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PRESENTATION OF THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS
TO THE HOUSE COMMITTEE ON FINANCE
TWENTY-NINTH STATE LEGISLATURE
REGULAR SESSION OF 2017

FEBRUARY 28, 2017
3:00 P.M.

TESTIMONY ON HOUSE BILL NO. 190, H.D. 2
RELATING TO PRIVATE FLIGHT SCHOOLS

TO THE HONORABLE SYLVIA LUKE, CHAIR,
THE HONORABLE TY J.K. CULLEN, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 190, H.D. 2, Relating to Private Flight Schools. My name is Bobbi Lum-Mew, Program Administrator for the Department's Hawaii Post-Secondary Education Authorization Program ("HPEAP"). HPEAP offers the following comments with requested amendments on this bill.

The purpose of House Bill No. 190, H.D. 2 appears to be to provide a mechanism for a flight school which has an accredited program, is approved by the Federal Aviation Administration, and is participating in Title IV federal financial aid programs, to obtain state approval of its operations. Because this school does not offer associate or baccalaureate degrees, it does not come under HPEAP's jurisdiction. Under Hawaii

Revised Statutes (“HRS”) Chapter 305J, HPEAP only authorizes private college or universities that offer these types of degrees.

The Hawaii Department of Education licenses private trade, vocational or technical schools which do not offer degrees. Although there is an exception for flying schools qualified under the Federal Aviation Administration, the Hawaii Department of Education has the discretion to regulate any school which falls under an exception.

HRS §302A-424 states as follows:

[§302A-424] Regulation of other schools and classes. *The department, at its discretion, may regulate schools, classes, or courses excepted from the definition of "private trade, vocational, or technical school". [L 1996, c 89, pt of §2]*

As such, there already is a mechanism in place for a flight school to obtain state approval without making substantial changes to existing law.

We request that the original language of House Bill No. 190 replace the language in House Bill No. 190, H.D. 2.

Thank you for the opportunity to comment with requested amendments on House Bill No. 190, H.D. 2.



HAWAII PACIFIC AVIATION

MAUNA LOA HELICOPTERS

HB 190
Committee on Finance

Date: Tuesday, February 28, 2017
State Capital
415 South Beretania Street

Testimony 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.



HAWAII PACIFIC AVIATION

MAUNA LOA HELICOPTERS

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 additional, 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



HAWAII PACIFIC AVIATION

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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