
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 to service infants and
5 toddlers, from birth to age three, school-aged children, working
6 adults, and the aging population has grown exponentially.
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.

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

19 (d) If a loan recipient who is a graduate of a
20 state-approved rehabilitative or related services graduate
21 school program fails to be employed in approved employment for
22 at least three years for each year a loan was awarded, from the



1 loan recipient's original date of qualifying employment,
2 excluding temporary leaves of absence, the loan recipient shall
3 repay the original loan amount plus ten per cent simple
4 interest.

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

7 **§304A-D Program administration.** (a) The center for
8 disability studies shall monitor and verify a student's or loan
9 recipient's eligibility and fulfillment of all work requirements
10 under this part.

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



1 terms of, and up to the amounts authorized in, the written
2 contract.

3 **§304A-E Annual report.** (a) The center for disability
4 studies shall publish an annual report that shall include
5 information regarding the operation of the program and other
6 relevant information, including:

- 7 (1) The total number of students receiving loans;
8 (2) The total amount of loans provided;
9 (3) The number of full-time and part-time students
10 receiving loans, reported by institution;
11 (4) The amount of funds awarded to students; and
12 (5) The total number of students who withdrew from the
13 program.

14 (b) The annual report shall be submitted to the governor
15 and the legislature not later than twenty days prior to the
16 convening of the regular session of 2009 and each regular
17 session thereafter."

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

21 **"§304A-F Rehabilitative and related services graduate**
22 **school loan program special fund.** There is established the



1 rehabilitative and related services graduate school loan program
 2 special fund, for the purpose of providing loans pursuant to
 3 section 304A-B. Appropriations made by the legislature, private
 4 contributions, repayment of loans, including interest and
 5 payments received on account of principal, and moneys from other
 6 sources may be deposited into the special fund; provided that:

- 7 (1) Moneys on balance in the special fund at the close of
 8 each fiscal year shall remain in the special fund and
 9 shall not lapse to the credit of the general fund; and
- 10 (2) An amount from the special fund not exceeding five per
 11 cent of the total amount of outstanding loans may be
 12 set by the center for disability studies to be used
 13 for administrative expenses incurred in administering
 14 the special fund."

15 SECTION 4. There is appropriated out of the general
 16 revenues of the State of Hawaii the sum of \$350,000 or so much
 17 thereof as may be necessary for fiscal year 2008-2009 to the
 18 rehabilitative and related services graduate school loan program
 19 special fund.

20 SECTION 5. There is appropriated out of the rehabilitative
 21 and related services graduate school loan program special fund
 22 of the State of Hawaii the sum of \$350,000 or so much thereof as



1 may be necessary for fiscal year 2008-2009 to the center for
2 disability studies of the University of Hawaii for the
3 administration of the rehabilitative and related services
4 graduate school loan program; provided that \$ shall be
5 allocated for the costs of administering the program, including
6 the hiring of additional support staff, as necessary.

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

9 SECTION 6. In codifying the new sections added by sections
10 2 and 3 of this Act, the revisor of statutes shall substitute
11 appropriate section numbers for the letters used in designating
12 the new sections in this Act.

13 SECTION 7. New statutory material is underscored.

14 SECTION 8. This Act shall take effect on July 1, 2008, and
15 shall be repealed on June 30, 2013.



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 who agree to work in Hawaii for a specified number of years after completion of their graduate program. (SD1)

