

LEGISLATIVE BILL 468

Approved by the Governor May 25, 2001

Introduced by Suttle, 10; Aguilar, 35

AN ACT relating to nursing; to adopt the Nursing Student Loan Act.
Be it enacted by the people of the State of Nebraska,

Section 1. Sections 1 to 7 of this act shall be known and may be cited as the Nursing Student Loan Act.

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

(1) Approved nursing program means a program offered by a public or private institution in this state (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;

(3) Nontraditional student means a student who has not attended classes as a regular full-time student for at least three years; and

(4) Practice of nursing has the definition found in section 71-1,132.05.

Sec. 3. The department shall administer a student loan program under the Nursing Student Loan Act which shall make loans directly to qualified students enrolled in approved nursing programs in the State of Nebraska as provided in section 6 of this act. The number of loans made to qualified students at each institution which has an approved nursing program shall be in direct proportion to the number of students enrolled in each nursing program, except that the program shall include at least one qualified student at each institution in the state which has an approved nursing program. The funds shall be loaned in a manner intended to result in the greatest increase in the number of persons engaged in the study of nursing. Loans shall be made available for students beginning January 1, 2002, and in each academic year thereafter. It is the intent of the Legislature that a portion of the loans allocated be used to enhance the educational opportunities of nontraditional students and ethnic minority students.

Sec. 4. (1) To qualify for a loan under the Nursing Student Loan Act, a student shall be a resident of Nebraska, intend to practice in Nebraska, be motivated to practice in Nebraska, and have substantial financial need as defined in section 85-990.

(2) Each recipient of a loan under the act shall agree to engage in the practice of nursing in the State of Nebraska for the equivalent of one year of full-time practice for each year a loan is received.

(3) Each approved nursing program shall forward to the department the names of the qualified students recommended to receive loans under the act, based on the criteria specified in subsections (1) and (2) of this section, and any other information and documentation the department deems necessary.

Sec. 5. (1) Loans received under the Nursing Student Loan Act shall be used only for educational expenses for an approved nursing program. The use of such loan funds by a student is subject to review by the department.

(2) Each loan shall be for one academic year. Each student shall not be loaned more than one thousand dollars per academic year nor a total of more than two thousand dollars.

(3) If a student who has received a loan discontinues the approved nursing program before completing the program, the student shall repay one hundred percent of the outstanding loan principal with simple interest at a rate of one point below the prime interest rate. Such repayment shall commence within six months after the date of discontinuation of the course of study and shall be completed within the number of years for which loans were awarded.

(4) After completion of the approved nursing program, a loan awarded to a student shall be forgiven when the recipient of the loan has engaged in the full-time practice of nursing in Nebraska for a period of time which would be the equivalent of full-time practice for the number of years for which loans were received.

(5) If a recipient of a loan under the act is not engaged in full-time practice, or the equivalent of full-time practice, as required in subsection (2) of section 4 of this act, the recipient shall repay one hundred

twenty-five percent of the outstanding loan principal. Such repayment shall be with simple interest at a rate of one point below the prime interest rate. Interest shall accrue beginning upon completion of the approved nursing program. Such repayment shall commence within six months after the date of discontinuation of the practice of nursing in Nebraska and shall be completed within the number of years for which loans were awarded.

Sec. 6. The department, in conjunction with approved nursing programs, shall adopt and promulgate rules and regulations to carry out the Nursing Student Loan Act. In conformance with such rules and regulations, institutions with approved nursing programs may act as agents of the department for the distribution of the loans to eligible students. The department may contract with outside sources to carry out the act.

Sec. 7. The Nursing Student Loan Cash Fund is created. The fund shall be the repository for loan repayments received under section 5 of this act. Any money in the 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.