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SENATE BILL 1115

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

BEN D. ALTAMIRANO

AN ACT

RELATING TO EDUCATION; CHANGING THE STUDENT EXCHANGE PROGRAM OF
THE WESTERN INTERSTATE COMMISSION ON HIGHER EDUCATION FROM A
GRANT PROGRAM TO A LOAN FOR SERVICE PROGRAM; 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
"WICHE Loan for Service Act".

Section 2. DEFINITIONS. -- As used in the WICHE Loan for
Service Act:

A. "commission" means the commission on higher
education; and

B. "student" means a New Mexico resident who attends
or is about to attend a graduate or professional program of
education through the auspices of the Compact for Western

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1 Regional Cooperation in Higher Education.

2 Section 3. STUDENT EXCHANGE PROGRAM - TERMS OF STUDENT
3 LOANS - PAYBACK REQUIREMENTS. - -

4 A. Financial assistance by the state for the student
5 exchange program of the western interstate commission on higher
6 education shall be through a loan program established pursuant
7 to this section.

8 B. A student may receive a loan of tuition
9 assistance on the following terms:

10 (1) the loan shall not exceed the amount
11 equivalent to the support provided through the compact per
12 discipline each year; and

13 (2) the loan shall bear interest at the rate
14 of:

15 (a) eighteen percent per year if the
16 student completes his education and no portion of the principal
17 and interest is forgiven pursuant to Subsection E of this
18 section; and

19 (b) seven percent per year in all other
20 cases.

21 C. The loan shall be evidenced by a contract between
22 the student and the commission acting on behalf of the state.
23 The contract shall provide for the payment by the state of a
24 stated sum covering the cost of tuition assistance and shall be
25 conditioned on the repayment of the loan to the state, together

1 with interest, over a period established by the commission. The
2 contract shall provide further that immediately upon completion
3 or termination of the student's education, all interest then
4 accrued shall be capitalized.

5 D. Loans made to a student who fails to complete his
6 education shall become due, together with interest, immediately
7 upon termination of his education. The commission shall
8 establish terms of repayment, alternate service or cancellation
9 terms.

10 E. The contract shall provide that the commission
11 shall forgive a portion of the loan principal and interest for
12 each year that a loan recipient practices his profession in New
13 Mexico. Loan principal and interest shall be forgiven as
14 follows:

15 (1) loan terms of one year shall require one
16 year of practice for each year of the loan. Upon completion of
17 service, one hundred percent of the principal plus accrued
18 interest shall be forgiven;

19 (2) loan terms of two years shall require one
20 year of practice for each year of the loan. Upon completion of
21 the first year of service, fifty percent of the principal plus
22 accrued interest shall be forgiven; upon completion of the
23 second year of service, the remainder of the principal plus
24 accrued interest shall be forgiven;

25 (3) for loan terms of three years or more,

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1 forty percent of the principal plus accrued interest shall be
2 forgiven upon completion of the first year of service, thirty
3 percent of the principal plus accrued interest shall be forgiven
4 upon completion of the second year of service and the remainder
5 of the principal plus accrued interest shall be forgiven upon
6 completion of the third year of service; and

7 (4) the commission may establish other
8 forgiveness terms for professionals providing service in serious
9 shortage areas.

10 F. Loan recipients shall serve a complete year in
11 order to receive credit for that year. The minimum credit for a
12 year shall be established by the commission.

13 G. If a student completes his professional education
14 and does not return to New Mexico to practice his profession,
15 the commission shall assess a penalty of up to three times the
16 principal due, plus eighteen percent interest, unless the
17 commission finds acceptable extenuating circumstances for why
18 the student cannot serve. If the commission does not find
19 acceptable extenuating circumstances for the student's failure
20 to carry out his declared intent to practice his profession in
21 New Mexico, the commission shall require immediate repayment of
22 the unpaid principal amount of the loan plus accrued interest
23 owed the state plus the amount of any penalty assessed pursuant
24 to this subsection.

25 H. The commission may provide by regulation for the

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1 repayment of student exchange program loans in annual or other
2 periodic installments.

3 Section 4. COMMISSION POWERS AND DUTIES-- CONTRACTS. --

4 A. The commission may:

5 (1) arrange with other agencies for the
6 performance of services required by the provisions of Section 3
7 of the WICHE Loan for Service Act;

8 (2) sue in its own name for any balance due the
9 state from a student on a contract;

10 (3) cancel a contract made between it and a
11 student for a reasonable cause deemed sufficient by the
12 commission; and

13 (4) adopt regulations to implement the
14 provisions of the WICHE Loan for Service Act.

15 B. The commission shall make an annual report to the
16 governor and the legislature prior to the regular session of its
17 activities pursuant to the WICHE Loan for Service Act, including
18 loans granted and paid back or fulfilled through the practice of
19 a profession in New Mexico; a list of the schools or colleges
20 attended by those receiving loans; and any other information the
21 commission deems pertinent.

22 C. The general form of the contract provided for in
23 Section 3 of the WICHE Loan for Service Act shall be prepared
24 and approved by the attorney general and signed by the student
25 and a designee of the commission on behalf of the state.

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Section 5. FUND CREATED--METHOD OF PAYMENT.--The "WICHE loan for service fund" is created in the state treasury. All money appropriated for loans to students participating in the student exchange program of the western interstate commission on higher education shall be credited to the fund. All payments of principal and interest on loans made pursuant to the WICHE Loan for Service Act shall be credited to the fund. All payments of money for loans shall be made upon vouchers signed by the designated representative of the commission and warrants drawn by the secretary of finance and administration.

1 FORTY-THIRD LEGISLATURE
2 FIRST SESSION, 1997
3
4

SB 1115/a

5 March 10, 1997
6

7 Mr. President:
8

9 Your FINANCE COMMITTEE, to whom has been referred
10

11 SENATE BILL 1115
12

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

16 1. On page 1, line 23, after "resident" insert "who is a
17 graduate of a New Mexico high school and".
18

19 2. On page 2, line 10, strike the second occurrence of
20 "the" and insert in lieu thereof "an".
21

22 3. On page 2, line 11, before "support" insert
23 "negotiated".
24

25 4. On page 2, line 11, after "support" strike the
remainder of the line, strike line 12 up to the semicolon and

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

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FINANCE COMMITTEE/SB 1115

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insert in lieu thereof "fee for the graduate or professional program".

5. On page 6, between lines 10 and 11, insert the following sections:

"Section 6. CANCELLATION. -- The commission may cancel a contract with a student for reasonable cause deemed sufficient by the commission.

Section 7. EFFECTIVE DATE. -- The effective date of the provisions of this act is July 1, 1997."

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**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

FINANCE COMMITTEE/SB 1115

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Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 7 For 1 Against

Yes: 7

No: McKibben

Excused: Ingle, Lyons, Romero

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**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

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FINANCE COMMITTEE/SB 1115

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Absent: None

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State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE

FIRST SESSION, 1997

March 16, 1997

Mr. Speaker:

Your APPROPRIATIONS AND FINANCE COMMITTEE, to
whom has been referred

SENATE BILL 1115, as amended

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

1. On page 1, line 14, strike "AN APPROPRIATION" and insert
in lieu thereof "APPROPRIATIONS".

2. On page 6, between lines 10 and 11, insert the following
new section:

"Section 6. APPROPRIATION. --Four hundred thousand dollars
(\$400,000) is appropriated from the general fund to the board of
regents of the university of New Mexico for expenditure in fiscal
year 1998 to supplement funding of the student exchange program of
the western interstate commission on higher education."

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Respectfully submitted,

Max Coll, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 12 For 1 Against

Yes: 12

No: Bird

Excused: Marquardt, Saavedra, Taylor, J. P., Watchman

Absent: None

M \S1115

State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 17, 1997

Mr. Speaker:

Your EDUCATION COMMITTEE, to whom has been referred

SENATE BILL 1115, as amended

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

1. On page 6, line 11, insert "For the 1997-98 fiscal year,
\$70,000 is appropriated from the nursing-loan-for-service fund to
the commission on higher education from collections generated in
excess of the amount received and budgeted for the 1997-98 fiscal
year. This appropriation shall be used to support the operation
and administration of the program, including paying support fees
for students currently enrolled in the WICHE program.

Section 6. APPLICABILITY. --The WICHE Loan for Service Act
applies to contracts entered into with students on or after the
effective date of that act.".,

and thence referred to the APPROPRIATIONS AND FINANCE

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COMMI TTEE.

Respectfully submitted,

Samuel F. Vigil, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 9 For 0 Against

Yes: 9

Excused: Mi era, Nicely, Trujillo, S. M Williams

Absent: None

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State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 17, 1997

Mr. Speaker:

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Respectfully submitted,

Max Coll, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 12 For 1 Against

Yes: 12

No: Bird

Excused: Marquardt, Saavedra, Taylor, J. P., Watchman

Absent: None

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