

JAN 24 2007

A BILL FOR AN ACT

RELATING TO PUBLIC INTEREST ATTORNEYS.

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

1 SECTION 1. The legislature finds that the public interest
2 nonprofit law firms in Hawaii provide much needed free and low-
3 cost civil legal services to low-income persons. These firms
4 rely heavily on grants and donations to pay their staff and
5 cover the overhead necessary to provide these free and low-cost
6 civil legal services. Because of limited funds, the average
7 starting attorney salary is barely above \$40,000 per year, a far
8 cry from starting salaries in government employment that average
9 nearly \$50,000 and those in the private market that average
10 \$80,000.

11 Low salaries make it difficult for public interest
12 nonprofit law firms to recruit and retain attorneys from the
13 William S. Richardson School of Law. In the last five years on
14 average, only one graduate went to work in a public interest law
15 firm upon graduation. One of the most cited reasons for not
16 being able to take a public interest job is the high cost of a
17 legal education. Numerous law students graduate with enormous
18 amounts of debt to pay for their education.



1 The purpose of this Act is to encourage and enable
2 attorneys to practice law in the public interest by establishing
3 a loan repayment assistance program for licensed attorneys who
4 practice public interest law in Hawaii.

5 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
6 amended by adding a new section to be appropriately designated
7 and to read as follows:

8 "§304A- Public interest law loan repayment program;
9 special fund; established. (a) As used in this section:

10 "Administrator" means the dean of the William S. Richardson
11 School of Law of the University of Hawaii.

12 "Advisory committee" means the committee responsible for
13 proposing policy and guideline recommendations for approval by
14 the administrator.

15 "Eligible loans" means all need-based federal, university,
16 and educational loans incurred during the recipient's law school
17 education that are not eligible for forgiveness or repayment
18 assistance through another source. Eligible loans include loans
19 owed to government agencies, commercial lending institutions, or
20 educational institutions, which were used to pay law school
21 tuition and other reasonable expenses associated directly with
22 the costs of a law school education, such as books, equipment,



1 fees, room and board, and other expenses determined by the
2 administrator. Educational loans extended by a private
3 individual or family member are not considered eligible loans
4 for the purposes of this section.

5 (b) There shall be established a public interest law loan
6 repayment program to be:

7 (1) Developed and maintained by the University of Hawaii
8 William S. Richardson School of Law; and

9 (2) Administered by the administrator.

10 (c) To be considered for loan repayment assistance under
11 the public interest law loan repayment program, an attorney
12 shall:

13 (1) Have graduated from the William S. Richardson School
14 of Law of the University of Hawaii;

15 (2) Be licensed to practice law in the State under chapter
16 605; and

17 (3) Practice law in the public interest in the State, as
18 determined by the administrator in consultation with
19 the advisory committee.

20 (d) For purposes of this section, public interest shall
21 include:



1 (1) A legal services organization where more than seventy
2 per cent of the clients served are low-income,
3 according to applicable federal income guidelines; or

4 (2) A nonprofit organization under section 501(c)(3) of
5 the Internal Revenue Code of 1986, as amended.

6 (e) The administrator shall make law loan repayment
7 assistance available to eligible attorneys on an annual basis.

8 As a condition of receiving assistance, the attorney shall enter
9 into a contract with the public interest law loan repayment
10 program to practice in a qualifying organization for a minimum
11 of three years. In addition, the attorney shall notify the
12 administrator in writing within thirty days of the date that the
13 attorney:

14 (1) Terminates the employment with the qualifying
15 organization; or

16 (2) Takes a leave of absence from the qualifying
17 organization.

18 The contract for loan repayment assistance shall include
19 penalties for breach of contract, as allowed by law.

20 (f) In consultation with the advisory committee, the
21 administrator shall:



1 (1) Determine the total amount of annual loan repayment
2 assistance available under the public interest law
3 loan repayment program; and

4 (2) Establish selection criteria for eligibility for the
5 program based upon need and merit.

6 (g) The administrator shall use but not be limited to the
7 following criteria in determining the priority and amount of
8 loan repayment assistance provided:

9 (1) The demonstrated need of the applicant, which shall be
10 based on the applicant's salary, personal resources,
11 and amount of law school debt;

12 (2) The applicant's commitment to public interest law,
13 which shall be determined by reviewing the applicant's
14 record of employment and volunteer service, taking
15 into consideration an applicant's need for
16 remunerative employment while attending law school;

17 (3) The applicant's declared interest in practicing in
18 areas in the State where the need for public interest
19 attorneys is high; and

20 (4) The applicant's record of academic achievement.

21 The applicant shall provide to the public interest law loan
22 repayment program the information listed in paragraphs (1)



1 through (4), and other information as required, in an
2 application form to be prepared by the program.

3 (h) The advisory committee shall consist of nine members
4 appointed by the administrator and shall include:

5 (1) Attorneys licensed to practice law in the State,
6 particularly those practicing law in the public
7 interest;

8 (2) Faculty of the William S. Richardson School of Law of
9 the University of Hawaii; and

10 (3) Members of the general public.

11 (i) Nothing in this section shall be construed to create
12 in any attorney a right to any law loan repayment assistance or
13 any specific amount of assistance offered under the public
14 interest law loan repayment program.

15 (j) There shall be established a special fund to be known
16 as the William S. Richardson School of Law public interest law
17 loan repayment program special fund, into which all
18 appropriations, donations, and gifts shall be deposited. The
19 administrator may expend any amount of the moneys in the special
20 fund to provide eligible attorneys with loan repayment
21 assistance. Upon determination by the administrator, the fiscal
22 officer of the William S. Richardson School of Law of the



1 University of Hawaii shall disburse payments to eligible
 2 attorneys. The administrator shall submit an annual report to
 3 the legislature no later than twenty days prior to the convening
 4 of each regular session of an accounting of the program and the
 5 fund."

6 SECTION 3. There is appropriated out of the general
 7 revenues of the State of Hawaii the sum of \$200,000, or so much
 8 thereof as may be necessary for fiscal year 2007-2008, and the
 9 same sum, or so much thereof as may be necessary for fiscal year
 10 2008-2009, for the purpose of establishing and maintaining a
 11 loan repayment program for certain public interest attorneys
 12 through the University of Hawaii William S. Richardson School of
 13 Law public interest law loan repayment program and to encourage
 14 and enable attorneys to practice law in the public interest.

15 The sums appropriated shall be expended by the University
 16 of Hawaii for the purposes of this Act.

17 SECTION 4. New statutory material is underscored.

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

19

INTRODUCED BY: *R. C. Ojeda*

Report Title:

Public Interest Attorneys; Loan Repayment Assistance Program

Description:

Creates a loan repayment assistance program for licensed attorneys who practice public interest law in Hawaii.

