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TITLE 183 FINANCIAL ASSISTANCE

CHAPTER 5 NURSING STUDENT LOAN PROGRAM

5-001 SCOPE AND AUTHORITY: These regulations govern the Nursing Student Loan Program. The regulations are authorized by and implement the Nursing Student Loan Act, Neb. Rev. Stat. §§ 71-17,101 to 71-17,107.

5-002 DEFINITIONS

Act means the Nursing Student Loan Act.

Approved nursing program means a program offered by a public or private institution in this state:

1. Which consists of courses of instruction in regularly scheduled classes leading to a master of science degree, a bachelor of science degree, an associate degree, or a diploma in nursing; or
2. For the preparation for licensure as a licensed practical nurse; and
3. Available to regularly enrolled undergraduate or graduate students.

Department means the Department of Health and Human Services Regulation and Licensure.

Discontinuation of the practice of nursing means the recipient has not been engaged in full-time practice for more than 90 consecutive days.

Enrollment means the enrollment as reported to the Nebraska Board of Nursing in the most recent annual report.

Full-time practice means being engaged in the practice of nursing for a minimum of 36 hours per week.

Nontraditional student means a student who has not attended classes as a regular full-time student for at least three years.

One year of practice means the accumulation of 1,872 hours of nursing practice in Nebraska.

Practice of nursing has the definition found in Neb. Rev. Stat. § 71-1,132.05.

Residency in the State of Nebraska has the definition found in Neb. Rev. Stat. § 85-502.

Substantial financial need has the definition found in Neb. Rev. Stat. § 85-990.

5-003 FORMULA FOR PROPORTIONING LOANS TO PROGRAMS

5-003.01 The Department awards at least one loan to every approved nursing program, provided there is at least one student enrolled in the program and the program charges the student a fee to attend the program.

5-003.02 The remainder of the loans available in a given year is proportioned to the approved nursing programs by dividing the enrollment for each approved program by the total enrollment for all approved nursing programs. Each resulting percentage is applied to the total number of loans available to produce the number of loans awarded to each approved nursing program.

5-004 LOAN QUALIFICATION CRITERIA

5-004.01 To be considered for receipt of a loan under the Act, a student must:

1. Be enrolled in an approved nursing program;
2. Be a resident of Nebraska;
3. Intend to practice nursing in Nebraska;
4. Be motivated to practice in Nebraska; and
5. Have substantial financial need.

5-004.02 Each approved nursing program must develop a rating tool for selecting students to be recommended by the program to receive loans. Upon request, the program must submit the rating tool to the Department. The rating tool must include the student qualifications in 183 NAC 5-004.01.

5-005 PROCEDURE FOR ISSUANCE OF LOANS

5-005.01 The Department must notify all approved nursing programs of the number of loans to be awarded to each program and the date by which the program's recommendations for loan awards must be submitted to the Department. This notification must be sent no later than December 15, 2001 for loans to be awarded in FY 2001-02 and no later than July 15 commencing in 2002 for loans to be awarded in FY 2002-03 and subsequent years.

5-005.02 Each approved nursing program must submit to the Department within 30 days of the date of notification:

1. A list of students recommended to receive a \$1,000 loan from the Department for the current academic year; and
2. Loan agreements, as provided by the Department, signed by each student on the list. Terms of the agreement must include:
 - a. Agreement to engage in the practice of nursing in the State of Nebraska for the equivalent of one year of full-time practice for each year a loan is received;

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- b. Provisions specifying the conditions under which the loan must be repaid and the time frame for repayment;
- c. Provisions for reporting practice status to the Department; and
- d. Attestation that the student has not previously received a loan under the Act or if a loan was received, the total amount previously received.

5-005.03 Each approved nursing program is an agent of the Department for the distribution of the loans to qualified students.

5-006 USE OF LOAN FUNDS

5-006.01 Loan funds received under the Act must be used only for education expenses as set forth in Neb. Rev. Stat. § 85-985.

5-006.02 Loan funds must be used in the current academic year.

5-006.03 Each recipient may receive \$1,000 per academic year, not to exceed a total of \$2,000 per recipient.

5-006.04 The use of loan funds is subject to review by the Department.

5-006.05 The inappropriate use of loan funds places the loan in repayment status as set forth in 183 NAC 5-008.01.

5-007 PROVISIONS FOR LOAN FORGIVENESS

5-007.01 One Year of Practice: A \$1,000 loan issued under the Act is forgiven upon verification that the recipient has engaged in nursing practice in Nebraska for a total of 1,872 hours. There is no loan forgiveness for partial years of practice. For recipients of two \$1,000 loans, the second \$1,000 is forgiven upon verification of an additional 1,872 hours of nursing practice in Nebraska.

5-007.02 Verification of Practice: Verification of total hours of practice by the employer(s) or other qualified person(s) serves as the basis for determining that a recipient has met the requirement for loan forgiveness.

5-007.03 Confirmation of Loan Forgiveness: Confirmation of loan forgiveness is mailed to the recipient at his/her current address of record.

5-008 CONDITIONS REQUIRING REPAYMENT OF LOAN

5-008.01 Inappropriate Use of Loan Funds: If the nursing program or Department determines that a recipient has inappropriately used loan funds (see 183 NAC 5-006), the recipient must:

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1. Repay 100% of the outstanding loan principal with simple interest at a rate one point below the prime interest rate. Interest accrues beginning on the date the inappropriate use of funds first occurred;
2. Commence repayment within six months after the date the inappropriate use first occurred; and
3. Complete repayment within the number of years for which loan(s) were awarded.

5-008.02 Discontinued Enrollment: Loan recipients must remain enrolled in the nursing program or repay the loan according to the terms in 183 NAC 5-008.02B.

5-008.02A Verification of Enrollment: To verify continued enrollment, the Department sends to each approved nursing program a quarterly request for verification of student status for each loan recipient. The program must respond to the request by verifying that each student:

1. Remains currently enrolled ;
2. Has completed the program and the date of completion; or,
3. Has discontinued enrollment and the date of discontinuance.

5-008.02B Repayment Terms: If a loan recipient discontinues the nursing program before completing the program, s/he must:

1. Repay 100% of the outstanding loan principal with simple interest at a rate one point below the prime interest rate. Interest accrues beginning on the date of discontinuation of enrollment;
2. Commence repayment within six months after the date of discontinuation of enrollment; and
3. Complete repayment within the number of years for which loan(s) were awarded.

5-008.03 Discontinued Full-time Nursing Practice: The loan recipient must engage in full-time nursing practice for one year or the equivalent for each year a loan was received, or repay the loan(s) according to 183 NAC 5-008.03C.

5-008.03A Verification of Initial Practice: Upon initial engagement in nursing practice, the loan recipient must submit to the Department written verification signed by the employer or other qualified person(s) indicating the place of practice and that the recipient is engaged in full-time nursing practice in Nebraska. The recipient may have more than one employer or practice arrangement, but must engage in nursing practice a total of at least 36 hours per week. Verification of practice must be repeated each time the recipient changes or adds an employer or practice arrangement.

5-008.03B Verification of Continued Practice: The Department sends to each loan recipient a quarterly request for verification of practice status. The verification must

be signed by the recipient's employer(s) or other qualified person(s) and must indicate:

1. That the recipient continues to be engaged in full-time nursing practice in Nebraska; and
2. The total number of hours of practice in the previous quarter; or
3. That the recipient has left practice and the last date of practice.

5-008.03C Repayment Terms: If the recipient discontinues full-time nursing practice in Nebraska, the recipient must:

1. Repay 125% of the outstanding loan principal with simple interest at a rate one point below the prime interest rate. Interest accrues beginning upon completion of the nursing program;
2. Commence repayment within six months after the discontinuation of nursing practice; and
3. Complete repayment within the number of years for which loan(s) were awarded.

Once the recipient enters the repayment period, the loan is no longer eligible for forgiveness.

5-008.03D Approved Leave: Leave approved by an employer, such as sick leave, maternity leave, vacation leave, leave for military service, jury duty, or family medical leave, regardless of whether the leave is paid or unpaid, does not place the loan in repayment status. Time accrued during approved leave does not count toward the total number of practice hours required for loan forgiveness.

5-008.03E Deferment for Advanced Study: If a recipient discontinues full-time nursing practice and enrolls in an approved nursing program to pursue an additional degree in nursing, the practice requirement is deferred until the recipient completes the additional degree or discontinues enrollment. Enrollment is verified quarterly as provided in 183 NAC 5-008.02A. The number of practice hours completed prior to enrollment is retained on file by the Department for the purposes of loan forgiveness at the time the recipient returns to full-time nursing practice.

5-009 DEFAULT ON LOAN REPAYMENT – GROUNDS FOR DISCIPLINE OF LOAN RECIPIENT'S NURSING LICENSE

Pursuant to Neb. Rev. Stat. § 71-148(22), failure to meet the repayment provisions for a loan received under the Act constitutes unprofessional conduct and is grounds for discipline of the recipient's nursing license.