

JAN 15 2002

APPROPRIATIONS

HOUSE FILE 2036
BY DRAKE

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a nursing shortage forgivable loan program
2 and fund and making an appropriation from the healthy Iowans
3 tobacco trust.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2036

1 Section 1. COLLEGE STUDENT AID COMMISSION -- NURSING
2 SHORTAGE FORGIVABLE LOAN PROGRAM APPROPRIATION. There is
3 appropriated from the healthy Iowans tobacco trust to the
4 college student aid commission for the fiscal year beginning
5 July 1, 2002, and ending June 30, 2003, the following amount,
6 or so much thereof as is necessary, to be used for the purpose
7 designated:

8 For the nursing shortage forgivable loan program
9 established in section 261.113:

10 \$ 500,000

11 Sec. 2. NEW SECTION. 261.113 NURSING SHORTAGE FORGIVABLE
12 LOAN PROGRAM.

13 1. A nursing shortage forgivable loan program is
14 established to be administered by the college student aid
15 commission. An individual is eligible for the forgivable loan
16 program if the individual is a resident of this state who is
17 enrolled as a sophomore, junior, senior, or graduate student
18 in a school of nursing located in this state that is
19 accredited by a recognized state or national accredited agency
20 approved by the board of nursing.

21 2. Each applicant shall, in accordance with the rules of
22 the commission, do the following:

23 a. Complete and file an application for a nursing shortage
24 forgivable loan. The individual shall be responsible for the
25 prompt submission of any information required by the
26 commission.

27 b. File a new application and submit information as
28 required by the commission annually on the basis of which the
29 applicant's eligibility for the renewed forgivable loan will
30 be evaluated and determined.

31 3. Forgivable loans to eligible students shall not become
32 due until after the student graduates or leaves school. The
33 individual's total loan amount, including principal and
34 interest, shall be reduced by twenty percent for each year in
35 which the individual remains an Iowa resident and is employed

1 full-time in Iowa as a nurse in an institutional health
2 facility as defined in section 135.61. If the commission
3 determines that the person does not meet the criteria for
4 forgiveness of the principal and interest payments, the
5 commission shall establish a plan for repayment of the
6 principal and interest over a ten-year period. If a person
7 required to make the repayment does not make the required
8 payments, the commission shall provide for payment collection.

9 4. The amount of a nursing shortage forgivable loan shall
10 not exceed two thousand dollars annually, or the amount of the
11 student's established financial need, whichever is less.

12 5. The commission shall prescribe by rule the interest
13 rate for the forgivable loan.

14 6. A nursing shortage forgivable loan repayment fund is
15 created for deposit of payments made by forgivable loan
16 recipients who do not fulfill the conditions of the forgivable
17 loan program and any other moneys appropriated to or received
18 by the commission for deposit in the fund. Notwithstanding
19 section 8.33, moneys deposited in the fund shall not revert to
20 the general fund of the state at the end of any fiscal year
21 but shall remain in the forgivable loan repayment fund and be
22 continuously available to make additional loans under the
23 program. Notwithstanding section 12C.7, subsection 2,
24 interest or earnings on moneys deposited in the fund shall be
25 credited to the fund.

26 EXPLANATION

27 This bill establishes a nursing shortage forgivable loan
28 program and fund to be administered by the college student aid
29 commission and appropriates to the commission from the healthy
30 Iowans tobacco trust, for the 2002-2003 fiscal year, \$500,000
31 for purposes of the program.

32 An individual is eligible for the program if the individual
33 is a resident enrolled as a sophomore, junior, senior, or
34 graduate student in an accredited Iowa school of nursing.

35 Under the bill, the individual's total loan amount,

1 including principal and interest, will be reduced by 20
2 percent for each year in which the individual remains an Iowa
3 resident employed full-time as a nurse in an Iowa
4 institutional health facility. The bill requires the
5 commission to establish a repayment plan for persons who do
6 not meet the criteria for forgiveness.

7 The amount of a forgivable loan shall not exceed \$2,000
8 annually, or the amount of the student's established financial
9 need, whichever is less.

10 The nursing shortage forgivable loan repayment fund is
11 created for deposit of payments made by loan recipients who do
12 not fulfill the conditions of the program and for any other
13 moneys received by the commission for deposit in the fund.
14 Moneys deposited in the fund will not revert to the general
15 fund of the state at the end of any fiscal year but will
16 remain in the fund to make additional loans under the program.

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