

(2) The remainder of such balance shall be paid to the school.

(b) If a capital distribution is made under subsection (a), the school involved shall, after such capital distribution, pay to the Secretary, not less often than quarterly, the same proportionate share of amounts received by the school in payment of principal or interest on loans made from the loan fund established under section 835(b) as determined by the Secretary under subsection (a).

(c)(1) Within 90 days after the termination of any agreement with a school under section 835 or the termination in any other manner of a school's participation in the loan program under this subpart¹, such school shall pay to the Secretary from the balance of the loan fund of such school established under section 835, an amount which bears the same ratio to the balance in such fund on the date of such termination as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 835(b)(2)(A) bears to the total amount in such fund on such date derived from such Federal capital contributions and from funds deposited in the fund pursuant to section 835(b)(2)(B). The remainder of such balance shall be paid to the school.

(2) A school to which paragraph (1) applies shall pay to the Secretary after the date on which payment is made under such paragraph and not less than quarterly, the same proportionate share of amounts received by the school after the date of termination referred to in paragraph (1) in payment of principal or interest on loans made from the loan fund as was determined for the Secretary under such paragraph.

ADMINISTRATIVE PROVISIONS

SEC. 840. [297g] The Secretary may agree to modifications of agreements made under this part, and may compromise, waive, or release any right, title, claim, or demand of the United States arising or acquired under this part.

PROCEDURES FOR APPEAL OF TERMINATIONS

SEC. 842.² [297i] In any case in which the Secretary intends to terminate an agreement with a school of nursing under this part, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.

LOAN REPAYMENT AND SCHOLARSHIP PROGRAMS

SEC. 846.¹ [297n] (a) IN GENERAL.—In the case of any individual—

¹ So in law. Probably should read "part".

² There is no section 841 between sections 840 and 842. Section 5310(b)(7) of Public Law 111-148 redesignates section 841 as section 871. Such amendment also redesignates part F as part I and transfers part I (as redesignated) to the end of this title.

³ Title VIII does not contain a section 843 or 844. A section 845 appears in part G on page 810.

(1) who has received a baccalaureate or associate degree in nursing (or an equivalent degree), a diploma in nursing, or a graduate degree in nursing;

(2) who obtained (A) one or more loans from a loan fund established under subpart II², or (B) any other educational loan for nurse training costs; and

(3) who enters into an agreement with the Secretary to serve as nurse for a period of not less than two years at a health care facility with a critical shortage of nurses, or in a accredited school of nursing, as defined by section 801(2), as nurse faculty;

the Secretary shall make payments in accordance with subsection (b), for and on behalf of that individual, on the principal of and interest on any loan of that individual described in paragraph (2) of this subsection which is outstanding on the date the individual begins the service specified in the agreement described in paragraph (3) of this subsection. After fiscal year 2007, the Secretary may not, pursuant to any agreement entered into under this subsection, assign a nurse to any private entity unless that entity is nonprofit.

(b) MANNER OF PAYMENTS.—The payments described in subsection (a) shall be made by the Secretary as follows:

(1) Upon completion by the individual for whom the payments are to be made of the first year of the service specified in the agreement entered into with the Secretary under subsection (a), the Secretary shall pay 30 percent of the principal of, and the interest on each loan of such individual described in subsection (a)(2) which is outstanding on the date he began such practice.

(2) Upon completion by that individual of the second year of such service, the Secretary shall pay another 30 percent of the principal of, and the interest on each such loan.

(3) Upon completion by that individual of a third year of such service, the Secretary shall pay another 25 percent of the principal of, and the interest on each such loan.

(c) PAYMENT BY DUE DATE.—Notwithstanding the requirement of completion of practice specified in subsection (b), the Secretary shall, on or before the due date thereof, pay any loan or loan installment which may fall due within the period of service for which the borrower may receive payments under this subsection, upon the declaration of such borrower, at such times and in such manner as the Secretary may prescribe (and supported by such other evidence as the Secretary may reasonably require), that the borrower is then serving as described by subsection (a)(3), and that the borrower will continue to so serve for the period required (in the absence of this subsection) to entitle the borrower to have made the payments provided by this subsection for such period; except that not more than 85 percent of the principal of any such loan shall be paid pursuant to this subsection.

(d) SCHOLARSHIP PROGRAM.—

(1) IN GENERAL.—The Secretary shall (for fiscal years 2003 and 2004) and may (for fiscal years thereafter) carry out a program of entering into contracts with eligible individuals under

²So in law. Probably should read "part".

which such individuals agree to serve as nurses for a period of not less than 2 years at a health care facility with a critical shortage of nurses, in consideration of the Federal Government agreeing to provide to the individuals scholarships for attendance at schools of nursing.

(2) **ELIGIBLE INDIVIDUALS.**—In this subsection, the term “eligible individual” means an individual who is enrolled or accepted for enrollment as a full-time or part-time student in a school of nursing.

(3) **SERVICE REQUIREMENT.**—

(A) **IN GENERAL.**—The Secretary may not enter into a contract with an eligible individual under this subsection unless the individual agrees to serve as a nurse at a health care facility with a critical shortage of nurses for a period of full-time service of not less than 2 years, or for a period of part-time service in accordance with subparagraph (B).

(B) **PART-TIME SERVICE.**—An individual may complete the period of service described in subparagraph (A) on a part-time basis if the individual has a written agreement that—

(i) is entered into by the facility and the individual and is approved by the Secretary; and

(ii) provides that the period of obligated service will be extended so that the aggregate amount of service performed will equal the amount of service that would be performed through a period of full-time service of not less than 2 years.

(4) **APPLICABILITY OF CERTAIN PROVISIONS.**—The provisions of subpart III of part D of title III shall, except as inconsistent with this section, apply to the program established in paragraph (1) in the same manner and to the same extent as such provisions apply to the National Health Service Corps Scholarship Program established in such subpart.

(e) **PREFERENCES REGARDING PARTICIPANTS.**—In entering into agreements under subsection (a) or (d), the Secretary shall give preference to qualified applicants with the greatest financial need.

(f) **BREACH OF AGREEMENT.**—The Secretary may make payments under subsection (a) on behalf of an individual only if the agreement under such subsection provides that section 860(c) is applicable to the individual.

(g) **BREACH OF AGREEMENT.**—

(1) **IN GENERAL.**—In the case of any program under this section under which an individual makes an agreement to provide health services for a period of time in accordance with such program in consideration of receiving an award of Federal funds regarding education as a nurse (including an award for the repayment of loans), the following applies if the agreement provides that this subsection is applicable:

(A) In the case of a program under this section that makes an award of Federal funds for attending an accredited program of nursing (in this section referred to as a “nursing program”), the individual is liable to the Federal Government for the amount of such award (including

amounts provided for expenses related to such attendance), and for interest on such amount at the maximum legal prevailing rate, if the individual—

(i) fails to maintain an acceptable level of academic standing in the nursing program (as indicated by the program in accordance with requirements established by the Secretary);

(ii) is dismissed from the nursing program for disciplinary reasons; or

(iii) voluntarily terminates the nursing program.

(B) The individual is liable to the Federal Government for the amount of such award (including amounts provided for expenses related to such attendance), and for interest on such amount at the maximum legal prevailing rate, if the individual fails to provide health services in accordance with the program under this section for the period of time applicable under the program.

(2) **WAIVER OR SUSPENSION OF LIABILITY.**—In the case of an individual or health facility making an agreement for purposes of paragraph (1), the Secretary shall provide for the waiver or suspension of liability under such subsection if compliance by the individual or the health facility, as the case may be, with the agreements involved is impossible, or would involve extreme hardship to the individual or facility, and if enforcement of the agreements with respect to the individual or facility would be unconscionable.

(3) **DATE CERTAIN FOR RECOVERY.**—Subject to paragraph (2), any amount that the Federal Government is entitled to recover under paragraph (1) shall be paid to the United States not later than the expiration of the 3-year period beginning on the date the United States becomes so entitled.

(4) **AVAILABILITY.**—Amounts recovered under paragraph (1) with respect to a program under this section shall be available for the purposes of such program, and shall remain available for such purposes until expended.

(h) **REPORTS.**—Not later than 18 months after the date of enactment of the Nurse Reinvestment Act, and annually thereafter, the Secretary shall prepare and submit to the Congress a report describing the programs carried out under this section, including statements regarding—

(1) the number of enrollees, scholarships, loan repayments, and grant recipients;

(2) the number of graduates;

(3) the amount of scholarship payments and loan repayments made;

(4) which educational institution the recipients attended;

(5) the number and placement location of the scholarship and loan repayment recipients at health care facilities with a critical shortage of nurses;

(6) the default rate and actions required;

(7) the amount of outstanding default funds of both the scholarship and loan repayment programs;

(8) to the extent that it can be determined, the reason for the default;

(9) the demographics of the individuals participating in the scholarship and loan repayment programs;

(10) justification for the allocation of funds between the scholarship and loan repayment programs; and

(11) an evaluation of the overall costs and benefits of the programs.

(i) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of payments under agreements entered into under subsection (a) or (d), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 through 2007.

(2) ALLOCATIONS.—Of the amounts appropriated under paragraph (1), the Secretary may, as determined appropriate by the Secretary, allocate amounts between the program under subsection (a) and the program under subsection (d).

NURSE FACULTY LOAN PROGRAM

SEC. 846A. [297n-1] (a) SCHOOL OF NURSING STUDENT LOAN FUND.—The Secretary, acting through the Administrator of the Health Resources and Services Administration, may enter into an agreement with any accredited school of nursing for the establishment and operation of a student loan fund in accordance with this section, to increase the number of qualified nursing faculty.

(b) AGREEMENTS.—Each agreement entered into under subsection (a) shall—

(1) provide for the establishment of a student loan fund by the school involved;

(2) provide for deposit in the fund of—

(A) the Federal capital contributions to the fund;

(B) an amount equal to not less than one-ninth of such Federal capital contributions, contributed by such school;

(C) collections of principal and interest on loans made from the fund; and

(D) any other earnings of the fund;

(3) provide that the fund will be used only for loans to students of the school in accordance with subsection (c) and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such fund only to students pursuing a full-time course of study or, at the discretion of the Secretary, a part-time course of study in an advanced degree program described in section 811(b); and

(5) contain such other provisions as are necessary to protect the financial interests of the United States.

(c) LOAN PROVISIONS.—Loans from any student loan fund established by a school pursuant to an agreement under subsection (a) shall be made to an individual on such terms and conditions as the school may determine, except that—

(1) such terms and conditions are subject to any conditions, limitations, and requirements prescribed by the Secretary;

(2) in the case of any individual, the total of the loans for any academic year made by schools of nursing from loan funds established pursuant to agreements under subsection (a) may