

Nursing Faculty Student Loan Act

This Act establishes a loan forgiveness program designed to encourage more nurses to pursue higher education in order to teach more nursing students.

Specifically, the Act authorizes the Department of Health and Human Services Regulation and Licensure to grant annual loans of up to \$5,000 each year for up to three years to nurses who pursue master's or doctoral degrees to become nursing instructors. To qualify for a loan, a student must be a state resident, enrolled in a master's or doctoral accredited nursing program, and agree, in writing, to teach full time in an approved nursing program in the state. The loan must be used for education expenses and is forgiven at a rate of \$5,000 loaned per two years of full-time nursing instruction in the state.

If the loan recipient discontinues enrollment in the program, he or she must repay to the department 100 percent of the outstanding loan principal plus simple interest at a rate of one point below the prime interest rates as of the date the loan recipient signed the contract. If the loan recipient completes the program but fails to complete his or her teaching obligation, he or she must repay 125 percent of the outstanding loan principal plus simple interest at the rate described above. To jump-start the program, the Act authorizes the department to charge an additional fee of one dollar for each license renewal for a registered nurse or licensed practical nurse. The fee is to be credited to a Nursing Faculty Student Loan Cash Fund. Additionally, any grants, private donations, and loan repayments are to be credited to that fund for purposes of financing the loan program.

Submitted as:

Nebraska

LB 146

Status: Enacted into law in 2005.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act may be cited as the “Nursing Faculty Student Loan
2 Act.”

3
4 Section 2. [*Definitions.*] For purposes of this Act:

5 (1) Approved nursing program means a program offered by a public or private
6 postsecondary educational institution in this state which consists of courses of instruction in
7 regularly scheduled classes leading to a master of science degree, a bachelor of science degree,
8 an associate degree, or a diploma in nursing or for the preparation for licensure as a licensed
9 practical nurse available to regularly enrolled undergraduate or graduate students;

10 (2) Department means the [Department of Health and Human Services Regulation and
11 Licensure]; and

12 (3) Masters or doctoral accredited nursing program means a postgraduate nursing
13 education program that has been accredited by a nationally recognized accrediting agency and
14 offered by a public or private postsecondary educational institution in this state.

15
16 Section 3. [*Qualifications.*] To qualify for a loan under this Act, a student shall

17 (1) be a resident of this state;

- 18 (2) be enrolled in a masters or doctoral accredited nursing program, and
19 (3) agree in writing to engage in nursing instruction in an approved nursing program.
20

21 Section 4. [*Loans.*] Loans may be made by the [department] under this Act for
22 educational expenses of a qualified student who agrees in writing to engage in nursing
23 instruction in an approved nursing program for [two years] of full-time nursing instruction for
24 each year a loan is received, with a maximum of [six years] of nursing instruction in this state in
25 return for [three years] of loans under the Act.

26 Loans shall be subject to the following conditions:

27 (1) Loans shall be used only for educational expenses for a masters or doctoral accredited
28 nursing program. The use of loan funds by the recipient is subject to review by the [department];

29 (2) Each loan shall be for [one academic year];

30 (3) A loan recipient shall not receive more than [five thousand dollars per academic year]
31 and shall not receive more than [fifteen thousand dollars] under the Act;

32 (4) Loans shall be forgiven at the rate of [five thousand dollars] loaned per [two years] of
33 full-time nursing instruction in this state;

34 (5) If a loan recipient discontinues enrollment in the masters or doctoral accredited
35 nursing program before completing the program, he or she shall repay to the [department] [one
36 hundred percent] of the outstanding loan principal with simple interest at a rate of [one point
37 below the prime interest rate] as of the date the loan recipient signed the contract. Interest shall
38 accrue as of the date the loan recipient signed the contract. Such repayment shall commence
39 within [six months after] the date he or she discontinues enrollment and shall be completed
40 within the number of years for which loans were awarded;

41 (6) If, after the loan recipient completes the masters or doctoral accredited nursing
42 program and before all of his or her loans are forgiven under the Act, he or she fails to begin or
43 ceases full-time nursing instruction pursuant to the loan agreement, he or she shall repay to the
44 [department] [one hundred twenty-five percent of the outstanding loan principal] with simple
45 interest at a rate of [one point below the prime interest rate] as of the date the loan recipient
46 signed the contract. Interest shall accrue as of the date the loan recipient signed the contract.
47 Such repayment shall commence within [six months after] the date of completion of the program
48 or the date the loan recipient ceases full-time nursing instruction, whichever is later, and shall be
49 completed within the number of years for which loans were awarded; and

50 (7) Institutions which offer a masters or doctoral accredited nursing program may act as
51 agents of the department for the distribution of loans to eligible students.
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53 Section 5. [*Nursing Faculty Student Loan Cash Fund.*] A [Nursing Faculty Student Loan
54 Cash Fund] (Fund) is created. The Fund shall consist of grants, private donations, fees collected
55 pursuant to Section 6 of this Act, and loan repayments under this Act remitted by the
56 [department] to the [State Treasurer] for credit to the Fund. The Fund shall be used to administer
57 the Act and for loans to qualified students pursuant to the Act. The Act shall be carried out with
58 no appropriations from the [General Fund]. Any money in the Fund available for investment
59 shall be invested by the state investment officer pursuant to [insert citation].
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61 Section 6. [*Fees for License Renewal.*] Beginning [January 1, 2006, through December
62 31, 2007], the [department of health and human services regulation and licensure] shall charge a
63 fee of [one dollar], in addition to any other fee, for each license renewal for a registered nurse or
64 licensed practical nurse pursuant to [insert citation]. Such fee shall be collected at the time of
65 renewal and remitted to the [state treasurer] for credit to the Fund.
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67 Section 7. [*Administrative Responsibilities.*] The [department] has the administrative
68 responsibility to track loan recipients and to develop repayment tracking and collection
69 mechanisms. The [department] may contract for such services. When a loan has been forgiven
70 pursuant to Section 4 of this Act, the amount forgiven may be taxable income to the loan
71 recipient and the department shall provide notification of the amount forgiven to the loan
72 recipient, the [department of revenue], and the Internal Revenue Service if required by the
73 Internal Revenue Code as defined in section 49-801.01.

74
75 Section 8. [*Reports.*] The [department] shall [annually] provide a report to the [governor
76 and the clerk of the legislature] on the status of the program, the status of the loan recipients, and
77 the impact of the program on the number of nursing faculty in this state. Any report which
78 includes information about loan recipients shall exclude confidential information or any other
79 information which specifically identifies a loan recipient.

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81 Section 9. [*Rules and Regulations.*] The [department], in consultation with approved
82 nursing programs in this state, shall adopt and promulgate rules and regulations to carry out the
83 provisions of this Act. The [department] may adopt rules that require the maximum forgiveness
84 amount of [fifteen thousand dollars] pursuant to subdivision (3) of Section 4 of this Act be
85 present in the Fund before each qualified student is chosen.

86
87 Section 10. [*Severability.*] [Insert severability clause.]

88
89 Section 11. [*Repealer.*] [Insert repealer clause.]

90
91 Section 12. [*Effective Date.*] [Insert effective date.]