

HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR  
HOUSE BILL 241

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

AN ACT

RELATING TO EDUCATION; ENACTING THE TEACHER LOAN REPAYMENT ACT;  
CREATING A FUND; MAKING AN APPROPRIATION.

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

SECTION 1. A new section of Chapter 21 NMSA 1978 is  
enacted to read:

"[NEW MATERIAL] SHORT TITLE.--This act may be cited as the  
"Teacher Loan Repayment Act"."

SECTION 2. A new section of Chapter 21 NMSA 1978 is  
enacted to read:

"[NEW MATERIAL] PURPOSE.--The purpose of the Teacher Loan  
Repayment Act is to increase the number of teachers in  
designated high-risk teacher positions in public schools  
through an educational loan repayment program. The act  
provides for repayment of the principal and reasonable interest

.185566.1

1 accrued on loans obtained from the federal government or a  
2 commercial lender for teacher education purposes."

3 SECTION 3. A new section of Chapter 21 NMSA 1978 is  
4 enacted to read:

5 "[NEW MATERIAL] DEFINITIONS.--As used in the Teacher Loan  
6 Repayment Act:

7 A. "department" means the higher education  
8 department;

9 B. "designated high-risk teacher positions" means  
10 teacher positions in specific public schools that have been  
11 designated by the public education department as schools with a  
12 high percentage of students that are not meeting acceptable  
13 academic proficiency levels and are located in areas with a  
14 high rate of poverty; and

15 C. "loan" means a grant of money to defray the  
16 costs incidental to a teacher education, under a contract  
17 between the federal government or a commercial lender and a  
18 teacher, requiring repayment of principal and interest."

19 SECTION 4. A new section of Chapter 21 NMSA 1978 is  
20 enacted to read:

21 "[NEW MATERIAL] DEPARTMENT POWERS AND DUTIES--PARTICIPANT  
22 ELIGIBILITY--QUALIFICATIONS.--

23 A. The department may grant an award to repay loans  
24 obtained for teacher educational expenses of a teacher upon  
25 such terms and conditions as may be imposed by rules of the

1 department.

2 B. Applicants shall be licensed New Mexico teachers  
3 and shall be bona fide citizens and residents of the United  
4 States and of New Mexico. Applicants shall declare their  
5 intent to practice as teachers in designated high-risk teacher  
6 positions in the state.

7 C. The department and the public education  
8 department shall jointly make a full and careful investigation  
9 of the ability and qualifications of each applicant and  
10 determine fitness to become a teacher in the teacher loan  
11 repayment program."

12 SECTION 5. A new section of Chapter 21 NMSA 1978 is  
13 enacted to read:

14 "[NEW MATERIAL] AWARD CRITERIA--CONTRACT TERMS--PAYMENT.--

15 A. Award criteria shall provide that:

16 (1) amounts shall be dependent upon the need  
17 for the teacher position, as determined by the public education  
18 department, the applicant's total teacher education  
19 indebtedness and balances in the teacher loan repayment fund;

20 (2) preference in making awards shall be to  
21 individuals who have graduated from a New Mexico public  
22 post-secondary educational institution;

23 (3) recruitment awards shall be made to  
24 eligible participants who agree to accept a designated high-  
25 risk teacher position;

.185566.1

1 (4) award amounts may be modified based upon  
2 available funding or other special circumstances; and

3 (5) an award shall not exceed the total  
4 teacher education indebtedness of a participant.

5 B. The following teacher education debts are not  
6 eligible for repayment pursuant to the Teacher Loan Repayment  
7 Act:

8 (1) amounts incurred as a result of  
9 participation in state loan-for-service programs or other state  
10 programs whose purpose states that service be provided in  
11 exchange for financial assistance;

12 (2) scholarships that have a service component  
13 or obligation;

14 (3) personal loans from friends or relatives;  
15 and

16 (4) loans that exceed individual standard  
17 school expense levels.

18 C. The loan repayment award shall be evidenced by a  
19 contract between the teacher and the department acting on  
20 behalf of the state. The contract shall provide for the  
21 payment by the state of a stated sum to the teacher's creditors  
22 and shall state the obligations of the teacher under the  
23 program, including a minimum two-school-year period of service  
24 in a designated high-risk teacher position, quarterly reporting  
25 requirements and other policies established by the department.

.185566.1

1           D. Recipients shall serve a complete school year in  
2 order to receive credit for each year. The minimum credit for  
3 a school year shall be established by the department.

4           E. The contract between a teacher and the  
5 department shall provide that, if the teacher does not comply  
6 with the terms of the contract, the teacher shall reimburse the  
7 department for all loan repayments made on the teacher's  
8 behalf, plus reasonable interest at a rate to be determined by  
9 the department, unless the department finds acceptable  
10 extenuating circumstances for why the teacher cannot serve or  
11 comply with the terms of the contract.

12           F. Loan repayment awards shall be in the form of a  
13 payment from the teacher loan repayment fund directly to a  
14 creditor of a teacher that has received the award and shall be  
15 considered a payment on behalf of the teacher and pursuant to  
16 the contract between the department and the teacher. A loan  
17 repayment award shall not obligate the state or the department  
18 to the creditor for any payment and shall not be considered to  
19 create any privity of contract between the state or the  
20 department and the creditor.

21           G. The department, after consulting with the public  
22 education department, shall adopt rules to implement the  
23 provisions of the Teacher Loan Repayment Act. The rules:

24                   (1) shall provide a procedure for determining  
25 the amount of a loan that will be repaid for each year of

.185566.1

1 service in a designated high-risk teacher position; and

2 (2) may provide for the disbursement of loan  
3 repayment awards to a teacher's creditors in annual or other  
4 periodic installments."

5 SECTION 6. A new section of Chapter 21 NMSA 1978 is  
6 enacted to read:

7 "[NEW MATERIAL] CONTRACTS--ENFORCEMENT.--The general form  
8 of a contract required pursuant to the Teacher Loan Repayment  
9 Act shall be prepared and approved by the attorney general, and  
10 each contract shall be signed by the teacher and the designated  
11 representative of the department on behalf of the state. The  
12 department is vested with full and complete authority and power  
13 to sue in its own name for any balance due the state from a  
14 teacher under any such contract."

15 SECTION 7. A new section of Chapter 21 NMSA 1978 is  
16 enacted to read:

17 "[NEW MATERIAL] FUND CREATED--METHOD OF PAYMENT.--The  
18 "teacher loan repayment fund" is created in the state treasury.  
19 All money appropriated for the teacher loan repayment program  
20 shall be credited to the fund, and any repayment of awards and  
21 interest received by the department shall be credited to the  
22 fund. Income from the fund shall be credited to the fund, and  
23 balances in the fund shall not revert to any other fund. Money  
24 in the fund is appropriated to the department for making loan  
25 repayment awards pursuant to the Teacher Loan Repayment Act.

.185566.1

1 All payments for loan repayment awards shall be made upon  
2 vouchers signed by the designated representative of the  
3 department and upon a warrant issued by the secretary of  
4 finance and administration."

5 SECTION 8. A new section of Chapter 21 NMSA 1978 is  
6 enacted to read:

7 "[NEW MATERIAL] CANCELLATION.--The department may cancel  
8 any contract made between it and a teacher for any reasonable  
9 cause deemed sufficient by the department."

10 SECTION 9. A new section of Chapter 21 NMSA 1978 is  
11 enacted to read:

12 "[NEW MATERIAL] REPORTS.--The department shall make annual  
13 reports to the governor and to the legislature, prior to each  
14 regular session, of its activities, the loan repayment awards  
15 granted, the names and addresses of loan repayment award  
16 recipients, the names and locations of the positions filled by  
17 those teachers and the name of each loan repayment award  
18 recipient who is not serving in a designated high-risk teacher  
19 position, the reason the person is not serving and the amount  
20 owed and paid on the loan and loan repayment award."