

ACT 288

S.B. NO. 3169

A Bill for an Act Establishing Registered Nurse Student Financial Support and Loan Programs and Making Appropriations Therefor.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that changes in the health care system have increased the need for more skilled nurses in Hawaii. These changes include advances and complexities in treatment modalities, medical technologies, and pharmacology. In addition, well-intentioned cost containment measures in acute care have led to increased reliance on home health care, outpatient services, and long-term care facilities, yet the population of acutely ill patients requiring care in acute care facilities is still increasing, albeit for shorter periods. These factors all contribute to a critical demand for hundreds of additional registered nurses throughout the State to ensure that our people have access to the high quality and affordable health care to which they are entitled.

The legislature further finds that the costs associated with earning baccalaureate or associate degrees in nursing are considerable, and that many persons require financial assistance to enable them to enter or complete accredited nursing education programs. Many nursing students, currently forced by economic circumstances to study part-time rather than full-time, will especially benefit from financial assistance in that they will be able to accelerate their schedules and graduate faster.

The purpose of this Act is to assure that an adequate supply of appropriately trained registered nurses will be available to meet the health care needs of Hawaii's citizens by creating the registered nurse student financial support program and the Hawaii registered nurse student loan fund to provide low interest loans to qualified students who intend to become licensed registered nurses and work in Hawaii.

SECTION 2. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1990-1991 to be exceeded by \$250,000, or 0.0098 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 3. Chapter 321, Hawaii Revised Statutes, is amended by adding three new sections to be appropriately designated and to read as follows:

“§321- Registered nurse student financial support program. (a) There is created the registered nurse student financial support program within the department of health for administrative purposes. The program shall provide low interest loans to persons who are studying to become licensed registered nurses and who intend to work in this State.

(b) To be eligible to participate in the program, an applicant for loans shall make a commitment, in a written notarized form provided by the department, to work as a registered nurse in this State for a minimum of three years immediately following obtaining a license under chapter 457.

(c) Eligible applicants shall be subject to a screening and selection process by the department pursuant to rules adopted by the department under this section. The department shall adopt rules in consultation with a committee of five members composed of: one representative from the Hawaii nurses' association, two representatives who shall be nurse educators, and two representatives from the Hawaii chapter of the American organization of nurse executives.

§326-¹ Hawaii registered nurse student loan fund. (a) There is established a special fund to be known as the Hawaii registered nurse student loan fund, from which moneys shall be loaned by the department for the purposes of this section and into which shall be deposited all moneys received as repayment for loans as provided for in this section. All interest and fees collected by the department shall be deposited in a loan reserve fund to the extent necessary to carry on the operations of this program. All payments received on account of principal shall be credited to the Hawaii registered nurse student loan fund, which shall maintain a proper reserve to guarantee sufficient loans for purposes of this section. All funds of the department shall be paid out on warrants signed by the director of health.

(b) The Hawaii registered nurse student loan fund shall provide loans to selected eligible applicants at not more than five per cent interest per year. The loan amounts shall be used first for payment of tuition and second for other necessary financial assistance in connection with obtaining a degree or certificate from an accredited degree-granting university, college, or nursing institution in Hawaii. Preference for selection of eligible applicants shall be given first to students pursuing a career as a registered nurse, and second to students pursuing specialized training for a career as a nurse practitioner.

(c) In the event that no accredited specialized nursing educational programs are available in Hawaii, the director of health, in consultation with the screening and selection panel, shall give consideration for loan approval to fund training at an accredited degree-granting or certificate-granting university, college, or nursing institution outside the State of Hawaii.

(d) Repayments of loans shall commence twelve months after the recipient has graduated, been licensed, and has obtained employment as a registered nurse in Hawaii; provided that loan beneficiaries shall have their repayment obligation reduced by twenty per cent per year for each year they work as a registered nurse in Hawaii. If a student withdraws from nursing studies prior to graduation, graduates but does not seek employment, graduates and becomes employed in the State in a profession other than as a registered nurse, or graduates and becomes employed in any field outside of the State of Hawaii, repayment shall commence immediately. The fund shall be implemented on the basis of legislative appropriations as the legislature may deem appropriate. The fund may also accept donations from any legitimate source, including federal

and private grants and gifts from private foundations or endowment organizations. Any unencumbered balance, including moneys other than legislative appropriations, remaining in the fund as of the close of business on June 30, 2000, shall lapse into the general fund.

(e) No loan shall be made after June 30, 1995.

§321- Rules. (a)¹ The director of health, in consultation and collaboration with appropriate medical, regulatory, educational, financial, and nursing personnel, resources, or groups in Hawaii shall adopt rules pursuant to chapter 91 to effectuate the purposes of the registered nurse student financial support program and the Hawaii registered nurse student loan fund established in sections 321- and 321- . The rules shall establish at a minimum:

- (1) The administrative organization of the program;
- (2) Qualifications of loan applicants and recipients;
- (3) A standard contract to be executed by the recipient and the applicable program officer stipulating to the conditions of the loan, its duration and amount, the interest rate, the repayment schedule and its obligations, and other items generally included in standard student loan contracts;
- (4) An accounting system for tracking appropriations and other contributions, expenditures for loans and operating expenses, repayments of loans and interest, accounts due and payable, loans due and payable, and any other activities generally associated with standard accounting practices;
- (5) Positions required to administer the program and the loan fund, and the minimum qualifications, duties, and remuneration for each incumbent, including applicable benefits;
- (6) Program application, loan application, and any other forms necessary to efficiently and effectively carry out the purposes of the program and the loan fund;
- (7) Formal and informal avenues of communication between the program and nursing and education institutions; the department of health and other applicable state and county agencies; the health care industry in Hawaii, including hospitals, clinics, and private facilities which employ registered nurses; financial institutions; and any other individuals or groups who could assist in increasing the pool of licensed registered nurses in Hawaii;
- (8) Minimum standards of conduct for loan recipients;
- (9) Sanctions for violating the provisions of contracts executed pursuant to paragraph (3); other agreements, whether oral, written, or implied, relating to the recipient's obligations under the program; and the standards of conduct adopted pursuant to paragraph (8); and
- (10) Any other procedures, requirements, or things necessary to successfully carry out the intent and purpose of the program and loan funds created by this section."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000, or so much thereof as may be necessary for fiscal year 1990-1991, for the purposes of this Act.

The sum appropriated shall be expended by the department of health.

SECTION 5. New statutory material is underscored.²

SECTION 6. This Act shall take effect upon its approval; provided that **SECTION 4** shall take effect on July 1, 1990; and provided further that this Act shall be repealed on July 1, 2000.

(Approved June 25, 1990.)

Notes

1. So in original.
2. Edited pursuant to HRS §23G-16.5.