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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/13

SPONSOR Wirth LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Public Service Attorney Loan Repayments SB 349

ANALYST Hartzler-Toon

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	NFI	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in General Appropriation Act: Higher Education Department, Student Financial Aid

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Public Defender Department (PDD)

University of New Mexico (UNM)

### SUMMARY

#### Synopsis of Bill

Senate Bill 349 raises the income eligibility for the Public Service Law Loan Repayment Program, making more attorneys eligible to participate in the program.

### FISCAL IMPLICATIONS

This bill does not contain an appropriation. The HED reported that it has funds available in this program that cannot be awarded because of law's salary cap. In FY12, the department received 15 applications, awarding 10 with an average award of \$4.4 thousand annually.

### SIGNIFICANT ISSUES

In 2010, attorneys graduated with an average debt of \$68.6 thousand from public law schools and \$106.2 thousand from private ones. This level of indebtedness makes it difficult for attorneys to practice law in the public sector. States, like New Mexico, with public service law

loan repayment programs help attorneys represent the public and protect some of the most vulnerable members of society while relieving some of their debt.

Under current law, the public service law loan repayment program is available to attorneys in public service employment who earn less than \$45 thousand annually. According to the New Mexico Public Defender Office, entry-level attorneys start at \$47.8 thousand and are unable to benefit from this loan repayment program. Raising the income limit to \$55 thousand annually, as proposed in SB349, would make over 100 public defenders (PD 2 and PD 3) eligible to participate in the program. District attorneys also exceed the current \$45 thousand income cap, so raising the limit would make more district attorneys eligible as well.

According to the HED, individuals practicing law for non-profit organizations, like the DNA People's Legal Services, would also have incomes below the income level in SB349 and could benefit from the program.

### **ADMINISTRATIVE IMPLICATIONS**

The HED notes that increasing the income eligibility requirement would likely result in increased demand on the program and distribution of grants, but the expected administrative burden would be minimal.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB349 relates to the General Appropriation Act, Higher Education Department, Student Financial Aid general fund appropriation for the public service law loan repayment program.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Most attorneys entering public service, particularly as public defenders and district attorneys, would continue to be ineligible for the public service law loan repayment program. The HED will continue to have greater general fund appropriations for this program than demand for the program.

THT/bm