

SB856

Measure Title: RELATING TO EDUCATION.

Report Title: Post-secondary Education Authorization for Private Trade, Vocational, or Technical Schools

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

Companion:

Package: None

Current Referral: EDU/CPN, WAM

Introducer(s): KIDANI

<u>Sort by Date</u>		Status Text
1/23/2015	S	Introduced.
1/26/2015	S	Passed First Reading.
1/28/2015	S	Referred to EDU/HEA/CPN, WAM.
1/29/2015	S	Re-Referred to EDU/CPN, WAM.
2/2/2015	S	The committee(s) on EDU/CPN has scheduled a public hearing on 02-06-15 9:15AM in conference room 229.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/06/2015
Time: 09:15 AM
Location: 229
Committee: Senate Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 0856 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 SB 0856 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.

The Department's concerns are:

- 1) 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.
- 2) 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.

3) 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.

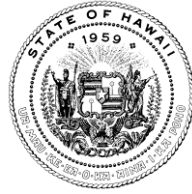
The Department supports the transfer of licensing professional, trade, or technical schools to DCCA's Hawaii Post-Secondary Education Authorization Program ("HPEAP"). For the stated statutory purposes of licensing such schools (which is consumer protection), this would appear consistent with DCCA's mission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

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.

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.



DAVID Y. IGE
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**PRESENTATION OF THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS**
TO THE SENATE COMMITTEE ON EDUCATION
AND

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

**TWENTY-EIGHTH STATE LEGISLATURE
REGULAR SESSION, 2015**

**FRIDAY, FEBRUARY 6, 2015
9:15 A.M.**

**TESTIMONY ON SENATE BILL NO. 856
RELATING TO EDUCATION**

**TO THE HONORABLE MICHELLE N. KIDANI, CHAIR,
THE HONORABLE ROSALYN H. BAKER, CHAIR
THE HONORABLE BREENE HARIMOTO, VICE CHAIR,
AND TO THE HONORABLE BRIAN T. TANIGUCHI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEES:**

The Department of Commerce and Consumer Affairs ("DCCA") appreciates the opportunity to testify on Senate Bill No. 856, 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 Senate Bill No. 856 will likely cause.

Thank you again for the opportunity to testify on Senate Bill No. 856.



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TESTIMONY BEFORE THE SENATE COMMITTEES
ON COMMERCE AND CONSUMER PROTECTION AND EDUCATION

DATE: FRIDAY, FEBRUARY 6, 2015

RE: S.B. 856 – RELATING TO EDUCATION

PERSON TESTIFYING: JOAN LEWIS, VICE PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Wil Okabe
President
Joan Kamila Lewis
Vice President
Colleen Pasco
Secretary-Treasurer
Wilbert Holck
Executive Director

The Honorable Chair Michele Kidani and Members of the Committee:

The Hawaii State Teachers Association (HSTA) **supports S.B. 856 Relating to Education.**

HSTA is the exclusive representative of more than 13,500 public and charter school teachers statewide. As the state affiliate of the 3.2 million members of the National Education Association.

The purpose of S.B. 856 is to include private trade, vocational, and technical schools under chapter 305J, Hawaii Revised Statutes, and the jurisdiction of the department of commerce and consumer affairs.

Currently, the private trade, vocational or technical school licensing program is under the jurisdiction of the Department of Education (DOE) and the DOE is charged with ensuring the quality of these schools and protecting the public from unscrupulous practices by private trade, vocational, or technical schools through said licensing program. Unfortunately, this practice is contrary to the mission and DOE - that of ensuring educational quality for students in Hawaii elementary, middle, and high schools.

The Hawaii State Teachers Association believes the oversight and licensing program of private trade, vocational or technical schools belongs with the department of commerce and consumer affairs.

Thank you for the opportunity to testify in **support of S.B. 856.**

SB856

Submitted on: 2/5/2015

Testimony for EDU/CPN on Feb 6, 2015 09:15AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Wil Okabe	Individual	Support	Yes

Comments: