



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

Date: 02/14/2017

Time: 02:00 PM

Location: 329

Committee: House Consumer Protection and
Commerce

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 0190, HD1 RELATING TO PRIVATE FLIGHT SCHOOLS.

Purpose of Bill: Requires the Department of Education to authorize private flight schools that: (1) are physically present in the State; (2) are certified by the Federal Aviation Administration; (3) offer flight instructor certificates; (4) request authorization; and (5) meet other requirements established by the rules of the Department. (HB190 HD1)

Department's Position:

The Department of Education (Department) strongly opposes HB 190 HD1. This measure would require the Department to authorize private flight schools.

Pursuant to section 302A-424, Hawaii Revised Statutes (HRS), "The department, at its discretion, may regulate schools, classes, or courses excepted from the definition of "private trade, vocational, or technical school".

http://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0302A/HRS_0302A-0424.htm

Section 8-101-1, Hawaii Administrative Rules (HAR), states the definition of "School" means "a private trade, vocational, or technical school, as defined by State law, which provides only post-secondary courses below the college or university degree-granting level."

The Federal Aviation Administration (FAA) has extensive requirements for certification of pilots, flight instructors, ground instructors, and pilot schools. The highly technical nature of these training programs as well as compliance with the FAA to ensure safe operation justifies the current exemption under §8-101-2, HAR, to exempt, "Flying schools qualified under the Federal Aviation Administration" from the definition of school.

<http://boe.hawaii.gov/policies/AdminRules/Pages/AdminRule101.aspx>

Licensing Private Trade, Vocational or Technical (PTVT) schools is misaligned with the Department's primary mission. Its mission is focused on K-12 education to ensure that all public

school students can reach their fullest potential and attain their aspirations in the 21st century.

PTVT administration by the DOE continues to and has taken away valuable resources and time that should be focused on providing direct services and supports for Hawaii public schools, educators and students.

Additionally, the Department acknowledges its inability to properly administer a regulatory program that is not compatible with the Department's primary mission.

We respectfully request that this bill be held in committee.

Thank you for this opportunity to testify on HB 190 HD1.



HAWAII PACIFIC AVIATION

MAUNA LOA HELICOPTERS

HB 190 and SB 652
Committee on Education
Committee on Higher Education
Committee on Intrastate Commerce
Date: Tuesday, February 14, 2017
Time: 2:00 PM
Place: Conference Room 329
State Capital
415 South Beretania Street
By
Benjamin Fouts
Mauna Loa Helicopters

Dear Chairs and Committee Members,

My Name is Ben Fouts, I am the Owner of Mauna Loa Helicopters and I am in SUPPORT of House Bill 190 and companion Senate Bill 652.

HB 190 and SB 652 will accomplish one main thing. It will allow flight schools overseen by the Federal Aviation Administration (FAA), currently exempt from state oversight and licensing, to voluntarily become state licensed and authorized by the Hawaii DOE as a Post-secondary Education Institution, if they are required to do so in order to participate in the Federal Loan Programs under Title IV.

Unless an avenue is created for our Hawaii flight school to gain state authorization and approval, as the U.S. Department of Education requires of us, students will lose their ability to apply for federal loans.

About Mauna Loa Helicopters

Mauna Loa Helicopters has been providing flight training in Hawaii since 1992. We are located at the Kona and Honolulu International Airports. We have grown from operating 1 helicopter to 15. We currently employ 40 people and have approximately 100 students enrolled.

Eight (8) of those students are attending our program utilizing Federal Loans under Title IV, and it is those student we are working on behalf of today.

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Kailua Kona, Hawaii 96740
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90 Nakolo Place, Suite 2
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301 Airport Boulevard
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We are an FAA approved part 141 school that is monitored and overseen by the Federal Aviation Administration. The FAA monitors and audits our operations, approves our courses and curricula, and requires detailed record keeping of all training.

We are one of only 4 helicopter schools in the country that is nationally accredited. We hold accreditation from the ACCSC, Accrediting Commission of Career Schools and Colleges.

We are one of only 3 helicopter schools in the nation that can grant F-1 and M-1 visas. This brings students from all over the world to Hawaii to get their education.

We participate in the Title IV Federal Student Loan Program. We are the only independent helicopter school that is approved to participate in the Title IV Federal Student Loan Program. This approval made it possible for students who would otherwise have no way of attending flight school, to apply for federal loans to train for a career as a helicopter pilot.

History of Mauna Loa Helicopters and Title IV Authorization Requirement

Under state legislation our school is exempt under HRS 8-101-1 (3) from needing state authorization because we are overseen by the FAA. However, under new federal legislation in order to remain a Title IV school, we must be authorized by our state. The Hawaii DOE could choose to authorize us. HRS 302A-424 says that the department (Hawaii DOE), at its discretion, may regulate schools, classes, or courses excepted from the definition of “private trade, vocational, or technical school. We spoke with representatives from Hawaii DOE in an attempt to persuade them to authorize us, to no avail.

Hawaii DOE cited two objections to authorizing our school. The first was handling student complaints. They expressed concern that there may be too much work load for them to handle complaints. We wish to state that our school has Never had a formal complaint against it, and to further explain that both the FAA and our national accrediting agency, ACCSC, have processes for handling complaints should they arise. None ever have.

The Hawaii DOE cited their second concern to be liability exposure. Our insurer has assured us that Hawaii DOE can be an additional insured on our insurance policies, just as the Department of Transportation Airport Division is. In addition, we do not understand how our school could offer more exposure than a massage school or a holistic health school. None of the agencies that have authorized us have ever expressed any

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concern over liability exposure. These include agencies such as the U.S. Department of Education, The Federal Aviation Administration, The United States Veterans Administration, the Accrediting Commission of Career Schools and Colleges and last but not least, the U.S. Department of Homeland Security which manages foreign students under SEVIS.

Summary

Mauna Loa Helicopters is a well-established, financially stable institution with an excellent reputation in our industry. We know that we are an economic asset to Hawaii. We attract students and their tuition dollars from all over the world. In 2016, our gross revenues were \$3.6 million dollars and we paid gross wages of 1.17 million dollars.

If Hawaii does not designate a state agency to license and authorize our school, we will lose our Title IV certification. We currently have 8 students in attendance who are using Federal Loans to train, these student and all future ones would lose funding.

Respectfully,

Benjamin C Fouts
President
Hawaii Pacific Aviation, Inc.
Mauna Loa Helicopters