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FISCAL IMPACT REPORT

SPONSOR Gallegos **ORIGINAL DATE** 02/03/21
LAST UPDATED _____ **HB** _____
SHORT TITLE Teacher Loan Repayment **SB** 159
ANALYST Becerra

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Impacts					

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act
 Relates to HB22, SB151

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 The University of New Mexico (UNM)

SUMMARY

Synopsis of Bill

Senate Bill 159 (SB159) amends the current provisions of the Teacher Loan Repayment Act to expand the purpose of the program and ensure all New Mexico public school teachers qualify for loan repayment of undergraduate and graduate degrees in education, allowing for priority for designated high-need teacher positions if program funds are limited.

SB159 strikes the term “designated high-risk teacher positions” to include loans to applicants with bachelor’s, master’s or doctoral degrees in one or more education fields that lead to employment as a teacher in New Mexico public schools. SB159 further defines “student loan servicer” as non-profit organizations that service student loans for the federal government.

FISCAL IMPLICATIONS

This bill does not contain an appropriation.

HED reports that \$2 million was budgeted in FY21 for the Teacher Loan Repayment Program. The program is supported by nonreverting, nonrecurring appropriations to the Teacher Loan Repayment Fund. In FY20, \$10 million was appropriated to the fund.

Expanding the purpose of the program to include all teachers, not only teachers in designated high-risk positions, may increase potential applicant interest in the program leading to a request for an increase in funds to the program in subsequent years, if enacted.

SIGNIFICANT ISSUES

The teacher loan repayment program has seen a steady increase in applicants since 2015, although the number of awards is significantly lower than the number of applications submitted. In 2015, the program received 67 applications, but only 10 applicants received awards. Application numbers have increased in subsequent years with awards ranging from 8-12 awards per year with the exception of FY20 when the program received 199 applications and 184 applicants were awarded. Current program popularity suggests that expanding the purpose of the program will increase applicant interest in the program. If the award trend continues as in FY20, HED may request for funding for the program to satisfy sufficient awards to the expected applicant growth.

The bill specifies that any single award shall not exceed \$6,000 .

ADMINISTRATIVE IMPLICATIONS

Provisions of SB159 specify that the loan repayment program be administered by HED, but requires that HED work collaboratively with PED to jointly make a full and careful investigation of the ability and qualifications of each applicant and determine the fitness of the teacher to participate in the loan repayment program. Additionally, HED should consult with PED before adopting rules providing a procedure for determining the amount of a loan that will be repaid for each year of service, and disbursement of award funds.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The provisions within SB159 relate to appropriations included in the General Appropriation Act, HB22 and SB151.

MB/al/rl