

SENATE BILL NO. 154

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATOR FRENCH

Introduced: 3/20/03

Referred: Health, Education and Social Services, Labor and Commerce, Finance

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) establish standards and eligibility criteria for the Alaska nurse

1 recruitment loan repayment program under AS 14.43.530 - 14.43.590, including the
 2 adoption of necessary regulations and determination of areas of the state that have a
 3 shortage of nurses.

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

5 (b) The commission shall

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

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

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

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

13 **and**

14 **(5) perform duties assigned under AS 14.43.530 - 14.43.590**

15 **(Alaska nurse recruitment loan repayment program).**

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

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

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

21 (a) The board may elect to pay the state a return of contributed capital, or a
 22 dividend, for each base fiscal year that the corporation's net income equals or exceeds
 23 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent,
 24 as approved by the board, of the corporation's net income for the base fiscal year, and
 25 is subject to the provisions of any applicable bond indentures of the corporation. If a
 26 payment is authorized under this section, payment must be made available by the
 27 corporation before the end of the fiscal year in which payment has been authorized.
 28 The corporation shall notify the commissioner of revenue when the amount of the
 29 payment authorized under this section is available for appropriation. **The money**
 30 **made available under this subsection may be appropriated for the Alaska nurse**
 31 **recruitment loan repayment program under AS 14.43.530 - 14.43.590.**

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (3) the applicant shall agree to fulfill any requirement of the program;

6 (4) the applicant has outstanding education loans from a recognized
7 entity to be repaid under the program;

8 (5) if the applicant does not fulfill obligations under the program, the
9 applicant shall repay the money paid under this section and may not receive further
10 loan repayments under the program.

11 (b) The executive director shall distribute information regarding the program

12 (1) to hospitals in the state; and

13 (2) to others upon request.

14 **Sec. 14.43.570. Conditions and limitations on loan payments.** (a) The total
15 amount of financial awards for repayment of educational loans and interest on loans
16 may not exceed \$10,000 in a lifetime for a nurse. The annual amount eligible to be
17 repaid under this section is equal to the following percentages of the total amount
18 received by the applicant plus interest, up to a total of 100 percent of the total amount
19 plus interest:

20 (1) one year employment in the state as a nurse, 20 percent;

21 (2) two years employment in the state as a nurse, an additional 20
22 percent;

23 (3) three years employment in the state as a nurse, an additional 20
24 percent;

25 (4) four years employment in the state as a nurse, an additional 20
26 percent;

27 (5) five years employment in the state as a nurse, an additional 20
28 percent.

29 (b) A financial award must be conditioned on the availability of money for the
30 program. The executive director shall monitor the outstanding financial awards made
31 under the program to ensure the adequacy of the balance of the account to meet

1 program needs. If the executive director finds that the balance of the account is
 2 insufficient to pay for existing awards and incur additional obligations to new
 3 applicants, the executive director shall advise the commission and the Board of
 4 Nursing. Until the commission and the Board of Nursing determine the account is
 5 sufficient to incur additional obligations, the executive director shall

6 (1) prorate the money available in the account among all existing
 7 award recipients, except as required under (d) of this section; and

8 (2) suspend the acceptance of new applications and the processing of
 9 pending applications under the program.

10 (c) The provisions of AS 14.43.920 apply to the repayment of a loan under the
 11 program.

12 (d) An educational loan or interest on a loan is not eligible for repayment
 13 under the program if the loan or interest is eligible for repayment under another
 14 source, including another loan repayment or forgiveness program.

15 (e) If the executive director prorates money under (b)(1) of this section, a
 16 priority shall be given to recipients who work in an area of the state or a specialty that
 17 the Board of Nursing determines has a shortage of nurses.

18 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context
 19 otherwise requires,

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

22 (2) "executive director" means the executive director of the
 23 commission;

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

26 (4) "program" means the Alaska nurse recruitment loan repayment
 27 program.

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

30 **TRANSITION: REGULATIONS.** Notwithstanding sec. 9 of this Act, the state Board
 31 of Nursing and the Alaska Commission on Postsecondary Education may immediately

1 proceed to adopt regulations necessary to implement their respective duties under this Act.
2 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before
3 July 1, 2003.

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

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