



VERMONT LEGISLATIVE

Joint Fiscal Office & Office of Legislative Counsel

Review of Workforce Incentives, Loans, and Scholarship Programs

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As required by
Act 78 (2023), Sec. E.125.1

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In Collaboration with:

The Vermont Agency of Human Services
Vermont Student Assistance Corporation
Office of Primary Care & Area Health Education Centers Program

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Introduction

2023 Acts and Resolves No. 78, Sec. E.125.1, “An act relating to making appropriations for the support of government” required the Office of Legislative Counsel and the Joint Fiscal Office (JFO), in collaboration with the Agency of Human Services (AHS), the Department of Mental Health (DMH), the Department of Health (VDH), the Department of Disabilities, Aging, and Independent Living (DAIL), the Vermont Student Assistance Corporation (VSAC), and the Office of Primary Care and Area Health Education Centers (AHEC) Program at the University of Vermont Larner College of Medicine to issue a report to the House and Senate Committees on Appropriations including:

- (1) a complete inventory of existing State programs that provide workforce incentives in the form of scholarships, forgivable loans or loan repayment grants for a specified service obligation or other incentives with the objective of increasing the number of practitioners in health care and other social service occupations in Vermont;
- (2) a summary of the amount and sources of funds for each program, both base and one-time, and any anticipated carryforward of unobligated balances at the close of fiscal year 2023;
- (3) recommendations for streamlining or restructuring the existing programs with the goal of consolidating administration and making the programs easily accessible to potential students and existing or potential staff. There should be consideration of the level of program specificity that should be included in statute or remain within the authority of the administering entities. The report shall include the authorizing statute for each program and necessary statutory amendments to accomplish the recommendations.

In accordance with Act 78 (2023), this report provides the required inventories and summaries as specified in subdivisions (1) and (2) above. The recommendations included in the report are required by subdivision (3) above reflect the recommendations provided to the Office of Legislative Counsel and the Joint Fiscal Office by VSAC and AHEC and represent solely the opinions and views of those organizations. As nonpartisan legislative offices without experience or expertise in the administration of workforce incentive programs, neither the Office of Legislative Counsel nor the Joint Fiscal Office is an appropriate source for such recommendations. Vermont Department of Health responded, presumably on behalf of itself and of the other Departments within the Agency of Human Services, that it has no recommendations to provide at this time.

Inventory of Existing State Programs

The following is an inventory of existing State programs that provide workforce incentives in the form of scholarships, forgivable loans or loan repayment grants for a specified service obligation or other incentives that aim to increase and maintain the number of practitioners in health care and other social service occupations in Vermont. The table includes a summary of the amounts and sources of funds for each program, identifies whether they are base or one-time funds, and lists any anticipated carryforward or unobligated balances at the close of fiscal year 2023. The table also includes, where applicable, the enabling act, the statutory citation, the department or agency to which funds were appropriated, the administrator and/or grantee for the grant, and a short description of each program.

Note: the following chart uses a lot of acronyms. An acronym list can be found in Appendix A at the end of the report.

INVENTORY OF EXISTING STATE PROGRAMS

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
Loan repayment for health care providers and Health Care Educational Loan Repayment Fund				18 V.S.A. § 32 (formerly 18 V.S.A. § 10)	VDH	AHEC	\$667,111	Global Commitment	Base	\$0	Long-standing base appropriation that provides funding for educational loan repayment for medical practitioners (physicians, nurse practitioners, and physician assistants), nurses, and dentists. Current grant is for two years, \$667,111 x 2 = \$1,334,222.
Medical Student Incentive Scholarship Program (Loan Forgiveness)				18 V.S.A. § 33	VDH	VSAC w/ AHEC assistance	\$1,476,770	Global Commitment	One-time	\$0	Scholarships for up to 10 third- and fourth-year UVM medical students annually who commit to practicing primary care in a region of Vermont other than Chittenden County. Program will be repealed on July 1, 2027.
Emergency Grants to Support Nurse Educators	183	2022	20		VDH	VDH	\$2,000,000	ARPA SFR	One-time	\$2,000,000 ¹	Over 3 years - FY23, FY24, FY25 – to increase compensation for clinical and didactic nurse faculty and staff.

¹ This grant had been developed and was currently in the approval process at the time of writing this report. Once executed, this grant will obligate the full appropriation.

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
Nurse Preceptor Incentive Grants; Hospitals; Working Group; Report	183	2022	21		AHS	AHS CO	\$400,000	ARPA SFR	One-time	\$400,000 ²	Incentive grants to nurses at critical access hospitals for serving as preceptors for nursing students enrolled in VT nursing school programs. \$5 per preceptor hour or lesser amount if need exceeds available funds. Stakeholder group on expanding clinical placements and identifying sustainable funding models; report submitted January 20, 2023.
Health Care Employer Nursing Pipeline and Apprenticeship Program	183	2022	22		AHS	AHS CO	\$2,500,000	ARPA SFR	One-time	\$2,454,937.50 ³	Grants to health care employers to establish or expand partnerships with VT nursing schools to train existing staff to become higher-level nursing professionals. Combined with scholarships and employer contributions, covers full tuition and fees and assists with living costs.
Vermont Nursing Forgivable Loan Incentive Program	183	2022	25	18 V.S.A. § 34 (formerly 18 V.S.A. § 31)	VDH	VSAC	\$3,050,000	Global Commitment	Base	\$0	Continuation of program created in 2020 Acts and Resolves No. 155, Sec. 5 and successor to former 18 V.S.A. § 31 program. Forgivable loans to students enrolled in nursing programs who commit to working as a nurse in Vermont. GC base funded in Act 78 of 2023, Sec B.311. GF and FF also appropriated in B.301. Total

² Grant was executed after 6/30/23 and is now fully obligated.

³ Grant was executed after 6/30/23 and is now fully obligated.

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
											annual appropriation is currently \$3,050,000. Prior to additional \$3M base funding added via Act 78 of 2023, the program had a historical base appropriation of \$50K.
Vermont Health Care Professional Loan Repayment Program	183	2022	26 and 27	18 V.S.A. § 35	VDH	AHEC	\$2,000,000 and \$500,000 ⁴	ARPA SFR	One-time	\$0	<p>\$2,000,000 - Educational Loan repayment for nurse (LPN, RN), physician assistants (PA) (Act 183, Sec. 27(a))⁵. The health care loan repayment program effectively has two authorizing statutes, 18 V.S.A. § 32 (special fund) and § 35 (Program). In addition to base appropriation of \$667,111 as noted above.</p> <p>\$500,000 - Educational loan repayment for medical technicians, child psychiatrists or primary care providers (Act 183, Sec. 27(b)). The health care loan repayment program effectively has two authorizing statutes, 18 V.S.A. § 32 (special fund) and § 35 (Program). In addition to base appropriation of \$667,111 as noted above.</p>

⁴ These two appropriations - \$2,000,000 and \$500,000 – are administered as a single grant of \$2,500,000 from VDH to AHEC.

⁵ LPNs, RNs, and PAs get first priority for the \$2 million of funds. Then funds can be awarded to MDs, DOs, NDs, APRNs, and medical technicians

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
Nurse Faculty Forgivable Loan Program (NFLP)	183	2022	29	18 V.S.A. § 36	VDH	VSAC	\$500,000	ARPA SFR	One-time	\$500,000 ⁶	Forgivable loans to students earning a graduate degree in nursing who commit to working as a member of the nurse faculty at a Vermont nursing school.
Nurse Faculty Loan Repayment Program (NFLR)	183	2022	29a and 29b	18 V.S.A. § 37	VDH	AHEC	\$500,000	ARPA SFR	One-time	\$0	Educational Loan repayment for Vermont residents for working as nurse faculty at a nursing school in Vermont.
Vermont Mental Health Professional Forgivable Loan Incentive Program	183	2022	29c and 29d	18 V.S.A. § 38	VDH	VSAC	\$1,500,000	ARPA SFR	One-time	\$1,500,000 ⁷	Forgivable loans to students enrolled in a master's program who commit to working as a mental health professional in Vermont. First priority for Vermont State College students, second priority for students attending other Vermont schools.
Designated and specialized service agencies (DAs/SSAs); loan repayment and	183	2022	29e		AHS	AHS CO	\$1,250,000	ARPA SFR	One-time	\$1,250,000 ⁸	Loan repayment & tuition assistance at DAs/SSAs for current and prospective employees who provide mental health and substance use disorder treatment services. Report provided on 3/1/2023. AHS has

⁶ Grant was executed after 6/30/23 and is now fully obligated.

⁷ Grant was executed after 6/30/23 and is now fully obligated.

⁸ Grant was executed after 6/30/23 and is now fully obligated.

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
tuition assistance											executed nearly all grants under this program.
Vermont Psychiatric Mental health Nurse Practitioner Forgivable Loan Incentive Program	78	2023	F.3	18 V.S.A. § 39	VDH	VSAC	\$1,000,000	General Fund	One-time	\$1,000,000 ⁹	Forgivable loans to students enrolled in a master's program who commit to working as a psychiatric mental health nurse practitioner in Vermont. Appropriation in B.1101(d)(1).
Vermont Dental Hygienist Forgivable Loan Incentive Program	78	2023	F.4	18 V.S.A. § 40	VDH	VSAC	\$100,000	Global Commitment	Base	\$0	Forgivable loans to students who commit to working as a dental hygienist in Vermont. GC base funded in Act 78 of 2023, Sec B.311. General Fund and federal funds also appropriated in Sec. B.301.
Workforce needs at DAs/SSAs	78	2023	B.1101 (d)(4)		DMH		\$3,000,000	General Fund	One-time		Funds held until plan to meet training and retention is mutually agreed to by DAIL and DAs/SSAs and approved by General Assembly or JFC. Plan submitted and approved by JFC at the September 2023 Meeting. The approved plan will leverage Medicaid for a total investment of \$6.9M GC.

⁹ This grant had been developed and was currently in the approval process at the time of writing this report. Once executed, this grant will obligate the full appropriation.

Program	Act #	Act Year	Sec.	Statute	Dept.	Administrator /Grantee	Amount	Source	Base / One-time	Carryforward of unobligated balances as of 6/30/23	Notes
Vermont State Dentist Incentive Loan Program	N/A	N/A	N/A	N/A	VDH	VSAC	\$50,000	Global Commitment	Base	\$0	This is a long-standing base appropriation.
Federal HRSA NHSC State Loan Repayment Program	N/A	N/A	N/A	N/A	VDH	AHEC	\$768,888 (federal funds)	ARPA / HRSA	3-year	N/A	Grant established in ARPA through HRSA providing states with grants to operate loan repayment programs. Awardees must work in areas with provider shortages. While not a state program, funds were awarded to VDH. AHEC administers program via a subaward. \$768,888 per year for 3-years.

Recommendations from Collaborators

Recommendations of the Vermont Student Assistance Corporation (VSAC)

VSAC provided the following comments and policy recommendations, as well as proposed technical corrections to existing statutory language; the latter can be found in Appendix B.

- 1) Carryforward: To ease the annual launch of these programs, consideration should be given to adding language that allows the carryforward of funds. VSAC and VDH engage in an annual process of negotiating memorandums of understanding (MOUs) that support the programs they administer. This process is time consuming. Additionally, the legislative cycle and student financial aid cycles do not align, which further delays when applications can be made available to students. Applicants generally need funding in July, when they are billed by their education or training school, but the MOU and related processes are not in place until August or later. Adding carryforward language would allow for the possibility of multiyear MOUs, providing students more timely access to applications and awards. VSAC suggests adding the following language to the enabling legislation for the health care workforce incentive programs that VSAC administers:

“Forgivable loans shall be awarded on a rolling basis as long as funds are available, and any funds remaining at the end of a fiscal year shall roll over and shall be available to the Department of Health and the Corporation in the following fiscal year to award additional forgivable loans as set forth in this section.”

- 2) Eliminate the FAFSA and Vermont State Grant Applications: With the exception of the Medical Student Incentive Scholarship Program, all of the health-related forgivable loan programs require the Federal Application for Federal Student Aid (FAFSA), and the Vermont Nursing Forgivable Loan Incentive Program and Vermont Dental Hygienist Forgivable Loan Incentive Program require the Vermont Grant application. Given that these programs are not need-based and largely do not require Vermont residency or Vermont institutions, VSAC recommends eliminating these requirements and instead allowing VSAC to require applicants to submit application materials that are appropriate to determine their eligibility for the relevant programs. VSAC suggests language as follows:

“Have completed the Program’s application and the needed Financial Aid forms as determined by the Corporation, in accordance with the schedule determined by the Corporation;”

Recommendations of the Office of Primary Care and Area Health Education Centers at the University of Vermont Larner College of Medicine (AHEC)

AHEC provided the following comments and policy recommendations, as well as proposed technical corrections to existing statutory language; the latter can be found in Appendix B.

- 1) Carryforward: Act 78 (of 2023), Sec. C.122 provided FY 2023 carryforward authority for the Vermont Nursing Loan Program, the Medical Student Incentive Scholarship program and the health profession loan repayment programs. Consideration should be given to adding statutory language allowing for such carryforward on an annual basis. Like VSAC, AHEC engages with VDH in an annual or, more recently, biennial process of developing and executing grants that support the program, which does not align with the program processes

and the timelines needed to make applications available and disburse awards. AHEC's work often begins prior to the execution of an agreement with the State. Adding carryforward language along with multi-year grants would streamline administration, resulting in more timely program access and award processing.

- 2) Consolidate programs under one statutory section: All education loan repayment programs with an objective to recruit and retain health professionals should be consolidated under 18 V.S.A. § 32. This would streamline programs, maintain efficient and effective administration and program inventory, and ensure consistent process and outcome measures.
- 3) Special Fund: While the Vermont Healthcare Education Loan Repayment Special Fund (21238) exists in statute, there is no money in the fund.¹⁰ To streamline programs and fund accounting, consider utilizing the special fund when allowed by funding source.
- 4) Website enhancement: Consider an enhanced design to the Vermont Department of Health web page for health workforce initiatives.¹¹ To improve information transparency and accessibility for potential applicants and employers, as well as developing a reliable inventory of programs, AHEC suggests that the State maintain a web page that includes a comprehensive listing of available programs for all licensed or registered Vermont health professions, with links to the programs' administrators websites. Public and private organizations can then promote this information broadly by providing a link to a single source. This method would also provide at-a-glance information about which professions have few or no incentive programs supporting them.
- 5) Provide clear program purpose in the statutes: Consider consistently including authorizing language that provides a clear statement of the purpose of the program (e.g., educational access, workforce recruitment and retention, etc.). The stated purpose should drive the program's design as well as process and outcome measures. These measures, to be published by the administering entities, can inform program progress and effectiveness in achieving its objective. Suggested language examples:

18 V.S.A. § 35. VERMONT HEALTH CARE PROFESSIONAL LOAN REPAYMENT PROGRAM

The purpose of the Vermont Health Care Professional Loan Repayment Program is to improve access to care by recruiting and retaining the required health care professionals, with a focus on workforce shortages and geographic areas.

18 V.S.A. § 37. NURSE FACULTY LOAN REPAYMENT PROGRAM

The purpose of the Nurse Faculty Loan Repayment Program is to improve educational capacity and the number of graduating nurses trained in Vermont each year by recruiting and retaining the required health care educators.

¹⁰ 18 V.S.A. § 32

¹¹ <https://www.healthvermont.gov/systems/health-professionals/loan-repayment-scholarships>

- 6) Program evaluation and evidence-based workforce programs: Consider adding statutory language across workforce development incentive programs that requires the administering entities to establish consistent, agreed-upon benchmarks, common definitions, annual process measures, and longitudinal outcome measures. Without consistent measures, methodologies, and common reporting structures, it is challenging to determine program effectiveness relative to the investment and relative to other workforce incentive programs. A specific type of program and initiative may be effective for certain professions and less so for others. Regular periodic information and observing trends will facilitate workforce development innovations and strategic investments. The aim is for policymakers and funders to have a reliable evidence base describing the different interventions and the degree to which they impact workforce outcomes relative to their financial investments.
- 7) Workforce census and shortage designations: To assist with health workforce recruitment and retention program design, innovation, and program evaluation, it is important to understand current workforce levels (i.e. adequacy and shortages) and need (i.e. shortages and growth targets) across professions. AHEC recommends that the Health Care Workforce Data Center convene stakeholders to review, discuss, and report on common data sets and available data from relicensure surveys and state data surveillance reports for all licensed or registered health professions.¹² Understanding and planning for any workforce census implications stemming from multistate compacts, which is a trend with momentum, may benefit stakeholders and policymakers.
- 8) Collaboration: Authorize and require coordination, collaboration, and data sharing agreements between entities administering workforce development interventions to ensure program compliance and effectiveness.

Recommendations of the Agency of Human Services (AHS)

The following is a statement from the State Office of Rural Health and Primary Care in the Department of Health. This was the only feedback received from the Agency of Human Services.

“The Office of Rural Health and Primary Care have no recommendations for streamlining or restructuring existing workforce programs through statute. The Department of Health will work within our existing capabilities with our sub-grantee partners to consolidate any existing or future programs that may be feasibly combined.”

¹² For an example of state data surveillance reports for all licensed or registered health professions see <https://www.healthvermont.gov/stats/systems/health-care-workforce>

Appendix A:

Acronym List

- **AHEC** – Office of Primary Care and Area Health Education Centers Program at the University of Vermont Larner College of Medicine.¹³
- **AHS** – Agency of Human Services
- **AHS CO** – Agency of Human Services Central Office
- **APRN** – Advanced Practice Registered Nurse
- **ARPA SFR** – American Rescue Plan Act Coronavirus State Recovery Funds
- **DA/SSA** – Designated Agencies and Specialized service Agencies
- **DMH** – Department of Mental Health
- **DO** – Doctor of Osteopathic Medicine
- **FAFSA** – Free Application for Federal Student Assistance
- **FF** – Federal Funds
- **GF** – General Funds
- **HRSA** – Health Resources & Service Administration (an agency of the U.S. Department of Health and Human Services)
- **LPN** – Licensed Practical Nurse
- **MD** – Doctor of Medicine
- **ND or NMD** - Doctor of Naturopathic Medicine
- **NFLP** – Nurse Faculty Forgivable Loan Program
- **NFLR** – Nurse Faculty Loan Repayment Program
- **NHSC** – National Health Service Corps
- **PA** – Physician Assistant or Physician Associates
- **PLPR** – Health Care Professional Loan Repayment Program
- **RN** – Registered Nurse
- **SLRP** - State Loan Repayment Program (federal)
- **UVM** – The University of Vermont
- **VDH** – Vermont Department of Health
- **VSAC** – Vermont Student Assistance Corporation

¹³ The Vermont AHEC Network also includes the Northern Vermont AHEC in St. Johnsbury and the Southern Vermont AHEC in Springfield.

Appendix B

Suggested Edits and Technical Corrections

The following are recommendations for edits and technical corrections from VSAC:

1) Amend 18 V.S.A. § 34 to read:

§ 34. VERMONT NURSING FORGIVABLE LOAN INCENTIVE PROGRAM

(a) As used in this section:

* * *

(4) “Forgivable loan” means a loan awarded under this section covering tuition, which may also ~~include~~ cover room, board, and the cost of required books and supplies for up to full-time attendance at an eligible school.

* * *

2) Amend 18 V.S.A. § 39 to read:

§ 39. VERMONT PSYCHIATRIC MENTAL HEALTH NURSE PRACTITIONER FORGIVABLE LOAN INCENTIVE PROGRAM

* * *

(d) To be eligible for a forgivable loan under the Program, an individual, whether a resident or nonresident, shall satisfy all of the following requirements:

* * *

(4) have executed a credit agreement or promissory note that will reduce the individual’s forgivable loan benefit, in whole or in part, pursuant to subsection ~~(f)~~(e) of this section, if the individual fails to complete the period of service required in subdivision (3) of this subsection;

* * *

3) Amend 18 V.S.A. § 40 to read:

§ 40. VERMONT DENTAL HYGIENIST FORGIVABLE LOAN INCENTIVE PROGRAM

* * *

(d) To be eligible for a forgivable loan under the Program, an individual, whether a resident or nonresident, shall satisfy all of the following requirements:

* * *

(4) have executed a credit agreement or promissory note that will reduce the individual’s forgivable loan benefit, in whole or in part, pursuant to subsection ~~(g)~~(e) of this section, if the individual fails to complete the period of service required in this subsection;

* * *

The following are recommendations for edits and technical corrections from AHEC:

- 1) Amend 18 V.S.A. § 32 to read:

§ 32. **EDUCATIONAL** LOAN REPAYMENT FOR HEALTH CARE ~~PROVIDERS~~
PROFESSIONALS AND HEALTH CARE EDUCATIONAL LOAN REPAYMENT
FUND

(a) There is hereby established a special fund to be known as the Vermont Health Care Educational Loan Repayment Fund, that shall be used for the purpose of ensuring a stable and adequate supply of health care ~~providers~~ **professionals** and health care educators to meet the health care needs of Vermonters, with a focus on recruiting and retaining providers and health care educators in underserved geographic and specialty areas.

* * *

(e) AHEC shall make loan repayment awards in exchange for service commitment by health care ~~providers~~ **professionals** and health care educators and shall define the service obligation in a contract with the health care ~~provider~~ **professionals** or health care educator. Payment awards shall be made directly to the educational loan creditor **or lender** of the health care ~~provider~~ **professional** or health care educator.

(f) Loan repayment awards shall only be available for a health care ~~provider~~ **professional** or health care educator who:

* * *

- (i) As used in this section:

* * *

(2) “Health care ~~provider~~ **professional**” shall mean an individual licensed, certified, or authorized by law to provide professional health care service this State to an individual during that individual’s medical, **mental health**, or dental care, treatment or confinement, **or via a public health role**.

- 2) The Vermont Health Care Professional Loan Repayment Program repays educational loans. It cannot cancel or forgive loans. AHEC suggests amending 18 V.S.A. § 35 to read:

§ 35. VERMONT HEALTH CARE PROFESSIONAL LOAN REPAYMENT PROGRAM

- (a) As used in this section:

* * *

(4) “Loan repayment” means the ~~cancellation and~~ repayment of loans under this section.

* * *

- (e)(1) An eligible individual shall be entitled to an amount of loan ~~cancellation and~~

repayment under this section equal to one year of loans for each year of service as a nurse, physician assistant, medical technician, child psychiatrist, or primary care provider in this state. Employment as a traveling nurse shall not be construed to satisfy the service commitment requirement for loan repayment under this section.

* * *

- 3) The Nurse Faculty Loan Repayment Program (NFLP) repays educational loans. It cannot cancel or forgive loans. AHEC suggests amending 18 V.S.A. § 37 to read:

§ 37. NURSE FACULTY LOAN REPAYMENT PROGRAM

- (a) As used in this section:

* * *

(4) “Loan repayment” means the ~~cancellation and~~ repayment of loans under this section.

* * *

(e)(1) An eligible individual shall be entitled to an amount of loan ~~cancellation and~~ repayment under this section equal to one year of loans for each year of service as a member of the nurse faculty at a nursing school in this state.