

Enrolled Senate Bill 331

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CHAPTER

AN ACT

Relating to student loans for nursing programs; creating new provisions; amending ORS 348.115, 348.117 and 348.570; repealing ORS 348.115 and 348.117; appropriating money; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. As used in sections 2 and 3 of this 2001 Act:

(1) "Commission" means the Oregon Student Assistance Commission.

(2) "Nurse" means any person who is licensed under ORS 678.010 to 678.410 as a registered nurse.

(3) "Nursing critical shortage area" means a locality or practice specialty identified as such by the Oregon State Board of Nursing, in consultation with the Office of Rural Health, under section 2 of this 2001 Act.

(4) "Qualifying loan" means any loan made to a nursing student under:

(a) Programs under Title IV, parts B, D and E, of the Higher Education Act of 1965, as amended; or

(b) The Nursing Student Loan and Health Education Assistance Loan programs administered by the United States Department of Health and Human Services.

SECTION 2. (1) There is created the Nursing Services Program, to be administered by the Oregon Student Assistance Commission pursuant to rules adopted by the commission. The purpose of the program is to provide loan repayments on behalf of nurses who agree to practice in nursing critical shortage areas.

(2) To be eligible to participate in the program, a nurse or prospective nurse shall submit a letter of interest to the commission. Applicants who are selected for participation according to criteria adopted by the commission under subsection (3) of this section shall sign a letter of agreement stipulating that the applicant agrees to abide by the terms of the program described in section 3 of this 2001 Act.

(3) The commission shall by rule adopt, in consultation with the Oregon State Board of Nursing and the Office of Rural Health, criteria for participation in the program.

(4) The Oregon State Board of Nursing by rule shall annually identify, in consultation with the Office of Rural Health, those areas that are considered nursing critical shortage areas.

(5) Amounts paid to the commission as penalties under section 3 of this 2001 Act shall be credited and deposited in the Nursing Services Account created under ORS 348.570. The commission, in consultation with the Oregon State Board of Nursing, by rule shall allow waiver of all or part of any fees or penalties owed to the commission due to circumstances that prevent a nurse from fulfilling a service obligation under section 3 of this 2001 Act.

SECTION 3. (1) A nurse or prospective nurse applicant who is a graduate of an accredited nursing program with a baccalaureate or associate degree and who wishes to participate in the Nursing Services Program established under section 2 of this 2001 Act shall agree that:

(a) For each year of nursing school, the applicant designates an agreed amount, not to exceed \$8,800 or the amount determined under subsection (2) of this section, as a qualifying loan for the program.

(b) In the four years following the execution of a Nursing Services Program agreement with the Oregon Student Assistance Commission, a nurse agrees to practice for at least two full years in a nursing critical shortage area in Oregon.

(c) For not less than two nor more than four years that the nurse practices in a nursing critical shortage area, the commission shall annually pay:

(A) For full-time practice, an amount equal to 25 percent of the total of all qualifying loans made to the nurse.

(B) For half-time practice, an amount equal to 12.5 percent of the total of all qualifying loans made to the nurse.

(d) If the nurse does not complete the full service obligation set forth in paragraphs (b) and (c) of this subsection, the commission shall collect 100 percent of any payments made by the commission to the nurse under the Nursing Services Program. In addition, the commission shall assess against the nurse a penalty equal to 50 percent of the qualifying loans and interest paid by the commission.

(2)(a) On July 1 of each year, beginning in 2002 and ending in 2007, the Oregon Student Assistance Commission shall adjust the maximum dollar amount allowed under subsection (1)(a) of this section as a qualifying loan by multiplying the amount by a cost-of-living adjustment as specified in this subsection.

(b) The cost-of-living adjustment applied on July 1 each year by the commission shall be equal to the ratio of the seasonally adjusted United States City Average Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor for April of the calendar year divided by the value of the same index for April 2001.

(c) Beginning on July 1, 2008, the commission shall use the cost-of-living adjustment calculated for July 1, 2007.

(d) If the value of the dollar amount determined under paragraph (a) of this subsection is not a multiple of \$100, the commission shall round the dollar amount to the next lower multiple of \$100.

SECTION 4. ORS 348.115 is amended to read:

348.115. (1) In addition to any other financial aid provided by law, the Oregon Student Assistance Commission, pursuant to rule, may award loans to a qualified resident of this state upon the resident's acceptance and entry into a baccalaureate or associate degree nursing program at a post-secondary institution in Oregon. The loans may be forgiven upon fulfillment of the requirements of subsection (4) of this section.

(2) The loans authorized by subsection (1) of this section:

(a) Shall be made based on achievement, ability, need and motivation;

(b) Shall be made on an annual basis subject to renewal upon satisfactory performance for the duration of the nursing program; and

(c) Shall be made in annual amounts not to exceed 50 percent of the sum of tuition, fees and room and board for each participating student.

(3) Priority in awarding loans shall be given to:

(a) A resident employed in the health care field at the time of application; and
(b) A resident who agrees to practice in an area where there is a critical shortage of nurses, as determined annually by the Oregon State Board of Nursing in consultation with the Office of Rural Health.

(4) The resident receiving a loan under this section must agree to practice nursing [*full-time*] **at least half-time** in an area described in subsection (3)(b) of this section or in an area of specialty that is underserved for one calendar year for each academic year for which the loan is received. If the resident does not fulfill the practice requirement within five years of graduation, the amount received shall be considered a loan, repayable as provided in ORS 348.117, for each year for which the practice requirement is not met.

SECTION 5. ORS 348.117 is amended to read:

348.117. (1) Student borrowers under ORS 348.115 shall be required to pay at least seven percent interest per annum on the unpaid balance from the date of the loan as provided in subsection (5) of this section.

(2) Repayment of the principal and accruing and deferred interest on loans shall be commenced not later than 12 months after the student's completion of the nursing program or other termination of the student's education.

(3) Repayment of loans shall be deferred upon application therefor for up to three years during which:

(a) The student borrower is enrolled as at least a half-time student in a subsequent nursing program leading to a nursing degree higher than that attained in the initial program; **or**

[*(b) The student borrower is employed as a nurse in this state on at least a half-time basis; or*]

[*(c)*] **(b)** The student borrower shows inability to locate suitable employment.

(4) Repayment commences under the usual terms if the student borrower ceases to be employed as a nurse in this state before completing the practice requirements set forth in ORS 348.115 (4).

(5) Repayment shall be completed in a maximum of 120 months from the time repayment is commenced. However, nothing in this subsection is intended to prevent repayment without penalty at an earlier date than provided in this subsection or to prohibit the Oregon Student Assistance Commission from extending the repayment period to a date other than specified by this subsection.

(6) A student who borrows under ORS 348.115 shall have 100 percent of principal and accrued interest on loans under this section, ORS 348.115, 353.450, 442.470, 442.520, 442.550 to 442.570 and 656.256 canceled if it can be documented that, within five years of graduation[,];

(a) The student has completed one calendar year of full-time employment as a nurse in the State of Oregon for each academic year in which a loan was received; **or**

(b) The student has completed two calendar years of half-time employment as a nurse in the State of Oregon for each academic year in which a loan was received.

(7) A student who borrows under this section, ORS 348.115, 353.450, 442.470, 442.520, 442.550 to 442.570 and 656.256 and completes at least one calendar year of the practice obligation described in subsection (6) of this section shall have the amount of principal and accrued interest on loans under this section, ORS 348.115, 353.450, 442.470 442.520, 442.550 to 442.570 and 656.256 canceled for each calendar year of qualifying practice[,] **that is:**

(a) For full-time practice, equal to the principal and accrued interest on the loan borrowed for the comparable academic year of award; **or**

(b) For half-time practice, equal to half of the principal and accrued interest on the loan borrowed for the comparable academic year of the award.

(8) Repayment of any remaining principal and interest shall be waived upon the death or total and permanent disability of the student borrower.

SECTION 6. ORS 348.570 is amended to read:

348.570. (1) There is established in the State Treasury a fund, separate and distinct from the General Fund, to be known as the Oregon Student Assistance Fund for investment as provided by ORS 293.701 to 293.820 and for the payment of the expenses of the Oregon Student Assistance

Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.505 to 348.615, 348.696 and 348.992. Interest earned by the fund shall be credited to the fund.

(2) There is established in the State Treasury a fund, separate and distinct from the General Fund, to be known as the Student Loan Guarantee Fund, which may be invested in the same manner as the Oregon Student Assistance Fund. This fund shall receive funds from federal, state or private sources for the purpose of guarantying payment of loans made by eligible lending institutions to student residents of the State of Oregon who are enrolled or accepted for enrollment at any eligible institution, nonresident students enrolled or accepted for enrollment in an institution of higher education or community college in Oregon, and parents of those students, under the provisions of the Higher Education Act of 1965 as amended and for administrative expenses of guarantying loans. This fund, including the interest earnings on the fund, if any, is continuously appropriated to the commission for those purposes for which such funds were provided to, received or collected by the commission.

(3) There is established in the State Treasury a fund, separate and distinct from the General Fund, to be known as the Alternative Student Loan Program Fund for *[investments]* **investment** as provided by ORS 293.701 to 293.820 and **for** the payment of expenses *[by]* **of** the commission in carrying out the purposes of ORS 348.625 to 348.695. This fund, including the interest earnings on the fund, if any, is continuously appropriated to the commission for those purposes for which such funds were provided to, received or collected by the commission.

(4)(a) There is established in the General Fund an account to be known as the Nursing Services Account. Funds in the account shall be used for the payment of expenses of the Nursing Services Program created in section 2 of this 2001 Act.

(b) The account shall consist of:

(A) Funds appropriated to the Oregon Student Assistance Commission for deposit into the account;

(B) Collections and penalties received by the commission under section 3 of this 2001 Act; and

(C) Any donations or grants received by the commission for purposes of the Nursing Services Program.

(c) Any funds in the account that are not expended in any biennium shall be retained in the account and may be expended in the next biennium.

SECTION 7. There is appropriated to the Oregon Student Assistance Commission, for the biennium beginning July 1, 2001, out of the General Fund, the amount of \$315,000, for deposit into the Nursing Services Account established by ORS 348.570 for the Nursing Services Program.

SECTION 8. ORS 348.115 and 348.117 are repealed on July 1, 2012.

SECTION 9. This 2001 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2001 Act takes effect July 1, 2001.

Passed by Senate April 6, 2001

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Secretary of Senate

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President of Senate

Passed by House June 7, 2001

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Speaker of House

Received by Governor:

.....M.,....., 2001

Approved:

.....M.,....., 2001

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Governor

Filed in Office of Secretary of State:

.....M.,....., 2001

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Secretary of State