A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1	PART I
2	SECTION 1. In October 2010, the United States Department
3	of Education issued new regulations for programs authorized
4	under Title IV of the Higher Education Act of 1965, as amended,
5	to hold programs accountable for preparing students for gainful
6	employment, protect students from misleading recruiting
7	practices, ensure that only eligible students receive financial
8	aid, and strengthen federal student aid programs at for-profit,
9	non-profit, and public institutions. The regulations also
10	include requirements for state authorization of institutions
11	that offer educational programs beyond secondary education for
12	purposes of federal program eligibility. Federal expectations
13	have major implications for the State and post-secondary
14	institutions, as there is now a clear federal requirement that
15	post-secondary institutions receive authorization from the State
16	to operate.
17	The state post-secondary education commission, established
18	under section 304A-3151, Hawaii Revised Statutes, qualifies the
	SB46 HD2 HMS 2013-2907

- 1 State to receive funds made available under the Higher Education
- 2 Act of 1965, as amended, and may serve as the state agency for
- 3 the receipt of federal funds when necessary. However, the
- 4 commission does not authorize institutions to operate
- 5 educational programs beyond secondary education, as may be
- 6 required under new federal regulations. Further, the commission
- 7 is established under the University of Hawaii for administrative
- 8 purposes. The legislature finds that establishing a post-
- 9 secondary education authorization program under the department
- 10 of commerce and consumer affairs will result in a system of
- 11 authorization that is more appropriate to serve the diverse
- 12 institutions that operate educational programs beyond secondary
- 13 education in the State. In addition, the department of commerce
- 14 and consumer affairs is the most appropriate entity to deal with
- 15 consumer complaints by students at post-secondary institutions,
- 16 which is a crux of the federal requirements.
- 17 The State was unable to satisfy all of the requirements of
- 18 the Higher Education Act of 1965, as amended, relating to state
- 19 authorization by the July 1, 2011, deadline. However, the
- 20 United States Department of Education afforded states and
- 21 institutions the opportunity to receive an extension to July 1,
- 22 2013, for certain regulations. In the meantime, it is the

- 1 intent of the legislature to proactively seek solutions by
- 2 determining what actions and changes are required for the State
- 3 to come into compliance with the new regulations.
- 4 It is imperative that Hawaii not jeopardize the receipt of
- 5 federal funds under Title IV of the Higher Education Act of
- 6 1965, as amended. According to the auditor's 2012 Study of the
- 7 Higher Education Act, "[r]oughly 63,000 students in Hawaii
- 8 received more than \$283,000,000 in Title IV funds in F[iscal]
- 9 Y[ear] 2011 about \$4,500 per student."
- 10 Accordingly, the purpose of this Act is to bring Hawaii
- 11 into compliance with Title IV of the Higher Education Act of
- 12 1965, as amended, by establishing a post-secondary education
- 13 authorization program within the department of commerce and
- 14 consumer affairs and creating the framework for authorizing
- 15 private post-secondary educational institutions in the State.
- 16 PART II
- 17 SECTION 2. The Hawaii Revised Statutes is amended by
- 18 adding a new chapter to be appropriately designated and to read
- 19 as follows:

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2	POST-SECONDARY EDUCATION AUTHORIZATION
3	§ -1 Post-secondary education authorization program;
4	establishment. There is established a post-secondary education
5	authorization program within the department of commerce and
6	consumer affairs, to be administered by the director of commerce
7	and consumer affairs.
8	§ -2 Definitions. Whenever used in this chapter, unless
9	the context otherwise requires:
10	"Accredited" means the status of public recognition that a
11	nationally recognized accrediting agency grants to an
12	institution or educational program that meets the agency's
13	established requirements.
14	"Alternative enrollment" means the opportunity for a
15	student enrolled in a private college or university that ceases
16	operation to meet the student's educational objectives through
17	education provided by another authorized private college or
18	university, the University of Hawaii system, an area vocational
19	school, or any other educational arrangement acceptable to the
20	director.
21	"Authorization" means the authorization granted to a
22	private college, university, seminary, or religious training
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"CHAPTER

- 1 institution as provided in this chapter and any applicable rules
- 2 and policies. Authorization is not an endorsement by the
- 3 department.
- 4 "Degree" means a statement, diploma, certificate, or other
- 5 writing in any language that indicates or represents, or is
- 6 intended to indicate or represent, that the person named thereon
- 7 is learned in or has satisfactorily completed a prescribed
- 8 course of study in a particular field of endeavor or that the
- 9 person named thereon has demonstrated proficiency in a field of
- 10 endeavor as a result of formal preparation or training.
- 11 "Department" means the department of commerce and consumer
- 12 affairs.
- "Director" means the director of commerce and consumer
- 14 affairs.
- "Enrollment agreement" means the contract prepared by a
- 16 private college, university, seminary, or religious training
- 17 institution that a student signs to indicate agreement to the
- 18 terms of admission, delivery of instruction, and monetary terms
- 19 as outlined in the private college, university, seminary, or
- 20 religious training institution's student handbook or catalog.

- 1 "Governing board" means the elected or appointed group of
- 2 persons that oversees and controls a private college,
- 3 university, seminary, or religious training institution.
- 4 "Home state" means the state where the institution holds
- 5 its principal accreditation.
- 6 "Honorary degree" means a statement, diploma, certificate,
- 7 or other writing in any language that indicates or represents,
- 8 or that is intended to indicate or represent, that the person
- 9 named thereon is learned in a field of public service or has
- 10 performed outstanding public service or that the person named
- 11 thereon has demonstrated proficiency in a field of endeavor
- 12 without having completed formal courses of instruction or study
- 13 or formal preparation or training.
- 14 "Nationally recognized accrediting agency" means an agency
- 15 or association that the Secretary of the United States
- 16 Department of Education recognizes as a reliable authority to
- 17 determine the quality of education or training offered by an
- 18 institution.
- 19 "Out-of-state public institution" means an institution of
- 20 higher education that is established by a government entity in a
- 21 state other than Hawaii.
- 22 "Owner" means:

1	(1)	An individual, if a private for-profit college or
2		university is structured as a sole proprietorship;
3	(2)	Partners, if a private for-profit college or
4		university is structured as a partnership;
5	(3)	Members in a limited liability company, if a private
6		for-profit college or university is structured as a
7	·	limited liability company; and
8	(4)	Shareholders in a corporation that hold a controlling
9		interest, if a private for-profit college or
10	•	university is structured as a corporation.
11	"Phys	sical presence" means:
12	(1)	Having a physical location in the State where students
13		receive synchronous or asynchronous instruction; or
14	(2)	Establishing an administrative office in the State in
15		order to:
16		(A) Provide information to prospective students,
17		enrolling students, or the general public about
18		the institution;
19		(B) Provide services to enrolled students;
20		(C) Provide office space for instructional or non-
21		instructional staff; and

1	(D) Maintain an institutional mailing address, street
2	address, or phone number in the State.
3	"Private college or university" means a non-public post-
4	secondary education institution having a physical presence in
5	the State that enrolls students in an associate, baccalaureate,
6	or postgraduate degree program. For purposes of the
7	requirements of this chapter, an out-of-state public institution
8	shall be considered as a private college or university.
9	"Seminary" or "religious training institution" means a bona
10	fide religious post-secondary educational institution that has a
11	physical presence in the State, that is exempt from property
12	taxation under the laws of the State, and that offers
13	baccalaureate, master's, or doctoral degrees or diplomas.
14	"Unaccredited post-secondary educational institution" means
15	a degree granting institution that is not accredited or a
16	candidate for accreditation by at least one accrediting agency
17	recognized by the United States Department of Education.
18	"University of Hawaii system" means the post-secondary
19	educational institution, including all campuses and community
20	colleges, established and existing pursuant to article X,
21	costion 5 of the Hawaii state constitution and sharter 2017

1	S	-3 Applicability of chapter; exceptions. (a) This
2	chapter s	hall not apply to:
3	(1)	Schools or educational programs conducted by firms,
4		corporations, or persons for the training of their own
5		employees;
6	(2)	Apprentice or other training programs provided by
7		labor unions to union members or applicants for union
8		membership;
9	(3)	Schools or educational programs that provide courses
10		of instruction that do not lead to the conferring of a
11		degree;
12	(4)	Schools or educational programs that offer seminars,
13		refresher courses, and programs of instruction
14		sponsored by professional, business, or farming
15		organizations or associations for their members or the
16		employees of their members;
17	(5)	Schools or educational programs that offer courses of
18		instruction conducted by public school complex areas;
19	(6)	Schools, courses of instruction, or courses of
20		training that are offered by a vendor or the purchaser
21		or prospective purchaser of the vendor's product when
22		the objective of the school or course is to enable the

1	•	purchaser or the purchaser's employees to gain the
2		skills and knowledge necessary to use the product;
3	(7)	Schools and educational programs conducted by
4		religious entities that are owned, controlled,
5		operated, and maintained by a religious organization
6		lawfully operating as a nonprofit religious
7		corporation and awards only religious degrees or
8		certificates, including a certificate of Talmudic
9		studies, an associate of Biblical studies, a bachelor
10		of religious studies, a master of divinity, or a
11		doctor of divinity;
12	(8)	Non degree-granting post-secondary educational
13		institutions licensed by any state of Hawaii entity or
14		governed by any other chapter of the Hawaii Revised
15		Statutes;
16	(9)	Schools and educational programs that offer courses of
17		instruction exclusively through online and distance
18		education; and
19	(10)	Unaccredited post-secondary educational institutions
20		governed by chapter 446E.
21	(b)	Nothing in this subsection shall prohibit an entity
22	listed in	subsection (a) or section -4 from applying for

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- 1 authorization; provided that the entity shall meet the criteria
- 2 for and comply with all authorization requirements under this
- 3 chapter.
- 4 § -4 Authorization of the University of Hawaii system.
- 5 The University of Hawaii system, established as an educational
- 6 institution pursuant to Article X, section 5, of the Hawaii
- 7 state constitution, is hereby authorized by the State to provide
- 8 educational programs in and from this State. The University of
- 9 Hawaii system shall be subject to section -18. The
- 10 department may impose sanctions pursuant to section -12 on
- 11 the University of Hawaii in accordance with the requirements of
- 12 this chapter.
- 13 § -5 Powers and duties of the director. (a) The
- 14 director shall:
- 15 (1) Unless otherwise provided by law, adopt, amend, and
- repeal rules pursuant to chapter 91 to carry out the
- 17 purposes of this chapter;
- 18 (2) Adopt policies and procedures as necessary, without
- regard to chapter 91, for reauthorization pursuant to
- 20 section -11;

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1	(3)	Issue declaratory rulings or informal, non-binding
2		interpretations and conduct contested case proceedings
3		pursuant to chapter 91;
4	(4)	Grant, deny, confirm, forfeit, renew, reinstate, or
5		restore authorizations, including conditional,
6		probationary, or qualified authorizations;
7	(5)	Revoke, suspend, condition, or otherwise limit the
8		authorization of an institution for any violation of
9		this chapter, applicable rules, or the Higher
10		Education Act of 1965, as amended;
11	(6)	Establish requirements for authorization in accordance
12		with this chapter;
13	(7)	Investigate and conduct hearings regarding any
14		violation of this chapter, applicable rules, or the
15		Higher Education Act of 1965, as amended;
16	(8)	Create fact-finding committees, which may make
17		recommendations for consideration;
18	(9)	Contract with qualified persons, including
19		investigative and legal staff, who may be exempt from
20		chapter 76, to assist the director in exercising the
21		director's powers and duties;

Ţ	(10)	Subpoena witnesses and documents, administer oaths,
2		and receive affidavits and oral testimony, including
3		communications through electronic media;
4	(11)	Establish the types and amounts of fees that a private
5		college or university, seminary, or religious training
6		institution shall pay pursuant to section -19;
7	(12)	Establish policies to require authorized institutions,
8		upon request, to submit to the department, data that
9	·	is directly related to student enrollment and degree
10		completion and, if applicable, student financial aid
11		and educator preparation programs, which policies
12		shall include a determination as to whether data
13		received may be disclosed to the public;
14	(13)	Establish policies and procedures for the handling of
15	,	proprietary information;
16	(14)	Enter into any post-secondary education authorization
17		reciprocity agreement with other post-secondary
18		educational authorizers of schools whose home state is
19		not Hawaii; provided that the authorization standards
20		of the reciprocity agreement shall be substantially
21		comparable to or exceed the authorization requirements

1	of this chapter and applicable administrative rules;
2	and
3	(15) Do any and all things necessary or incidental to the
4	exercise of the director's powers and duties.
5	(b) The director may cooperate with the federal government
6	to qualify the State to receive funds made available under the
7	Higher Education Act of 1965, P.L. 89-329, as amended from time
8	to time, and in addition, the department may serve as the state
9	agency for the receipt of federal funds when federal legislation
10	dealing with higher education or post-secondary education
11	requires, as a condition of the receipt of federal funds, the
12	designation of a state agency that is broadly representative of
13	the general public and of post-secondary education in the State
14	and when agencies other than the department may not qualify.
15	(c) No funds appropriated by the legislature may be used
16	to aid a person attending an institution not owned or
17	exclusively controlled by the State or a department of the State
18	or to pay for any staff work distributing federal or private
19	funds to students attending such schools. The maximum amount of
20	any grant awarded under the Hawaii state incentive grant program
21	shall be equal to the maximum allowed by federal law.

1	(d)	The department, when appropriate and necessary, may be
2	assisted 1	by other state agencies, including but not limited to
3	the Unive	rsity of Hawaii system and the department of education.
4	(e)	The director, acting through the department of the
5	attorney	general, may proceed by injunction against any
6	violation	of this chapter, but an injunction proceeding or an
7	order iss	ued therein or as a result thereof shall not bar the
8	impositio	n of any other penalty for a violation of this chapter.
9	S	-6 Department's powers and authority. (a) The
10	departmen	t shall administer the provisions of this chapter and
11	any admin	istrative rules, policies, and procedures adopted by
12	the direc	tor.
13	(b)	To administer this chapter, the department shall:
14	(1)	Maintain a list of the private colleges or
15		universities, seminaries, and religious training
16		institutions that have been authorized and make the
17		list available to the public;
18	(2)	Maintain a list of the states with which the director
19	•	has entered into a post-secondary education
20		authorization reciprocity agreement and make the list
21		available to the public; and

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- (3) Receive, arbitrate, investigate, and process
 complaints.
- 3 (c) In conducting an investigation, the department may
- 4 physically inspect the private college or university, seminary,
- 5 or religious training institution's facilities and records, and
- 6 the institution shall have an affirmative duty to cooperate with
- 7 requests from the department for information regarding any
- 8 investigation or inspection.
- 9 (d) In administering its responsibilities, the department
- 10 may assess fees sufficient to provide for the self-sufficiency
- 11 of the program pursuant to section 26-9.
- 12 § -7 Awarding degrees. Notwithstanding any law to the
- 13 contrary, a person, partnership, corporation, company, society,
- 14 or association with a physical presence in the State shall not
- 15 award, bestow, confer, give, grant, convey, or sell to any other
- 16 person a degree or honorary degree upon which is inscribed, in
- 17 any language, the word "associate", "bachelor", "baccalaureate",
- 18 "master", or "doctor", or any abbreviation thereof, or offer
- 19 courses of instruction or credits purporting to lead to any such
- 20 degree, unless the person, partnership, corporation, company,
- 21 society, or association is:

(1)	A private college or university, seminary, or
	religious training institution that is authorized
	pursuant to this chapter;
(2)	A school or educational program conducted by a
	religious entity that is owned, controlled, operated,
	and maintained by a religious organization lawfully
	operating as a nonprofit religious corporation and
	awards only religious degrees or certificates,
	including a certificate of Talmudic studies, associate
	of Biblical studies, a bachelor of religious studies,
	a master of divinity, or a doctor of divinity;
(3)	An unaccredited post-secondary educational institution
	governed under chapter 446E; or
(4)	A part of the University of Hawaii system.
S	-8 Authorization to operate in the State; private
college o	r university. (a) To operate in the State, a private
college o	r university shall:
(1)	Be party to a reciprocity agreement to which the State
	is a member; or
(2)	Apply for, on a form prescribed by the department, and
	receive authorization from the director; provided that
	the private college or university meets the
	(2) (3) (4) S college of college

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1		requirements of section -15; provided further that
2		a private college or university shall apply for and
3		obtain a separate authorization for each campus,
4		branch, or site that is separately accredited. A
5		separate authorization shall not be required for
6		additional professional accreditations. A private,
7		nonprofit college or university shall submit
8		verification of its nonprofit status with its
9		application.
10	(b)	Upon receiving an application for authorization, the

- director shall review the application to determine whether the
 private college or university is institutionally accredited by a
 regional or national accrediting body recognized by the United
 States Department of Education. The director shall not approve
 an application from a private college or university that, in the
 two years preceding submission of the application, has:
 - Had its accreditation suspended or withdrawn;
- 18 (2) Been prohibited from operating in another state; or
- 19 (3) Substantially the same owners, governing board, or
 20 principal officers as a private college or university
 21 that has:
- (A) Had its accreditation suspended or withdrawn; or

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- 1 (B) Been prohibited from operating in another state.
- 2 (c) To operate in the State, a private college or
- 3 university shall be institutionally accredited on the basis of
- 4 an on-site review by a regional or national accrediting body
- 5 recognized by the United States Department of Education.
- 6 (d) A private college or university shall notify the
- 7 department within thirty days of any material information
- 8 related to an action by the institution's accrediting body
- 9 concerning the institution's accreditation status, including but
- 10 not limited to reaffirmation or loss of accreditation, approval
- 11 of a request for change, a campus evaluation visit, a focused
- 12 visit, or approval of additional locations. In addition, the
- 13 institution shall immediately notify the department if the
- 14 institution's accrediting body is no longer recognized by the
- 15 United States Department of Education.
- 16 (e) A private college or university under the jurisdiction
- 17 of the department shall notify the department at least one year
- 18 prior to ceasing operation in the State.
- 19 (f) A private college or university authorized pursuant to
- 20 this chapter shall pay any and all fees established pursuant to
- 21 section -19.

1	§ -9 Authorization to operate in the State; seminary or
2	religious training institutions. (a) To operate in the State,
3	a seminary or religious training institution shall:
4	(1) Be party to a reciprocity agreement to which the State
5	is a member; or
6	(2) Apply for, on a form prescribed by the department, and
7	receive authorization from the director; provided that
8	the institution shall establish that it qualifies as a
9	bona fide religious training institution and as an
10	institution of post-secondary education.
11	(b) Nothing in this section shall preclude a seminary or
12	religious training institution from seeking accreditation.
13	§ -10 Confirmation of authorization. Upon the request
14	of an institution to confirm authorization, the director shall
15	consider whether an authorization shall be issued. The director
16	shall issue written findings and, if appropriate, a certificate
17	of authorization. The certificate of authorization shall have
18	the effect of establishing that the institution is legally
19	authorized by the State, as contemplated by 34 Code of Federal
20	Regulations section 600.9.
21	§ -11 Reauthorization. (a) A private college or
22	university that is authorized pursuant to section -8 and

- 1 maintains its accreditation shall apply to the department for
- 2 reauthorization every two years. A private college or
- 3 university that has its accreditation reaffirmed without
- 4 sanction and continues to demonstrate its compliance with
- 5 section -15, shall otherwise be presumed to be qualified for
- 6 reauthorization under this chapter for a period of two years.
- 7 (b) A seminary or religious training institution
- 8 authorized pursuant to section -9 shall apply to the
- 9 department for reauthorization every two years. A seminary or
- 10 religious training institution that continues to meet the
- 11 authorization requirements of this chapter shall otherwise be
- 12 presumed to be qualified for reauthorization under this chapter
- 13 for a period of two years.
- 14 (c) Private colleges, universities, seminaries, and
- 15 religious training institutions applying for reauthorization
- 16 under this section shall pay the fees required pursuant to
- 17 section -19.
- 18 (d) If a private college or university, seminary, or
- 19 religious training institution cannot demonstrate that it meets
- 20 the authorization requirements of this chapter, the director
- 21 shall deny the application for reauthorization. The director
- 22 shall provide the private college, university, seminary, or

1	religious training institution with written notification of the
2	denial of the application for reauthorization and the basis for
3	the denial. If, within six months of receiving notice that its
4	application for reauthorization has been denied, the private
5	college or university, seminary, or religious training
6	institution corrects the action or condition upon which the
7	denial was based, it may reapply for reauthorization. If the
8	private college or university, seminary, or religious training
9	institution does not correct the action or condition upon which
10	the denial was based, it may submit a new application for
11	authorization pursuant to section -8 or -9, whichever is
12	applicable, once the action or condition has been corrected.
13	(e) If a private college or university is under a sanction
14	from its accrediting body at the time it submits its application
15	for reauthorization, the director may:
16	(1) Approve the private college or university's
17	reauthorization; or
18	(2) Grant probationary approval of the private college or
19	university's reauthorization; provided that if the

private college or university is granted probationary

reauthorization:

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1	(A)	The department shall provide the private college
2		or university with written notice of its
3		probationary status;
4	(B)	The private college or university shall reapply
5		for reauthorization on an annual basis until the
6		accrediting body lifts its sanction; and
7	(C)	The private college or university shall provide
8		the department with an annual report on its
9		progress toward removing the sanction.
10	§ -12	Grounds for refusal to reauthorize, reinstate, or
11	restore and fo	r revocation, suspension, probation, or denial;
12	condition of a	uthorization or sanctions. (a) In addition to
13	any other acts	or conditions provided by law, the director may
14	refuse to reau	thorize, reinstate or restore, or may deny,
15	revoke, suspen	d, or condition in any manner, including but not
16	limited to pla	cement on probation, any authorization for any one
17	or more of the	following acts or conditions on the part of the
18	institution or	applicant:
19	(1) Fail	ure to meet or maintain the conditions and
20	requ	irements necessary to qualify for or maintain an
21	auth	orization;

1	(2)	Engaging in false, fraudulent, or deceptive
2		advertising, or making untruthful or improbable
3		statements;
4	(3)	Procuring an authorization, reauthorization, or
5		certification through fraud, misrepresentation,
6		material omission, or deceit;
7	(4)	Misconduct, incompetence, gross negligence, or
8		manifest incapacity in the operation of the
9		institution;
10	(5)	Revocation, suspension, deauthorization, or other
11		disciplinary action by another state or federal agency
12		against an institution or applicant for any reason
13		provided by this chapter or rules adopted hereunder;
.14	(6)	Criminal conviction, whether by nolo contendere or
15		otherwise, of a penal crime directly related to the
16		qualifications, functions, or duties of the
17		institution or applicant in any jurisdiction in which
18		the institution operates;
19	(7)	Failure to report in writing to the department any
20		disciplinary decision issued against the institution
21		or the applicant in another jurisdiction within thirty
22		days of the disciplinary decision;

1	(8)	Failure to report in writing to the department any
2		change in accreditation status by any accrediting
3		agency; or
4	(9)	Violating any provision of this chapter or rules
5		adopted hereunder.
6	(b)	It shall be a violation of this chapter for a private
7	college o	r university, seminary, or religious training
8	instituti	on or its agent to:
9	(1)	Make or cause to be made any statement or
10		representation, oral, written, or visual, in
11		connection with the offering of educational services
12		if the private college or university, seminary, or
13		religious training institution or its agent knows or
14		reasonably should have known the statement or
15		representation to be false, inaccurate, or materially
16		misleading;
17	(2)	Falsely represent or deceptively conceal, directly or
18		by implication, through the use of a trade or business
19		name, the fact that the institution is a private
20		college or university, seminary, or religious training
21		institution;

1	(3)	Adopt	t a name, trade name, or trademark that represents
2		false	ely, directly or by implication, the quality,
3		scope	e, nature, size, or integrity of the private
4		colle	ege or university, seminary, or religious training
5		inst	itution or its educational services;
6	(4)	Inte	ntionally and materially represent falsely,
7		dire	ctly or by implication, that students who
8		succe	essfully complete a course or program of
9		inst	ruction may transfer the credits earned to any
10		inst	itution of higher education;
11	(5)	Inte	ntionally and materially represent falsely,
12		dire	ctly or by implication, in its promotional
13		mate	rials or in any other manner:
14		(A)	Its size, location, facilities, or equipment;
15		(B)	The number, educational experience, or
16			qualifications of its faculty;
17		(C)	The extent or nature of any approval received
18			from any state agency; or
19		(D)	The extent or nature of any accreditation
20			received from any accrediting agency, body, or
21			association;

1	(6)	Provide prospective students with testimonials,
2		endorsements, or other information that has the
3		tendency to mislead or deceive prospective students or
4		the public regarding its current practices;
5	(7)	Designate or refer to its sales representatives by
6		titles that imply that the sales representatives have
7		training in academic counseling or advising if they do
8		not; and
9	(8)	Represent, directly or by implication, that it is
10		authorized by the State or approved or accredited by
11		an accrediting agency or body when it has not been
12		authorized, approved, or accredited.
13	(c)	Any private college or university, seminary, or
14	religious	training institution or its agent that violates this
15	chapter ma	ay be subject to one or more of the following
16	sanctions	•
17	(1)	A fine equal to a sum of not less than \$500 or more
18		than \$10,000 for each violation. The penalties
19		provided in this subsection are cumulative to the
20		remedies or penalties available under all other laws
21		of this State. Each day that a violation occurs shall
22		be considered a separate violation;

1	(2)	An order directing corrective action on the part of	
2		the institution;	
3	(3)	An order of restitution to one or more affected	
4		students;	
5	(4)	Revocation, suspension, probation, or conditions on	
6		the institution's authorization;	
7	(5)	An order relating to cessation of operations or	
8		alternate enrollment; or	
9	(6)	The payment of costs of investigation and legal	
10		action, irrespective of the outcome.	
11	\$	-13 Requirements to maintain authorization. (a)	
12	Authoriza	tion by the director shall be conditioned on the	
13	maintenan	ce of national accreditation by the institution and	
14	complianc	e with section -15. Authorization shall be	
15	automatically suspended effective as of the date of the		
16	cancellat	ion or expiration of accreditation or the cancellation	
17	or expira	tion of the surety bond if a surety bond was filed with	
18	the depar	tment. The director shall not reinstate the affected	
19	instituti	on until satisfactory proof of compliance is submitted	
20	to the de	partment. Failure to reinstate a suspended	
21	authoriza	tion within sixty days of suspension shall result in	
22	the termination of the authorization, and the institution shall		
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- 1 forfeit all fees and shall be required to apply for
- 2 authorization as a new applicant.
- 3 (b) An institution's authorization shall be placed on
- 4 probationary status without further action by the department in
- 5 the event that:
- 6 (1) The institution is placed on probationary status by
- 7 its nationally recognized accrediting agency,
- 8 contemporaneous with the action of such agency;
- 9 (2) The institution's nationally recognized accrediting
- agency ceases to be recognized by the United States
- 11 Department of Education; or
- 12 (3) In the case of a seminary or religious training
- institution, the seminary or religious training
- 14 institution no longer meets the definition of such
- under this chapter.
- 16 (c) An institution may, within fifteen days of the receipt
- 17 of the notification of probation under this section, request an
- 18 administrative hearing for review pursuant to chapter 91.
- 19 (d) If an institution's authorization is revoked due to
- 20 the institution's loss of accreditation, the institution shall
- 21 provide written notice to all students within thirty days.

-	(0)	A private correge or university, seminary, or
2	religious	training institution that is authorized pursuant to
3	this chap	ter shall:
4	(1)	Not make or cause to be made any oral, written, or
5		visual statement or representation that violates
6		section -12(b);
7	(2)	Provide the department with a copy of its enrollment
8		agreement, if applicable, in accordance with its
9		reauthorization schedule;
10	(3)	Provide bona fide instruction, in accordance with the
11		standards and criteria set by its accrediting body;
12		and
13	(4)	If its ownership changes, provide the department with
14		any material information concerning the transaction at
15		least thirty days prior to the transaction.
16	S	-14 Deposit of records upon discontinuance. (a) If a
17	private co	ollege or university, seminary, or religious training
18	institutio	on under the jurisdiction of the department ceases
19	operating	within the State, the institution, its owner, or the
20	owner's de	esignee, and its governing board shall be jointly and
21	severally	liable to deposit with the department the

- 1 institution's educational records in a form to be prescribed by
- 2 the director.
- 3 (b) If the director determines that the records of a
- 4 private college or university, seminary, or religious training
- 5 institution that ceases operating within the State are in danger
- 6 of being destroyed, secreted, mislaid, or otherwise made
- 7 unavailable to the department, the director may seek a court
- 8 order authorizing the department to seize or take possession of
- 9 the records and seek additional relief as may be appropriate.
- 10 (c) The director or the department of the attorney general
- 11 may enforce this section by filing a request for an injunction
- 12 with a court of competent jurisdiction.
- 13 (d) The department shall permanently retain any student
- 14 transcripts received pursuant to this section. The department
- 15 shall retain any other records obtained pursuant to this section
- 16 for ten years; provided that after this period, the department
- 17 shall dispose of the records in a manner that will adequately
- 18 protect the privacy of any personal information included in the
- 19 records.
- 20 (e) For the purposes of this section, "private college or
- 21 university" shall not include public, out-of-state institutions.

S -	-15 Financial integrity; surety bond. (a) A private
college or	r university shall provide evidence of financial
integrity	at the time of its application for authorization. A
private co	ollege or university may demonstrate financial
integrity	by meeting the criteria specified in subsections (b),
(c), or (d	d).
(b)	A private college or university may demonstrate
financial	integrity if it:
(1)	Has been accredited for at least ten years by an
	accrediting agency that is recognized by the United
	States Department of Education;
(2)	Has operated continuously in the State for at least
	ten years;
(3)	Has not filed for bankruptcy protection pursuant to
	title 11 of the United States Code;
(4)	Maintains a composite score of at least 1.5 on its
	equity, primary reserve, and net income ratios, as
	required in title 34 Code of Federal Regulations
	section 668.172; and
(5)	Meets or exceeds the pro rata refund policies required
	by the United States Department of Education in title
	34 Code of Federal Regulations part 668; provided that
	college of integrity private college of integrity (c), or (c) (b) financial (1) (2)

1		if it does not participate in federal financial aid
2		programs, its refund and termination procedures shall
3		comply with the requirements of its accrediting body;
4	provided	that a private college or university is not required to
5	meet the	criteria specified in paragraphs (1) and (2) if the
6	private c	ollege or university is part of a group of private
7	colleges (or universities that is owned and operated by a common
8	owner and	the other private colleges and universities meet the
9	specified	criteria in paragraphs (1) and (2).
10	(c)	A private college or university may also demonstrate
11	financial	integrity if it:
12	(1)	Has received and maintains full accreditation without
13		sanction from an accrediting body that is recognized
14		by the United States Department of Education, and
15		which accrediting body requires the private college or
16		university to maintain a surety bond or an escrow
17		account or has affirmatively waived or otherwise
18		removed that requirement for the private college or
19		university;
20	(2)	Operates an instructional facility in the State;
21	(3)	Annually provides to the department audited financial
22		statements for the most recent fiscal year that

1		demonstrate that the private college or university
2		maintains positive equity and profitability;
3	(4)	Maintains a composite score of at least 1.5 on its
4		equity, primary reserve, and net income ratios, as
5		required in title 34 Code of Federal Regulations
6		section 668.172; and
7	(5)	Meets or exceeds the pro rata refund policies required
8		by the United States Department of Education in title
9		34 Code of Federal Regulations part 668; provided that
10		if it does not participate in federal financial aid
11		programs, its refund and termination procedures shall
12		comply with the requirements of its accrediting body.
13	(đ)	If a private college or university cannot demonstrate
14	financial	integrity as provided in subsections (b) and (c), the
15	private c	ollege or university shall file with the director a
16	surety bo	nd in favor of the State in an amount described under
17	subsection	n (f) prior to receiving authorization under this
18	chapter.	The surety bond shall be executed by the private
19	college o	r university as the principal by a surety company
20	authorize	d to do business in the State and shall run
21	concurren	tly with the authorization period and any period of

- 1 reauthorization, unless terminated or cancelled by the surety
- 2 company.
- 3 (e) The surety bond under subsection (d) shall be
- 4 conditioned to provide indemnification to any student or
- 5 enrollee, or to any parent or legal guardian of a student or
- 6 enrollee, who the director finds to have suffered a loss of
- 7 tuition or fees as a result of any act or practice that is a
- 8 violation of this chapter and to provide alternative enrollment
- 9 as provided in section -16 for students enrolled in a private
- 10 college or university that ceases operation.
- 11 (f) The amount of the surety bond that a private college
- 12 or university submits pursuant to subsection (d) shall be the
- 13 greater of \$5,000 or an amount equal to a reasonable estimate of
- 14 the maximum prepaid, unearned tuition and fees of the private
- 15 college or university, excluding prepaid tuition revenue that
- 16 consists of government grants or federal student loans and
- 17 grants authorized under title IV of the Higher Education Act of
- 18 1965, 20 United States Code 1070 et seq. for the period or term
- 19 during the applicable academic year for which programs of
- 20 instruction are offered, including but not limited to programs
- 21 offered on a semester, quarter, monthly, or class basis;
- 22 provided that the private college or university shall use the

- 1 period or term of greatest duration and expense in determining
- 2 this amount if its academic year consists of one or more periods
- 3 or terms. Following the initial filing of the surety bond with
- 4 the department, the private college or university shall
- 5 recalculate the amount of the surety bond annually based on a
- 6 reasonable estimate of the maximum prepaid, unearned tuition and
- 7 fees received by the institution for the applicable period or
- 8 term.
- 9 (g) The authorization for a private college or university
- 10 shall be suspended by operation of law when it is no longer
- 11 covered by a surety bond as required by this section. After
- 12 receipt of a notice of cancellation from the surety, the
- 13 department shall give written notice to the private college or
- 14 university at its last-known address, at least forty-five days
- 15 prior to the release of the surety bond, to the effect that the
- 16 private college or university's authorization is suspended by
- 17 operation of law until it files evidence of a surety bond in a
- 18 like amount as the surety bond being released.
- 19 (h) The principal on a surety bond filed under the
- 20 provisions of this section shall be released from the surety
- 21 bond after the principal serves written notice thereof to the
- 22 department at least sixty days prior to the release. The

- 1 release shall not discharge or otherwise affect a claim filed by
- 2 a student or enrollee or the student or enrollee's parent or
- 3 legal guardian pursuant to section -16 for a loss of tuition
- 4 or fees that occurred while the surety bond was in effect or
- 5 that occurred under any note or contract executed during any
- 6 period of time when the surety bond was in effect, except when
- 7 another surety bond is filed in a like amount and provides
- 8 indemnification for any such loss.
- 9 (i) Each private college or university that files a surety
- 10 bond pursuant to this section shall provide in a report to the
- 11 department annual verification of continued coverage as required
- 12 by this section no later than January 1 of each year.
- 13 (j) A seminary or religious training institution shall not
- 14 be subject to the requirements of this section.
- 15 § -16 Claims against a private college or university;
- 16 cessation of operation; alternative enrollment. (a) A student
- 17 or enrollee, or a parent or guardian of the student or enrollee,
- 18 who claims loss of tuition or fees as a result of cessation of
- 19 operations may file a claim with the department if the claim
- 20 results from an act or practice that violates a provision of
- 21 this chapter. Claims that are filed with the department shall
- 22 be public records and subject to the provisions of chapter 92F;



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- 1 provided that the department shall not make the records public
- 2 if the release would violate a federal privacy law.
- 3 (b) If a private college or university ceases operation,
- 4 the director may make demand on the surety bond upon the demand
- 5 for a refund by a student or the parent or guardian of a student
- 6 or the implementation of alternate enrollment for the students
- 7 enrolled in the institution, and the principal on the surety
- 8 bond filed pursuant to section -15(d) shall pay the claim due
- 9 in a timely manner. To the extent practicable, the director
- 10 shall use the amount of the surety bond to provide alternate
- 11 enrollment for students of the institution that ceases operation
- 12 through a contract with another authorized private college or
- 13 university, the University of Hawaii system, an area vocational
- 14 school, or any other arrangement that is acceptable to the
- 15 department. The alternate enrollment provided to a student
- 16 shall replace the original enrollment agreement, if any, between
- 17 the student and the private college or university; provided that
- 18 the student shall make tuition and fee payments as required by
- 19 the original enrollment agreement, if any.
- 20 (c) A student who is enrolled in a private college or
- 21 university that ceases operation and who declines the alternate
- 22 enrollment required to be offered pursuant to subsection (b) may



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- 1 file a claim with the department for the student's prorated
- 2 share of the prepaid, unearned tuition and fees that the student
- 3 paid, subject to the limitations of subsection (d). The
- 4 department shall not make a subsequent payment to a student
- 5 unless the student submits proof of satisfaction of any prior
- 6 debt to a financial institution in accordance with rules adopted
- 7 by the director.
- 8 (d) If the amount of the surety bond filed under section
- 9 -15(d) is less than the total prepaid, unearned tuition and
- 10 fees that have been paid by students at the time the private
- 11 college or university ceases operation, the department shall
- 12 prorate the amount of the surety bond among the students.
- (e) The provisions of this section shall be applicable
- 14 only to those students enrolled in the private college or
- 15 university at the time it ceases operation and once a private
- 16 college or university ceases operation, no new students shall be
- 17 enrolled therein.
- (f) The department shall be responsible for all prepaid,
- 19 unearned tuition and fees, student loans, Pell grants, and other
- 20 student financial aid assistance if an authorized private
- 21 college or university ceases operation.

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- 1 (g) The director shall determine whether offering
- 2 alternate enrollment for students enrolled in an authorized
- 3 private college or university that ceases operation is
- 4 practicable without federal government designation of the
- 5 department as trustee for student loans, Pell grants, and other
- 6 student financial aid assistance pursuant to subsection (f).
- 7 (h) If a private college or university ceases to operate
- 8 in the State, the department of the attorney general may file a
- 9 claim against the private college or university to recover
- 10 restitution for the enrolled students of the private college or
- 11 university.
- 12 (i) A seminary or religious training institution shall not
- 13 be subject to the requirements of this section.
- 14 § -17 Reciprocity. The director may enter into any
- 15 post-secondary education authorization reciprocity agreement;
- 16 provided that the authorization standards of the reciprocity
- 17 agreement shall be comparable to or exceed the authorization
- 18 requirements of this chapter and any applicable administrative
- 19 rules.
- 20 § -18 Complaints; injunctive proceedings. (a) A
- 21 student or former student of the University of Hawaii system, a
- 22 private college or university, seminary, or religious training



- 1 institution may file a complaint with the department concerning
- 2 the institution at which the student is or was enrolled;
- 3 provided that if a former student files a complaint, the
- 4 complaint shall be filed within two years after the former
- 5 student discontinued enrollment at the institution.
- 6 (b) The department may investigate complaints based on
- 7 possible violations of this chapter or rules adopted hereunder.
- 8 The department may initiate and investigate complaints based on
- 9 information the department receives concerning possible
- 10 violations of this chapter or rules adopted hereunder.
- 11 (c) Nothing in this section shall give the department
- 12 jurisdiction to consider complaints that infringe on the
- 13 academic or religious freedom of, or question the curriculum
- 14 content of, a private college or university, seminary, or
- 15 religious training institution.
- (d) Upon receipt of a complaint pursuant to subsections
- 17 (a) or (b), the department shall determine whether the complaint
- 18 was properly filed. The complaint shall warrant investigation
- 19 only after the student or former student has exhausted all
- 20 administrative remedies available at the University of Hawaii
- 21 system, private college or university, seminary, or religious
- 22 training institution; provided that if the complaint involves a

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- 1 violation of state or federal criminal law, this requirement
- 2 shall not apply. If a complaint warrants investigation, the
- 3 department shall forward the complaint to the University of
- 4 Hawaii system, private college or university, seminary, or
- 5 religious training institution. The University of Hawaii
- 6 system, private college or university, seminary, or religious
- 7 training institution shall have thirty days to respond in
- 8 writing to the complaint. During the thirty-day period, the
- 9 University of Hawaii system, private college or university,
- 10 seminary, or religious training institution, with the
- 11 department's assistance, may attempt to resolve the complaint
- 12 with the student. If the department determines at any time that
- 13 the complaint no longer warrants investigation, the department
- 14 shall dismiss the complaint.
- 15 (e) If a complaint is not resolved within the thirty-day
- 16 period, the department may:
- 17 (1) Dismiss the complaint based on the response of the
- 18 University of Hawaii system, private college or
- university, seminary, or religious training
- 20 institution;
- 21 (2) Investigate and, where appropriate, take disciplinary
- action in a manner consistent with chapter 91.

21

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1	§ -19 Fees; public hearing. (a) A private college or		
2	university, seminary, or religious training institution shall		
3	pay \$10,000 to the department upon application for authorization		
4	under this chapter and every two years thereafter upon		
5	application for reauthorization; provided that the director may		
6	change the amount of the fees required by this section at any		
7	time without regard to chapter 91, if the director:		
8	(1) Holds at least one public hearing to discuss and take		
9	testimony on the proposed fee change; and		
10	(2) Provides public notice at least thirty days prior to		
11	the date of the public hearing.		
12	(b) Fees collected pursuant to this section shall be		
13	deposited into the post-secondary education authorization		
14	subaccount established pursuant to section 26-9(o).		
15	§ -20 Post-secondary education authorization special		
16	subaccount. (a) All moneys collected pursuant to section		
17	-19 shall be deposited into the post-secondary education		
18	authorization special subaccount of the compliance resolution		
19	fund established pursuant to section 26-9(o).		
20	(b) Any law to the contrary notwithstanding, the moneys in		

the special subaccount shall be used to fund the operations of the department to carry out its duties under this chapter. Any SB46 HD2 HMS 2013-2907

- 1 law to the contrary notwithstanding, the director may use the
- 2 moneys in the special subaccount to employ, in accordance with
- 3 chapter 76, personnel to carry out the department's duties under
- 4 this chapter. The moneys in the special subaccount may be used
- 5 to train personnel as the director deems necessary and for any
- 6 other activity related to this chapter."
- 7 PART III
- 8 SECTION 3. Section 26-9, Hawaii Revised Statutes, is
- 9 amended by amending subsection (o) to read as follows:
- 10 "(o) Every person licensed under any chapter within the
- 11 jurisdiction of the department of commerce and consumer affairs
- 12 and every person licensed subject to chapter 485A or registered
- 13 under chapter 467B shall pay upon issuance of a license, permit,
- 14 certificate, or registration a fee and a subsequent annual fee
- 15 to be determined by the director and adjusted from time to time
- 16 to ensure that the proceeds, together with all other fines,
- 17 income, and penalties collected under this section, do not
- 18 surpass the annual operating costs of conducting compliance
- 19 resolution activities required under this section. The fees may
- 20 be collected biennially or pursuant to rules adopted under
- 21 chapter 91, and shall be deposited into the special fund
- 22 established under this subsection. Every filing pursuant to



- 1 chapter 514E or section 485A-202(a)(26) shall be assessed, upon
- 2 initial filing and at each renewal period in which a renewal is
- 3 required, a fee that shall be prescribed by rules adopted under
- 4 chapter 91, and that shall be deposited into the special fund
- 5 established under this subsection. Any unpaid fee shall be paid
- 6 by the licensed person, upon application for renewal,
- 7 restoration, reactivation, or reinstatement of a license, and by
- 8 the person responsible for the renewal, restoration,
- 9 reactivation, or reinstatement of a license, upon the
- 10 application for renewal, restoration, reactivation, or
- 11 reinstatement of the license. If the fees are not paid, the
- 12 director may deny renewal, restoration, reactivation, or
- 13 reinstatement of the license. The director may establish,
- 14 increase, decrease, or repeal the fees when necessary pursuant
- 15 to rules adopted under chapter 91. The director may also
- 16 increase or decrease the fees pursuant to section 92-28.
- 17 There is created in the state treasury a special fund to be
- 18 known as the compliance resolution fund to be expended by the
- 19 director's designated representatives as provided by this
- 20 subsection. Notwithstanding any law to the contrary, all
- 21 revenues, fees, and fines collected by the department shall be
- 22 deposited into the compliance resolution fund. Unencumbered

- 1 balances existing on June 30, 1999, in the cable television fund
- 2 under chapter 440G, the division of consumer advocacy fund under
- 3 chapter 269, the financial institution examiners' revolving
- 4 fund, section 412:2-109, the special handling fund, section
- 5 414-13, and unencumbered balances existing on June 30, 2002, in
- 6 the insurance regulation fund, section 431:2-215, shall be
- 7 deposited into the compliance resolution fund. This provision
- 8 shall not apply to the drivers education fund underwriters fee,
- 9 sections 431:10C-115 and 431:10G-107, insurance premium taxes
- 10 and revenues, revenues of the workers' compensation special
- 11 compensation fund, section 386-151, the captive insurance
- 12 administrative fund, section 431:19-101.8, the insurance
- 13 commissioner's education and training fund, section 431:2-214,
- 14 the medical malpractice patients' compensation fund as
- 15 administered under section 5 of Act 232, Session Laws of Hawaii
- 16 1984, and fees collected for deposit in the office of consumer
- 17 protection restitution fund, section 487-14, the real estate
- 18 appraisers fund, section 466K-1, the real estate recovery fund,
- 19 section 467-16, the real estate education fund, section 467-19,
- 20 the contractors recovery fund, section 444-26, the contractors
- 21 education fund, section 444-29, the condominium education trust
- 22 fund, section 514B-71, and the mortgage foreclosure dispute



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- 1 resolution special fund, section 667-86. Any law to the
- 2 contrary notwithstanding, the director may use the moneys in the
- 3 fund to employ, without regard to chapter 76, hearings officers
- 4 and attorneys. All other employees may be employed in
- 5 accordance with chapter 76. Any law to the contrary
- 6 notwithstanding, the moneys in the fund shall be used to fund
- 7 the operations of the department. The moneys in the fund may be
- 8 used to train personnel as the director deems necessary and for
- 9 any other activity related to compliance resolution.
- 10 A separate special subaccount of the compliance resolution
- 11 fund, to be known as the post-secondary education authorization
- 12 special subaccount, shall be established for fees collected by
- 13 the department of commerce and consumer affairs pursuant to
- 14 chapter . The special subaccount shall be governed by
- 15 section -20.
- 16 As used in this subsection, unless otherwise required by
- 17 the context, "compliance resolution" means a determination of
- 18 whether:
- 19 (1) Any licensee or applicant under any chapter subject to
- the jurisdiction of the department of commerce and
- 21 consumer affairs has complied with that chapter;

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1	(2)	Any person subject to chapter 485A has complied with	
2		that chapter;	
3	(3)	Any person submitting any filing required by chapter	
4		514E or section 485A-202(a)(26) has complied with	
5	·	chapter 514E or section 485A-202(a)(26);	
6	(4)	Any person has complied with the prohibitions against	
7		unfair and deceptive acts or practices in trade or	
8		commerce; or	
9	(5)	Any person subject to chapter 467B has complied with	
10		that chapter;	
11	and inclu	des work involved in or supporting the above functions,	
12	licensing	, or registration of individuals or companies regulated	
13	by the department, consumer protection, and other activities of		
14	the department.		
15	The	director shall prepare and submit an annual report to	
16	the gover	nor and the legislature on the use of the compliance	
17	resolution	n fund. The report shall describe expenditures made	
18	from the	fund including non-payroll operating expenses."	
19	SECT	ION 4. Chapter 304A, part VII, subpart C, Hawaii	
20	Revised S	tatutes, is repealed.	
21	SECT	ION 5. Section 446E-1.5, Hawaii Revised Statutes, is	
22	repealed.		

1 ["\$446E-1.5 Advisory board. The state post-secondary 2 education commission, as established by chapter 304A, part VII, 3 subpart C, shall serve as a resource to the director as needed 4 regarding the requirements of this chapter."] 5 PART IV 6 SECTION 6. There is appropriated out of the general 7 revenues of the State of Hawaii the sum of \$600,000 or so much 8 thereof as may be necessary for fiscal year 2013-2014 and the 9 same sum or so much thereof as may be necessary for fiscal year 10 2014-2015 to be paid into the post-secondary education 11 authorization special subaccount of the compliance resolution 12 fund established pursuant to section 26-9(o), Hawaii Revised 13 Statutes. 14 SECTION 7. There is appropriated out of the post-secondary 15 education authorization special subaccount of the compliance 16 resolution fund established pursuant to section 26-9(o), Hawaii **17** Revised Statutes, the sum of \$600,000 or so much thereof as may 18 be necessary for fiscal year 2013-2014 and the same sum or so 19 much thereof as may be necessary for fiscal year 2014-2015 for 20 three full-time equivalent (3.0 FTE) permanent positions at the 21 department of commerce and consumer affairs to implement the 22 provisions of this Act.

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1	The sums appropriated shall be expended by the department
2	of commerce and consumer affairs for the purposes of this Act.
3	PART V
4	SECTION 8. (a) To ensure that the post-secondary
5	education authorization program is in compliance, in a timely
6	manner, with the requirements of the Higher Education Act of
7	1965, as amended, the department of commerce and consumer
8	affairs shall contract for an implementation coordinator or team
9	to assist with the implementation of this Act.
10	(b) The minimum qualifications for the implementation
11	coordinator or team shall be the following:
12	(1) Knowledge and understanding of the United States
13	Department of Education regulations for programs
14	authorized under title IV of the Higher Education Act
15	of 1965, as amended;
16	(2) Experience and familiarity with post-secondary
17	educational institutions and related accreditation
18	processes; and
19	(3) Demonstrated strong written and oral communication
20	skills.

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1	(c)	The scope of work developed pursuant to subsection (a)
2	shall req	uire, at a minimum, the implementation coordinator or
3	team to:	
4	(1)	Develop a comprehensive plan for the implementation of
5		this Act, including consideration of an appropriate
6		authorization fee structure;
7	(2)	Assist in developing any policies and procedures,
8		including administrative rules, required for the
9		implementation of this Act;
10	(3)	Assist the director of commerce and consumer affairs
11		to meet the reporting requirements of section 13 of
12		this Act.
13	(c)	The department of commerce and consumer affairs shall
14	be respon	sible for awarding and overseeing the contract for the
15	implement	ation coordinator or team. The term of the contract
16	shall be	for one year; provided that the department of commerce
17	and consu	mer affairs and the implementation coordinator or team
18	may enter	into supplemental contracts as the department of
19	commerce	and consumer affairs deems necessary to carry out the

(d) Chapter 103D, Hawaii Revised Statutes, shall not applyto the contracting of the implementation coordinator or team.

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purposes of this Act.

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1 SECTION 9. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000 or so much 2 3 thereof as may be necessary for fiscal year 2013-2014 for the 4 department of commerce and consumer affairs to contract for an 5 implementation coordinator or team. 6 The sum appropriated shall be expended by the department of 7 commerce and consumer affairs for the purposes of this Act. 8 SECTION 10. All rights, powers, functions, and duties of 9 the University of Hawaii are transferred to the department of 10 commerce and consumer affairs with regard to the state post-11 secondary education commission. 12 All officers and employees whose functions are transferred 13 by this Act shall be transferred with their functions and shall 14 continue to perform their regular duties upon their transfer, **15** subject to the state personnel laws and this Act. 16 No officer or employee of the State having tenure shall **17** suffer any loss of salary, seniority, prior service credit, 18 vacation, sick leave, or other employee benefit or privilege as 19 a consequence of this Act, and such officer or employee may be 20 transferred or appointed to a civil service position without the 21 necessity of examination; provided that the officer or employee 22 possesses the minimum qualifications for the position to which

- 1 transferred or appointed; and provided that subsequent changes
- 2 in status may be made pursuant to applicable civil service and
- 3 compensation laws.
- 4 An officer or employee of the State who does not have
- 5 tenure and who may be transferred or appointed to a civil
- 6 service position as a consequence of this Act shall become a
- 7 civil service employee without the loss of salary, seniority,
- 8 prior service credit, vacation, sick leave, or other employee
- 9 benefits or privileges and without the necessity of examination;
- 10 provided that such officer or employee possesses the minimum
- 11 qualifications for the position to which transferred or
- 12 appointed.
- If an office or position held by an officer or employee
- 14 having tenure is abolished, the officer or employee shall not
- 15 thereby be separated from public employment, but shall remain in
- 16 the employment of the State with the same pay and classification
- 17 and shall be transferred to some other office or position for
- 18 which the officer or employee is eligible under the personnel
- 19 laws of the State as determined by the head of the department or
- 20 the governor.
- 21 SECTION 11. All appropriations, records, equipment,
- 22 machines, files, supplies, contracts, books, papers, documents,

- 1 maps, and other personal property heretofore made, used,
- 2 acquired, or held by the University of Hawaii relating to the
- 3 functions transferred to the department of commerce and consumer
- 4 affairs shall be transferred with the functions to which they
- 5 relate.
- 6 SECTION 12. All administrative rules promulgated under the
- 7 state post-secondary education commission pursuant to chapter
- 8 304A, part VII, subpart C, Hawaii Revised Statutes, shall be
- 9 rendered null and void as of the effective date of this Act.
- 10 The department of commerce and consumer affairs shall not be
- 11 required to conduct proceedings pursuant to chapter 91, Hawaii
- 12 Revised Statutes, to repeal any such rules.
- 13 SECTION 13. The director of commerce and consumer affairs
- 14 shall report to the legislature no later than twenty days prior
- 15 to the convening of the regular session of 2014 on such matters
- 16 including but not limited to:
- 17 (1) The status of any rulemaking the department has
- 18 undertaken;
- 19 (2) The number of private colleges or universities,
- 20 seminaries, and religious training institutions that
- 21 have applied for authorization under chapter
- 22 and

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1	(3) Any proposed legislation.
2	
3	PART VII
4	SECTION 14. If any provision of this Act, or the
5	application thereof to any person or circumstance, is held
6	invalid, the invalidity does not affect other provisions or
7	applications of the Act that can be given effect without the
8	invalid provision or application, and to this end the provisions
9	of this Act are severable.
10	SECTION 15. Statutory material to be repealed is bracketed
11	and stricken. New statutory material is underscored.
12	SECTION 16. This Act shall take effect upon its approval;
13	provided that part IV and section 9 shall take effect on July 1,
14	2013.

Report Title:

Post-secondary Education Authorization Program; Department of Commerce and Consumer Affairs; Appropriation

Description:

Establishes the Post-secondary Education Authorization Program within the Department of Commerce and Consumer Affairs. Repeals the Post-secondary Education Commission within the University of Hawaii. Creates the Post-secondary Education Authorization Special Subaccount of the Compliance Resolution Fund. Includes provisions for transition and implementation. (SB46 HD2)

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