

**CS FOR HOUSE BILL NO. 211(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/11/03

Referred: Finance

Sponsor(s): REPRESENTATIVES WILSON, Gara, Ogg, Seaton, Guttenberg, McGuire, Dahlstrom, Crawford, Lynn, Kerttula, Cissna

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to a student loan repayment program for nurses, and amending the**  
2 **duties of the Board of Nursing that relate to this program; and providing for an effective**  
3 **date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 FINDINGS; PURPOSE. (a) The legislature finds that a shortage of qualified nurses  
8 exists in this state.

9 (b) The purpose of this Act is to establish the Alaska nurse recruitment loan  
10 repayment program to provide financial incentives through the repayment, in whole or part,  
11 by the state of education loans for nurses upon the nurse's completing a term of employment  
12 as a nurse in the state.

13 \* **Sec. 2.** AS 08.68.100(a) is amended by adding a new paragraph to read:

14 (10) in consultation with the Alaska Commission on Postsecondary

1 Education, establish standards and eligibility criteria for the Alaska nurse recruitment  
 2 loan repayment program under AS 14.43.530 - 14.43.590, including the adoption of  
 3 necessary regulations and determination of areas of the state that have a shortage of  
 4 nurses.

5 \* **Sec. 3.** AS 14.42.030(b) is amended to read:

6 (b) The commission shall

7 (1) administer the financial aid and interstate education compact  
 8 programs under AS 14.43.091 - 14.43.920 and 14.43.990, and AS 14.44;

9 (2) administer the provisions of AS 14.48 concerning regulation of  
 10 postsecondary educational institutions;

11 (3) resolve disputes under a consortium or other cooperative agreement  
 12 between institutions of public and private higher education in the state; [AND]

13 (4) serve as the state agency required under 20 U.S.C. 1001 - 1155;

14 **and**

15 **(5) perform duties assigned under AS 14.43.530 - 14.43.590**  
 16 **(Alaska nurse recruitment loan repayment program).**

17 \* **Sec. 4.** AS 14.42.040 is amended by adding a new subsection to read:

18 (c) The executive director of the commission shall administer the Alaska nurse  
 19 recruitment loan repayment program under AS 14.43.530 - 14.43.590 in accordance  
 20 with standards and eligibility criteria set by the Board of Nursing under AS 08.68.100.

21 \* **Sec. 5.** AS 14.42.295(a) is amended to read:

22 (a) The board may elect to pay the state a return of contributed capital, or a  
 23 dividend, for each base fiscal year that the corporation's net income equals or exceeds  
 24 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent,  
 25 as approved by the board, of the corporation's net income for the base fiscal year, and  
 26 is subject to the provisions of any applicable bond indentures of the corporation. If a  
 27 payment is authorized under this section, payment must be made available by the  
 28 corporation before the end of the fiscal year in which payment has been authorized.  
 29 The corporation shall notify the commissioner of revenue when the amount of the  
 30 payment authorized under this section is available for appropriation. **The money**  
 31 **made available under this subsection may be appropriated for the Alaska nurse**

1           **recruitment loan repayment program under AS 14.43.530 - 14.43.590.**

2           \* **Sec. 6.** AS 14.43 is amended by adding new sections to read:

3                   **Article 9A. Alaska Nurse Recruitment Loan Repayment Program.**

4                   **Sec. 14.43.530. Program established.** (a) There is established the Alaska  
5 nurse recruitment loan repayment program to provide financial incentives for qualified  
6 nurses to work in this state through the repayment of education loans.

7                   (b) The program is not a financial obligation of the corporation.

8                   **Sec. 14.43.540. Alaska nurse recruitment loan repayment program**  
9 **account.** (a) The Alaska nurse recruitment loan repayment program account is  
10 created in the general fund. The account shall be used to provide financial awards for  
11 the repayment of education loans under the program and to pay for the costs of  
12 administering the program.

13                   (b) The account includes money that the legislature appropriates from the  
14 corporation's dividend to the state under AS 14.42.295, the interest and earnings on  
15 money that are appropriated to the account, and funds contributed from federal or  
16 other sources. If money available is inadequate to finance the requests from eligible  
17 nurses under this program for a fiscal year, additional money may be requested from  
18 the general fund and appropriated to the account for the program.

19                   **Sec. 14.43.550. Administration.** (a) The Alaska nurse recruitment loan  
20 repayment program shall be administered by the executive director using

21                   (1) the standards and eligibility criteria of the program established by  
22 the Board of Nursing under AS 08.68.100 and the eligibility criteria established under  
23 AS 14.43.560; and

24                   (2) the financial management standards for proper administration of  
25 the Alaska nurse recruitment loan repayment program account as established by the  
26 commission.

27                   (b) After consultation with the Board of Nursing, the commission may adopt  
28 regulations to carry out its duties and the executive director's duties under the  
29 program.

30                   **Sec. 14.43.560. Eligibility criteria.** In addition to program standards and  
31 eligibility criteria established under AS 08.68.100, an applicant must meet the

1 following criteria:

2 (1) the applicant was hired as a nurse in this state on or after July 1,  
3 2003;

4 (2) the applicant is employed as a nurse in this state during the loan  
5 repayment period;

6 (3) the applicant has the required license to practice as a nurse in this  
7 state;

8 (4) the applicant shall agree to fulfill any requirement of the program;

9 (5) the applicant has outstanding education loans from a lending  
10 institution to be repaid under the program.

11 **Sec. 14.43.570. Conditions and limitations on loan payments.** (a) The total  
12 amount of education loans and interest on loans repaid for an individual may not  
13 exceed \$10,000 in a lifetime for a nurse. An award under this section shall be paid on  
14 an annual basis over a period of at least five years. The maximum annual award under  
15 this section is the lesser of

16 (1) \$2,000; or

17 (2) 20 percent of the total loan and interest amount owed by the  
18 program participant.

19 (b) An award must be conditioned on the availability of money for the  
20 program. The executive director shall monitor the outstanding financial awards made  
21 under the program to ensure the adequacy of the balance of the account to meet  
22 program needs. If the executive director finds that the balance of the account is

23 (1) insufficient to pay for existing awards, the executive director shall  
24 prorate the money available in the account among all existing award recipients and  
25 shall suspend the acceptance of new applications and the processing of pending  
26 applications under the program; and

27 (2) sufficient for existing awards but insufficient for new or pending  
28 applicants, the executive director shall pay existing awards and shall award the money  
29 available for new or pending applicants according to criteria approved by the Board of  
30 Nursing.

31 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context

1 otherwise requires,

2 (1) "account" means the Alaska nurse recruitment loan repayment  
3 program account established in AS 14.43.540;

4 (2) "executive director" means the executive director of the  
5 commission;

6 (3) "nurse" means a person licensed as a registered or practical nurse  
7 under AS 08.68.170;

8 (4) "program" means the Alaska nurse recruitment loan repayment  
9 program.

10 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 **TRANSITION: REGULATIONS.** Notwithstanding sec. 9 of this Act, the state Board  
13 of Nursing and the Alaska Commission on Postsecondary Education may immediately  
14 proceed to adopt regulations necessary to implement their respective duties under this Act.  
15 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before  
16 July 1, 2003.

17 \* **Sec. 8.** Section 7 of this Act takes effect immediately under AS 01.10.070(c)

18 \* **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect July 1, 2003.