

**Issue Paper 7**  
**Session 1: January 12-14, 2016**

**Issue:** Revise the Direct Consolidation Loan regulations to include Nurse Faculty Loans in the listing of loans that are eligible for consolidation.

**Statutory cite:** §§428C(a)(4)(E) and 455(g) of the Higher Education Act of 1965, as amended

**Regulatory cite:** 34 CFR 685.220(b)(21)

**Summary of issue:**

Current §685.220(b)(21) indicates that nursing loans made under subpart II of part B of title VIII of the Public Health Service Act may be consolidated into a Direct Consolidation Loan. This reflects language that was previously in §428C(a)(4)(E) of the HEA. Based on this language, the Direct Consolidation Loan Application and Promissory Note indicates that Nursing Student Loans are the only type of nursing loan that may be consolidated.

After receiving inquiries about the eligibility for consolidation of another type of nursing loan made under a program administered by the Department of Health and Human Services (Nurse Faculty Loans), the Department determined that a 2009 technical change amended §428C(a)(4)(E) of the HEA to provide that loans made under “part E of title VIII of the Public Health Service Act [42 USC 297a et seq.]” may be consolidated. However, the Direct Consolidation Loan regulations have never been amended to reflect this change. Part E of title VIII of the Public Health Service Act includes both Nursing Student Loans and loans made under the Nurse Faculty Loan Program.

To codify this technical change:

34 CFR 685.221(b)(21) should be updated to reflect the current statutory language in §§428(C)(a)(4)(E) of the HEA which allows for the consolidation of Nurse Faculty Loans.