
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII SYSTEM.

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

1 SECTION 1. The legislature finds that there is a need to
2 provide incentives for students in the University of Hawaii
3 system to choose careers in registered nursing in Hawaii.
4 Hawaii is facing a shortage of registered nurses. According to
5 the Hawaii Center for Nursing, demand for registered nurses
6 between the years 2000 and 2020 is expected to grow by 55 per
7 cent in the state, while the supply of registered nurses is
8 expected to grow by only 13.8 per cent. It is anticipated that
9 during this period, demand for registered nurses will be
10 increased by 4,554 new full-time equivalent positions, while
11 almost 80 per cent of today's registered-nursing workforce, or
12 8,397 nurses, will retire. Yet in 2003, Hawaii nursing schools
13 graduated only 330 students. At this rate of graduation,
14 replacing retiring nurses and meeting new demand will be
15 impossible.

16 The legislature further finds that a shortage of nursing-
17 school faculty positions, resulting in Hawaii's nursing schools
18 turning away hundreds of qualified students, has been cited as a



1 major factor in the nursing shortage. Regardless, inadequate
2 incentives exist for students to seek a nursing education and,
3 upon graduating, to practice nursing in Hawaii.

4 The purpose of this Act is to create an incentive by
5 requiring the University of Hawaii system to establish, within
6 its state higher education loans program, a loan forgiveness
7 program for loan recipients who, upon graduation from nursing
8 school, engage in the occupation of registered nurse in Hawaii.

9 SECTION 2. Section 304A-602, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "[+]§304A-602[+] **Repayment of state higher education**
12 **loans; loan forgiveness; collection.** (a) All loans made under
13 the state higher education loan fund shall bear interest at five
14 per cent simple interest. Repayment of principal and interest
15 charges shall commence nine months after graduation or after a
16 borrower ceases to be enrolled at least half-time in a degree
17 program and shall be paid in periodic installments within a ten-
18 year period. The university may charge late fees and all other
19 reasonable costs for the collection of delinquent loans. The
20 board of regents, upon application by the student and upon a
21 showing of good cause, may defer repayment of the loan and
22 commencement of interest. Liability for repayment of a loan



1 shall be canceled upon the death or permanent total disability
2 of the borrower.

3 (b) Upon a showing of proof that the loan recipient
4 received a nursing degree from the University of Hawaii system
5 and is employed in the state in the practice of nursing as a
6 registered nurse under chapter 457, one-tenth of the total
7 amount of the loan and interest shall be waived for every year
8 of the first five years, and the remaining balance shall be
9 waived after the sixth year that a loan recipient is employed as
10 a registered nurse in the state. If a loan recipient fails to
11 be so employed for a minimum of ten consecutive years from the
12 loan recipient's original date of employment, excluding
13 sabbaticals and other temporary leaves of absence, the loan
14 recipient shall repay any remaining loan balance at the rate of
15 five per cent simple interest.

16 [~~(b)~~] (c) The university may spend out of the state higher
17 education loan fund up to two per cent of the total amount of
18 loans outstanding for collection and administrative expenses.
19 In accordance with chapter 103D, the university may enter into
20 written contracts with collection agencies for the purpose of
21 collecting delinquent student loans. All payments collected,



1 exclusive of a collection agency's commissions, shall revert,
2 and be credited, to the state higher education loan fund.

3 [~~e~~] (d) A collection agency that enters into a written
4 contract with the university for the collection of delinquent
5 student loans, pursuant to this section, may collect a
6 commission from the debtor in accordance with the terms of, and
7 up to the amounts authorized in, the written contract."

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 January 1, 2050.



Report Title:

Nursing; Loan Forgiveness

Description:

Establishes a loan forgiveness program for individuals who receive a nursing degree from the University of Hawaii and are employed in the state as registered nurses. (HB2706 HD1)

