

LEGISLATIVE BILL 146

Approved by the Governor June 2, 2005

Introduced by Price, 26

AN ACT relating to nursing; to amend section 71-163, Reissue Revised Statutes of Nebraska; to adopt the Nursing Faculty Student Loan Act; to delete obsolete provisions; to harmonize provisions; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Sections 1 to 9 of this act shall be known and may be cited as the Nursing Faculty Student Loan Act.

Sec. 2. For purposes of the Nursing Faculty Student Loan Act:

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

(2) Department means the Department of Health and Human Services Regulation and Licensure; and

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

Sec. 3. To qualify for a loan under the Nursing Faculty Student Loan Act, a student shall (1) be a resident of Nebraska, (2) be enrolled in a masters or doctoral accredited nursing program, and (3) agree in writing to engage in nursing instruction in an approved nursing program.

Sec. 4. Loans may be made by the department under the Nursing Faculty Student Loan Act for educational expenses of a qualified student who agrees in writing to engage in nursing instruction in an approved nursing program for two years of full-time nursing instruction for each year a loan is received, with a maximum of six years of nursing instruction in Nebraska in return for three years of loans under the act. Loans shall be subject to the following conditions:

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

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

(3) A loan recipient shall not receive more than five thousand dollars per academic year and shall not receive more than fifteen thousand dollars under the act;

(4) Loans shall be forgiven at the rate of five thousand dollars loaned per two years of full-time nursing instruction in Nebraska;

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

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

(7) Institutions which offer a masters or doctoral accredited nursing program may act as agents of the department for the distribution of

loans to eligible students.

Sec. 5. The Nursing Faculty Student Loan Cash Fund is created. The fund shall consist of grants, private donations, fees collected pursuant to section 6 of this act, and loan repayments under the Nursing Faculty Student Loan Act remitted by the department to the State Treasurer for credit to the fund. The fund shall be used to administer the act and for loans to qualified students pursuant to the act. The act shall be carried out with no appropriations from the General Fund. Any money in the Nursing Faculty Student Loan Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 6. Beginning January 1, 2006, through December 31, 2007, the Department of Health and Human Services Regulation and Licensure shall charge a fee of one dollar, in addition to any other fee, for each license renewal for a registered nurse or licensed practical nurse pursuant to section 71-1,132.20. Such fee shall be collected at the time of renewal and remitted to the State Treasurer for credit to the Nursing Faculty Student Loan Cash Fund.

Sec. 7. The department has the administrative responsibility to track loan recipients and to develop repayment tracking and collection mechanisms. The department may contract for such services. When a loan has been forgiven pursuant to section 4 of this act, the amount forgiven may be taxable income to the loan recipient and the department shall provide notification of the amount forgiven to the loan recipient, the Department of Revenue, and the Internal Revenue Service if required by the Internal Revenue Code as defined in section 49-801.01.

Sec. 8. The department shall annually provide a report to the Governor and the Clerk of the Legislature on the status of the program, the status of the loan recipients, and the impact of the program on the number of nursing faculty in Nebraska. Any report which includes information about loan recipients shall exclude confidential information or any other information which specifically identifies a loan recipient.

Sec. 9. The department, in consultation with approved nursing programs in Nebraska, shall adopt and promulgate rules and regulations to carry out the Nursing Faculty Student Loan Act. The department may adopt rules that require the maximum forgiveness amount of fifteen thousand dollars pursuant to subdivision (3) of section 4 of this act be present in the Nursing Faculty Student Loan Cash Fund before each qualified student is chosen.

Sec. 10. Section 71-163, Reissue Revised Statutes of Nebraska, is amended to read:

71-163. (1) The Professional and Occupational Credentialing Cash Fund is created. Except as provided in section 71-172.02 and section 6 of this act, the fund shall consist of all fees, gifts, grants, and other money, excluding fines and civil penalties, received or collected by the department under sections 71-162 to 71-162.05.

(2) The department shall use the fund for the administration and enforcement of such laws regulating the individuals and entities listed in section 71-162 except for a percentage of the fees credited to the Nebraska Regulation of Health Professions Fund pursuant to section 71-6228.

(3) Any money in the Professional and Occupational Credentialing Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(4) Any money in the separate fund authorized in section 71-162 as it existed prior to July 1, 2004, and any money in the Acupuncturist Fund, the Athletic Trainer Fund, the Board of Registration for Environmental Health Specialists Fund, the Cosmetology Cash Fund, the Hearing Aid Fund, the Massage Therapy Fund, the Medical Nutrition Therapy Fund, the Mental Health Practice Fund, the Nebraska Pharmaceutical Fund, the Nurses' Licensing Cash Fund, the Nursing Home Administration Fund, the Occupational Therapy Licensing Cash Fund, the Psychologists Licensing Fund, and the Respiratory Care Practitioners Fund, on July 1, 2004, shall be transferred to the Professional and Occupational Credentialing Cash Fund.

Sec. 11. Original section 71-163, Reissue Revised Statutes of Nebraska, is repealed.