



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310

P.O. BOX 541

HONOLULU, HAWAII 96809

Phone Number: 586-2850

Fax Number: 586-2856

cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Consumer Protection & Commerce  
Friday, February 12, 2021  
2:00 p.m.  
Via Videoconference**

**On the following measure:  
H.B. 389, H.D. 1, RELATING TO POST-SECONDARY EDUCATION**

Chair Johanson and Members of the Committee:

My name is Bobbi Lum-Mew, and I am the Program Administrator of the Department of Commerce and Consumer Affairs' (Department) Hawaii Post-Secondary Education Authorization Program (HPEAP). The Department supports this bill.

The purpose of H.D. 1 is to require accredited and non-accredited post-secondary educational institutions that are for-profit entities authorized by the Hawaii Post-Secondary Education Authorization Program to disclose, in print and electronic media and signage, that they are for-profit businesses.

HPEAP supports H.D. 1 in the interest of consumer protection and appreciates how H.D. 1 ties the disclosure requirement to HPEAP authorization to ensure that the program has regulatory authority to enforce this provision.

HPEAP authorizes accredited, degree-granting post-secondary institutions under Hawaii Revised Statutes chapter 305J. Experience has shown that HPEAP may not receive complaints from students or otherwise be made aware of serious problems until

the institution is in the process of closing. These disclosures would provide for-profit status information to Hawaii students before they enroll.

Regarding unaccredited degree-granting institutions, HPEAP receives inquiries from past and prospective students regarding certain unaccredited degree-granting institutions. The Department appreciates the effort to make these students fully aware of the for-profit status of these schools.

Thank you for the opportunity to testify on this bill.



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**On the following measure:  
H.B. 389, H.D. 1, RELATING TO POST-SECONDARY EDUCATION**

Chair Johanson and Members of the Committee:

My name is Stephen H. Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection (OCP). The Department supports this bill.

The purpose of this bill is to require accredited and non-accredited post-secondary educational institutions that are for-profit entities authorized by the Hawaii Post-Secondary Education Authorization Program to disclose, in print and electronic media and signage, that they are for-profit businesses.

The OCP supports H.D. 1 in the interest of consumer protection. The OCP enforces Hawaii Revised Statutes chapter 446E.

For-profit schools are significantly different from non-profit schools. For-profit schools are a business, and many of them are traded on major stock exchanges or owned by private equity firms. The owners and shareholders expect these schools to turn a profit, and put simply, programs that don't justify their existence will be cut so that the schools can focus on courses that generate profitable tuition fees.

In recent years, numerous for-profit schools have engaged in unfair or deceptive trade practices, including misrepresentations involving accreditation, selectivity, graduation rates, placement rates, transferability of credit, financial aid, veterans' benefits, and licensure requirements. In response, many states, including Hawaii, have initiated enforcement actions to protect their students. Recent examples involve the alleged misconduct of Corinthian Colleges, Inc. and the Education Management Corporation.

Given the myriad problems associated with these schools, it is important to disclose to prospective students the schools' for-profit status. Requiring for-profit schools operating in Hawaii to provide the conspicuous disclosures proposed by this bill would protect consumers. At the very least, these disclosures would enable Hawaii students to be fully aware of a school's for-profit status when considering enrollment.

Thank you for the opportunity to testify on this bill.

**HB-389-HD-1**

Submitted on: 2/11/2021 9:43:41 AM

Testimony for CPC on 2/12/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wai H. Low	Institute of Clinical Acupuncture	Oppose	No

Comments:

Testimony HB389 HD1

Dear Representative Johanson:

I am writing in opposition to HB 389 with the following data and opinion:

The Hawaii Post-secondary Education Authorization Program (HPEAP) has 32 schools listed on their website.

Seven (7) school have closed or have left town (3 for-profit, 4 non-profit).

Twenty-five (25) schools are approved currently.

Four (4) out of the 25 are for-profit schools (Babel School of Translation, Hawaii Medical College, Institute of Clinical Acupuncture, University of Phoenix)

21 schools are non-profit entities and mostly out of state.

The US Department of Education already has many rules that sanction the for-profit schools.

Prospective students look at good programs and curriculum to enroll. There should be diverse learning choices for students.

There are only four (4) for-profit schools listed in HPEAP and are very unique offering programs that benefits Hawaii students.

Non-profit schools do not pay taxes where else the for-profit schools do pay taxes to the state of Hawaii.

In reality, all schools need to make a profit to stay afloat whether is not-for-profit or for-profit schools. Tuition has sky rocket for most private not-for-profit schools. Imposing more restriction on schools may force some schools to close or change to non-profit. There will be no more for-profit schools in Hawaii and not much

competition. Please defer this bill until we find better solutions. Thank you for your consideration.

Dr. Wai Hoa Low, DAc., MBA, L.Ac.

President/CEO

Institute of Clinical Acupuncture and Oriental Medicine

100 N. Beretania Street, Suite 203 B

Honolulu, HI 96817

[www.orientalmedicine.edu](http://www.orientalmedicine.edu)

**HB-389-HD-1**

Submitted on: 2/11/2021 7:49:22 PM

Testimony for CPC on 2/12/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marissa Baptista	Individual	Support	No

Comments:

I live in Moanalua and support HB389!