April 15, 2014

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 15, 2014, the following bill was signed into law:

HB2142 RELATING TO POST-SECONDARY EDUCATION  
ACT 013 (14)

Sincerely,

NEIL ABERCROMBIE  
Governor, State of Hawaii
A BILL FOR AN ACT

RELATING TO POST-SECONDARY EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 305J-14, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) A private college or university may also demonstrate financial integrity if it:

(1) Has received and maintains full accreditation without sanction from an accrediting body that is recognized by the United States Department of Education, and which accrediting body requires the private college or university to maintain a surety bond or an escrow account or has affirmatively waived or otherwise removed that requirement for the private college or university;

(2) Operates an instructional facility in the State;

(3) Annually provides to the department audited financial statements for the most recent fiscal year that demonstrate that the private college or university maintains positive equity [and profitability];
(4) Maintains a composite score of at least 1.5 on its equity, primary reserve, and net income ratios, as required in title 34 Code of Federal Regulations section 668.172; and

(5) Meets or exceeds the pro rata refund policies required by the United States Department of Education in title 34 Code of Federal Regulations part 668; provided that if it does not participate in federal financial aid programs, its refund and termination procedures shall comply with the requirements of its accrediting body."

SECTION 2. Section 304A-3153, Hawaii Revised Statutes, is repealed.

"[§304A-3153]—Procedures for complaints concerning institutions of higher education. In consultation with institutions of higher education in the State, the commission is authorized to establish and administer procedures for receiving and responding to complaints from students, faculty, staff, and others concerning institutions of higher education in the State."

SECTION 3. Statutory material to be repealed is bracketed and stricken.
SECTION 4. This Act shall take effect upon its approval.

APPROVED this 15 day of APR, 2014

GOVERNOR OF THE STATE OF HAWAII