

**ACT 307**

H.B. NO. 1667

A Bill for an Act Relating to Student Loans for Teachers.

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

SECTION 1. The National Commission on Teaching and America's Future, a national organization with nineteen partner states, including Hawaii, is focused on improving student learning by ensuring that there is a caring, competent, and qualified teacher in every classroom.

Over the past year, with the lieutenant governor as its chairperson, the Hawaii Policy Group of the National Commission on Teaching and America's

Future, composed of a representative group of educational stakeholders, has collaborated on research-based recommendations to improve teaching in Hawaii.

One thing was clear, aside from home and societal factors, teacher quality is, without a question, the most influential factor in student achievement. Standards-based reform has a greater chance of success when teacher quality is addressed and given our highest priority. The legislature finds that teachers must have the resources and skills necessary to ensure that all students attain their full potential.

The major recommendations of this group encompass five key areas:

- (1) Establishing and implementing standards for students and teachers;
- (2) Ensuring teacher preparation and professional development;
- (3) Recruiting and placing qualified teachers in all classrooms;
- (4) Encouraging and rewarding teaching knowledge and skill; and
- (5) Creating schools that are organized for student and teacher success.

The purpose of this Act is to create the Hawaii educator loan program and special fund as a tool to recruit college students to become educators and to ensure that these graduates teach in our public schools.

SECTION 2. Chapter 304, Hawaii Revised Statutes, is amended by creating a new section to be appropriately designated and to read as follows:

**“§304- Hawaii educator loan program; special fund.** (a) There is created the Hawaii educator loan program to be administered by the University of Hawaii, for the purpose of providing financial support to students who complete a state-approved teacher education program and who agree to teach in the Hawaii public school system. Eligibility shall be awarded by the University of Hawaii to students on a competitive basis. The amount to be loaned to a student shall be determined by the board of regents based on need for financial aid and proof of acceptance into a state-approved teacher education program at the University of Hawaii. The maximum amount of loans that a student may receive under this program shall be an aggregate amount equivalent to tuition payments and costs of textbooks and other instructional materials necessary to complete a state-approved teacher education program.

(b) There is created in the treasury of the State, the Hawaii educator loan program special fund, for the purpose of providing loans pursuant to subsection (a). All loans made under this section shall bear interest at five per cent simple interest. Repayment of principal and interest charges shall commence one year after graduation or three months after a borrower ceases to be enrolled in the state-approved teacher education program and shall be paid in periodic installments within a ten-year period. The university may charge late fees and all other reasonable costs for the collection of delinquent loans. All interest and payments received on account of principal shall be credited to the special fund.

(c) Upon a showing of proof that the individual has completed a state-approved teacher education program and is employed as a full-time teacher in the Hawaii public school system, one-tenth of the total amount of the loan and interest shall be waived for every year that a loan recipient teaches in a Hawaii public school in a hard-to-fill position as determined by the superintendent of education, including special education, regular education shortage categories, or Title 1 schools, and in one of the following capacities:

- (1) As an elementary school teacher teaching in the field of elementary education who has met standards as set forth by the Hawaii teacher standards board; or
- (2) As a secondary school teacher teaching in the subject area that is relevant to the loan recipient’s academic major as certified by the

department of education who has met standards as set forth by the Hawaii teacher standards board.

Liability for repayment of a loan shall be canceled upon the death or permanent total disability of the borrower.

(d) If a loan recipient subject to this section fails to teach in the Hawaii public school system for a minimum of ten consecutive years from the loan recipient's original date of employment with the department of education, excluding sabbatical and other forms of temporary leaves of absence, then the loan recipient shall repay any remaining loan balance at the rate of ten per cent simple interest.

(e) In accordance with chapter 103D, the university may enter into written contracts with collection agencies for the purpose of collecting delinquent student loans. All payments collected, exclusive of a collection agency's commissions, shall revert, and be credited, to the loan fund. A collection agency that enters into a written contract with the University of Hawaii for the collection of delinquent student loans pursuant to this section, may collect a commission from the debtor in accordance with the terms of, and up to the amounts authorized in, the written contract."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2001-2002 for student loans under the Hawaii educator loan program to be deposited to the credit of the Hawaii educator loan program special fund.

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

SECTION 4. New statutory material is underscored.<sup>1</sup>

SECTION 5. This Act shall take effect on July 1, 2001.

(Approved July 2, 2001.)

**Note**

1. Edited pursuant to HRS §23G-16.5.