

JAN 17 2014

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. The legislature finds that post-secondary
2 education increases the opportunities for Hawaii's residents to
3 acquire high quality jobs, which ultimately benefits the State's
4 economy. However, tuition at public institutions of higher
5 education have been rising more rapidly than family incomes.
6 These rising costs have rendered financial aid programs
7 inadequate to reach all students who have financial need.

8 The legislature further finds that the increasing
9 unaffordability of higher education has forced students to
10 borrow more money. Two-thirds of students graduating from
11 American colleges and universities are graduating with some
12 level of debt. According to the Consumer Financial Protection
13 Bureau, federal student debt topped \$1 trillion in 2013 and
14 private banks have issued another \$200 billion in student loans.
15 The burden of high levels of student debt are not only damaging
16 to the individual student's ability to succeed financially, but
17 will also negatively impact the State's future economy.



1 The purpose of this Act is to require the University of
2 Hawaii to convene a working group to:

3 (1) Examine the feasibility of establishing a pay forward,
4 pay back pilot program at the University of Hawaii;
5 and

6 (2) Develop a proposed pilot program if feasible.

7 SECTION 2. (a) The president of the University of Hawaii
8 shall convene a working group to examine the feasibility of
9 establishing a pay forward, pay back pilot program at the
10 University of Hawaii to replace the current system of charging
11 students tuition and fees for enrollment.

12 (b) The working group shall comprise:

13 (1) The president of the University of Hawaii;

14 (2) The project manager of the economic research
15 organization at the University of Hawaii;

16 (3) The chairperson of the board of education;

17 (4) The director of finance;

18 (5) Members from the community at large, to be invited by
19 the president of the University of Hawaii; and



(6) Any other person that the president of the University of Hawaii deems advisable for inclusion on the working group.

(c) If the working group determines that establishing a pay forward, pay back pilot program is feasible, the working group shall develop a proposed pilot program. The proposed pilot program shall:

(1) Identify one or more campuses to participate in the pilot program;

(2) Allow students who are residents of this State, as defined by the University of Hawaii, and who qualify for admission to the University to enroll without paying tuition or fees;

(3) Require students, in lieu of paying tuition or fees, to sign binding contracts to pay to the State or the university a certain percentage of the student's annual adjusted gross income, upon graduation from any University of Hawaii campus, for a specified number of years;

(4) Specify the number of years and the percentage of annual adjusted gross income for contracts at each



participating campus and the bases for the
specifications; and

(5) Identify an immediate funding source for the first
twenty years of the pilot program.

(d) The end cost to each student participant in the
proposed pilot program may vary by campus based upon the:

(1) Total cost of education at the campus;

(2) Portion of the cost that is paid by the State;

(3) Any other financial aid or scholarship moneys obtained
and applied by the student participant to offset
education costs;

(4) Number of years specified in the contract; and

(5) Percentage of annual adjusted gross income specified
in the contract.

SECTION 3. The working group shall submit a written report
of its findings and recommendations, including any proposed
pilot program details and any proposed legislation, to the
legislature no later than twenty days prior to the convening of
the regular session of 2015.

SECTION 4. There is appropriated out of the general
revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2014-2015 for
2 the working group established pursuant to this Act to examine
3 the feasibility of establishing a pay forward, pay back pilot
4 program at the University of Hawaii and, if determined to be
5 feasible, develop a proposed pilot program.

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

8 SECTION 5. This Act shall take effect on July 1, 2014.

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INTRODUCED BY:

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S.B. NO. 2379

Report Title:

UH; Pay Forward, Pay Back; Pilot Program; Appropriation

Description:

Requires the UH to convene a working group to examine the feasibility of establishing a pay forward, pay back pilot program. Requires the working group to develop a proposed pilot program if feasible. Makes an appropriation. Effective 07/01/2014.

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