
A BILL FOR AN ACT

RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

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. The legislature finds that although the program
5 has proven to be successful, the State is still experiencing a
6 teacher shortage. In particular, hard-to-fill positions,
7 including special education, regular education shortage
8 categories, and teacher positions in rural areas have posed a
9 significant teacher recruitment and retention challenge for our
10 public schools.

11 The purpose of this Act is to expand the Hawaii educator
12 loan program to recruit and retain qualified teachers to teach
13 in public schools located in rural areas throughout the State.

14 SECTION 2. Section 304A-701, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~§~~**304A-701**~~§~~ **Hawaii educator loans; eligibility;**
17 **amounts**~~[-]~~**; educator loan forgiveness program; repayment;**

18 **collection.** (a) There is created the Hawaii educator loan



1 program to be administered by the University of Hawaii, in
2 partnership with a financial institution whose operations are
3 principally conducted in Hawaii, to provide financial support to
4 students and teachers who complete a state-approved teacher
5 education program and who agree to teach as a full-time teacher
6 for a period of time to be determined by the University prior to
7 the award of a loan, in [the]:

8 (1) The Hawaii public school system[-] in a hard-to-fill
9 position including special education, regular
10 education shortage categories, or Title 1 schools, and
11 in one of the following capacities:

12 (A) As an elementary school teacher teaching in the
13 field of elementary education who has met
14 standards as set forth by the Hawaii teacher
15 standards board; or

16 (B) As a secondary school teacher teaching in the
17 subject area that is relevant to the loan
18 recipient's academic major as certified by the
19 department of education who has met standards as
20 set forth by the Hawaii teacher standards board;
21 or

22 (2) At a school located in a rural area in the State, as



1 determined by the superintendent of education.

2 Eligibility shall be [~~awarded~~] determined by the university [~~to~~
3 ~~students~~] on a competitive basis. The amount to be loaned to a
4 student shall be determined by the board of regents based on
5 need for financial aid and proof of acceptance into a state-
6 approved teacher education program at the [~~university-~~
7 University. The maximum amount of loans that a student may
8 receive under this program shall be an aggregate amount
9 equivalent to tuition payments and costs of textbooks and other
10 instructional materials necessary to complete a state-approved
11 teacher education program.

12 (b) All loans made under this subpart shall bear interest
13 at five per cent simple interest. Repayment of principal and
14 interest charges shall commence one year after graduation or
15 three months after a loan recipient ceases to be enrolled in a
16 state-approved teacher education program and shall be paid in
17 periodic installments within a seven-year period. The
18 University may charge late fees and all other reasonable costs
19 for the collection of delinquent loans.

20 (c) The University shall adopt rules to implement the
21 educator loan program. The rules shall be adopted pursuant to



1 chapter 91, but shall be exempt from the public notice and
2 public hearing requirements.

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

5 (e) Upon a showing of proof that the loan recipient has
6 completed a state-approved teacher education program and for
7 each year that the loan award recipient teaches in the Hawaii
8 public school system pursuant to subsection (a)(1) or (2), loan
9 forgiveness shall be provided to the recipient as follows:

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

13 (2) Twenty-five per cent of the total amount of the loan
14 award and interest shall be waived every year for the
15 sixth and seventh years of repayment.

16 (f) If a loan recipient who is a graduate of a state-
17 approved teacher education program subject to this section and
18 teaching pursuant to subsection (a) fails to teach in the Hawaii
19 public school system for the minimum number of years, as
20 determined by the University prior to the loan, from the
21 recipient's original date of employment with the department of
22 education, excluding temporary leaves of absence, then the



1 recipient shall repay any remaining loan balance at the rate of
2 ten per cent simple interest.

3 (g) In accordance with chapter 103D, the University may
4 enter into written contracts with collection agencies for the
5 purpose of collecting delinquent loans. All payments collected,
6 exclusive of a collection agency's commissions, shall revert,
7 and be credited, to the Hawaii educator loan program special
8 fund. A collection agency that enters into a written contract
9 with the University for the collection of delinquent loans
10 pursuant to this section may collect a commission from the
11 debtor in accordance with the terms of, and up to the amounts
12 authorized in, the written contract."

13 SECTION 3. Section 304A-702, Hawaii Revised Statutes, is
14 repealed.

15 [~~"[§304A-702] Repayment of loans; waiver; collection. (a)~~
16 ~~All loans made under this subpart shall bear interest at five~~
17 ~~per cent simple interest. Repayment of principal and interest~~
18 ~~charges shall commence one year after graduation or three months~~
19 ~~after a loan recipient ceases to be enrolled in a state approved~~
20 ~~teacher education program and shall be paid in periodic~~
21 ~~installments within a six year period. The university may~~



1 ~~charge late fees and all other reasonable costs for the~~
2 ~~collection of delinquent loans.~~

3 ~~(b) Upon a showing of proof that the loan recipient has~~
4 ~~completed a state approved teacher education program and is~~
5 ~~employed as a full time teacher in the Hawaii public school~~
6 ~~system, one tenth of the total amount of the loan and interest~~
7 ~~shall be waived for every year of the first five years, and the~~
8 ~~remaining balance shall be waived after the sixth year that a~~
9 ~~loan recipient teaches in a Hawaii public school in a hard to~~
10 ~~fill position as determined by the superintendent of education,~~
11 ~~including special education, regular education shortage~~
12 ~~categories, or Title 1 schools, and in one of the following~~
13 ~~capacities:~~

14 ~~(1) As an elementary school teacher teaching in the field~~
15 ~~of elementary education who has met standards as set~~
16 ~~forth by the Hawaii teacher standards board; or~~

17 ~~(2) As a secondary school teacher teaching in the subject~~
18 ~~area that is relevant to the loan recipient's academic~~
19 ~~major as certified by the department of education who~~
20 ~~has met standards as set forth by the Hawaii teacher~~
21 ~~standards board.~~



1 ~~(c) Liability for repayment of a loan shall be canceled~~
2 ~~upon the death or permanent total disability of the loan~~
3 ~~recipient.~~

4 ~~(d) If a loan recipient subject to this section fails to~~
5 ~~teach in the Hawaii public school system for a minimum of ten~~
6 ~~consecutive years from the loan recipient's original date of~~
7 ~~employment with the department of education, excluding~~
8 ~~sabbatical and other forms of temporary leaves of absence, then~~
9 ~~the loan recipient shall repay any remaining loan balance at the~~
10 ~~rate of ten per cent simple interest.~~

11 ~~(e) In accordance with chapter 103D, the university may~~
12 ~~enter into written contracts with collection agencies for the~~
13 ~~purpose of collecting delinquent student loans. All payments~~
14 ~~collected, exclusive of a collection agency's commissions, shall~~
15 ~~revert, and be credited, to the special fund established for the~~
16 ~~Hawaii educator loan program. A collection agency that enters~~
17 ~~into a written contract with the university for the collection~~
18 ~~of delinquent student loans, pursuant to this section, may~~
19 ~~collect a commission from the debtor in accordance with the~~
20 ~~terms of, and up to the amounts authorized in, the written~~
21 ~~contract."]~~



1 SECTION 4. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$250,000 for fiscal
3 year 2007-2008 to be deposited into the Hawaii educator loan
4 program special fund to be used for student loans.

5 SECTION 5. There is appropriated out of the Hawaii
6 educator loan program special fund the sum of \$250,000 or so
7 much thereof as may be necessary for fiscal year 2007-2008 to be
8 used for student loans.

9 The sum appropriated shall be expended by the University of
10 Hawaii for the purposes of this Act.

11 SECTION 6. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2007.



H.B. NO. 777
H.D. 2
S.D. 2
C.D. 1

Report Title:

Hawaii Educator Loan Program; Loan Forgiveness; Appropriation

Description:

Expands the Hawaii Educator Loan Program to recruit and retain qualified teachers to teach in hard-to-fill positions and in schools in rural areas. Appropriates funds. (HB777 CD1)

