
A BILL FOR AN ACT

RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

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

1 SECTION 1. Section 304-20.6, Hawaii Revised Statutes is
2 amended to read as follows:
3 "§304-20.6 Hawaii educator loan program; special fund. (a)
4 There is created the Hawaii educator loan program to be
5 administered by the University of Hawaii, for the purpose of
6 providing financial support to students who complete a state-
7 approved teacher education program and who agree to teach in the
8 Hawaii public school system[-] including Hawaii charter schools.
9 Eligibility shall be awarded by the University of Hawaii to
10 students on a competitive basis. The amount to be loaned to a
11 student shall be determined by the board of regents based on need
12 for financial aid and proof of acceptance into [a] any state-
13 approved teacher education program [at the University of Hawaii.]
14 recognized by the Hawaii teacher standards board. The maximum
15 amount of loans that a student may receive under this program
16 shall be an aggregate amount equivalent to tuition payments and
17 costs of textbooks and other instructional materials necessary to
18 complete a state-approved teacher education program.

1 (b) There is created in the treasury of the State, the
2 Hawaii educator loan program special fund, for the purpose of
3 providing loans pursuant to subsection (a). All loans made under
4 this section shall bear interest at five per cent simple
5 interest. Repayment of principal and interest charges shall
6 commence one year after graduation or three months after a
7 borrower ceases to be enrolled in the state-approved teacher
8 education program and shall be paid in periodic installments
9 within a six-year period. The university may charge late fees
10 and all other reasonable costs for the collection of delinquent
11 loans. The following may be deposited into the special fund:
12 appropriations made by the legislature, private contributions,
13 repayment of loans, including interest and payments received on
14 account of principal, and moneys from other sources; provided
15 that:

16 (1) Moneys on balance in the special fund at the close of
17 each fiscal year shall remain in that fund and shall not
18 lapse to the credit of the general fund; and

19 (2) An amount from the special fund not exceeding five per
20 cent of the total amount of outstanding loans may be set by
21 the university to be used for administrative expenses
22 incurred in administering the special fund.

1 The university may adopt rules to implement the Hawaii
2 educator loan program. The rules shall be adopted pursuant to
3 chapter 91 but shall be exempt from the public notice and public
4 hearing requirements.

5 (c) Upon a showing of proof that the individual has
6 completed a state-approved teacher education program and is
7 employed as a full-time teacher in the Hawaii public school
8 system, including charter schools, one-tenth of the total amount
9 of the loan and interest shall be waived for every year of the
10 first five years, and the remaining balance shall be waived after
11 the sixth year that a loan recipient teaches in a Hawaii public
12 school [~~in a hard to fill position~~] or Hawaii charter school in
13 shortage and difficult to fill school-level instructional
14 teaching positions as determined by the superintendent of
15 education, [~~including special education, regular education~~
16 ~~shortage categories, or Title 1 schools,~~] or the executive
17 director of the charter school administrative office, and in one
18 of the following capacities:

19 (1) As an elementary school teacher teaching in the field of
20 elementary education who has met standards as set forth by
21 the Hawaii teacher standards board; or

22 (2) As a secondary school teacher teaching in the subject
23 area that is relevant to the loan recipient's academic major

1 as certified by the department of education who has met
2 standards as set forth by the Hawaii teacher standards
3 board.

4 Liability for repayment of a loan shall be canceled upon the
5 death or permanent total disability of the borrower.

6 (d) If a loan recipient subject to this section fails to
7 teach in the Hawaii public school system including charter
8 schools for a minimum of [~~ten~~] six consecutive years from the
9 loan recipient's original date of employment with the department
10 of education, excluding sabbatical and other forms of temporary
11 leaves of absence, then the loan recipient shall repay any
12 remaining loan balance at the rate of ten per cent simple
13 interest.

14 (e) In accordance with chapter 103D, the university may
15 enter into written contracts with collection agencies for the
16 purpose of collecting delinquent student loans. All payments
17 collected, exclusive of a collection agency's commissions, shall
18 revert, and be credited, to the loan fund. A collection agency
19 that enters into a written contract with the University of
20 Hawaii for the collection of delinquent student loans pursuant
21 to this section, may collect a commission from the debtor in
22 accordance with the terms of, and up to the amounts authorized
23 in, the written contract."

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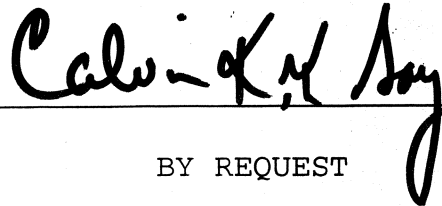
1 SECTION 2. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$500,000 or so much
3 as may be necessary, for fiscal year 2006-2007 for student loans
4 under the Hawaii educator loan program to be deposited to the
5 credit of the Hawaii educator loan program special fund. The
6 sums appropriated shall be expended by the University of Hawaii
7 for the purposes of this Act.

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

10 SECTION 4. This Act shall take effect on July 1, 2006.

11

INTRODUCED BY:



BY REQUEST

JAN 23 2006

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

PURPOSE: To increase the number of qualified teachers in Hawaii's public schools by appropriating funds into the Hawaii educator loan program special fund, and allowing monies in the fund to be used to attend any Hawaii teachers standards board state approved teacher education program. The measure also allows recipients to teach in public schools and charter schools in shortage and difficult to fill school-level instructional teaching positions, and requires a six-year commitment to teach in the public or charter school.

MEANS: Amend chapter 304-20.6, Hawaii Revised Statutes; appropriate \$500,000 for fiscal year 2006-2007 to the Hawaii educator loan program special fund.

JUSTIFICATION: The Hawaii educator loan program was established by Act 307 in 2001. The program received a one-time appropriation of \$100,000, and no funds have been appropriated since 2001. This program provides the structure to offer financial assistance to individuals who desire to teach in public and charter schools in Hawaii but who lack the financial resources. The proposed amendments will appropriate \$500,000 into the fund to provide financial assistance to prospective teachers who agree to teach in public or charter schools for six consecutive years. The amendments also allow recipients to use the financial assistance to attend any state approved teacher education program recognized by the Hawaii teachers standards board. This added flexibility would increase the pool of qualified teacher candidates for public and charter schools.

The general fund recommendation included in this measure has been made in accordance with the statutorily defined appropriation ceiling for the Executive Branch pursuant to section 37-92, Hawaii Revised Statutes. Including appropriations made up

to and including the regular and special sessions of 2005 and the Executive Supplemental Budget for fiscal year 2006-2007, the Executive Branch appropriation ceiling for fiscal year 2006-2007 has already been exceeded by \$103.6 million, or 2.1 percent. Funding requested in this measure for the Hawaii Educator Loan Program will result in the appropriation ceiling for the Executive Branch to now be exceeded in fiscal year 2006-2007 by \$500,000 or .010 percent. This current declaration takes into account additional general fund appropriations authorized for fiscal year 2006-2007 in this measure only, and does not include other general fund appropriations for fiscal year 2006-2007 that may be authorized for the Executive Branch in other legislation submitted to the Legislature during the regular session of 2006.

Impact on the public: Increased financial assistance and flexibility for individuals who are interested in teaching in Hawaii public and charter schools.

Impact on the department and other agencies: The department of education and the charter school administrative office will work to identify shortage and difficult to fill school-level instructional positions.

GENERAL FUND: \$500,000.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: UOH 100.

OTHER AFFECTED
AGENCIES: Hawaii Charter School Administrative Office,
University of Hawaii, Department of Education.

EFFECTIVE DATE: July 1, 2006.