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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1           SECTION 1. In 2001, the Hawaii educator loan program and  
2 special fund were established to recruit college students to  
3 become educators and to ensure that these graduates teach in our  
4 public schools. Although the program has proven to be  
5 successful, the State is still experiencing a teacher shortage.  
6 In particular, areas that are in the most need of qualified  
7 teachers are at hard-to-fill positions in schools on Oahu and  
8 the neighbor islands.

9           The legislature finds that attracting qualified teachers to  
10 hard-to-fill positions in schools on Oahu and the neighbor  
11 island could be accomplished by offering similar programs to  
12 assist qualified educators with their financial burdens and,  
13 thus, may reduce the teacher shortage in those high demand  
14 areas.

15           The purpose of this Act is to establish an educator loan  
16 forgiveness program in the department of education to recruit  
17 qualified teachers to hard-to-fill positions in public schools  
18 throughout the State.



1 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§302A- Educator loan forgiveness program; special fund.

5 (a) There is created the educator loan forgiveness program to  
6 be administered by the department, for the purpose of providing  
7 financial support to teachers who complete a state-approved  
8 teacher education program and who agree to teach in the Hawaii  
9 public school system in hard-to-fill positions in public schools  
10 in the State for a period of time to be determined prior to each  
11 award. Eligibility shall be determined by the department on a  
12 competitive basis. The amount awarded to a teacher shall be  
13 determined by the department based on need for financial aid and  
14 proof of a state-approved teacher education program. The  
15 maximum amount that a teacher may receive under this program  
16 shall be an aggregate amount equivalent to tuition payments and  
17 costs of textbooks and other instructional materials necessary  
18 to complete a state-approved teacher education program.

19 (b) There is created in the treasury of the State the  
20 educator loan forgiveness program special fund, for the purpose  
21 of providing funds pursuant to subsection (a). The following  
22 may be deposited into the special fund: appropriations made by



1 the legislature; private contributions; repayment of loans,  
2 including interest and payments received on account of  
3 principal; moneys received from collection agencies under  
4 subsection (g); and moneys from other sources; provided that:

5 (1) Moneys on balance in the special fund at the close of  
6 each fiscal year shall remain in that fund and shall  
7 not lapse to the credit of the general fund; and

8 (2) An amount from the special fund not exceeding five per  
9 cent of the total amount of the special fund may be  
10 set by the department to be used for administrative  
11 expenses incurred in administering the special fund.

12 (c) The department shall adopt rules to implement the  
13 educator loan forgiveness program. The rules shall be adopted  
14 pursuant to chapter 91 but shall be exempt from the public  
15 notice and public hearing requirements.

16 (d) Upon a showing of proof that the loan recipient has  
17 completed a state-approved teacher education program and for  
18 each year that the loan recipient teaches in a Hawaii public  
19 school in a hard-to-fill position as determined by the  
20 superintendent of education, including special education,  
21 regular education shortage categories, or Title 1 schools, loan  
22 forgiveness shall be provided to a recipient as follows:



1       (1) Ten per cent of the total amount of the loan and  
2       interest shall be waived every year for the first five  
3       years of repayment; and

4       (2) Twenty-five per cent of the total amount of the loan  
5       and interest shall be waived every year for the sixth  
6       and seventh years of repayment.

7       (e) Liability for repayment of a loan shall be canceled  
8       upon the death or permanent total disability of the borrower.

9       (f) If a recipient subject to this section fails to teach  
10      in the Hawaii public school system in a hard-to fill position  
11      for a minimum number of years, as determined by the department  
12      prior to the award, from the recipient's original date of  
13      employment with the department of education, excluding  
14      sabbatical and other forms of temporary leaves of absence, then  
15      the recipient shall repay any remaining loan balance.

16      (g) In accordance with chapter 103D, the department may:

17      (1) Enter into a written contract with a financial  
18      institution for the purpose of administering the  
19      education loan forgiveness program established under  
20      this section; provided that the department shall work  
21      closely with the financial institution to ensure that  
22      a fair selection process is implemented; and



1       (2) Enter into written contracts with collection agencies  
2       for the purpose of collecting delinquent loans. All  
3       payments collected, exclusive of a collection agency's  
4       commissions, shall revert, and be credited, to the  
5       educator loan forgiveness program special fund. A  
6       collection agency that enters into a written contract  
7       with the department for the collection of delinquent  
8       loans pursuant to this section may collect a  
9       commission from the debtor in accordance with the  
10       terms of, and up to the amounts authorized in, the  
11       written contract."

12       SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$250,000, or so much  
14 thereof as may be necessary for fiscal year 2007-2008, and the  
15 same sum, or so much thereof as may be necessary for fiscal year  
16 2008-2009, for the educator loan forgiveness program.

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

19       SECTION 4. New statutory material is underscored.

20       SECTION 5. This Act shall take effect upon its approval;  
21 provided that section 3 shall be effective on July 1, 2007.



**Report Title:**

DOE; Teacher Education; Student Loan Forgiveness; Appropriation

**Description:**

Allows certain teacher loans to be forgiven during employment in hard-to-fill positions in public school for a specified number of years as determined by the department of education.

Appropriates funds. (SD1)

