

Honolulu, Hawaii

February 10, 2017

RE: H.B. No. 1265
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Education and Intrastate Commerce, to which was referred H.B. No. 1265 entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

beg leave to report as follows:

The purpose of this measure is to relieve the Department of Education from the administrative burden of regulating private trade, vocational, and technical post-secondary schools that are unrelated to the Department's primary mission of providing kindergarten through twelfth-grade education by:

- (1) Creating a Private Trade, Vocational, and Technical School Licensure Special Fund to fund the Licensure Program;
- (2) Narrowing the scope of the Private Trade, Vocational, or Technical School Licensure Program within the Department of Education by:
 - (A) Specifically exempting correspondence schools and schools authorized by the Department of Commerce and Consumer Affairs from the Program;
 - (B) Directing the Department of Education to license only those private trade, vocational, or technical schools that require legal authorization by the State to be considered eligible to participate in



student aid programs under the federal Higher Education Act of 1965, as amended; and

- (C) Specifying that the Department of Education is not responsible for reviewing curriculum or assuring program quality for those private trade, vocational, or technical schools whose curriculum or program fall outside the mission of the Department of Education;
- (3) Setting up a process by which private trade, vocational, and technical schools can apply for licensure from the Department of Education, including by specifying required documents and fees and other renewal requirements;
- (4) Establishing a complaint process with the Department of Commerce and Consumer Affairs for alleged unfair or deceptive acts or practices by a private trade, vocational, or technical school and authorizing fines for violations; and
- (5) Repealing the Department of Education's discretionary authority to regulate additional schools; obligation to approve advertising, instruction, and equipment; and criminal penalties for violations of the Program.

The Department of Education and a concerned individual supported this measure. The Department of Commerce and Consumer Affairs and Department of Budget and Finance submitted comments.

Your Committees have amended this measure by:

- (1) Requiring private trade, vocational, or technical schools that are applying for a renewal license to submit a list of all complaints officially filed within the past two years with any state or federal government agency or directly with the school;
- (2) Specifying that complaints alleging unfair or deceptive acts or practices by a private trade, vocational, or technical school must be filed with the appropriate branch of the Department of Commerce and Consumer Affairs;



- (3) Eliminating the proposed fines regarding unfair or deceptive acts or practices by a private trade, vocational, or technical school;
- (4) Changing its effective date to July 1, 2099, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Education and Intrastate Commerce that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1265, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1265, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Education and
Intrastate Commerce,



TAKASHI OHNO, Chair



ROY M. TAKUMI, Chair



