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## FISCAL IMPACT REPORT

SPONSOR: Stewart DATE TYPED: 02/08/01 HB 76  
 SHORT TITLE: Teacher Loan Repayment Act SB \_\_\_\_\_  
 ANALYST: Fernandez

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 500.0			Recurring	G/F

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in The General Appropriation Act Relates to HB25 and HB68.

### SOURCES OF INFORMATION

Commission On Higher Education (CHE)  
 State Department of Public Education (SDE)

### SUMMARY

#### Synopsis of Bill

House Bill 76 creates the Teacher Loan Repayment Act and appropriates \$500.0 from the general fund for administration of the act by the CHE. The purpose of the Teacher Loan Repayment Act is to increase the number of elementary and secondary teaching professionals in designated teacher shortage areas of the state through an educational loan repayment program. The act provides for repayment of principal and reasonable interest accrued on loans obtained from the federal government or a commercial lender for education purposes.

#### Significant Issues

In order to qualify for a loan, an applicant must be a licensed or certified teacher in New Mexico and declare his/her intent to teach within a designated teacher shortage area of the state. According to SDE, since potential recipients are already licensed teachers, this program provides an immediate solution to attract new teachers as well as those who hold valid teaching licenses but are not currently teaching.

## **FISCAL IMPLICATIONS**

The appropriation of \$500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

According to CHE, it is estimated that the appropriation contained in this bill could serve 40 teachers statewide.

### Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

## **ADMINISTRATIVE IMPLICATIONS**

The CHE is required to administer this program in addition to establishing a teaching advisory committee to assist in selecting teachers, designating teacher shortage areas and handling other related matters.

CHE suggests an amendment to the bill that would allow the commission to use up to 3 percent of the money in the fund for administration of the program.

## **CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP**

Relates to HB25 which creates a student teacher scholarship program for the purpose of encouraging individuals to enter into the teaching profession and to retain teachers in New Mexico. This program will pay full tuition for students during the semesters in which they are student teaching.

Relates to HB68 which creates the Teacher Loan for Service Act and appropriates \$600.0 from the general fund for administration of the act by the CHE. The Teacher Loan for Service Act addresses the teacher shortage by providing students with the financial resources to complete their post-secondary teacher preparation education. The bill provides for the forgiveness of student loans provided the recipients teach in New Mexico public schools for a specified period of time.

## **OTHER SUBSTANTIVE ISSUES**

This bill is supported by the State Board of Education, the CHE, and the Teacher Education Accountability Council (TEAC). This bill supports TEAC's goals of improving recruitment, preparation, induction, and development of teachers.

CTF/njw