
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 establish an educator loan
12 forgiveness programs to recruit and retain qualified teachers to
13 teach in public schools located in rural areas throughout the
14 State, to amend the loan forgiveness schedule for the Hawaii
15 educator loan program, and to appropriate funds for these
16 programs.



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 in partnership with a
7 financial institution whose operations are principally conducted
8 in Hawaii, for the purpose of providing financial support to
9 teachers who complete a state-approved teacher education program
10 and agree to teach in the Hawaii public school system at a
11 school located in a rural area, as determined by the department
12 and for a period of time to be determined prior to each award.
13 Eligibility shall be determined by the department on a
14 competitive basis. The amount awarded to a teacher shall be
15 determined by the department based on need for financial aid and
16 proof of a state-approved teacher education degree. The maximum
17 amount that a teacher may receive under this program shall be an
18 aggregate amount equivalent to tuition payments and costs of
19 textbooks and other instructional materials necessary to
20 complete a state-approved certification training program.

21 (b) There is created in the treasury of the State the
22 educator loan forgiveness program special fund, for the purpose



1 of providing funds pursuant to subsection (a). The following
2 may be deposited into the special fund: appropriations made by
3 the legislature; private contributions; repayment of loans,
4 including interest and payments received on account of
5 principal; moneys received from collection agencies under
6 subsection (g); and moneys from other sources; provided that:

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

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

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

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

20 (e) Upon a showing of proof that the loan recipient has
21 completed a state-approved teacher education program and for
22 each year that the loan recipient teaches in the Hawaii public



1 school system at a school located in a rural area, loan
2 forgiveness shall be provided to the recipient as follows:

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

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

9 (f) If a loan recipient who is a graduate of a state-
10 approved teacher education program subject to this section fails
11 to teach in the Hawaii public school system at a school located
12 in a rural area for a minimum number of years, as determined by
13 the department prior to the award, from the recipient's original
14 date of employment with the department, excluding temporary
15 leaves of absence, then the recipient shall repay any remaining
16 loan balance.

17 (g) In accordance with chapter 103D, the department may
18 enter into written contracts with collection agencies for the
19 purpose of collecting delinquent loans. All payments collected,
20 exclusive of a collection agency's commissions, shall revert,
21 and be credited, to the educator loan forgiveness program
22 special fund. A collection agency that enters into a written



1 contract with the department for the collection of delinquent
2 loans pursuant to this section may collect a commission from the
3 debtor in accordance with the terms of, and up to the amounts
4 authorized in, the written contract."

5 SECTION 3. Section 304A-702, Hawaii Revised Statutes, is
6 amended by amending subsections (a) and (b) to read as follows:

7 "(a) All loans made under this subpart shall bear interest
8 at five per cent simple interest. Repayment of principal and
9 interest charges shall commence one year after graduation or
10 three months after a loan recipient ceases to be enrolled in a
11 state-approved teacher education program and shall be paid in
12 periodic installments within a [~~six-year~~] seven-year period.
13 The university may charge late fees and all other reasonable
14 costs for the collection of delinquent loans.

15 (b) Upon a showing of proof that the loan recipient has
16 completed a state-approved teacher education program and is
17 employed as a full-time teacher in the Hawaii public school
18 system, one-tenth of the total amount of the loan and interest
19 shall be waived for every year of the first five years, and [~~the~~
20 ~~remaining balance shall be waived after the sixth year~~] twenty-
21 five per cent of the total amount of the loan and interest shall
22 be waived every year for the sixth and seventh years of



1 repayment that a loan recipient teaches in a Hawaii public
2 school in a hard-to-fill position as determined by the
3 superintendent of education, including special education,
4 regular education shortage categories, or Title 1 schools, and
5 in one of the following capacities:

6 (1) As an elementary school teacher teaching in the field
7 of elementary education who has met standards as set
8 forth by the Hawaii teacher standards board; or

9 (2) As a secondary school teacher teaching in the subject
10 area that is relevant to the loan recipient's academic
11 major as certified by the department of education who
12 has met standards as set forth by the Hawaii teacher
13 standards board."

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2007-2008 for
17 deposit into the educator loan forgiveness program special fund.

18 SECTION 5. There is appropriated out of the educational
19 assistant loan forgiveness program special fund the sum of
20 \$ or so much thereof as may be necessary for fiscal
21 year 2007-2008 for the purposes of the state educator loan
22 forgiveness program.



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

3 SECTION 6. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$1 or so much thereof
5 as may be necessary for fiscal year 2007-2008 to be deposited
6 into the Hawaii educator loan program special fund to be used
7 for student loans.

8 SECTION 7. There is appropriated out of the Hawaii
9 educator loan program special fund the sum of \$1 or so much
10 thereof as may be necessary for fiscal year 2007-2008 to be used
11 for student loans.

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

14 SECTION 8. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 9. This Act shall take effect on July 1, 2020.



Report Title:

Hawaii Educator Loan Program; Loan Forgiveness; Appropriation

Description:

Establishes the educator loan forgiveness program and special fund and appropriates funds. Appropriates funds for student loans under the Hawaii educator loan program special fund.
(SD1)

