

**CALIFORNIA STUDENT AID COMMISSION**  
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**AMENDMENT TO TITLE 5, DIVISION 4, CHAPTER 1, CA CODE OF REGULATIONS  
REGARDING STATE NURSING ASSUMPTION PROGRAM OF LOANS FOR EDUCATION  
FOR NURSES IN STATE FACILITIES  
(EDUCATION CODE 70120 *et seq.*)**

**INITIAL STATEMENT OF REASONS**

**INTRODUCTION**

The State Nursing Assumption Program of Loans for Education for Nurses in State Facilities is established in Education Code sections 70120-70129. This program authorizes the California Student Aid Commission (CSAC) to make payments on behalf of program participants' of outstanding educational loans incurred prior to the receipt of their California registered nurse license. (Educ. Code § 70120) The loan payments begin only after those program participants obtain their California registered nurse license and complete a year of full-time employment in an eligible position in a state-operated 24-hour facility that employs registered nurses and that has a clinical registered nurse vacancy rate of greater than 10 percent. (Educ. Code §70120). The participants are obligated to work for four consecutive years of as a registered nurse in an eligible position to receive up to \$20,000 in loan payments. (Educ. Code §70123). CSAC is required to select participants in the program from applications received from eligible applicants (Educ. Code § 70121) This loan assumption program is designed to encourage persons to work in state-operated facilities with a clinical registered nurse vacancy rate of greater than 10 percent. (Educ. Code § 70120 (a)).

The proposed regulations implement, interpret, and make specific the requirements established in Education Code sections 70120 – 70129.

The specific purpose of each proposed adoption, and the rationale for the determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed, is as follows:

**PROPOSED ARTICLE 17 – STATE NURSING ASSUMPTION PROGRAM OF LOANS FOR EDUCATION FOR NURSES IN STATE FACILITIES**

Section 30920 – Definitions

This section defines the terms used in this Article.

Subsection (a) of section 30920 defines “Accelerated program”. This definition clarifies that the institution establishes the timeframe of the pre-licensure programs, some of which are designated accelerated because they can be completed in less time than others. This is

necessary because Education Code section 70128 gives priority to participants enrolled in an accelerated program.

Subsection (b) of section 30920 defines “accredited program.” This definition clarifies that the California Board of Registered Nursing must approve the pre-licensure nursing program. The Business and Professions Code Sections 2785 through 2789 uses the word approve rather than accredit. This clarification is necessary because Education Code 70120 (b) (1) specifies that a student applicant must be enrolled in an “accredited program” of professional preparation for licensing as a registered nurse in California.

Subsection (c) of section 30920 defines “Eligible applicant.” This definition clarifies that a person who currently possesses a California registered nurse license, or a student who has completed a minimum of 60 semester units or the equivalent and is enrolled in an approved pre-licensure program, or has completed an approved pre-licensure program and is applying for licensure as a registered nurse in California, and agrees to work in a state-operated facility, may submit an application for this program. This is necessary because Education Code 70120 (a) through (c) limits participation to these criteria.

Subsection (d) of section 30910 defines “eligible institution.” This definition is necessary to clarify references to those colleges and universities that may submit nominations of applicants to CSAC, as authorized by Education Code section 70120 (a) (2) (A) (B).

Subsection (e) defines “eligible position.” The legislation creating this program refers to “clinical registered nurse” regarding employment in a state-operated facility. Since there is no such classification as “clinical” registered nurse, the Commission will provide a list of “eligible positions” that meet the legislature’s intent regarding “clinical” registered nurse positions.

Subsection (f) defines “employed on a full-time basis” to mean full-time employment as determined by the employing state-operated facility. This is necessary because Education Code section 70123 requires a program participant to work at a state-operated facility on a full-time basis to qualify for loan payments by CSAC. State-operated facilities may have different standards by which they determine whether an employee is working full-time, and these standards apply for purposes of determining retirement and other employment rights. Rather than imposing a different definition solely for program purposes, it is more efficient to accept the employing state-operated facilities standard for full-time employment.

Subsection (g) defines “Enrolled on a full-time basis” to mean full-time enrolled as determined by the eligible institution. This is necessary because Education Code section 70120 requires a program participant to maintain a minimum of full-time enrollment. Rather than imposing a different definition of full-time solely for program purposes, it is more efficient to accept the institution’s standard for full-time enrollment.

Subsection (h) of section 30920 defines “natural disaster” to mean a fire, flood, storm, tidal wave, earthquake, terrorism, epidemic, or other similar public calamity that the Governor determines presents a threat to public safety pursuant to Government Code section 8680.3. This is necessary to clarify Education Code section 70124 (c), which provides that a program participant who fails to fulfill his or her registered nursing service commitment due to a

natural disaster is to receive an extension equal to the period from interruption of instruction at the employing state-operated facility to the resumption of instruction.

Subsection (i) defines “Need-based student loans.” This definition is necessary since Education Code section 70128 give priority to applicants who are recipients for need-based student loans.

Subsection (j) of section 30920 defines “other natural causes” to mean 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 or the federal Family and Medical Leave Act of 1993. This is necessary to clarify Education Code section 70124 (b), which provides that a program participant who fails to fulfill his or her registered nursing service due to serious illness, pregnancy or other natural causes is to receive an extension of the term of the loan assumption agreement not to exceed one academic year.

Subsection (k) of section 30920 defines “one year.” This clarifies that the term used in Education Code section 70123 regarding the length of service required for a loan payment.

Subsection (l) of section 30910 defines “program” to mean the State Nursing Assumption Program of Loans for Education for Nurses in State Facilities, established in Education Code section 70120 et seq. This simplifies the references to the program throughout the Article.

Subsection (m) of section 30920 defines “program participant” as an individual who has a loan assumption agreement signed by both the individual and the Commission. This is necessary to distinguish a participant who has been selected and has an executed agreement with the Commission for loan payments, from an individual who has submitted an application to his or her participating institution, and from an applicant who has been nominated to participate by a participating institution, but has not been selected by CSAC.

Subsection (n) of section 30920 defines “registered nurse.” This is necessary because Education Code sections 70120, 70122, and 70123 requires participant to provide consecutive service as a registered nurse.

Subsection (o) of section 30920 defines “satisfactory academic progress” to mean academic standing consistent with the requirements of the accredited college or university for satisfactory progress toward the completion of the pre-licensure nursing program. This definition is necessary to clarify Education Code section 70120(b)(2), which requires program participants to agree to, and to maintain, satisfactory academic progress.

Subsection (p) of section 30920 defines “serious illness” to mean 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. This is necessary to clarify Education Code section 70124(b), which provides that a program participant who fails to fulfill his or her commitment to work as a registered nurse in an eligible position in a state-operated facility due to serious illness, pregnancy or other natural

causes is eligible for an extension of the loan assumption agreement not to exceed one academic year.

Subsection (q) of section 30920 defines “state-operated facility.” This definition is necessary because Education Code sections 70122 and 70123 require a program participant to provide service in state-operated facility for four consecutive years.

#### Section 30921 – Application to Participate in the Program

This section specifies the content of an application to participate in the program. This is necessary to provide applicants with guidance on the eligibility requirements for the program, and to ensure that each application contains sufficient information to evaluate the applicant, consistent with Education Code section 70120, and for CSAC to determine whether to select the applicant for participation. The regulation also specifies that CSAC will establish a deadline each year for application to the program, to assure that it can select the most qualified applicants in the event there are more applicants than can be selected for participation.

Subsection (a) of section 30921 – This section specifies personal information that must be submitted by each applicant that is necessary for CSAC to identify each applicant separately from any other applicant, and to contact the applicant. CSAC also requires applicants to provide information regarding whether they have need based student loans and or a baccalaureate degree, in order to consider this information as a factor in selecting the most qualified participants, pursuant to the authority granted to CSAC in Education Code section 70128).

Subsection (b), (c), (d) of section 30921 – This section specifies information that each applicant must submit so that the Commission can determine that each applicant meets the eligibility requirements for program participation established by Education Code sections 70120, 70121 and 70123. These sections are necessary to ensure that each type of applicant meets the requirements for program participation.

Subsection (f) of section 30921 – This section requires the application to be dated and signed under penalty of perjury under the laws of the State of California, and requires the applicant to agree to provide verification of the accuracy of the information included in the application, if requested. This is necessary to obtain information with a degree of reliability to justify the expenditure of State funds for making payments for the applicant’s student loans.

#### Section 30922 – Certification from Eligible Institution and State-operated Facility

Subsection (a) of section 30922 – This section specifies that an eligible institution may choose to provide certifications for one or more applicants who do not possess a California registered nurses license. This is consistent with Education Code section 70120. The regulation also specifies that applications must be submitted to CSAC by an established deadline each year to assure that it can select the most qualified applicants in the event there are more applicants than can be selected for participation.

This section requires the certification be signed, under penalty of perjury. This section clarifies who must sign the nomination, and is also necessary to obtain information with a degree of reliability to justify the expenditure of State funds for making payments for the applicant's student loans.

This section also specifies the information to be included in an eligible institution's certification of an applicant to participate in the loan assumption program. This is necessary to ensure that CSAC receives the information necessary to select participants consistent with the eligibility criteria in Education Code section 70120 the selection criteria in proposed section 30923.

Subsection (b) of section 30922- This section specifies the information to be included in an eligible state-operated facilities' certification of an applicant to participate in the loan assumption program. This section requires that certification be signed, under penalty of perjury. This section clarifies who must sign the nomination, and is also necessary to obtain information with a degree of reliability to justify the expenditure of State funds for making payments for the applicant's student loans.

### Section 30923 – Award Process

This section specifies the process by which CSAC will select participants and the criteria to be used in selecting participants from the applications submitted by the annual deadline.

Subsection (a) of section 30923 – This section specifies that CSAC will select participants from those applications received by an established deadline each year to assure that it can select the most qualified applicants in the event there are more applicants than can be selected for participation. The section also provides that if a maximum authorized allocation established by Education Code section 70125 is not exhausted after the award process, CSAC may continue to accept nominations after the deadline and select program participants based on the date the nominations are received by CSAC. This section is necessary to clarify that the selection from among nominated students may continue even after the completion of the initial award process until the maximum authorized allocation is exhausted.

Subsection (b) (1), (2), (3) of 30923 – This section specifies that CSAC will only select eligible applicants for participation in the program. This is consistent with the eligibility requirements established in Education Code sections 70120 and 70128. This section specifies the points that CSAC will apply to applicants whose submitted applications show priority criteria. Priority criteria include baccalaureate degree, enrollment in an accelerated program and outstanding balance on need-based student loans. This is necessary to ensure that all nominations are considered under identical standards.

Subsection (b) (4), (5) of 30923 – This part of the subsection (b) gives points to those applicants who possess a current California registered nursing license and to applicants who are already working as a registered nurse in an eligible position in a state-operated 24 hour facility. CSAC has determined that these are appropriate factors to consider in selecting the most qualified participants, pursuant to the authority granted to CSAC in Education Code section 70125.

Subsection (b) (6) of section 30923 - This section specifies the criteria CSAC will apply to applicants enrolled in pre-licensure nursing programs or applicants that have completed a pre-licensure nursing program but have not received a registered nurse license. This is necessary to ensure that all nominations are considered under identical standards. CSAC will give greater weight to applicants who have demonstrated academic ability based on their grade point average and who are closer to completion of their pre-licensure nursing program and therefore closer to obtaining employment at a state-operated facility. CSAC has determined that these are appropriate factors to consider in selecting the most qualified participants, pursuant to the authority granted to CSAC in Education Code section 70120 and 70125.

Subsection (c) of section 30923 – This section specifies that CSAC will select nominees with the highest point totals. This is necessary to clarify how the selection criteria will be used. This section also provides that in case of a tie, CSAC will select nominees based on the earliest date the application was received by the Commission. This is necessary to provide clarity on how CSAC will choose from among equal scores when remaining awards are limited.

#### Section 30924 – Loan Assumption Agreements

This section specifies the process and content of loan assumption agreements that will be provided to applicants upon their selections by CSAC to participate in the program.

Subsection (a) of section 30924 – This section requires CSAC to provide a loan assumption agreement to each applicant who has been selected to participate, but specifies that the loan assumption agreement is not effective until it is signed by both the applicant and CSAC. This section is consistent with Education Code section 70123, which requires CSAC to enter into agreements with participants, clarifies that a signed agreement is necessary for participation, and clarifies the effective date of the loan assumption agreement.

Subsection (b) of section 30924 – This section establishes the contents of the loan assumption agreement for participants enrolled in an approved program. This subsection is necessary to assure participants are informed of their obligations, consistent with Education Code sections 70122 and 70123. This section is also necessary to assure that CSAC receives the information from the participant, the participant's school, the lenders holding the participant's educational loans, and the participant's employers, which is necessary to administer the program.

Subsection (c) of section 30924 – This section establishes the contents of the loan assumption agreement for participants who have completed a pre-licensure program at the time of application but do not have a license to practice as a registered nurse in California. Subsection (c) is necessary to assure participants are informed of their obligations, consistent with Education Code sections 70122 and 70123. This section is also necessary to assure that CSAC receives the information from the participant, the participant's school, the lenders holding the participant's educational loans, and the participant's employers, which is necessary to administer the program.

Subsection (d) of section 30924 – This section establishes the contents of the loan assumption agreement for participants currently working as a registered nurse in an eligible position in a state-operated facility. Subsection (d) is necessary to assure participants are informed of their obligations, consistent with Education Code sections 70122 and 70123. This section is also necessary to assure that CSAC receives the information from the participant, the lenders holding the participant's educational loans, and the participant's employers, which is necessary to administer the program.

Subsection (e) of section 30924 – specifies the conditions under which CSAC is authorized to make loan payments, consistent with Education Code section 70123.

This section establishes the contents of the loan assumption agreement. Subsection (b) (1) is necessary to assure participants are informed of their obligations, consistent with Education Code sections 70101 and 70103. This section is also necessary to assure that CSAC receives the information from the participant, the participant's school, the lenders holding the participant's educational loans, and the participant's employers necessary to administer the program and the loan assumption agreement. Subsection (b)(2) specifies the conditions under which CSAC is authorized to make loan payments, consistent with Education Code section 70103.

Subsection (f) of section 30924 – This section provides that the term of the loan assumption agreement shall be no more than 10 years from the date signed by the program participant and CSAC. This is consistent with the requirement in Education Code section 70125.

Subsection (g) of section 30924 – This section establishes that the loan assumption agreement constitutes a conditional warrant that may be redeemed under conditions specified in section 30925. This section is necessary to clarify Education Code sections 70122 and 70123 regarding when payments will be made by CSAC. This subsection also specifies that a participant may have only one loan assumption agreement, consistent with Education Code section 70120(e).

### Section 30925 – Loan Payments

This section specifies the process by and conditions under which program participants may redeem their conditional warrants (loan assumption agreements) and CSAC may make loan payments on behalf of the program participants.

Subsection (a) of section 30925 – This section specifies the information that a program participant must provide to CSAC before CSAC can begin making loan payments. This section is necessary to ensure compliance with the conditions for loan payments by CSAC established in Education Code sections 70122 and 70123, and to obtain information to identify each participant separately from every other participant and to enable CSAC to determine, process, and pay the appropriate amount of loan payment to the appropriate lender.

Subsection (b) of section 30925 – This section specifies that loan payments are to be paid by CSAC in a lump sum, which is to be applied directly to the principal balance, that payments will first be made toward loans with the highest interest rates, and that program participants must continue to make payments as required under the terms of the loans to avoid defaulting on the loans. This section is necessary to clarify the method for loan payment by CSAC and to clarify program participants' continuing obligations on their loans.

#### Section 30926 – Failure to Comply with the Loan Assumption Agreement

This section specifies the consequences of a program participant's failure to comply with the requirements of the loan assumption agreement.

Subsection (a) of section 30926 – This section specifies that a program participant who fails to meet the conditions for payment in the loan assumption agreement, including failure to complete the required four consecutive years of full-time nursing employment at a state-operated facility, will not qualify for loan payment. The loan assumption agreement shall be deemed terminated and the Commission shall not make any further payments. The participant shall retain responsibility to continue to make any payments required for any remaining loan obligations under the terms of any outstanding loans to avoid defaulting on those loans but shall not be required to repay any loan payments previously made through the program. This section is necessary to clarify the consequences of a program participant's failure to satisfy the obligations included in the loan assumption agreement and to implement Education Code sections 70120, 70122, 70123 and 70124(a).

Subsection (b) of section 30926 – This section establishes that the term of the loan assumption agreement shall be extended for a period of not to exceed one year if a program participant becomes unable to complete one of the three years of work as a registered nurse in an eligible position at a state-operated facility on a full-time basis, due to a serious illness, pregnancy, or other natural causes. This section is consistent with Education Code section 70124(b).

Subsection (c) of section 30926 – This section establishes an extension of the term of the loan assumption agreement equal to the period from the interruption of employment due to a natural disaster at the employing state-operated facility to the resumption of employment. The Commission shall make no further payments under the loan assumption agreement until the applicable registered nursing service specified in Section 70123 has been satisfied. This section is consistent with Education Code section 70124(c).

Subsection (d) of section 30926 – This section clarifies how the Commission will reallocate resources in light of agreements that are not utilized by program participants. This is necessary to meet the requirements of Education Code 70125.

#### Section 30927 – Development of Projections for Funding Purposes

This section clarifies how the Commission will develop projections for funding purposes. This is necessary to meet the requirements of Education Code 70125.