



GOV. MSG. NO. 1074

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 11, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: House Bill No. 15 HD2 SD2 CD1

On July 10, 2007, House Bill No. 15, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to establish the Felix Stipend Program Special Fund. Repayments from students who failed to meet their contractual agreements with the Department of Education under the Felix Stipend Program will be deposited into this fund, and fund moneys will then be used for the Felix Consent Decree Recruitment and Retention Program, or any successor programs, and related costs.

Although this bill recognizes the Department of Education has encountered challenges in recruiting and retaining special education teachers for public schools, this bill presents two concerns.

According to financial records, the existing Felix Stipend Program has a 30% default rate on student stipends. This indicates that the program has not been as successful as was intended and should not be expanded until a proper review and assessment can be conducted based on the merits and problems with this program.

Second, there are concerns with the establishment of a special fund that does not meet the statutory criteria for a special fund. It appears the Stipend Program Special Fund created in this bill would not be self-sustaining. The Department of Education testified that an appropriation amount of \$50,000 for the fund was recommended, based on average yearly collections for the program. Instead, this bill does not allow legislative appropriations to be deposited into the fund, and appropriates \$250,000 out of the fund. Based on the Department's estimate of \$50,000 in yearly collections, it is unlikely that the Department would be able to operate the retention and recruitment program without a general fund appropriation to supplement the repayments.

The Honorable Colleen Hanabusa, President
and Members of the Senate
Page 2

For the foregoing reasons, I allowed House Bill No. 15 to become law as Act 276,
effective July 10, 2007, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle", with a stylized, cursive script.

LINDA LINGLE

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. The legislature finds that under the Felix
2 stipend program and through a memorandum of agreement, special
3 tuition waivers from the department of education are made
4 available to qualified candidates who enroll in special
5 education teacher preparation programs at the undergraduate,
6 post-baccalaureate, and graduate levels. In exchange for these
7 tuition waivers, teacher candidates agree to work for the
8 department of education in the field of special education for a
9 period of three to five years.

10 However, since the program's inception in 1998, there have
11 been instances of students who have not met their contractual
12 obligations under the Felix stipend program and have, therefore,
13 breached their contractual agreements with the department of
14 education.

15 The purpose of this Act is to create a special fund into
16 which shall be deposited moneys received as repayment from
17 students who have breached their contractual agreements under
18 the Felix stipend program. The special fund will in turn be



1 used to provide tuition assistance to students for the Felix
2 consent decree recruitment and retention program, or any
3 successor programs, and related costs.

4 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§302A- Felix stipend program special fund. (a) There
8 is established the Felix stipend program special fund, into
9 which shall be deposited all moneys received as repayment from
10 students due to a breach in contractual agreements under the
11 Felix stipend program, which offers tuition waivers for
12 qualified candidates who enroll at the University of Hawaii in
13 special education teacher programs at the undergraduate, post-
14 baccalaureate, and graduate levels in exchange for their
15 agreement to work for the department for a period of three to
16 five years immediately following completion of their teacher
17 preparation program.

18 (b) The special fund shall be administered and used by the
19 department to provide ongoing funding for the provision of
20 tuition assistance to students for the Felix consent decree
21 recruitment and retention program, or any successor programs,
22 and related costs."



1 SECTION 3. There is appropriated out of the Felix stipend
2 program special fund the sum of \$250,000 or so much thereof as
3 may be necessary for fiscal year 2007-2008 to provide tuition
4 assistance to students for the Felix consent decree recruitment
5 and retention program, or any successor programs, and related
6 costs.

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

9 SECTION 4. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2007.

