

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: Yes

HEARINGS: Yes

NEWSPAPER ARTICLES: No

Committee meeting of the Senate Health, Human Services and Senior Citizens Committee: testimony on the New Jersey Nursing Initiative, a project of the Robert Wood Johnson Foundation and the New Jersey Chamber of Commerce Foundation: [May 28, 2009, Trenton, New Jersey]/ meeting recorded and transcribed by the Office of Legislative Services, Public Information Office, Hearing Unit.
974.90 N974, 2009

<http://www.njstatelib.org/digit/N974/N9742009.pdf>

Situation critical: closing the nurse supply gap in New Jersey/ Geri L. Dickson, executive director, and Linda Flynn, research director, New Jersey Collaborating Center for Nursing.
974.90 N974, 2009a

http://slic.njstatelib.org/slic_files/digidocs/90/n9742009a/n9742009a.pdf

LAW/RWH

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2549

STATE OF NEW JERSEY
213th LEGISLATURE

ADOPTED JANUARY 4, 2010

Sponsored by:

Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Assemblywoman LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

**Assemblywoman Wagner, Assemblymen Diegnan, Coutinho, Schaer,
Moriarty, Senators Vitale, Buono, Gordon and Turner**

SYNOPSIS

“Nursing Faculty Loan Redemption Program Act.”

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Appropriations Committee.



(Sponsorship Updated As Of: 1/12/2010)

1 AN ACT establishing the Nursing Faculty Loan Redemption
2 Program and supplementing chapter 71B of Title 18A of the New
3 Jersey Statutes.

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 Faculty 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. In
14 New Jersey, as well as nationwide, the shortage of faculty in
15 schools of nursing is reaching crisis proportions. Insufficient
16 numbers of faculty hinder schools’ efforts to increase their capacity.

17 b. According to projections by the Health Resources and
18 Services Administration of the federal Department of Health and
19 Human Services, New Jersey is estimated to be 49% below demand,
20 resulting in a shortfall of 42,400 registered professional nurse full-
21 time equivalent positions throughout the State by 2020.

22 c. The demand for nurses at all levels of training and in all
23 health care settings, including hospitals, nursing homes, veterans’
24 homes and home health care and community-based programs, is
25 increasing as the population gets older. Recent data from schools of
26 nursing in New Jersey show that there is an increased interest in
27 nursing by potential students; 67% of schools of nursing in the State
28 turned away qualified student applicants and 57% report numbers of
29 enrollments greater than their current capacity to educate students.

30 d. The average age of New Jersey’s registered professional
31 nurses and licensed practical nurses is increasing each year; in 2007
32 54.4% of the State’s registered professional nurses were between 46
33 and 60 years of age and 13.3% were more than 60 years of age;
34 29% of non-retired registered professional nurses were older than
35 55 years of age. These findings indicate that, assuming the majority
36 of nurses retire at 65 years of age, the State will need to replace one
37 third of its nursing workforce over the next 10 years.

38 e. The number of full-time faculty positions currently budgeted
39 in New Jersey’s schools of nursing totals 575 full-time equivalents.
40 Of these, six percent, or 35 full-time equivalents, were vacant in
41 October 2004; 54% of the nursing schools in the State reported
42 faculty vacancies.

43 f. The faculty shortage is part of the larger picture and all areas
44 must be addressed as nurses are vital to the public’s health.
45 Research indicates that without sufficient numbers of well-
46 qualified nurses, patients’ lives and well-being are at increased risk.
47 The minimum educational requirement of a nursing instructor
48 according to the New Jersey Board of Nursing regulations is a

1 master's degree in nursing (MSN). For nursing faculty in the
2 State's 13 associate degree programs in community colleges and 11
3 diploma programs in hospitals, a MSN is required. Many schools
4 also require that faculty be certified in the specialty practice area in
5 which they teach.

6

7 3. As used in this act:

8 "Approved graduate degree program" means a master's degree in
9 nursing (MSN), a doctor of nursing science degree (DNS), a doctor
10 of nursing practice degree (DPN), a doctor of philosophy degree
11 (PhD) in nursing or another relevant field of study.

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

14 "Eligible student loan expenses" means the cumulative total of
15 the annual student loans covering the cost of attendance at an
16 approved graduate degree program. Interest paid or due on student
17 loans that an applicant has taken out for use in paying the costs of
18 such education shall be considered eligible for reimbursement under
19 the program.

20 "Participant" means a person who has completed an approved
21 graduate degree program at an accredited public or independent
22 institution of higher education, and who participates program.

23 "Program" means the Nursing Faculty Loan Redemption
24 Program established pursuant to this act.

25

26 4. a. There is established within the Higher Education Student
27 Assistance Authority the Nursing Faculty Loan Redemption
28 Program. The purpose of the program is to address the current and
29 projected critical shortage of nurse faculty in the State by providing
30 an incentive for persons to enter graduate nursing education
31 programs and for persons already trained as nurses to advance their
32 training in the profession so as to ensure that sufficient numbers of
33 nursing faculty are available to train nursing students, and the
34 State's hospitals, nursing homes, veterans' facilities and home care
35 services and community care programs will have sufficient, trained
36 nursing staff in the future to provide quality health care services to
37 the residents of this State.

38 The program shall provide loan redemption in exchange for full-
39 time faculty employment at a school of nursing in the State for a
40 five-year period following completion of the approved graduate
41 degree program. The authority may establish a limit on the total
42 amount of student loans which may be redeemed for participants
43 under the program.

44 b. In developing the program, the authority shall collaborate
45 with the Robert Wood Johnson Foundation New Jersey Nursing
46 Initiative and such other entities as the authority deems appropriate.

- 1 5. To be eligible to participate in the program, an applicant
2 shall:
- 3 a. be a resident of the State and maintain domicile in the State
4 during participation in the program; and
- 5 b. (1) have obtained a master's degree in nursing (MSN), a
6 doctor of nursing science degree (DNS), a doctor of nursing
7 practice degree (DNP), a doctor of philosophy degree (PhD) in
8 nursing or another relevant field of study within a one-year period
9 prior to being hired for full-time faculty employment on or after the
10 date of enactment of this act; and
- 11 (2) have maintained a grade point average of 3.0 or higher on a
12 scale of 4.0, or its equivalent, while enrolled in an approved
13 graduate degree program.
- 14
- 15 6. a. A graduate nursing student or graduate may apply to the
16 authority for a loan redemption in such manner as prescribed by the
17 authority.
- 18 b. A program participant shall enter into a written contract with
19 the authority to participate in the program. The contract shall
20 specify the duration of the applicant's required service and the total
21 amount of eligible student loan expenses to be redeemed by the
22 authority in return for service.
- 23 c. A participant who has entered into a redemption contract
24 with the authority may nullify that contract by submitting written
25 notification to the authority and assuming full responsibility for
26 repayment of the full amount of the loan or that portion of the loan
27 that has not been redeemed by the State in return for partial
28 fulfillment of the contract.
- 29 d. In the case of a participant's death or total or permanent
30 disability, the authority shall nullify the service obligation of the
31 participant; or where continued enforcement of the contract may
32 result in extreme hardship, the authority may nullify or suspend the
33 participant's service obligation.
- 34
- 35 7. The authority shall annually submit to the Governor, and
36 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the
37 chairman of the Senate Budget and Appropriations Committee, the
38 chairman of the Assembly Appropriations Committee, the chairmen
39 of the Senate and Assembly Education Committees, and the
40 chairmen of the Senate and Assembly Health Committees, a report
41 on the program. The report shall be submitted no later than August
42 1 of each year and shall include, but not be limited to, the following
43 information for the prior fiscal year:
- 44 a. the total number of participants receiving loan redemption
45 under the program;
- 46 b. the total number of participants who withdrew from the
47 program or failed to complete the program's employment
48 requirement; and

- 1 c. the effect of the program on filling vacant nurse faculty
2 positions in the State and eliminating the need to turn away
3 qualified nursing school applicants.
4
- 5 8. The Higher Education Student Assistance Authority shall
6 adopt, in accordance with the Administrative Procedure Act,
7 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations as may
8 be necessary to implement the provisions of this act.
9
- 10 9. Of the funds annually appropriated for the Primary Care
11 Physician and Dentist Loan Redemption Program established in the
12 Higher Education Student Assistance Authority pursuant to
13 P.L.1999, c.46 (C.18A:71C-32 et seq.), 25% shall be dedicated to
14 the Nursing Faculty Loan Redemption Program established
15 pursuant to this act. The program shall be administered directly by
16 the Higher Education Student Assistance Authority.
17
- 18 10. This act shall take effect July 1, 2010; however, the
19 authority may take such anticipatory administrative action in
20 advance thereof as shall be necessary to implement the provisions
21 of this act.

ASSEMBLY, No. 2549

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 5, 2008

Sponsored by:

Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Co-Sponsored by:

Assemblywoman Wagner

SYNOPSIS

“Nursing Faculty Incentive Loan and Loan Redemption Program Act”;
appropriates \$1 million.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/19/2009)

1 AN ACT establishing the Nursing Faculty 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 Faculty 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. In
14 New Jersey, as well as nationwide, the shortage of faculty in
15 schools of nursing is reaching crisis proportions. Insufficient
16 numbers of faculty hinder schools' efforts to increase their capacity.

17 b. According to projections by the Health Resources and
18 Services Administration of the federal Department of Health and
19 Human Services, New Jersey is estimated to be 49% below demand,
20 resulting in a shortfall of 42,400 registered professional nurse full-
21 time equivalent positions throughout the State by 2020.

22 c. The demand for nurses at all levels of training and in all
23 health care settings, including hospitals, nursing homes, veterans'
24 homes and home health care and community-based programs, is
25 increasing as the population gets older. Recent data from schools of
26 nursing in New Jersey show that there is an increased interest in
27 nursing by potential students; 67% of schools of nursing in the State
28 turned away qualified student applicants and 57% report numbers of
29 enrollments greater than their current capacity to educate students.

30 d. The average age of New Jersey's registered professional
31 nurses and licensed practical nurses is increasing each year; in 2007
32 54.4% of the State's registered professional nurses were between 46
33 and 60 years of age and 13.3% were more than 60 years of age;
34 29% of non-retired registered professional nurses were older than
35 55 years of age. These findings indicate that, assuming the majority
36 of nurses retire at 65 years of age, the State will need to replace one
37 third of its nursing workforce over the next 10 years.

38 e. The number of full-time faculty positions currently budgeted
39 in New Jersey's schools of nursing totals 575 full-time equivalents.
40 Of these six percent, or 35 full-time equivalents, were vacant in
41 October 2004; 54% of the nursing schools in the State reported
42 faculty vacancies.

43 f. The faculty shortage is part of the larger picture and all areas
44 must be addressed as nurses are vital to the public's health.
45 Research indicates that without sufficient numbers of well-
46 qualified nurses, patients' lives and well-being are at increased risk.
47 The minimum educational requirement of a nursing instructor
48 according to the New Jersey Board of Nursing regulations is a

1 master's degree in nursing (MSN). For nursing faculty in the
2 State's 13 associate degree programs in community colleges and 11
3 diploma programs in hospitals, a MSN is required. Many schools
4 also require that faculty be certified in the specialty practice area in
5 which they teach.

6

7 3. As used in this act:

8 "Approved graduate degree program in nursing" or "approved
9 graduate degree" means a master's degree in nursing (MSN), a
10 doctor of nursing science (DNS), or a doctor of philosophy in
11 nursing (PhD).

12 "Approved employment" means full-time or part-time faculty
13 employment at a school of nursing in New Jersey.

14 "Approved institution" means a public or independent institution
15 of higher education located in this State that is accredited by the
16 New Jersey Board of Nursing and approved by the authority as an
17 institution in which students may enroll to participate in the
18 program.

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

21 "Executive director" means the Executive Director of the Higher
22 Education Student Assistance Authority.

23 "Participant" means a person who is enrolled as a part-time or
24 full-time student in an approved institution under the Nursing
25 Faculty Incentive Loan and Loan Redemption Program.

26 "Program" means the Nursing Faculty Incentive Loan and Loan
27 Redemption Program established pursuant to this act.

28

29 4. There is established within the Higher Education Student
30 Assistance Authority the Nursing Faculty Incentive Loan and Loan
31 Redemption Program.

32 The purpose of the program is to address the current and
33 projected critical shortage of nurse faculty in the State by providing
34 an incentive for persons to enter graduate nursing education
35 programs and for persons already trained as nurses to advance their
36 training in the profession so as to ensure that sufficient numbers of
37 nursing faculty are available to train nursing students, and the
38 State's hospitals, nursing homes, veterans' facilities and home care
39 services and community care programs will have sufficient, trained
40 nursing staff in the future to provide quality health care services to
41 the residents of this State.

42 The program shall provide loans and loan redemption to finance
43 the graduate study of eligible students enrolled in an approved
44 graduate degree in exchange for full-time or part-time faculty
45 employment at a school of nursing in the State for a five-year
46 period following completion of the approved graduate program.

47

48 5. To be eligible to participate in the program, an applicant

1 shall:

2 a. be a resident of the State and maintain domicile in the State
3 during participation in the program;

4 b. be enrolled in an approved graduate program;

5 c. maintain a grade point average of 3.0 or higher on a scale of
6 4.0, or its equivalent, while enrolled in an approved graduate
7 program; and

8 d. enter into a written agreement with the authority to commence
9 employment in this State as a nurse faculty member within one year
10 after completion of an approved graduate program to fill available
11 nursing faculty vacancies. The agreement shall specify the duration
12 of the applicant's required service and the total amount of eligible
13 student loan expenses to be redeemed by the State in return for
14 service. Full-time faculty shall be required to be employed for a
15 period of one year for each year a loan under the program was
16 received. The work requirement for part-time faculty shall be
17 prorated by the authority based on the amount of the loan received
18 each year.

19

20 6. a. A graduate nursing student may apply to the authority for a
21 loan in such manner as prescribed by the authority and shall include
22 all information and documentation required by the authority.

23 b. Within the limits of available appropriations, a loan of up to a
24 maximum of \$10,000 per year for a full-time student, or a prorated
25 amount as established by the authority for a part-time student, shall
26 be awarded to an eligible participant enrolled in an approved
27 graduate program. The maximum loan and loan redemption amount
28 shall not exceed \$40,000 for a participant in an approved graduate
29 program.

30 c. A loan shall cover the cost of attendance which includes
31 tuition, books, and other necessary fees and expenses related to the
32 approved graduate program. In no academic year shall a participant
33 be eligible for a loan under the program greater than the total cost
34 of attendance less the total value of all other scholarships and grants
35 received by the participant for that academic year.

36 d. A loan shall not bear interest or finance charges during the
37 time the participant is enrolled in an approved graduate program or
38 is engaged in an approved redemption service pursuant to this act.

39

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

43 b. A participant who has entered into a redemption contract with
44 the authority may nullify that contract by submitting written
45 notification to the authority and assuming full responsibility for
46 repayment of the full amount of the loan or that portion of the loan
47 that has not been redeemed by the State in return for partial
48 fulfillment of the contract. The interest on the loan shall be at the

1 prevailing market rate at the time the loan was made. A participant
2 seeking to nullify the contract shall be required to repay the loan or
3 the unredeemed portion thereof in accordance with a schedule
4 determined by the authority.

5 c. In the case of a participant's death or total or permanent
6 disability, the authority shall nullify the service obligation of the
7 participant, thereby terminating the participant's obligation to repay
8 the unpaid balance of the loan; or where continued enforcement of
9 the contract may result in extreme hardship, the authority may
10 nullify or suspend the participant's service obligation.

11

12 8. The authority shall annually submit to the Governor, and
13 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the
14 chairman of the Senate Budget and Appropriations Committee, the
15 chairman of the Assembly Appropriations Committee, the chairmen
16 of the Senate and Assembly Education Committees, and the
17 chairmen of the Senate and Assembly Health Committees, a report
18 on the program. The report shall be submitted no later than August
19 1 of each year and shall include, but not be limited to, the following
20 information for the prior fiscal year:

21 a. the total number of participants receiving loans and loan
22 redemption under the program;

23 b. the number of participants in the approved graduate
24 programs;

25 c. the total number of participants who withdrew from the
26 program or failed to complete the program's postgraduate
27 employment requirement; and

28 d. the effect of the program on filling vacant nurse faculty
29 positions in the State and eliminating the need to turn away
30 qualified nursing school applicants.

31

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

38

39 10. There is appropriated \$1,000,000 from the General Fund to
40 the Higher Education Faculty Assistance Authority to establish the
41 Nursing Faculty Incentive Loan and Loan Redemption Program.

42

43 11. This act shall take effect for the 2008-2009 academic year;
44 however, the authority may immediately take such administrative
45 action as may be necessary to implement the provisions of this act.

STATEMENT

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This bill establishes the Nursing Faculty Incentive Loan and Loan Redemption Program in the Higher Education Student Assistance Authority. The purpose of the program is to address the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty.

The program would provide loans and loan redemption to finance the graduate study of eligible participants enrolled in an approved graduate degree in nursing program in exchange for full-time or part-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program;
- be enrolled in an approved graduate degree in nursing program;
- maintain an acceptable grade point average while enrolled in an approved course of study; and
- enter into a written agreement with the authority to commence employment in this State as nurse faculty.

The program may provide a loan of up to a maximum of \$10,000 per year for a full-time student, or a prorated amount as established by the authority for a part-time student. The maximum loan and loan redemption amount would not exceed \$40,000.

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

Finally, the bill appropriates \$1 million to the authority to establish the loan and loan redemption program, and takes effect for the 2008-2009 academic year.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 2549

STATE OF NEW JERSEY

DATED: JANUARY 4, 2010

The Assembly Appropriations Committee reports favorably Assembly Committee Substitute for Assembly Bill No. 2549.

This substitute establishes the Nursing Faculty Loan Redemption Program in the Higher Education Student Assistance Authority (HESAA). The program addresses the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty. The substitute requires HESAA to collaborate with the Robert Wood Johnson Foundation New Jersey Nursing Initiative and such other entities as the authority deems appropriate in developing the program.

The program will provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for the participants' full-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program;
- have obtained a master's degree in nursing (MSN), a doctor of nursing science degree (DNS), a doctor of nursing practice degree (DNP), or a doctor of philosophy degree (PhD) in nursing, or another relevant field of study within a one-year period prior to being hired for full-time faculty employment on or after the date of enactment of this act; and
- have maintained a grade point average of 3.0 or higher on a scale of 4.0, or its equivalent, while enrolled in an approved graduate program.

The substitute requires the authority to annually submit to the Governor and selected committees of the Legislature, by August 1 each year, a report on the program.

The substitute specifies that the program shall be administered directly by HESAA.

FISCAL IMPACT:

The substitute provides that 25% of the funds annually allocated for the Primary Care Physician and Dentist Loan Redemption Program established in HESAA by P.L.1999, c.46 (C.18A:71C-32 et seq.), be dedicated to the Nursing Faculty Loan Redemption Program. In the FY 2009 budget, \$2 million was appropriated to the Physician/ Dentist Loan Redemption Program, so the nursing faculty program would be allocated \$500,000 of that amount. The fiscal impact will be on the Physician and Dentist program, as that program will have less funds to spend.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE
ASSEMBLY, No. 2549
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: JANUARY 12, 2010

SUMMARY

Synopsis: "Nursing Faculty Loan Redemption Program Act."

Type of Impact: No impact on State expenditures or revenues.

Agencies Affected: Higher Education Student Assistance Authority

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	No impact	No impact	No impact

- The Office of Legislative Services estimates that the bill will have no impact on State revenues or expenditures.
- This bill establishes the Nursing Faculty Loan Redemption Program in the Higher Education Student Assistance Authority (HESAA). The program would provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for full-time employment as a faculty member at a school in the State following completion of the graduate degree program.
- The bill provides that 25 percent of the funds annually appropriated to support the Primary Care Physician and Dentist Loan Redemption Program would be used to fund the Nursing Faculty Loan Redemption Program. In recent fiscal years the State has annually provided \$2 million to fund the Primary Care Physician and Dentist Loan Redemption Program. If this annual funding level is maintained in upcoming fiscal years, \$500,000 of that appropriation would be available to fund the Nursing Faculty Loan Redemption Program each year. No additional State funds above the amount that will be appropriated for the Primary Care Physician and Dentist Loan Redemption Program is required under the bill.

BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill No. 2549 of 2008 establishes the Nursing Faculty Loan Redemption Program in the HESAA. The purpose of the program is to address the

current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty.

The program would provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for full-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program;
- have obtained a master's degree in nursing (MSN), a doctor of nursing science degree (DNS), a doctor of nursing practice degree (DNP), or a doctor of philosophy degree (PhD) in nursing, or another relevant field of study within a one-year period prior to being hired for full-time faculty employment on or after the date of the bill's enactment;
- have maintained a grade point average of 3.0 or higher on a scale of 4.0, or its equivalent, while enrolled in an approved graduate program.

The bill requires the authority to annually submit to the Governor and selected committees of the Legislature, by August 1 each year, a report on the program.

The bill provides that 25 percent of the funds annually allocated for the Primary Care Physician and Dentist Loan Redemption Program established in HESAA by P.L.1999, c.46 (C.18A:71C-32 et seq.), be dedicated to the Nursing Faculty Loan Redemption Program. The bill also specifies that the program will be administered directly by HESAA.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services estimates that the bill will have no impact on State revenues or expenditures. Assembly Bill No. 2549 of 2008 stipulates that 25 percent of the funds annually appropriated to support the Primary Care Physician and Dentist Loan Redemption Program, currently administered by HESAA, would be used to fund the Nursing Faculty Loan Redemption Program. In recent fiscal years the State has annually provided \$2 million to fund the Primary Care Physician and Dentist Loan Redemption Program. If this annual funding level is maintained in upcoming fiscal years, \$500,000 of that appropriation will be available to fund the Nursing Faculty Loan Redemption Program each year. No additional State funds are required under the bill to finance loan redemptions under the program.

According to HESAA, as of May 31, 2009 there were 46 active participants in the Primary Care Physician and Dentist Loan Redemption Program including 17 physicians, 18 dentists, 9 physician assistants, and 2 nurse practitioners. For FY 2009 the program obligated approximately \$1.8 million to finance loan redemptions with approximately \$200,000 remaining at the end of the year.

It should be noted that the diversion of 25 percent (\$500,000 using the current fiscal year as an example) of the funds appropriated to support the Primary Care Physician and Dentist Loan Redemption Program will reduce the amount available for loan redemptions under that program.

Also, State funding to support the Nursing Faculty Loan Redemption Program which under the bill is tied to State funding for the Primary Care Physician and Dentist Loan Redemption Program would change as the State appropriation to support that program changes. If the State fails to appropriate funds to support the Primary Care Physician and Dentist Loan Redemption Program in any given fiscal year, the Nursing Faculty Loan Redemption Program would similarly not be funded.

Section: Education

*Analyst: Osomo Thomas
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-6 et seq.).

SENATE, No. 626

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Senator BARBARA BUONO

District 18 (Middlesex)

Co-Sponsored by:

Senator Gordon

SYNOPSIS

“Nursing Faculty Incentive Loan and Loan Redemption Program Act”; appropriates \$1 million.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/28/2008)

1 AN ACT establishing the Nursing Faculty 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 Faculty 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. In
14 New Jersey, as well as nationwide, the shortage of faculty in
15 schools of nursing is reaching crisis proportions. Insufficient
16 numbers of faculty hinder schools' efforts to increase their capacity.

17 b. According to projections by the Health Resources and
18 Services Administration of the federal Department of Health and
19 Human Services, New Jersey is estimated to be 49% below demand,
20 resulting in a shortfall of 42,400 registered professional nurse full-
21 time equivalent positions throughout the State by 2020.

22 c. The demand for nurses at all levels of training and in all health
23 care settings, including hospitals, nursing homes, veterans' homes
24 and home health care and community-based programs, is increasing
25 as the population gets older. Recent data from schools of nursing in
26 New Jersey show that there is an increased interest in nursing by
27 potential students; 67% of schools of nursing in the State turned
28 away qualified student applicants and 57% report numbers of
29 enrollments greater than their current capacity to educate students.

30 d. The average age of New Jersey's registered professional
31 nurses and licensed practical nurses is increasing each year; in 2007
32 54.4% of the State's registered professional nurses were between 46
33 and 60 years of age and 13.3% were more than 60 years of age;
34 29% of non-retired registered professional nurses were older than
35 55 years of age. These findings indicate that, assuming the majority
36 of nurses retire at 65 years of age, the State will need to replace one
37 third of its nursing workforce over the next 10 years.

38 e. The number of full-time faculty positions currently budgeted
39 in New Jersey's schools of nursing totals 575 full-time equivalents.
40 Of these six percent, or 35 full-time equivalents, were vacant in
41 October 2004; 54% of the nursing schools in the State reported
42 faculty vacancies.

43 f. The faculty shortage is part of the larger picture and all areas
44 must be addressed as nurses are vital to the public's health.
45 Research indicates that without sufficient numbers of well-
46 qualified nurses, patients' lives and well-being are at increased risk.
47 The minimum educational requirement of a nursing instructor
48 according to the New Jersey Board of Nursing regulations is a

1 master's degree in nursing (MSN). For nursing faculty in the
2 State's 13 associate degree programs in community colleges and 11
3 diploma programs in hospitals, a MSN is required. Many schools
4 also require that faculty be certified in the specialty practice area in
5 which they teach.

6

7 3. As used in this act:

8 "Approved graduate degree program in nursing" or "approved
9 graduate degree" means a master's degree in nursing (MSN), a
10 doctor of nursing science (DNS), or a doctor of philosophy in
11 nursing (PhD).

12 "Approved employment" means full-time or part-time faculty
13 employment at a school of nursing in New Jersey.

14 "Approved institution" means a public or independent institution
15 of higher education located in this State that is accredited by the
16 New Jersey Board of Nursing and approved by the authority as an
17 institution in which students may enroll to participate in the
18 program.

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

21 "Executive director" means the Executive Director of the Higher
22 Education Student Assistance Authority.

23 "Participant" means a person who is enrolled as a part-time or
24 full-time student in an approved institution under the Nursing
25 Faculty Incentive Loan and Loan Redemption Program.

26 "Program" means the Nursing Faculty Incentive Loan and Loan
27 Redemption Program established pursuant to this act.

28

29 4. There is established within the Higher Education Student
30 Assistance Authority the Nursing Faculty Incentive Loan and Loan
31 Redemption Program.

32 The purpose of the program is to address the current and
33 projected critical shortage of nurse faculty in the State by providing
34 an incentive for persons to enter graduate nursing education
35 programs and for persons already trained as nurses to advance their
36 training in the profession so as to ensure that sufficient numbers of
37 nursing faculty are available to train nursing students, and the
38 State's hospitals, nursing homes, veterans' facilities and home care
39 services and community care programs will have sufficient, trained
40 nursing staff in the future to provide quality health care services to
41 the residents of this State.

42 The program shall provide loans and loan redemption to finance
43 the graduate study of eligible students enrolled in an approved
44 graduate degree in exchange for full-time or part-time faculty
45 employment at a school of nursing in the State for a five-year
46 period following completion of the approved graduate program.

47

48 5. To be eligible to participate in the program, an applicant

1 shall:

2 a. be a resident of the State and maintain domicile in the State
3 during participation in the program;

4 b. be enrolled in an approved graduate program;

5 c. maintain a grade point average of 3.0 or higher on a scale of
6 4.0, or its equivalent, while enrolled in an approved graduate
7 program; and

8 d. enter into a written agreement with the authority to commence
9 employment in this State as a nurse faculty member within one year
10 after completion of an approved graduate program to fill available
11 nursing faculty vacancies. The agreement shall specify the duration
12 of the applicant's required service and the total amount of eligible
13 student loan expenses to be redeemed by the State in return for
14 service. Full-time faculty shall be required to be employed for a
15 period of one year for each year a loan under the program was
16 received. The work requirement for part-time faculty shall be
17 prorated by the authority based on the amount of the loan received
18 each year.

19

20 6. a. A graduate nursing student may apply to the authority for a
21 loan in such manner as prescribed by the authority and shall include
22 all information and documentation required by the authority.

23 b. Within the limits of available appropriations, a loan of up to a
24 maximum of \$10,000 per year for a full-time student, or a prorated
25 amount as established by the authority for a part-time student, shall
26 be awarded to an eligible participant enrolled in an approved
27 graduate program. The maximum loan and loan redemption amount
28 shall not exceed \$40,000 for a participant in an approved graduate
29 program.

30 c. A loan shall cover the cost of attendance which includes
31 tuition, books, and other necessary fees and expenses related to the
32 approved graduate program. In no academic year shall a participant
33 be eligible for a loan under the program greater than the total cost
34 of attendance less the total value of all other scholarships and grants
35 received by the participant for that academic year.

36 d. A loan shall not bear interest or finance charges during the
37 time the participant is enrolled in an approved graduate program or
38 is engaged in an approved redemption service pursuant to this act.

39

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

43 b. A participant who has entered into a redemption contract with
44 the authority may nullify that contract by submitting written
45 notification to the authority and assuming full responsibility for
46 repayment of the full amount of the loan or that portion of the loan
47 that has not been redeemed by the State in return for partial
48 fulfillment of the contract. The interest on the loan shall be at the

1 prevailing market rate at the time the loan was made. A participant
2 seeking to nullify the contract shall be required to repay the loan or
3 the unredeemed portion thereof in accordance with a schedule
4 determined by the authority.

5 c. In the case of a participant's death or total or permanent
6 disability, the authority shall nullify the service obligation of the
7 participant, thereby terminating the participant's obligation to repay
8 the unpaid balance of the loan; or where continued enforcement of
9 the contract may result in extreme hardship, the authority may
10 nullify or suspend the participant's service obligation.

11

12 8. The authority shall annually submit to the Governor, and
13 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the
14 chairman of the Senate Budget and Appropriations Committee, the
15 chairman of the Assembly Appropriations Committee, the chairmen
16 of the Senate and Assembly Education Committees, and the
17 chairmen of the Senate and Assembly Health Committees, a report
18 on the program. The report shall be submitted no later than August
19 1 of each year and shall include, but not be limited to, the following
20 information for the prior fiscal year:

21 a. the total number of participants receiving loans and loan
22 redemption under the program;

23 b. the number of participants in the approved graduate
24 programs;

25 c. the total number of participants who withdrew from the
26 program or failed to complete the program's postgraduate
27 employment requirement; and

28 d. the effect of the program on filling vacant nurse faculty
29 positions in the State and eliminating the need to turn away
30 qualified nursing school applicants.

31

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

38

39 10. There is appropriated \$1,000,000 from the General Fund to
40 the Higher Education Faculty Assistance Authority to establish the
41 Nursing Faculty Incentive Loan and Loan Redemption Program.

42

43 11. This act shall take effect for the 2008-2009 academic year;
44 however, the authority may immediately take such administrative
45 action as may be necessary to implement the provisions of this act.

STATEMENT

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This bill establishes the Nursing Faculty Incentive Loan and Loan Redemption Program in the Higher Education Student Assistance Authority. The purpose of the program is to address the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty.

The program would provide loans and loan redemption to finance the graduate study of eligible participants enrolled in an approved graduate degree in nursing program in exchange for full-time or part-time employment as nurse faculty following completion of the graduate degree program.

- To be eligible to participate in the program, an applicant must:
- be a resident of the State and maintain domicile in the State during participation in the program;
 - be enrolled in an approved graduate degree in nursing program;
 - maintain an acceptable grade point average while enrolled in an approved course of study; and
 - enter into a written agreement with the authority to commence employment in this State as nurse faculty.

The program may provide a loan of up to a maximum of \$10,000 per year for a full-time student, or a prorated amount as established by the authority for a part-time student. The maximum loan and loan redemption amount would not exceed \$40,000.

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

Finally, the bill appropriates \$1 million to the authority to establish the loan and loan redemption program, and takes effect for the 2008-2009 academic year.

SENATE HEALTH, HUMAN SERVICES AND SENIOR
CITIZENS COMMITTEE

STATEMENT TO

SENATE, No. 626

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 27, 2008

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 626.

As amended by the committee, this bill establishes the Nursing Faculty Incentive Loan and Loan Redemption Program in the Higher Education Student Assistance Authority. The purpose of the program is to address the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty.

The program would provide loans and loan redemption to finance the graduate study of eligible participants enrolled in an approved graduate degree in nursing program in exchange for full-time or part-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program;
- be enrolled in an approved graduate degree in nursing program;
- maintain an acceptable grade point average while enrolled in an approved course of study; and
- enter into a written agreement with the authority to commence employment in this State as nurse faculty.

The program may provide a loan of up to a maximum of \$10,000 per year for a full-time student, or a prorated amount as established by the authority for a part-time student. The maximum loan and loan redemption amount would not exceed \$40,000.

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

The committee amendments delete the appropriation in the bill, and provide that 25% of the funds annually allocated for the Primary Care Physician and Dentist Loan Redemption Program established in the Higher Education Student Assistance Authority by P.L.1999, c.46 (C.18A:71C-32 et seq.), be dedicated to the Nursing Faculty Incentive Loan and Loan Redemption Program. The amendments also specify

that the program shall be administered directly and solely by the Higher Education Student Assistance Authority.

As amended, this bill is similar to Assembly Bill No. 2549 (Lampitt/Giblin), which is pending in the Assembly Health and Senior Services Committee.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 626**

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2008

The Senate Budget and Appropriations Committee favorably reports a Senate Committee Substitute for Senate Bill No. 626.

The substitute establishes the Nursing Faculty Loan Redemption Program in the Higher Education Student Assistance Authority (HESAA). The purpose of the program is to address the current and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty. HESAA shall collaborate with the Robert Wood Johnson Foundation New Jersey Nursing Initiative and such other entities as the authority deems appropriate in developing the program.

The program would provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for full-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program; and
- have obtained a master's degree in nursing (MSN), a doctor of nursing science degree (DNS), a doctor of nursing practice degree (DNP), or a doctor of philosophy degree (PhD) in nursing, or another relevant field of study within a one-year period prior to being hired for full-time faculty employment on or after the date of enactment of this act; and
- have maintained a grade point average of 3.0 or higher on a scale of 4.0, or its equivalent, while enrolled in an approved graduate program.

The substitute requires the authority to annually submit to the Governor and selected committees of the Legislature, by August 1 each year, a report on the program.

The substitute provides that 25% of the funds annually allocated for the Primary Care Physician and Dentist Loan Redemption Program established in HESAA by P.L.1999, c.46 (C.18A:71C-32 et seq.), be dedicated to the Nursing Faculty Loan Redemption Program. The

substitute also specifies that the program shall be administered directly by HESAA.

FISCAL IMPACT:

In the FY 2009 budget, up to \$2 million was appropriated to the Primary Care Physician and Dentist Loan Redemption Program, so the nursing faculty program would be allocated \$500,000 from that amount. The program can only spend what it is appropriated, so there should not be any additional impact on State costs. The impact will be on the Physician and Dentist program, since they will have less funds to spend.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE
SENATE No. 626
STATE OF NEW JERSEY
213th LEGISLATURE

DATED: JANUARY 12, 2010

SUMMARY

Synopsis: "Nursing Faculty Loan Redemption Program Act."

Type of Impact: No impact on State expenditures or revenues.

Agencies Affected: Higher Education Student Assistance Authority.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	No impact	No impact	No impact

- The Office of Legislative Services estimates that the bill will have no impact on State revenues or expenditures.
- This bill establishes the Nursing Faculty Loan Redemption Program in the Higher Education Student Assistance Authority (HESAA). The program would provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for full-time employment as a faculty member at a school in the State following completion of the graduate degree program.
- The bill provides that 25 percent of the funds annually appropriated to support the Primary Care Physician and Dentist Loan Redemption Program would be used to fund the Nursing Faculty Loan Redemption Program. In recent fiscal years the State has annually provided \$2 million to fund the Primary Care Physician and Dentist Loan Redemption Program. If this annual funding level is maintained in upcoming fiscal years, \$500,000 of that appropriation would be available to fund the Nursing Faculty Loan Redemption Program each year. No additional State funds above the amount that will be appropriated for the Primary Care Physician and Dentist Loan Redemption Program is required under the bill.

BILL DESCRIPTION

Senate Committee Substitute for Senate Bill No. 626 of 2008 establishes the Nursing Faculty Loan Redemption Program in the HESAA. The purpose of the program is to address the current

and projected critical shortage of nurse faculty in the State by providing an incentive for persons to enter nursing education programs for the purpose of becoming nursing faculty.

The program would provide loan redemption to finance the graduate study of eligible participants who have completed an approved graduate degree in exchange for full-time employment as nurse faculty following completion of the graduate degree program.

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

- be a resident of the State and maintain domicile in the State during participation in the program;
- have obtained a master's degree in nursing (MSN), a doctor of nursing science degree (DNS), a doctor of nursing practice degree (DNP), or a doctor of philosophy degree (PhD) in nursing, or another relevant field of study within a one-year period prior to being hired for full-time faculty employment on or after the date of the bill's enactment;
- have maintained a grade point average of 3.0 or higher on a scale of 4.0, or its equivalent, while enrolled in an approved graduate program.

The bill requires the authority to annually submit to the Governor and selected committees of the Legislature, by August 1 each year, a report on the program.

The bill provides that 25 percent of the funds annually allocated for the Primary Care Physician and Dentist Loan Redemption Program established in HESAA by P.L.1999, c.46 (C.18A:71C-32 et seq.), be dedicated to the Nursing Faculty Loan Redemption Program. The bill also specifies that the program will be administered directly by HESAA.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services estimates that the bill will have no impact on State revenues or expenditures. Senate Bill No. 626 of 2008 stipulates that 25 percent of the funds annually appropriated to support the Primary Care Physician and Dentist Loan Redemption Program, currently administered by HESAA, would be used to fund the Nursing Faculty Loan Redemption Program. In recent fiscal years the State has annually provided \$2 million to fund the Primary Care Physician and Dentist Loan Redemption Program. If this annual funding level is maintained in upcoming fiscal years, \$500,000 of that appropriation will be available to fund the Nursing Faculty Loan Redemption Program each year. No additional State funds are required under the bill to finance loan redemptions under the program.

According to HESAA, as of May 31, 2009 there were 46 active participants in the Primary Care Physician and Dentist Loan Redemption Program including 17 physicians, 18 dentists, 9 physician assistants, and 2 nurse practitioners. For FY 2009 the program obligated approximately \$1.8 million to finance loan redemptions with approximately \$200,000 remaining at the end of the year.

It should be noted that the diversion of 25 percent (\$500,000 using the current fiscal year as an example) of the funds appropriated to support the Primary Care Physician and Dentist Loan Redemption Program will reduce the amount available for loan redemptions under that program.

Also, State funding to support the Nursing Faculty Loan Redemption Program which under the bill is tied to State funding for the Primary Care Physician and Dentist Loan Redemption Program would change as the State appropriation to support that program changes. If the State fails to appropriate funds to support the Primary Care Physician and Dentist Loan Redemption Program in any given fiscal year, the Nursing Faculty Loan Redemption Program would similarly not be funded.

Section: Education

*Analyst: Osomo Thomas
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).