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FISCAL IMPACT REPORT

SPONSOR Hall **ORIGINAL DATE** 2/18/2015
LAST UPDATED 3/18/2015 **HB** 341
SHORT TITLE Children, Youth & Families Worker Loans **SB** _____
ANALYST Hartzler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$15.0	\$5.0	\$15.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to

- Children, Youth, and Families Department, Loan Repayment Program for Social Workers
- Higher Education Department, Allied Health (Loan-for-Service) Program

Duplicates Appropriations in the General Appropriation Act,
 Section 4F, Children, Youth and Families Department, Program Support
 Section 4J, Higher Education Department, Student Financial Aid

Relates to SB 33, Social Worker Loan-for-Service Program

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Children, Youth, and Families Department (CYFD)

SUMMARY

Synopsis of Bill

House Bill 341 establishes the Children, Youth, and Families Worker Loan Repayment Act (Act), a student loan repayment program administered by HED for eligible social workers at CYFD.

Drafted similar to the state-funded Health Professional Loan Repayment (Section 21, Article 22D NMSA 1978), Public Service Law Loan Repayment Act (Section 21, Article 22F NMSA 1978) and the Teacher Loan Repayment Act (Section 21, Article 22H NMSA 1978). More

specifically, HB 341 creates a loan repayment program, administered by HED, for eligible employees in the protective services or juvenile justice divisions of CYFD. The bill defines which employees are eligible to receive grants to repay particular loan obligations incurred while pursuing bachelor's or master's degrees in social work or other academic fields of study deemed critical to the CYFD divisions. The bill also prioritizes grant award criteria for eligible employees: the employee has provided at least a year of service in CYFD and is working in geographic areas or division positions that are difficult to recruit and retain employees.

Like other state-funded loan repayment programs, HB 341 authorizes HED to

- identify award amounts based on availability of funds;
- enter contracts with the eligible employee, where the contract specifies the sum to be paid to a loan servicer and the service requirements of the employee and allows for terminating the contract due to lack of funds or other reasons;
- sue the employee for any balance (principle and interest) due from the employee should the employee fail to meet the contract terms; and
- pay the employee's federal or commercial student loan lender the amount of the award specified in the employee/state contract and in annual or other periodic disbursements.

HED shall consult with CYFD as it promulgates rules implementing HB 341.

The bill creates the CYFD Worker Loan Repayment Fund (fund) in the Treasury. The fund is a non-reverting fund that may consist of appropriations, repayment of awards and interest received by HED, income from investment of the funds, gifts, grants, and donations. HED administers the fund and is authorized to make loan repayment awards pursuant to the Act.

HB 341 requires HED to report annually to the governor and Legislature on activities related to this Act, including the number of loan repayment awards grants, the title and job duties of each loan recipient, contract cancellations, and enforcement actions taken. CYFD is required to produce a list of eligible employees to HED for the department to administer the program consistent with requirements of the Act and rules.

FISCAL IMPLICATIONS

This bill creates a new fund – the CYFD Worker Loan Repayment Fund -- and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

Both HED and CYFD provide loan for service programs serving social workers. In FY15, HED's allied health loan for service program received \$105 thousand in general fund support, of which 9 students received awards. Social worker students are eligible for this program. The LFC recommended a \$500 thousand general fund appropriation for this program in FY16, an increase of nearly \$400 thousand; the Executive recommended FY15 levels. **HB 2, as passed by the Senate, includes a \$450 thousand general fund appropriation for FY16 contingent on passage of HB 341 or similar legislation.**

For FY15, CYFD budgeted nearly \$850 thousand to provide undergraduate and graduate students attending New Mexico State University, New Mexico Highlands, Eastern New Mexico

University and Western New Mexico University who commit to work at the agency. Stipends vary in amount, based on level of program, and duration. Nineteen undergraduates and 34 graduate students received stipends in FY14. The Executive and LFC recommended flat support for this program in FY16, and HAFC has supported this level of funding as well.

In addition, while HB 341 does not contain an appropriation, HB 2, as passed by the House and amended by the Senate Finance Committee, includes a \$450 thousand recurring general fund appropriation for FY16, contingent on language creating a social worker loan repayment program. If enacted, HB 341 would satisfy the contingency of the proposed appropriation. HED reports that it lacks funding to issue social worker loan repayment contracts without additional appropriations.

Should HB 341 and HB 2, as passed by the House and amended by the Senate Finance Committee, be enacted, there would be three state-supported programs that support social work students or degree-holders for a total of \$1.72 million.

SIGNIFICANT ISSUES

CYFD reports that it “continues to have high vacancy rates and turnover rates in Protective Services and Juvenile Justice. This bill will assist CYFD significantly in recruiting and retaining those staff who are interested in working in Protective Services and Juvenile Justice which are critical positions and the most difficult to recruit staff. The bill will also positively impact retention rates in these critical positions.”

As reported in the LFC’s Policy and Performance Analysis (Volume I, 2015), the average caseload for CYFD child protection services investigator is 89 children per year, while the national average is 69 children per year. Some of this high caseload can be attributed to inadequate agency staffing levels. Further, the average monthly caseload for CYFD’s permanency planners and investigators is 21.8 per month and 24.5 per month, respectively; the recommended levels are 12 to 15 cases per permanency planner per month and 10 investigations per investigator per month. (See LFC Volume II, p. 287.)

Further, the LFC’s 2013 report on the adequacy of New Mexico’s healthcare systems workforce noted that social workers are most likely professional to address behavioral health issues. The report highlighted the need for more advanced practitioners, including licensed social workers, and a broader distribution of such health care practitioners throughout the state.

PERFORMANCE IMPLICATIONS

HED reports performance measures and targets for other loan repayment and loan-for-service programs. Should HB 341 be enacted, an additional measure for this program could include number of grants awarded and otherwise qualified applications not funded, average grant amount, and numbers of awards in repayment, collections, or other status.

ADMINISTRATIVE IMPLICATIONS

HED notes that this would be another loan program to administer, requiring rulemaking; applications and selection process; entering and monitoring contracts; and reporting to the Legislature and governor.

RELATIONSHIP

HB 341 relates to SB 33, a student loan-for-service program for CYFD employees pursuing a bachelor's or master's degree in social work. As noted in the Fiscal Impact, the state supports other programs for social workers and allied health professionals.

TECHNICAL ISSUES

HED noted that there is flexibility in determining an award level. Section 5.C.2 states “the percentage of loan repayment [award] directly relates to years of service” at CYFD. Other state-funded loan repayment programs specify a period of time per award level, for example, 1 year of service equals a set award amount with all awards capped at a specific dollar level.

Also, eligible employees must have a bachelor's or master's degree, but the bill is silent as to requiring licensure. Other loan repayment programs require the professional be licensed and practicing in the field. The bill could be amended to add licensure by the New Mexico Board of Social Work Examiners.

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