

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 2142

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2142 entitled:

"A BILL FOR AN ACT RELATING TO POST-SECONDARY EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to repeal the requirement that private colleges and universities show annual profitability as a demonstration of financial integrity.

This measure also repeals a superfluous provision relating to the handling of complaints against institutions of higher education.

The Department of Commerce and Consumer Affairs and the University of Hawaii System submitted testimony in support of this measure. One individual submitted testimony in opposition of this measure.

Your Committee finds that the failure of an institution of higher education to show annual profitability does not demonstrate a lack of financial integrity because a school may incur a financial loss while maintaining positive equity. Removing the profitability requirement will provide schools with greater flexibility to execute business and expansion plans and increased access to favorable financing.

Your Committee notes that section 305J-17, Hawaii Revised Statutes, enacted by Act 180, Session Laws of Hawaii 2013,



provides complaints procedures against post-secondary educational institutions, which includes the University of Hawaii. Consequently, the provisions in section 304A-3153, Hawaii Revised Statutes, are duplicative and unnecessary. Accordingly, your Committee finds that it is appropriate to repeal section 304A-3153, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2142 and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



