

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
ON
SENATE BILL NO. 1286, S.D. 2, H.D. 1

March 22, 2017
2:00 p.m.
Room 329

RELATING TO PRIVATE TRADE, VOCATIONAL, AND TECHNICAL SCHOOLS

Senate Bill No. 1286, S.D. 2, H.D. 1, amends Chapter 302A, HRS, and requires the Department of Education (DOE) to license private trade, vocational, and technical schools, as necessary, for compliance with federal regulations and accreditation requirements. The purpose of the measure is to clarify the scope of the licensure program and to establish a licensing fee to ensure its sustainability.

The measure also establishes the Private Trade, Vocational, and Technical School Licensure Special Fund. The measure authorizes the deposits of revenues and fees established by the bill and general fund appropriations into the special fund. However, the bill leaves the amount of the initial license fee and renewal fee unspecified. In addition, the bill authorizes the deposit of an unspecified amount of general funds into the special fund for FY 18 and FY 19. Moneys in the special fund are to be used to fund activities related to licensure requirements, including permanent staff positions. The bill also authorizes the establishment of one full-time equivalent position within DOE to be funded out of the special fund for FY 18 and FY 19.

The Department of Budget and Finance, as a matter of general policy, does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the HRS. Special funds should: 1) serve a need that cannot be implemented under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 1286, S.D. 2, H.D. 1, it is uncertain if the special fund will be self-sustaining.

Thank you for your consideration of our comments.



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

Date: 03/22/2017

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: SB 1286, SD2, HD1 RELATING TO PRIVATE TRADE, VOCATIONAL,
AND TECHNICAL SCHOOLS.

Purpose of Bill: Clarifies the scope of the private trade, vocational, and technical school licensure program within the department of education. Establishes a licensing fee to ensure the sustainability of the licensure program. Establishes a license renewal process and fee. Creates the private trade, vocational, and technical school licensure special fund. Appropriates moneys for one full-time equivalent position within the department of education to administer licensing. (SB1286 HD1)

Department's Position:

The Department of Education strongly supports SB 1286 SD2, HD1 relating to private trade, vocational and technical schools.

Private Trade, Vocational or Technical (PTVT) administration by the Department continues to take away valuable resources and time that should be solely focused on providing direct services and supports for Hawaii public schools, educators and students.

With a special fund and dedicated position to support the PTVT licensing program operations, the Department will be better able to provide for the licensure program's sustainability.

The operational support provided in this measure will allow the Department to continue to administer licensing for PTVT schools while continuing to focus on the Department's primary mission. Our primary 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.

Thank you for this opportunity to provide testimony on SB 1286 SD2, HD1.

Hawaii Institute of Hair Design 1128 Nuuanu Avenue, Honolulu, Hawaii 96817

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

Consumer Protection Committee

Rep. Roy M. Takumi, Chair
Rep. Sharon E. Har, Vice Chair

DATE: Wednesday, March 22, 2017

TIME: 2:00 PM

PLACE: Conference Room 329

SB1286 SD2HD1 Relating to Private Trade, Vocational and Technical Schools

Honorable Chairpersons and Members of these Committees:

I am Margaret Williams, The Administrator of Hawaii Institute of Hair Design, a Private Postsecondary School currently licensed by the Department of Education, State of Hawaii. The Hawaii Institute of Hair Design is accredited by the Accrediting Commission of Career Schools and Colleges.

This bill was really improved from its first version until it hit the House Education Committee. Now it is worse than the first version causing major problems for all of the students and the currently licensed schools they attend.

The DOE has said for a great many years that they need funds to manage Private schools licensure. We want the legislature to find a way to fairly get the DOE the money that is necessary to maintain PTVT school licensure but not budget to overstaff the position and not change the paperwork (not cut out the licensure of any of the current schools or types of schools and to not cut out any of the current criteria and requirements of the DOE and schools.) The Bill currently does all of that, leaving only 3 to 5 schools to pay for the support of “funding for permanent staff positions and administrative and operational costs” (pg.4 line 1& 2). ((Many positions are inferred, not the one position needed for funding).

The Standing committee Report speaks of adding funding for one full time equivalent staff. ONE is all that is needed to perform all and more

than the work that has been occurring in reviewing the 34 currently licensed schools in the past.

If the legislature means to license schools that have graduates that must be licensed by the DCCA, the bill needs revision on page 6, line 14 adding "State and" to "federal regulations and accreditation requirements". There are many schools currently licensed that would not fall under the "DCCA graduate license" blanket. At least 10 schools would not be eligible for licensure. To save these schools, the page should be changed altogether, reverting back to the original lined out information on this page 6.

DCCA does not investigate schools complaints, making Page 9, lines 1 thru 6 incorrect. Besides, I was told that the DOE had not received any complaints filed with the DOE about the current schools' training. Yet, the DOE does not want the extra work involved if such should ever occur.

Please change the Bill by adding the funding for one full time equivalent staff and by removing all of the changes that have been made to the Private Postsecondary School licensure ACT. In other words, Eliminate everything in the bill except the area where the flight schools are added to the DOE scope and the funding part, but fund the one full time equivalent staff members with funds shared by the licensed schools and the State.

Margaret Williams The rest of my testimony further explains and expands information on these stands.

The creation of a fund to pay the equivalent of a full time position in the DOE to license these schools is a good thing. The fund should pay for the work that is necessary to keep schools licensed as they have been licensed in the past. The current forms and requirements for Private postsecondary school licensure are far superior to the requirements described in this bill. The current forms and requirements help schools prepare to be good schools, to analyze, improve and grow, and are essential for schools to strive for excellence with their students.

I oppose the creation of several or any single full time position and office to perform the licensure activities which unfairly raises the cost of School Licensure for the schools and for the State. This bill creates an entire new office with administrator and staff to do the work that has been accomplished very part time in the past and the bill funds the extra jobs and cost. The Standing Committee Report states that the Bill is: (4) Authorizing one permanent full-time equivalent position within the Department of Education to administer licensing of private trade, vocational, and technical schools and appropriating monies for that purpose; **the words “one” and “equivalent” should be switched into the bill wherever the “office” and “staff” are mentioned. That would save the State and schools a lot of money and would fund the work that is currently happening and is necessary.**

I oppose the removal of any Non-Accredited School from Private Trade, Vocational and Technical School licensure by the Department of Education. Why remove the licensure from schools of business, cooking, computer, accounting, maritime and other schools of this type? Are their students any less in need of State oversight than accredited school students? Why, by eliminating the schools, would you create less work to be done if the previous job can be completed by the one full time equivalent position? This bill appears to require that the schools I just listed must be licensed, but requires accreditation or DCCA documents of them that they cannot supply to achieve the DOE licensure.

This bill also haphazardly shortens the list of Items the Department of Education requires schools to submit for review upon application or renewal, shortening the workload of the DOE reviewers but expanding the current very part time work into full time positions.

The Department of Education has been efficiently issuing licenses to schools for decades. In the past, it took only a few weeks of time for two persons to do the reviews necessary for licensing and renewing schools. Those reviews are done in the slower summer months. The Department of Education should continue to do their job, protecting the older children of Hawaii. This costs the State no more than it has in the last 77 years, after adding inflation in the salaries and such.

The state authorizes all of the public college programs; this bill removes licensure from many private school programs. Private cooking and pastry, massage and acupuncture, auto mechanic, medical, healthcare, maritime, barber, grounds maintenance and food service, computer, business applications workplace skills, and accounting are taught at current DOE licensed schools. The community college career and technical education programs are authorized by the Board of Regents under the State Constitution. Many of the programs offered by the private schools are also taught at the community colleges. The students at the community colleges have the backing and protection of the state and the constitution, Why not at the private schools? What makes the students who have chosen to get their education at private schools any less worthy of state oversight than of those attending a school that is public? All students should be able to attend school under the security of a state authority overview.

Without a license, the Private schools cannot achieve accreditation and earn the right to request Federal Financial Aid for their students. The bill would create a restrictive monopoly for established accredited schools and the community colleges. Very few future schools could ever achieve National Accreditation in this State again.

Unnecessary COST When a full time position is not necessary to do the job, why is it necessary to create full time Administrator and staff jobs? School licensure is not a full time job. The staff members that currently use a few months of their time every two years to perform the school reviews are paid salaries by the State. They review course outlines, school budgets, school teachers' history and much more than is described as the requirements of future school submissions in this bill. How can one justify funding for permanent staff positions, administrative and operational costs for a job that takes up a few weeks every two years? All school licenses expire every two years and must be renewed by September first. The job is better done when two people work on the project during the summer every two years. The DOE has never failed to complete the reviews and renew the licenses of schools (currently only 34 schools) on time. This bill removes many schools and many of the requirements. It alleviates the DOE from responsibility

of an analysis of school curriculum and investigating complaints on the schools, and says nothing about submitting information on our teachers. The reviews of the private schools covered by the part time staff in the past were much more thorough than this bill designates as the work of the newly created administrator and staff.

What will the administrator and staff be paid to do during the 1 ¾ years that is not renewal time??

Extra COST The bill is speaking of turning the student complaints over to RICCO. RICCO is paid by licensees of DCCA to investigate complaints on licensed trades. Cooking, business, food service, computers, etc. are not DCCA licensed fields. How will the State pay RICCO for investigating the complaints for Cooking, travel, medical assisting, business, food service, computer, maritime, and other schools whose graduates are not licensed in DCCA? Will the State Fund RICCO for the investigations?

Although the unaccredited schools are smaller, all of the Accredited Schools in Hawaii are not large. HIHD has 67 students and the last time I checked, Med - Assist had 35 and Travel Institute had 68. The really large degree granting colleges with hundreds of students can afford high fees that will pay for an administrator and office. Smaller schools like ours will struggle to pay higher fees and the state will have to pay the balance. .

Unlike the public Colleges, the Private Postsecondary Schools do not ask the state to pay our teachers or for maintenance of our buildings. We are doing the state a service in educating the children of Hawaii, getting them to work, and keeping many out of prison or off the welfare rolls. The state pays for the Community college oversee; can the taxes we pay cover much of the the cost of assuring Private Postsecondary Vocational students get a good education?.

This bill removes the current requirement to help ensure adequate educational quality is conducted at private trade vocational and technical schools and creates unreasonable costs and charges. It is not yet a good bill. Please continue to protect the people who are not college bound and chose to learn to become

employable by attending a private school. Please have the DOE do their job and
dcontinue to work on fixing this bill

Thank you for considering this testimony. I apologize for its length.

Margaret Williams

Hawaii Institute of Hair Design

Phone 808 533-6596



***Maui School of Therapeutic Massage
P.O. Box 1891, Makawao, HI 96768
(808) 572-1888***

*Admissions: 808-572-1888 ♦ Clinic: 808-572-2277 ♦ Fax: 808-572-2274
www.massagemau.com ♦ info@massagemau.com*

March 21, 2017

To the Honorable Rep. Roy Takumi, Chair; Honorable Rep. Linda Ichiyama, Vice-Chair; and Honorable Members of the Committee:

I am writing as the Director of the Maui School of Therapeutic Massage (MSTM), a Department of Education (DOE)-licensed vocational school since 1995. I support the spirit of SB1286 (House draft 1). In particular, I strongly support the allocation of funding for a permanent dedicated staff position in the DOE for private trade, vocational & technical school licensing.

However, I have two primary concerns for trade, vocational & technical schools with the current wording of the bill.

1) Section 4(a): It seems that the purpose of Section 4(a) is to define criteria which vocational schools must meet in order to be eligible to apply for a license. I propose the following wording so as not to cause harm by potentially denying non-accredited vocational schools which do not participate in federal programs the opportunity to apply for a vocational school license:

“The department shall license private trade, vocational, and technical schools as necessary for compliance with federal regulations, accreditation requirements, OR as necessary for those schools’ graduates to be able to meet vocational licensing requirements in the State of Hawaii and other states.”

The “and” statement in lines 13-15 is particularly problematic and logically inaccurate, requiring schools to show that they need license for both purposes; federal regulations AND accreditation requirements. It also omits other critical reasons why vocational schools may need a license. If our graduates cannot show that their education was from a licensed school, they would not be eligible to apply for massage therapy licenses in most states, which could effectively put small vocational schools out of business.

2) The wording of Section 4(b)(1) should be expanded to include nationally recognized certifying entities, so that there is another option to accreditation. I propose that the following language be adopted:

“Proof that the school is accredited or certified by an accrediting or certifying commission of career schools and colleges, an accrediting or certifying council for continuing education and training, or an accrediting or certifying bureau of health education schools; provided that in lieu of such accreditation or certification, the school may provide a letter from the relevant state licensure board demonstrating that graduates completing the school’s curriculum are eligible for state licensure.”

However, even this amended ruling does not take into account schools which are not governed by a board. From whom would they procure a letter?

I ultimately want this bill to work for both the DOE and for vocational schools.

Please note that my recommendations come from the perspective of a Massage Therapy school. Other private trade, vocational or technical schools may have different needs, of which I am unaware.

In order to protect vocational school students, and the public who will seek out their services as licensed practitioners, we owe it to our professions and the people of the State of Hawaii to put forth a bill which allows vocational schools to continue to offer affordable vocational training that provides the State of Hawaii a well-trained work force across vocations and professions.

Thank you for considering my testimony.

Sincerely,

Shelagh Lampshire

Director
Maui School of Therapeutic Massage

Rep Roy Takumi, Chair
Rep Linda Ichiyama, Vice-Chair

Dr. Mark Olson, Director, Pacific Center for Awareness and Bodywork

Wednesday, March 22, 2017, 2:00pm

Support for SB 1286 SD2 HD1, Relating to the Licensing of Private Trade, Vocational, and Technical Schools

Honorable Chairpersons and Members of the CPC Committee,

I cautiously support the general intent of SB1286 SD2 HD1, with recommendations. I want the workload to be more manageable for the DOE. Here are changes we can make to improve this bill:

1. **Section 3.2(7):** I am concerned that **adding “or authorized” here could be construed to suggest that a non-accredited school** such as ours **would not be considered a vocational school as a result of submitting the letter** from the Board of Massage according to section 4(b)(1)). Please edit this if you agree that this language could be construed in such a way.
2. **Section 4(a):** It states here that DOE licensing is "necessary for compliance with federal regulations and accreditation requirements", but **this phrase leaves out the PRIMARY reason why all massage schools need a DOE license. When our graduates apply for a massage license in other states, they need to submit proof that the school they attended was licensed by the DOE. This has nothing to do with federal requirements or accreditation. I suggest phrasing such as: "accreditation or graduate licensing requirements"**.
3. **Section 4(b)(1): I request a language revision** that clearly conveys that designation as an “assigned school” by the **National Certification Board of Therapeutic Massage and Bodywork (NCBTMB) would count as “accreditation”**. For more info on NCBTMB see <http://www.ncbtmb.org/schools/assigned-schools>. I suggest this language:

Proof that the school is accredited by an accrediting commission of career schools and colleges, accrediting or certifying council for continuing education and training, or an accrediting or certifying bureau of health education schools; provided that in lieu of such accreditation or certification...

4. **Section 4(c) & 4(d): I support raising the application fees** above the current rates of \$100/\$50, but given that the DOE’s responsibilities are significantly lessening, fee amounts **closer to \$100/\$50 than to \$10,000** (suggested in the bill’s original version) seem more appropriate.
5. **Section 13:** The best way to ensure that massage schools are properly vetted is to require them to attain NCBTMB assigned school status and to remove the option in section 4b that a letter from the Board of Massage would suffice. If the committee chose to adopt this better option, then **the effective date should be 2019 or later** to give schools adequate time to get approved by NCBTMB.

If this option in section 4(b) (that states that a letter from the Board of Massage would suffice) is not removed, then I support an effective date before June 30, 2017 so that the DOE is not burdened with vetting vocational school curriculum in July and August of 2017 and so that it aligns with the bill’s designation of funds for 2017-2019. If it becomes effective between June 30, 2017 and August 31, 2017, the new DOE staff-person would be working with applications that don’t align with Section 4(b), and if this becomes effective after the August 31, 2017, then those funds will be allocated to a person with no applications to review until July 2019.

Thank you for your time and efforts with this bill.

Mark Olson, Ph.D.
Director, Pacific Center for Awareness and Bodywork
PO Box 1049, Kilauea, HI 96754