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HOUSE BILL 76

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Mimi Stewart

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

**RELATING TO TEACHERS; ENACTING THE TEACHER LOAN REPAYMENT ACT;
PROVIDING POWERS AND DUTIES; PROVIDING FOR CONTRACTS; CREATING
A FUND; MAKING AN APPROPRIATION.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. SHORT TITLE. --This act may be cited as the
"Teacher Loan Repayment Act".**

**Section 2. PURPOSE. --The purpose of the Teacher Loan
Repayment Act is to increase the number of elementary and
secondary teaching professionals in designated teacher
shortage areas of the state through an educational loan
repayment program. The act provides for repayment of the
principal and reasonable interest accrued on loans obtained
from the federal government or a commercial lender for
education purposes.**

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1 Section 3. DEFINITIONS. --As used in the Teacher Loan
2 Repayment Act:

3 A. "commission" means the commission on higher
4 education;

5 B. "loan" means a payment of money to defray the
6 costs incidental to a teacher's education under a contract
7 between the federal government or a commercial lender and a
8 teacher that requires either repayment of principal and
9 interest or repayment in services;

10 C. "teacher" means an elementary or secondary
11 teacher who participates in the teacher loan repayment
12 program; and

13 D. "program" means a loan program pursuant to the
14 Teacher Loan Repayment Act.

15 Section 4. COMMISSION POWERS AND DUTIES-- PARTICIPANT
16 ELIGIBILITY-- QUALIFICATIONS. --

17 A. The commission may grant an award to repay
18 loans obtained for a teacher's educational expenses upon such
19 terms and conditions set forth in the Teacher Loan Repayment
20 Act.

21 B. An applicant for a loan pursuant to the Teacher
22 Loan Repayment Act shall be licensed or certified to practice
23 in New Mexico as an elementary or secondary teacher and shall
24 be a bona fide citizen and resident of the United States. An
25 applicant shall declare his intent to teach within a

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1 designated teacher shortage area of the state.

2 C. The commission shall make a full and careful
3 investigation of the ability and qualifications of each
4 applicant to become a participant in the program.

5 D. The commission shall establish a teaching
6 advisory committee to assist in selecting teachers, designated
7 teacher shortage areas and other related matters.

8 Section 5. DELEGATION OF DUTIES. --The commission may
9 delegate to other agencies or contract for the performance of
10 services required by the provisions of the Teacher Loan
11 Repayment Act.

12 Section 6. AWARD CRITERIA--CONTRACT TERMS--PAYMENT. --

13 A. Prior to receiving an award, a teacher shall
14 file with the commission an application and declaration of
15 intent to teach in an area of New Mexico designated as a
16 teacher shortage area of the state by the teaching advisory
17 committee.

18 B. Award criteria shall provide that:

19 (1) an award amount is dependent on the
20 location of the teaching site and other characteristics that
21 address the needs of the state;

22 (2) preference in making an award may be
23 given to a teacher who has graduated from a New Mexico public
24 or nonprofit post-secondary educational institution;

25 (3) a recruitment award may be made to an

1 eligible teacher who agrees to relocate to an approved
2 designated teacher shortage area;

3 (4) highest priority shall be given to
4 teachers in practices in which teaching vacancies are
5 difficult to fill or require special certification;

6 (5) award amounts may be modified based on
7 available funding or other special circumstances; and

8 (6) an award shall not exceed the teacher's
9 total educational indebtedness.

10 C. The following educational debts are not
11 eligible for repayment pursuant to the Teacher Loan Repayment
12 Act:

13 (1) a debt incurred as a result of
14 participation in state loan-for-service programs or other
15 state programs whose purpose states that service be provided
16 in exchange for financial assistance;

17 (2) a debt incurred as a result of
18 participation in federal financial aid programs that allow for
19 cancellation or forgiveness of the debt in exchange for
20 service;

21 (3) scholarships that have a service
22 component or obligation;

23 (4) personal loans from friends or relatives;
24 and

25 (5) loans that exceed individual standard

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1 school expense levels.

2 D. The loan repayment award shall be evidenced by
3 a contract between the teacher and the commission acting on
4 behalf of the state. The contract shall provide for the
5 payment by the state of a stated sum to the teacher or
6 teacher's debtors and shall state the obligations of the
7 teacher under the program, including the minimum contract
8 period and reporting requirements.

9 E. Participating teachers shall teach a complete
10 school year in order to receive credit for the year. The
11 minimum credit for a year shall be established by the
12 commission.

13 F. If a teacher does not comply with the terms of
14 the contract, the commission shall assess a penalty of up to
15 three times the principal due plus eighteen percent interest,
16 unless the commission finds acceptable extenuating
17 circumstances that prevent the teacher from serving or
18 complying with the terms of the contract. If the commission
19 does not find acceptable extenuating circumstances for the
20 teacher's failure to comply with the contract, the commission
21 shall require immediate repayment plus the amount of the
22 penalty.

23 G. The commission shall adopt rules to implement
24 the provisions of this section. The rules may provide for the
25 disbursement of loan repayment awards in annual or other

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1 periodic installments.

2 Section 7. CONTRACTS--ENFORCEMENT.--The general form of
3 the contract required shall be prepared and approved by the
4 attorney general and signed by the teacher and the designated
5 representative of the commission on behalf of the state before
6 payment of the loan. The commission is vested with full
7 authority and power to sue in its own name for any balance due
8 the state from a teacher on a contract.

9 Section 8. FUND CREATED--METHOD OF PAYMENT.--The
10 "teacher loan repayment fund" is created in the state
11 treasury. All money appropriated for the provisions of the
12 Teacher Loan Repayment Act shall be credited to the fund, and
13 all payments for penalties or repayment of awards received by
14 the commission shall be credited to the fund. All payments
15 for loan repayment awards shall be made on warrants issued by
16 the secretary of finance and administration pursuant to
17 vouchers signed by the designated representative of the
18 commission.

19 Section 9. CANCELLATION.--The commission may cancel a
20 contract made between it and a teacher for reasonable cause
21 deemed sufficient by the commission.

22 Section 10. REPORTS.--The commission shall make annual
23 reports to the governor and to the legislature, prior to each
24 regular session, of its activities, including the loan
25 repayment awards granted; the names and addresses of loan

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1 repayment award teachers; the names and locations of the
2 teachers serving in designated teacher shortage areas; and,
3 for each teacher who is not serving in a designated teacher
4 shortage area, the name of the teacher, the reason the teacher
5 is not serving and the amount owed and paid on the loan and
6 loan repayment award.

7 Section 11. APPROPRIATION.--Five hundred thousand
8 dollars (\$500,000) is appropriated from the general fund to
9 the teacher loan repayment fund for expenditure in fiscal year
10 2002 and subsequent fiscal years to carry out the provisions
11 of the Teacher Loan Repayment Act. Any unexpended or
12 unencumbered balance at the end of any fiscal year shall not
13 revert to the general fund.