

ASSEMBLY, No. 2181

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED FEBRUARY 2, 2012

Sponsored by:

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

SYNOPSIS

“Nursing Student Incentive Loan and Loan Redemption Program Act”;
appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/17/2012)

1 AN ACT establishing the Nursing Student Incentive Loan and Loan
2 Redemption Program, supplementing chapter 71B of Title 18A
3 of the New Jersey Statutes and making an appropriation.
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. This act shall be known and may be cited as the "Nursing
9 Student Incentive Loan and Loan Redemption Program Act."
10

11 2. The Legislature finds and declares that:

12 a. This State is experiencing a critical shortage in its nursing
13 workforce, which is expected to worsen in the next two decades.

14 b. As of 2007, New Jersey had a 17 percent shortfall of nurses.
15 The 111,440 actively licensed RNs in the State are not enough to
16 meet the demand. In a 2007 Statewide study of registered nurses,
17 53 percent of direct care nurses reported there were not enough
18 nurses on staff in their institution to provide quality patient care.
19 Although the nursing shortage has seemed to temporarily decrease
20 in today's struggling economy, the long-term workforce projections
21 for New Jersey still show a shortfall of at least 40,000 nurses by
22 2020.

23 c. The demand for nurses at all levels of training and in all
24 health care settings, including hospitals, nursing homes, veterans
25 homes and home health care and community-based programs, is
26 increasing as the population gets older, but the number of students
27 entering nursing education programs has been declining since 1997.

28 d. The average age of New Jersey's registered professional
29 nurses and licensed practical nurses is increasing each year; in
30 2000, the average age was 43 for registered professional nurses and
31 approximately 45 for licensed practical nurses.

32 e. Recent nurse workforce projections conclude that, in the
33 absence of new measures to retain existing nurses and attract new
34 nurses into the profession, the number of nurses likely to retire in
35 the next decade will far exceed the number of nurses likely to enter
36 the profession in the next decade.

37 f. As the current workforce gets older and closer to retirement
38 age, there is an urgent need to address the shortage of nurses by
39 providing incentives to increase enrollment in the State's nursing
40 education programs through a loan and loan redemption program, as
41 established in this bill, to ensure that the State is able to maintain a
42 sustained pool of qualified nursing professionals.
43

44 3. As used in this act:

45 "Approved course of study" means a nursing education degree or
46 diploma program offered by an approved institution of higher
47 education, a nursing education program offered by a hospital school
48 of nursing or a nursing education program offered by a county

1 vocational school. The authority shall establish a list of approved
2 courses of study for the program.

3 "Approved employment" means postgraduate, full-time
4 employment as a licensed practical nurse or a registered
5 professional nurse with an employer located in this State. The term
6 shall not include a paid student internship, a paid fellowship,
7 volunteer service or employment before graduation.

8 "Approved institution" means a two-year or four-year public or
9 independent institution of higher education, a hospital school of
10 nursing located in this State that offers an approved course of study,
11 and a county vocational school that offers an approved course of
12 study and has been approved by the authority as an institution in
13 which students may enroll to participate in the program.

14 "Authority" means the Higher Education Student Assistance
15 Authority established pursuant to N.J.S.18A:71A-3.

16 "Executive director" means the Executive Director of the Higher
17 Education Student Assistance Authority.

18 "Participant" means a person who is enrolled as a part-time or
19 full-time student in an approved institution under the Nursing
20 Student Incentive Loan and Loan Redemption Program.

21 "Program" means the Nursing Student Incentive Loan and Loan
22 Redemption Program established pursuant to this act.

23

24 4. There is established within the Higher Education Student
25 Assistance Authority the Nursing Student Incentive Loan and Loan
26 Redemption Program.

27 The purpose of the program is to address the current and
28 projected critical shortage of nurses in the State by providing an
29 incentive for persons to enter nursing education programs and for
30 persons already trained as nurses to advance their training in the
31 profession so as to ensure that the State's hospitals, nursing homes,
32 veterans facilities and home care services and community care
33 programs will have sufficient, trained nursing staff in the future to
34 provide quality health care services to the residents of this State.

35 The program shall provide loans and loan redemption to finance
36 the undergraduate study of eligible students enrolled in an approved
37 course of study in exchange for full-time employment as a licensed
38 practical nurse or registered professional nurse in the State
39 following completion of the nursing education program.

40 Eligible participants shall include, but not be limited to, a
41 certified nurse aide, personal care assistant or homemaker-home
42 health aide who seeks to become a licensed practical nurse or
43 registered professional nurse, a licensed practical nurse who seeks
44 to become a registered professional nurse, a registered professional
45 nurse who graduated from a two-year degree program or a hospital
46 school of nursing who seeks to obtain a bachelor's degree in
47 nursing, as well as a person who is not currently engaged in nursing
48 activities but seeks to become a licensed practical nurse or a

1 registered professional nurse.

2

3 5. To be eligible to participate in the program, an applicant
4 shall:

5 a. be a resident of the State and maintain domicile in the State
6 during participation in the program;

7 b. be enrolled in an approved course of study;

8 c. maintain a grade point average of 3.0 or higher on a scale of
9 4.0, or its equivalent, while enrolled in an approved course of study;
10 and

11 d. enter into a written contract with the authority to commence
12 employment in this State as a licensed practical nurse or a
13 registered professional nurse, as applicable, within one year after
14 completion of an approved course of study. The contract shall
15 specify the duration of the applicant's required service and the total
16 amount of eligible student loan expenses to be redeemed by the
17 State in return for service. A full-time student shall be required to
18 be employed as a licensed practical nurse or a registered
19 professional nurse, as applicable, for a period of one year for each
20 year the student received a loan under the program. The work
21 requirement for a part-time student shall be prorated by the
22 authority based on the amount of the loan received each year by the
23 student.

24

25 6. a. A student may apply to the authority for a loan in such
26 manner as prescribed by the authority and shall include all
27 information and documentation required by the authority.

28 b. Within the limits of available appropriations, a loan of up to
29 a maximum of \$10,000 per year for a full-time student, or a
30 prorated amount as established by the authority for a part-time
31 student, shall be awarded to an eligible participant enrolled in an
32 approved course of study at a four-year institution of higher
33 education. The maximum loan and loan redemption amount shall
34 not exceed \$40,000 for a participant in an approved course of study
35 at a four-year institution.

36 c. Within the limits of available appropriations, a loan of up to
37 a maximum of \$10,000 per year for a full-time student, or a
38 prorated amount as established by the authority for a part-time
39 student, shall be awarded to an eligible participant enrolled in an
40 approved course of study at a hospital school of nursing. The
41 maximum loan and loan redemption amount shall not exceed
42 \$30,000 for a participant in an approved course of study at a
43 hospital school of nursing.

44 d. Within the limits of available appropriations, a loan of up to
45 a maximum of \$4,000 per year for a full-time student, or a prorated
46 amount as established by the authority for a part-time student, shall
47 be awarded to an eligible participant enrolled in an approved course
48 of study at a two-year institution of higher education. The

1 maximum loan and loan redemption amount shall not exceed \$8,000
2 for a participant in an approved course of study at a two-year
3 institution.

4 e. Within the limits of available appropriations, a loan of up to
5 a maximum of \$3,000 per year for a full-time student, or a prorated
6 amount as established by the authority for a part-time student, shall
7 be awarded to an eligible participant enrolled in an approved course
8 of study at a county vocational school. The maximum loan and
9 loan redemption amount shall not exceed \$3,000 for a participant in
10 an approved course of study at a county vocational school.

11 f. A loan shall cover the cost of attendance which includes
12 tuition, books and other necessary fees and expenses related to the
13 approved course of study. In no academic year shall a participant
14 be eligible for a loan under the program greater than the total cost
15 of attendance less the total value of all other scholarships and grants
16 received by the participant for that academic year.

17 g. A loan shall not bear interest or finance charges during the
18 time the participant is enrolled in an approved course of study or is
19 engaged in approved redemption service pursuant to this act.

20

21 7. a. A loan awarded pursuant to section 6 of this act shall be
22 redeemed by a participant pursuant to a contract between the
23 participant and the executive director.

24 b. A participant who has entered into a redemption contract
25 with the authority may nullify that contract by submitting written
26 notification to the authority and assuming full responsibility for
27 repayment of the full amount of the loan or that portion of the loan
28 that has not been redeemed by the State in return for partial
29 fulfillment of the contract. The interest on the loan shall be at the
30 prevailing market rate at the time the loan was made. A participant
31 seeking to nullify the contract shall be required to repay the loan or
32 the unredeemed portion thereof in accordance with a schedule
33 determined by the authority.

34 c. In the case of a participant's death or total or permanent
35 disability, the authority shall nullify the service obligation of the
36 participant, thereby terminating the participant's obligation to repay
37 the unpaid balance of the loan; or where continued enforcement of
38 the contract may result in extreme hardship, the authority may
39 nullify or suspend the participant's service obligation.

40

41 8. The authority shall annually submit to the Governor, the
42 chairman of the Senate Budget and Appropriations Committee, the
43 chairman of the Assembly Appropriations Committee, the chairmen
44 of the Senate and Assembly Education Committees, and the
45 chairmen of the Senate and Assembly Health Committees, a report
46 on the program. The report shall be submitted no later than August
47 1 of each year and shall include, but not be limited to, the following
48 information for the prior fiscal year:

- 1 a. the total number of participants receiving loans and loan
2 redemption under the program;
- 3 b. the number of participants in registered professional nurse
4 and licensed practical nurse programs; the number of participants
5 attending four-year and two-year approved institutions of higher
6 education, hospital schools of nursing and county vocational
7 schools, reported by institution; and the approved courses of study
8 in which participants are enrolled;
- 9 c. the total number of participants who withdrew from the
10 program or failed to complete the program's postgraduate
11 employment requirement; and
- 12 d. the effect of the program on attracting and retaining
13 qualified nurses in the State.

14

15 9. The Higher Education Student Assistance Authority, in
16 consultation with the executive director of the New Jersey
17 Commission on Higher Education, shall adopt, in accordance with
18 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
19 seq.), rules and regulations as may be necessary to implement the
20 provisions of this act.

21

22 10. There is appropriated \$5,000,000 from the General Fund to
23 the Higher Education Student Assistance Authority to establish the
24 Nursing Student Incentive Loan and Loan Redemption Program.

25

26 11. This act shall take effect for the 2012-2013 academic year;
27 however, the authority may immediately take such administrative
28 action as may be necessary to implement the provisions of this act.

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STATEMENT

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33 This bill establishes the Nursing Student Incentive Loan and
34 Loan Redemption Program in the Higher Education Student
35 Assistance Authority. The purpose of the program is to address the
36 current and projected critical shortage of nurses in the State by
37 providing an incentive for persons to enter nursing education
38 programs and for persons already trained as nurses to advance their
39 training in the profession, so as to ensure that the State's hospitals,
40 nursing homes, veterans' facilities and home care services and
41 community care programs will have sufficient, trained nursing staff
42 in the future to provide quality health care services to the residents
43 of this State.

44 The program would provide loans and loan redemption to
45 finance the undergraduate study of eligible participants enrolled in
46 an approved course of study in exchange for full-time employment
47 as a licensed practical nurse or registered professional nurse in the
48 State following completion of the nursing education program.

1 Eligible participants would include, but not be limited to, a
2 certified nurse aide, personal care assistant or homemaker-home
3 health aide who seeks to become a licensed practical nurse or
4 registered professional nurse, a licensed practical nurse who seeks
5 to become a registered professional nurse, a registered professional
6 nurse who graduated from a two-year degree program or a hospital
7 school of nursing who seeks to obtain a bachelor's degree in
8 nursing, as well as a person who is not currently engaged in nursing
9 activities but seeks to become a licensed practical nurse or a
10 registered professional nurse.

11 To be eligible to participate in the program, an applicant must:

12 a. be a resident of the State and maintain domicile in the State
13 during participation in the program;

14 b. be enrolled in an approved course of study;

15 c. maintain a grade point average of 3.0 or higher on a scale of
16 4.0, or its equivalent, while enrolled in an approved course of study;
17 and

18 d. enter into a written contract with the authority to commence
19 employment in this State as a licensed practical nurse or a
20 registered professional nurse, as applicable, within one year after
21 completion of an approved course of study. A full-time student
22 would be required to be employed as a licensed practical nurse or a
23 registered professional nurse, as applicable, for a period of one year
24 for each year the student received a loan under the program. The
25 work requirement for a part-time student would be prorated by the
26 authority based on the amount of the loan received each year by the
27 student.

28 The program may provide a loan of up to a maximum of \$10,000
29 per year for a full-time student, or a prorated amount as established
30 by the authority for a part-time student, to an eligible participant
31 enrolled in a four-year institution of higher education or a hospital
32 school of nursing. The maximum loan and loan redemption amount
33 would not exceed \$40,000 for a four-year program and \$30,000 for
34 a hospital school of nursing. In the case of a two-year program, the
35 loan may be for a maximum of \$4,000 per year for a full-time
36 student or a prorated amount for a part-time student. The maximum
37 loan and loan redemption amount would not exceed \$8,000. In the
38 case of a licensed practical nurse program at a county vocational
39 school, the loan may be for a maximum of \$3,000 per year for a
40 full-time student or a prorated amount for a part-time student. The
41 maximum loan and loan redemption amount would not exceed
42 \$3,000.

43 The bill requires the authority to annually submit to the
44 Governor and the Legislature, by August 1 each year, a report on
45 the loan and loan redemption program.

46 Finally, the bill appropriates \$5 million to the authority to
47 establish the loan and loan redemption program, and takes effect for
48 the 2012-2013 academic year.