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Date: 02/02/2015
Time: 02:00 PM
Location: 309
Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 0340 RELATING TO EDUCATION.

Purpose of Bill: Transfers regulatory jurisdiction over private trade, vocational, and technical schools from the Department of Education to the Department of Commerce and Consumer Affairs.

Department's Position:

The Department of Education (Department) strongly supports HB 340 which proposes to transfer regulatory jurisdiction over licensing private trade, vocational, or technical schools from the Department to the Department of Commerce and Consumer Affairs (DCCA).

The Department's mission is to ensure Hawaii's public school students receive a quality education. We need to focus our efforts on preparing high school graduates for college and careers. However, the statutory purpose for the Department's licensing of private trade, vocational, or technical schools (hereafter referred to as 'post secondary institutions') is not consistent with and detracts from this mission. The law requires the Department to license these post secondary institutions in order to protect consumers against false, deceptive, misleading, or unfair practices.

Further, the Department has no expertise to certify educational quality at these post-secondary institutions, lacking the content knowledge, skill and proficiency to do so. The prescribed courses of study taught by these post secondary institutions are fields of endeavor related to business or preparatory programs for vocational and professional licensure by DCCA.

Moreover, the Department has limited resources that are needed to focus on its mission. However, the Department has had to support this licensing program by taking dedicated resources that would have otherwise focused on supporting public school education.

With licensing of such post secondary institutions the Department is also held accountable for consumer protection enforcement issues when there are allegations of false, deceptive,

misleading, or unfair practices. We reiterate this too is not consistent with and detracts from the Department's mission, we have no expertise in the enforcement of consumer protection matters, nor do we have resources for such purposes.

The issue of transferring this licensing program from DOE is not a new idea. Prior studies conducted by the Office of the Auditor (OA) and the Legislative Reference Bureau (LRB) on the placement and oversight of this licensing program concluded that the program should be transferred out of the Department. However, to date, no action has been taken to place the program with another state agency.

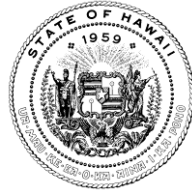
The Department supports the transfer of licensing professional, trade, or technical schools to DCCA's Hawaii Post-Secondary Education Authorization Program ("HPEAP"). For the stated statutory purposes of licensing such schools (which is consumer protection), this would appear consistent with DCCA's mission and HPEAP.

Also, HPEAP jurisdiction of and the basis for DCCA authorization would, except for the exclusion of DOE licensed schools, encompass the Department's licensed post-secondary institutions and entail similar licensing standards.

Further, of the 32 schools licensed by the Department, more than half (17 out of 32) are for DCCA regulated and licensed professions or vocations. Content area expertise to evaluate such programs and provide support in these areas appears to be readily available within DCCA.

Additionally, with the establishment of HPEAP (pursuant to Act 180, SLH 2013), the Legislature noted DCCA had the capability to establish a system of authorization to serve the diverse institutions that operate educational programs beyond secondary education in Hawaii. As such, DCCA was provided the resources to implement this program. Further, the Legislature deemed that DCCA was the most appropriate entity to address consumer complaints and enforcement by students at post-secondary institutions.

In closing, the Department fully supports the transfer of regulatory jurisdiction over private trade, vocational, or technical schools from the Department to DCCA. Thank you for this opportunity to provide testimony on this matter.



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**PRESENTATION OF THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS**
TO THE HOUSE COMMITTEE ON EDUCATION
TWENTY-EIGHTH STATE LEGISLATURE
REGULAR SESSION, 2015

MONDAY, FEBRUARY 2, 2015
2:00 P.M.

TESTIMONY ON HOUSE BILL NO. 340
RELATING TO EDUCATION

TO THE HONORABLE ROY M. TAKUMI, CHAIR,
AND TO THE HONORABLE TAKASHI OHNO, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("DCCA") appreciates the opportunity to testify on House Bill No. 340, Relating To Education. My name is Bobbi Lum-Mew, Program Administrator for the Department's Hawaii Post-Secondary Education Authorization Program ("HPEAP"). HPEAP has serious concerns with this measure and offers the following comments for the Committee's consideration.

First, HPEAP is concerned that this measure would inappropriately transfer the long-running trade, vocational, and technical schools program from the Department of Education ("DOE") to the possible detriment of maintaining the quality of these schools. DCCA supports the proper regulation of educational programs in the State, and DOE

remains the proper agency to oversee the licensing of educational programs in the same manner that other agencies with the proper subject matter expertise are responsible for specialized licensing programs. Unlike the HPEAP law under HRS Chapter 305J, the DOE's trade, vocational, and technical school program has a dual responsibility under its statute to ensure educational consumers are protected by helping to "ensure adequate educational quality." DOE's licensing law provides for department review of advertising content, standards and method of instruction, and equipment provided. Its rules provide for site inspection and approval of curriculum. DOE's statute reflects DOE's expertise in its own core function -- education. As the department whose mission is education, DOE is in the best position to fulfill this policy function. Further, DOE is already in the business of post-secondary education through its Adult Education Program, and the same division that oversees the Adult Education Program oversees the licensing of vocational schools.

DCCA's core function, on the other hand, is business regulation. In that capacity, it is unfamiliar with the state and federal laws, rules and industry standards that would apply to a qualitative oversight. In addition, HPEAP was created in 2013 for the narrow purpose of providing state-level authorization of institutions not already subject to state oversight in order to preserve eligibility for student loans and federal funding under the Higher Education Act. In establishing HPEAP, there was a recognition that the State would have to rely on private accreditation to ensure a minimum threshold of educational quality in the interest of expediency, and that placement in DCCA would mean that there would not be any state review of educational quality.

Ultimately, it is unclear from this measure what specific problems would be addressed by transferring the administration of a long-running educational program from the DOE, and it is also unclear whether transferring programs from the DOE directly relating to that department's core educational functions is in the best interest of the State.

HPEAP also has strong concerns that this measure would leave the program for licensing of trade, vocational, and technical schools without adequate funding support that may ultimately have serious adverse consequences to schools and students. Currently, this bill proposes to transfer the program to DCCA, but assumes that there is an associated special fund to support the program (page 2, lines 19 to 21). The Department is a special funded department, and its services are paid for by its licensees. As a special-funded department, the costs associated with a new program cannot be borne by other licensee types. Currently, schools authorized via HPEAP pay DCCA \$10,000 per biennium as a licensing fee, and the program is still not sufficiently funded. If the Department were to assume oversight of post-secondary vocational or trade schools in a manner that would require qualitative review of curriculum and facilities, the cost associated with that review would likely require vocational and trade schools to pay a biennial fee significantly higher than the amounts currently paid by HPEAP schools. This would place an unexpected financial burden on licensees, and, ultimately, on students of licensed schools. It is unclear whether the impact of fees on those schools or their students has been fully considered.

Finally, the Department respectfully requests that this bill be held so that thoughtful study and discussion can take place with the DOE and with other

stakeholders like the U.S. Department of Education and the schools themselves. DCCA again notes that the practical challenges underlying the reason for this bill are not clear, and DCCA was not consulted in the development of this legislation – a process which would have allowed it to provide input as to the practical impacts and unintended consequences that House Bill No. 340 will likely cause.

Thank you again for the opportunity to testify on House Bill No. 340.

1/29/15

I work for the DOE, I support this measure as a private citizen. Hawaii ranks 37th among the Union in regards to the Science and Engineering Readiness Index (SERI) and 35th in general. Consequently, opposition to this measure only adds distraction to the department from its mission statement on education services for K-12. This measure seems like a no brainer and will help decentralize HIDOE and reduce duplication of costs to the tax payer, which already operates in a disorganized fashion because of its centralize design.

Harold Ames, Public Servant

http://www.huffingtonpost.com/2011/07/11/state-education-rankings-_n_894528.html