

STAND. COM. REP. NO.

1228

Honolulu, Hawaii

MAR 29 2017

RE: S.C.R. No. 139
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.C.R. No. 139 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE UNIVERSITY OF
HAWAII AT MANOA TO ADOPT A BUDGET MODEL THAT ALLOCATES
RESOURCES ACCORDING TO A TRANSPARENT AND EQUITABLE FORMULA,"

begs leave to report as follows:

The purpose and intent of this measure is to address a
disparity in the allocation of funds between the Colleges of Arts
and Sciences and other colleges of the University of Hawaii by
requesting that the University of Hawaii at Manoa adopt a budget
model that allocates resources according to a transparent and
equitable formula.

Your Committee received testimony in support of this measure
from the Graduate Student Organization at the University of Hawai'i
at Mānoa, Associated Students of the University of Hawai'i at
Mānoa, and seven individuals. Your Committee received testimony
in opposition to this measure from the University of Hawai'i
System.

While your Committee is in strong support of this measure and
a more equitable allocation of resources at the University of
Hawaii at Manoa, your Committee finds that S.R. No. 60 (Regular
Session 2017) was passed by your Committee to address the
budgetary inequities at the University, and your Committee has



decided to utilize this measure to respond to recent action taken by the federal Administration related to the collection of fees charged by student loan guaranty agencies when individuals default on their student loans.

Your Committee finds that on July 10, 2015, the United States Department of Education issued policy guidance clarifying that borrowers of defaulted student loans made under the Federal Family Education Loan Program were protected from a sixteen percent collection fee on their unpaid principal and interest, if they entered rehabilitation within sixty days of being contacted by their guaranty agencies. Your Committee further finds that on March 16, 2017, President Donald Trump's Administration revoked the federal guidance issued by President Obama that barred student debt collectors from charging high fees on past-due loans, making individuals who default on Federal Family Education Loan Program loans once again susceptible to a sixteen percent collection fee on their unpaid principal and interest, even if they enter rehabilitation within sixty days of being contacted by their guaranty agencies.

Your Committee notes that the recent memo by the Trump Administration could impact nearly 7,000,000 people with \$162,000,000,000 in Federal Family Education Program Loans held by guaranty agencies. Your Committee is concerned about the student loan default crisis that exists nationwide, and recent action taken by President Donald Trump's administration that fails to protect certain individuals with student loans from steep and unnecessary collection fees.

Accordingly, your Committee has amended this measure by deleting its contents and inserting language to:

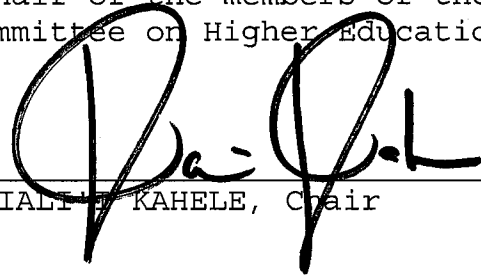
- (1) Provide a history of the situation that preceded the Dear Colleague Letter GEN 17-02 issued on March 16, 2017, by the United States Department of Education;
- (2) Urge the President of the United States and United States Department of Education to reconsider the letter and reinstate previous guidance that prohibited student loan guaranty agencies from imposing collection fees on borrowers in default who promptly enter rehabilitation agreements;



- (3) Request the Secretary of Education and Trump Administration to support legislation or take administrative action that would allow borrowers in default a chance to rehabilitate their loans and successfully repay student debt without being charged steep collection fees by guaranty agencies;
- (4) Amend its title accordingly; and
- (5) Make technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 139, as amended herein, and recommends that it be referred to your Committee on Ways and Means, in the form attached hereto as S.C.R. No. 139, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



KAIULANI KAHELE, Chair



