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# SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY OF THE POTENTIAL  
REGULATION OF UNACCREDITED DEGREE GRANTING INSTITUTIONS IN  
THE STATE.

1           WHEREAS, the Legislature finds that obtaining a college  
2 degree can cost tens of thousands of dollars and often  
3 represents a significant commitment of a family's financial  
4 resources; and

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6           WHEREAS, the United States Department of Education relies,  
7 among other things, on an institution's accreditation from a  
8 recognized accrediting agency to determine eligibility for  
9 certain federal funds; and

10  
11           WHEREAS, many employers require a degree from an accredited  
12 educational institution as a condition of employment; and

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14           WHEREAS, many educational institutions will not recognize a  
15 student's degree or credits unless the degree or credits were  
16 earned through an accredited institution; and

17  
18           WHEREAS, prospective students may be unaware of the  
19 significance of an institution's accreditation status when  
20 selecting a college or university, particularly if the  
21 institution offers a degree through distance learning education;  
22 and

23  
24           WHEREAS, the State of Hawaii is one of a small number of  
25 states that does not license, approve, or prohibit unaccredited  
26 degree granting institutions; and

27  
28           WHEREAS, unaccredited degree granting universities and  
29 colleges that operate in the State are subject to the  
30 Unaccredited Degree Granting Institutions law, codified in  
31 chapter 446E, Hawaii Revised Statutes; and



1  
2 WHEREAS, the State Office of Consumer Protection has been  
3 active in enforcing chapter 446E, Hawaii Revised Statutes,  
4 through the filing of numerous lawsuits; and  
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6 WHEREAS, House Bill No. 1200, H.D. 2 (2013), proposes,  
7 among other things, to revise the state unaccredited degree  
8 granting institution law, chapter 446E, Hawaii Revised Statutes,  
9 by transferring oversight to the Postsecondary Education  
10 Commission beginning July 1, 2015; and  
11

12 WHEREAS, section 26H-6, Hawaii Revised Statutes, requires  
13 the Auditor to review proposals to regulate professions,  
14 vocations, or occupations that are currently unregulated and to  
15 assess alternative forms of regulation; and  
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17 WHEREAS, although unaccredited degree granting institutions  
18 are currently subject to chapter 446E, Hawaii Revised Statutes,  
19 and unaccredited degree granting institutions may not be  
20 traditionally considered a profession or vocation, a sunrise  
21 analysis under chapter 26H, Hawaii Revised Statutes, may be  
22 useful in evaluating the current and alternative forms of  
23 regulation; now, therefore,  
24

25 BE IT RESOLVED by the Senate of the Twenty-seventh  
26 Legislature of the State of Hawaii, Regular Session of 2013, the  
27 House of Representatives concurring, that the Auditor is  
28 respectfully requested to conduct a sunrise review of the  
29 regulation of unaccredited degree granting institutions, as  
30 proposed under House Bill No. 1200, H.D. 2 (2013), including an  
31 assessment of the current and alternative forms of regulation,  
32 pursuant to section 26H-6, Hawaii Revised Statutes; and  
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34 BE IT FURTHER RESOLVED that the Auditor is requested to  
35 include in its review:  
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- 37 (1) An estimate of the number of unaccredited degree  
38 granting institutions operating under chapter 446E,  
39 Hawaii Revised Statutes;  
40  
41 (2) An estimate of the number of unaccredited degree  
42 granting institutions physically located in the State;  
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- 1 (3) An estimate of the number of students enrolled in each  
2 unaccredited degree granting institution;  
3
- 4 (4) A review of the level of compliance by unaccredited  
5 degree granting institutions with chapter 446E, Hawaii  
6 Revised Statutes, including a review of:  
7
- 8 (A) The types of enforcement actions brought by the  
9 Office of Consumer Protection; and  
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- 11 (B) The number of enforcement actions brought by the  
12 Office of Consumer Protection;  
13
- 14 (5) A review of the laws governing unaccredited degree  
15 granting institutions in other states, including those  
16 state laws that require all degree granting  
17 institutions to be accredited;  
18
- 19 (6) A review of best practices available for the  
20 regulation of unaccredited degree granting  
21 institutions;  
22
- 23 (7) A determination of whether regulation of unaccredited  
24 degree granting institutions should also apply to  
25 online unaccredited degree granting institutions  
26 regardless of whether the institutions are:  
27
- 28 (A) Located in Hawaii; or  
29
- 30 (B) Located out-of-state, but enroll students who are  
31 Hawaii residents; and  
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- 33 (8) An examination of the findings in the 1993 report of  
34 the Legislative Reference Bureau, entitled *Private*  
35 *Accreditation and State Authorization of Degree*  
36 *Granting and Non-Degree Granting Limitations in*  
37 *Hawaii*, to determine whether the recommendations in  
38 the report were carried out; and  
39

40 BE IT FURTHER RESOLVED that the Auditor is requested to  
41 submit a report of its findings and recommendations, including  
42 any proposed legislation, to the Legislature not later than  
43 twenty days prior to the convening of the Regular Session of  
44 2014; and



1  
2 BE IT FURTHER RESOLVED that certified copies of this  
3 Concurrent Resolution be transmitted to the Auditor and the  
4 Director of Commerce and Consumer Affairs.  
5





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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PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION

TO THE HOUSE COMMITTEE ON HIGHER EDUCATION

THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2013

TUESDAY, APRIL 23, 2013  
11:00 A.M.

TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 119, S.D. 1  
RELATING TO HIGHER EDUCATION.

TO THE HONORABLE ISAAC W. CHOY, CHAIR,  
AND TO THE HONORABLE LINDA ICHiyAMA, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs' Office of Consumer Protection ("OCP") appreciates the opportunity to appear today and testify on Senate Concurrent Resolution No. 119, S.D. 1, Requesting the Auditor to Conduct a Study of the Potential Regulation of Unaccredited Degree Granting Institutions in the State. My name is Bruce B. Kim and I am the Executive Director of OCP.

**OCP supports an Auditor study of the regulation of unaccredited degree granting institutions ("UDGIS").** UDGIS currently operate in Hawaii under Chap. 446E of the Hawaii Revised Statutes ("HRS"). The Internet has brought an increase in

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UDGIS attempting to do business in Hawaii. OCP is authorized pursuant to Chap. 446E to enforce violations of the statute under HRS §§ 446E-3 and 446E-5 as unfair or deceptive acts or practices. Enforcement of the existing statute has proven to be extremely time-consuming and labor-intensive for OCP. For example, since 1996, OCP has initiated over 497 enforcement actions relating to Chap. 446E violations. OCP concurs that a study of this industry and alternative forms of regulation is appropriate. H.C.R. No. 105, H.D. 1 is the House companion measure which is similar if not identical to S.C.R. No. 119, S.D. 1 in content and intent.

OCP looks forward to working with the Auditor on this issue.

Thank you for allowing me the opportunity to testify regarding Senate Concurrent Resolution No. 119, S.D.1. I will be pleased to answer any questions that you may have.

**ichiyama3 - Malia**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, April 17, 2013 11:11 AM  
**To:** HEDtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SCR119 on Apr 23, 2013 11:00AM\*

**SCR119**

Submitted on: 4/17/2013

Testimony for HED on Apr 23, 2013 11:00AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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