically on Hispanics and major Hispanic subpopulation groups and on American Indians, and for developing special area population studies on major Asian American and Pacific Islander populations. For this additional grant program, it would authorize \$1 million in appropriations for fiscal year 1998 and such sums as necessary for 1999-2002.

CBO estimates the provisions under Title II would result in additional discretionary outlays of \$25 million in 1999 and \$242 million during the 1998-2003 period.

Title III—Selected Initiatives and Title IV—Miscellaneous Provisions

S. 1754 would amend and reauthorize several other grant programs within HRSA, CDC, the National Institutes of Health, and the Administration on Aging. Except for a few small programs where the bill specifies the authorization for one or more years, Titles III and IV would provide such sums as necessary for the entire period of the authorization for these programs. In addition, it would provide a permanent authorization of \$0.5 million a year for the Foundation for the National Institutes of Health.

Assuming appropriation of the authorized amounts, CBO estimates that Titles III and IV would result in additional discretionary spending of \$163 million in 1999 and \$1.9 billion over the 1998-2003 period.

PAY-AS-YOU-GO CONSIDERATIONS:

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because section 143 of the bill would affect direct spending, pay-as-you-go procedures would apply. The impact of this provision on federal outlays is shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

Summary of Pay-As-You-Go Effects

	By Fiscal Year, in Millions of Dollars									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Change in outlays	1	3	4	5	5	3	2	1	0	0
Change in receipts	Not applicable									

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1754 would waive any state statutes of limitations that govern the repayment of loans to nursing and other medical students. This preemption of state statutory authority would be

a mandate as defined by the Unfunded Mandates Reform Act. However, CBO estimates that the mandate would have no impact on the budgets of state, local, or tribal governments.

The bill would also authorize appropriations for a number of grant programs. State and local governments, as well as other public and private entities, would be eligible to receive funding from these grant programs as long as they meet certain grant conditions. Participation in these programs would be voluntary, and the overall budgetary effects to the participating governments would be favorable.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1754 does not include any private sector mandates as defined in the Unfunded Mandates Reform Act.

ESTIMATE PREPARED BY:

Federal Costs: Cyndi Dudzinski

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Julia Matson

ESTIMATE APPROVED BY:

Paul N. Van de Water

Assistant Director for Budget Analysis