



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

KEALI`I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

PRESENTATION OF THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

WEDNESDAY, FEBRUARY 19, 2014
3:00 P.M.

TESTIMONY ON HOUSE BILL NO. 2142
RELATING TO POST-SECONDARY EDUCATION

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 2142, Relating To Post-Secondary Education. My name is Bobbi Lum-Mew, Program Administrator for the Department's Hawaii Post-Secondary Education Authorization Program ("HPEAP"). HPEAP offers the following testimony in support of this bill.

House Bill No. 2142 deletes the requirement that a private college or university must show that it maintains profitability every year that it has been in operation as a means of demonstrating financial integrity to the Department.

As background, existing law provides for three means of demonstrating financial integrity in §305J-14, Hawaii Revised Statutes (“HRS”). The first option is applicable to those schools that have operated continuously in the State for at least ten years and maintain a composite score of at least 1.5 as required by federal law. The second option, which is amended in this bill, is applicable for schools in the State less than 10 years and requires that the school maintain the 1.5 composite score and demonstrate through audited financial statements that the school maintains both positive equity and profitability in each year of its operations. The third option is for the school to provide a surety bond in an amount determined by the director.

HPEAP supports the deletion of the term "and profitability" in the second option. HPEAP has been advised that although it is important that schools consistently maintain positive equity in their financial statements, it is not uncommon or necessarily inappropriate for a school to have financial statements that do not reflect profitability every single year that it has been in operation. Schools may incur a loss in any particular year and still maintain positive equity. The current requirement that the school's financial statements consistently reflect profitability may unrealistically inhibit the school's ability to execute business plans or expansion plans or result in the school having to use the more expensive option of securing a surety bond.

House Bill No. 2142 also repeals §304A-3153, HRS. In effect, this will repeal the authority of the state post-secondary education commission, placed within the University of Hawaii for administrative purposes, to establish and administer procedures for receiving and responding to complaints concerning institutions of higher education.

This authority over complaints relating to authorized post-secondary educational institutions was given to the Department last year. Thus, it is appropriate that this section be repealed. As background, Chapter 305J, HRS, was enacted in 2013 after the passage of Act 180. HRS §305J-6(b)(3) gives the Department the power to receive, arbitrate, investigate, and process complaints.

Thank you for the opportunity to testify on House Bill No. 2142.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Consumer Protection & Commerce
Wednesday, February 19, 2014 at 3p.m., Conference Room 325
By Jan Javinar,
Interim Associate Vice President for Student Affairs

HB 2142 – RELATING TO POST-SECONDARY EDUCATION

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

Among other things, HB 2142 proposes to repeal section 304A-3153, Hawai'i Revised Statutes, relating to complaint procedures concerning institutions of higher education in Hawai'i.

The University of Hawai'i offers its support on Section 2 of HB 2142 as Section 1 involves the Department of Commerce & Consumer Affairs to whom we defer for comment. Section 2 repeals section 304A-3153, HRS, which authorizes the State Post-Secondary Education Commission, administratively attached to the University of Hawai'i, to receive and respond to complaints concerning institutions of higher education authorized to operate in Hawai'i.

Last year, the Legislature approved SB46 SD2 HD3 CD1 which the Governor signed into law as Act 180. This bill appropriately identified DCCA as the state agency which would perform the regulatory function of authorizing institutions that offer education programs beyond secondary education. DCCA's role in performing this function is described in Chapter 305J of Hawai'i Revised Statutes. The State Post-Secondary Education Commission never performed this regulatory function to authorize such institutions.

In the law, section 305J-17, HRS, the DCCA is also tasked to receive and respond to complaints from consumers related to those institutions offering post-secondary programs in Hawai'i. As such, there is no need for duplicative language and function for the State Post-Secondary Education Commission in section 304A-3153, HRS. The University supports repealing this duplication.

Thank you for the opportunity to testify on HB 2142. The University welcomes this action as it seeks to minimize redundancy in the law.

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 14, 2014 2:33 PM
To: CPCtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB2142 on Feb 19, 2014 15:00PM*

HB2142

Submitted on: 2/14/2014

Testimony for CPC on Feb 19, 2014 15:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov