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## FISCAL IMPACT REPORT

SPONSOR: Hamilton DATE TYPED: 03/04/01 HB 68/aHEC/aHAFC  
 SHORT TITLE: Teacher Loan for Service Act SB \_\_\_\_\_  
 ANALYST: Fernandez

### APPROPRIATION

| Appropriation Contained |      | Estimated Additional Impact |      | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY01                    | FY02 | FY01                        | FY02 |                      |               |
|                         |      | See Narrative               |      |                      |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

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

### SUMMARY

#### Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment strikes the appropriation from the bill.

Included in CS HB2 et.al., is an appropriation to CHE in the amount of \$300.0 to support a Teacher Loan for Service Program. The appropriation is contingent upon enactment of House Bill 68 or similar legislation of the forty-fifth legislature, first session.

#### Synopsis of HEC Amendment

The House Education Committee amendment makes the program available to individuals who already hold a degree and simply wish to complete licensure requirements or add an endorsement to an existing license by completing a teacher education program instead of a degree. The amendment also clarifies that the recipient of the loan must complete a teacher preparation program that is approved by the State Board of Education and requires the recipient to teach in a designated teacher shortage area.

Synopsis of Bill

House Bill 68 creates the Teacher Loan for Service Act and appropriates \$600.0 from the general fund for administration of the act by the CHE. The purpose of the Teacher Loan for Service Act is to address the teacher shortage by providing students with the financial resources to complete their post-secondary teacher preparation education. This bill provides for the forgiveness of student loans provided the recipients teach in New Mexico public schools for a specified period of time.

Significant Issues

If a loan recipient completes a teacher preparation program and does not serve in a New Mexico public school, CHE may assess a penalty of up to three times the principal due, plus eighteen percent interest unless the commission finds extenuating circumstances.

**FISCAL IMPLICATIONS**

The appropriation of \$600.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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 adopt and promulgate rules to implement provisions of the repayment terms.

**RELATIONSHIP**

Relates to HB76

**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:ar