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FISCAL IMPACT REPORT

SPONSOR: Stewart DATE TYPED: 3/7/03 HB HJR 6

SHORT TITLE: Loan Repayment for Teacher Education, CA SB _____

ANALYST: Chavez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
NFI	NFI		\$32.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HJR 5, HB 367

SOURCES OF INFORMATION

State Department of Education (SDE)
 Commission on Higher Education (CHE)
 LFC Files

SUMMARY

Synopsis of Bill

House Joint Resolution 6 amends Article 9, Section 14 of the New Mexico Constitution to provide for a Teachers' Loan Repayment Program for persons who are licensed or certified as elementary or secondary teachers. The loans eligible for repayment under the program include both federal and commercial and would authorize payment on the principal and reasonable interest.

Significant Issues

House Bill 367 proposes to appropriate \$642.0 from the general fund to a new Teacher Loan Repayment Fund which will be used for the purpose of providing payments for student loans up to \$6,000 for a qualifying teacher. If maximum loan payments of \$6,000 were made, this appropriation would assist 107 qualifying teachers.

Article 9, Section 14 of the NM Constitution states "*Neither the state nor any county, school district or municipality, except as otherwise provided in this constitution, shall directly or indirectly*

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lend or pledge its credit or make any donation to or in aid of any person, association..” Thus, this amendment to the constitution would provide the authority for the loan repayment program introduced in House Bill 367, since a constitutional amendment may be necessary in order to authorize expenditure of public funds to private individuals.

The Teacher Loan Repayment Program is one of several strategies introduced to address the teacher shortage in New Mexico.

This legislation was endorsed by the Legislative Education Study Committee.

FISCAL IMPLICATIONS

An estimated non-recurring cost to the general fund of \$32.0 is also expected because of the cost to the Secretary of State for advertising and printing to place an item on the ballot. This non-recurring cost will likely be realized in FY05 since the next general election is in November of 2004, unless a special election is called prior to the general election for this purpose.

ADMINISTRATIVE IMPLICATIONS

The Commission of Higher Education (CHE) states there would be an administrative impact if a Teacher Loan Repayment Program were to be enacted through House Bill 367.

RELATIONSHIP

House Joint Resolution 6 relates to House Joint Resolution 5 which amends Article 9, Section 14 of the New Mexico Constitution to permit the state to establish a Teachers' Loan-for-Service program for students enrolled in teacher preparation programs at regionally accredited postsecondary education institutions in New Mexico. In exchange for being granted loans, candidates completing the preparation programs would commit to the state to work as teachers for a number of years and within areas of the state to be designated by law.

House Joint Resolution 6 also relates to House Bill 367 which proposes to appropriate \$642.0 from the general fund to a new Teacher Loan Repayment Fund.

TECHNICAL ISSUES

The State Department of Education (SDE) suggests that the bill be amended on line 4, page 3, to include “early childhood teachers.” Early childhood teachers work with children from birth through grade 3 and are not really “elementary teachers.”

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