

JAN 20 2023

A BILL FOR AN ACT

RELATING TO TEACHER LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that providing a high-
2 quality education to Hawaii's students allows future generations
3 to succeed. However, the high cost of living in the State is a
4 significant concern that contributes to the State's chronic
5 teacher shortage. Teachers often incur higher expenses to
6 purchase essential and additional classroom supplies, often with
7 personal funds, to support their students. Additionally, as
8 Hawaii's teachers are among the lowest paid in the United States
9 when considering the cost of living, the department of education
10 experiences persistent difficulties with teacher recruitment and
11 retention.

12 The legislature further finds that recruiting teachers to
13 fill vital positions in Hawaii's schools is extremely difficult.
14 Due to the high cost of living in the State, acquiring housing
15 can be a significant obstacle to accepting a position as a
16 teacher. Additionally, the payroll lag that new state employees
17 experience exasperates the difficulty in finding teachers to



1 fill these essential positions. A program that incentivizes
 2 teachers to move to areas having hard-to-fill positions will
 3 give the students of Hawaii's public schools a better
 4 educational experience.

5 Accordingly, the purpose of this Act is to provide loans to
 6 teachers who relocate to Hawaii or to a different complex area
 7 in Hawaii and to forgive those loans if the teacher remains in
 8 that teaching position for five years.

9 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
 10 amended by adding two new sections to part III, subpart C, to be
 11 appropriately designated and to read as follows:

12 **§302A- Teacher loans; forgiveness.** (a) There is
 13 established the teacher loan program to be administered by the
 14 department, in partnership with a financial institution whose
 15 operations are principally conducted in Hawaii, to provide
 16 financial support to teachers who agree to teach as a full-time
 17 teacher for five years in:

18 (1) The Hawaii public school system in a hard-to-fill
 19 position including special education, regular
 20 education shortage categories, or Title 1 schools, and
 21 in one of the following capacities:



1 (A) As an elementary school teacher teaching in the
2 field of elementary education who has met
3 standards as set forth by the Hawaii teacher
4 standards board; or

5 (B) As a secondary school teacher who has met
6 standards as set forth by the Hawaii teacher
7 standards board; or

8 (2) At a school located in a rural area in the State, as
9 determined by the superintendent of education.

10 (b) Eligibility shall be determined by the department with
11 priority for teachers who:

12 (1) Relocate to Hawaii to teach; or

13 (2) Accept a position at a school in a different complex
14 area in Hawaii.

15 (c) Amounts to be loaned to each borrower shall be
16 determined by the board of education and shall not exceed \$5,000
17 per borrower.

18 (d) Liability for repayment of a loan shall be canceled
19 upon the death or permanent total disability of the borrower.



1 (e) Upon a showing of proof that the borrower has taught
2 in the Hawaii public school system pursuant to subsection (a)(1)
3 or (2) for five years, the loan shall be forgiven.

4 (f) If a borrower fails to teach in the Hawaii public
5 school system for five years, then the borrower shall repay the
6 loan at terms determined by the board; provided that the terms
7 shall be disclosed before the loan is made, the interest rate
8 shall not exceed per cent, and the repayment term shall not
9 exceed years.

10 (g) In accordance with chapter 103D, the department may
11 enter into written contracts with collection agencies for the
12 purpose of collecting delinquent loans. All payments collected,
13 exclusive of a collection agency's commissions, shall revert,
14 and be credited, to the teacher loan program revolving fund. A
15 collection agency that enters into a written contract with the
16 department for the collection of delinquent loans pursuant to
17 this section may collect a commission from the debtor in
18 accordance with the terms of, and up to the amounts authorized
19 in, the written contract.

20 §302A- Teacher loan program revolving fund. There is
21 established the teacher loan program revolving fund, for the



1 purpose of providing loans pursuant to section 302A-
2 Appropriations made by the legislature, private contributions,
3 repayment of loans, including interest and payments received on
4 account of principal, and moneys from other sources shall be
5 deposited into the revolving fund and shall be expended by the
6 department. An amount from the revolving fund not exceeding
7 five per cent of the total amount of outstanding loans may be
8 used by the department for administrative expenses incurred in
9 administering the revolving fund."

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of or so much
12 thereof as may be necessary for fiscal year 2023-2024 and the
13 same sum or so much thereof as may be necessary for fiscal year
14 2024-2025 for deposit into the teacher loan program revolving
15 fund.

16 SECTION 4. There is appropriated out of teacher loan
17 program revolving fund the sum of \$ or so much thereof
18 as may be necessary for fiscal year 2023-2024 and the same sum
19 or so much thereof as may be necessary for fiscal year 2024-2025
20 for the teacher loan program.



1 The sums appropriated shall be expended by the department
2 of education for the purposes of this Act.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect on July 1, 2023.

5

INTRODUCED BY: 



S.B. NO. 1137

Report Title:

DOE; Teacher Loans; Loan Forgiveness; Teacher Incentives

Description:

Establishes a teacher loan program to encourage individuals to become teachers in hard-to-fill positions of Department of Education schools. Allows the loan to be forgiven after 5 years of teaching in a hard-to-fill position.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

