

**ACT 273**

**H.B. NO. 777**

**A Bill for an Act Relating to the Hawaii Educator Loan Program.**

***Be It Enacted by the Legislature of the State of Hawaii:***

**SECTION 1.** In 2001, the Hawaii educator loan program and special fund were established to recruit college students to become educators and to ensure that these graduates teach in our public schools. The legislature finds that although the

program has proven to be successful, the State is still experiencing a teacher shortage. In particular, hard-to-fill positions, including special education, regular education shortage categories, and teacher positions in rural areas have posed a significant teacher recruitment and retention challenge for our public schools.

The purpose of this Act is to expand the Hawaii educator loan program to recruit and retain qualified teachers to teach in public schools located in rural areas throughout the State.

SECTION 2. Section 304A-701, Hawaii Revised Statutes, is amended to read as follows:

“**[E]§304A-701[] Hawaii educator loans; eligibility; amounts[-]; educator loan forgiveness program; repayment; collection.** (a) There is created the Hawaii educator loan program to be administered by the University of Hawaii, in partnership with a financial institution whose operations are principally conducted in Hawaii, to provide financial support to students and teachers who complete a state-approved teacher education program and who agree to teach as a full-time teacher for a period of time to be determined by the University prior to the award of a loan, in [the]:

- (1) The Hawaii public school system[-] in a hard-to-fill position including special education, regular education shortage categories, or Title 1 schools, and in one of the following capacities:
  - (A) As an elementary school teacher teaching in the field of elementary education who has met standards as set forth by the Hawaii teacher standards board; or
  - (B) As a secondary school teacher teaching in the subject area that is relevant to the loan recipient's academic major as certified by the department of education who has met standards as set forth by the Hawaii teacher standards board; or
- (2) At a school located in a rural area in the State, as determined by the superintendent of education.

Eligibility shall be [awarded] determined by the university [to students] on a competitive basis. The amount to be loaned to a student shall be determined by the board of regents based on need for financial aid and proof of acceptance into a state-approved teacher education program at the [university-] University. The maximum amount of loans that a student may receive under this program shall be an aggregate amount equivalent to tuition payments and costs of textbooks and other instructional materials necessary to complete a state-approved teacher education program.

(b) All loans made under this subpart shall bear interest at five per cent simple interest. Repayment of principal and interest charges shall commence one year after graduation or three months after a loan recipient ceases to be enrolled in a state-approved teacher education program and shall be paid in periodic installments within a seven-year period. The University may charge late fees and all other reasonable costs for the collection of delinquent loans.

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

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

(e) Upon a showing of proof that the loan recipient has completed a state-approved teacher education program and for each year that the loan award recipient teaches in the Hawaii public school system pursuant to subsection (a)(1) or (2), loan forgiveness shall be provided to the recipient as follows:

- (1) Ten per cent of the total amount of the loan award and interest shall be waived every year for the first five years of repayment; and
- (2) Twenty-five per cent of the total amount of the loan award and interest shall be waived every year for the sixth and seventh years of repayment.

(f) If a loan recipient who is a graduate of a state-approved teacher education program subject to this section and teaching pursuant to subsection (a) fails to teach in the Hawaii public school system for the minimum number of years, as determined by the University prior to the loan, from the recipient's original date of employment with the department of education, excluding temporary leaves of absence, then the recipient shall repay any remaining loan balance at the rate of ten per cent simple interest.

(g) In accordance with chapter 103D, the University may enter into written contracts with collection agencies for the purpose of collecting delinquent loans. All payments collected, exclusive of a collection agency's commissions, shall revert, and be credited, to the Hawaii educator loan program special fund. A collection agency that enters into a written contract with the University for the collection of delinquent loans pursuant to this section may collect a commission from the debtor in accordance with the terms of, and up to the amounts authorized in, the written contract."

SECTION 3. Section 304A-702, Hawaii Revised Statutes, is repealed.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 for fiscal year 2007-2008 to be deposited into the Hawaii educator loan program special fund to be used for student loans.

SECTION 5. There is appropriated out of the Hawaii educator loan program special fund the sum of \$250,000 or so much thereof as may be necessary for fiscal year 2007-2008 to be used for student loans.

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

SECTION 6. Statutory material to be repealed is bracketed and stricken.<sup>1</sup> New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2007.

(Became law on July 10, 2007, without the Governor's signature, pursuant to Art. III, §16, State Constitution.)

**Note**

1. Edited pursuant to HRS §23G-16.5.