

SENATE BILL NO. 8

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY SENATORS FRENCH, Ellis, Davis, Elton

Introduced: 1/11/05

Referred: Health, Education and Social Services, State Affairs, 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 (11) 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 2005;

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; or

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 established by the Board
30 of Nursing.

31 (c) An educational loan or interest on a loan is not eligible for repayment

1 under the program if the loan or interest is eligible for repayment from another source,
 2 including another loan repayment or forgiveness program or repayment by an
 3 employer.

4 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context
 5 otherwise requires,

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

8 (2) "executive director" means the executive director of the
 9 commission;

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

12 (4) "program" means the Alaska nurse recruitment loan repayment
 13 program.

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

16 **TRANSITION: REGULATIONS.** The state Board of Nursing and the Alaska
 17 Commission on Postsecondary Education may immediately proceed to adopt regulations
 18 necessary to implement their respective duties under this Act. The regulations take effect
 19 under AS 44.62 (Administrative Procedure Act), but not before July 1, 2005.

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

21 * **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect July 1, 2005.