

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2023 REGULAR SESSION**

CONFIDENTIAL

MEASURE

2023 BR NUMBER 871

HOUSE BILL NUMBER 200/PHS 2

TITLE AN ACT relating to the healthcare workforce, making an appropriation therefor, and declaring an emergency.

SPONSOR Representative Ken Fleming

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Council on Postsecondary Education

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Kentucky Healthcare Workforce Investment Fund

FISCAL ESTIMATES	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES	Indeterminable	Indeterminable	Appropriations will adjust accordingly
EXPENDITURES		\$600,000	Appropriations will adjust accordingly
NET EFFECT	Indeterminable	(Indeterminable)	

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of this measure is to create the Kentucky healthcare workforce investment fund to be administered by the Council on Postsecondary Education (CPE), provide definitions, create a framework for the use of funds, establish a cap for administrative expenditures from the fund, require CPE to promulgate administrative regulations by a date certain, institute an annual reporting requirement for CPE and all public postsecondary institutions, declare an emergency, and includes a sunset for the program unless continued by action of the General Assembly.

FISCAL EXPLANATION: This legislation will have an indeterminable impact in the current fiscal year (FY) and in FY 2024. The indeterminable impact is primarily driven by the accumulation of potential outside funding. Existing employees will most likely be utilized in the current fiscal year to establish administrative regulations until appropriate staff can be hired to provide program support.

HB 200/PHS 2 would create a new fund and establish additional duties for CPE related to facilitating partnership contracts and providing performance-based incentives to eligible healthcare programs while limiting administrative costs to 4% of gross receipts in the fund or \$1.5 million per year, whichever is less. It is anticipated that in the upcoming fiscal year, grantors to the fund will be entering into partnership agreements with various healthcare programs, including entities outside of the public postsecondary institutional system. The cap may create a fiscal burden to CPE if financial support of the fund is not sufficient to cover personnel and operating expenditures.

In order to meet the requirements of the bill, CPE will need to hire additional programmatic staff at an estimated cost of \$510,000 in salary, fringe, and administrative overhead for five additional positions. Also, the requirements of the bill for routine healthcare program evaluation, annual reporting, and data support and collection for partnership contracts and metric-based healthcare program incentives will have a one-time software development cost utilizing existing hardware estimated to be \$90,000 for program and project management costs for the duration of development.

HB 200/PHS 2 is more expansive in scope and function than the existing Healthcare Workforce Collaborative (HWC) that is housed at CPE and funded by a one-time appropriation of \$10 million in FY 2023 through the current Executive Branch budget bill. Based on reported figures provided from CPE regarding the HWC, we can gauge outside interest. To date, employer partners have generated \$48 million in expenditures related to increasing the healthcare workforce pipeline, 73% of which came from UK Healthcare for their Health Education Building.

Ambiguity exists as to how healthcare programs will recover health training scholarships and if amounts will return to the fund or stay within the distributing healthcare program. In future fiscal years, appropriations will adjust in accordance with the decisions of the General Assembly.

DATA SOURCE(S): LRC Staff, CPE

PREPARER: Savannah Wiley NOTE NUMBER: 79 REVIEW: JAB DATE: 3/6/2023