

HOUSE BILL 425

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

INTRODUCED BY

Rebecca Dow

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE LEGISLATIVE LOTTERY
TUITION LOAN FOR SERVICE ACT; PROVIDING TUITION LOANS TO ENABLE
QUALIFIED STUDENTS TO RECEIVE POST-SECONDARY EDUCATION;
ALLOWING STUDENTS TO REPAY TUITION LOANS WITH PUBLIC SERVICE IN
NEW MEXICO; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 7 of this act may be cited as the "Legislative Lottery
Tuition Loan for Service Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Legislative Lottery Tuition Loan for Service Act:

A. "community college" means a branch community
college of a four-year state educational institution, a two-
year state educational institution or a community college or

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1 technical and vocational institute established pursuant to
2 Chapter 21, Article 13 or 16 NMSA 1978, respectively;

3 B. "comprehensive institution" means eastern New
4 Mexico university, western New Mexico university, New Mexico
5 highlands university or northern New Mexico college;

6 C. "department" means the higher education
7 department;

8 D. "full time" means fifteen or more credit hours
9 each semester of the regular academic year in state educational
10 institutions and twelve or more credit hours each semester of
11 the regular academic year in community colleges;

12 E. "fund" means the lottery tuition loan for
13 service fund;

14 F. "loan program semesters" means those semesters
15 for which a qualified student may receive a tuition loan at a
16 public post-secondary educational institution;

17 G. "public post-secondary educational institution"
18 means a four-year state educational institution or a community
19 college;

20 H. "public service" means full-time employment
21 within New Mexico with:

22 (1) an organization that is exempt from
23 taxation pursuant to Section 501(c)(3) of Title 26 of the
24 United States Code in an area of New Mexico designated as
25 underserved by the workforce solutions department or in an in-

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1 demand occupation as identified by that department; or

2 (2) a federal, state, local or tribal
3 government or a political subdivision of one of those
4 governments;

5 I. "qualified student" means a full-time student
6 who graduated from a public or accredited private New Mexico
7 high school or who received a high school equivalency
8 credential while maintaining residency in New Mexico and who:

9 (1) either:

10 (a) immediately upon graduation or
11 receipt of a credential was accepted for entrance to and
12 attended a public post-secondary educational institution; or

13 (b) within one hundred twenty days of
14 completion of a high school curriculum or receipt of a high
15 school equivalency credential began service in the United
16 States armed forces and within one year of completion of
17 honorable service or medical discharge from the service,
18 attended a public post-secondary educational institution; and

19 (2) successfully completed the first semester
20 at a public post-secondary educational institution with a grade
21 point average of 2.5 or higher on a 4.0 scale during the first
22 semester of full-time enrollment;

23 J. "research institution" means the university of
24 New Mexico, New Mexico state university or New Mexico institute
25 of mining and technology;

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1 K. "state educational institution" means an
2 institution of higher education enumerated in Article 12,
3 Section 11 of the constitution of New Mexico; and

4 L. "tuition loan" means the loan that provides
5 tuition assistance per program semester for a qualified student
6 attending a public post-secondary educational institution.

7 SECTION 3. [NEW MATERIAL] TUITION LOANS AUTHORIZED--
8 QUALIFIED STUDENTS.--

9 A. To the extent that funds are made available by
10 the legislature from the fund, the department shall award
11 tuition loans in department-approved amounts to qualified
12 students attending their respective public post-secondary
13 educational institutions.

14 B. Beginning in fiscal year 2018, a qualified
15 student is eligible to receive the tuition loan for a maximum
16 of seven program semesters and in an amount determined pursuant
17 to the provisions of Section 4 of the Legislative Lottery
18 Tuition Loan for Service Act.

19 C. Except as otherwise provided in this section, a
20 tuition loan may be awarded to a qualified student who:

- 21 (1) maintains residency in New Mexico;
- 22 (2) maintains a grade point average of 2.5 or
23 higher on a 4.0 scale; and
- 24 (3) completes:
 - 25 (a) for a student attending a four-year

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1 public post-secondary educational institution, fifteen or more
2 credit hours per program semester; and

3 (b) for a student attending a two-year
4 public post-secondary educational institution, twelve or more
5 credit hours per program semester.

6 D. For students with disabilities who may require
7 accommodations, the department, in consultation with the
8 student and the office at the public post-secondary educational
9 institution that serves students with disabilities, shall
10 review both the definition of "full time" and the maximum
11 number of consecutive program semesters of eligibility and
12 adjust either or both as deemed reasonable and appropriate,
13 based on the student's disability needs. In no case, however,
14 shall "full time" mean fewer than six credit hours per
15 semester, and in no case shall eligibility extend beyond
16 fourteen consecutive program semesters.

17 SECTION 4. [NEW MATERIAL] TUITION LOAN AMOUNT--FUND.--

18 A. Prior to June 1 of each year, based on the
19 amount appropriated by the legislature from the fund, on the
20 projected enrollment at all public post-secondary educational
21 institutions and on the amount of loan repayment received by
22 the fund during the current fiscal year, the department shall:

23 (1) determine the total amount of money
24 available for all tuition loans for qualified students;

25 (2) determine the uniform percentage by which

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1 to calculate tuition loans for qualified students attending any
2 public post-secondary educational institution; and

3 (3) notify all public post-secondary
4 educational institutions of the determinations made pursuant to
5 Paragraphs (1) and (2) of this subsection.

6 B. In determining distribution and award amounts
7 for the tuition loan program, the department shall:

8 (1) maintain the minimum fund balance pursuant
9 to Section 5 of the Legislative Lottery Tuition Loan for
10 Service Act;

11 (2) distribute to all public post-secondary
12 educational institutions an amount not to exceed the remaining
13 balance in the fund; and

14 (3) subject to the provisions of Paragraphs
15 (1) and (2) of this subsection, distribute to each public post-
16 secondary educational institution an amount based on:

17 (a) the projected enrollment at each
18 four-year public post-secondary educational institution of
19 qualified students in their first through seventh program
20 semesters, including qualified students in their fourth through
21 seventh program semesters who transferred from community
22 colleges;

23 (b) the projected enrollment at each
24 community college of qualified students in their first through
25 third program semesters; and

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1 (c) a uniform percentage of the average
2 of in-state tuition costs charged by: 1) research institutions
3 for each research institution; 2) comprehensive institutions
4 for each comprehensive institution; and 3) community colleges
5 for each community college, except that the uniform percentage
6 for a two-year state educational institution shall be based on
7 the uniform percentage for community colleges.

8 SECTION 5. [NEW MATERIAL] LOTTERY TUITION LOAN FOR
9 SERVICE FUND CREATED--PURPOSE.--

10 A. The "lottery tuition loan for service fund" is
11 created in the state treasury. The fund shall be administered
12 by the department. The fund shall consist of transfers from
13 the lottery tuition fund, income from the investment of the
14 fund and gifts, grants and donations to the fund. The transfer
15 shall be fifty percent of the distribution to the lottery
16 tuition fund from the New Mexico lottery authority. The fund
17 shall maintain an annual average balance of two million dollars
18 (\$2,000,000), and any balance in the fund at the end of any
19 fiscal year shall remain in the fund for appropriation by the
20 legislature as provided in this section.

21 B. Money in the fund shall be appropriated by the
22 legislature to the department for distribution to New Mexico's
23 public post-secondary educational institutions to provide
24 tuition assistance for qualified students as provided in the
25 Legislative Lottery Tuition Loan for Service Act.

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1 SECTION 6. ~~[NEW MATERIAL]~~ DEPARTMENT RULEMAKING AND
2 REPORTING.--

3 A. The department shall promulgate rules setting
4 forth explicit criteria in accordance with the Legislative
5 Lottery Tuition Loan for Service Act for:

- 6 (1) student qualification and continuing
7 eligibility; and
- 8 (2) calculating the tuition loan award amount
9 pursuant to Section 4 of the Legislative Lottery Tuition Loan
10 for Service Act and guidelines for the administration of the
11 tuition loan program.

12 B. The department shall report by November 1 of each
13 year to the legislative finance committee and the department of
14 finance and administration on:

- 15 (1) the status of the fund;
- 16 (2) tuition loan program participation data
17 aggregated for each public post-secondary educational
18 institution to show:
 - 19 (a) the number of qualified students who
20 received tuition loans in the prior twelve-month period;
 - 21 (b) the total number of qualified
22 students enrolled in the prior twelve-month period;
 - 23 (c) for each semester, the amount of
24 tuition loans funded and the amount of tuition costs that were
25 not offset by the tuition loans; and

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1 (d) the number of qualified students who
2 graduated with a degree and, for each qualified student, the
3 number of semesters attended prior to graduation;

4 (3) the rate of completion of contract by
5 public service, the rate of completion of service by repayment
6 and the rate of default; and

7 (4) any additional information required or
8 requested by the legislative finance committee or the
9 department of finance and administration.

10 SECTION 7. [NEW MATERIAL] TUITION LOANS--CONTRACT
11 TERMS--REPAYMENT.--

12 A. Each qualified student who is approved for a
13 tuition loan by the department shall be provided a tuition loan
14 in such amounts for such periods as determined by the
15 department; provided that the applicant files with the
16 department a declaration of intent to provide public service in
17 New Mexico.

18 B. The tuition loans shall not exceed the necessary
19 expenses incurred while the person is a qualified student and,
20 if the tuition loan recipient completes the education at a
21 public post-secondary educational institution and no portion of
22 the principal and interest is forgiven pursuant to Subsection F
23 of this section, shall bear interest at a rate set by the
24 department, not to exceed:

25 (1) three percent per year if the tuition loan

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1 recipient works full time for a for-profit employer in New
2 Mexico or in the uniformed services; and

3 (2) ten percent per year if the tuition loan
4 recipient works outside of New Mexico and not in the uniformed
5 services.

6 C. Loans made pursuant to the Legislative Lottery
7 Tuition Loan for Service Act shall not accrue interest until
8 the department, in consultation with the public post-secondary
9 educational institution:

10 (1) determines that the tuition loan recipient
11 has terminated the recipient's education prior to completion;

12 (2) determines that the tuition loan recipient
13 has failed to fulfill the recipient's obligation to provide
14 public service in New Mexico; or

15 (3) cancels a contract between a tuition loan
16 recipient and the department pursuant to the Legislative
17 Lottery Tuition Loan for Service Act.

18 D. The tuition loan shall be evidenced by a
19 contract between the tuition loan recipient and the department
20 acting on behalf of the state.

21 E. Loans made to tuition loan recipients who fail
22 to complete their education shall become due immediately upon
23 termination of the education toward which the loan was made.
24 The department, in consultation with the tuition loan recipient
25 and the public post-secondary educational institution, shall

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1 establish terms of repayment with the department.

2 F. The contract shall provide that the department
3 shall forgive the tuition loan upon completion of six months of
4 public service in New Mexico by the tuition loan recipient for
5 every tuition loan term of one year.

6 G. The department shall adopt rules to implement
7 the provisions of this section.

8 **SECTION 8.** Section 21-21N-2 NMSA 1978 (being Laws 2014,
9 Chapter 80, Section 2, as amended) is amended to read:

10 "21-21N-2. DEFINITIONS.--As used in the Legislative
11 Lottery Tuition Scholarship Act:

12 A. "community college" means a branch community
13 college of a four-year state educational institution, a two-
14 year state educational institution or a community college or
15 technical and vocational institute established pursuant to
16 Chapter 21, Article 13 or 16 NMSA 1978, respectively;

17 B. "comprehensive institution" means eastern New
18 Mexico university, western New Mexico university, New Mexico
19 highlands university or northern New Mexico college;

20 C. "department" means the higher education
21 department;

22 D. "full time" means fifteen or more credit hours
23 each semester of the regular academic year in state educational
24 institutions and twelve or more credit hours each semester of
25 the regular academic year in community colleges or for legacy

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1 students in any program semester;

2 E. "fund" means the lottery tuition fund;

3 F. "legacy student" means a full-time resident
4 student who has received for three or more program semesters by
5 the end of fiscal year 2014 the legislative lottery scholarship
6 awarded pursuant to the former provisions of Sections 21-1-4.3,
7 21-13-10 and 21-16-10.1 NMSA 1978 prior to the enactment of the
8 Legislative Lottery Tuition Scholarship Act;

9 G. "program semesters" means those semesters for
10 which a legacy or qualified student may receive a tuition
11 scholarship and excludes the first semester of attendance at a
12 public post-secondary educational institution;

13 H. "public post-secondary educational institution"
14 means a four-year state educational institution or a community
15 college;

16 I. "qualified student" means a full-time student
17 who, prior to June 30, 2017, graduated from a public or
18 accredited private New Mexico high school or who received a
19 high school equivalency credential while maintaining residency
20 in New Mexico and who:

21 (1) either:

22 (a) immediately upon graduation or
23 receipt of a credential was accepted for entrance to and
24 attended a public post-secondary educational institution; or

25 (b) within one hundred twenty days of

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1 completion of a high school curriculum or receipt of a high
2 school equivalency credential began service in the United
3 States armed forces and within one year of completion of
4 honorable service or medical discharge from the service,
5 attended a public post-secondary educational institution; and

6 (2) successfully completed the first semester
7 at a public post-secondary educational institution with a grade
8 point average of 2.5 or higher on a 4.0 scale during the first
9 semester of full-time enrollment;

10 J. "research institution" means the university of
11 New Mexico, New Mexico state university or New Mexico institute
12 of mining and technology;

13 K. "state educational institution" means an
14 institution of higher education enumerated in Article 12,
15 Section 11 of the constitution of New Mexico; and

16 L. "tuition scholarship" means the scholarship that
17 provides tuition assistance per program semester for a
18 qualified student or legacy student attending a public post-
19 secondary educational institution."

20 **SECTION 9. EFFECTIVE DATE.**--The effective date of the
21 provisions of this act is July 1, 2017.

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