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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino ORIGINAL DATE 1/26/18
LAST UPDATED _____ HB _____
SHORT TITLE Public Service Law Loan Repayment Cap SB 143
ANALYST Sánchez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General's Office (NMAG)

Higher Education Department (HED)

Public Defender Department (PDD)

SUMMARY

Synopsis of Bill

Senate Bill 143 proposes to amend Section 21-22F-5 NMSA 1978 deleting the requirement that attorneys applying for public employment who earn more than \$55 thousand are not eligible to participate in the public service loan repayment program.

FISCAL IMPLICATIONS

The Higher Education Department reports it receives a general fund appropriation each fiscal year of \$280 thousand to carry out the purpose of the loan repayment program. In FY17 HED expended a total of \$75.5 thousand to support a total of 11 participants. In FY16 HED expended \$133.6 thousand to support a total of 26 participants under the program. The program has experienced a decrease of applications due to the current salary cap of \$55 thousand.

SIGNIFICANT ISSUES

Removing the cap currently in the law might be an incentive to those finishing law school and having passed the BAR to consider employment in one of the numerous state agencies that employ attorneys.

HED administers the New Mexico Public Service Law Loan Repayment Assistance Program (LRAP) through which eligible attorneys receive assistance in repaying outstanding student loan debt. Participants are required to provide service in New Mexico for a three year contract term. Section 21-22F-6 NMSA 1978 sets the maximum allowable annual award amount for a participant at \$7.2 thousand. The average debt amount demonstrated in the FY18 application pool was \$108.4 thousand. In FY14, HED received 55 applications whereas in FY18 the application count was only seven including renewal applications. One factor contributing to the decline in application submissions may be the current salary cap.

To be considered for participation an attorney must be employed with an organization that is exempt from taxation pursuant to Section 501 (c)(3) of Title 26 of the United States Code and that provides for the care and maintenance of indigent persons in New Mexico through civil legal services. Under the current law, the attorney must also earn under \$55 thousand per year.

The Public Defender Department (PDD) believes that removing the salary cap would encourage skilled attorneys to fill leadership roles while maintaining their public service.

OTHER SUBSTANTIVE ISSUES

FY16 Classification Description for PDD shows the pay range as follows:

- Assistant Trial Attorney is \$20.64 to \$37.68 hourly with an annual salary ranging from \$42,931.20 to \$78,374.40.
- Associate Trial Attorney is \$22.81 to \$41.63 hourly with an annual salary ranging from \$47,444.80 to \$86,590.40.
- Trial Attorney is \$25.20 to \$46.00 hourly with an annual salary ranging from \$52,416.00 to \$95,680.00.

The midpoint salary for all the attorney classifications at PDD exceed the current statutory cap.

The District Attorney's salary schedule as of July 2017 are as follows:

- Assistant Trial Attorney is \$23.55 to \$37.67 hourly with an annual salary ranging from \$48,980.00 to \$78,364.00.
- Trial Attorney is \$26.02 to \$41.63 with an annual salary ranging from \$54,122.00 to \$86,592.00.
- Senior Trial Attorney is \$28.75 to \$46.00 with an annual salary ranging from \$59,802.00 to \$95,682.00.

The midpoint salary for all the district attorney classifications exceed the current statutory cap.

ABS/al