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HOUSE BILL 600

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Miguel P. Garcia

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 students 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 payment of money under contract
4 between the commission and a student that defrays the costs
5 incidental to a teacher preparation program offered in a
6 regionally accredited post-secondary educational institution
7 in New Mexico and that requires repayment in services;

8 C. "qualifying public school" means a public
9 school in New Mexico in which either eighty percent or more of
10 the students are receiving federal assistance under the
11 National School Lunch Act or seventy percent or more of the
12 students are of Hispanic, African-American, Native American or
13 Asian heritage; and

14 D. "student" means a resident of New Mexico who
15 has completed a high school curriculum at a public or
16 accredited private New Mexico high school or received a
17 graduate equivalent diploma while a New Mexico resident and
18 who is enrolled in or accepted by an undergraduate or graduate
19 degree teacher preparation program at a regionally accredited
20 post-secondary educational institution in New Mexico.

21 Section 4. TEACHER STUDENT LOANS AUTHORIZED--
22 QUALIFICATIONS. --

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

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1 B. The commission shall only receive, pass upon
2 and allow or disallow an application for a loan made by a
3 student who declares his intent to serve as a teacher at a
4 qualifying public school.

5 C. The commission shall make a full and careful
6 investigation of the ability and qualifications of each
7 applicant to become a recipient of a loan. The commission
8 shall give preference to qualified applicants who demonstrate
9 financial need.

10 D. The commission and the state department of
11 public education shall arrange for loan recipients to receive
12 assistance in locating employment with qualifying public
13 schools.

14 Section 5. DELEGATION OF DUTIES TO OTHER STATE
15 AGENCIES. -- The commission may arrange with other agencies for
16 the performance of services required by the provisions of
17 Section 4 of the Teacher Loan for Service Act.

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

19 A. Each applicant who is approved for a loan by
20 the commission may be granted a loan in such amounts and for
21 such periods as the commission determines. The loan shall not
22 exceed the necessary expenses incurred while attending a
23 teacher preparation program.

24 B. Unless forgiven pursuant to Subsection E of
25 this section, a loan shall bear interest at the rate of eight

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1 percent per year.

2 C. The loan shall be evidenced by a contract
3 between the loan recipient and the commission acting on behalf
4 of the state. The contract shall provide for the payment by
5 the state of a stated sum covering the costs of a teacher
6 preparation program and shall be conditioned on the repayment
7 of the loan to the state, together with interest, over a
8 period established by the commission after the completion of
9 the teacher preparation program and any postgraduate study or
10 internship required to complete the loan recipient's
11 education. The contract shall further provide that
12 immediately upon completion or termination of the loan
13 recipient's education, all interest then accrued shall be
14 capitalized.

15 D. A loan made to a recipient who fails to
16 complete his teacher preparation program shall become due,
17 together with interest, immediately upon termination of his
18 teacher preparation program. The commission, in consultation
19 with the loan recipient, shall establish terms of repayment,
20 alternate service or cancellation terms.

21 E. The contract shall provide that the commission
22 shall forgive the loan principal and interest if the loan
23 recipient is employed as a teacher in a qualifying public
24 school for five consecutive years.

25 F. A loan recipient shall serve a complete

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1 contract year in order to receive credit for that year. The
2 minimum credit for a year shall be established by the
3 commission.

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

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

15 Section 8. FUND CREATED--METHOD OF PAYMENT.--The
16 "teacher loan for service fund" is created in the state
17 treasury. Money appropriated for loans pursuant to the
18 Teacher Loan for Service Act; earnings from investment of the
19 fund; gifts, grants and donations to the fund; and all
20 payments of principal and interest on loans made pursuant to
21 that act shall be deposited in the fund. Money in the fund is
22 appropriated to the commission for purposes of making loans
23 pursuant to the Teacher Loan for Service Act. Money in the
24 fund shall not revert at the end of a fiscal year. The fund
25 shall be administered by the commission. All payments of

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1 money for loans shall be made on warrants drawn by the
2 secretary of finance and administration pursuant to vouchers
3 signed by the commission's designated representative.

4 Section 9. CANCELLATION. --The commission may cancel a
5 contract between it and a loan recipient for any reasonable
6 cause deemed sufficient by the commission.

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

15 Section 11. CONTINUING APPROPRIATION. --Each fiscal year,
16 one million two hundred thousand dollars (\$1,200,000) is
17 appropriated from the tobacco settlement program fund to the
18 teacher loan for service fund for purposes of making loans
19 pursuant to the Teacher Loan for Service Act. The
20 appropriations shall not revert.

21 Section 12. EFFECTIVE DATE. --The effective date of the
22 provisions of this act is July 1, 2001.