

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS35178-MTa-6A

Short Title: PCP and Psychiatrists Forgivable Loan Program. (Public)

Sponsors: Senators Burgin, Krawiec, and Corbin (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE PRIMARY CARE PROVIDERS AND PSYCHIATRISTS
3 FORGIVABLE LOAN PROGRAM AND RESERVE AND TO APPROPRIATE FUNDS
4 FOR THAT PURPOSE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Part 1 of Article 23 of Chapter 116 of the General Statutes is amended
7 by adding the following new sections to read:

8 **"§ 116-209.47. Primary Care Providers and Psychiatrists Forgivable Loan Program.**

9 (a) Definitions. – The following definitions apply in this section:

10 (1) Authority. – The State Education Assistance Authority.

11 (2) Eligible county. – A county designated as a development tier one or
12 development tier two area in the annual ranking performed by the Department
13 of Commerce pursuant to G.S. 143B-437.08.

14 (3) Eligible school. – A medical school at an institution of higher education that
15 is any of the following:

16 a. A postsecondary constituent institution of The University of North
17 Carolina, as defined in G.S. 116-2(4).

18 b. An eligible private postsecondary institution, as defined in
19 G.S. 116-280(3).

20 (4) Eligible student. – A person enrolled in an eligible school for the purpose of
21 becoming licensed as a physician or psychiatrist under Article 1 of Chapter 90
22 of the General Statutes.

23 (5) Loan. – A forgivable loan made under the Program.

24 (6) Program. – Primary Care Providers and Psychiatrists Forgivable Loan
25 Program.

26 (7) Reserve. – The Primary Care Providers and Psychiatrists Forgivable Loan
27 Program Reserve established under G.S. 116-209.48.

28 (b) Program; Purpose. – There is established the Primary Care Providers and Psychiatrists
29 Forgivable Loan Program to be administered by the Authority. The purpose of the Program is to
30 provide forgivable loans to eligible students who agree to practice primary care medicine or
31 psychiatry on a full-time basis in an eligible county.

32 (c) Eligibility. – The Authority shall establish the criteria for initial and continuing
33 eligibility to participate in the Program, as follows:

34 (1) All loan recipients shall be residents of North Carolina and shall attend an
35 eligible school.



- 1 (2) The Authority shall adopt standards deemed appropriate by the Authority to
2 ensure that only qualified, potential recipients receive a loan under the
3 Program. The standards shall include priority for applicants from eligible
4 counties and may include minimum grade point average and satisfactory
5 academic progress.
- 6 (3) To the extent funds provided pursuant to this act are insufficient to award
7 forgivable loans to all interested eligible students, the Authority may establish
8 a lottery process for selection of loan recipients from among qualified
9 applicants within criteria established by this section.
- 10 (d) Loan Terms and Conditions. – To the extent funds are made available for the Program,
11 the following terms and conditions shall apply to each loan made pursuant to this section:
- 12 (1) Promissory note. – All loans shall be evidenced by promissory notes made
13 payable to the Authority.
- 14 (2) Interest. – All promissory notes shall bear an interest rate established by the
15 Authority that does not exceed ten percent (10%) and is in relation to the
16 current interest rate for non-need-based federal loans made pursuant to Title
17 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
18 from the date of disbursement of the loan funds.
- 19 (3) Loan amount. – Loans shall be awarded to eligible students in an amount of
20 one hundred thousand dollars (\$100,000) per academic year, per eligible
21 student, up to four hundred thousand dollars (\$400,000).
- 22 (4) Forgiveness and repayment. – The Authority shall forgive loans as follows:
- 23 a. In an amount of eighty thousand dollars (\$80,000) for each year that
24 the recipient is licensed and practicing primary care medicine or
25 psychiatry on a full-time basis in an eligible county, up to a maximum
26 of four hundred thousand dollars (\$400,000) over five years.
- 27 b. If a loan recipient is practicing in a county that loses its status as an
28 eligible county before the recipient completes his or her service
29 obligation, the Authority shall continue to provide loan forgiveness in
30 accordance with this section as long as the recipient continues to
31 practice in that county without a break in service.
- 32 c. The Authority shall establish any other necessary criteria for loan
33 forgiveness for qualifying employment in North Carolina. These
34 criteria may provide for accelerated repayment and less than full-time
35 employment options.
- 36 d. The Authority shall collect cash repayments when service repayment
37 is not completed. The Authority shall establish the terms for cash
38 repayment, including a minimum monthly repayment amount and
39 maximum period of time to complete repayment.
- 40 (5) Death and disability. – The Authority shall forgive all or part of a loan if it
41 determines that it is impossible for the recipient to repay the loan in cash or
42 service because of the death or disability of the recipient.
- 43 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
44 hardship circumstances when a good-faith effort has been made to repay the
45 loan in a timely manner.
- 46 (7) Other. – The Authority may establish other terms and conditions that are
47 necessary or convenient to effectuate the Program.
- 48 (e) Rulemaking Authority. – The Authority may adopt rules necessary to implement,
49 administer, market, and enforce the provisions of this section.
- 50 (f) Report to the General Assembly. – The Authority shall report no later than December
51 1, 2025, and annually thereafter while loans are held or forgiven by the Authority to the Joint

1 Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on
2 Health and Human Services regarding the Program and loans awarded pursuant to the Program,
3 including at least the following information:

- 4 (1) Forgivable loans awarded from the Reserve, including the following:
 - 5 a. Demographic information regarding loan recipients.
 - 6 b. Number of loan recipients by eligible medical school.
- 7 (2) Placement and repayment rates, including the following:
 - 8 a. Number of loan recipients who have been employed in primary care
9 medicine or psychiatry on a full-time basis in an eligible county within
10 two years of graduation from an eligible medical school.
 - 11 b. Number of loan recipients who have elected cash repayment in lieu of
12 service repayment and their years of service, if any, prior to beginning
13 cash repayment.
- 14 (3) The balance of the Reserve.
- 15 (4) Recommendations to improve the Program and increase the number of
16 licensed physicians practicing primary care medicine and psychiatry in
17 eligible counties.

18 **"§ 116-209.48. Primary Care Providers and Psychiatrists Forgivable Loan Program**
19 **Reserve.**

20 (a) The Primary Care Providers and Psychiatrists Forgivable Loan Program Reserve is
21 established as a nonreverting reserve to be administered by the Board of Governors of The
22 University of North Carolina for the purpose of allocating funds to the Authority for the award
23 of scholarship grants in accordance with G.S. 116-209.47 and associated administrative costs.
24 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
25 General Assembly, all funds received as repayment of loans, and all interest earned on those
26 funds. These funds shall not revert at the end of each fiscal year but shall remain available until
27 expended.

28 (b) The General Assembly finds that, due to the critical need in this State for primary care
29 providers and psychiatrists in eligible counties, it is imperative that the State provide an increase
30 of funds for four years to the Primary Care Providers and Psychiatrists Forgivable Loan Program
31 Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following
32 amounts for each fiscal year to be used for the purposes set forth in this section:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2024-2025</u>	<u>\$2,000,000</u>
<u>2025-2026</u>	<u>\$4,000,000</u>
<u>2026-2027</u>	<u>\$6,000,000</u>

37 For the 2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the
38 General Fund to the Reserve the sum of eight million dollars (\$8,000,000) to be used for the
39 purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1,
40 for each fiscal year specified in this subsection, the Director of the Budget shall include the
41 appropriated amount specified in this subsection for that fiscal year.

42 (c) Of the funds allocated to the Authority under this section to award forgivable loans,
43 the Authority may retain up to four percent (4%) of the funds appropriated each fiscal year for
44 administrative costs associated with the forgivable loan program."

45 **SECTION 2.** This act becomes effective July 1, 2023, and applies beginning with
46 applications and the disbursement of loans in the 2024-2025 fiscal year.