



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

Monday, March 18, 2013, 2:30 PM  
State Capitol Room 325

Testimony of  
Policy Office of the Governor, State of Hawaii

To the House Committee on Consumer Protection and Commerce  
Representative Angus L.K. McKelvey, Chair  
Representative Derek S.K. Kawakami, Vice Chair

SB 46\_SD 2 \_HD 1 - Relating to Education

Chair McKelvey, Vice Chair Kawakami, and Committee Members:

Thank you for the opportunity to testify in support of Senate Bill 46, Senate Draft 2, House Draft 1 (SB 46\_SD2\_HD1). The bill would establish the postsecondary education commission within the Department of Commerce and Consumer Affairs (DCCA) and create a framework for authorizing private postsecondary educational institutions in the State.

The Policy Office of the Governor appreciates the engagement of legislators in developing SB46\_SD2\_HD1. It is critical that the Legislature establish the state authorization process this year for postsecondary institutions. This bill has been revised significantly in each draft to ensure compliance with federal requirements, compatibility with the inter-state reciprocity requirements, alignment with DCCA structure and processes, and consideration of stakeholders' input. The major remaining issues are fees and whether authorization will be a DCCA program or a program governed by the postsecondary commission housed in DCCA.

The state must meet the U.S. Department of Education (ED) deadline to modify or establish procedures to authorize postsecondary institutions by July 1, 2013. Failing to establish an authorization process puts Title IV federal financial assistance for college students at risk. According to a 2012 State Auditors report, more than 63,000 Hawaii students attending 35 postsecondary institutions received \$283.6 million in Title IV assistance in Fiscal Year 2011.

ED administers the Higher Education Act (HEA) of 1965, reauthorized as the Higher Education Opportunity Act in 2008. Federal financial aid for students provides grants, loans and work study programs and is part of the Title IV program of the HEA. In 2010, ED

established new federal regulations requiring states to “legally authorize” postsecondary institutions within their state and requiring postsecondary institutions to be authorized in states in which they operate in order to qualify for Title IV student financial aid. ED’s objective is to ensure “program integrity” of postsecondary institutions in order protect students from substandard institutions, referred to as “diploma mills.”

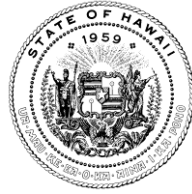
Since Hawaii does not have a process for authorizing postsecondary institutions, Governor Neil Abercrombie has notified ED of the state’s good faith effort to establish a process and requested an extension to July 1, 2013 in order to meet the requirements for “state authorization.” The U.S. Department of Education (ED) sent the Governor a letter dated January 23, 2013 (attached) to remind the state that state authorization procedures need to be developed and implemented by July 1, 2013. The Governor’s policy staff has been in contact with ED about legislation to bring the state into compliance.

The Governor’s Policy Office continues to work closely with the Senate and House Higher Education Committee leaders, national organizations including the National Governors Association, Western Interstate Commission on Higher Education and Western Association of Schools and Colleges, and relevant state departments to establish a state policy framework, represented in SB 46\_SD2\_HD1. In addition, we continue to meet with Hawaii-based postsecondary institutions to provide information and solicit feedback about the state’s plans for authorizing postsecondary institutions.

Over the last two years, the Governor’s Office has also worked with the Department of Commerce and Consumer Affairs (DCCA), University of Hawaii Board of Regents Office, and Board of Education to respond to more than 100 requests from institutions seeking authorization; in 2012, the Board of Regents Office responded to 75 requests from institutions. Based on the U.S. Department of Education’s IPEDS reports that in 2010-11, Hawaii had 25 institutions qualified for federal Title IV (financial aid) including 10 public University of Hawaii institutions; presumably, these would be the minimum number of institutions seeking state authorization established by this bill.

SB 46\_SD2\_HD1 describes a process that meets the federal requirements, minimizes burden and cost on postsecondary institutions and state departments by meeting minimum requirements to participate in an inter-state reciprocity agreement, and protects Hawaii’s residents who are consumers of higher education. Implementing SB 46\_SD2\_HD1 would allow Hawaii-based institutions, based on their authorization in Hawaii, to participate in inter-state reciprocity agreements, reducing institutions’ burden and cost to obtain authorization in other states where they have satellite campuses or students taking on-line courses. Furthermore, it reduces the burden on the state’s authorizing agency, DCCA as identified in SB 46\_SD2\_HD1, by allowing the state to participate in reciprocity agreements so that eligible out-of-state institutions may be recognized without seeking authorization in Hawaii.

Thank you for your attention to this matter.



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

KEALI' I S. LOPEZ  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2013

Monday, March 18, 2013  
2:30 p.m.

**TESTIMONY ON SENATE BILL NO. 46, S.D. 2 H.D.1 – RELATING TO EDUCATION.**

TO THE HONORABLE ANGUS McKELVEY, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Jo Ann Uchida Takeuchi, Deputy Director of the Department of Commerce and Consumer Affairs (“Department”), testifying regarding Senate Bill No. 46, S.D.2. The Department opposes this bill in its current form, but understands that this draft is a work in progress.

Senate Bill No. 46, S.D 2 H.D.1 among other things repeals the existing post-secondary education commission within the University of Hawaii, establishes a new state post-secondary commission with the Department, sets forth definitional terms, creates exemptions, establishes Commission and Department authority, establishes a complaints and enforcement process, creates a subaccount in the compliance resolution fund, establishes rulemaking authority, and provides for general and special fund appropriations. The majority of the bill takes effect upon approval.

The Department recognizes that the federal regulations that mandate affirmative state oversight of postsecondary schools became effective July 1, 2011<sup>1</sup> and that states have been granted additional time until **July 1, 2013** to provide oversight. At stake is what the Legislative Auditor, in Report No. 12-11 (“report”), estimates as federal funding for around 63,000 Title IV recipients and \$283,646,517.00 in disbursements in the form of student loans and other assistance. The Auditor has estimated that 21 to 31 institutions in Hawaii may seek authorization in order to participate in federal student aid programs. (see, report at p. 20).

The Department offers the following comments regarding the H.D.1:

1. Page 8 lines 19-20. The Department has been advised that although the University of Hawaii (“UH”) does not need to rely on this bill for its authorization, the state must provide a process to review and appropriately act on its complaints, independent of UH’s own processes. This section of the bill, however, limits application of the chapter to private colleges, private universities, seminaries, religious training institutions and out of state public institutions. This section of the bill is also internally inconsistent with the language on page 13 lines 19-20 of the bill that includes UH in the chapter’s complaints process. The Department recommends that this internal inconsistency be addressed by deleting the language on page 8 lines 19-20.

---

<sup>1</sup> 34 CFR §600.9: State authorization. (a)(1) An institution . . . is legally authorized by a State if the State has a process to review and appropriately act on complaints concerning the institution including enforcing applicable State laws. . .

2. Page 9 line 3. Private colleges or universities that enroll students only at the certificate level in order to engage in a professional or vocation that is regulated under another chapter is excluded, however the definition of “degree” on page 5 line 1 includes “certificate”. A clear determination of the fundamental definition of “degree” is critical for effective implementation of the chapter. The department recommends that this internal inconsistency be addressed by deleting the language on page 9 lines 1-5.
3. Page 18 lines 1-3. Acting on complaints. The Department recommends that this language be revised as follows to provide consistency with Haw. Rev. Stat. §26-9(m) and to avoid confusion about which law applies.

~~(3) Appropriately acting on a complaint, concern, or violation concerning a private college, university, seminary, or religious training institution.~~  
Receiving, arbitrating, investigating and processing complaints.

The Department recommends that this section not include a reference to the particular categories of institutions subject to the chapter but if the committee is inclined to do so, that UH be included for consistency with page 13 lines 19-20.
4. Page 22 line 16-17; page page 23 line 4. Reauthorization subject to complaint status. The Department recommends that the language that conditions reauthorization on the absence of pending complaints be deleted. The Commission’s authority to act on complaints is set forth in other sections of the chapter, including sections 12 and 18, and it would be problematic for the Commission to take action on a complaint as set forth in this section of

the chapter. In addition, the Department suggests that the reauthorization period be set on a biennial instead of triennial basis to ensure that the Commission receives more timely updates on the accreditation status of authorized institutions.

5. Page 23 line 3 and line 16: Minimum operating standards. The Department recommends that the “minimum operating standards” referenced in this section be set forth with more specificity, to avoid confusion about what those minimum standards are.
6. Page 23 lines 7-9. The Department suggests that the language of this subsection be moved to section 5 of the bill relating to the Commission’s general powers and authority but that the reference to June 30, 2014 be deleted. This is because the current language of this section of the bill may be sufficient for purposes of reauthorization without further action of the Commission.
7. Page 27 line 9. Typographical error “disciplinary”.
8. Page 27 line 17: Replace “department” with “Commission” consistent with the remainder of the chapter.
9. Page 31, line 6. Because section 15 of the bill provides for a number of different methods of proving financial integrity other than through the use of a surety bond, the Department suggests that this clause be redrafted to state “~~and a valid surety bond as provided for in~~ compliance with section -15.” Also on page 31, line 9, add “if applicable” after the phrase “surety bond”.

10. Page 32 line 7 to page 35 line 20. The Department strongly recommends that section 13, subsections (d) through (m) be deleted from the bill as it is internally inconsistent with section 12 of the bill.
11. Page 36. Deposit of records upon discontinuance. The Department opposes being the repository of the educational records of closed schools and the requirement that records be retained permanently and requests that this section be deleted from the bill.
12. Page 38 lines 20-21: The Department recommends that this language be revised to track to more closely track the physical presence definition in section 2 of the bill.  
  
(2) ~~Owns and operates~~ Has a permanent instructional facility physical location in the State;
13. Page 40-41, Surety Bond. The Department suggests that the surety language set forth in this section include standard language regarding termination of surety, that conditions the termination upon timely notice of termination to the Department. The Department also notes that the criteria for approval of surety bonding as currently set forth in the bill may be financially unfeasible for those institutions seeking to show financial integrity under this subsection.
14. Page 44 line 21 to page 45 line 2. The Department is concerned that the term "shall be responsible for" on page 44 line 21 may construed to require the Commission to recover these sums. Placing such a requirement on the

Commission may create unrealistic expectations on the Commission and on the state.

15. Page 45 lines 9-21. The Department strongly opposes this subsection in the bill as it provides an unnecessary, alternate method of addressing complaints involving a private college or university that has not ceased operations. The procedure for addressing complaints is already set forth in other sections of the bill and this section will create confusion about which procedure applies. Nothing precludes individual students from pursuing claims, including surety claims, independent of the Commission's actions.
16. Page 46 line 18. Complaints. The Department recommends that this section of the bill be simplified. This section of the bill establishes a two-year window for students to file complaints and requires students to exhaust all administrative remedies available through the school prior to filing a complaint. It is unclear how complaints from students requesting transcripts would be handled if the request arose more than two years after graduation.
17. Page 48 line 21 to page 49 line 3. The Department recommends that this subsection be deleted, as complaint investigatory authority is already delegated to the Department. Inclusion of this language would create internal inconsistency regarding the applicable procedure.
18. Page 49 lines 4-8. The Department supports this subsection but recommends that it be placed in a separate section.



19. Rulemaking by UH. SB46 SD2 included in section 17 a reference to existing rules by the current Post Secondary Education Commission, and the transfer of those rules to the Department. Although this section has been deleted from the HD1, if the existing rules are not been extinguished by operation of law through this bill, the Department requests that it not be required to conduct chapter 91 proceedings to repeal the UH rules and that this bill provide for automatic repeal of those rules.

20. Page 49 lines 9-21. Because the Department is uncertain how the program will be structured, and how many schools, including UH, will be included for purposes of its funding analysis, it is difficult for the department to meaningfully estimate the revenues that would be necessary to implement the law. The Department is mindful of the relatively small pool of licensees that will bear the cost of this regulation but is also aware that the federal government will rigorously monitor and enforce state authorization standards. The Department will need sufficient resources to provide meaningful oversight and consumer protection. The Department requests that the fees provided for in this section include a fee for issuing Confirmation of Authorizations under section 10 of the bill and provide for fees commensurate with the Commission's responsibilities relating to complaints involving UH.

We thank the Committee for the opportunity to present testimony on this matter.



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Telephone: (808) 587-4700  
e-mail: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://hawaii.gov/spo>

TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
CONSUMER PROTECTION & COMMERCE

March 18, 2013

2:30 p.m.

SB 46, SD2, HD1

RELATING TO EDUCATION.

Chair McKelvey, Vice-Chair Kawakami, and committee members, thank you for the opportunity to testify on SB 46, SD 2, HD 1.

The State Procurement Office (SPO) opposes the amendment in SECTION 10, page 59, lines 9 to 10 of the bill, proposing HRS chapter 103D, the Hawaii Public Procurement Code (Code) shall not apply to the contracting of the implementation coordinator or team for the establishment of a Post-secondary education commission.

Since the inception of the Code in 1994, state and county departments and agencies have procured and awarded contracts totaling billions of dollars. Whether an expenditure was for construction of capitol improvement projects (CIP), or for goods and services to provide needed services to the public, billions of dollars have been awarded pursuant to the Code.

Today, state and county departments and agencies continue to adhere to the Code requirements in conducting their procurements to award contracts. For example, the City & County of Honolulu's rail construction project has and continues to procure and award contracts expending millions of dollars in accordance with the Code. The State Business and IT/IRM Transformation Plan under the management of the Chief Information Officer (CIO), Office of Information Management and Technology (OIMT), has identified areas needing IT services and new systems. The OIMT is currently in various stages of procurements for numerous solicitations and contracts amounting to millions of dollars in contract awards. All of these solicitations and resulting contract awards were and are conducted in accordance with the Code.

Governmental bodies following the Code which provides oversight and accountability, have a responsibility to maintain the confidence of the vendor/contractor community and the public in the procurement system, by conducting procurement in an accountable, ethical and transparent manner, which are vital to good government.

The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, in the procurement and contracting process. Public procurement's primary objective is to give everyone equal opportunity to compete for government contracts; to prevent favoritism, collusion or fraud in awarding of contracts. The Code should not be viewed as an obstacle to DCCA's mission. To legislate that any one entity, the DCCA, should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

SPO opposes the language in SECTION 10, page 59, lines 9 to 10 of the bill and ask that it be deleted. Thank you.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony presented before the  
House Committee on Consumer Protection & Commerce  
March 18, 2013 at 2:30pm

By Linda K. Johnsrud  
Executive Vice President for Academic Affairs & Provost, University of Hawai'i System

### SB 46 SD2 HD1 – RELATING TO EDUCATION

Chair McKelvey, Vice Chair Kawakami, and members of the Committee:

The University of Hawai'i supports SB 46 SD2 HD1 that establishes the post-secondary education commission within the Department of Commerce and Consumer Affairs (DCCA) to authorize post-secondary educational institutions to operate in the state, to maintain a listing of such institutions, and to act on complaints concerning these institutions. SB 46 SD2 HD1 addresses the requirements of the U.S. Department of Education regulations under Title IV of the Higher Education Act of 1965, as amended. The University appreciates the thoroughness of SB 46 SD2 HD1 in specifying the criteria for authorization of post-secondary institutions, for example, through accreditation status from a recognized national or regional body and demonstration of financial integrity. These provisions serve to protect authorized institutions as well as the public by delineating the basis for authorization.

Furthermore, it is the University's position that placing the authorization function outside the University of Hawai'i (UH) avoids the potential or the appearance of a conflict of interest were the state's sole public university to authorize private providers to operate within the state. The University is available to offer DCCA any expertise it may need regarding post-secondary educational institutions and on accreditation.

Again, we appreciate the thoughtfulness in SB 46 SD2 HD1 in addressing the U.S. Department of Education regulations, and thank you for the opportunity to testify.



House Committee on Consumer Protection & Commerce

Monday, March 18, 2013; 2:30 p.m.

**S.B. 46, SD2, HD1**

**Relating to Education**

**Testimony in Support**

Chair McKelvey, Vice Chair Kawakami and Members of the Committees, my name is Geoffrey Bannister, and I am President of Hawai'i Pacific University (HPU). HPU is a private, non-profit university with three campus locations: the Hawaii Loa campus on the windward side of the island, the downtown campus in Honolulu, and Oceanic Institute, an affiliate research facility at Makapu'u Point. We currently have more than 4,200 undergraduate and 1,000 graduate students, plus an additional 2,300 students matriculating through HPU's Military Campus Programs. I am proud to say, we are one of the most culturally diverse universities in America with the state's largest nursing, MBA and military servicing programs.

HPU supports SB 46, SD2, HD1 which establishes the post-secondary education commission within the Department of Commerce and Consumer Affairs (DCCA), creates the framework for authorizing private post-secondary educational institutions in the state, and creates the post-secondary education authorization subaccount of the compliance resolution fund.

In 2010, the U.S. Department of Education set a July 2011 deadline for institutions to comply with the requirement that states authorize post-secondary institutions. However, it recognized that states might be unable to provide authorizations by that date, and thus provided a means for institutions to be granted an authorization extension to as late as July 1, 2013. In the absence of an entity and framework for authorizing post-secondary institutions, Hawaii may become ineligible to receive Title IV federal funds, or student aid. During 2011-2012, students attending HPU received approximately \$43,000,000 in Title IV aid.

We appreciate the time and energy spent on SB 46 by both the House and Senate committees. Understanding that this is a work in progress, we respectfully offer some suggested amendments as follows:

- **Create a post-secondary authorization program, not a commission.**

RATIONALE:

The DCCA Director would oversee a program, which could be more streamlined and cost-effective than a commission requiring the appointment of members, convening of meetings and staff to assist in coordinating schedules and agendas. Additionally, as time is of the essence, a program avoids the necessity of appointing interim commissioners, and briefing them adequately.

Through appointment to the advisory committee, industry representatives would be able to offer advice and counsel to the DCCA director. While Commissioners could be privy to proprietary information of competing colleges and universities, advisory committee members are not likely to be.

- **Amend the definition of physical presence to include institutions that maintain administrative offices or an institutional mailing address, street address or phone number in the state.** However, the following types of educational instruction should be excluded from the definition of “physical presence”:

- an educational experience arranged for an individual student, such as a clinical, practicum, residency, or internship; or any of the following:
  - course offerings on a military installation solely for military personnel or civilians employed on such installation; or
  - course offerings in the nature of a short course or seminar if instruction for the short course or seminar takes no more than twenty classroom hours; or
  - courses offered online or through the United States mail or similar delivery service which do not require the physical meeting of a student with instructional staff.

RATIONALE:

Some private educational institutions maintain administrative offices in Hawaii to recruit and enroll local students. Unless these institutions are required to be authorized, local students would have no recourse if harmed except in the institution’s home state.

Specific types of educational instruction as listed above are excluded from the definition of “physical presence” consistent with the WICHE SARA provisions.

We ask for your favorable consideration of our suggestions. Thank you for the opportunity to provide this testimony.

Contact: Linda Chu Takayama, Attorney at Law  
Phone number: (808) 545-3060  
Email: Ltakayama@hawaii.rr.com



# Chaminade University

O F H O N O L U L U

Testimony Presented to the  
House Committee on Consumer Protection & Commerce  
Monday, March 18, 2013 at 2:30 pm

by  
Chaminade University of Honolulu President  
Bro. Bernard J. Ploeger, SM, Ph.D.

## **SB 46 SD2 HD1** **Relating to Education**

Chairperson McKelvey, Vice Chair Kawakami and members of the Committee on Consumer Protection and Commerce:

Thank you for the opportunity to provide testimony in **support** of **SB 46 SD2 HD1** establishing the post-secondary education commission within the Dept. of Commerce and Consumer Affairs and creating the process for authorizing private post-secondary institutions in the state.

It is imperative that action immediately be taken by the State of Hawaii to create such a commission. The purpose of this legislation is to bring Hawaii into compliance with Title IV changes issued by the U. S. Dept. of Education in October 2010. Without passage of this legislation, neither the state nor independent universities will be qualified to receive funding under the Higher Education Act of 1965.

Chaminade University of Honolulu supports this legislation to establish a process for authorization within the DCCA because it already has the authority for consumer protection. We are also supportive of the creation of a post-secondary program within DCCA rather than a commission as originally proposed. A program with the Director of DCCA having oversight would not only obviate the necessity for appointing commissioners and thus simplify the initial process, but could also be a cost and time saving measure without the need to coordinate the multiple schedules of the parties involved. If an advisory committee were also created, the views of the members of the educational community could be heard.

We strongly support authorization to enable Hawaii to enter into reciprocity agreements with other states. Reciprocity agreements enable distance education providers to offer postsecondary education programs in other states without having to seek authorization from each of those states, thus reducing paperwork and costs.

Thank you for allowing us to submit this testimony.

Office of the President • (808) 735-4741 • Fax (808) 735-7748

Chaminade University of Honolulu • 3140 Wai'ala'e Avenue • Honolulu, Hawai'i 96816-1578 • [www.chaminade.edu](http://www.chaminade.edu)



**Hawai'i State House Committee on Consumer Protection and Commerce**

**Monday, March 18, 2013**

**Conference Room 325; 2:30 p.m.**

**SB 46 SD2 HD1 – Relating to Education – In Support**

Chair McKelvey, Vice Chair Kawakami and members of the committee,

The University of Phoenix supports SB 46 SD2 HD1 which would create a framework for authorizing post-secondary education institutions which operate within the state. This legislation is critical to ensure students in Hawai'i that attend post secondary private institutions continue to have access to federal financial aid. This measure addresses new federal regulations that require private colleges or universities to be legally authorized by a state for Title IV eligibility purposes. The state must have a process to review and appropriately act on complaints concerning the institution and the process must include enforcing applicable state laws.

At the time the U.S. Department of Education finalized these new regulations, it recognized the July 1, 2011 effective date may not be obtainable. Accordingly, Hawai'i requested and was granted extensions to July 1, 2013 and now must act to put in place acceptable procedures to meet the Department's oversight and approval requirements and authorize institutions by June 30, 2013.

The December 2012 "Study of the Higher Education Act" from the Auditor of the state of Hawai'i stated that approximately **63,000 students** in the state received more than **\$283,000,000** in Title IV funds in fiscal year 2011. In the event the deadline is not met, a great number of college students in the state of Hawai'i are in jeopardy of losing the ability to participate in federal Title IV Federal Student Aid programs and, effectively, to continue their post-secondary education. We understand the need to address the federal regulations to ensure Hawai'i's students remain eligible for Title IV funding and have been working with the Department of Commerce and Consumer Protection, Legislators and other private institutions on this measure. We feel this bill addresses the new federal regulations without being overly burdensome and many of the updated provisions are similar to requirements we already comply with in other states. However, through our discussions with other stakeholders of the bill, we collectively realize that the measure before you is a work in progress.

We have been a part of the discussion as to whether the bill should move in the direction of creating a program with an advisory committee to support the Director of DCCA rather than a commission. University of Phoenix is neutral on this particular issue. However, we will strongly support whichever direction the Legislature deems more appropriate. We do agree with the other stakeholders that the definition of "physical presence" be clarified to be consistent with WICHE SARA provisions. Thus, the definition should be amended to exclude the following types of educational instruction:

- An educational experience arranged for an individual student, such as a clinical, practicum, residency, or internship; or any of the following:



- Course offerings on a military installation solely for military personnel or civilians employed on such installation; or
- Course offerings in the nature of a short course or seminar if instruction for the short course or seminar takes no more than twenty classroom hours; or
- Courses offered online or through the United State mail or similar delivery service which do not require the physical meeting of a student with instructional staff.

Additionally, UOP respectfully asks the committee to consider the following:

- Delete item (8) on page 26. This provision appears unnecessary to the enforcement scheme of the bill, particularly in light of the language in item (13) on page 27;
- Amend section 13, page 31, lines 4-6 to clarify that both regional and national accreditation is acceptable for authorization to be consistent with the intent of the bill to cover both types of accreditation; and
- Correct the effective date of the measure in order to meet the federal deadline.

If you have any questions please feel free to contact Joe Gregorich, Associate Vice President, State Government Affairs at 916.228.4495 or [joseph.gregorich@apollogrp.edu](mailto:joseph.gregorich@apollogrp.edu) or Chris Fagan at 602.557.8302 or [christopher.fagan@apollogrp.edu](mailto:christopher.fagan@apollogrp.edu).

Thank you for the opportunity to testify in strong support of this measure with suggested amendments.



March 18, 2013

2:30 p.m.

Conference Room 325

TESTIMONY TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE

**RE: SB 46 SD2 HD1 – Relating to Education**

Chair McKelvey, Vice Chair Kawakami and the members of the committee,

My name is Robert Witt and I am executive director of the Hawaii Association of Independent Schools (HAIS), which represents 99 private and independent schools in Hawaii and educates over 33,000 students statewide.

**HAIS supports SB 46 SD2 HD1** which establishes the post-secondary education commission within the Department of Commerce and Consumer Affairs (DCCA) and creates the framework for authorizing private post-secondary educational institutions in the State.

HAIS's membership encompasses all levels of education including post-secondary institutions. This measure would bring Hawaii in compliance with federal mandates in order to continue a private post-secondary student's access to Title IV funding. Through our discussions with other stakeholders and the administration, we understand that without this legislation many of Hawaii's students would be financially overburdened and likely unable to pursue their educational endeavors.

After further consideration, HAIS would respectfully request the committee to consider the following amendments:

- Create a program to be administered by the Director of DCCA rather than a commission and appoint an advisory committee to counsel the director. This could be a more streamlined and cost-effective direction;
- Amend the definition of "physical presence" to exclude certain types of educational instruction to be consistent with WICHE SARA provisions;
- Delete the unnecessary item (8) on page 26;
- Clarify language throughout the bill to encompass both regional and national accredited institutions, specifically in section 13; and
- Correct the effective date to meet the federal deadline.

Thank you for the opportunity to testify.