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

**Before the  
House Committee on Finance  
Wednesday, March 3, 2021  
2:00 p.m.  
Via Videoconference**

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

Chair Luke 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**

**WRITTEN TESTIMONY ONLY**

Chair Luke 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.



University of Phoenix®

To: House Committee on Finance

From: University of Phoenix

Re: HB 389 HD1 – Relating to Post-Secondary Education

Date: March 3, 2021; 2:00 p.m.

Chair Luke, Vice Chair Cullen and members of the committee,

For the record, my name is Annie Macapagal and I am here on behalf of University of Phoenix to express our concerns with HB 389 HD1. The University of Phoenix has been a member of the community in Hawaii for over 27 years. The University also offers quality online programs for those students who may choose not to attend an on-ground institution.

HB 389 HD1 discriminates against institutions based on tax status.

We are concerned that the bill treats similarly situated colleges and university differently based solely on tax status. We understand that this measure seeks to prevent potential students from being misled by requiring tax paying institutions to clearly disclose in all catalogs, promotional materials, electronic media, signage, and contracts for instruction that the institution is a for-profit business. However, we believe that such a disclosure would not lead to additional protections for students, but rather cause confusion. Private post-secondary institutions are held to the same standards for authorization by the Hawaii Post-Secondary Education Authorization Program. This bill would create a distinction between similarly situated institutions based solely on a fact that is meaningless for the purpose of authorizing institutions to offer education in Hawaii. The bill also contains overly broad language lumping all tax paying institutions negatively together based solely on tax status.

University of Phoenix has a long history of providing high quality career relevant higher education to working adults in Hawaii. Currently, there are over 640 Hawaii residents attending the University either at a local location or online; additionally, we have approximately 110 faculty members from Hawaii. It seems the intent of this legislation is to favor some institutions over others based simply on an institution's tax status, rather than concerning itself with real protections for students attending all colleges and universities in Hawaii. University of Phoenix, as a private institution whose tax status is for-profit, strives to provide high quality and accessible educational programs for all Hawaii residents who might not otherwise be able to access higher education.

In conclusion, University of Phoenix believes that HB 389 HD1 does little to create meaningful or value-added benefits for students in Hawaii, but attempts only to single out for differential treatment institutions solely based on their tax status.

For these reasons we are respectfully submitting testimony in opposition to this measure and ask that you hold the bill in committee. Mahalo for your consideration.



# Institute of Clinical Acupuncture and Oriental Medicine

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## House Committee on Finance HB 389 HD1 – Relating to Post-Secondary Education Date: March 3, 2021

### Testimony Concerning HB 389 HD1

To the Honorable Chair, Chair Luke, Vice Chair Cullen and members of the committee:

My Name is Dr. Wai Hoa Low, President/CEO, testifying on behalf of the Institute of Clinical Acupuncture and Oriental Medicine (ICAOM). ICAOM have concerns regarding **HB 389 HD1** for the following reasons:

1. Hawaii Post-secondary Education Authorization Program has 32 schools listed on their website.
2. Seven (7) schools have closed or have left town (3 for-profit, 4 non-profit).
3. Twenty-five (25) schools are currently approved and operating.
4. Four (4) for-profit schools remains in Hawaii (Babel School of Translation, Hawaii Medical College, Institute of Clinical Acupuncture, University of Phoenix).
5. 21 non-profit schools are mostly from out-of-state.
6. The US Department of Education has many rules that sanction for-profit schools.
7. For-profit schools pay taxes to the state of Hawaii.

Prospective students look at good programs and curriculum to enroll. There should be diverse choices for students. Please consider a friendly amendment to read as:

"§305J- Disclosures. (a) Any for-profit private college or university or seminary or religious institution authorized pursuant to sections 305J-7 and 305J-8 shall disclose in **their student enrollment agreement** [all catalogs, promotional materials, electronic media, signage, and contracts for instruction,] **the fact that the institution is a for-profit business.** [The disclosure shall

~~be made in a type size as large or larger than any other text in the catalog, promotional material, electronic media, signage, or contract for instruction, excluding the name of the for-profit entity, and shall be presented in a manner reasonably calculated to draw the attention of the reader.] **The disclosure shall read as follows:**~~

(Name of Degree Granting Institution)

IS A FOR-PROFIT BUSINESS IN THE STATE OF HAWAII

~~(b) Where promotional material for any private college or university and any seminary or religious institution consists of an advertisement in a periodical published by a person or entity that is not affiliated with the college, university, seminary, or religious institution, the disclosure required in subsection (a) may be abbreviated to state as follows: A FOR-PROFIT BUSINESS IN THE STATE OF HAWAII. The disclosure required under this subsection shall be made in a type size as large or larger than any other text in the advertisement."~~

In addition, the following are recommendations from HB389 HD1 HSCR 643:

*"Your Committee notes that while this measure requires for-profit institutions to publish their for-profit status on their printed materials, electronic media, and signage, it may be more appropriate to shift this information to the enrollment agreement instead."*

Thank you for the opportunity to testify, please contact me if have any questions.

Respectfully,

Dr. Wai Hoa Low, DAOM, MBA, L.Ac.  
President/CEO of ICAOM





**Testimony to the House Committee on Finance  
Wednesday, March 3, 2021 at 2:00 P.M.  
Written Testimony**

**RE: HB 389, HD 1, RELATING TO POST-SECONDARY EDUCATION**

Chairs Luke, Vice-Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **raises concerns** on HB 389, HD 1 which requires accredited and non-accredited for-profit post-secondary educational institutions that are authorized in the State to disclose in print and electronic media and signage that they are for-profit businesses.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

In this digital age of online reviews and complaints, many consumers already engage in due diligence and take into consideration educational facility, value, curriculum, and other factors that guide them into a post-secondary education. Classifying a Hawaii post-secondary educational institution solely on tax status would unfairly disassociate one group bases on that status and would add unnecessary compliance burdens placed only upon for-profit educational institutions while not-for-profit educational institutions would not.

Specifically, the disclosure requirement, imposed solely on for-profit educational institutions, that all catalogs, promotional materials, electronic media, and signage shall be changed will only increase the financial burden that does not necessarily augment greater protection for consumers. If consumer protection is truly the goal of this measure, the disclosure requirement should be centered as a collective for all educational institutions and not simply base on one tax status group.

While we understand the intent of this measure, this bill unfairly places educational institutions with a certain tax status at a perceived disadvantage even though two educational institutions could have almost identical value and curriculum.

Thank you for this opportunity to provide testimony.



## Written Testimony to the House Committee on Finance

To: Chair Luke, Vice-Chair Cullen, and Members of the Committee  
RE: HB389, HD1 RELATING TO POST SECONDARY EDUCATION  
Date: March 3, 2021

My name is Ashton Cudjoe, and I am the President & CEO of Hawaii Medical College. We were founded in 2007 and have graduated thousands of students whose lives were fundamentally changed for the better. We aim to improve the lives of our students, by challenging them and showing them that they can succeed. I am troubled by the consideration of Bill HB389 as it does not take into consideration the contributions that locally owned colleges like ours make in our community.

This assumption is made obvious by the following statement within Section 1. "...for-profit institutions, first and foremost, are concerned with earning a profit, and not supporting education as a means of achieving a student's goal and gainful employment."

This statement leads me to believe that the intent of the bill is to harm all for-profit institutions, regardless of outcomes. What matters are graduate outcomes, and this is where energy must be focused. There are significant issues with higher education, regardless of whether the institution is private, nonprofit, public, or for-profit. I am very comfortable when all institutions are held accountable using the same standards. It is upsetting when different measures are used based solely on assumptive beliefs like the statement made in Section 1.

We grew stronger as federal rules focused on accountability were enforced, and our continued growth validates the educational advantages we provide our students. We offer quality education coupled with employment placement assistance. In the last three years alone, we've helped to place over 500 students into allied health careers in Hawaii as Medical Assistants, Billers and Coders and Pharmacy Technicians. On a side note, there's a strong likelihood that the medical assistant at your doctor's office is one of our graduates. We are proud of this and continually strive to improve and help as many students as we can.

Lastly some for-profit colleges, like Hawaii Medical College are simply small local businesses intent on serving the local community as best as we can. This bill is incredibly disheartening because we started the school to help ensure that students are never taken advantage of. All the owners live here in Hawaii and call these islands our home. I passionately oppose Bill HB389.

Respectfully,

Ashton Cudjoe  
President & CEO

**HB-389-HD-1**

Submitted on: 3/2/2021 12:58:15 PM

Testimony for FIN on 3/3/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Will Caron	Individual	Support	No

Comments:

Aloha committee members,

Please support HB389 HD1. We must protect people from predatory businesses that pose as schools just to suck up millions in Federal Student loans and GI Bills. Students that attend for-profit businesses that offer degrees have a harder time getting good paying jobs and paying back loans. HB389 forces these for-profit entities to clearly identify themselves as businesses to prospective students.

Mahalo.

**HB-389-HD-1**

Submitted on: 3/2/2021 3:48:43 PM

Testimony for FIN on 3/3/2021 2:00:00 PM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Thomas Brandt	Individual	Support	No

Comments:

Strong support,

in dishonor of former "acting" federal Education Secretary Betsy Devos,

well-known private for-profit "diploma mill" grifter.