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# 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.



# H.B. NO. 1223

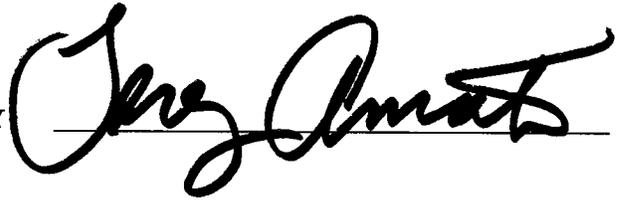
1           The sums appropriated shall be expended by the department  
2 of education for the purposes of this Act.

3           SECTION 5. New statutory material is underscored.

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

5

INTRODUCED BY

A handwritten signature in black ink, appearing to read "Jerry Amato", is written over a horizontal line. The signature is stylized and cursive.

JAN 24 2023



# H.B. NO. 1223

**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.*

