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## A BILL FOR AN ACT

RELATING TO SCHOOL CLOSURES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the recent sudden  
2 closure of Corinthian Colleges, Inc. and specifically Heald  
3 College in April 2015, left thousands of adult students at its  
4 Honolulu campus unsupported and helpless. Current law already  
5 requires that accredited post-secondary institutions under the  
6 Hawaii post-secondary education authorization program be secured  
7 by a surety bond to ensure that students are fully or at least  
8 partially compensated in the event of a school closure.  
9 Subsequent to the Heald College closure, the post-secondary  
10 education authorization program established a school closure  
11 policy and procedure to better protect students in the future.  
12 The legislature finds, however, that there is no such protection  
13 for students of unaccredited post-secondary institutions in the  
14 State, and at a minimum, unaccredited institutions should also  
15 be subject to bonding requirements.

16           The purpose of this Act is to protect students of  
17 unaccredited post-secondary institutions from school closures,



1 by requiring unaccredited institutions to post a bond along with  
2 their application for registration with the department of  
3 commerce and consumer affairs.

4 SECTION 2. Section 446E-5, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 **"§446E-5 Prohibited practices.** (a) No unaccredited  
7 institution shall indicate or suggest that the State licenses,  
8 approves, or regulates its operations. Acceptance by the  
9 director of any documents from an unaccredited institution shall  
10 not be construed as evidence that the director has determined  
11 the adequacy of any filing.

12 (b) Any institution that is not accredited by the American  
13 Bar Association shall not issue a juris doctor degree (J.D.), a  
14 master of laws degree (LL.M.), or any equivalent or comparable  
15 degree.

16 (c) Any institution that is not accredited by the Liaison  
17 Committee on Medical Education shall not issue a doctor of  
18 medicine degree (M.D.), or any equivalent or comparable degree.

19 (d) No unaccredited institution shall issue degrees unless  
20 the institution has an office located in Hawaii, at least one  
21 employee who resides in Hawaii, and at least twenty-five



1 enrolled students in Hawaii, in each academic year of its  
2 operation for the purpose of performing course requirements that  
3 are part of the students' educational curriculum.

4 (e) No unaccredited institution that operates in or from  
5 the State or has a presence in this State shall accept or  
6 receive any tuition payment or other fee from or on behalf of a  
7 student unless the institution complies with all of the  
8 requirements of this chapter.

9 (f) No unaccredited institution shall disclose in any  
10 catalog, promotional material or written contract for  
11 instruction that it has applied for future accreditation.

12 (g) No unaccredited institution shall operate in this  
13 state without first posting a bond along with its application  
14 for a certificate of registration by an individual executed by a  
15 corporate surety qualified to do business in this state and  
16 conditioned upon compliance with this chapter. The total  
17 aggregate liability on the bond shall be limited to  
18 \$ \_\_\_\_\_, or so much thereof as may be determined.

19 (h) No unaccredited institution shall operate in this  
20 state without first posting a bond along with its application  
21 for a certificate of registration by a partnership or



# H.B. NO. 2699

1 corporation shall be accompanied by a bond executed by a  
2 corporate surety qualified to do business in this state and  
3 conditioned upon compliance with this chapter in the amount of  
4 \$ \_\_\_\_\_, or so much as to be determined based on  
5 the total number of projected students."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2016.

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INTRODUCED BY:

Felici Powell

JAN 27 2016



# H.B. NO. 2699

**Report Title:**

School Closures; Student Protection.

**Description:**

Requires unaccredited institutions to post a bond along with their application for registration with the department of commerce and consumer affairs.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

