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Action/Information Item

California Student Aid Commission

Consideration of Proposed Regulations for State Facilities Assumption Program of Loans for Education (SNAPLE for Nurses in State Facilities)

Senate Bill No. 1309 chaptered on September 30, 2006 created the State Nursing Assumption Program of Loans for Education Program for Nurses in State Facilities (SNAPLE-NSF). The California Student Aid Commission (CSAC) is required by California Education Code 70120-70129 to adopt rules and regulations for the purpose of administering the SNAPLE-NSF. This program is a loan assumption program for employees of specified 24-hour state facilities who fulfill agreements to work full time for 4 consecutive years as clinical registered nurses. At the time the participant commences employment, the facility must have a vacancy rate of greater than 10% in clinical registered nursing positions, as reported annually to the CSAC by the Department of Personnel Administration. The program provides a progressive loan assumption of the amount of a qualifying loan over 4 consecutive years of qualifying clinical registered nursing service, up to a total loan assumption of \$20,000.

The proposed draft regulations were presented to the Grant Advisory Committee (GAC) on October 19th and 20th, 2006 for recommendations and feedback before holding a stakeholder's meeting. Thereafter, a stakeholder meeting was held on November 8, 2006 to review the proposed draft regulations and gathered feedback and suggestions from the nursing community and financial aid representatives. CSAC staff incorporated recommendations made at the November 8, 2006 stakeholder's meeting. Staff is currently researching some of the suggestions made at the stakeholder's meeting to clarify the terms "clinical registered nurse" and "accelerated program." After further research with stakeholders, these definitions may be amended and incorporated in the proposed draft regulations before beginning the regulatory process.

The text of the proposed SNAPLE-NSF regulations is enclosed for your consideration.

Staff is requesting that the Commission authorize staff to take all necessary steps to begin the rulemaking process under the Administrative Procedure Act. Upon the Commission's authorization, staff will submit the required documents to the Office of Administrative Law, which will then take the first step by publishing a notice of a 45-day comment period on the proposed regulations. An additional comment period may be necessary if staff concludes that revisions to the proposed regulations are required. Ultimately, staff will present the final regulations, with any revisions, to the Commission for approval and adoption.

Recommended Action: Authorize staff to take the necessary steps, including revisions in the text of the regulations that may be required by the Department of Finance or as otherwise necessary to correct the text, and prepare all required documents to begin the regulatory process.

Responsible Staff: Catalina Mistler, Acting Chief, Program Administration and Services Division

**CALIFORNIA STUDENT AID COMMISSION
P.O. Box 419026
Rancho Cordova, CA 95741-9026**

**AMENDMENT TO TITLE 5, DIVISION 4, CHAPTER 1, CA CODE OF REGULATIONS
REGARDING IMPLEMENTATION OF STATE FACILITIES NURSING ASSUMPTION
PROGRAM OF LOANS FOR EDUCATION FOR NURSES IN STATE FACILITIES
(Educ. Code §§ 70120-70129)**

PROPOSED TEXT

Text proposed to be added to the California Code of Regulations is displayed in *italic* type.

Article 17 State Nursing Assumption Program of Loans for Education for Nurses in State Facilities

Section 30920 Definitions

(a) "Accelerated program" means an accredited program that enables a student to complete the instructional program in less time than a traditional program.

(b) "Accredited program" means a school, program, department or division of nursing accredited under the provisions of Sections 2785 through 2789 of the California Code of Regulations.

(c) "Clinical registered nurse" means a registered nurse who provides patient care services in a clinical setting in California.

(d) "Eligible institution" means a postsecondary institution that is determined by the Commission to meet both of the following requirements: the institution is eligible to participate in state and federal financial aid programs, and the institution maintains an accredited program of professional preparation for licensing as a registered nurse in California.

(e) "Employed on a full-time basis" means full-time employment as defined by the employing, state-operated facility.

(f) "Enrolled on a full-time basis" means full-time enrollment as defined by the eligible institution.

(g) “Natural disaster” means a fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or other similar public calamity that the Governor determines presents a threat to public safety. (California Government Code, Section 8680.3)

(h) “Need-based student loans” means federally subsidized student loans or other student loans awarded based on the student’s demonstrated financial need.

(i) “Other natural causes” means a disease, or physical or mental condition involving inpatient care in a hospital or residential health care facility, or continuing treatment or continuing supervision by a health care provider, or family care and medical leave under Government Code section 12945.2 of the federal Family and Medical Leave Act of 1993.

(j) “One year” means twelve calendar months.

(k) “Program” means the State Facilities Nursing Assumption Program of Loans for Education established in Article 2 (commencing with section 70120 of Chapter 2 of Part 42 of the Education Code) and as set forth in this Article.

(l) “Program participant” means an individual who has a loan assumption agreement signed by both the individual and the Commission.

(m) “Registered nurse” means a person who is licensed as a Registered Nurse by the California Board of Registered Nursing.

(n) “Satisfactory academic progress” means academic standing consistent with the requirements of the eligible institution for satisfactory progress toward the award of the academic degree.

(o) “Serious illness” means an illness involving inpatient care in a hospital or residential health care facility, or continuing treatment or continuing supervision by a health care provider, or family care and medical leave under Government Code section 12945.2 or the federal Family and Medical Leave Act of 1993.

(p) “State-operated facility” means a state-operated facility in California that:

- (1) provides health care 24 hours per day, 7 days per week, including but not limited to prisons, psychiatric hospitals and veterans’ homes;
- (2) employs clinical registered nurses;
- (3) has a vacancy rate greater than 10 percent of its clinical registered nurse positions, as determined by the Department of Personnel Administration; and
- (4) is included on the list of state-operated facilities provided annually to the Commission by the Department of Personnel Administration pursuant to Education Code Section 70121.

Note:

Authority cited: Section 70125, Education Code. Reference: Sections 70120, 70121, 70124, 70125, and 70128, Education Code.

Section 30921 Application to Participate in the Program

(a) Applications to participate in the program shall be submitted to the Commission by the annual deadline established by the Commission and shall include the following information regarding the applicant:

- (1) Last name, first name and middle initial;*
- (2) Social Security number;*
- (3) Address and telephone number;*
- (4) Date of birth;*
- (5) E-mail address, if available;*
- (6) California Registered Nurse License number, if applicable;*
- (7) Certification from an eligible institution of the applicant's current admission or enrollment, or of completion of baccalaureate degree, as specified in Section 30922(a);*
- (8) Certification from an eligible institution that applicant has completed a minimum of 60 post-secondary semester units or the equivalent (required for applicants who are not licensed as registered nurses in California)*
- (9) Certification of current employment from a state-operated facility, as specified in Section 30922(b), if applicable;*
- (10) Statement that the applicant agrees to:*
 - (i) maintain satisfactory academic progress, if the applicant is admitted or enrolled in an eligible institution; and*
 - (ii) obtain and maintain employment as a clinical registered nurse in a state-operated facility, as defined in Section 30920(p), on a full-time basis for four consecutive years.*
- (11) The name of lender, loan identification number(s), and current balance(s) of a loan or loans the applicant has received, or has been approved to receive, in order to meet the costs of the applicant's education under one or more of the following designated loan programs (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of applicant:*
 - (i) the Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.);*
 - (ii) the Federal Direct Loan Program (20 U.S.C. Sec. 1087b et seq.);*
 - (iii) any loan program approved by the Commission on a case by case basis but not including lines of credit, home equity loans, credit card debt, and other general consumer loans, business loans, personal loans, or mortgages.*

(b) The application shall state that by signing, the applicant agrees that, if requested, the applicant will provide information or documentation to verify the accuracy of the information included in the application, and the applicant understands that failure to provide accurate and complete information as requested may result in disqualification from the program and loss of program benefits. The application shall be dated and signed by the applicant under penalty of perjury under the laws of the State of California.

Note: Authority cited: Section 70125, Education Code. Reference: Sections 70120, 70122, 70125, 70128, Education Code.

Section 30922 Certification from Eligible Institution and State-operated Facility

(a) The applicant shall submit certification from an eligible institution that the applicant is currently admitted to, is currently enrolled in an accredited program, or has completed a baccalaureate degree, including:

- (1) the type of program, whether accelerated or traditional;*
- (2) that the applicant is, or if admitted will be, enrolled on a full-time basis;*
- (3) that the applicant, if enrolled, is maintaining satisfactory academic progress; and*
- (4) that the eligible institution has determined that the applicant has demonstrated outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:*
 - (i) grade point average;*
 - (ii) test scores;*
 - (iii) faculty evaluations;*
 - (iv) interviews; and*
 - (v) other recommendations.*
- (5) Each certification submitted by an eligible institution shall be signed by the director of the institution's nursing program or designee under penalty of perjury under the laws of the State of California.*

(b) An applicant who is currently employed at a state-operated facility shall submit certification from the employer, signed by a direct supervisor or personnel official of the state-operated facility, that the applicant is currently employed by the facility as a clinical registered nurse on a full-time basis.

Note:

Authority cited: Section 70125, Education Code. Reference: Section 70120, 70125, 70126, 70128, Education Code.

Section 30923 Award Process

(a) The Commission shall select program participants from among those applicants whose applications are complete and are received by the Commission by the designated deadline date, and who are determined by the Commission to meet all requirements for participation established in the Education Code. If the authorized allocation of awards is not exhausted after this selection process is completed, the Commission may continue to accept applications and select program participants based on the date the applications are received

by the Commission. The Commission may continue to make awards until the authorized allocation is exhausted.

(b) In the event that the number of applications from eligible applicants exceeds the maximum allocation of awards, the Commission shall score and award points to eligible applicants using the following selection criteria:

(1) Applicants who have completed a baccalaureate degree at time of application shall receive 25 points;

(2) Applicants who are currently enrolled in an accelerated program shall receive 25 points.

(3) Applicants who have an outstanding balance on a federally subsidized student loan(s) or other need-based student loan(s) disbursed prior to date of registered nurse license of applicant shall receive 25 points.

(4) Applicants who possess a current California registered nursing license shall receive 25 points.

(c) After assignment of the scores specified in subsection (b), the Commission will select nominees with the highest point totals until the authorized award allocation is exhausted. In the case of a tie in the total number of points, the Commission will select nominees based on the date the application is received by the Commission.

Note:

Authority cited: Section 70125, Education Code. Reference: Sections 70125, 70128, Education Code.

Section 30924 Loan Assumption Agreements

(a) The Commission shall provide a loan assumption agreement to each applicant who has been chosen by the Commission to be a program participant. The loan assumption agreement shall be effective when both the program participant and the Commission have signed the agreement.

(b) The loan assumption agreement shall include for participants who are enrolled in an accredited program, the program participant's agreements to:

- (i) maintain satisfactory academic progress;
- (ii) maintain enrollment on a full-time basis each academic term;
- (iii) apply for and obtain a license to practice as a registered nurse in California;
- (iv) obtain and maintain full time employment for four consecutive years as a clinical registered nurse in a state-operated facility, as defined in Section 30920(p); and
- (v) authorize the eligible institution that the applicant is attending, employers, and lenders to provide information requested by the Commission for the purposes of administering the loan assumption agreement.

(c) The loan assumption agreement shall include for participants who have completed a baccalaureate degree at the time of application, program participant's agreements to:

- (i) apply for and obtain a license to practice as a registered nurse in California;

(ii) obtain and maintain full time employment for four consecutive years as a clinical registered nurse in a state-operated facility, as defined in Section 30920(p); and
(iii) authorize the eligible institution that the applicant attended, employers, and lenders to provide information requested by the Commission for the purposes of administering the loan assumption agreement.

(d) The loan assumption agreement shall include for participants who are currently employed as a clinical registered nurse in a state-operated facility the program participant's agreements to:

(i) maintain full time employment as a clinical registered nurse in a state-operated facility for four consecutive years; and

(ii) authorize employers and lenders to provide information requested by the Commission for the purposes of administering the loan assumption agreement.

(e) The Commission shall agree that:

(i) after the program participant has completed one year of full time employment as a clinical registered nurse in a state-operated facility, the Commission shall assume, subject to the requirements of section 30925, up to five thousand dollars (\$5,000) of the outstanding liability of the participant under one or more of the designated loan programs (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of participant);

(ii) after the program participant has completed two consecutive years of full time employment as a clinical registered nurse in a state-operated facility, the Commission shall assume, subject to the terms of section 30925, up to an additional five thousand dollars (\$5,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to ten thousand dollars (\$10,000) (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of participant); and

(iii) after the program participant has completed three consecutive years of full time employment as a clinical registered nurse in a state-operated facility, the Commission shall assume, subject to the terms of section 30925, up to an additional five thousand dollars (\$5,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to fifteen thousand dollars (\$15,000) (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of participant).

(iv) after the program participant has completed four consecutive years of full time employment as a clinical registered nurse in a state-operated facility, the Commission shall assume, subject to the terms of section 30925, up to an additional five thousand dollars (\$5,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to twenty thousand dollars (\$20,000) (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of participant).

(f) The term of the loan assumption agreement shall be no more than 10 years from the date signed by the program participant and the Commission unless extended by the Commission in the case of serious illness, pregnancy, other natural causes or a natural disaster.

(g) The loan assumption agreement shall constitute a conditional warrant that may be redeemed with the Commission as specified in section 30925.

Note: Authority cited: Section 70125, Education Code. Reference: Sections 70120, 70121, 70122, 70123, 70125, Education Code.

Section 30925. Loan Payments

(a) A program participant may redeem the conditional warrant and the Commission shall make loan payments, as provided in Section 30924(e) and subsection(c), when:

(1) the program participant has provided documentation certifying that the program participant is licensed as a registered nurse in California.

(2) the program participant has provided the following employment information for each applicable year of employment subject to the loan assumption agreement:

(i) program participant's name and social security number;

(ii) names and addresses of the program participant's employer(s);

(iii) program participant's signature under penalty of perjury under the laws of the State of California.

(3) the program participant has provided the following employment information from his or her employers for each applicable year of employment subject to the loan participation agreement:

(i) statement that the program participant completed a year of work as a clinical registered nurse on a full-time basis in a state-operated facility,

(ii) statement that the employer is a state-operated facility,

(iii) employer representative's printed or typed name, title, and telephone number;

(iv) employer representative's signature under penalty of perjury under the laws of the State of California;

(4) the program participant has provided the following information from each lending institution on the loans subject to the loan assumption agreement (to be eligible for assumption benefits, loan(s) must be disbursed prior to date of registered nurse license of participant):

(i) program participant's name and social security number;

(ii) account number for each loan;

(iii) interest rate for each loan;

(iv) disbursement date for each loan;

(v) payoff amount for each loan as of June 30;

(vi) indication for each loan whether the loan is delinquent or in default;

(vii) lending institution/servicer name;

(viii) lending institution/servicer eight-digit servicer identification code;

- (ix) address for where payment is to be sent;
 - (x) a signature of the lending institution official under penalty of perjury under the laws of the State of California;
 - (xi) printed name of the lending institution official;
 - (xii) e-mail address of the lending institution official;
 - (xiii) telephone number of the lending institution official;
- (5) the Commission has determined that the program participant has satisfied all requirements for payment to be made pursuant to the loan assumption agreement.

(c) Loan payments shall be made by lump-sum payment to the lender, to be applied directly to the principal balance, if not otherwise prohibited by applicable law or by the terms of the loan agreement between the program participant and the lender. Payments shall first be made toward loans with the highest interest rates. The program participant shall continue to make payments as required under the terms of the loans to avoid defaulting on those loans, until notified by the lenders or loan servicers that the loans are paid in full.

(d) The state-operated facility at which the participant is employed must be included on the current list provided to the Commission by the Department of Personnel Administration of facilities with a greater than 10 percent vacancy rate for clinical registered nursing positions as of the date that the participant commences employment at the facility, and the agreement remains valid, and payments may be made to a participant who is otherwise eligible for loan assumption payments, if the facility is removed from the list after the date the participant commenced employment.

Note: Authority cited: Section 70125, Education Code. Reference: Sections 70122, 70123, 70125, Education Code.

Section 30926 Failure to Comply with the Loan Assumption Agreement

(a) Except as otherwise specified in subsections (b) and (c), a program participant who fails to comply with all requirements for payment under the loan assumption agreement, including failure to complete a minimum of four consecutive years of full time employment as a clinical registered nurse in a state-operated facility, shall assume full liability for all student loan obligations remaining after the Commission's payment of any loan liability for any year of qualifying clinical registered nursing service.

(b) If a program participant is unable to complete one of the four consecutive years of work as a clinical registered nurse in a state-operated facility, due to serious illness, pregnancy, or other natural causes, the term of the loan assumption agreement shall be extended for a period not to exceed one year. The Commission shall make no further payments under the loan assumption agreement until the applicable work requirements specified have been satisfied. The program participant shall retain responsibility to continue to make any payments required under the terms of any outstanding loans to avoid defaulting on those loans.

(c) If a natural disaster prevents a program participant from completing one of the four consecutive years of employment at the state-operated facility, the term of the loan assumption agreement shall be extended for the period of time equal to the period from the date that the participant's employment at the facility temporarily ceased to the date on which the participant resumed employment at the facility. The Commission shall make no further payments under the loan assumption agreement until the applicable work requirements have been satisfied. The program participant, however, shall retain responsibility to continue to make any payments required under the terms of any outstanding loans to avoid defaulting on those loans.

Note: Authority cited: Section 70125, Education Code. Reference: Sections 70124, 70125, Education Code.