

1 SENATE BILL 131

2 **55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022**

3 INTRODUCED BY

4 Cliff R. Pirtle

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10 AN ACT

11 RELATING TO HIGHER EDUCATION; ENACTING THE CAREER TECHNICAL
12 EDUCATION LOAN FOR SERVICE ACT; CREATING A LOAN FOR SERVICE
13 PROGRAM IN THE HIGHER EDUCATION DEPARTMENT; PROVIDING CONTRACT
14 TERMS; REQUIRING REPAYMENT THROUGH SERVICE; MAKING AN
15 APPROPRIATION.

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
19 cited as the "Career Technical Education Loan for Service
20 Act".

21 SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
22 Career Technical Education Loan for Service Act:

23 A. "career technical program" means a vocational
24 education program offered at a community college that leads to
25 an associate of applied science degree or a vocational

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1 certificate;

2 B. "community college" means a public two-year
3 post-secondary educational institution in New Mexico or a
4 branch community college of a state four-year institution of
5 higher education;

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

8 D. "fund" means the career technical education loan
9 for service fund;

10 E. "loan recipient" means a person who, as a
11 student, has received a career technical education loan from
12 the department; and

13 F. "student" means a resident of New Mexico who is
14 enrolled in or about to be enrolled in a career technical
15 program paid for by a career technical education loan.

16 SECTION 3. [NEW MATERIAL] CAREER TECHNICAL EDUCATION
17 LOANS--PURPOSES--RULES--QUALIFICATIONS--PRIORITY.--

18 A. The department may grant a career technical
19 education loan to pay tuition and fees for a student deemed
20 qualified by the department to receive a loan for career
21 technical education on such terms and conditions as required by
22 rule of the department.

23 B. To be eligible for a career technical education
24 loan, an applicant shall:

25 (1) be a citizen of the United States and a

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1 resident of New Mexico and must maintain residency in New
2 Mexico;

3 (2) have earned a high school diploma or a
4 high school equivalency credential;

5 (3) meet enrollment criteria for the community
6 college and the career technical program for which the student
7 is applying for a loan;

8 (4) declare the student's intent to practice
9 the career technical vocation within the state; and

10 (5) maintain continuing eligibility by:

11 (a) enrolling and completing the number
12 of credit hours covered by the loan as provided by department
13 rule; and

14 (b) maintaining a grade point average of
15 2.0 or higher on a scale of 4.0 or its equivalent.

16 C. The department shall make a full and careful
17 investigation of the ability, character and qualifications of
18 each applicant and determine fitness to be a loan recipient.
19 Priority for loans shall be given to students who are held or
20 previously were held in a corrections facility. As used in
21 this subsection, "corrections facility" means:

22 (1) a juvenile detention facility operated by
23 or for the children, youth and families department;

24 (2) the penitentiary of New Mexico, which
25 consists of the penitentiary at Santa Fe and other places in

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1 the state designated by the secretary of corrections; or

2 (3) the juvenile probation and aftercare
3 services of the juvenile justice division of the children,
4 youth and families department to the extent delegated by the
5 Delinquency Act or the adult probation and parole division of
6 the corrections department to the extent delegated by the
7 Probation and Parole Act.

8 D. The department shall arrange for graduating loan
9 recipients to receive assistance in locating appropriate
10 positions, if needed.

11 SECTION 4. [NEW MATERIAL] LOANS--CONTRACT TERMS--
12 REPAYMENT.--

13 A. Each approved applicant shall be granted a
14 career technical education loan in such amounts and for such
15 periods as determined by the department, depending on the cost
16 and time required to receive a vocational certificate or an
17 associate of applied science degree.

18 B. The loan amount shall be paid to the community
19 college for deposit in the student's account to pay tuition and
20 fees charged by the community college.

21 C. Career technical education loans shall bear
22 interest at the rate of:

23 (1) eighteen percent per year if no portion of
24 the principal and interest is forgiven pursuant to Subsection G
25 of this section; and

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1 (2) up to seven percent per year in all other
2 cases.

3 D. Loans shall not accrue interest until the
4 department:

5 (1) determines that the student has graduated;

6 (2) determines that the student has terminated
7 the career technical program prior to completion;

8 (3) determines that the loan recipient has
9 failed to fulfill the obligation to practice the career
10 technical vocation in New Mexico; or

11 (4) cancels the contract between a loan
12 recipient and the department for other reasons provided by rule
13 of the department.

14 E. A career technical education loan shall be
15 evidenced by a contract between the student and the department
16 acting on behalf of the state. The contract shall provide for
17 the payment by the state of a stated sum covering the cost of a
18 career technical education and shall be conditioned upon the
19 repayment of the loan to the state over a period negotiated
20 between the loan recipient and the department after completion
21 of the career technical program.

22 F. Loans made to students who fail to complete
23 their career technical program shall become due immediately
24 upon termination of the career technical education. The
25 department, in consultation with the loan recipient, shall

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1 establish terms of repayment, alternate service or cancellation
2 of the loan terms for extenuating circumstances as provided by
3 department rule.

4 G. The contract shall provide that the department
5 may forgive a portion of the loan for each year that a loan
6 recipient is employed in the career technical vocation in New
7 Mexico as approved by the department. The loan shall be
8 forgiven as follows:

9 (1) for a loan term of one year or less, one
10 year of career technical employment in New Mexico shall be
11 required. Upon completion of the year's employment, one
12 hundred percent of the loan shall be forgiven;

13 (2) for a loan term of more than one year but
14 not more than two years, one year of career technical
15 employment in New Mexico for each year of the loan shall be
16 required. Upon completion of the first year of employment,
17 fifty percent of the loan shall be forgiven. Upon completion
18 of the second year of employment, the remainder of the loan
19 shall be forgiven; and

20 (3) for a loan term of more than two years but
21 not more than three years, forty percent of the loan shall be
22 forgiven upon completion of the first year of employment,
23 thirty percent of the loan shall be forgiven upon completion of
24 the second year of employment and the remainder of the loan
25 shall be forgiven upon completion of the third year of

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1 employment.

2 H. Loan recipients shall serve a complete year of
3 employment to receive credit for that year. The minimum credit
4 for a year shall be established by the department.

5 I. The department shall adopt rules to implement
6 the provisions of this section. The rules may provide for the
7 repayment of career technical education loans in annual or
8 other periodic installments.

9 J. As used in this section, "employment" includes
10 qualified self-employment approved by the department.

11 SECTION 5. [NEW MATERIAL] CANCELLATION.--The department
12 may cancel a contract made between the department and a student
13 for any reasonable cause deemed sufficient by the department.

14 SECTION 6. [NEW MATERIAL] DELEGATION OF DUTIES.--The
15 department may arrange with other agencies for the performance
16 of services required by the provisions of the Career Technical
17 Education Loan for Service Act.

18 SECTION 7. [NEW MATERIAL] CONTRACTS--ENFORCEMENT.--The
19 general form of the career technical education loan contract
20 shall be prepared and approved by the attorney general and
21 signed by the student and designated representatives of the
22 department on behalf of the state. The department is vested
23 with full authority and power to sue in its own name for any
24 balance due the state from a student on a career technical
25 education loan contract.

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1 SECTION 8. ~~[NEW MATERIAL]~~ FUND CREATED--METHOD OF
2 PAYMENT.--The "career technical education loan for service
3 fund" is created as a nonreverting fund in the state treasury.
4 All money appropriated for loans to students and all payments
5 of loan principal and interest shall be credited to the fund.
6 The department may deposit money in the fund with the
7 department's administrative agent. All payments for loans
8 shall be made upon vouchers signed by the designated
9 representative of the department.

10 SECTION 9. ~~[NEW MATERIAL]~~ REPORTS.--The department shall
11 make annual reports to the governor and to the legislature
12 prior to each regular legislative session of its activities and
13 recommendations, including:

- 14 A. the number and amounts of loans granted;
- 15 B. the names and addresses of students to whom
16 loans were granted and the career technical program attended by
17 those students; and
- 18 C. the list of loan recipients who have graduated
19 and the name and location of each loan recipient's employer and
20 the loan recipient's job title.

21 SECTION 10. APPROPRIATION.--Five million dollars
22 (\$5,000,000) is appropriated from the general fund to the
23 career technical education loan for service fund for
24 expenditure in fiscal year 2023 and subsequent fiscal years to
25 carry out the provisions of the Career Technical Education Loan
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1 for Service Act. Any unexpended or unencumbered balance
2 remaining at the end of a fiscal year shall not revert to the
3 general fund.

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