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TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
FINANCE

April 1, 2013

2:00 p.m.

SB 46, SD2, HD2

RELATING TO EDUCATION.

Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and committee members, thank you for the opportunity to testify on SB 46, SD2, HD2.

The State Procurement Office (SPO) opposes the amendment in PART V, SECTION 8, page 51, lines 21 to 22 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.

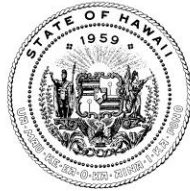
Since the inception of the Code in 1994, state and county departments and agencies have procured and awarded contracts totaling billions of dollars. Whether an expenditure was for construction of capitol improvement projects (CIP), or for goods and services to provide needed services to the public, billions 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 PART V, SECTION 8, page 51, lines 21 to 22 of the bill and ask that it be deleted. Thank you.



**NEIL ABERCROMBIE**  
GOVERNOR

**SHAN S. TSUTSUI**  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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**KEALI'I S. LOPEZ**  
DIRECTOR

**JO ANN M. UCHIDA TAKEUCHI**  
DEPUTY DIRECTOR

**TO THE**  
**HOUSE COMMITTEE ON**  
**FINANCE**

**THE TWENTY-SEVENTH STATE LEGISLATURE**  
**REGULAR SESSION OF 2013**

**Monday, April 1, 2013**  
**2:00 p.m.**

**TESTIMONY ON S.B. NO. 46, S.D. 2, H.D. 2**  
**RELATING TO EDUCATION**

**THE HONORABLE SYLVIA LUKE, 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, H.D.2. The Department offers the following comments on this bill.

Senate Bill No. 46, S.D 2 H.D.2 among other things repeals the existing post-secondary education commission within the University of Hawaii, establishes a new state post-secondary program with the Department, sets forth definitional terms, creates exemptions, establishes 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 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 Hawaii 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 acknowledges that there is significant legislative will to move post-secondary oversight functions from the University of Hawaii to the Department and have a fully operational program in place by the July 1, 2013 deadline. However, because the Department does not receive general fund revenues and is instead funded through fees, fines and other dedicated sources, the services or benefits it provides must bear a relationship to the purposes for which those fees were assessed. In other words, the costs of administering this federal mandate will need to be borne by the persons or entities being regulated or receiving services, and not by DCCA's existing licensees or registrants.

The House Draft 2 is structured to provide general fund appropriations for the first two years of the program to allow the department to immediately start up the program while collecting revenues from licensees to provide for self-sufficiency within a reasonable period of time. This funding structure is consistent with how the Department has established other new licensing programs, and the Department believes that is especially important that there be adequate general fund appropriations in this bill in order to quickly hire the staff and other support necessary to bring the state into compliance with the Higher Education Act.

Because the Department is uncertain how the program will function and how many schools 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 House Draft 2 provides on page 43 for an authorization fee of \$10,000 per institution, with biennial renewal fees of the same amount thereafter. This amount is in the range of fees assessed in other jurisdictions. The Department notes that if the revenue stream for this program is limited to 20 applicants, the \$10,000 fee is insufficient to sustain its operations. The Department recognizes, however, that it will

be in a better position after the first two years of the program to seek fee adjustments either upward or downward to provide for program self-sufficiency.

Regarding the revenue structure set forth in the bill, the Department notes that the bill provides for statutory authorization of the University of Hawaii and requires the department to accept student complaints from the University of Hawaii but does not establish a mechanism to assess fees relating to this function. The Department requests that its authority to assess fees be set forth in the bill in a manner that will allow it to assess fees on all entities subject to the regulation of the chapter or that would require that its authorization status be reviewed by the department. This latitude would allow the department to distribute the costs of the program more equitably.

The Department has also suggested a number of non-fiscal amendments to the bill that will facilitate implementation, including delayed implementation of sections 7, 8, 9 and 18 of the new chapter to provide institutions sufficient time to receive authorization, authority to assess fines and to appoint advisory committees, streamlining the complaints process and clarifying the criteria for establishing surety bond amounts.

Thank you for the opportunity to written comments.



April 1, 2013  
2:00 p.m.; Agenda #1  
Conference Room 308

TESTIMONY TO THE HOUSE COMMITTEE  
ON FINANCE

**RE: SB 46 SD2 HD2 – Relating to Education**

Chair Luke, Vice Chairs Nishimoto and Johanson, 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 HD2** which establishes the post-secondary education authorization program within the Department of Commerce and Consumer Affairs. This bill repeals the post-secondary education commission within the University of Hawaii and creates the post-secondary education authorization special subaccount of the compliance resolution fund. This includes provisions for transition and implementation.

HAIS' 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. We understand that without this legislation many of Hawaii's students would be financially overburdened and likely unable to pursue their educational endeavors. Thus, we offer our support for this measure.

Thank you for the opportunity to testify.





House Committee on Finance

Monday, April 1, 2013; 2:00 p.m.

**S.B. 46, SD2, HD2  
Relating to Education**

**Testimony in Support**

Chair Luke, Vice Chairs Nishimoto and Johanson 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, HD2 which establishes the post-secondary education program within the Department of Commerce and Consumer Affairs (DCCA) and creates the framework for authorizing private post-secondary educational institutions in the state. This bill is necessary to bring Hawaii into compliance with Title IV of the Higher Education Act of 1964.

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 until 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. We urge your committee to pass this measure to ensure that private universities and colleges in Hawaii remain eligible to receive federal aid.



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**Irv Katz, Ph.D.**  
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To Be Presented to the House Finance Committee  
April 1, 2013 2:00 pm  
Regarding Senate Bill 46 SD2, HD1  
“Relating to Education”

**REVISED TESTIMONY IN SUPPORT OF SB46 SD2 HD1**

Chair, Sylvia Luke, Vice Chair Scott Y. Nishimoto, and the rest of the Honored Committee:

We appreciate this opportunity to testify in the form of the following letter, since I am unable to be physically present with you. The following is our testimony, which we offer in order to show support of **SB46 SD2 HD1**.

My name is Irv S. Katz, Ph.D. and I am Chancellor of International University of Professional Studies. I received my doctorate degree in Clinical Psychology at Michigan State University in 1956. I have been in the academic community for over fifty years, which included being Chairman of the Psychology Department at University of Nevada, Las Vegas and Director of the Graduate Program for Antioch University in the State of Hawaii. I founded IUPS to provide students with opportunities I saw were missing and antiquated during my fifty years teaching in accredited universities. I was a member of WICHE (Western Interstate Commission for Higher Education) training and research for 8 years.

**BACKGROUND:**

IUPS is a non-accredited, non-profit educational institution that has been in existence for 24 years, since 1988. We offer degrees, providing students with a mentor-based, individualized, and self-paced alternative learning system, with a primary goal to produce competent professionals rooted in deep self-awareness, sensitive to multi-cultural and global issues, and committed to serving humanity. Armed with their degrees, graduates have been making substantial contributions in Hawaii and the rest of the world.

IUPS is a university that offers online programs and also direct teaching, using innovative and advanced teaching methods, to highly qualified applicants. It's important to note that many of the traditional universities are beginning to use some of the technological advances that we have been using for many years. Our tuition is comparatively low, which is highly appreciated in these days of soaring tuition costs. We offer graduate degrees in:

- Consciousness Studies
- Expressive Arts Therapy
- Holistic Psychology
- Integrated Health Sciences

- Organizational Development & Transformation
- Professional Coaching and Human Development
- Somatic and Spiritual Psychology
- Transformational Education
- Transpersonal Psychology

You'll notice that some of these degree specializations include programs not offered by the traditional Hawaiian institutions.

Our faculty graduated from some of the most esteemed institutions in the country. We have faculty members with doctorate degrees from Harvard, Yale, Barnard College, University of North Carolina, as well as MDs from UCLA and Stanford University. When I testified before the state legislature over a three-year period ending in 1999, along with representatives from other universities, we were able to demonstrate to the legislature that our presence in the State of Hawaii justified the passage of 446E. Since that time, with the enforcement of 446E, the situation has only improved.

### **ARGUMENT IN FAVOR OF SUPPORT OF SB46 SD2 HD1**

**We support SB46 SD2 HD1. In this version of the bill, Chapter 446E is not repealed or significantly modified. Institutions governed by Chapter 446E continue to be exempt from the provisions of this bill as recommended by the Ways and Means Committee and the Committee on Higher Education.**

We agree with the February 11, 2013 testimony of Jo Ann Uchida Takeuchi on behalf of the Department of Commerce and Consumer Affairs before the House Committee on Consumer Affairs and Commerce where she stated "the department opposes making changes through this bill to the existing unaccredited degree institutions law, Hawaii Revised Statutes, 446 E." She also stated that "The cost of implementing the program solely for accredited agencies will already be high; the added cost of unaccredited degree granting institution enforcement will likely drive that cost significantly higher."

This testimony in essence is supported by the February 11, 2013 testimony of Evelyn Schemmel on behalf of Heald College before the House Committee on Commerce and Consumer Protection: She stated that the bill should "be significantly narrowed to address the issue at hand," and that "the necessary level of analysis and deliberation required of a piece of legislation introducing such significant change and expansive new government duties" should be considered. **Even if the changes are delayed until 2015, there would be considerable cost factors to be dealt with.**

We have reviewed the revised testimony of International Quantum University for Integrative Medicine, and we are in agreement with their recommendations, as well as the recommendations of Akamai University and University of the Nations.

**According to the DCCA, SB46 should not apply to Chapter 446E institutions because these institutions do not receive federal funding. Therefore, they are outside the scope of the requirements of Title IV. This would also add further complications to the implementation of this bill into law by the State.**

The current laws found in 446E have been and continue to be effective, and the Department of Commerce and Consumer Affairs has been diligent and rigorous in eliminating diploma mills.

We agree with the statement that the State of Hawaii should honor those schools that do not want to be accredited. Over the last fifteen years, we have examined the issue of accreditation thoroughly and have come to the conclusion that accreditation will be more of an albatross than an asset. Tuition would be increased multiple times. Many of the required regulations would be a hindrance to the effectiveness and flexibility of our program.

It is an unwarranted generalization to assume that accreditation is always positive and non-accreditation is negative in all cases. Accreditation is voluntary and choosing not to be accredited is a valid alternative. That brings innovative educational opportunities to more students, and lower tuition rates. The people of Hawaii should not be deprived of this option.

**In conclusion, we re-iterate our support for SB46 SD2 HD1 to continue to exclude educational institutions governed by Chapter 446E.**

We appreciate this opportunity to submit this testimony, and if we can be of further assistance, please contact us.

Irv S. Katz, Ph.D.  
Chancellor  
International University of Professional Studies  
(808) 573-7722



**International Quantum University for Integrative Medicine**

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March 30<sup>th</sup>, 2013

To be presented to the House Committee on Finance  
Monday, April 1<sup>st</sup>, 2013: 2:00 p.m. - Conference Room 308

Regarding SB (Senate Bill) 46: "Relating to Education"  
Testimony - Support

Chair Sylvia Luke, Vice Chair Scott Y. Nishimoto, and the rest of the honored committee, I appreciate this opportunity to speak with you. The following is our testimony, which we offer in order to show **support of SB46 SD2 HD2**.

My name is Paul Drouin, and I am a medical doctor from Canada. Just little more than a month ago, I proudly received my American citizenship here in Hawaii. I am also the President of the International Quantum University for Integrative Medicine.

We are an unaccredited, post-secondary educational institution, based here in Hawaii. We offer degrees to professionals who want to use Natural, Holistic, and Integrative Medicine in their practices. We are an online university, use innovative teaching methods, and offer in-house financing to qualified applicants. These people range from full-time students who love and want to learn more about Natural Medicine, to those already practicing, who are looking to gain more expertise and a professional certification in their field.

We understand the need to safeguard Hawaii students and their families, and as such, we want to offer our testimony in regards to Senate Bill 46. We believe that making sure Hawaii's students are safe, well-served, and are able to gain access to the financial aid that they need is an important role of Hawaii's government.

We know that Senate Bill 46 needs to pass in order to make sure students of Hawaii get the correct financial aid, so please understand that we are coming into this discussion with that in mind. We do understand that you are looking for a way to make this bill work for Hawaii, and we offer our help, advice, and comments, both past and future, to help you in any way that we can. We want to make sure that Hawaii's students have access to the education that they want and deserve, and as such, we respectfully state our **support for SB46 SD2 HD2 to continue to exclude educational institutions governed by Chapter 446E**.



**1 - We support SB46 SD2 HD2 because in this version of the bill, as in the earliest versions in both the House and Senate, Chapter 446E is not repealed nor significantly modified, and 446E continues to be an exception to this bill as recommend by the WAM and HED.**

The Senate Ways and Means Committee stated in the WAM committee report on February 27<sup>th</sup>, 2013 to amend SB 46 by “(7) **Deleting the repeal of chapter 446E**, Hawaii Revised Statutes, on unaccredited degree-granting institutions.”

Also, the author of this bill, **Senator Jill Tokuda, has recommended during WAM that SB 46 not include unaccredited universities.**

In addition, the House Committee on Higher Education stated in the HED committee report on March 12<sup>th</sup>, 2013 that “the **inclusion** of unaccredited post-secondary [Chapter 446E] institutions under the proposed regulations may be **inadvisable at this time.**”

**REASONING:**

**Modifying or repealing Chapter 446E of the Hawaii Revised Statutes would negatively impact schools and the State of Hawaii.**

Repealing Chapter 446E of the Hawaii Revised Statutes will destroy or significantly change legally operating universities in the State of Hawaii, including ours. We have been operating here for over six years and have not had any complaint or issue. We have paid taxes, followed the rules, and made sure to comply with the Hawaii Revised Statutes.

If the State decides to modify or repeal Chapter 446E of the Hawaii Revised Statutes, it will not only lose universities and programs that are of educational value to the State's citizens, but it will also have negative economic implications.

**Legally operating universities under Chapter 446E of the Hawaii Revised Statutes pay taxes, hire employees, and give opportunities for students here in Hawaii that the State would be removing if Chapter 446E is repealed. For example, the University of Nations in Kailua-Kona on the Big Island has a local economic impact of at least \$15 million per year to the area in local taxes, jobs, tourism, etc.**

Also, the implications from modifying or repealing Chapter 446E would not just destroy or significantly change current legally operating colleges and universities: It would also stop new universities, colleges, and businesses from coming to Hawaii.

The State should honor the fact that some schools do not want to be accredited. Accreditation is a voluntary process, and some schools do not want to do it, for a multitude of reasons, including cost, political reasons, religious reasons, etc. As long as the college or University is offering a quality education, it should not be discriminated against, either in law or word, by those who believe that accreditation should be forced.

**2 – According to the DCCA, SB 46 should not apply to Chapter 446E institutions because it is not required to in order for other institutions to receive Title IV federal funding, and would complicate the state’s implementation of this bill into law.**

**The Department of Commerce and Consumer Affairs’ Deputy Director, Jo Ann Uchida, also DOES NOT SUPPORT repealing Chapter 446E.**

In her testimony to the Ways and Means Committee, on February 22, 2013 she states:

***“The department [DCCA] opposes including unaccredited institutions (chapter 446E) within the scope of this bill as provided for page 10 lines 9-14 and page 52, lines 4-5. Unaccredited degree granting institutions by definition will not qualify for state authorization or federal funding. Including these institutions in this bill, even with a delayed implementation date, significantly and unnecessarily complicates the fiscal and subject matter implications of this bill.”***

**REASONING:**

Since, “by definition [Chapter 446E Institutions] will not qualify for state authorization or federal funding,” modifying or repealing Chapter 446E would have no impact on other educational institutions continuing to receive federal funds under Title IV of the Higher Education Act of 1965.

According to **DCCA Deputy Director Jo Ann Uchida**, applying this Bill to Chapter 446E institutions “significantly and unnecessarily complicates the fiscal and subject matter implications of this bill.”

The current laws are quite rigorous, the Bureau of Consumer Affairs has been effective in eliminating bad schools, and there is currently not an overabundance of private non-accredited colleges or universities. As long as the current private non-accredited colleges and universities abide by the requirements of Chapter 446E, they should be able to serve the state of Hawaii.

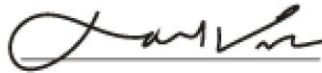
The current legally operating unaccredited universities offer much to the islands of Hawaii, and directly positively impact the State’s economy in the millions of dollars. Losing these universities would be a travesty, and **is not necessary to passing SB 46.**

In conclusion, since the Senate Ways and Means Committee (WAM) amended the bill to delete the repeal of Chapter 446E and the House Committee on Higher Education (HED) stated that including Chapter 446E institutions in SB 46 was inadvisable, the writer of this bill, Senator Jill Tokuda, has recommended in WAM that SB 46 not include unaccredited universities, and that the Department of Commerce and Consumer Affairs’ Deputy Director, Jo Ann Uchida, also argued for the preservation of Chapter 446E, we would ask you for the benefit of all higher education in the State of Hawaii to continue to exclude educational institutions governed by Chapter 446E from SB46 SD2 HD2 and any future version of this measure in both the House and the Senate.

We understand the need to make sure that structure is in place, both to safeguard the peoples of Hawaii, and to help the State to receive federal monies, but modifying or repealing Chapter 446E does not do that. Modifying or repealing Chapter 446E would not serve to help the citizens of Hawaii, which is what Senate Bill 46 purports to do. Therefore, we would like to reiterate our **support for SB46 SD2 HD2 to continue to exclude educational institutions governed by Chapter 446E.**

We understand that SB 46 is still a work in progress, and we would like to continue to be part of the conversation.

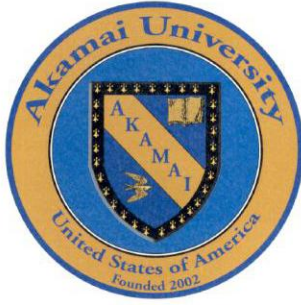
We appreciate this opportunity to give testimony in regards to Senate Bill 46. If there is any way we can be of further assistance, please contact us. Thank you.



Dr. Paul Drouin, M.D.

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# Akamai University

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Douglass Capogrossi, PhD  
President

*.Akamai...dedicated to betterment of the human condition*

## TESTIMONY REGARDING SB46 SD2 HD2

**FROM:** Douglass Capogrossi, Ph.D.  
President

**TO:** Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair

**DATE:** March 29, 2013

**RE:** Senate Bill SB46 SD2 HD2: "Relating to Education"

Honorable Representative Sylvia Luke  
and House Committee on Finance,

Our purpose in writing is to provide **testimony in favor** of the existing version of SB46 SD2 HD2, now under consideration.

Akamai University supports SB 46 SD 2 HD2 because this version of the bill no longer repeals or modifies HRS Chapter 446E. The Senate Ways and Means Committee stated in the WAM Committee Report on February 27th, 2013 to amend SB 46 by:

*“(7) Deleting the repeal of chapter 446E, Hawaii Revised Statutes, on unaccredited degree-granting institutions.”*

Also, the author of this bill, Senator Jill Tokuda, has recommended that SB 46 **not include unaccredited universities**, and we wish to support that recommendation.

Further, it is our position that unaccredited degree-granting institutions and start-up schools are not a bad element, so long as they are governed effectively with respect to their operational integrity, as has been the case

with HRS 446E. We therefore recommend that the House Committee on Higher Education take the following action:

We ask that the Committee on Finance add no language to the bill that repeals or modifies HRS446E. This current law governing unaccredited degree-granting institutions, HRS446E, has proved to be effective legislation over the past decade, guiding our Hawaii unaccredited college in the ethical conduct of our affairs. In fact, HRS446E was instrumental in permitting sufficient levels of operation to allow us to build a track record as a start-up school, whereby we have achieved sufficiently high academic quality and institutional integrity to be deemed successful in international accreditation with a government-recognized accreditor. HRS446E therefore provided us as a start-up school with an opportunity to grow and achieve under responsible legislation. It is our position therefore that HSR446E should remain as an important element of the Hawaii governance, permitting start-up schools a vehicle within which to operate and grow.

Kindest regards,

A handwritten signature in cursive script that reads "Douglass Capogrossi".

Douglass Capogrossi, Ph.D.  
President



**Hawai'i State House Committee on Finance**

**Monday, April 1, 2013**

**Conference Room 308; 2:00 p.m.; Agenda #1**

**SB 46 SD2 HD2 – Relating to Education – In Support**

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee,

The University of Phoenix (UOP) supports SB 46 SD2 HD2 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 Affairs (DCCA), Legislators and other private institutions on this measure.

This bill does address the new federal regulations without being overly burdensome and many of the updated provisions are similar to requirements we comply with in other states. We have been a part of the numerous discussions with our fellow private institutions, DCCA and others throughout the crafting of this legislation. UOP does support the current version which establishes a program and is committed to continuing the dialogue with all interested parties to ensure the measure meets federal regulations.

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.