

STAND. COM. REP. NO.

775

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 46  
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 46, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to strengthen the State's regulatory oversight of private post-secondary educational institutions.

More specifically, this measure, among other things:

- (1) Transfers the Post-Secondary Education Commission (Commission) from the University of Hawaii to the Department of Commerce and Consumer Affairs (Department);
- (2) Changes the membership of the Commission by removing the members of the Board of Regents of the University of Hawaii from the Commission;
- (3) Expands the powers of the Commission by requiring the Commission to authorize private colleges, universities, seminaries, and religious training institutions to operate in this State;
- (4) Prohibits any person doing business in the State from awarding academic degrees unless the person is



authorized by the Commission or is a part of the University of Hawaii System;

- (5) Requires private colleges and universities to be institutionally accredited by a regional or national accrediting body recognized by the United States Department of Education in order to receive authorization to operate in the State;
- (6) Requires private colleges, universities, seminaries, and religious training institutions to meet minimum operating standards in order to maintain their authorization to operate in the State;
- (7) Requires private colleges and universities to provide evidence of financial integrity when applying for authorization;
- (8) Authorizes the Department of Commerce and Consumer Affairs to investigate complaints by students or former students of a private college, university, seminary, or religious training institution and to seek injunctions for violations;
- (9) Establishes a post-secondary education authorization special subaccount within the compliance resolution fund for the collection of authorization fees;
- (10) Repeals chapter 446E, Hawaii Revised Statutes, on unaccredited degree granting institutions;
- (11) Requires the Commission to submit a status report to the Legislature prior to the convening of the Regular Session of 2014; and
- (12) Transfers general funds into the post-secondary education authorization special subaccount to fund four permanent full-time positions.

Your Committee received written comments in support of this measure from the Policy Office of the Governor, the University of Hawaii System, Akamai University, Chaminade University of Honolulu, Hawaii Pacific University, International University of Professional Studies, University of the Nations, and Remington College.



Your Committee received written comments in opposition to this measure from the Department of Commerce and Consumer Affairs.

Your Committee received written comments on this measure from the International Quantum University for Integrative Medicine.

Your Committee finds that this measure is necessary to ensure the continued receipt of federal funds under Title IV of the Higher Education Act of 1965, as amended, to assist the thousands of students in Hawaii who are recipients of Title IV funds.

Your Committee has amended this measure by, among other things:

- (1) Amending or adding definitions;
- (2) Revising the exemptions from regulation by the Commission;
- (3) Amending the appointment, composition, officers, and powers of the Commission;
- (4) Clarifying the delegation of duties or powers from the Commission to the Department;
- (5) Clarifying the financial integrity requirements for private colleges and universities;
- (6) Including the University of Hawaii System as an entity subject to the complaints procedures of the Commission;
- (7) Deleting the repeal of chapter 446E, Hawaii Revised Statutes, on unaccredited degree-granting institutions;
- (8) Requiring the Governor to appoint interim members of the Commission;
- (9) Changing the number of full-time equivalent positions to be funded out of the post-secondary education authorization special subaccount to an unspecified number;
- (10) Requiring the Department to contract for an implementation coordinator or team to assist with the

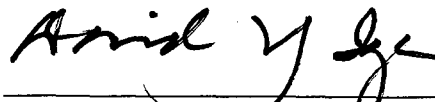


implementation of this measure and appropriating funds for the contract;

- (11) Adding boilerplate language on the transfer of personnel, records and equipment, and administrative rules;
- (12) Changing the effective date to July 1, 2050, to facilitate continued discussion on the measure; and
- (13) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 46, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 46, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* SB 46, SPI	Committee Referral: HRE/CPN, WAM	Date: 2-27-13		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.				✓
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam		✓		
<b>TOTAL</b>	11	1	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes