

HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR

HOUSE BILL 241

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

AN ACT

RELATING TO EDUCATION; ENACTING THE TEACHER LOAN REPAYMENT  
ACT; CREATING A FUND; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Teacher  
Loan Repayment Act".

**SECTION 2.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] PURPOSE.--The purpose of the Teacher Loan Repayment  
Act is to increase the number of teachers in designated high-risk teacher positions in  
public schools 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 for teacher education purposes."

**SECTION 3.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] DEFINITIONS.--As used in the Teacher Loan Repayment

Act:

A. "department" means the higher education department;

B. "designated high-risk teacher positions" means teacher positions in specific public schools that have been designated by the public education department as schools with a high percentage of students that are not meeting acceptable academic proficiency levels and are located in areas with a high rate of poverty; and

C. "loan" means a grant of money to defray the costs incidental to a teacher education, under a contract between the federal government and a teacher, requiring repayment of principal and interest."

**SECTION 4.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] DEPARTMENT POWERS AND DUTIES—

PARTICIPANT ELIGIBILITY--QUALIFICATIONS.--

A. The department may grant an award to repay loans obtained for teacher educational expenses of a teacher upon such terms and conditions as may be imposed by rules of the department.

B. Applicants shall be licensed New Mexico teachers and shall be bona fide citizens and residents of the United States and of New Mexico. Applicants shall declare their intent to practice as teachers in designated high-risk teacher positions in the state.

C. The department and the public education department shall jointly make a full and careful investigation of the ability and qualifications of each applicant

and determine fitness to become a teacher in the teacher loan repayment program."

**SECTION 5.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] AWARD CRITERIA--CONTRACT TERMS--  
PAYMENT.--

A. Award criteria shall provide that:

(1) amounts shall be dependent upon the need for the teacher position, as determined by the public education department, the applicant's total teacher education indebtedness and balances in the teacher loan repayment fund;

(2) preference in making awards shall be to individuals who have graduated from a New Mexico public post-secondary educational institution;

(3) recruitment awards shall be made to eligible participants who agree to accept a designated highrisk teacher position;

(4) award amounts may be modified based upon available funding or other special circumstances; and

(5) an award shall not exceed the total teacher education indebtedness of a participant.

B. The following teacher education debts are not eligible for repayment pursuant to the Teacher Loan Repayment Act:

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

(2) scholarships that have a service component or obligation;

(3) personal loans from friends or relatives; and

(4) loans that exceed individual standard school expense levels.

C. The loan repayment award shall be evidenced by a contract between the teacher and the department acting on behalf of the state. The contract shall provide for the payment by the state of a stated sum to the teacher's creditors and shall state the obligations of the teacher under the program, including a minimum two-school-year period of service in a designated high-risk teacher position, quarterly reporting requirements and other policies established by the department.

D. Recipients shall serve a complete school year in order to receive credit for each year. The minimum credit for a school year shall be established by the department.

E. The contract between a teacher and the department shall provide that, if the teacher does not comply with the terms of the contract, the teacher shall reimburse the department for all loan repayments made on the teacher's behalf, plus reasonable interest at a rate to be determined by the department, unless the department finds acceptable extenuating circumstances for why the teacher cannot serve or comply with the terms of the contract.

F. Loan repayment awards shall be in the form of a payment from the teacher loan repayment fund directly to a creditor of a teacher that has received

the award and shall be considered a payment on behalf of the teacher and pursuant to the contract between the department and the teacher. A loan repayment award shall not obligate the state or the department to the creditor for any payment and shall not be considered to create any privity of contract between the state or the department and the creditor.

G. The department, after consulting with the public education department, shall adopt rules to implement the provisions of the Teacher Loan Repayment Act. The rules:

(1) shall provide a procedure for determining the amount of a loan that will be repaid for each year of service in a designated high-risk teacher position; and

(2) may provide for the disbursement of loan repayment awards to a teacher's creditors in annual or other periodic installments."

**SECTION 6.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] CONTRACTS--ENFORCEMENT.--The general form of a contract required pursuant to the Teacher Loan Repayment Act shall be prepared and approved by the attorney general, and each contract shall be signed by the teacher and the designated representative of the department on behalf of the state. The department is vested with full and complete authority and power to sue in its own name for any balance due the state from a teacher under any such contract."

**SECTION 7.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] FUND CREATED--METHOD OF PAYMENT.--The "teacher loan repayment fund" is created in the state treasury. All money appropriated for

the teacher loan repayment program shall be credited to the fund, and any repayment of awards and interest received by the department shall be credited to the fund. Income from the fund shall be credited to the fund, and balances in the fund shall not revert to any other fund. Money in the fund is appropriated to the department for making loan repayment awards pursuant to the Teacher Loan Repayment Act. All payments for loan repayment awards shall be made upon vouchers signed by the designated representative of the department and upon a warrant issued by the secretary of finance and administration."

**SECTION 8.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] CANCELLATION.--The department may cancel any contract made between it and a teacher for any reasonable cause deemed sufficient by the department."

**SECTION 9.** A new section of Chapter 21 NMSA 1978 is enacted to read:

"[NEW MATERIAL] REPORTS.--The department shall make annual reports to the governor and to the legislature, prior to each regular session, of its activities, the loan repayment awards granted, the names and addresses of loan repayment award recipients, the names and locations of the positions filled by those teachers and the name of each loan repayment award recipient who is not serving in a designated high-risk teacher position, the reason the person is not serving and the amount owed and paid on the loan and loan repayment award."