

LATE

SB 46

LATE



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

Thursday, January 31, 2013, 2:45 PM
State Capitol Room 414

Testimony of
Policy Office of the Governor, State of Hawaii

To the Senate Committees on Higher Education
and Commerce and Consumer Protection

Senator Brian Taniguchi, Chair, Higher Education Committee
Senator Gilbert Kahele, Vice Chair, Higher Education Committee

Senator Rosalyn Baker, Chair, Commerce and Consumer Protection Committee
Senator Brickwood Galuteria, Vice Chair, Commerce and Consumer Protection Committee

Senate Bill 46 - Relating to Education

Chair Taniguchi, Chair Baker, Vice Chair Kahele, Vice Chair Galuteria, and members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 46 (SB 46). The bill would establish the postsecondary education commission within the Department of Commerce and Consumer Affairs (DCCA) and create a framework for authorizing private postsecondary educational institutions in the State.

The U.S. Department of Education (ED) administers the Higher Education Act (HEA) of 1965, reauthorized as the Higher Education Opportunity Act in 2008. Federal financial aid for students provides grants, loans and work study programs and is part of the Title IV program of the HEA. In 2010, ED established new federal regulations requiring states to "legally authorize" postsecondary institutions within their state and requiring postsecondary institutions to be authorized in states in which they operate in order to qualify for Title IV student financial aid. ED's objective is to ensure "program integrity" of postsecondary institutions in order to protect students from substandard institutions, referred to as "diploma mills."

Since Hawaii does not have a process for authorizing postsecondary institutions, Governor Neil Abercrombie has notified ED of the state's good faith effort to establish a process and

requested an extension to July 1, 2013 in order to meet the requirements for "state authorization." The Governor's letter requesting the extension is attached.

The Governor's Policy Office has worked closely with the Senate and House Higher Education Committee Chairs, national organizations including the National Governors Association, Western Interstate Commission on Higher Education and Western Association of Schools and Colleges, and relevant state departments over the last two years to develop the state authorization framework described in SB 46. In addition, we met each year with Hawaii-based postsecondary institutions to provide information and solicit feedback about the state's plans for authorizing postsecondary institutions. The Governor's Office has also worked with the Department of Commerce and Consumer Affairs (DCCA), University of Hawaii Board of Regents Office, and Board of Education to respond to more than 100 requests from institutions seeking authorization.

SB 46 describes a process that meets the federal requirements, minimizes burden and cost on postsecondary institutions and state departments, and protects Hawaii's residents who are consumers of higher education. Implementing SB 46 would allow Hawaii-based institutions, based on their authorization in Hawaii, to participate in inter-state reciprocity agreements, reducing institutions' burden and cost to obtain authorization in other states where they have satellite campuses or students taking on-line courses. Furthermore, it reduces the burden on the state's authorizing agency, identified as DCCA in SB 46, by allowing the state to participate in reciprocity agreements so that eligible out-of-state institutions may be recognized without seeking authorization in Hawaii.

It is critical that the Legislature establish the state authorization process this year. The state must meet the ED deadline to modify or establish procedures to authorize postsecondary institutions by July 1, 2013. Failing to establish an authorization process puts Title IV federal financial assistance for college students at risk. According to a 2012 State Auditors report, more than 63,000 Hawaii students attending 35 postsecondary institutions received \$283.6 million in Title IV assistance in Fiscal Year 2011.

Thank you for your attention to this matter.



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

May 29, 2012

Eduardo Ochoa, Assistant Secretary
Office of Postsecondary Education
U.S. Department of Education
1990 K Street, N.W.
Washington, D.C. 20006

Dear Assistant Secretary Ochoa:

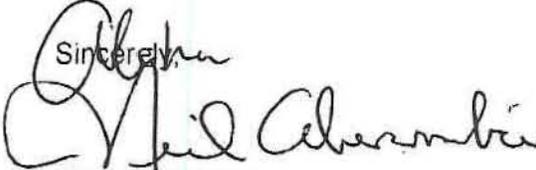
It was a pleasure to meet you last fall while you were in Hawaii for an APEC-related symposium on higher education. This letter is to notify you of the State of Hawaii's intention regarding the Higher Education Opportunities Act regulatory requirement for state authorization of postsecondary institutions. I am notifying you that we will again take advantage of the extension letter described in the Dear Colleague letter of April 20, 2011 (GEN-11-11) for the state to authorize postsecondary institutions.

We acknowledge that there are many postsecondary institutions, public and private, operating in the state. The University of Hawaii colleges, the state's public institutions of higher education, are legally authorized in the state via constitutional provision. Private institutions are approved to operate as business entities, but the state does not regulate degree-granting postsecondary institutions by state charter, law, constitutional provision or other article of incorporation. The state's postsecondary commission, attached to the University of Hawaii, does not meet the regulatory requirements.

As directed by guidance from the October 29, 2010 Federal Register (Volume 75, Number 209), Hawaii will need to establish a process to legally authorize institutions by name as educational institutions to operate education programs beyond secondary education. State higher education leaders including my educational policy advisor, State Senate Education Chair, University of Hawaii System Executive Vice President and Provost, and Hawaii P-20 Executive Director have been researching this issue and developing a response. State leaders have engaged postsecondary programs affected by these requirements, held informational meetings, and consulted with national and regional partners including the National Governors Association and the Western Interstate Consortium for Higher Education (WICHE).

This year, the Legislature passed Senate Bill 1382 (enclosed) which directs the Legislative Auditor to recommend a structure and process for state authorization. As you may imagine, establishing a new regulatory process is costly and a significant burden on states particularly in these lean fiscal times. Thus, we anticipate participating in a multi-state consortium for authorization to both reduce the burden on the state and since today's postsecondary education is no longer confined by state boundaries given distance education opportunities.

If you have any questions, please contact Tammi Chun my education policy advisor, at 808-594-3654.

Sincerely,

NEIL ABECROMBIE
Governor, State of Hawaii

Enclosure

LATE

THE SENATE
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

TESTIMONY Re: SB 46 Relating to Education

DATE: Thursday, January 31, 2013
TIME: 2:45 p.m.
PLACE: Conference Room 414
State Capitol
415 South Beretania Street

COMMITTEE ON COMMERCE
AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brickwood Galuteria, Vice Chair

COMMITTEE ON HIGHER EDUCATION
Senator Brian Taniguchi, Chair
Senator Gilbert Kahele, Vice Chair

Honorable Chairpersons and Members of these Committees.:

I am Margaret Williams, the Administrator of the 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. Our students receive Title IV Aid if they qualify.

I favor the intent of this Bill because our State must regulate certain postsecondary institutions soon, or Federal Financial Aid could be lost for a great many students. However, the bill appears to include all Postsecondary Schools in Hawaii. *I pray to keep the schools that are currently licensed under the Hawaii State Department of Education under the jurisdiction of the Department of Education.* The State is adequately regulating these schools.

I learned of the bill on Wednesday January 30, 2012 and had time to speak to only two of the other school administrators, Both administrators are opposed to being regulated under the SPEC in the DCCA .

I believe all of the 34 schools, currently licensed by the DOE under the Administrative Rules, Chapter 101, the Licensing of Private Trade, Vocational or Technical Schools, will pray to stay under the jurisdiction of the DOE and to be exempt from this regulation . School bonds and other regulatory criteria are included in the DOE rules. Teacher certification is a very important area which Chapter 101 addresses that is not clearly mandated to be covered by the in this bill. In a rush to meet the requirements of the Federal Higher Education Act of 1965, our State could cause these schools to lose their only mode of teacher certification. I have not had time to study and find other problems.

It will take the new commission time to assimilate all of the duties necessary to properly regulate the Schools. **Please exempt our schools and leave us under the protective blanket of the DOE, at least until the new Commission has ironed out all of the bugs in the new regulations.**

Thank you very much for hearing my concerns