

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1513

S.P. 460

In Senate, March 8, 2001

An Act to Encourage the Profession of Nursing by Establishing a Nursing Education Loan Fund.

Reference to the Committee on Business and Economic Development suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator PENDLETON of Cumberland.
Cosponsored by Representative FULLER of Manchester and
Senators: GOLDTHWAIT of Hancock, RAND of Cumberland, SAVAGE of Knox,
Representatives: ANDREWS of York, CHICK of Lebanon, DUDLEY of Portland,
McLAUGHLIN of Cape Elizabeth, McNEIL of Rockland.

Be it enacted by the People of the State of Maine as follows:

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Sec. 1. 5 MRSA §12004-I, sub-§7-D is enacted to read:

<u>7-D.</u>	<u>Advisory</u>	<u>Not</u>	<u>20-A MRSA</u>
<u>Education</u>	<u>Committee</u>	<u>Authorized</u>	<u>§12154</u>
	<u>on Nursing</u>		
	<u>Education</u>		

Sec. 2. 20-A MRSA c. 424-A is enacted to read:

CHAPTER 424-A

NURSING EDUCATION AND RECRUITMENT

§12151. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Authority. "Authority" means the Finance Authority of Maine.

2. Chief executive officer. "Chief executive officer" means the Chief Executive Officer of the Finance Authority of Maine.

3. Resident. "Resident" means a person who has been a resident of the State for a minimum of 2 years for purposes other than education, as determined by rule of the authority. In determining residency, the authority shall consider:

A. Length of residence in the State for other than tuition purposes;

B. Secondary school attended;

C. Legal residence of parents;

D. Place of voting registration, if registered to vote;

E. Place where taxes are paid; and

F. Other indicators established by the authority.

§12152. Nursing Education Loan Program

1. Establishment. The Nursing Education Loan Program, referred to in this chapter as the "program," is established. The authority shall administer the program. Under this program,

2 beginning in fiscal year 2002-03 the chief executive officer
3 shall award up to 3 loans or loan repayment agreements annually
4 up to an aggregate of 12 outstanding loans at any one time.
5 Loans are available to residents enrolled or accepted in a
6 professional nursing degree program. A loan repayment agreement
7 is available to a person who is eligible for licensure as a
8 professional nurse in the State and who has outstanding nursing
9 education loans.

10 2. Application process. Application for a loan must be
11 made directly to the authority.

12 3. Eligibility. The following persons are eligible to
13 participate in the program:

14 A. A student applicant for a loan under subsection 1 who
15 meets eligibility criteria established by rule of the
16 authority, which at a minimum must require:

17 (1) That the student be a resident;

18 (2) That the student be enrolled in a professional
19 nursing degree program; and

20 (3) That priority be given to a student:

21 (a) Who previously received a loan pursuant to
22 this section;

23 (b) Who exhibits financial need; and

24 (c) Who demonstrates an interest in serving in
25 the State; and

26 B. An applicant for a loan repayment agreement under
27 subsection 1 who meets eligibility criteria established by
28 rule of the authority, which at a minimum must require:

29 (1) That the applicant has an active professional
30 nursing license in the State and is a resident;

31 (2) That the applicant have outstanding nursing
32 education loans; and

33 (3) That the applicant be willing to serve in the
34 State.

35 4. Maximum amount. The maximum loan or loan repayment
36 amount available to each participant is \$20,000 per year.

2 5. Loan agreement; forgiveness. A student receiving a loan
3 under subsection 3, paragraph A shall enter into a loan agreement
4 as set out in this subsection.

6 A. Upon completion of professional education, the loan
7 recipient shall repay the loan in accordance with this
8 paragraph.

10 (1) A loan recipient who does not obtain loan
11 forgiveness pursuant to subparagraph (2) shall repay
12 the entire principal of the loan, plus simple interest,
13 at a rate to be determined by rule of the authority.

14 Interest does not begin to accrue until the loan
15 recipient completes nursing education.

18 (2) A loan recipient who, upon conclusion of the
19 recipient's professional nursing education, including
20 any fellowships, elects to serve as a professional
21 nurse in the State is forgiven 25% of the original
22 outstanding indebtedness for each calendar year served
23 as a nurse.

24 B. Loans must be repaid over a term no longer than 10
25 years, except that the chief executive officer may extend an
26 individual's term as necessary to ensure repayment of the
27 loan. Repayment must commence when the loan recipient
28 completes, withdraws from or otherwise fails to continue
29 nursing education.

32 6. Loan repayment agreement. An applicant under subsection
33 3, paragraph B shall enter into a loan repayment agreement as set
34 out in this subsection.

36 A. An applicant will receive payment from the authority on
37 the applicant's outstanding indebtedness for nursing
38 education at a rate of \$20,000 per calendar year of service
39 as long as the applicant continues to serve as a
40 practitioner of nursing in the State.

42 7. Default. A loan recipient under the program who agrees
43 to practice in the State and who fails to complete the period of
44 service required to pay off the loan is liable to the authority
45 for an amount equal to the sum of the total amount paid by or on
46 behalf of the authority to or on behalf of the recipient under
47 the contract plus interest at a rate determined by the authority,
48 minus credit for practice in the State, which will be awarded
49 pursuant to subsection 5, paragraph A, subparagraph (2) for each
50 calendar year served. Exceptions may be made by the authority in
 accordance with subsection 8.

2 A loan recipient under the program may be granted permission to
4 default without penalty from an agreement to serve in the State
6 by petitioning the authority. Grounds for permission to default
8 without penalty include, but are not limited to, catastrophic
10 circumstances that prevent the recipient from remaining in the
12 State for the required period of time. A recipient who has been
14 granted permission to default may receive credit for the number
16 of calendar months served, notwithstanding subsection 5,
18 paragraph A, subparagraph (2), and the remaining financial
20 obligation plus interest must be repaid to the authority in cash
22 under the terms of the original agreement.

24 **8. Deferments.** Deferments on the repayment of a loan under
26 the program may be granted for causes established by rule of the
28 authority. Interest at a rate to be determined by rule of the
30 authority must be assessed during the deferment. The student's
32 total debt to the authority, including principal and interest,
34 must be repaid either through service in the State or cash
36 payments. The chief executive officer shall make determinations
38 of deferment on a case-by-case basis. The decision of the chief
40 executive officer is final.

24 **§12153. Nonlapsing fund**

26 A nonlapsing, interest-earning, revolving fund under the
28 jurisdiction of the authority is created to carry out the
30 purposes of this chapter. Any unexpended balance in the fund
32 carries over for continued use under this chapter. The authority
34 may receive, invest and expend, on behalf of the fund, money from
36 gifts, grants, bequests and donations in addition to money
38 appropriated or allocated by the State. Loan repayments under
40 this chapter or other repayments to the authority must be
42 invested by the authority, as provided by law, with the earned
44 income to be added to the fund. Money received by the authority
46 on behalf of the fund must be used for the designated purpose of
48 the program.

40 **§12154. Advisory Committee on Nursing Education**

42 **1. Committee.** The Advisory Committee on Nursing Education,
44 established pursuant to Title 5, section 12004-I, subsection 7-D,
46 shall assist the chief executive officer in evaluating and
48 improving the program.

46 **2. Members.** The Advisory Committee on Nursing Education
48 consists of:

50 **A. Eight voting members appointed as follows:**

(1) One member, appointed by the President of the

2 Senate, who represents a major statewide organization
3 of consumers dedicated to the cause of affordable
4 health care;

6 (2) One member, appointed by the President of the
7 Senate, who represents the State Board of Nursing;

8 (3) One Senator appointed by the President of the
9 Senate;

10 (4) One member, appointed by the Speaker of the House,
11 who represents a major statewide organization
12 representing the majority of nurses in the State;

13 (5) One member of the House of Representatives,
14 appointed by the Speaker of the House; and

15 (6) Three members appointed by the Governor from a
16 list of candidates submitted to the Governor by a major
17 statewide organization representing the majority of
18 nurses in the State. Each of these 3 members must
19 represent a school of nursing at one of the following:

20 (a) The University of Maine System;

21 (b) The Maine Vocational Technical College
22 System; and

23 (c) Private postsecondary institutions in this
24 State; and

25 B. One nonvoting member representing the authority,
26 appointed by the Speaker of the House.

27 3. Vacancies. In the case of a vacancy or resignation, an
28 appointment must be made as for a new member to fill the vacancy
29 until the expiration of the term.

30 4. Terms. The term of office for all appointees is 2 years.

31 **§12155. Rules**

32 The authority shall establish rules necessary to implement
33 this chapter. Rules adopted pursuant to this section are routine
34 technical rules as defined in Title 5, chapter 375, subchapter
35 II-A.

36 **Sec. 3. Appropriation.** The following funds are appropriated
37 from the General Fund to carry out the purposes of this Act.

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2002-03

4 **FINANCE AUTHORITY OF MAINE**

6 **Nursing Education Loan Program**

8 All Other \$800,000

10 Provides funds for loans to
12 Maine residents enrolled in a
14 professional nursing degree
16 program to repay loan
18 agreements for nurses
20 practicing in Maine from
22 amounts available in the fund
24 created under the Maine
26 Revised Statutes, Title 20-A,
28 section 12153. Money in the
30 fund may not lapse but must
32 be carried forward.

24 **SUMMARY**

26 This bill establishes the Nursing Education Loan Program.
28 Under the program, the Finance Authority of Maine will award
30 loans to Maine residents who have been accepted into a
32 professional nursing degree program. The loans are available to
34 persons seeking initial degrees or furthering their nursing
education and seeking advanced nursing degrees. If, upon
completing nursing education, a loan recipient elects to practice
nursing in the State, the loan recipient may be forgiven a
portion of the loan for each calendar year worked.

36 This bill also establishes a nonlapsing fund that may be
used to make the loan.