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FISCAL IMPACT REPORT

SPONSOR: Carraro DATE TYPED: 03/13/01 HB _____
 SHORT TITLE: Teacher Loan For Service Act SB 187/aSEC/aSFC
 ANALYST: Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in The General Appropriation Act CSHB2, HB68, HB25

SOURCES OF INFORMATION

Commission on Higher Education (CHE)
 State Department of Public Education (SDE)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment strikes the appropriation from the bill.

Synopsis of SEC Amendment

The Senate Education Committee amendment clarifies that the purpose of the act is to provide qualified students with the financial means to enhance their post-secondary teacher preparation education.

Synopsis of Bill

Senate Bill 187 creates the Teacher Loan for Service Act and appropriates \$600.0 from the general fund for administration of the act by the CHE. The purpose of the Teacher Loan for Service Act is to address the teacher shortage by providing students with the financial resources to complete their post-secondary teacher preparation education. This bill provides for the forgiveness of student loans provided the recipients teach in New Mexico public schools for a specified period of time.

Significant Issues

According to SDE, New Mexico is experiencing a teacher shortage that is expected to increase over the next five years. A Teacher Loan for Service program will serve to be a recruitment tool to help alleviate the shortage.

CHE currently administers a loan for service program whose purpose is to increase the number of ethnic minority and physically disabled teachers in the southeast region of New Mexico. Recipients are required to teach within Lea, Chaves, Otero, Eddy, or Roosevelt counties upon completion of their degree in return for the loan.

FISCAL IMPLICATIONS

The appropriation of \$600.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Continuing Appropriations

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

ADMINISTRATIVE IMPLICATIONS

The CHE is required to adopt and promulgate rules to implement provisions of the repayment terms.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Relates to CSHB2, HB68, and HB25.

Included in House Appropriations and Finance Committee Substitute for House Bill 2, et.al., is an appropriation to CHE for \$300.0. The appropriation is contingent on passage of a Teacher Loan for Service Act.

House Bill 68 creates the Teacher Loan for Service Act and appropriates \$600.0 from the general fund for administration of the act by the CHE.

House Bill 25 creates a student teacher scholarship program for the purpose of encouraging individuals to enter into the teaching profession and retain teachers in New Mexico.

OTHER SUBSTANTIVE ISSUES

This bill is supported by the State Board of Education, the CHE, and the Teacher Education Accountability Council (TEAC). This bill supports TEAC's goals of improving recruitment, preparation, induction, and development of teachers.

CF/njw