

**ACT 257**

S.B. NO. 3120

A Bill for an Act Relating to the University of Hawaii.

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

SECTION 1. The legislature recognizes that, according to the national center for public policy and higher education, net college costs for low- and middle-income students to attend Hawaii's public four-year colleges and universities represent a

third of their families' annual income. In 2004, the national non-profit independent organization gave Hawaii a "D" for affordability. The organization also noted that "over the past few years, Hawaii has had among the steepest declines in the nation in the percentage of first-time, full-time college students earning their bachelor's degree within six years of enrolling in college."

During the 2005 legislative session, recognizing the need to provide financial support to Hawaii's residents in attaining a post secondary degree, the legislature appropriated \$1,500,000 in general funds for the fiscal biennium 2005-2007 to provide merit-based scholarships for Hawaii's low-income public school graduates wishing to attend the University of Hawaii. Despite this appropriation, the legislature finds that the increases in the tuition and fee schedule, which take effect in the fall of 2006, will continue to make it difficult for Hawaii's residents to attend the university. The legislature also finds that the initial appropriation of \$1,500,000 is not sufficient to enroll a significant proportion of the estimated number of eligible applicants.

Given the State's current financial surplus, and based on input from the university, the purpose of this Act is to encourage Hawaii residents to pursue post secondary school education by:

- (1) Amending section 57 of Act 178, Session Laws of Hawaii 2005, to clarify the financial eligibility guidelines;
- (2) Establishing a workforce development scholarship program at the community colleges based on need;
- (3) Establishing the Hawaii state scholars program; and
- (4) Placing funds for all scholarship programs in a separate account in the student scholarship and assistance special fund.

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

**“§304- Hawaii state scholars program.** (a) There is established the Hawaii state scholars program to be administered by the University of Hawaii. This program shall be used to provide financial assistance in the form of scholarships for up to four years to any qualified student enrolled at any campus of the University of Hawaii with the possibility of renewal for a fifth year in exceptional circumstances.

(b) Appropriations for the state scholars program shall be deposited into the University of Hawaii student scholarship and assistance special fund established pursuant to section 304-16.6. The number of scholarships awarded and amount of each scholarship shall be determined by the university subject to the availability of funds.

The University of Hawaii shall offer scholarships to pay for educational costs, such as tuition, fees, books, housing, and other educational costs; provided that the scholarship applicant:

- (1) Is a bona fide resident of the State, for tuition purposes, at the time of admission to the university;
- (2) Presents evidence of academic excellence by meeting one or more of the following:
  - (A) Graduation from a public or private high school in the State as a valedictorian of the applicant's class;
  - (B) Has a cumulative high school grade point average of 4.0 as determined for admission to the university; or
  - (C) Has achieved a test score on a standardized college admission test recognized and accepted by the university for admission consideration, such as SAT or ACT, that places the student among the top ten percentile of students taking the test nationwide;

- (3) Enrolls at a University of Hawaii system campus within eighteen months of graduating from high school; and
- (4) Maintains satisfactory progress toward degree completion and a cumulative 3.0 grade point average.”

SECTION 3. Chapter 305, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§305- **Workforce development scholarship program.** (a) There is established the workforce development scholarship program to be administered by the University of Hawaii to address projected shortfalls in and needs of the workforce. The program shall be used to provide financial assistance for up to three years to any qualified student enrolled at a community college campus of the University of Hawaii.

(b) The number of scholarships awarded and the amount of each scholarship shall be determined by the university and shall be subject to the availability of funds. The University of Hawaii shall offer scholarships to pay for educational costs, such as tuition, fees, books, housing, and other educational costs; provided that the scholarship applicant:

- (1) Qualifies for Hawaii resident tuition;
- (2) Earned a high school diploma or passed the general educational development test; and
- (3) Is eligible for need-based aid according to federal financial aid guidelines.

The scholarship may be renewed annually for up to three years; provided that the student maintains satisfactory academic progress.”

SECTION 4. Section 304-16.6, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Revenues deposited into this fund shall include but not be limited to state, federal, and private funds, [and] funds transferred by the university from the tuition and fees special fund pursuant to section 304-16.5[;], and appropriations for the state scholars program; provided that state funds appropriated for any scholarship program, including but not limited to the B Plus scholarship program, the Hawaii state scholars program, and the workforce development scholarship program, shall be kept in a separate and distinct account.”

SECTION 5. Act 178, Session Laws of Hawaii 2005, is amended by amending section 57 to read as follows:

“SECTION 57. Provided that of the general fund appropriation for the University<sup>1</sup> of Hawaii systemwide (UOH 900), the sum of \$500,000 or so much thereof as may be necessary for fiscal year 2005-2006[;], and the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2006-2007[;]; provided further that the amounts shall be used to fund the [B-Plus-Scholarship] B Plus scholarship program; provided further that the university shall offer [full] scholarships to any Hawaii resident [applying to] who:

- (1) Enrolls in any campus within the university system [provided that the individual has];
- (2) Has graduated from a Hawaii public high school with a cumulative grade point average of 3.0 or better; and [is considered low income according to the state of Hawaii department of education's guidelines for students qualifying for the free and reduced lunch program.]

(3) Is eligible for need-based financial aid based on federal financial aid guidelines; and provided further that the scholarship may be renewed annually if the student maintains satisfactory academic progress and continues to meet financial aid guidelines.’’

SECTION 6. The university of Hawaii shall transfer the sum of \$500,000, or so much thereof as may be necessary for fiscal year 2006-2007, from the University of Hawaii tuition and fees special fund for deposit into the student scholarship and assistance special fund for the purposes of funding the workforce development scholarship program.

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

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>2</sup>

SECTION 8. This Act shall take effect on July 1, 2006.

(Approved June 30, 2006.)

**Notes**

1. Prior to amendment “university” appeared here.
2. Edited pursuant to HRS §23G-16.5.