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FISCAL IMPACT REPORT

SPONSOR <u>Garratt</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/24/25</u>
SHORT TITLE <u>Loan Forgiveness Multiplier Act</u>	BILL NUMBER <u>House Bill 69</u>
	ANALYST <u>Jorgensen</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMHED	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other state funds
Higher Education Institutions	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other state funds
Total	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Other state funds

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

Sources of Information

LFC Files

Agency Analysis Received From
 Higher Education Department (HED)
 New Mexico Independent Community Colleges (NMICC)
 New Mexico Institute of Mining and Technology (NM Tech)
 University of New Mexico (UNM)

SUMMARY

Synopsis of House Bill 69

House Bill 69 (HB69) creates the Public Service Loan Forgiveness Multiplier Act. The act defines full-time work 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 (PSLF) program. 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, the higher multiplier shall be used. HB69 applies the multiplier beginning October 1, 2007, and going forward.

HB69 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 PSLF to employees, a fact sheet describing the program, and a PSLF 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 this bill is July 1, 2025.

FISCAL IMPLICATIONS

PSLF is a federal program so changing the multiplier will not have a fiscal impact on the State of New Mexico. However, HB69 will increase the administrative burden of higher education institutions. Additionally, HED will be required to produce and distribute informational material relating to the PSLF program. The extent of the increased workload is unknown and none of the responding entities provided a cost estimate. Therefore, HB69 is likely to have an indeterminate but minimal fiscal impact.

SIGNIFICANT ISSUES

PSLF 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 PSLF set a minimum multiplier of 3.35 for each credit hour delivered and allow for increases for non-classroom instruction such as office hours.

ADMINISTRATIVE IMPLICATIONS

UNM reports:

This bill would likely result in an increased workload at institutions to develop and maintain a process for tracking and reporting estimated hours worked for this purpose. UNM contracts with a third-party provider for employment verifications and PSLF eligibility certifications. It is not clear whether that service is capable of providing certifications based on the multiplier contemplated in this bill, which may result in increased administrative support needed to bring a portion of these verifications back in-house.

Additionally, New Mexico Tech notes that because bill proposes the institution certify employment "including hours worked on or after October 1, 2007," it could require the institution to access historical data and could lead to potential technical issues.

OTHER SUBSTANTIVE ISSUES

The New Mexico Independent Community Colleges notes:

House Bill 69 – Page 3

Page 3, line 17: “hours worked for each hour of credit or classroom contact time....” It is unclear what standard of time is controlling: credit or contact. Contact time is in general time the faculty member is scheduled to teach. It can include office hours and other interactions with students. A credit hour is typically equivalent to 50 – 60 minutes of instructional time per week for 15 weeks. However, for lab classes a credit hour can be equivalent to 2 ½ - 3 hours of lab time per week for 15 weeks.

CJ/hj/SL2