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SENATE BILL 90

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Gloria Howes

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO EDUCATION; ENACTING THE TEACHER LOAN FOR SERVICE ACT; PRESCRIBING POWERS AND DUTIES; PROVIDING FOR CONTRACTS AND THEIR ENFORCEMENT; 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 for Service Act".

Section 2. PURPOSE. -- The purpose of the Teacher Loan for Service Act is to proactively address New Mexico's looming teacher shortage by providing qualified teacher education candidates with the financial means to complete their post-secondary teacher preparation education.

Section 3. DEFINITIONS. -- As used in the Teacher Loan for Service Act:

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1 A. "commission" means the commission on higher
2 education;

3 B. "loan" means a grant of money under contract
4 between the commission and a student to defray the costs
5 incidental to a teacher preparation program offered in a New
6 Mexico institution of higher education and that requires
7 repayment in services; and

8 C. "student" means a United States citizen who is
9 enrolled in an undergraduate or graduate degree teacher
10 preparation program at a regionally accredited post-secondary
11 educational institution in New Mexico.

12 Section 4. TEACHER STUDENT LOANS AUTHORIZED--
13 QUALIFICATIONS. --

14 A. The commission may grant a loan to a student
15 deemed qualified by the commission upon such terms and
16 conditions as may be imposed by rule of the commission.

17 B. The commission shall only receive, pass upon
18 and allow or disallow an application for a loan made by a
19 student enrolled in or accepted by a teacher preparation
20 program approved by the state board of education and who
21 declares his intent to serve as a public school teacher in New
22 Mexico.

23 C. The commission shall make a full and careful
24 investigation of the ability and qualifications of each
25 applicant and determine his fitness to become a recipient of a

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1 loan. The commission shall give preference to qualified
2 applicants who demonstrate financial need.

3 D. The commission and the state department of
4 public education shall arrange for loan recipients to receive
5 assistance in locating employment with a public school in New
6 Mexico.

7 Section 5. DELEGATION OF DUTIES TO OTHER STATE
8 AGENCIES. --The commission may arrange with other agencies for
9 the performance of services required by the provisions of
10 Section 4 of the Teacher Loan for Service Act.

11 Section 6. TEACHER LOANS--CONTRACT TERMS--REPAYMENT. --

12 A. Each applicant who is approved for a loan by
13 the commission may be granted a loan in such amounts and for
14 such periods as the commission determines. The loan shall not
15 exceed the necessary expenses incurred while attending a
16 teacher preparation program.

17 B. A loan shall bear interest at the rate of:

18 (1) eighteen percent per year if the student
19 completes his teacher preparation program and no portion of
20 the principal and interest is forgiven pursuant to Subsection
21 E of this section; or

22 (2) seven percent per year in all other
23 cases.

24 C. The loan shall be evidenced by a contract
25 between the student and the commission acting on behalf of the

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1 state. The contract shall provide for the payment by the
2 state of a stated sum covering the costs of a teacher
3 preparation program and shall be conditioned on the repayment
4 of the loan to the state, together with interest, over a
5 period established by the commission after the completion of
6 the teacher preparation program and any post-graduate study or
7 internship required to complete the student's education. The
8 contract shall further provide that immediately upon
9 completion or termination of the student's education, all
10 interest then accrued shall be capitalized.

11 D. A loan made to a student who fails to complete
12 his teacher preparation program shall become due, together
13 with interest, immediately upon termination of his teacher
14 preparation education. The commission, in consultation with
15 the student, shall establish terms of repayment, alternate
16 service or cancellation terms.

17 E. The contract shall provide that the commission
18 shall forgive a portion of the loan principal and interest for
19 each year that the loan recipient practices his profession as
20 a licensed teacher in New Mexico. Loan principal and interest
21 shall be forgiven as follows:

22 (1) loan terms of one year shall require one
23 year of practice. Upon completion of service, one hundred
24 percent of the principal plus accrued interest shall be
25 forgiven;

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1 (2) loan terms of two years shall require one
2 year of practice for each year of the loan. Upon completion
3 of the first year of service, fifty percent of the principal
4 plus accrued interest shall be forgiven. Upon completion of
5 the second year of service, the remainder of the principal
6 plus accrued interest shall be forgiven; and

7 (3) for loan terms of three years or more,
8 forty percent of the principal plus accrued interest shall be
9 forgiven upon completion of the first year of service, thirty
10 percent of the principal plus accrued interest shall be
11 forgiven upon completion of the second year of service and the
12 remainder of the principal plus accrued interest shall be
13 forgiven upon completion of the third year of service.

14 F. Recipients shall serve a complete year in order
15 to receive credit for that year. The minimum credit for a
16 year shall be established by the commission.

17 G. If a loan recipient completes his professional
18 education and does not serve in a New Mexico public school,
19 the commission shall assess a penalty of up to three times the
20 principal due, plus eighteen percent interest, unless the
21 commission finds acceptable extenuating circumstances for why
22 the student cannot serve. If the commission does not find
23 acceptable extenuating circumstances for the student's failure
24 to carry out his declared intent to serve, the commission
25 shall require immediate repayment of the unpaid principal

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1 amount of the loan plus accrued interest owed the state plus
2 the amount of any penalty assessed pursuant to this section.

3 H. The commission shall adopt and promulgate rules
4 to implement the provisions of this section. The rules may
5 provide for the repayment of teacher student loans in annual
6 or other periodic installments.

7 Section 7. ~~CONTRACTS--LEGAL ASSISTANCE--ENFORCEMENT.~~ --
8 The general form of the contract shall be prepared and
9 approved by the attorney general and signed by the student and
10 a designee of the commission on behalf of the state. The
11 commission is vested with full and complete authority and
12 power to sue in its own name for any balance due the state
13 from a student on a contract.

14 Section 8. ~~FUND CREATED--METHOD OF PAYMENT.~~ --The
15 "teacher loan for service fund" is created in the state
16 treasury. Money appropriated for loans to teachers pursuant
17 to the Teacher Loan for Service Act; interest earned on
18 investment of the fund; gifts, grants or donations to the
19 fund; and all payments of principal and interest on loans made
20 pursuant to that act shall be deposited in the fund. Money in
21 the fund shall not revert at the end of a fiscal year. All
22 payments of money for loans shall be made on vouchers signed
23 by the commission's designated representative.

24 Section 9. ~~CANCELLATION.~~ --The commission may cancel a
25 contract between it and a student for any reasonable cause

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1 deemed sufficient by the commission.

2 Section 10. REPORTS. -- The commission shall report
3 annually by January 1 to the governor and the legislature on
4 its activities pursuant to the Teacher Loan for Service Act,
5 including the loans granted, the names and addresses of loan
6 recipients, the teacher preparation programs they are
7 attending and the names and locations of practice of loan
8 recipients who have completed their teacher preparation
9 education and are teaching.

10 Section 11. APPROPRIATION. -- Three hundred thousand
11 (\$300,000) is appropriated from the general fund to the
12 teacher loan for service fund for expenditure in fiscal year
13 2000 and subsequent fiscal years to carry out the purposes of
14 the Teacher Loan for Service Act. Any unexpended or
15 unencumbered balance at the end of any fiscal year shall not
16 revert to the general fund.

17 Section 12. EFFECTIVE DATE. -- The effective date of the
18 provisions of this act is July 1, 1999.

1 FORTY-FOURTH LEGISLATURE

2 FIRST SESSION, 1999

3
4
5 February 4, 1999

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7 Mr. President:

8
9 Your EDUCATION COMMITTEE, to whom has been referred

10
11 SENATE BILL 90

12
13 has had it under consideration and reports same with
14 recommendation that it DO PASS, and thence referred to the
15 FINANCE COMMITTEE.
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18 Respectfully submitted,

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1 Adopted _____ Not

2 Adopted _____

3 (Chief Clerk)

(Chief Clerk)

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6 Date _____

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9 The roll call vote was 5 For 1 Against

10 Yes: 5

11 No: Boitano

12 Excused: Adair, Duran, Gorham, Pinto

13 Absent: None

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1 FORTY-FOURTH LEGISLATURE

SB 90/a

2 FIRST SESSION, 1999

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5
6 February 25, 1999

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8 Mr. President:

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10 Your FINANCE COMMITTEE, to whom has been referred

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12 SENATE BILL 90

13
14 has had it under consideration and reports same with
15 recommendation that it DO PASS, amended as follows:

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18 1. On page 1, line 13, after "FUND" strike the remainder
19 of the line and on line 14, strike "APPROPRIATION".

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21 2. On page 7, strike Section 11 in its entirety.

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23 3. Renumber the succeeding section accordingly.

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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

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SFC/SB 90

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Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____ Not

Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

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SFC/SB 90

Page 12

The roll call vote was 9 For 0 Against

Yes: 9

No: 0

Excused: Griego, Ingle, Tsosie, Altamirano

Absent: None

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1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999
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6 March 15, 1999
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8 Mr. Speaker:
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10 Your EDUCATION COMMITTEE, to whom has been referred
11

12 SENATE BILL 90, as amended
13

14 has had it under consideration and reports same with
15 recommendation that it DO PASS, and thence referred to the
16 APPROPRIATIONS AND FINANCE COMMITTEE.

17 Respectfully submitted,
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21 _____
22 Rick Miera, Chairman
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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

HEC/S0090a

Page 14

Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 12 For 0 Against

Yes: 12

Excused: Gonzales, Stapleton, Wright

Absent: Marquardt

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1 FORTY- FOURTH LEGISLATURE
2 FIRST SESSION, 1999

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4 March 19, 1999

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7 Mr. Speaker:

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9 Your APPROPRIATIONS AND FINANCE COMMITTEE, to
10 whom has been referred

11 SENATE BILL 90, as amended

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13 has had it under consideration and reports same with
14 recommendation that it DO PASS.

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16 Respectfully submitted,

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21 Max Coll, Chair man
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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

Page 16

Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 9 For 7 Against

Yes: 9

No: Larrañaga, Marquardt, Parsons, Pearce, Saavedra, Townsend,
Wallace

Excused: Buffett

Absent: None

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