

HOUSE BILL 531

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

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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.

Section 3. DEFINITIONS.--As used in the Teacher Loan

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1 Repayment Act:

2 A. "department" means the higher education
3 department;

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

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

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

14 Section 4. DEPARTMENT POWERS AND DUTIES--PARTICIPANT
15 ELIGIBILITY--QUALIFICATIONS.--

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

19 B. An applicant for a loan pursuant to the Teacher
20 Loan Repayment Act shall be licensed to practice in New Mexico
21 as an elementary or secondary teacher. An applicant shall
22 declare the applicant's intent to teach within a designated
23 teacher shortage area of the state.

24 C. The department shall make a full and careful
25 investigation of the ability and qualifications of each

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1 applicant to become a participant in the program.

2 D. The department shall establish a teaching
3 advisory committee to assist in selecting teachers, designated
4 teacher shortage areas and other related matters.

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

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

10 A. Prior to receiving an award, a teacher shall
11 file with the department an application and declaration of
12 intent to teach in an area of New Mexico designated as a
13 teacher shortage area by the teaching advisory committee.

14 B. Award criteria shall provide that:

15 (1) an award amount is dependent on the
16 location of the teaching site and other characteristics that
17 address the needs of the state;

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

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

24 (4) award amounts may be modified based on
25 available funding or other special circumstances; and

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1 (5) an award shall not exceed the teacher's
2 total educational indebtedness.

3 C. The following educational debts are not eligible
4 for repayment pursuant to the Teacher Loan Repayment Act:

5 (1) a debt incurred as a result of
6 participation in state loan-for-service programs or other state
7 programs whose purpose states that service be provided in
8 exchange for financial assistance;

9 (2) a debt incurred as a result of
10 participation in federal financial aid programs that allow for
11 cancellation or forgiveness of the debt in exchange for
12 service;

13 (3) scholarships that have a service component
14 or obligation;

15 (4) personal loans from friends or relatives;
16 and

17 (5) loans that exceed individual standard
18 school expense levels.

19 D. The loan repayment award shall be evidenced by a
20 contract between the teacher and the department acting on
21 behalf of the state. The contract shall provide for the
22 payment by the state of a stated sum to the teacher or
23 teacher's debtors and shall state the obligations of the
24 teacher under the program, including a minimum two-year period
25 of service, quarterly reporting requirements and other

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1 provisions required by the department.

2 E. Participating teachers shall teach a complete
3 school year in order to receive credit for the year. The
4 minimum credit for a year shall be established by the
5 department.

6 F. If a teacher does not comply with the terms of
7 the contract, the department shall assess a penalty of up to
8 three times the principal due plus eighteen percent interest,
9 unless the department finds acceptable extenuating
10 circumstances that prevent the teacher from serving or
11 complying with the terms of the contract. If the department
12 does not find acceptable extenuating circumstances for the
13 teacher's failure to comply with the contract, the department
14 shall require immediate repayment plus the amount of the
15 penalty.

16 G. The department shall adopt rules to implement
17 the provisions of this section. The rules may provide for the
18 disbursement of loan repayment awards in annual or other
19 periodic installments.

20 Section 7. CONTRACTS--ENFORCEMENT.--The general form of
21 the contract required shall be prepared and approved by the
22 attorney general and signed by the teacher and the designated
23 representative of the department on behalf of the state before
24 payment of the loan. The department is vested with full
25 authority and power to sue in its own name for any balance due

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1 the state from a teacher on a contract.

2 Section 8. FUND CREATED--METHOD OF PAYMENT.--The "teacher
3 loan repayment fund" is created as a nonreverting fund in the
4 state treasury. All money appropriated for the provisions of
5 the Teacher Loan Repayment Act shall be credited to the fund,
6 and all payments for penalties or repayment of awards received
7 by the department shall be credited to the fund. All payments
8 for loan repayment awards shall be made on warrants issued by
9 the secretary of finance and administration pursuant to
10 vouchers signed by the designated representative of the
11 department.

12 Section 9. CANCELLATION.--The department may cancel a
13 contract made between it and a teacher for reasonable cause
14 deemed sufficient by the department.

15 Section 10. REPORTS.--The department shall make annual
16 reports to the governor and to the legislature, prior to each
17 regular session, of its activities, including the loan
18 repayment awards granted; the names and addresses of loan
19 repayment award teachers; the names and locations of the
20 teachers serving in designated teacher shortage areas; and, for
21 each teacher who is not serving in a designated teacher
22 shortage area, the name of the teacher, the reason the teacher
23 is not serving and the amount owed and paid on the loan and
24 loan repayment award.

25 Section 11. APPROPRIATION.--Four hundred thousand dollars
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1 (\$400,000) is appropriated from the general fund to the teacher
2 loan repayment fund for expenditure in fiscal year 2008 and
3 subsequent fiscal years to carry out the provisions of the
4 Teacher Loan Repayment Act. Any unexpended or unencumbered
5 balance at the end of any fiscal year shall not revert to the
6 general fund.

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