

JAN 22 2008

A BILL FOR AN ACT

RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

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

1 SECTION 1. Section 304A-701, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§304A-701 Hawaii educator loans; eligibility; amounts;**
4 **educator loan forgiveness program; repayment; collection.** (a)

5 There is created the Hawaii educator loan program to be
6 administered by the University of Hawaii, in partnership with a
7 financial institution whose operations are principally conducted
8 in Hawaii, to provide financial support to students and teachers
9 who complete [a] any state-approved teacher education program
10 recognized by the Hawaii teacher standards board and who agree
11 to teach as a full-time teacher for a period of [~~time to be~~
12 ~~determined by the university prior to the award of a loan,~~] six
13 consecutive years from the loan recipient's original date of
14 employment with the department of education, or a Hawaii charter
15 school, in[+

16 ~~(1) The Hawaii public school system in a hard to fill~~
17 ~~position including special education, regular~~

1 ~~education shortage categories, or Title 1 schools, and~~
2 ~~in one of the following capacities:~~

3 ~~(A) As an elementary school teacher teaching in the~~
4 ~~field of elementary education who has met~~
5 ~~standards as set forth by the Hawaii teacher~~
6 ~~standards board; or~~

7 ~~(B) As a secondary school teacher teaching in the~~
8 ~~subject area that is relevant to the loan~~
9 ~~recipient's academic major as certified by the~~
10 ~~department of education who has met standards as~~
11 ~~set forth by the Hawaii teacher standards board;~~
12 ~~or~~

13 ~~(2) At a school located in a rural area in the State, as~~
14 ~~determined by the superintendent of education.]~~

15 shortage and difficult to fill school-level
16 instructional teaching positions as determined by the
17 superintendent of education or the executive director
18 of the charter school administrative office, and in
19 one of the following capacities:

20 (1) As an elementary school teacher teaching in the field
21 of education who has met standards as set forth by the
22 Hawaii teacher standards board; or

1 (2) As a secondary school teacher teaching in the subject
2 area that is relevant to the loan recipient's academic
3 major as certified by the department of education who
4 has met the standards as set forth by the Hawaii
5 teacher standards board.

6 Eligibility shall be determined by the university on a
7 competitive basis. The amount to be loaned to [~~a student~~] an
8 applicant shall be determined by the board of regents and the
9 financial institution with whom the university partners to
10 administer this program based on need for financial aid and
11 proof of acceptance into [a] any state-approved teacher
12 education program [~~at the university.~~] recognized by the Hawaii
13 teacher standards board. The maximum amount of loans that [a
14 ~~student~~] an applicant may receive under this program shall be an
15 aggregate amount equivalent to tuition payments and costs of
16 textbooks and other instructional materials necessary to
17 complete [a] the state-approved teacher education program[~~-~~]
18 chosen by the applicant.

19 (b) All loans made under this subpart shall bear interest
20 at five per cent simple interest. Repayment of principal and
21 interest charges shall commence one year after graduation or
22 three months after a loan recipient ceases to be enrolled in a

1 state-approved teacher education program and shall be paid in
2 periodic installments within a [~~seven-year~~] six-year period.
3 The university may charge late fees and all other reasonable
4 costs for the collection of delinquent loans.

5 (c) The university shall adopt rules to implement the
6 educator loan program. The rules shall be adopted pursuant to
7 chapter 91, but shall be exempt from the public notice and
8 public hearing requirements.

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

11 (e) Upon a showing of proof that the loan recipient has
12 completed a state-approved teacher education program and for
13 each year that the loan award recipient teaches in the Hawaii
14 public school system including any Hawaii charter school
15 pursuant to subsection (a)(1) or (2), loan forgiveness shall be
16 provided to the recipient as follows:

17 (1) Ten per cent of the total amount of the loan award and
18 interest shall be waived every year for the first five
19 years of repayment; and

20 (2) [~~Twenty-five~~] Fifty per cent of the total amount of
21 the loan award and interest shall be waived [~~every~~

1 ~~year for the sixth and seventh years of repayment.] in~~
2 the sixth year.

3 (f) If a loan recipient who is a graduate of a state-
4 approved teacher education program subject to this section and
5 teaching pursuant to subsection (a) fails to teach in the Hawaii
6 public school system for the minimum [~~number of years, as~~
7 ~~determined by the university prior to the loan, from the~~
8 ~~recipient's original date of employment with the department of~~
9 ~~education, excluding temporary leaves of absence,] six-year
10 commitment, then the recipient shall repay any remaining loan
11 balance at the rate of ten per cent simple interest.~~

12 (g) In accordance with chapter 103D, the university may
13 enter into written contracts with collection agencies for the
14 purpose of collecting delinquent loans. All payments collected,
15 exclusive of a collection agency's commissions, shall revert,
16 and be credited, to the Hawaii educator loan program special
17 fund. A collection agency that enters into a written contract
18 with the university for the collection of delinquent loans
19 pursuant to this section may collect a commission from the
20 debtor in accordance with the terms of, and up to the amounts
21 authorized in, the written contract."

S.B. NO. 3039

1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on July 1, 2008.

4
5 INTRODUCED BY: _____

6 BY REQUEST

Report Title:

Hawaii Educator Loan Program

Description:

Allows recipients of awards from the Hawaii Educator Loan Program to attend any university or college with a State-approved teacher education program and allows them to teach at traditional public or charter schools as a way to repay the loan.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

PURPOSE: To increase the number of qualified teachers in Hawaii's public schools by allowing recipients of assistance from the Hawaii educator loan program special fund to attend any Hawaii Teacher Standards Board State-approved teacher education program. The measure also allows recipients to teach in public schools and charter schools in shortage and difficult to fill school-level instructional teaching positions, and requires a six-year commitment to teach in the public or charter school.

MEANS: Amend section 304A-701, Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii educator loan program was established by Act 307 in 2001. The program received an initial start-up appropriation of \$100,000; subsequently, in 2006 the Legislature provided \$600,000 for the program and in 2007, \$250,000 was appropriated. This program provides the structure to offer financial assistance to individuals who desire to teach in public and charter schools in Hawaii but who lack the financial resources. The proposed amendments will allow recipients to use the financial assistance to attend any State-approved teacher education program recognized by the Hawaii Teacher Standards Board, and clarify that those who complete the program can teach at charter schools. This added flexibility would increase the pool of qualified teacher candidates for public and charter schools.

Impact on the public: Increased financial assistance and flexibility for individuals

who are interested in teaching in Hawaii public and charter schools.

Impact on the department and other agencies:
The Department of Education and the Charter School Administrative Office will work to identify shortage and difficult to fill school-level instructional positions.

GENERAL FUND:

None.

OTHER FUNDS:

None.

PPBS PROGRAM

DESIGNATION:

UOH 100.

OTHER AFFECTED

AGENCIES:

Hawaii Charter School Administrative Office,
University of Hawaii, Department of
Education.

EFFECTIVE DATE:

July 1, 2008.