

107TH CONGRESS
2D SESSION

S. 3008

To amend the Higher Education Act of 1965 to expand the loan forgiveness and loan cancellation programs for teachers, to provide loan forgiveness and loan cancellation programs for nurses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26, 2002

Mr. HARKIN (for himself and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to expand the loan forgiveness and loan cancellation programs for teachers, to provide loan forgiveness and loan cancellation programs for nurses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Teacher and Nurse
5 Support Act of 2002”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) According to the National Center for Edu-
2 cation Statistics, over the next 10 years, the United
3 States will need more than 2,000,000 new teachers
4 to replace the teachers who are retiring or leaving
5 the classroom for other careers.

6 (2) The Hart-Rudman National Security Re-
7 port on education recommended that the President
8 direct the Department of Education to work with
9 the States to devise a comprehensive plan to avert
10 a looming shortage of high-quality teachers.

11 (3) According to the National Center for Edu-
12 cation Statistics, 20 percent of all new teachers leave
13 the teaching profession within 3 years. Providing
14 loan forgiveness or loan cancellation is one step that
15 would help retain high-quality teachers in schools
16 that need teachers.

17 (4) The American Hospital Association has re-
18 ported more than 126,000 unfilled registered nurse
19 positions in hospitals in the United States. Addition-
20 ally, the vacancy rate for registered nurse positions
21 at nursing homes throughout the Nation is ap-
22 proaching 20 percent.

23 (5) College loans are more of a burden than
24 ever for students and families. According to a recent
25 United States Public Interest Research Group re-

1 port, average student loan debt almost doubled from
 2 \$9,200 in 1992–1993 to \$16,928 in 1999–2000.

3 (b) PURPOSE.—The purpose of this Act is to improve
 4 access to, and the delivery of, high-quality educational and
 5 health services throughout the United States by reducing
 6 the shortage of qualified teachers and nurses.

7 **SEC. 3. LOAN FORGIVENESS AND CANCELLATION.**

8 (a) LOAN FORGIVENESS.—Section 428J of the High-
 9 er Education Act of 1965 (20 U.S.C. 1078–10) is amend-
 10 ed to read as follows:

11 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS AND**
 12 **NURSES.**

13 “(a) STATEMENT OF PURPOSE.—It is the purpose of
 14 this section to encourage individuals to enter and continue
 15 in the teaching and nursing professions.

16 “(b) PROGRAM AUTHORIZED.—The Secretary shall
 17 carry out a program, through the holder of the loan, of
 18 assuming the obligation to repay a qualified loan amount
 19 for a loan made under section 428 or 428H, in accordance
 20 with subsection (c), for any borrower who has 1 or more
 21 loans made under section 428 or 428H after October 1,
 22 1998, and who—

23 “(1) has been employed—

24 “(A) as a full-time teacher for 5 consecu-
 25 tive complete school years—

1 “(i) in a school that qualifies under
 2 section 465(a)(2)(A) for loan cancellation
 3 for Perkins loan recipients who teach in
 4 those schools;

5 “(ii) if employed as a secondary school
 6 teacher, is teaching a subject area that is
 7 relevant to the borrower’s academic major
 8 as certified by the chief administrative offi-
 9 cer of the public or nonprofit private sec-
 10 ondary school in which the borrower is em-
 11 ployed; and

12 “(iii) if employed as an elementary
 13 school teacher, has demonstrated, as cer-
 14 tified by the chief administrative officer of
 15 the public or nonprofit private elementary
 16 school in which the borrower is employed,
 17 knowledge and teaching skills in reading,
 18 writing, mathematics, and other areas of
 19 the elementary school curriculum; or

20 “(B) as a full-time eligible nurse for 5 con-
 21 secutive complete years—

22 “(i) in a clinical setting; or

23 “(ii) as a member of the nursing fac-
 24 ulty at an accredited school of nursing (as
 25 those terms are defined in section 801 of

1 the Public Health Service Act (42 U.S.C.
2 296)); and

3 “(2) is not in default on a loan for which the
4 borrower seeks forgiveness.

5 “(c) QUALIFIED LOAN AMOUNT.—

6 “(1) IN GENERAL.—

7 “(A) AGGREGATE AMOUNT.—The Sec-
8 retary shall repay not more than \$17,500 in the
9 aggregate of the loan obligation on a loan made
10 under section 428 or 428H that is outstanding
11 after the completion of the fifth complete—

12 “(i) school year of teaching described
13 in subsection (b)(1)(A); or

14 “(ii) year of nursing described in sub-
15 section (b)(1)(B).

16 “(B) RELATION TO LOAN CANCELLA-
17 TION.—No borrower may receive a reduction of
18 loan obligations under both this section and sec-
19 tion 460.

20 “(2) TREATMENT OF CONSOLIDATION LOANS.—

21 A loan amount for a loan made under section 428C
22 may be a qualified loan amount for the purposes of
23 this subsection only to the extent that the loan
24 amount was used to repay a Federal Direct Stafford
25 Loan, a Federal Direct Unsubsidized Stafford Loan,

1 or a loan made under section 428 or 428H for a
2 borrower who meets the requirements of subsection
3 (b), as determined in accordance with regulations
4 prescribed by the Secretary.

5 “(3) FORBEARANCE ON QUALIFIED LOAN
6 AMOUNT.—A holder of a loan on which a borrower
7 is seeking forgiveness under this section—

8 “(A) shall grant forbearance, at the re-
9 quest of the borrower, in annual increments for
10 each of the years of qualifying service if the
11 holder believes, at the time of the borrower’s
12 annual request, that the amount expected to be
13 forgiven under this section at the completion of
14 the period of qualifying service will satisfy the
15 anticipated remaining outstanding balance on
16 the loan; and

17 “(B) may offer other forbearance options
18 to the borrower.

19 “(d) REGULATIONS.—The Secretary is authorized to
20 issue such regulations as may be necessary to carry out
21 the provisions of this section.

22 “(e) CONSTRUCTION.—Nothing in this section shall
23 be construed to authorize any refunding of any repayment
24 of a loan.

1 “(f) LIST OF SCHOOLS.—If the list of schools in
 2 which a teacher may perform service pursuant to sub-
 3 section (b)(1)(A) is not available before May 1 of any year,
 4 the Secretary may use the list for the year preceding the
 5 year for which the determination is made to make the
 6 service determination.

7 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

8 “(1) CONTINUED ELIGIBILITY FOR TEACH-
 9 ERS.—Any teacher who performs service in a school
 10 that—

11 “(A) meets the requirements of subsection
 12 (b)(1)(A)(i) in any year during such service;
 13 and

14 “(B) in a subsequent year fails to meet the
 15 requirements of that subsection,
 16 may continue to teach in the school and shall be eli-
 17 gible for loan forgiveness pursuant to subsection (b).

18 “(2) PREVENTION OF DOUBLE BENEFITS.—No
 19 borrower may, for the same service, receive a benefit
 20 under both this subsection and—

21 “(A) subtitle D of title I of the National
 22 and Community Service Act of 1990 (42 U.S.C.
 23 12571 et seq.); and

24 “(B) section 846 of the Public Health
 25 Service Act (42 U.S.C. 297n).

1 “(h) DEFINITIONS.—In this section:

2 “(1) ELIGIBLE NURSE.—The term ‘eligible
3 nurse’ means a nurse who meets all of the following:

4 “(A) The nurse graduated from—

5 “(i) an accredited school of nursing
6 (as those terms are defined in section 801
7 of the Public Health Service Act (42
8 U.S.C. 296));

9 “(ii) a nursing center; or

10 “(iii) an academic health center that
11 provides nurse training.

12 “(B) The nurse holds a valid and unre-
13 stricted license to practice nursing in the State
14 in which the nurse practices in a clinical set-
15 ting.

16 “(C) The nurse holds 1 or more of the fol-
17 lowing:

18 “(i) A graduate degree in nursing, or
19 an equivalent degree.

20 “(ii) A nursing degree from a colle-
21 giate school of nursing (as defined in sec-
22 tion 801 of the Public Health Service Act
23 (42 U.S.C. 296)).

24 “(iii) A nursing degree from an asso-
25 ciate degree school of nursing (as defined

1 in section 801 of the Public Health Service
2 Act (42 U.S.C. 296)).

3 “(iv) A nursing degree from a diploma
4 school of nursing (as defined in section
5 801 of the Public Health Service Act (42
6 U.S.C. 296)).

7 “(2) YEAR.—The term ‘year’, where applied to
8 service as a teacher (or service as a member of an
9 accredited school of nursing (as those terms are de-
10 fined in section 801 of the Public Health Service Act
11 (42 U.S.C. 296))), means an academic year as de-
12 fined by the Secretary.”.

13 (b) LOAN CANCELLATION.—Section 460 of the High-
14 er Education Act of 1965 (20 U.S.C. 1087j) is amended
15 to read as follows:

16 **“SEC. 460. LOAN CANCELLATION FOR TEACHERS AND**
17 **NURSES.**

18 “(a) STATEMENT OF PURPOSE.—It is the purpose of
19 this section to encourage individuals to enter and continue
20 in the teaching and nursing professions.

21 “(b) PROGRAM AUTHORIZED.—

22 “(1) IN GENERAL.—The Secretary shall carry
23 out a program of canceling the obligation to repay
24 a qualified loan amount in accordance with sub-
25 section (c) for Federal Direct Stafford Loans and

1 Federal Direct Unsubsidized Stafford Loans made
2 under this part for any borrower who has 1 or more
3 loans made under this part after October 1, 1998,
4 and who—

5 “(A) has been employed—

6 “(i) as a full-time teacher for 5 con-
7 secutive complete school years—

8 “(I) in a school that qualifies
9 under section 465(a)(2)(A) for loan
10 cancellation for Perkins loan recipi-
11 ents who teach in those schools;

12 “(II) if employed as a secondary
13 school teacher, is teaching a subject
14 area that is relevant to the borrower’s
15 academic major as certified by the
16 chief administrative officer of the pub-
17 lic or nonprofit private secondary
18 school in which the borrower is em-
19 ployed; and

20 “(III) if employed as an elemen-
21 tary school teacher, has demonstrated,
22 as certified by the chief administrative
23 officer of the public or nonprofit pri-
24 vate elementary school in which the
25 borrower is employed, knowledge and

1 teaching skills in reading, writing,
2 mathematics, and other areas of the
3 elementary school curriculum; or

4 “(ii) as a full-time eligible nurse for 5
5 consecutive complete years—

6 “(I) in a clinical setting; or

7 “(II) as a member of the nursing
8 faculty at an accredited school of
9 nursing (as those terms are defined in
10 section 801 of the Public Health Serv-
11 ice Act (42 U.S.C. 296)); and

12 “(B) is not in default on a loan for which
13 the borrower seeks forgiveness.

14 “(2) SPECIAL RULE.—No borrower may obtain
15 a reduction of loan obligations under both this sec-
16 tion and section 428J.

17 “(c) QUALIFIED LOAN AMOUNTS.—

18 “(1) IN GENERAL.—The Secretary shall cancel
19 not more than \$17,500 in the aggregate of the loan
20 obligation on a Federal Direct Stafford Loan or a
21 Federal Direct Unsubsidized Stafford Loan that is
22 outstanding after the completion of the fifth com-
23 plete—

24 “(A) school year of teaching described in
25 subsection (b)(1)(A)(i); or

1 “(B) year of nursing described in sub-
2 section (b)(1)(A)(ii).

3 “(2) TREATMENT OF CONSOLIDATION LOANS.—

4 A loan amount for a Federal Direct Consolidation
5 Loan may be a qualified loan amount for the pur-
6 poses of this subsection only to the extent that the
7 loan amount was used to repay a Federal Direct
8 Stafford Loan, a Federal Direct Unsubsidized Staf-
9 ford Loan, or a loan made under section 428 or
10 428H, for a borrower who meets the requirements of
11 subsection (b), as determined in accordance with
12 regulations prescribed by the Secretary.

13 “(3) FORBEARANCE ON QUALIFIED LOAN
14 AMOUNT.—A holder of a loan on which a borrower
15 is seeking cancellation under this section—

16 “(A) shall grant forbearance, at the re-
17 quest of the borrower, in annual increments for
18 each of the years of qualifying service if the
19 holder believes, at the time of the borrower’s
20 annual request, that the amount expected to be
21 canceled under this section at the completion of
22 the period of qualifying service will satisfy the
23 anticipated remaining outstanding balance on
24 the loan; and

1 “(B) may offer other forbearance options
2 to the borrower.

3 “(d) REGULATIONS.—The Secretary is authorized to
4 issue such regulations as may be necessary to carry out
5 the provisions of this section.

6 “(e) CONSTRUCTION.—Nothing in this section shall
7 be construed to authorize any refunding of any canceled
8 loan.

9 “(f) LIST OF SCHOOLS.—If the list of schools in
10 which a teacher may perform service pursuant to sub-
11 section (b)(1)(A)(i) is not available before May 1 of any
12 year, the Secretary may use the list for the year preceding
13 the year for which the determination is made to make such
14 service determination.

15 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

16 “(1) CONTINUED ELIGIBILITY FOR TEACH-
17 ERS.—Any teacher who performs service in a school
18 that—

19 “(A) meets the requirements of subsection
20 (b)(1)(A)(i)(I) in any year during such service;
21 and

22 “(B) in a subsequent year fails to meet the
23 requirements of that subsection,

1 may continue to teach in the school and shall be eli-
 2 gible for loan cancellation pursuant to subsection
 3 (b).

4 “(2) PREVENTION OF DOUBLE BENEFITS.—No
 5 borrower may, for the same service, receive a benefit
 6 under both this section and—

7 “(A) subtitle D of title I of the National
 8 and Community Service Act of 1990 (42 U.S.C.
 9 12571 et seq.); and

10 “(B) section 846 of the Public Health
 11 Service Act (42 U.S.C. 297n).

12 “(h) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE NURSE.—The term ‘eligible
 14 nurse’ means a nurse who meets all of the following:

15 “(A) The nurse graduated from—

16 “(i) an accredited school of nursing
 17 (as those terms are defined in section 801
 18 of the Public Health Service Act (42
 19 U.S.C. 296));

20 “(ii) a nursing center; or

21 “(iii) an academic health center that
 22 provides nurse training .

23 “(B) The nurse holds a valid and unre-
 24 stricted license to practice nursing in the State

1 in which the nurse practices in a clinical set-
2 ting.

3 “(C) The nurse holds 1 or more of the fol-
4 lowing:

5 “(i) A graduate degree in nursing, or
6 an equivalent degree.

7 “(ii) A nursing degree from a colle-
8 giate school of nursing (as defined in sec-
9 tion 801 of the Public Health Service Act
10 (42 U.S.C. 296)).

11 “(iii) A nursing degree from an asso-
12 ciate degree school of nursing (as defined
13 in section 801 of the Public Health Service
14 Act (42 U.S.C. 296)).

15 “(iv) A nursing degree from a diploma
16 school of nursing (as defined in section
17 801 of the Public Health Service Act (42
18 U.S.C. 296)).

19 “(2) YEAR.—The term ‘year’, where applied to
20 service as a teacher (or service as a member of an
21 accredited school of nursing (as those terms are de-
22 fined in section 801 of the Public Health Service Act
23 (42 U.S.C. 296))), means an academic year as de-
24 fined by the Secretary.”.

1 **SEC. 4. PHASE OUT OF CURRENT PROGRAM.**

2 An individual who began the required period of teach-
3 ing described in section 428J(b)(1) or 460(b)(1)(A) of the
4 Higher Education Act of 1965 (20 U.S.C. 1078–10 and
5 1087j) as such sections were in effect on the day before
6 the date of enactment of this Act, shall—

7 (1) be eligible to receive loan forgiveness or loan
8 cancellation in the amount described in, and in ac-
9 cordance with the requirements of, such sections as
10 in effect on the day before the date of enactment of
11 this Act; and

12 (2) not be eligible to receive loan forgiveness or
13 loan cancellation under section 428J or 460 of the
14 Higher Education Act of 1965 as in effect on the
15 date of enactment of this Act.

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