§ 57.316 What additional Department regulations apply to schools?

Participating schools are advised that in addition to complying with the terms and conditions of these regulations, several other regulations apply under this subpart. These include, but are not limited to:

45 CFR part 76—Governmentwide Debarment and Suspension (nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants)

45 CFR part 80—Nondiscrimination under programs receiving Federal assistance through the Department of Health and Human Services effectuation of title VI of the Civil Rights Act of 1964

45 CFR part 83—Regulation for the administration and enforcement of sections 794 and 855 of the Public Health Service Act

45 CFR part 84—Nondiscrimination on the basis of handicap in programs and activities receiving or benefiting from Federal financial assistance

45 CFR part 86—Nondiscrimination on the basis of sex in education programs and activities receiving or benefiting from Federal financial assistance

45 CFR part 91—Nondiscrimination on the basis of age in Health and Human Services programs or activities receiving Federal financial assistance

45 CFR part 93—New Restrictions on Lobbying


§ 57.316a Performance standard.

On June 30, 1986, and on each June 30 thereafter, except as provided in paragraph (b) of this section, each school must have a default rate (as calculated under paragraph (a) of this section) of not more than 5 percent.

(a) The default rate for each school shall be the ratio (stated as a percentage) that the defaulted principal amount outstanding of the school bears to the matured loans of the school. For this purpose:

(1) The term “defaulted principal amount outstanding” means the total amount borrowed from the loan fund of a school that has reached the repayment stage (minus any principal amount repaid or canceled) on loans in default for more than 120 days; and

(2) The term “matured loans” means the total principal amount of all loans made by a school under this subpart minus the total principal amount of loans made by the school to students who are:

(i) Enrolled in a full-time or half-time course of study at the school; or

(ii) In their grace period.

(b) Any school that has a default rate greater than 5 percent on June 30, 1986, or on June 30 of any year thereafter will be required to:

(1) Reduce its default rate by 50 percent (or a school with a default rate below 10 percent must reduce its rate to 5 percent) by the close of the following 6-month period; and

(2) By the end of each succeeding 6-month period, reduce its default rate to 50 percent of the required rate for the previous 6-month period, until it reaches 5 percent.

(c) Any school subject to the provisions of paragraph (b) of this section which fails to comply with these requirements will receive no new NSL funds and will be required to:

(1) Place the revolving fund monies and all subsequent collections into an insured interest-bearing account;

(2) Make no loan disbursements; and

(3) By the end of the succeeding 6-month period, reduce its default rate to 50 percent of the rate it failed to achieve under paragraph (b) of this section, or 5 percent. A school that meets this requirement will be permitted to resume the use of its nursing student loans.

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loan funds, but must continue to com-
ply with the requirements of paragraph
(b)(2) of this section if its default rate
is still greater than 5 percent.

A school that meets the requirements
of subparagraph (c)(3) of this section
will be permitted to resume the use of
its NSL funds, but must continue to
comply with the requirements of sub-
paragraph (b)(2) of this section if its de-
linquency rate is still greater than 5
percent.

(d) Any school subject to the provi-
sions of paragraph (c)(3) of this section
which fails to comply with those re-
quirements will be subject to termi-
nation. The Secretary will provide the
school with a written notice specifying
his or her intention to terminate the
school’s participation in the program
and stating that the school may re-
quest, within 30 days of the receipt of
this notice, a formal hearing. If the
school requests a hearing, it must
within 90 days of the receipt of the no-
tice, submit material, factual issues in
dispute to demonstrate that there is
cause for a hearing. These issues must
be both substantive and relevant. The
hearing will be held in the Washington,
DC metropolitan area. The Secretary
will deny a hearing if:

(1) The request for a hearing is un-
timely (i.e., fails to meet the 30-day re-
quirement);
(2) The school does not provide a
statement of material, factual issues in
dispute within the 90-day required pe-
riod; or
(3) The statement of factual issues in
dispute is frivolous or inconsequential.

In the event that the Secretary denies
a hearing, the Secretary will send a
written denial to the school setting
forth the reasons for denial. If a hear-
ing is denied, or if as a result of the
hearing, termination is still deter-
mined to be necessary, the school will
be terminated from participation in the
program and will be required to re-
turn the Federal share of the revolving
fund to the Department. A school ter-
ninated for failure to comply with the
provisions of paragraph (c)(3) of this
section must continue to pursue collec-
tions and may reapply for participation
in the program only when it has at-
tained a default rate of 5 percent or
less.

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§ 57.317 Additional conditions.

The Secretary may, with respect to
any agreement entered into with any
school under §57.305, impose additional
conditions prior to or at the time of
any award when in his or her judgment
the conditions are necessary to assure
or protect advancement of the purposes
of the agreement, the interest of the
public health, or the conservation of
funds awarded.

§ 57.318 Noncompliance.

Whenever the Secretary finds that a
participating school has failed to com-
ply with the applicable provisions of
the Act or the regulations of this sub-
part he or she may, on reasonable no-
tice to the school, withhold further
payments of Federal capital contribu-
tions and take other action, including
the termination of any agreement, as
he or she finds necessary to enforce the
Act and regulations. In such case no
further expenditures shall be made
from the nursing student loan fund or
funds involved until the Secretary de-
termines that there is no longer any
failure of compliance.

Subpart E—Grants for Construction
of Nurse Training Facilities

Authority: Sec. 215, 58 Stat. 690, as amend-
ed; 42 U.S.C. 216.

§ 57.409 Good cause for other use of
completed facility.

If, within 20 years after completion of
construction (or, in the case of interim
facilities prior to the time at which
Teaching in such facilities is moved to
a permanent facility, whichever comes
first), the facility shall cease to be used
for any one or more of the purposes for
which it was constructed, the Sec-
retary, in determining whether there is
good cause for releasing the applicant
or other owner of the facility from the
obligation so to use the facility, shall