
A BILL FOR AN ACT

RELATING TO POST-SECONDARY EDUCATION.

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

1 SECTION 1. The legislature finds that some for-profit
2 post-secondary educational institutions have engaged in serious
3 improprieties, causing the federal government to take action to
4 mitigate the impact of their behavior. Ninety per cent of all
5 students in these types of institutions take out loans to pay
6 for their education and have a twenty-five per cent chance of
7 defaulting on their loans in the first few years of their
8 education. Due to a previous presidential administration's
9 tightening of rules on for-profit institutions, over twenty-
10 eight institutions, including some of the largest and most
11 popular ones, have been charged with false advertising by the
12 Securities and Exchange Commission.

13 The legislature also finds that the inappropriate actions
14 of for-profit post-secondary educational institutions
15 disproportionately affect lower income and vulnerable students
16 and their families. Indeed, many of these for-profit
17 institutions purposefully targeted persons of low income,



1 minorities, and struggling citizens. The legislature believes
 2 that consumers have a right to know that for-profit
 3 institutions, first and foremost, are concerned with earning a
 4 profit, and not with supporting education as a means to
 5 achieving a student's goal of gainful employment. The
 6 legislature further believes that the status of these
 7 institutions as for-profit entities should be reflected in their
 8 advertisements to prevent potential students from being misled.

9 The purpose of this Act is to require accredited and non-
 10 accredited post-secondary educational institutions that are for-
 11 profit entities authorized by the Hawaii post-secondary
 12 education authorization program to disclose in print and
 13 electronic media and signage that they are for-profit
 14 businesses.

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

18 "§305J- Disclosures. (a) Any for-profit private
 19 college or university or seminary or religious institution
 20 authorized pursuant to sections 305J-7 and 305J-8 shall disclose
 21 in all catalogs, promotional materials, electronic media,



1 signage, and contracts for instruction, the fact that the
 2 institution is a for-profit business. The disclosure shall be
 3 made in a type size as large or larger than any other text in
 4 the catalog, promotional material, electronic media, signage, or
 5 contract for instruction, excluding the name of the for-profit
 6 entity, and shall be presented in a manner reasonably calculated
 7 to draw the attention of the reader. The disclosure shall read
 8 as follows:

9 (Name of Degree Granting Institution) IS A FOR-PROFIT BUSINESS

10 IN THE STATE OF HAWAII

11 (b) Where promotional material for any private college or
 12 university and any seminary or religious institution consists of
 13 an advertisement in a periodical published by a person or entity
 14 that is not affiliated with the college, university, seminary,
 15 or religious institution, the disclosure required in subsection
 16 (a) may be abbreviated to state as follows: A FOR-PROFIT
 17 BUSINESS IN THE STATE OF HAWAII. The disclosure required under
 18 this subsection shall be made in a type size as large or larger
 19 than any other text in the advertisement."

20 SECTION 3. Section 446E-2, Hawaii Revised Statutes, is
 21 amended to read as follows:



1 "**§446E-2 Disclosures.** (a) Any unaccredited institution
2 shall disclose in all catalogs, promotional materials,
3 electronic media, and contracts for instruction, the fact that
4 the institution is not accredited by any nationally recognized
5 accrediting agency listed by the United States Secretary of
6 Education. The disclosure shall be made in a type size as large
7 or larger than any other text in the catalog, promotional
8 material, electronic media, or contract for instruction,
9 excluding the name of the unaccredited institution, and shall be
10 presented in a manner reasonably calculated to draw the
11 attention of the reader. If the unaccredited institution
12 includes in its catalogs, promotional materials, or contracts
13 for instruction any other information relating in any manner to
14 accreditation, or to accreditation by an agency not nationally
15 recognized by the United States Secretary of Education, the
16 disclosure required by this subsection shall be repeated on
17 every page on which the information appears. Where the
18 information is presented electronically, the disclosure shall be
19 made directly preceding or following the information. The
20 disclosure shall read as follows:



1 (Name of Degree Granting Institution) IS NOT ACCREDITED
2 BY AN ACCREDITING AGENCY
3 RECOGNIZED BY THE UNITED STATES
4 SECRETARY OF EDUCATION.

5 Note: In the United States, many licensing authorities
6 require accredited degrees as the basis for eligibility for
7 licensing. In some cases, accredited colleges may not
8 accept for transfer courses and degrees completed at
9 unaccredited colleges, and some employers may require an
10 accredited degree as a basis for eligibility for
11 employment.

12 (b) Where promotional material for an unaccredited
13 institution consists of an advertisement in a periodical
14 published by a person or entity that is not affiliated with the
15 unaccredited institution, the disclosure required in subsection
16 (a) may be abbreviated to state as follows: NOT ACCREDITED BY
17 AN AGENCY RECOGNIZED BY THE U.S. SECRETARY OF EDUCATION. The
18 disclosure required under this subsection shall be made in a
19 type size as large or larger than any other text in the
20 advertisement.



1 (c) If the unaccredited institution is also registered in
2 the State as a for-profit entity, the institution shall also
3 disclose in all catalogs, promotional materials, electronic
4 media, signage, and contracts for instruction, the fact that the
5 institution is a for-profit business. The disclosure shall be
6 made in a type size as large or larger than any other text in
7 the catalog, promotional material, electronic media, signage, or
8 contract for instruction, excluding the name of the for-profit
9 entity, and shall be presented in a manner reasonably calculated
10 to draw the attention of the reader. The disclosure shall read
11 as follows:

12 (Name of Degree Granting Institution) IS A FOR-PROFIT BUSINESS
13 IN THE STATE OF HAWAII

14 (d) Where promotional material for an unaccredited
15 institution consists of an advertisement in a periodical
16 published by a person or entity that is not affiliated with the
17 unaccredited institution, the disclosure required in subsection
18 (c) may be abbreviated to state as follows: A FOR-PROFIT
19 BUSINESS IN THE STATE OF HAWAII. The disclosure required under
20 this subsection shall be made in a type size as large or larger
21 than any other text in the advertisement.



1 ~~(e)~~ (e) Every unaccredited institution subject to this
2 chapter shall keep true and accurate records of student
3 enrollment, courses, fees, and matriculation rates. These
4 records shall be retained for five years. Upon demand, these
5 records, and any other information requested or subpoenaed by
6 the director, shall be made available to the director."

7 SECTION 4. This Act does not affect rights and duties that
8 matured, penalties that were incurred, and proceedings that were
9 begun before its effective date.

10 SECTION 5. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2060.



H.B. NO. 389 H.D. 1

Report Title:

Post-secondary Educational Institutions; Disclosure; For-Profit

Description:

Requires accredited and non-accredited for-profit post-secondary educational institutions that are authorized in the State to disclose in print and electronic media and signage that they are for-profit businesses. Effective 7/1/2060. (HD1)

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