A BILL FOR AN ACT

RELATING TO TEACHER LOANS.

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

SECTION 1. The legislature finds that providing a high-quality education to Hawaii's students allows future generations to succeed. However, the high cost of living in the State is a significant concern that contributes to the State's chronic teacher shortage. Teachers often incur higher expenses to purchase essential and additional classroom supplies, often with personal funds, to support their students. Additionally, as Hawaii's teachers are among the lowest paid in the United States when considering the cost of living, the department of education experiences persistent difficulties with teacher recruitment and retention.

The legislature further finds that recruiting teachers to fill vital positions in Hawaii's schools is extremely difficult. Due to the high cost of living in the State, acquiring housing can be a significant obstacle to accepting a position as a teacher. Additionally, the payroll lag that new state employees experience exasperates the difficulty in finding teachers to
fill these essential positions. A program that incentivizes
teachers to move to areas having hard-to-fill positions will
give the students of Hawaii's public schools a better
educational experience.

Accordingly, the purpose of this Act is to provide loans to
teachers who relocate to Hawaii or to a different complex area
in Hawaii and to forgive those loans if the teacher remains in
that teaching position for five years.

SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
amended by adding two new sections to part III, subpart C, to be
appropriately designated and to read as follows:

"§302A- Teacher loans; forgiveness. (a) There is
established the teacher loan program to be administered by the
department, in partnership with a financial institution whose
operations are principally conducted in Hawaii, to provide
financial support to teachers who agree to teach as a full-time
teacher for five years 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 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.

(b) Eligibility shall be determined by the department with priority for teachers who:

(1) Relocate to Hawaii to teach; or

(2) Accept a position at a school in a different complex area in Hawaii.

(c) Amounts to be loaned to each borrower shall be determined by the board of education and shall not exceed $5,000 per borrower.

(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 borrower has taught in the Hawaii public school system pursuant to subsection (a)(1) or (2) for five years, the loan shall be forgiven.

(f) If a borrower fails to teach in the Hawaii public school system for five years, then the borrower shall repay the loan at terms determined by the board; provided that the terms shall be disclosed before the loan is made, the interest rate shall not exceed ___ per cent, and the repayment term shall not exceed ___ years.

(g) In accordance with chapter 103D, the department 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 teacher loan program revolving fund. A collection agency that enters into a written contract with the department 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.

§302A—Teacher loan program revolving fund. There is established the teacher loan program revolving fund, for the
purpose of providing loans pursuant to section 302A-

Appropriations made by the legislature, private contributions,
repayment of loans, including interest and payments received on
account of principal, and moneys from other sources shall be
deposited into the revolving fund and shall be expended by the
department. An amount from the revolving fund not exceeding
five per cent of the total amount of outstanding loans may be
used by the department for administrative expenses incurred in
administering the revolving fund."

SECTION 3. There is appropriated out of the general
revenues of the State of Hawaii the sum of or so much
thereof as may be necessary for fiscal year 2023-2024 and the
same sum or so much thereof as may be necessary for fiscal year
2024-2025 for deposit into the teacher loan program revolving
fund.

SECTION 4. There is appropriated out of teacher loan
program revolving fund the sum of $ or so much thereof
as may be necessary for fiscal year 2023-2024 and the same sum
or so much thereof as may be necessary for fiscal year 2024-2025
for the teacher loan program.
The sums appropriated shall be expended by the department of education for the purposes of this Act.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2023.

INTRODUCED BY

JAN 24 2023
Report Title:
DOE; Teacher Loans; Loan Forgiveness; Teacher Incentives

Description:
Establishes a teacher loan program to encourage individuals to become teachers in hard-to-fill positions of Department of Education schools. Allows the loan to be forgiven after 5 years of teaching in a hard-to-fill position.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.