



GOV. MSG. NO. 1234

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 19, 2012

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

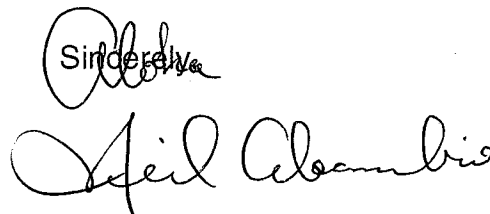
The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on June 19, 2012, the following bill was signed into law:

SB1382 SD2 HD1 CD1

RELATING TO EDUCATION.
Act 132 (12)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

Approved by the Governor,

JUN 19 2012

on _____

THE SENATE
TWENTY-SIXTH LEGISLATURE, 2011
STATE OF HAWAII

407 132

S.B. NO. 1382
S.D. 2
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1 SECTION 1. In October 2010, the United States Department
2 of Education issued new regulations for programs authorized
3 under Title IV of the Higher Education Act of 1965, as amended,
4 to hold programs accountable for preparing students for gainful
5 employment, protect students from misleading recruiting
6 practices, ensure that only eligible students receive financial
7 aid, and strengthen federal student aid programs at for-profit,
8 non-profit, and public institutions. The regulations also
9 include requirements for state authorization of institutions
10 that offer educational programs beyond secondary education for
11 purposes of federal program eligibility.

12 The state post-secondary education commission, established
13 under section 304A-3151, Hawaii Revised Statutes, qualifies the
14 State to receive funds made available under the Higher Education
15 Act of 1965, as amended, and may serve as the state agency for
16 the receipt of federal funds when necessary. However, the
17 commission does not authorize institutions to operate
18 educational programs beyond secondary education, as may be

2012-1977 SB1382 CD1 SMA-3.doc



1 required under new federal regulations. Further, the commission
2 is established under the University of Hawaii for administrative
3 purposes. The legislature finds that either the establishment
4 of a new entity or the placement of the existing post-secondary
5 commission under a different department of state government may
6 result in an entity that is more broadly representative of post-
7 secondary education in the State and more appropriate to serve
8 as the authorizing state agency for the diverse institutions
9 that operate educational programs beyond secondary education.

10 The State was unable to satisfy all of the requirements
11 relating to state authorization by the July 1, 2011, deadline.
12 However, the United States Department of Education provided the
13 opportunity for states and institutions to receive an extension
14 to July 1, 2013, for certain regulations. In the meantime, it
15 is the intent of the legislature to proactively seek solutions
16 by determining what actions and changes are required for the
17 State to come into compliance with the new regulations. This
18 Act is a good faith attempt to begin to meet the federal
19 requirements of the Higher Education Act of 1965, as amended.

20 Accordingly, the purpose of this Act is to request the
21 auditor to examine the Higher Education Act of 1965, as amended,
22 and regulations pursuant to that Act, and examine and recommend



1 a possible regulatory framework to ensure the State's compliance
2 with provisions relating to the authorization of institutions
3 that offer educational programs beyond secondary education.

4 SECTION 2. (a) The auditor shall examine the federal
5 Higher Education Act of 1965, as amended, and federal
6 regulations pursuant to that Act, and recommend the best
7 available options to the State, including a regulatory
8 framework, to ensure the State's compliance with provisions
9 relating to the authorization of institutions that offer
10 educational programs beyond secondary education in the State for
11 the purposes of federal program eligibility.

12 (b) In conducting the examination and making
13 recommendations pursuant to subsection (a), the auditor shall:

14 (1) Examine the feasibility of establishing an entity
15 within an existing department of state government to
16 regulate the authorization, record-keeping, and
17 handling of complaints of and against institutions
18 providing post-secondary education within the State or
19 such institutions based within the State;

20 (2) Examine potential governance and organizational
21 structures for the entity described in paragraph (1),



- 1 including an analysis of whether there is any role for
2 an advisory body;
- 3 (3) Recommend policies and procedures for the entity
4 described in paragraph (1) to handle grievances and
5 complaints against any post-secondary educational
6 institution authorized and registered in the State;
- 7 (4) Identify the types of institutions that will be
8 subject to the regulatory framework recommended in
9 subsection (a), including but not limited to degree
10 and non-degree granting institutions;
- 11 (5) Recommend a framework for an authorization system, as
12 well as a process for exemptions, in order for
13 educational institutions to provide post-secondary
14 education within the State or to be based within the
15 State;
- 16 (6) Examine any potential issues with imposing a fee for
17 post-secondary educational institutions; and
- 18 (7) Examine whether the entity described in paragraph (1)
19 may negotiate and enter into interstate reciprocity
20 agreements with other states that will effectuate the
21 purpose of the entity's responsibilities.



1 (c) The auditor shall submit a report of the analyses
2 performed pursuant to this Act to the legislature no later than
3 twenty days prior to the convening of the regular session of
4 2013.

5 SECTION 3. This Act shall take effect upon its approval.

APPROVED this 19 day of JUN, 2012



GOVERNOR OF THE STATE OF HAWAII