

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

**SPONSOR** McMillan **ORIGINAL DATE** 1/14/16  
**LAST UPDATED** 2/11/16 **HB** 103/aHAFC

**SHORT TITLE** Osteopathic Student Loans For Service **SB** \_\_\_\_\_

**ANALYST** Chilton

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	None		

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Uncertain	Uncertain	Uncertain	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with HB 306

#### **SOURCES OF INFORMATION**

Responses Received From

University of New Mexico (UNM)  
 Higher Education Department (HED)

Not Received From:

Department of Health (DOH)  
 New Mexico State University (NMSU)

#### **SUMMARY**

##### Synopsis of House Appropriations and Finance Committee Amendment

The amendment strips the appropriation from the bill, leaving the remainder of the bill intact. This would have the effect of limiting loans for service for osteopathic students to those attending osteopathic medical schools in New Mexico – to the soon-to-open Burrell School of Osteopathic Medicine in Las Cruces – without there being any money appropriated for that purpose but allowing for appropriations in the future.

Synopsis of Original Bill

The Osteopathic Student Loans for Service bill also appropriates \$150,000 from the General Fund to HED for the purpose of providing osteopathic students with loans for their ongoing osteopathic medical education on condition that they practice after graduation in a New Mexico health professional shortage area.

This bill amends Section 21-22A-3 NMSA 1978 to set aside osteopathic medical student loans for only students enrolled in a New Mexico school of osteopathic medicine. Currently there are no such schools, but the Burrell School of Osteopathic Medicine at New Mexico State University (NMSU) will admit its first class in August 2016. It also removes the requirement that student loan recipients be residents of New Mexico. Current language in NMSA 21-22A-4 states that “The commission [department] shall only receive, pass upon and allow or disallow those applications for loans made by those students enrolled in or accepted by *colleges of osteopathic medicine or osteopathic physician's assistant programs* [emphasis added] who are bona fide citizens and residents of New Mexico...” HB 103 would substitute the words “a New Mexico college” for the word “colleges” in the above italicized sentence, restricting the scholarships to students in the new Las Cruces Burrell School of Osteopathic Medicine, and allows residents of other states to apply, as long as they commit to practice in a New Mexico health professional shortage area after graduation.

**FISCAL IMPLICATIONS**

The appropriation of \$150,000 previously contained in this bill was to have been a nonrecurring expense to a newly-created (but previously authorized) osteopathic medical student loan for service fund. As amended, there is authorization for future expenditures but no funding at this time.

HED states that it would require additional staff and resources to assist in location, planning and implementing the establishment and maintenance of practices in health professional shortage areas for loan recipients as indicated in section 2-D of this bill.

**SIGNIFICANT ISSUES**

The “Osteopathic Medical Student Loan for Service” (NMSA 1978 §21-22-3) currently has no state appropriation. The purpose of the fund is to provide educational assistance to students who are seeking enrollment at a New Mexico College of Osteopathic Medicine.

Section 21-22 contains language similar to Section 21-22A applying to allopathic medical students (i.e., in schools granting the M.D. degree), who are also to be considered for scholarship aid if willing to serve in a designated medical shortage area and The commission [department] shall only receive, pass upon and allow or disallow those applications for loans made by those students enrolled or accepted by colleges of medicine”, implying that students residing in New Mexico would be eligible for consideration for such scholarship help at whichever medical school they had been admitted. However, the website of HED indicates ([http://www.hed.state.nm.us/students/medical\\_lfs.aspx](http://www.hed.state.nm.us/students/medical_lfs.aspx)) that students could be considered eligible for such scholarships if they were New Mexico Resident (12 consecutive months) and “official[ly] accept[ed] into the UNM School of Medicine.” Thus restricting scholarship funds to

be used in New Mexico’s only school of osteopathic medicine may or may not be consistent with the allopathic medicine regulation.

Although the Medical Student Loan-for-Service Act allows for awards to students from any medical school, the Higher Education Department has adopted a policy (5.7.2.7E.(2) NMAC) to give preference to students from the University of New Mexico School of Medicine (UNM SOM). The department indicates that because of this UNM SOM preference, and because the applicant pool always exceeds the annual allocation for the program, all recipients in the Medical Student Loan-for-Service program are UNM SOM students. Therefore, the language in HB 103 restricting loans to students at the Burrell School of Osteopathic Medicine comports with the administration of loans to allopathic medical students willing to commit to service in health care professional shortage areas.

HED notes that “The Burrell College of Osteopathic Medicine (BCOM) at New Mexico State University is one of the newest medical colleges in the United States. BCOM is a private and free-standing college that is not a part of New Mexico State University (NMSU). The 2016-2017 academic year tuition, fees and supplies are set at \$49,975 according to BCOM’s website.”

**CONFLICTS** with HB 306, which also provides for osteopathic student loans for service, has no appropriation, but amends the Medical Student Loan for Service Act to allow for participation by osteopathic medical students in that program, authorized by New Mexico Statutes Annotated 1978 Section 21-22. If HB 306 is passed, osteopathic and allopathic medical students would each have access to the funding under Section 21-22; if HB 103 is passed, osteopathic medical students at the BSOM might in the future have access to funding for loans for service if there are appropriation under Section 22-22A. It is unclear what would occur if both bills are passed.

### **ADMINISTRATIVE IMPLICATIONS**

HED Financial Aid Division would track and maintain recipients’ payment obligations.

### **ALTERNATIVES**

Funding the existing osteopathic medical student medical loan program under current legislation, which would limit loans to New Mexico residents, but not only to students at the osteopathic medical school in New Mexico which will open this year.

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

There would be no incentive given for osteopathic medical school graduates to practice in a New Mexico health professional shortage area.

LAC/jle/jo/jle/jo