H.B. NO. 3117

A BILL FOR AN ACT

RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

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

SECTION 1. Section 304A-701, Hawaii Revised Statutes, is amended to read as follows:

"**§304A-701 Hawaii educator loans; eligibility; amounts; educator loan forgiveness program; repayment; collection.** (a) There is created the Hawaii educator loan program to be administered by the University of Hawaii, in partnership with a financial institution whose operations are principally conducted in Hawaii, to provide financial support to students and teachers who complete [~~a~~] <u>any</u> state-approved teacher education program <u>recognized by the Hawaii teacher standards board</u> and who agree to teach as a full-time teacher for a period of [~~time to be determined by the university prior to the award of a loan,~~] <u>six consecutive years from the loan recipient's original date of employment with the department of education, or a Hawaii charter school,</u> in[~~:~~

~~(1) The Hawaii public school system in a hard-to-fill position including special education, regular~~

~~education shortage categories, or Title 1 schools, and in one of the following capacities:~~

~~(A) 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~~

~~(B) 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; or~~

~~(2) At a school located in a rural area in the State, as determined by the superintendent of education.~~]

shortage and difficult to fill school-level instructional teaching positions as determined by the superintendent of education or the executive director of the charter school administrative office, and in one of the following capacities:

(1) As an elementary school teacher teaching in the field of 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 the standards as set forth by the Hawaii teacher standards board.

Eligibility shall be determined by the university on a competitive basis. The amount to be loaned to [~~a student~~] an applicant shall be determined by the board of regents and the financial institution with whom the university partners to administer this program based on need for financial aid and proof of acceptance into [~~a~~] any state-approved teacher education program [~~at the university.~~] recognized by the Hawaii teacher standards board. The maximum amount of loans that [~~a student~~] an applicant 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~~] the state-approved teacher education program[~~.~~] chosen by the applicant.

(b) All loans made under this subpart 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 loan recipient ceases to be enrolled in a

state-approved teacher education program and shall be paid in periodic installments within a [~~seven-year~~] six-year period. The university may charge late fees and all other reasonable costs for the collection of delinquent loans.

(c) The university shall adopt rules to implement the educator loan program. The rules shall be adopted pursuant to chapter 91, but shall be exempt from the public notice and public hearing requirements.

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

(e) Upon a showing of proof that the loan recipient has completed a state-approved teacher education program and for each year that the loan award recipient teaches in the Hawaii public school system including any Hawaii charter school pursuant to subsection (a)(1) or (2), loan forgiveness shall be provided to the recipient as follows:

(1) Ten per cent of the total amount of the loan award and interest shall be waived every year for the first five years of repayment; and

(2) [~~Twenty-five~~] Fifty per cent of the total amount of the loan award and interest shall be waived [~~every~~

~~year for the sixth and seventh years of repayment.~~] in the sixth year.

(f) If a loan recipient who is a graduate of a state-approved teacher education program subject to this section and teaching pursuant to subsection (a) fails to teach in the Hawaii public school system for the minimum [~~number of years, as determined by the university prior to the loan, from the recipient's original date of employment with the department of education, excluding temporary leaves of absence,~~] six-year commitment, then the recipient shall repay any remaining loan balance at the rate of ten per cent simple interest.

(g) In accordance with chapter 103D, the university may enter into written contracts with collection agencies for the purpose of collecting delinquent loans. All payments collected, exclusive of a collection agency's commissions, shall revert, and be credited, to the Hawaii educator loan program special fund. A collection agency that enters into a written contract with the university for the collection of delinquent 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 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2008.

INTRODUCED BY: Calvin K.Y. Say

BY REQUEST

JAN 22 2008

H.B. NO. 3117

Report Title:
Hawaii Educator Loan Program

Description:
Allows recipients of awards from the Hawaii Educator Loan Program to attend any university or college with a State-approved teacher education program and allows them to teach at traditional public or charter schools as a way to repay the loan.

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JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EDUCATOR LOAN PROGRAM.

PURPOSE: To increase the number of qualified teachers in Hawaii's public schools by allowing recipients of assistance from the Hawaii educator loan program special fund to attend any Hawaii Teacher Standards Board State-approved teacher education program. The measure also allows recipients to teach in public schools and charter schools in shortage and difficult to fill school-level instructional teaching positions, and requires a six-year commitment to teach in the public or charter school.

MEANS: Amend section 304A-701, Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii educator loan program was established by Act 307 in 2001. The program received an initial start-up appropriation of $100,000; subsequently, in 2006 the Legislature provided $600,000 for the program and in 2007, $250,000 was appropriated. This program provides the structure to offer financial assistance to individuals who desire to teach in public and charter schools in Hawaii but who lack the financial resources. The proposed amendments will allow recipients to use the financial assistance to attend any State-approved teacher education program recognized by the Hawaii Teacher Standards Board, and clarify that those who complete the program can teach at charter schools. This added flexibility would increase the pool of qualified teacher candidates for public and charter schools.

Impact on the public: Increased financial assistance and flexibility for individuals

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who are interested in teaching in Hawaii public and charter schools.

Impact on the department and other agencies: The Department of Education and the Charter School Administrative Office will work to identify shortage and difficult to fill school-level instructional positions.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: UOH 100.

OTHER AFFECTED AGENCIES: Hawaii Charter School Administrative Office, University of Hawaii, Department of Education.

EFFECTIVE DATE: July 1, 2008.