
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 at Hawaii's public schools a better
4 educational experience.

5 Accordingly, the purpose of this Act is to provide for the
6 repayment of student loans for teachers who teach in a hard-to-
7 staff teaching positions, and to forgive these loans if the
8 teacher becomes a licensed teacher in Hawaii or if the teacher
9 commits to teach or has taught for three years at a Hawaii
10 public school or public charter school.

11 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
12 amended by adding a two new sections to be appropriately
13 designated and to read as follows:

14 "§302A-A Teacher loans; forgiveness. (a) There is
15 established the teacher loan forgiveness program to be
16 administered by the department, in partnership with a financial
17 institution whose operations are principally conducted in
18 Hawaii, to provide financial support to teachers who have
19 obtained student loans to attend a college in the university of
20 Hawaii system and become, or have become, a licensed teacher in



1 Hawaii or to teachers who commit to teach as a full-time teacher
2 for three years in:

3 (1) The Hawaii public school system, including public
4 charter schools, in a hard-to-staff position including
5 special education, regular education shortage
6 categories, or Title 1 schools, and in one of the
7 following capacities:

8 (A) As an elementary school teacher teaching in the
9 field of elementary education who has met
10 licensing standards as set forth by the Hawaii
11 teacher standards board; or

12 (B) As a secondary school teacher who has met
13 licensing standards as set forth by the Hawaii
14 teacher standards board; or

15 (2) At a school located in a rural area in the State, as
16 determined by the superintendent.

17 (b) Eligibility shall be determined by the department with
18 priority for teachers who:

19 (1) Are teaching in, or accept a position in, a hard-to-
20 staff area, complex, or school; or



1 (2) Accept a position at a hard-to-staff school in a
2 different complex area in Hawaii.

3 (c) Amounts to be distributed to each recipient shall be
4 determined by the department and shall not exceed \$50,000 per
5 recipient; provided that the maximum allowable amount to be
6 distributed to a recipient shall be determined by the amount
7 borrowed for the recipient's student loans.

8 (d) Liability for repayment of a distribution shall be
9 canceled upon the death or permanent total disability of the
10 borrower.

11 (e) Upon a showing of proof that the borrower became a
12 licensed teacher in Hawaii or has committed to teach in the
13 Hawaii public school system pursuant to subsection (a) (1) or (2)
14 for three years, the funds distributed to repay the student
15 loans shall be forgiven.

16 (f) If a loan forgiveness recipient fails to become a
17 licensed teacher in Hawaii or commit to teach in the Hawaii
18 public school system for three years, then the loan forgiveness
19 recipient shall repay the funds distributed for the repayment of
20 student loans at terms determined by the department; provided
21 that the terms shall be disclosed before the distribution is



1 made, the interest rate shall not exceed _____ per cent, and the
2 repayment term shall not exceed _____ years.

3 (g) In accordance with chapter 103D, the department 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 teacher loan program revolving fund. A
8 collection agency that enters into a written contract with the
9 department for the collection of delinquent loans pursuant to
10 this section may collect a commission from the debtor in
11 accordance with the terms of, and up to the amounts authorized
12 in, the written contract.

13 **§302A-B Teacher loan program revolving fund.** There is
14 established the teacher loan program revolving fund, for the
15 purpose of providing loans pursuant to section 302A-A.
16 Appropriations made by the legislature, private contributions,
17 repayment of loans, including interest and payments received on
18 account of principal, and moneys from other sources shall be
19 deposited into the revolving fund and shall be expended by the
20 department. An amount from the revolving fund not exceeding
21 five per cent of the total amount of outstanding loans may be



1 used by the department for administrative expenses incurred in
2 administering the revolving fund."

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2024-2025 for
6 deposit into the teacher loan program revolving fund.

7 SECTION 4. There is appropriated out of the teacher loan
8 program revolving fund the sum of \$ or so much thereof
9 as may be necessary for fiscal year 2024-2025 for the teacher
10 loan program established pursuant to section 2 of this Act.

11 The sum appropriated shall be expended by the department of
12 education for the purposes of this Act.

13 SECTION 5. In accordance with section 9 of article VII of
14 the Hawaii State Constitution and sections 37-91 and 37-93,
15 Hawaii Revised Statutes, the legislature has determined that the
16 appropriations contained in H.B. No. , will cause the state
17 general fund expenditure ceiling for fiscal year 2024-2025 to be
18 exceeded by \$ or per cent. In addition, the
19 appropriation contained in this Act will cause the general fund
20 expenditure ceiling for fiscal year 2024-2025 to be further
21 exceeded by \$ or per cent. The combined total



1 amount of general fund appropriations contained in only these
2 two Acts will cause the state general fund expenditure ceiling
3 for fiscal year 2024-2025 to be exceeded by
4 \$ or per cent. The reasons for exceeding the
5 general fund expenditure ceiling are that:

- 6 (1) The appropriation made in this Act is necessary to
7 serve the public interest; and
- 8 (2) The appropriation made in this Act meets the needs
9 addressed by this Act.

10 SECTION 6. In codifying the new sections added by section
11 2 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.

14 SECTION 7. New statutory material is underscored.

15 SECTION 8. This Act shall take effect on July 1, 3000.



Report Title:

Department of Education; Teacher Loans; Loan Forgiveness;
Teacher Incentives; Appropriation; Expenditure Ceiling

Description:

Establishes a teacher loan program to encourage individuals to become teachers in hard-to-staff positions of Department of Education schools. Allows a loan to be forgiven for teachers who become, or have become, a licensed teacher in Hawaii or for teachers who will commit to teach for three years at a Hawaii public school or public charter school. Effective 7/1/3000.
(HD1)

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