

ACT 237

S.B NO. 2420

A Bill for an Act Relating to Technology.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that in the last fifteen years a “New Economy” has emerged in the United States. This change has fundamentally altered industrial and occupational order, introduced unprecedented levels of entrepreneurial dynamism and competition, as well as a dramatic trend toward globalization. This “New Economy” has been spurred by advances in technologies and has effectively restructured the way businesses operate in today’s marketplace.

The legislature further finds that a recent report, “The State New Economy Index, Benchmarking Economic Transformations in the States,” by the Progressive Policy Institute, has begun to assess how the fifty states have responded to—and encouraged—these fundamental changes. In this report, Hawaii has attained an overall rank of twenty-six among the fifty states. While Hawaii does well in some areas—foreign direct investment, workforce education, and education technology in the schools—it ranks poorly in a number of critical areas, particularly new business start-ups and high technology jobs.

The legislature believes that if Hawaii’s businesses and residents are to compete successfully in this “New Economy,” the State must encourage and support growth in technology. Currently, there is a demand for highly trained technology workers. For example, CISCO Networking Systems urgently needs a highly skilled workforce and is committing substantial energies toward training and developing technology workers. It has helped prepare over 70,000 students worldwide during the past three years in its networking academies; of these, just 684 students are from Hawaii.

The purpose of this Act is to establish a new economy technology scholarship program on a pilot basis to create a sustained pool of highly trained technology workers, in the shortest time possible, to improve this State’s ability to attract and retain business. Further, this Act is intended to encourage Hawaii students to pursue higher education and training in science and technology fields that are essential to economic development in this State.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER
NEW ECONOMY TECHNOLOGY SCHOLAR PROGRAM**

§ -1 **Short title.** This chapter shall be known and may be cited as the New Economy Technology Scholarship Act.

§ -2 **Definitions.** As used in this chapter, unless the context otherwise requires:

“Approved course of study” means a program or curriculum offered by an approved post-secondary educational institution that provides instruction in science, technology, and related fields, and that is on the list of approved courses of study established by the department in -3(c).

“Approved educational institution” means a public or private post-secondary educational institution located in this State that has been accredited by a nationally recognized accrediting agency that is listed by the United States Secretary of Education, or vendor educational programs provided by vendor certified training organizations.

“Department” means the department of business, economic development, and tourism.

“Incumbent worker” means any person who has been a resident of this State for one year and who has been employed full-time in this State for a period of one year while pursuing an associate degree or its equivalent.

“Program” means the new economy technology scholarship program established under section -3.

“Student” means any individual domiciled in this State who attends or is about to attend a secondary school or post-secondary educational institution located in this State.

“Vendor educational programs” means those courses offered by technology businesses, resulting in a professional certification to provide services within that vendor’s business.

“Work requirement” means postgraduate, full-time employment with an employer located in this State in an occupation related to an approved course of study required under -3. The term does not include a paid student internship, a paid fellowship, volunteer service, or employment before graduation.

§ -3 New economy technology scholarship pilot program; establishment, administration. (a) There is established a five-year pilot program to be known as the new economy technology scholarship program to be placed in the department of business, economic development and tourism for administrative purposes.

(b) Under the parameters of the scholarship program, the department may provide scholarship grants to an eligible student who is a resident of this State upon confirmation from an approved educational institution that the student has been accepted for enrollment in an approved course of study. Scholarship grants shall only be for the amount set forth in sections -4(a) and -5(a) and shall only be used for tuition and mandatory fees.

(c) The department shall establish lists of approved courses of study for the various types of approved educational institutions to be addressed by the program. The lists shall be based on areas of business demand and expected contribution to economic development and shall be reviewed and updated on an annual basis.

(d) To receive a scholarship grant under this chapter, a student shall meet all of the following requirements:

- (1) Graduation from a high school in this State, or earned a general educational development (GED) diploma or the equivalent thereof;
- (2) Maintenance of domicile in Hawaii during the term of the scholarship grants;
- (3) Compliance with any conditions placed on the scholarship grant by the department;
- (4) For those attending a post-secondary education institution, maintenance of a grade point average of 3.0 or higher, on a scale of 4.0, or its equivalent, beginning with the first semester of the freshman year and through the term of the scholarship or in the last year of high school if the student is applying under section -4 or -5; or if enrolled in a vendor educational program maintenance of a passing rate in the program; and
- (5) Enter into a written agreement with the department to:
 - (A) Satisfy all degree, diploma, or certificate requirements and other requirements under this chapter;
 - (B) Commence employment in this State within one year after completion of an approved undergraduate degree or certificate program for a period of one year for each academic year the student received a scholarship grant under this chapter unless the department determines that there are extenuating circumstances; and
 - (C) Reimburse the State all amounts received under this chapter and interest thereon, as determined by the department, if the student fails to comply with subparagraphs (A) and (B).

(e) A student shall apply to the department for a scholarship grant as prescribed by the department, and include all information and documentation required by the department. The application of a student under eighteen years of age shall include the signature of a parent or guardian. The application shall include a

verified statement of grade point average from the appropriate approved educational institution.

(f) The work requirement under subsection (d)(5)(B)¹ shall begin after the receipt of bachelor's or associate's degree or other appropriate certificate from an approved educational institution.

(g) If a student terminates enrollment in the approved educational institution during the academic year or prior to completion of the approved course of study, the approved educational institution shall notify the department in writing and shall return all unused portions of the scholarship grant. Returned amounts shall be used to fund other scholarship grants under this chapter.

(h) A scholarship under this chapter is only transferrable to another approved educational institution if approved by the department.

(i) Grants awarded under the program shall be limited to funds appropriated for that purpose or funds otherwise matched by external entities. First priority for awarding grants shall be given to renewal applicants.

§ -4 Scholarships; bachelor's degree programs. (a) The department shall award a scholarship in an amount up to \$2,000 per academic year to a student enrolled full-time in an approved educational institution pursuing a bachelor's degree in an approved course of study.

(b) A grant shall be awarded beginning no earlier than the second academic year of enrollment in an approved educational institution. The grant shall be for a maximum of three academic years or for up to four academic years if the student is enrolled in an approved course of study that, according to the department, requires five academic years to complete. To qualify for renewals beyond three years, the student must be in compliance with the requirements of section -3(d) and the department must determine that the student is making satisfactory progress toward completing a degree.

(c) A student who accepts a grant under this section shall complete a college-approved or university-approved internship or work experience in a science, technology, or related field with an employer located in this State prior to receiving a bachelor's degree. The student shall comply with any conditions placed upon the internship by the department. Proof of completion of the internship or work experience requirements must be submitted to the department prior to graduation, unless otherwise authorized by the department.

§ -5 Scholarships; associate and certificate programs. (a) The department shall award a scholarship in an amount up to \$2,000 per academic year to a student enrolled full-time in an approved educational institution pursuing an associate's degree or a certificate provided by a vendor educational program, or in a degree-granting institution subject to chapter 446E in an academic program approved by the department. A student who is enrolled part time and is an incumbent worker pursuing an associate's degree, certification, or other specialized program approved by the department is eligible for a grant of twenty per cent tuition and mandatory fees.

(b) The grant shall be for a maximum of two academic years or for up to three academic years if the student is enrolled in an approved course of study that, according to the department, requires three academic years to complete. To qualify for a grant three times, the student must be in compliance with section -3(d), and the approved educational institution must determine that the student is making satisfactory progress toward completing an associate's degree or the requirements of the certificate program.

(c) The department may waive the one-year employment requirement for an incumbent worker for extenuating circumstances related to the student's employment within the last year.

§ -6 **Program administration.** (a) The department shall monitor and verify a student's fulfillment of all internship and work requirements under this chapter.

(b) The department may enter into a contract with a private or public entity to administer the program.

(c) The department shall enforce repayment of all scholarship grants for a student who does not comply with this chapter. Repayment shall include the use of all lawful collection procedures and the use of private collection agencies.

(d) Scholarship grants received by a student from the program shall not be considered taxable income under chapter 235.

(e) Scholarship grants received by a student from the program shall not be considered financial assistance or appropriations to the approved educational institution.

(f) No funds under this chapter shall be granted to a person enrolled in a customized job training partnership program or continuing education course from a post-secondary educational institution for which an employer is providing over fifty per cent of the financial support, directly or indirectly, and for which the student is not being charged tuition or fees.

(g) Any person who knowingly or intentionally procures, obtains, or aids another to procure or obtain a grant under this chapter through fraudulent means shall be disqualified from participation in the program and shall be liable to the department for an amount equal to three times the amount obtained.

(h) Any appeal under this chapter shall be subject to chapter 91.

(i) The department shall adopt rules under chapter 91 necessary to carry out the purposes of this chapter.

§ -7 **Annual report.** (a) The department shall publish a report by September 1, 2001, and every year thereafter. The report shall include information regarding the operation of the program to include:

- (1) The total number of students receiving scholarship grants;
 - (2) The total amount of scholarship funds awarded;
 - (3) The number of full-time and part-time students receiving scholarship grants attending four-year educational institutions, community colleges, independent two-year colleges, degree-granting institutions, vendor educational programs, and certificate programs reported by institution and category of institution;
 - (4) The amount of scholarship funds awarded to students attending four-year educational institutions, community colleges, independent two-year colleges, degree-granting institutions, vendor educational programs, and certificate programs reported by institution and category of institution; and
 - (5) The total number of students who withdraw from the program or internship or work requirements.
- (b) The annual report shall be submitted to the governor and the legislature.''

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2000-2001 to establish and implement the new economy technology scholar program.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2000, and shall be repealed on June 30, 2005.

(Approved June 19, 2000.)

Note

1. Subsection “(d)(5)(B)” substituted for “(e)(5)(B)”.