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FISCAL IMPACT REPORT

SPONSOR Garratt/Padilla/ **ORIGINAL DATE** 2/06/19
 Trujillo, CH/Lara **LAST UPDATED** 3/14/19 **HB** 20/aHAFC/aSEC

SHORT TITLE Grow Your Own Teachers Act **SB** _____

ANALYST Lobaugh

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB120 and HB275.
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

- Higher Education Department (HED)
- Public Education Department (PED)
- New Mexico Attorney General (NMAG)
- University of New Mexico (UNM)
- New Mexico State University (NMSU)
- New Mexico Independent Community Colleges (NMICC)

SUMMARY

Synopsis of SEC Amendments

The Senate Education Committee Amendments to House Bill 20 change a grow your own teachers loan-for-service program, to be funded by a grow your own teachers fund in the state treasury, into a grow your own teachers scholarship program for educational assistants in New Mexico. SEC Amendments #1 through #9 are technical changes to HB20 which remove references to a loan-for-service program and add references to a scholarship program.

SEC Amendment #10 specifies that a scholarship award from the grow your own teachers fund may be awarded to an educational assistant who (1) has not yet earned an educational credential required to be licensed as a teacher by the PED and (2) meets the financial and other eligibility criteria required by HED. SEC Amendment #10 also adds language specifying that HED would

administer the grow your own teachers scholarship program and allocate funds to public higher education institutions (HEIs) according to a student need formula (based on reported student income) and the number of students enrolled in PED-approved teacher preparation programs. SEC Amendment #10 also adds language specifying that a student’s grow your own teacher scholarships would not exceed \$6 thousand per year for not more than five years and that each scholarship is for a period of one semester. SEC Amendment #10 also adds language that the scholarship would be terminated for a student if the student either withdraws from their academic program, does not achieve satisfactory academic progress, or does not comply with statutory or regulatory scholarship requirements.

Synopsis of HAFC Amendments

The House Appropriations and Finance Committee Amendment #1 to House Bill 20 removes a reference to a \$2.5 million appropriation from the state general fund to the grow your own teachers fund for expenditure on loans-for-service in FY20 and subsequent fiscal years. The HAFC Amendment #2 to HB20 removes the \$2.5 million appropriation from HB20.

Synopsis of Original Bill

House Bill 20 creates a “grow your own teachers fund” in the state treasury and establishes a loan-for-service program, for educational assistants in New Mexico, to be administered by the Higher Education Department (HED). HB 20 appropriates \$2.5 million from the general fund to the grow your own teachers fund for expenditure on loans-for-service in FY20 and subsequent fiscal years. The grow your own teachers fund would be a nonreverting fund and any unencumbered or unexpended balances at the end of any fiscal year would not revert to the general fund.

HB 20 specifies that an educational assistant would be eligible for a loan from the grow your own teachers fund if the educational assistant:

- 1.) Is a United States citizen and resident of New Mexico,
- 2.) Is in good standing with a school district,
- 3.) Has two years experience working as an educational assistant in a public school, and
- 4.) Is enrolled in, or accepted by, an undergraduate teacher preparation program at a regionally-accredited New Mexico higher education institution.

HB 20 defines the percent of an educational assistant’s loan that would be forgiven with each year of service after the educational assistant has completed a postsecondary teacher preparation program. Table 1 shows the percent of an educational assistant’s loan that would be forgiven with each year of service depending on the length of the loan term.

Table 1. Percent of Loan Forgiven for Each Year of Service Under HB20 (2019)

Years of Loan Term	Years of Service Completed				
	Year 1	Year 2	Year 3	Year 4	Total
One-Year Term	100%	-	-	-	100%
Two-Year Term	50%	50%	-	-	100%
Three-Year Term	40%	30%	30%	-	100%
Four-Year Term	25%	25%	25%	25%	100%

Source: HB20 (2019)

If a loan recipient fails to complete their teacher preparation program, the loan shall become due immediately upon termination of the loan recipient’s enrollment in the teacher preparation program. HB 20 would require HED, in consultation with PED and the loan recipient, to establish terms of loan repayment, alternative service, or cancellation.

If a loan recipient completes a teacher preparation program but does not serve in a New Mexico public school, HB 20 would require HED to assess a penalty of up to three times the principal due and charge eighteen percent interest on the loan. In this situation, repayment of the loan, interest, and penalty would become immediately due. HB 20 provides HED with the authority to sue in its own name for any balance due to the state from a loan recipient or a contract.

HB 20 adds a new section to the School Personnel Act which would require a public school to grant professional leave, for college classes, examinations, and practice teaching, to any educational assistant who is a recipient of a loan from the grow your own teachers fund.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in HB 20 is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 or subsequent fiscal years would not revert to the general fund.

Continuing Appropriations language

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

SIGNIFICANT ISSUES

HED administers an existing teacher loan-for-service program (Section 21-22E-1 NMSA 1978) to help students pursue a teaching degree. HED reports the teacher loan-for-service program “received only two applications” in the application cycle for the 2018-19 academic year.

HED also administers an existing teacher loan repayment program (Section 21-22H-1 NMSA 1978) to help teachers who have finished a teacher preparation program and are currently teaching in New Mexico. HED reports that 128 teachers applied for teacher loan repayment awards during the 2018 application cycle and the available funding for the program, \$60 thousand, allowed HED to fund eight loan repayment awards in 2018. The LFC FY20 budget recommendation includes a \$25 million nonrecurring general fund appropriation for FY19 for the teacher loan repayment fund.

ADMINISTRATIVE IMPLICATIONS

HED would be responsible for promulgating rules relating to the grow your own teachers loan-for-service program. The department would also be responsible for the review of program applications, the issuance of contracts and awards, the tracking of required service, and the enforcement of loan repayments.

HB20 would require HED to consult with the Public Education Department (PED) before releasing proposed initial rules for the grow your own teachers loan-for-service program. HB20 would require HED and PED to convene or survey a geographically representative sample of educational assistants who want to pursue higher education and teachers who began their education careers as educational assistants and hear feedback on the proposed initial rules. PED would be required to report the findings from the convening or survey to all educational assistants in state agencies and educational institutions and must include copies of the proposed

rules and the Grow Your Own Teachers Act.

HED would be required to report annually to the governor and the Legislature on the department's activities relating to the grow your own teachers loan-for-service program. HB20 would require HED to provide the governor and Legislature with information on the loans granted, the names and addresses of loan recipients, the teacher preparation programs that loan recipients are attending, and the names and locations of where loan recipients are serving as teachers. HED may have to acquire written consent from loan recipients before distributing this personally identifiable information on loan recipients to the governor and the Legislature as part of compliance with the federal Family Educational Rights and Privacy Act of 1974 (FERPA).

HB 20 specifies that the NMGA would need to prepare and approve the general form of the contract between HED and a loan recipient for the grow your own teachers loan-for-service program.

RELATIONSHIP

HB 20 relates to HB275 (College of Education Affordability Act) which includes a provision to phase out the existing Teacher Loan-For-Service Act.

HB 20 relates to HB 120 (Bilingual Teacher Preparation Act) which provides for the operation, expansion and improvement of teacher preparation programs for college of education students or educational personnel who want license endorsement to teach English language learners.

TECHNICAL ISSUES

Section 7, page 7, line 20 states the fund is “administered” by the department. The LFC staff interprets this to mean the funds need to be appropriated by the legislature annually. If the intent is to allow HED to use the fund as needed to support the program, “administered” should be changed to “appropriated”.

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