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HOUSE BILL 32

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

INTRODUCED BY

Mimi Stewart

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AN ACT

RELATING TO TEACHERS; ENACTING THE TEACHER LOAN REPAYMENT
ACT; PROVIDING POWERS AND DUTIES; 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
"Teacher Loan Repayment Act".

Section 2. PURPOSE.--The purpose of the Teacher Loan
Repayment Act is to increase the number of elementary and
secondary teaching professionals in underserved areas of the
state through an educational loan repayment program. The act
provides for repayment of the principal and reasonable
interest accrued on loans obtained from the federal
government or a commercial lender for education purposes.

Section 3. DEFINITIONS.--As used in the Teacher Loan
Repayment Act:

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1 A. "commission" means the commission on higher
2 education;

3 B. "loan" means a payment of money to defray the
4 costs incidental to a teacher's education under a contract
5 between the federal government or a commercial lender and a
6 teacher that requires either repayment of principal and
7 interest or repayment in services; and

8 C. "teacher" means an elementary or secondary
9 teacher who participates in the teacher loan repayment
10 program.

11 Section 4. COMMISSION POWERS AND DUTIES--PARTICIPANT
12 ELIGIBILITY--QUALIFICATIONS.--

13 A. The commission may grant an award to repay
14 loans obtained for a teacher's educational expenses upon such
15 terms and conditions as may be imposed by rules of the
16 commission.

17 B. Applicants shall be licensed or certified to
18 practice in New Mexico as an elementary or secondary teacher
19 and shall be bona fide citizens and residents of the United
20 States. Applicants shall declare their intent to teach
21 within designated teacher shortage areas of the state.

22 C. The commission shall make a full and careful
23 investigation of the ability and qualifications of each
24 applicant to become a participant in the teacher loan
25 repayment program.

 D. The commission shall establish a teaching
advisory committee to assist in selecting teachers, shortage

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1 areas and other related matters.

2 Section 5. DELEGATION OF DUTIES.--The commission may
3 delegate to other agencies or contract for the performance of
4 services required by the provisions of the Teacher Loan
5 Repayment Act.

6 Section 6. AWARD CRITERIA--CONTRACT TERMS--PAYMENT.--

7 A. Prior to receiving an award, the teacher shall
8 file with the commission an application and declaration of
9 intent to teach in areas of New Mexico designated as
10 underserved by the teaching advisory committee.

11 B. Award criteria shall provide that:

12 (1) amounts are dependent on the location of
13 the teaching site and other characteristics that address the
14 needs of the state;

15 (2) preference in making awards may be to
16 teachers who have graduated from a New Mexico public post-
17 secondary educational institution;

18 (3) recruitment awards may be made to
19 eligible teachers who agree to relocate to an approved
20 designated area;

21 (4) highest priority shall be given to
22 teachers in practices in which teaching vacancies are
23 difficult to fill or require special certification;

24 (5) award amounts may be modified based on
25 available funding or other special circumstances; and

(6) an award shall not exceed the teacher's
total educational indebtedness.

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1 C. The following educational debts are not
2 eligible for repayment pursuant to the Teacher Loan Repayment
3 Act:

4 (1) amounts incurred as a result of
5 participation in state loan-for-service programs or other
6 state programs whose purpose states that service be provided
7 in exchange for financial assistance;

8 (2) amounts incurred as a result of
9 participation in federal financial aid programs that allow
10 for cancellation or forgiveness for service;

11 (3) scholarships that have a service
12 component or obligation;

13 (4) personal loans from friends or
14 relatives; and

15 (5) loans that exceed individual standard
16 school expense levels.

17 D. The loan repayment award shall be evidenced by
18 a contract between the teacher and the commission acting on
19 behalf of the state. The contract shall provide for the
20 payment by the state of a stated sum to the teacher or
21 teacher's debtors and shall state the obligations of the
22 teacher under the program, including minimum contract
23 periods, reporting requirements and other policies
24 established by the commission.

25 E. Participating teachers shall teach a complete
year in order to receive credit for that year. The minimum
credit for a year shall be established by the commission.

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1 F. If a teacher does not comply with the terms of
2 the contract, the commission shall assess a penalty of up to
3 three times the principal due plus eighteen percent interest,
4 unless the commission finds acceptable extenuating
5 circumstances that prevent the teacher from serving or
6 complying with the terms of the contract. If the commission
7 does not find acceptable extenuating circumstances for the
8 teacher's failure to comply with the contract, the commission
9 shall require immediate repayment plus the amount of the
10 penalty.

11 G. The commission shall adopt rules to implement
12 the provisions of this section. The rules may provide for
13 the disbursement of loan repayment awards in annual or other
14 periodic installments.

15 Section 7. CONTRACTS--ENFORCEMENT.--The general form of
16 the contract required shall be prepared and approved by the
17 attorney general and signed by the teacher and the designated
18 representative of the commission on behalf of the state
19 before payment of the loan. The commission is vested with
20 full authority and power to sue in its own name for any
21 balance due the state from a teacher on a contract.

22 Section 8. FUND CREATED--METHOD OF PAYMENT.--The
23 "teacher loan repayment fund" is created in the state
24 treasury. All money appropriated for the teacher loan
25 repayment program shall be credited to the fund, and all
payments for penalties or repayment of awards received by the
commission shall be credited to the fund. All payments for

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1 loan repayment awards shall be made on warrants issued by the
2 secretary of finance and administration pursuant to vouchers
3 signed by the designated representative of the commission.

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

7 Section 10. REPORTS.--The commission shall make annual
8 reports to the governor and to the legislature, prior to each
9 regular session, of its activities; the loan repayment awards
10 granted; the names and addresses of loan repayment award
11 teachers; the names and locations of the teachers serving in
12 designated teacher shortage areas; and the name of each loan
13 repayment award teacher who is not serving in a designated
14 teacher shortage area, the reason the teacher is not serving
15 and the amount owed and paid on the loan and loan repayment
16 award.

17 Section 11. APPROPRIATION.--Five hundred thousand
18 dollars (\$500,000) is appropriated from the general fund to
19 the teacher loan repayment fund for expenditure in fiscal
20 year 2001 and subsequent fiscal years to carry out the
21 purposes of the Teacher Loan Repayment Act. Any unexpended
22 or unencumbered balance at the end of any fiscal year shall
23 not revert to the general fund.