

# HOUSE BILL No. 5931

April 18, 2002, Introduced by Reps. Shackleton, Raczkowski, Patterson, Hale, Neumann, Ruth Johnson, Vander Veen, Meyer, Ehardt and Koetje and referred to the Committee on Appropriations.

A bill to establish an educational loan program for eligible resident students enrolled in certain nursing education programs; to prescribe conditions for repayment and forgiveness of the loans; to establish a future nurses education loan fund and to provide for its administration; and to prescribe certain powers and duties of certain state officers, agencies, and departments.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "future nurses education loan act".

3       Sec. 2. As used in this act:

4       (a) "Authority" means the Michigan higher education loan  
5 authority created by the higher education loan authority act,  
6 1975 PA 222, MCL 390.1151 to 390.1165.

7       (b) "Department" means the department of treasury.

1 (c) "Fund" means the future nurses education loan fund  
2 created in section 6.

3 (d) "Nursing program" means that term as defined in section  
4 2701 of the public health code, 1978 PA 368, MCL 333.2701.

5 (e) "Practice of nursing" means that term as defined in sec-  
6 tion 17201 of the public health code, 1978 PA 368,  
7 MCL 333.17201.

8 Sec. 3. The future nurses education loan program is creat-  
9 ed, to be administered by the authority. The authority shall do  
10 all of the following:

11 (a) Make loans to students pursuant to this act.

12 (b) Develop a loan agreement to be entered into by a loan  
13 recipient and the authority that contains the terms of a loan  
14 made under this act and the rights and obligations of the loan  
15 recipient and the authority.

16 (c) Collect repayment of loans.

17 (d) Conduct periodic audits of loan recipients to ensure  
18 compliance with the terms of the loan agreement and take neces-  
19 sary steps to enforce the terms of the loan agreement.

20 (e) Publicize the future nurses education loan program and  
21 recruit qualifying students to participate in the future nurses  
22 education loan program.

23 (f) Promulgate rules, as necessary to implement this act,  
24 pursuant to the administrative procedures act of 1969, 1969  
25 PA 306, MCL 24.201 to 24.328. The rules shall include, at a min-  
26 imum, standards of eligibility for students to receive loans  
27 under this act. The standards of eligibility shall be designed

1 to ensure that a loan recipient has demonstrated superior  
2 scholarship in high school and potential for superior academic  
3 performance in a nursing program in this state and shall include,  
4 but not be limited to, criteria relating to an applicant's grade  
5 point average, standardized college admission test scores, and  
6 extracurricular activities.

7       Sec. 4. The authority may award a loan under this act to an  
8 individual determined by the authority to meet all of the follow-  
9 ing eligibility criteria:

10       (a) Is a United States citizen or permanent resident of the  
11 United States.

12       (b) Has resided continuously in this state for the 12 months  
13 immediately preceding the date of his or her application and is  
14 not a resident of any other state.

15       (c) Is not in default on an educational loan made or guaran-  
16 teed by the state.

17       (d) Is enrolled or has been accepted into a 2- or 4-year  
18 nursing program located in this state.

19       (e) Has demonstrated superior scholarship as determined  
20 according to standards set by department rule promulgated under  
21 section 3.

22       (f) Has signed a written loan agreement with the authority  
23 stating the individual's intention to pursue nursing as a career  
24 and to engage in the practice of nursing in this state for a  
25 period of not less than 1 year for each educational loan obtained  
26 under this act.

1 (g) Is in compliance with this act and the rules promulgated  
2 under this act.

3 (h) Meets all other standards established in rules promul-  
4 gated by the department under section 3.

5 Sec. 5. (1) The maximum amount of a loan made under this  
6 act is \$3,500.00 in an academic year, and an individual may  
7 obtain up to 4 loans if enrolled in a 4-year nursing program or  
8 up to 2 loans if enrolled in a 2-year nursing program.

9 (2) The authority shall pay the amount of a loan made under  
10 this act directly to the nursing program in which the loan recip-  
11 ient is enrolled, to be applied to the loan recipient's account  
12 with the nursing program.

13 (3) Except as provided in subsection (4), a loan obtained  
14 under this act shall bear interest and be repayable on the same  
15 terms as other educational loans made by the authority at the  
16 time the loan is awarded.

17 (4) All of the following apply to an individual who obtains  
18 1 or more loans from the authority under subsection (1) and who  
19 graduates from a 2-year nursing program within 2 years or from a  
20 4-year nursing program within 4 years:

21 (a) If an individual obtains 1 loan from the authority under  
22 subsection (1) while attending a 2- or 4-year nursing program,  
23 interest shall accrue but the authority shall not require that  
24 the individual make any payments of principal and interest on  
25 that loan until 1 year after he or she graduates from the nursing  
26 program. If the individual demonstrates to the satisfaction of  
27 the authority that he or she has engaged full-time in the

1 practice of nursing in this state during that 1-year period, the  
2 authority shall forgive the principal and all accrued interest on  
3 that loan.

4 (b) If an individual described in subdivision (a) obtains a  
5 second loan from the authority under subsection (1) while attend-  
6 ing a 2- or 4-year nursing program, interest shall accrue but the  
7 authority shall not require that the individual make any payments  
8 of principal and interest on that loan until 2 years after he or  
9 she graduates from the nursing program. If the individual demon-  
10 strates to the satisfaction of the authority that he or she has  
11 engaged full-time in the practice of nursing in this state during  
12 that 2-year period, the authority shall forgive the principal and  
13 all accrued interest on that loan.

14 (c) If an individual described in subdivision (b) obtains a  
15 third loan from the authority under subsection (1) while attend-  
16 ing a 4-year nursing program, interest shall accrue but the  
17 authority shall not require that the individual make any payments  
18 of principal and interest on that loan until 3 years after he or  
19 she graduates from the nursing program. If the individual demon-  
20 strates to the satisfaction of the authority that he or she has  
21 engaged full-time in the practice of nursing in this state during  
22 that 3-year period, the authority shall forgive the principal and  
23 all accrued interest on that loan.

24 (d) If an individual described in subdivision (c) obtains a  
25 fourth loan from the authority under subsection (1) while attend-  
26 ing a 4-year nursing program, interest shall accrue but the  
27 authority shall not require that the individual make any payments

1 of principal and interest on that loan until 4 years after he or  
2 she graduates from the nursing program. If the individual demon-  
3 strates to the satisfaction of the authority that he or she has  
4 engaged full-time in the practice of nursing in this state during  
5 that 4-year period, the authority shall forgive the principal and  
6 all accrued interest on that loan.

7 (5) A loan obtained under subsection (1), in combination  
8 with other scholarships, work-study funds, or grant awards  
9 received by a loan recipient in an academic year, shall not  
10 exceed the amount of the loan recipient's financial need as  
11 determined by uniform criteria of need as defined by the  
12 authority.

13 (6) For purposes of subsection (4), a loan recipient  
14 employed to engage in the practice of nursing in this state is  
15 considered to be engaged in the practice of nursing during a  
16 period that he or she is on a parental, educational, or disabil-  
17 ity leave of absence approved by his or her employer.

18 Sec. 6. (1) There is created the future nurses education  
19 loan fund as a separate fund in the state treasury, to be admin-  
20 istered by the department. The department may accept money for  
21 the fund from any source. The state treasurer shall deposit that  
22 money and amounts repaid on loans made under this act and credit  
23 those amounts to the fund. The department shall use the fund  
24 only to provide money to the authority for loans made under this  
25 act.

26 (2) The state treasurer shall direct the investment of the  
27 fund money and shall credit earnings to the fund.

1       (3) Money in the fund at the end of a fiscal year shall not  
2 revert to the general fund but shall be carried over in the fund  
3 to the next fiscal year.