

N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 304 (HB304) enacts the Law Enforcement Officer Loan Repayment Act, which creates the Law Enforcement Officer Loan Repayment Program (LEOLRP) and the associated Law Enforcement Loan Repayment Fund. This act allows the New Mexico Higher Education Department (NMHED) to grant loan repayment awards from the associated fund to certain law enforcement officers.

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

HB304's introduction states that it makes an appropriation, but the text of the bill does not include the appropriation amount. It does reference creating the Law Enforcement Officer Loan Repayment Fund, but, again, without an appropriation amount.

SIGNIFICANT ISSUES

HB304 creates the Law Enforcement Loan Repayment Fund and LEOLRP, requiring NMHED to oversee LEOLRP, thereby granting loan repayment awards for undergraduate education and

law enforcement training to law enforcement officers. Criteria for awards from LEOLRP require, among others, that:

- an applicant has satisfactorily completed at least three years of service as a law enforcement officer for a New Mexico municipality or county;
- the percentage of repayment directly relates to the years of service;
- priority be given to law enforcement officers working in geographic areas where vacancies are difficult to fill, as determined by the New Mexico Department of Public Safety; and
- an award for each law enforcement officer not exceed twenty-five thousand dollars (\$25,000) or the loan indebtedness of the officer, whichever is lower.

Some debts that are not eligible for repayment through LEOLRP, including:

- debts incurred as a result of participation in state loan-for-service programs or other programs whose purpose states that service be provided in exchange for financial assistance;
- loans that exceed individual standard school expense levels; and
- loans that are eligible for another state or federal loan repayment program.

NMHED will adopt rules to implement the provisions of HB304, including procedures for determining loan amounts that will be repaid as well as providing for the disbursement of awards.

Student loan debt could impact law enforcement officers' career choices in the following ways.

1. Officers with substantial student loan debt might prioritize higher-paying positions or specialized roles that offer better financial incentives to manage their debt more effectively.
2. Some officers may hesitate to pursue further education or advanced degrees due to the additional debt burden. Thus, potentially limiting such officers' career advancement opportunities, because recruitment incentive pay levels within some law enforcement departments are dependent on an applicants' degrees.
3. Officers might choose to work in areas with higher pay or better loan forgiveness programs rather than staying in their preferred location or community.
4. The financial stress of repaying student loans can affect job satisfaction and overall well-being, potentially leading to burnout or early retirement.

According to available data, the average student loan debt for law enforcement officers is not readily available as a separate statistic. But, based on the eligibility for public service loan forgiveness (PSLF), which applies to many law enforcement roles, it is likely that the national average for law enforcement officer student loan debt is comparable to the national average for public-sector workers with a bachelor's degree--approximately thirty thousand dollars (\$30,000) to forty thousand dollars (\$40,000). This amount may vary significantly depending on an officer's education level and specific career path.

Law enforcement officers are eligible for PSLF. Programs like PSLF incentivize officers to stay in public service roles by offering student loan forgiveness after completing qualifying payments for a specified period, reducing their debt burden while employed in these positions.

Most New Mexico law enforcement departments require between 32 and 60 college credits or an associate's degree to become a police officer. The amount of student loan debt that a law enforcement officer could receive from LEOLRP will vary based on whether they have an associate's degree, bachelor's degree, or advanced degree. Federal investigative positions generally require four-year degrees, however federal law enforcement officers are not eligible for LEOLRP.

One issue with HB304 is that its introduction states it includes an appropriation, but the bill's body lacks a specified appropriation amount. While HB304 does establish the Law Enforcement Loan Repayment Fund, it again fails to outline specific funding amounts for it.

A second issue with HB304 is its apparent eligibility restriction to law enforcement officers employed by New Mexico municipalities or counties, thereby excluding state or federal officers. This limitation could reduce student interest in law enforcement careers and restrict loan relief availability for current officers in the state.

A third issue is that HB304 indicates that LEOLRP awards are not available for loans that are eligible for another state or federal loan repayment program. As stated above, law enforcement officers are eligible for PSLF, though PSLF requires 10 years of qualified payments before recipients receive loan relief. PSLF may apply broadly enough that it makes many New Mexico law enforcement officers ineligible for LEOLRP.

A third issue with HB304 is its exclusion of LEOLRP awards for loans eligible under other state or federal repayment programs. Although law enforcement officers qualify for PSLF, which requires 10 years of qualifying payments before loan forgiveness, the program's broad eligibility criteria could disqualify many New Mexico law enforcement officers from LEOLRP.

PERFORMANCE IMPLICATIONS

HB304 does not specify performance measures but requires annual reporting to the Governor and the Legislature regarding NMHED's activities, the awards granted, the job title and duties of each loan recipient, and any LEOLRP award contract cancellations or enforcement actions that NMHED has taken,

ADMINISTRATIVE IMPLICATIONS

NMHED may require additional staff to effectively administer the requirements in HB304.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

HB304 indicates that provides an appropriation but does not provide the amount of the appropriation within the bill.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

Law enforcement officers in New Mexico could explore other loan relief programs, such as PSLF.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Law Enforcement Loan Repayment Fund and LEOLRP will not be created, and there will not be an appropriation to support this fund and program.

AMENDMENTS

N/A