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FISCAL IMPACT REPORT

SPONSOR <u>Garratt/Jaramillo</u>	LAST UPDATED <u>3/7/2023</u> ORIGINAL DATE <u>2/21/2023</u>
SHORT TITLE <u>Public Service Loan Forgiveness Multiplier</u>	BILL NUMBER <u>House Bill 403/aHEC</u>
ANALYST <u>Jorgensen</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal			

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
 Higher Education Department (HED)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment changes the scope of the bill from “*public* post-secondary educational institutions” to “post-secondary educational institutions” and makes other technical changes.

Synopsis of Original House Bill 403

House Bill 403 (HB403) creates the Public Service Loan Forgiveness Multiplier Act. The act defines full-time for adjunct faculty as working 30 hours per week for eight months per year. The act requires higher education institutions to calculate an instructor’s full-time status by multiplying the number of credit hours or student contact hours by a minimum of 4.35 so that an instructor teaching one three-credit hour course would be credited with 13.05 hours of work for the purpose of calculating eligibility for the public service loan forgiveness program (PSLFP). The bill allows the multiplier to be increased through either collective bargaining or institutional policy and states that if the federal multiplier (currently 3.35) is increased beyond 4.35 percent, the higher multiplier shall be used. HB403 applies the multiplier beginning October 1, 2007 and going forward.

HB403 further requires the Higher Education Department (HED) to create uniform materials to increase awareness of the program. The materials to be produced include a standard letter explaining the PSLFP to employees, a fact sheet describing the program, and a PSLFP frequently asked questions form. This information is to be distributed to new employees within 30 days of their hiring and to all employees on an annual basis.

The effective date of sections 1 through 4 of the bill is July 1, 2023 while the effective date of Section 5 describing the informational materials to be distributed to employees is September 1, 2023.

FISCAL IMPLICATIONS

The PSLFP is a federal program so that changing the multiplier will not have a fiscal impact on the State of New Mexico. However, there will be an increased administrative burden on institutions as a result of enactment of HB403. Additionally, HED will be required to produce and distribute informational material relating to the PSLFP. The extent of the increased workload is unknown and none of the responding entities provided a cost estimate. Therefore, HB403 is likely to have an indeterminate but minimal fiscal impact.

SIGNIFICANT ISSUES

PSLFP is a federal program that provides loan forgiveness to full-time employees of government entities and certain non-profit organizations, once the employees have made 120 on-time, full, monthly payments under a qualifying repayment plan. Government entities include federal, state, and local governments, including public K-12 schools, public institutions of higher education, and special districts. Employees are considered to be full-time if they work at least 30 hours per week. A portion of the form for the program must be completed by the employer to certify employment.

Federal guidelines for the PSLFP set a minimum multiplier of 3.35 for each credit hour delivered and allow for increases for non-classroom instruction such as office hours. The Colorado Legislature is currently considering legislation to set a minimum multiplier of 4.35 and several states have recently enacted legislation establishing a minimum multiplier of 3.35.

HED states that “while adjunct instructors are frequently considered part-time employees, some adjunct faculty accept numerous course assignments in a semester and perform the workload equivalent of a full-time professor or instructor. HB403 provides a calculation methodology (i.e., a multiplier) and directs postsecondary institutions to provide certification for PSLFP when adjunct/conditional faculty meet the sufficient hours worked to be considered full-time.”

ADMINISTRATIVE IMPLICATIONS

NMSU reports:

Administrative impact initially would be significant in establishing a standardized form for certifying employment, inclusive of the employment multiplier established in the bill (approximately 6,000+ calculations to be prepared and notices out to each annually). Section 5 would require NMSU to distribute materials that the Higher Department creates

to all employees annually and to all new hires within 30 days of hire (again, impact on administrative resources both in materials and time).

CJ/rl/ne/mg/ne