

STAND. COM. REP. NO.

406

Honolulu, Hawaii.

FEB 15 2013

RE: S.B. No. 46
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Higher Education and Commerce and Consumer Protection, to which was referred S.B. No. 46 entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

beg leave to report as follows:

The purpose and intent of this measure is to create the framework for authorizing private post-secondary educational institutions in the State in order to comply with regulations authorized under Title VI of the Higher Education Act of 1965, as amended.

Your Committees received testimony in support of this measure from the Governor, University of Hawai'i System, Hawaii Pacific University, Chaminade University of Honolulu, University of Phoenix, and one individual. Your Committees received comments on this measure from the Department of Budget and Finance, Department of Commerce and Consumer Protection, and Heald College.

Your Committees find that in October 2010, the United States Department of Education issued new regulations for programs authorized under Title IV of the Higher Education Act of 1965, as amended, to hold programs accountable for preparing students for gainful employment, protect students from misleading recruiting practices, ensure that only eligible students receive financial aid, and strengthen federal aid programs.



Your Committees further find that the State was unable to satisfy all of the requirements of the Higher Education Act of 1965, as amended, relating to state authorization by the July 1, 2011, deadline. However, the United States Department of Education provided the opportunity for states and institutions to receive an extension to July 1, 2013, for certain regulations. The State must proactively examine the requirements of the Higher Education Act of 1965, as amended, and ensure state compliance.

In fiscal year 2011, roughly 63,000 students in Hawaii received more than \$283,000,000 in federal funds under Title IV of the Higher Education Act of 1965, as amended. It is imperative that Hawaii does not jeopardize the receipt of federal funds under Title IV of the Higher Education Act of 1965, as amended.

Your Committees note that as this measure moves forward, the initial fee for authorization will need to be established. There is a broad range of fees established in other states that authorize post-secondary educational institutions. As this measure moves forward, the Committees would recommend looking at the fee schedule established by Colorado.

Your Committees have amended this measure by:

- (1) Revising the purpose section to, among other things, emphasize the importance of complying with the Higher Education Act of 1965, as amended;
- (2) Clarifying that the definition of "physical presence" includes providing an office space for either instructional or non-instructional staff;
- (3) Clarifying that to be considered a bona fide religious post-secondary educational institution, under the definition of "seminary" or "religious training institution", an institution must be exempt from property taxes under state law;
- (4) Adding language to make unaccredited post-secondary institutions that are currently governed by chapter 446E, Hawaii Revised Statutes, subject to the requirements of this measure and treated as private colleges or universities beginning on July 1, 2015;



- (5) Clarifying that in order for private colleges, universities, seminaries, and religious training institutions to operate in the State, they must either meet the requirements of state authorization or be party to a reciprocity agreement to which the State is a member;
- (6) Adding language to require that a private college or university notify the Department of Commerce and Consumer Affairs within thirty days of any material information related to the institution's accrediting body regarding the institution's accreditation status;
- (7) Requiring that a private college, university, seminary, or religious institution provide the Department of Commerce and Consumer Affairs with a copy of its enrollment agreement, if applicable, in accordance with its reauthorization schedule rather than annually;
- (8) Repealing chapter 446E, Hawaii Revised Statutes, on July 1, 2015;
- (9) Requiring the State Post-Secondary Education Commission to submit a report to the Legislature; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Higher Education and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 46, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 46, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Higher Education
and Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair

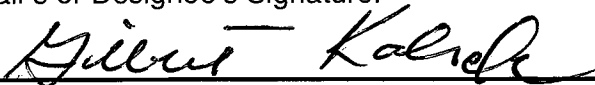


BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Seventh Legislature
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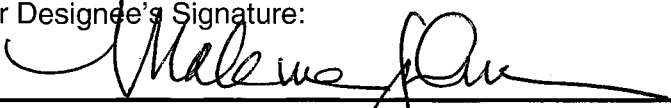
Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 46	HRE/CPN,WAM	JAN 31-2013		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
KAHELE, Gilbert (VC)	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
IGE, David Y.	✓	✓		
KIDANI, Michelle N.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam				✓
TOTAL	5	1	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 46	HRE/CPN, WAM	2-1-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)				✓
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

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