

JAN 19 2007

S.B. NO. *746*

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. In 2001, the Hawaii educator loan program and
2 special fund were established to recruit college students to
3 become educators and to ensure that these graduates teach in our
4 public schools. Although the program has proven to be
5 successful, the State is still experiencing a teacher shortage.
6 In particular, areas that are in the most need of qualified
7 teachers are the neighbor islands.

8 The legislature finds that attracting qualified teachers to
9 neighbor island schools could be accomplished by offering
10 similar programs to assist qualified educators with their
11 financial burdens and thus, may reduce the teacher shortage in
12 those high demand areas.

13 The purpose of this Act is to establish an educator loan
14 forgiveness program in the department of education to recruit
15 qualified teachers to neighbor island public schools.

16 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:



1 "§302A- Educator loan forgiveness program; special fund.

2 (a) There is created the educator loan forgiveness program to
3 be administered by the department of education, for the purpose
4 of providing financial support to teachers who complete a state-
5 approved teacher education program and who agree to teach in the
6 Hawaii public school system at a site in the county of Hawaii,
7 Kauai, or Maui for a period of time to be determined prior to
8 each award. Eligibility shall be determined by the department
9 on a competitive basis. The amount awarded to a teacher shall
10 be determined by the department based on need for financial aid
11 and proof of a state-approved teacher education degree. The
12 maximum amount that a teacher may receive under this program
13 shall be an aggregate amount equivalent to tuition payments and
14 costs of textbooks and other instructional materials necessary
15 to complete a state-approved teacher education program.

16 (b) There is created in the treasury of the State the
17 educator loan forgiveness program special fund, for the purpose
18 of providing funds pursuant to subsection (a). The following
19 may be deposited into the special fund: appropriations made by
20 the legislature; private contributions; repayment of loans,
21 including interest and payments received on account of



1 principal; moneys received from collection agencies under
2 subsection (f); and moneys from other sources; provided that:

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

6 (2) An amount from the special fund not exceeding five per
7 cent of the total amount of the special fund may be
8 set by the department to be used for administrative
9 expenses incurred in administering the special fund.

10 (c) The department shall adopt rules to implement the
11 educator loan forgiveness program. The rules shall be adopted
12 pursuant to chapter 91 but shall be exempt from the public
13 notice and public hearing requirements.

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

16 (e) If a recipient subject to this section fails to teach
17 in the Hawaii public school system for a minimum number of
18 years, as determined by the department prior to the award, from
19 the recipient's original date of employment with the department
20 of education, excluding sabbatical and other forms of temporary
21 leaves of absence, then the recipient shall repay any remaining
22 loan balance.



1 (f) In accordance with chapter 103D, the department may
 2 enter into written contracts with collection agencies for the
 3 purpose of collecting delinquent loans. All payments collected,
 4 exclusive of a collection agency's commissions, shall revert,
 5 and be credited, to the loan fund. A collection agency that
 6 enters into a written contract with the department of education
 7 for the collection of delinquent loans pursuant to this section
 8 may collect a commission from the debtor in accordance with the
 9 terms of, and up to the amounts authorized in, the written
 10 contract."

11 SECTION 3. There is appropriated out of the general
 12 revenues of the State of Hawaii the sum of \$250,000, or so much
 13 thereof as may be necessary for fiscal year 2007-2008, and the
 14 same sum, or so much thereof as may be necessary for fiscal year
 15 2008-2009, for the educator loan forgiveness program.

16 The sums appropriated shall be expended by the department
 17 of education for the purposes of this Act.

18 SECTION 4. New statutory material is underscored.

19 SECTION 5. This Act shall take effect upon its approval;
 20 provided that section 3 shall be effective on July 1, 2007.

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INTRODUCED BY:

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Stephanne Chun Oakland

Rosalee de Bala



[Signature]

Report Title:

Teacher Education; Student Loan Forgiveness; Appropriation

Description:

Allows certain teacher loans to be forgiven after employment at a neighbor island public school for a specified number of years as determined by the department. Appropriates funds.

