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SENATE BILL 8

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SPECIAL SESSION, 2021

INTRODUCED BY

Cliff R. Pirtle and Luis Terrazas

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE CAREER TECHNICAL EDUCATION LOAN FOR SERVICE ACT; CREATING A LOAN FOR SERVICE PROGRAM IN THE HIGHER EDUCATION DEPARTMENT; PROVIDING CONTRACT TERMS; REQUIRING REPAYMENT THROUGH SERVICE; MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Career Technical Education Loan for Service Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Career Technical Education Loan for Service Act:

A. "career technical program" means a vocational education program offered at a community college that leads to an associate of applied science degree or a vocational

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1 certificate;

2 B. "community college" means a public two-year
3 post-secondary educational institution in New Mexico or a
4 branch community college of a state four-year institution of
5 higher education;

6 C. "department" means the higher education
7 department;

8 D. "fund" means the career technical education loan
9 for service fund;

10 E. "loan recipient" means a person who, as a
11 student, has received a career technical education loan from
12 the department; and

13 F. "student" means a resident of New Mexico who is
14 enrolled in or about to be enrolled in a career technical
15 program paid for by a career technical education loan.

16 SECTION 3. [NEW MATERIAL] CAREER TECHNICAL EDUCATION
17 LOANS--PURPOSES--RULES--QUALIFICATIONS--PRIORITY.--

18 A. The department may grant a loan to pay tuition
19 and fees for a student deemed qualified by the department to
20 receive a loan for career technical education on such terms and
21 conditions as required by rule of the department.

22 B. To be eligible for a career technical education
23 loan, an applicant shall:

24 (1) be a citizen of the United States and a
25 resident of New Mexico and must maintain residency in New

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1 Mexico;

2 (2) have earned a high school diploma or a
3 high school equivalency credential;

4 (3) meet enrollment criteria for the community
5 college and the career technical program for which the student
6 is applying for a loan;

7 (4) declare the student's intent to practice
8 the career technical vocation within the state; and

9 (5) maintain continuing eligibility by:

10 (a) enrolling and completing the number
11 of credit hours covered by the loan as provided by department
12 rule; and

13 (b) maintaining a grade point average of
14 2.0 or higher on a scale of 4.0 or its equivalent.

15 C. The department shall make a full and careful
16 investigation of the ability, character and qualifications of
17 each applicant and determine fitness to be a loan recipient.
18 Priority for loans shall be given to students who are held or
19 previously were held in a corrections facility. As used in
20 this subsection, "corrections facility" means:

21 (1) a juvenile detention facility operated by
22 or for the children, youth and families department;

23 (2) the penitentiary of New Mexico, which
24 consists of the penitentiary at Santa Fe and other places in
25 the state designated by the secretary of corrections; or

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1 (3) the juvenile probation and aftercare
2 services of the juvenile justice division of the children,
3 youth and families department to the extent delegated by the
4 Delinquency Act or the adult probation and parole division of
5 the corrections department to the extent delegated by the
6 Probation and Parole Act.

7 D. The department shall arrange for graduating loan
8 recipients to receive assistance in locating appropriate
9 positions, if needed.

10 SECTION 4. [NEW MATERIAL] LOANS--CONTRACT TERMS--
11 REPAYMENT.--

12 A. Each approved applicant shall be granted a
13 career technical education loan in such amounts and for such
14 periods as determined by the department, depending on the cost
15 and time required to receive a vocational certificate or an
16 associate of applied science degree.

17 B. The loan amount shall be paid to the community
18 college for deposit in the student's account to pay tuition and
19 fees charged by the community college.

20 C. Career technical education loans bear interest
21 at the rate of:

22 (1) eighteen percent per year if no portion of
23 the principal and interest is forgiven pursuant to Subsection G
24 of this section; and

25 (2) up to seven percent per year in all other

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1 cases.

2 D. Loans shall not accrue interest until the
3 department:

4 (1) determines that the student has graduated;

5 (2) determines that the student has terminated
6 the career technical program prior to completion;

7 (3) determines that the loan recipient has
8 failed to fulfill the obligation to practice the career
9 technical vocation in New Mexico; or

10 (4) cancels the contract between a loan
11 recipient and the department for other reasons provided by rule
12 of the department.

13 E. A career technical education loan shall be
14 evidenced by a contract between the student and the department
15 acting on behalf of the state. The contract shall provide for
16 the payment by the state of a stated sum covering the cost of a
17 career technical education and shall be conditioned upon the
18 repayment of the loan to the state over a period negotiated
19 between the loan recipient and the department after completion
20 of the career technical program.

21 F. Loans made to students who fail to complete
22 their career technical program shall become due immediately
23 upon termination of the career technical education. The
24 department, in consultation with the loan recipient, shall
25 establish terms of repayment, alternate service or cancellation

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1 of the loan terms for extenuating circumstances as provided by
2 department rule.

3 G. The contract shall provide that the department
4 may forgive a portion of the loan for each year that a loan
5 recipient is employed in the career technical vocation in New
6 Mexico as approved by the department. The loan shall be
7 forgiven as follows:

8 (1) for a loan term of one year or less, one
9 year of career technical employment in New Mexico shall be
10 required. Upon completion of the year's employment, one
11 hundred percent of the loan shall be forgiven;

12 (2) for a loan term of more than one year but
13 not more than two years, one year of career technical
14 employment in New Mexico for each year of the loan shall be
15 required. Upon completion of the first year of employment,
16 fifty percent of the loan shall be forgiven. Upon completion
17 of the second year of employment, the remainder of the loan
18 shall be forgiven; and

19 (3) for a loan term of more than two years but
20 not more than three years, forty percent of the loan shall be
21 forgiven upon completion of the first year of employment,
22 thirty percent of the loan shall be forgiven upon completion of
23 the second year of employment and the remainder of the loan
24 shall be forgiven upon completion of the third year of
25 employment.

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1 H. Loan recipients shall serve a complete year of
2 employment to receive credit for that year. The minimum credit
3 for a year shall be established by the department.

4 I. The department shall adopt rules to implement
5 the provisions of this section. The rules may provide for the
6 repayment of career technical education loans in annual or
7 other periodic installments.

8 J. As used in this section, "employment" includes
9 qualified self-employment approved by the department.

10 SECTION 5. [NEW MATERIAL] CANCELLATION.--The department
11 may cancel a contract made between the department and a student
12 for any reasonable cause deemed sufficient by the department.

13 SECTION 6. [NEW MATERIAL] DELEGATION OF DUTIES.--The
14 department may arrange with other agencies for the performance
15 of services required by the provisions of the Career Technical
16 Education Loan for Service Act.

17 SECTION 7. [NEW MATERIAL] CONTRACTS--ENFORCEMENT.--The
18 general form of the career technical education loan contract
19 shall be prepared and approved by the attorney general and
20 signed by the student and designated representatives of the
21 department on behalf of the state. The department is vested
22 with full authority and power to sue in its own name for any
23 balance due the state from a student on a career technical
24 education loan contract.

25 SECTION 8. [NEW MATERIAL] FUND CREATED--METHOD OF

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1 PAYMENT.--The "career technical education loan for service
2 fund" is created as a nonreverting fund in the state treasury.
3 All money appropriated for loans to students and all payments
4 of loan principal and interest shall be credited to the fund.
5 The department may deposit money in the fund with the
6 department's administrative agent. All payments for loans
7 shall be made upon vouchers signed by the designated
8 representative of the department.

9 SECTION 9. [NEW MATERIAL] REPORTS.--The department shall
10 make annual reports to the governor and to the legislature
11 prior to each regular legislative session of its activities and
12 recommendations, including:

- 13 A. the number and amounts of loans granted;
- 14 B. the names and addresses of students to whom
15 loans were granted and the career technical program attended by
16 those students; and
- 17 C. the list of loan recipients who have graduated
18 and the name and location of each loan recipient's employer and
19 the loan recipient's job title.

20 SECTION 10. APPROPRIATION.--Five million dollars
21 (\$5,000,000) is appropriated from the general fund to the
22 career technical education loan for service fund for
23 expenditure in fiscal year 2023 and subsequent fiscal years to
24 carry out the provisions of the Career Technical Education Loan
25 for Service Act. Any unexpended or unencumbered balance

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1 remaining at the end of a fiscal year shall not revert to the
2 general fund.

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