

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** SB 588

**52nd Legislature, 1st Session, 2015**

**Tracking Number:** 200084.1

**Short Title:** Loans to Social Workers & Psychologists

**Sponsor(s):** Senator Clemente Sanchez

**Analyst:** James Ball

**Date:** March 6, 2015

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**Bill Summary:**

SB 588 makes an appropriation for allied health student loans, pursuant to the *Allied Health Student Loan for Services Act*, to students intending to practice as licensed social workers and psychologists in counties:

- designated as health professional shortage areas; and
- having a population of fewer than 140,000 residents according to the most recent federal decennial census.

**Fiscal Impact:**

\$200,000 is appropriated from the General Fund to the Higher Education Department (HED) for expenditure in FY 16. Unexpended or unencumbered funds revert to the General Fund.

**Fiscal Issues:**

HED states that the agency budgeted \$104,800 for the Allied Health Loan for Service (AHLS) program in FY 15. HED received 31 applications for those funds. Nine awards were made based on available funds.

**Technical Issues:**

The bill analysis by HED points out that funds in the existing AHLS program do not revert to the General Fund at the end of the fiscal year; however, provisions in SB 588 require that unexpended or unencumbered funds remaining at the end of FY 16 revert to the General Fund. This requirement would cause some discrepancy in the handing of funds and mandate creation of a new monitoring and revision process for the scholarship program.

**Substantive Issues:**

Other points in HED's bill analysis state that because SB 588 specifies shortage areas with populations under 140,000, the net effect is to allow loans for those intending to work in all New Mexico counties based on population except, Bernalillo, Doña Ana, and Santa Fe. Sandoval and San Juan counties are close to the population threshold and could grow sufficiently to someday also be excluded.

According to the Human Services Department (HSD):

- HED's FY 13 annual report on the AHLS program indicates that the average loan per student was \$9,894. Considering similar per student amounts for FY 16, the appropriation in SB 588 would support approximately 20 additional social work and psychology students in the program; and
- loans under the *Allied Health Student Loan for Service Act* can be for up to \$12,000 per year for each student, and are offered in exchange for a commitment to three years of service in shortage areas.

### **Background:**

From the HED website, the following information is posted relating to the Allied Health Loan for Service Program.

### ***Description***

The purpose of the Allied Health Loan-For-Service is to increase the number of physician assistants in areas of the state which have experienced shortages of health practitioners, by making educational loans to students seeking certification/licensure in an eligible health field which include the following:

- Physical therapy;
- Occupational therapy;
- Speech-language pathology;
- Audiology;
- Pharmacy;
- Respiratory Care;
- Laboratory Technology;
- Mental Health-Social Services;
- Emergency Medical Services;
- Nutrition; and
- Dental Hygiene.

As a condition of each loan, the student is required to declare his/her intent to practice as a health professional in a designated shortage area within the state of New Mexico.

For every year of service provided in a designated shortage area within New Mexico, a portion of the loan will be forgiven. If the entire service agreement is fulfilled, 100 percent of the loan is eligible for forgiveness. Penalties will be assessed if the service agreement is not satisfied.

### ***Award***

The award is based on financial need of the student. The award may not exceed \$12,000 per year.

### ***Duration***

The award is for a period of one year but may be renewable for up to four years upon resubmission of an application each year.

### ***Eligibility***

- New Mexico Resident (12 consecutive months);
- Attend a public postsecondary institution in New Mexico;
- Undergraduate or Graduate;
- Enrolled at least half-time;
- Demonstrate financial need; and
- Student must declare his/her intent to practice as a health professional in a designated shortage area within the state of New Mexico.

### ***Shortage Areas***

- Community Health Centers;
- Federally Qualified Health Centers;
- Homeless Healthcare Centers;
- Indian Health Service;
- Migrant Health Centers;
- Nonprofit centers/clinics – 501(c)(3) IRS verification must be provided;
- Nonprofit Hospitals – 501(c)(3) IRS verification must be provided; and
- Rural Health Clinics.

### ***How to Apply***

- Student must complete the Free Application for Federal Student Aid (FASFA);
- Complete the Loan-For-Service Application;
- Completion of the school certification section within the application by the institution;
- Submit the complete application packet to the HED; and
- Current program recipients will need to apply each year for funding.

### ***When to Apply***

The application opens every year on May 15 and closes on July 1.

### **Committee Referrals:**

SEC/SFC

### **Related Bills:**

SB 33 *Social Worker Loan for Service Act*  
SB 210 *General Appropriation Act of 2015*  
HB 5 *General Appropriation Act of 2015*