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SENATE BILL 1114

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Gerald P. Ortiz y Pino

AN ACT

RELATING TO PUBLIC SERVICE; ENACTING THE SOCIAL WORKER LOAN  
FOR SERVICE ACT; 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  
"Social Worker Loan for Service Act".

Section 2. DEFINITIONS. -- As used in the Social Worker  
Loan for Service Act:

A. "department" means the higher education  
department;

B. "loan" means a payment of money under contract  
between the department and a student that defrays the costs  
incidental to a social worker preparation program offered in a  
regionally accredited post-secondary educational institution  
in New Mexico and that requires repayment in services;

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1 C. "social worker preparation program" means a  
2 program that is accredited by the council on social work  
3 education; and

4 D. "student" means a United States citizen who is  
5 enrolled in or accepted by an undergraduate or graduate social  
6 worker preparation program at a regionally accredited  
7 post-secondary educational institution in New Mexico.

8 Section 3. LOANS AUTHORIZED--QUALIFICATIONS.--

9 A. The department may grant a loan to a student  
10 deemed qualified by the department upon such terms and  
11 conditions as may be imposed by rule of the department.

12 B. The department shall only receive, pass upon  
13 and allow or disallow an application for a loan made by a  
14 student who declares an intent to serve as a social worker in  
15 a designated social worker shortage area of New Mexico.  
16 Social worker shortage areas may be either geographic-or  
17 discipline-specific.

18 C. The department shall make a full and careful  
19 investigation of the ability and qualifications of each  
20 applicant to become a recipient of a loan. The department  
21 shall give preference to qualified applicants who demonstrate  
22 financial need.

23 Section 4. SOCIAL WORKER LOANS--CONTRACT TERMS--  
24 REPAYMENT.--

25 A. Each applicant who is approved for a loan by

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1 the department may be granted a loan in such amounts and for  
2 such periods as the department determines. The loan shall not  
3 exceed the necessary expenses incurred while attending a  
4 social worker preparation program.

5 B. A loan shall bear interest at the rate of:

6 (1) eighteen percent per year if the loan  
7 recipient completes a social worker preparation program and no  
8 portion of the principal and interest is forgiven pursuant to  
9 Subsection F of this section; or

10 (2) seven percent per year in all other  
11 cases.

12 C. Loans made pursuant to the Social Worker Loan  
13 for Service Act shall not accrue interest until:

14 (1) the department determines the loan  
15 recipient has terminated the recipient's social worker  
16 preparation program prior to completion;

17 (2) the department determines the loan  
18 recipient has failed to fulfill the recipient's obligation to  
19 practice as a licensed social worker in New Mexico; or

20 (3) the department cancels a contract between  
21 a student and the department pursuant to Section 7 of the  
22 Social Worker Loan for Service Act.

23 D. The loan shall be evidenced by a contract  
24 between the loan recipient and the department acting on behalf  
25 of the state. The contract shall provide for the payment by

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1 the state of a stated sum covering the costs of a social  
2 worker preparation program and shall be conditioned on the  
3 repayment of the loan to the state over a period established  
4 by the department after the completion of the social worker  
5 preparation program and any post-graduate study or internship  
6 required to complete the loan recipient's education.

7 E. A loan made to a recipient who fails to  
8 complete the social worker preparation program shall become  
9 due immediately upon termination of the social worker  
10 preparation program. The department, in consultation with the  
11 loan recipient, shall establish terms of repayment, alternate  
12 service or cancellation terms.

13 F. The contract shall provide that the department  
14 shall forgive a portion of the loan for each year that the  
15 loan recipient practices as a licensed social worker in a  
16 designated social worker shortage area in New Mexico. The  
17 loan shall be forgiven as follows:

18 (1) loan terms of one year shall require one  
19 year of practice. Upon completion of service, one hundred  
20 percent of the loan shall be forgiven;

21 (2) loan terms of two years shall require one  
22 year of practice for each year of the loan. Upon completion  
23 of the first year of service, fifty percent of the loan shall  
24 be forgiven. Upon completion of the second year of service,  
25 the remainder of the loan shall be forgiven; and

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1 (3) for loan terms of three years or more,  
2 forty percent of the loan shall be forgiven upon completion of  
3 the first year of service, thirty percent of the loan shall be  
4 forgiven upon completion of the second year of service and the  
5 remainder of the loan shall be forgiven upon completion of the  
6 third year of service.

7 G. A loan recipient shall serve a complete  
8 contract year in order to receive credit for that year. The  
9 minimum credit for a year shall be established by the  
10 department.

11 H. If a loan recipient completes a social worker  
12 preparation program and does not serve as a social worker, the  
13 department shall assess a penalty of up to three times the  
14 principal due, plus eighteen percent interest, unless the  
15 department finds acceptable extenuating circumstances that  
16 prevent the loan recipient from serving. If the department  
17 does not find acceptable extenuating circumstances for the  
18 loan recipient's failure to carry out the recipient's declared  
19 intent to serve, the department shall require immediate  
20 repayment of the loan plus the amount of any interest and  
21 penalty assessed pursuant to this section.

22 I. The department shall adopt and promulgate rules  
23 to implement the provisions of this section. The rules may  
24 provide for the repayment of loans in annual or other periodic  
25 installments.

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1           Section 5.   CONTRACTS--LEGAL ASSISTANCE--ENFORCEMENT.--

2   The general form of the contract shall be prepared and  
3   approved by the attorney general and signed by the loan  
4   recipient and a designee of the department on behalf of the  
5   state.  The department is vested with full and complete  
6   authority and power to sue in its own name for any balance due  
7   the state from a loan recipient on a contract.

8           Section 6.   FUND CREATED--METHOD OF PAYMENT.--The "social  
9   worker loan for service fund" is created in the state  
10   treasury.  Money appropriated for loans pursuant to the Social  
11   Worker Loan for Service Act; earnings from investment of the  
12   fund; gifts, grants and donations to the fund; and all  
13   payments of principal and interest on loans made pursuant to  
14   that act shall be deposited in the fund.  Money in the fund  
15   shall not revert at the end of a fiscal year.  The fund shall  
16   be administered by the department.  All payments of money for  
17   loans shall be made on warrants drawn by the secretary of  
18   finance and administration pursuant to vouchers signed by the  
19   secretary of higher education or the secretary's designated  
20   representative.

21           Section 7.   CANCELLATION.--The department may cancel a  
22   contract between it and a loan recipient for any reasonable  
23   cause deemed sufficient by the department.

24           Section 8.   REPORTS.--The department shall report  
25   annually by January 1 to the governor and the legislature on

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1 its activities pursuant to the Social Worker Loan for Service  
2 Act, including the loans granted, the names and addresses of  
3 loan recipients, the social worker preparation programs loan  
4 recipients are attending and the names and locations of  
5 practice of loan recipients who have completed their social  
6 worker preparation education and are practicing as licensed  
7 social workers in New Mexico.

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