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# A BILL FOR AN ACT

RELATING TO POST-SECONDARY EDUCATION AUTHORIZATION.

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

1           SECTION 1. Chapter 305J, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§305J- Candidates for accreditation; requirements and  
5 sanctions. (a) A candidate for accreditation shall:

6           (1) Provide an accreditation plan that, at a minimum,  
7 identifies an accrediting agency recognized by the  
8 United States Department of Education from which the  
9 institution will seek accreditation, with the scope of  
10 that accreditation plan covering the offering of at  
11 least one degree program, and outlines the process by  
12 which the institution will achieve accreditation;

13           (2) Provide all additional documentation the department  
14 deems necessary to determine whether the candidate for  
15 accreditation will become fully accredited within five  
16 years of its provisional authorization to operate.

17           Additional documentation may include financial  
18 statements as required by the accrediting agency,



- 1           attendance at the accrediting agency's required  
2           accreditation applicant workshop, a self-evaluation  
3           report, and documents that reflect the candidate's  
4           hosting of a site visit by the accrediting agency;
- 5       (3) Provide written notification to students, prior to the  
6           execution of any student enrollment agreement, that  
7           the approval to offer a degree program is contingent  
8           upon the candidate for accreditation being  
9           subsequently accredited. The student and the  
10           institutional representative shall initial and date  
11           the notice prior to executing any enrollment  
12           agreement. An initialed copy of the notice shall be  
13           given to the student and the original shall be  
14           retained in the enrolled student's records;
- 15       (4) Provide written disclosures in the candidate's  
16           catalog, website, and brochures, that the candidate's  
17           approval to offer a degree program is contingent upon  
18           the institution being subsequently accredited;
- 19       (5) Pay an annual fee of \$5,000; and
- 20       (6) File with the director a surety bond in favor of the  
21           State in the amount of \$50,000. The surety bond shall



1 be executed by the candidate for accreditation as the  
2 principal and by a surety company authorized to do  
3 business in the State and shall run concurrently with  
4 the provisional authorization period and any period of  
5 reauthorization, unless terminated or canceled by the  
6 surety company. The surety bond shall be conditioned  
7 as follows: That the candidate for accreditation  
8 shall satisfy all claims of any student or enrollee of  
9 the candidate for accreditation, or of any parent or  
10 legal guardian of a student or enrollee of the  
11 candidate for accreditation, whom the director finds  
12 to have suffered a loss of tuition or fees as a result  
13 of an act or practice that is a violation of this  
14 chapter.

15 (b) If a candidate for accreditation ceases operation, the  
16 director may make demand on the surety bond upon the claim for a  
17 refund by a student or the parent or legal guardian of a  
18 student, and the surety on the surety bond shall pay the claim  
19 due in a timely manner. The student or a parent or legal  
20 guardian of the student who claims loss of tuition or fees as a  
21 result of cessation of operations of a candidate for



1 accreditation may file a claim with the department if the claim  
2 results from an act or practice that violates this chapter. If  
3 the amount of the surety bond is less than the total prepaid,  
4 unearned tuition and fees that have been paid by students at the  
5 time that the candidate for accreditation ceases operation, the  
6 department shall prorate the amount of the surety bond among the  
7 students. This subsection shall apply only to those students  
8 enrolled at a candidate for accreditation at the time it ceases  
9 operation.

10 (c) A candidate for accreditation that is no longer  
11 covered by a surety bond as required by this section or that  
12 fails to obtain accreditation within the required timeframe with  
13 no extension of time for good cause shall have its provisional  
14 authorization automatically suspended pursuant to section  
15 305J-12(a) and immediately cease enrolling new students.

16 (d) Failure to reinstate a suspended provisional  
17 authorization within sixty days of suspension shall result in  
18 the revocation of the authorization, and the institution shall  
19 forfeit all fees. The institution shall provide written notice  
20 to all students within thirty days following the date of  
21 revocation.



1       (e) A candidate for accreditation that fails to obtain  
2 accreditation within the required timeframe or that elects to  
3 stop pursuing accreditation shall refund students for any  
4 classes in which students are currently enrolled or have not yet  
5 completed and shall comply with any applicable rules, policies,  
6 and procedures for closures of institutions.

7       (f) Any candidate for accreditation that violates this  
8 chapter may be subject to one or more of the sanctions pursuant  
9 to section 305J-11(c)."

10       SECTION 2. Section 305J-2, Hawaii Revised Statutes, is  
11 amended by adding two new definitions to be appropriately  
12 inserted and to read as follows:

13       "Candidate for accreditation" means a degree-granting  
14 institution that has submitted an application for accreditation  
15 to a regional or national accrediting agency recognized by the  
16 United States Department of Education; provided that such  
17 application has been accepted pursuant to the accrediting  
18 agency's application requirements and is pending approval by the  
19 accrediting agency.

20       "Provisional authorization" means authorization of a  
21 candidate for accreditation for no more than a five-year period,



1 unless an extension is granted by the director for good cause,  
2 while the candidate for accreditation seeks to satisfy the  
3 requirements for institutional accreditation."

4 SECTION 3. Section 305J-5, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) The director shall:

- 7 (1) Unless otherwise provided by law, adopt, amend, and  
8 repeal rules pursuant to chapter 91 to carry out the  
9 purposes of this chapter;
- 10 (2) Adopt policies and procedures as necessary, without  
11 regard to chapter 91, for reauthorization pursuant to  
12 section 305J-10;
- 13 (3) Issue declaratory rulings or informal, nonbinding  
14 interpretations and conduct contested case proceedings  
15 pursuant to chapter 91;
- 16 (4) Grant, deny, confirm, forfeit, renew, reinstate, or  
17 restore authorizations, including provisional,  
18 conditional, probationary, or qualified  
19 authorizations;
- 20 (5) Revoke, suspend, condition, or otherwise limit the  
21 authorization of an institution for any violation of



- 1           this chapter, applicable rules, or the Higher  
2           Education Act of 1965, as amended;
- 3           (6) Establish requirements for authorization in accordance  
4           with this chapter;
- 5           (7) Investigate and conduct hearings regarding any  
6           violation of this chapter, applicable rules, or the  
7           Higher Education Act of 1965, as amended;
- 8           (8) Create fact-finding committees, including the  
9           appointment of one or more advisory committees, which  
10          may assist the department and make recommendations for  
11          consideration;
- 12          (9) Contract with qualified persons, including  
13          investigative and legal staff, who may be exempt from  
14          chapter 76, to assist the director in exercising the  
15          director's powers and duties;
- 16          (10) Subpoena witnesses and documents, administer oaths,  
17          and receive affidavits and oral testimony, including  
18          communications through electronic media;
- 19          (11) Establish the types and amounts of fees that the  
20          department may assess in order to carry out the  
21          purposes of this chapter;



1 (12) Establish policies to require authorized institutions  
 2 to submit to the department, upon request, data that  
 3 is directly related to student enrollment and degree  
 4 completion and, if applicable, student financial aid  
 5 and educator preparation programs, which policies  
 6 shall include a determination as to whether data  
 7 received may be disclosed to the public;

8 (13) Establish policies and procedures for the handling of  
 9 proprietary information;

10 (14) Enter into any post-secondary education authorization  
 11 reciprocity agreement with other post-secondary  
 12 educational authorizers of schools whose home state is  
 13 not Hawaii pursuant to section 305J-16; [and]

14 (15) Do any and all things necessary or incidental to the  
 15 exercise of the director's powers and duties[-]; and

16 (16) Grant a temporary waiver of the requirement for  
 17 accreditation if the director finds there is good  
 18 cause and it is necessary for the protection of  
 19 students facing imminent financial hardship."

20 SECTION 4. Section 305J-8, Hawaii Revised Statutes, is  
 21 amended by amending subsection (c) to read as follows:





1           "(c) To operate in the State, a private college or  
2 university shall be accredited on the basis of an on-site  
3 review[-]; provided that a candidate for accreditation seeking  
4 authorization to operate may be issued a provisional  
5 authorization to operate on an annual basis without  
6 accreditation if the director determines, in accordance with any  
7 administrative rules, policies, or procedures adopted by the  
8 director, that the private college or university is making  
9 satisfactory progress toward accreditation on the basis of an  
10 on-site review performed by the accrediting agency in accordance  
11 with the accrediting agency's policies. A candidate for  
12 accreditation may annually renew its provisional authorization  
13 for a period not to exceed five years, unless an extension is  
14 granted by the director for good cause."

15           SECTION 5. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17           SECTION 6. This Act shall take effect on May 12, 2059.

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**Report Title:**

Post-secondary Education; Provisional Authorization; Candidate for Accreditation

**Description:**

Creates a framework for authorizing post-secondary degree-granting educational institutions that have applied for accreditation by an accrediting agency recognized by the U.S. Department of Education. Effective 5/12/2059. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

