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# A BILL FOR AN ACT

RELATING TO GRADUATE LOAN PROGRAMS.

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

1           SECTION 1. The legislature finds that over the past  
2 several years, Hawaii's need for licensed physical therapists,  
3 registered occupational therapists, licensed speech language  
4 pathologists, and school psychologists has exponentially grown  
5 to service infants and toddlers, from birth to age three,  
6 school-aged children, working adults, and the aging population.  
7 However, there are currently no graduate programs in physical  
8 therapy or occupational therapy in the State and recruitment and  
9 retention of quality staff challenges the entire educational,  
10 social services, and related industries in Hawaii. Although the  
11 University of Hawaii does maintain a graduate degree program in  
12 speech and audiology, the program is currently under probation  
13 making future accreditation questionable. Additionally, there  
14 is one graduate program in school psychology, but it is  
15 currently not accredited. As a result, many Hawaii residents  
16 are not only seeking further education in the areas of physical,  
17 occupational, and speech therapy outside of the State, but are



1 also continuing to pursue their careers outside of Hawaii. The  
2 legislature further finds that the need to establish incentives  
3 to recruit qualified individuals for the provision of necessary  
4 rehabilitative, therapeutic, and other related services in  
5 Hawaii will help to build the State's workforce and ensure our  
6 residents receive proper care and treatment.

7 The purpose of this Act is to establish a rehabilitative  
8 and related services graduate school loan program for licensed  
9 therapists and related service providers enrolled in accredited  
10 programs. The program shall also provide for loan forgiveness  
11 based upon employment in Hawaii with the State or another  
12 qualifying institution following completion of the graduate  
13 program.

14 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
15 amended by adding a new part to be appropriately designated and  
16 to read as follows:

17 **"PART . REHABILITATIVE AND RELATED**  
18 **SERVICES GRADUATE SCHOOL LOAN PROGRAM**

19 **§304A-A Definitions.** As used in this part, unless the  
20 context otherwise requires:

21 "Approved course of study" means a course of study in  
22 occupational therapy, physical therapy, or speech language



1 pathology approved by the board of physical therapy, the  
2 director of commerce and consumer affairs, and the board of  
3 speech pathology and audiology, as appropriate, or a school  
4 psychology program that is professionally accredited.

5 "Approved employment" means employment with the State or a  
6 nonprofit agency or health care organization that satisfies the  
7 work requirement under the program in the field of physical  
8 therapy, occupational therapy, speech language pathology, or  
9 school psychology. Approved employment does not include  
10 volunteer services or employment before graduation.

11 "Program" means the rehabilitative and related services  
12 graduate school loan program established under this part.

13 "Rehabilitative services" means medical or remedial  
14 services provided for the reduction of a physical or mental  
15 disability that helps recipients to reach a better functional  
16 level and includes services provided in the fields of physical  
17 therapy, occupational therapy, and speech language pathology.

18 "Related services" means services that are intended to  
19 address the individual needs of students with disabilities in  
20 order that they may benefit from their educational program.

21 "Student" means any resident domiciled in this State, who:



1 (1) Is a United States citizen or a permanent resident  
2 alien; and

3 (2) Is a college graduate or a full-time student in good  
4 standing in a graduate program in physical therapy,  
5 occupational therapy, or speech pathology and  
6 audiology at a United States accredited university or  
7 college.

8 "University" means the University of Hawaii.

9 **§304A-B Rehabilitative and related services graduate**

10 **school loan program; established; administration.** (a) There is  
11 established a five-year pilot program to be known as the  
12 rehabilitative and related services graduate school loan program  
13 to provide financial support to individuals who complete  
14 graduate programs in the fields of physical therapy,  
15 occupational therapy, speech language pathology, and school  
16 psychology and who agree to work in those fields in the State  
17 for at least three years after completion of the graduate  
18 programs. The program shall be administered by the University  
19 of Hawaii center for disability studies.

20 (b) The center for disability studies may provide loans up  
21 to \$10,000 per academic year to an eligible student upon  
22 confirmation from an approved educational institution that the



1 student has been accepted for enrollment in an approved course  
2 of study. Loans shall not exceed the amount set forth herein  
3 and shall only be used for tuition, books, laboratory fees, and  
4 any other required fees necessary to complete a rehabilitative  
5 and related services graduate school program. The loan shall be  
6 renewable for one additional year.

7 (c) Eligibility shall be determined by the center for  
8 disability studies on a competitive basis; provided that each  
9 applicant shall meet all of the following requirements:

- 10 (1) Show proof of admission to an approved course of  
11 study;
- 12 (2) Comply with any conditions placed on the loan by the  
13 center for disability studies;
- 14 (3) Demonstrate an overall grade point average of at least  
15 3.0 in the student's undergraduate studies, or  
16 maintain an overall grade point average of at least  
17 3.0 in the student's graduate program; and
- 18 (4) Enter into a written agreement with the center for  
19 disability studies to:
  - 20 (A) Satisfy all degree requirements and other  
21 requirements under this part;



1 (B) Commence employment in this State within six  
2 months after completion of an approved degree in  
3 physical therapy, occupational therapy, speech  
4 language pathology, or school psychology and  
5 continue employment for a period of three years  
6 for each year a loan is awarded, unless the  
7 center for disability studies determines that  
8 there are extenuating circumstances for  
9 noncompletion; and

10 (C) Reimburse the center for disability studies all  
11 amounts received under this chapter and interest  
12 thereon, as determined by the center for  
13 disability studies, if the student fails to  
14 comply with subparagraphs (A) and (B).

15 (d) A student shall apply to the center for disability  
16 studies, and include all information and documentation required  
17 by the center for disability studies.

18 (e) A student who receives a loan under the program shall  
19 commence approved employment no later than six months after the  
20 receipt of the degree sought. The student shall continue  
21 approved employment for a period of three years for each year a



1 loan was awarded to qualify for loan forgiveness under section  
2 §304A-C.

3 (f) If a student terminates enrollment in a qualifying  
4 rehabilitative or related services graduate school program  
5 during the academic year or prior to completion of the approved  
6 course of study, the approved educational institution shall  
7 notify the center for disability studies in writing and shall  
8 return all unused portions of the loan. Returned amounts shall  
9 be used to fund other loans under this part.

10 (g) Loans awarded under the program shall be limited to  
11 funds contained in the rehabilitative and related services  
12 graduate school loan program special fund under section 304A-F.

13 (h) The university shall adopt policies and procedures in  
14 accordance with chapter 91 to implement the program; provided  
15 that the center for disability studies shall be exempt from the  
16 public notice and public hearing requirements of chapter 91 with  
17 regard to this part.

18 **§304A-C Repayment of loans; loan forgiveness.** (a) All  
19 loans made under this part shall bear interest at five per cent  
20 simple interest. Repayment of principal and interest charges  
21 shall commence no later than six months following the receipt of  
22 a rehabilitative or related services graduate degree unless the



1 center for disability studies determines there are extenuating  
2 circumstances that would delay repayment or the loan recipient's  
3 continuation of the loan recipient's rehabilitative or related  
4 services graduate education, not to exceed an additional three  
5 years.

6 (b) The repayment period for all loans received from the  
7 center for disability studies shall be ten years from the date  
8 of the initial payment. The center for disability studies may  
9 charge late fees and all other reasonable costs for the  
10 collection of delinquent loans. Repayment of the loan shall  
11 begin six months following graduation from the rehabilitative or  
12 related services graduate school program unless the loan  
13 recipient meets the requirements of this section.

14 (c) Upon a showing of proof that the loan recipient has  
15 completed a state-approved rehabilitative or related services  
16 graduate school program and for each of the three years per loan  
17 awarded that the loan recipient is employed in approved  
18 employment, one-third of the outstanding loan amount shall be  
19 forgiven for each year of approved employment or a pro rata  
20 amount for approved employment during part-time employment or  
21 other eligible part-time work.





1 (d) If a loan recipient who is a graduate of a  
2 state-approved rehabilitative or related services graduate  
3 school program fails to be employed in approved employment for  
4 at least three years for each year a loan was awarded, from the  
5 loan recipient's original date of qualifying employment,  
6 excluding temporary leaves of absence, the loan recipient shall  
7 repay the original loan amount at the rate of ten per cent  
8 simple interest.

9 (e) Liability for repayment of a loan shall be cancelled  
10 upon the death or permanent total disability of the borrower.

11 **§304A-D Program administration.** (a) The center for  
12 disability studies shall monitor and verify a student's or loan  
13 recipient's eligibility and fulfillment of all work requirements  
14 under this part.

15 (b) The center for disability studies shall enforce  
16 repayment of all loans for a loan recipient who does not comply  
17 with this part. In accordance with chapter 103D, the center for  
18 disability studies may enter into written contracts with  
19 collection agencies for the purpose of collecting delinquent  
20 loans. All payments collected, exclusive of a collection  
21 agency's commissions, shall revert, and be credited, to the  
22 rehabilitative and related services graduate school loan program



1 special fund. A collection agency that enters into a written  
2 contract with the center for disability studies for the  
3 collection of delinquent loans pursuant to this section may  
4 collect a commission from the debtor in accordance with the  
5 terms of, and up to the amounts authorized in, the written  
6 contract.

7 **§304A-E Annual report.** (a) The center for disability  
8 studies shall publish an annual report that shall include  
9 information regarding the operation of the program and other  
10 relevant information, including:

- 11 (1) The total number of students receiving loans;
- 12 (2) The total amount of loans provided;
- 13 (3) The number of full-time and part-time students  
14 receiving loans, reported by institution;
- 15 (4) The amount of funds awarded to students; and
- 16 (5) The total number of students who withdraw from the  
17 program.

18 (b) The annual report shall be submitted to the governor  
19 and the legislature not later than twenty days prior to the  
20 convening of the regular session of 2009 and each regular  
21 session thereafter."



1 SECTION 3. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new section to subpart C of part V to be  
3 appropriately designated and to read as follows:

4 "§304A-F Rehabilitative and related services graduate  
5 school loan program special fund. There is established the  
6 rehabilitative and related services graduate school loan program  
7 special fund, for the purpose of providing loans pursuant to  
8 section 304A-B. Appropriations made by the legislature, private  
9 contributions, repayment of loans, including interest and  
10 payments received on account of principal, and moneys from other  
11 sources may be deposited into the special fund; provided that:

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

15 (2) An amount from the special fund not exceeding five per  
16 cent of the total amount of outstanding loans may be  
17 set by the center for disability studies to be used  
18 for administrative expenses incurred in administering  
19 the special fund."

20 SECTION 4. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$350,000 or so much  
22 thereof as may be necessary for fiscal year 2008-2009 to the



1 rehabilitative and related services graduate school loan program  
2 special fund.

3 SECTION 5. There is appropriated out of the rehabilitative  
4 and related services graduate school loan program special fund  
5 of the State of Hawaii the sum of \$350,000 or so much thereof as  
6 may be necessary for fiscal year 2008-2009 to the center for  
7 disability studies of the University of Hawaii for the  
8 administration of the rehabilitative and related services  
9 graduate school loan program.

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

12 SECTION 6. In codifying the new sections added by sections  
13 2 and 3 of this Act, the revisor of statutes shall substitute  
14 appropriate section numbers for the letters used in designating  
15 the new sections in this Act.

16 SECTION 7. New statutory material is underscored.

17 SECTION 8. This Act shall take effect on July 1, 2008;  
18 provided that sections 2 and 3 of this Act shall be repealed on  
19 June 30, 2013.

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INTRODUCED BY: Norman Sakomaha

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S.B. NO. 2672

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**Report Title:**

Rehabilitative and Related Services Graduate School Loan Program; Loan Forgiveness; Appropriation

**Description:**

Establishes a graduate school loan program and corresponding special fund for qualified individuals in the areas of occupational therapy, physical therapy, speech language pathology, and school psychology. Provides for a loan forgiveness schedule for individuals who maintain approved employment. Appropriates funds for the program.

