
A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY COLLEGE PROMISE PROGRAM.

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

1 SECTION 1. The legislature finds that the Hawaii community
2 college promise program (Hawaii promise) was created to cover
3 the unmet direct costs of attendance for eligible students
4 enrolled at any university of Hawaii community college. Current
5 law requires the inclusion of all grants, scholarships, and
6 other funding sources when calculating Hawaii promise awards,
7 which can reduce the benefit to students.

8 The legislature further finds that removing grants,
9 scholarships, and other funding sources from the Hawaii promise
10 award calculation will allow students to apply such funds toward
11 indirect cost needs, including housing, food, and other living
12 expenses, thereby reducing financial barriers, promoting
13 equitable access to higher education, and providing better
14 support for students in completing their academic programs.

15 The legislature finds that recent changes to the federal
16 Pell Grant require updates to Hawaii promise to ensure awarding
17 practices continue to prioritize students and maximize the
18 support they receive.

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1 The purposes of this Act are to amend Hawaii promise to
2 maximize the financial support for students while aligning with
3 federal regulations; to amend Hawaii promise to exclude grants,
4 scholarships, and other funding sources from the calculation of
5 awards; and to amend the definition of "direct cost" to align
6 more closely with federal financial aid regulations.

7 SECTION 2. Section 304A-506, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§304A-506 Hawaii community college promise program;**
10 **established.** (a) Notwithstanding section 304A-501, there is
11 established the Hawaii community college promise program to be
12 administered by the board of regents. The program shall provide
13 scholarships for the unmet direct cost needs of qualified
14 students enrolled at any community college campus of the
15 University of Hawaii.

16 (b) A student enrolled at a community college campus shall
17 be eligible for scholarship consideration for a maximum of eight
18 semesters if the student:

19 (1) Qualifies for Hawaii resident tuition;

20 (2) Completes and submits the Free Application for Federal
21 Student Aid for each academic year and accepts all
22 federal and state aid[~~, grants, scholarships, and~~

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1 ~~other funding sources~~] that do not require repayment;

2 provided that this paragraph shall not apply to a

3 student who enrolls in a certificate program;

4 (3) Is enrolled in a classified degree or certificate

5 program with six or more credits per semester;

6 (4) Maintains satisfactory academic progress, as defined

7 by federal requirements established pursuant to title

8 IV of the Higher Education Act of 1965, as amended,

9 and determined by the campus at which the student is

10 enrolled; and

11 (5) Has been determined by the campus to have unmet direct

12 cost needs.

13 (c) Scholarships shall be awarded to the extent possible

14 based on available funds and on a greatest need basis. An award

15 granted to a student shall be equal to the student's unmet

16 direct cost need, based on the Free Application for Federal

17 Student Aid calculation of need, less the amounts available to

18 the student from Pell grants and other scholarships; provided

19 that the unmet direct cost need for a student who enrolls in a

20 certificate program shall be based on a suitable instrument, as

21 determined by the university of Hawaii, less the amounts

22 available to the student from grants and other scholarships.

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(d) To maintain a scholarship under this section, a student shall meet the requirements of subsection (b) (4).

(e) Notwithstanding any other provision of this section, effective July 1, 2026, the Hawaii community college promise program may coordinate with federal student aid programs to maximize total financial assistance available to students.

(f) If any provision of this subpart conflicts with federal financial aid regulations or federal law, the Hawaii community college promise program shall be administered in a manner that preserves students' eligibility for federal aid while providing the maximum permissible state assistance.

~~[(e)]~~ (g) As used in this section, "direct cost" means any cost directly related to a student's education, including tuition~~;~~ ~~educational fees;~~ ~~and the costs of books, supplies,~~ ~~and transportation between the student's dwelling and the student's campus.~~], fees, books, and supplies."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect
2 on July 1, 2026.

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INTRODUCED BY:

Michael K. Palmer

5

BY REQUEST

JAN 26 2026

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Report Title:

University of Hawaii; Hawaii Community College Promise Program

Description:

Amends the Hawaii Community College Promise Program (Hawaii promise) to exclude grants, scholarships, and other funding sources from the calculation of Hawaii promise awards, allowing students to apply such funds toward indirect costs, including housing, food, and other living expenses, to reduce financial barriers and support student success. Addresses the change in federal law regarding Pell Grants. Changes Hawaii promise from being a last-dollar award.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY COLLEGE PROMISE PROGRAM.

PURPOSE: To amend the Hawaii Community College Promise Program (Hawaii Promise) to exclude grants, scholarships, and other funding sources (external scholarships) from the calculation of Hawaii Promise awards, allowing students to apply external scholarships toward indirect costs such as housing, food, and living expenses; to reduce financial barriers; to align the definition of "direct cost" with federal financial aid regulations to ensure consistency and maintain eligibility for federal aid programs; and to coordinate with federal student aid programs to maximize total financial assistance available to students, particularly in light of recent changes to the federal Pell Grant effective July 1, 2026.

MEANS: Amend section 304A-506, Hawaii Revised Statutes.

JUSTIFICATION: Currently, Hawaii Promise requires the inclusion of all grants, scholarships, and other funding sources when calculating scholarship awards even if the grant, scholarship, or other funding is awarded after the Hawaii Promise is awarded (late external scholarships).

Under current law, late external scholarships force University of Hawaii financial aid staff to retroactively reduce or rescind Hawaii Promise awards, reducing the state benefit to the student. As a result, students may lose aid mid-semester, undermining financial stability and academic persistence.

By excluding external scholarships from the Hawaii Promise calculation, students can retain Hawaii Promise funds for direct costs and apply external scholarships toward indirect costs such as housing, food, and living expenses, which are major barriers to academic completion.

In addition, the U.S. Higher Education Act of 1965 was recently amended, changing Pell Grant eligibility rules effective July 1, 2026. To maintain compliance and maximize support for students, this bill will allow Hawaii Promise to coordinate with federal student aid programs to preserve eligibility and ensure students receive the maximum allowable assistance. Redefining "direct cost" to align with federal definitions will ensure consistency and maintain student eligibility for financial aid programs.

Impact on the public: This bill will allow students greater financial stability, with external scholarships supplementing rather than replacing Hawaii Promise awards. Funds from external scholarships can be applied to critical living expenses, supporting persistence and degree completion. In addition, this bill will help preserve a student's eligibility for financial aid while providing the maximum permissible state assistance.

Impact on the department and other agencies: Preserving a student's eligibility for financial aid will possibly increase attendance across the seven community colleges with the University of Hawaii System.

GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	UOH-800.

OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

July 1, 2026.