
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 a number of for-
2 profit post-secondary educational institutions have engaged in
3 unfair or deceptive trade practices, including
4 misrepresentations involving accreditation, selectivity,
5 graduation rates, placement rates, transferability of credit,
6 financial aid, veterans' benefits, and licensure requirements,
7 causing the federal government to take action to mitigate the
8 impact of their behavior. Ninety per cent of all students in
9 these types of institutions take out loans to pay for their
10 education and have a twenty-five per cent chance of defaulting
11 on their loans in the first few years of their education. Due
12 to a previous presidential administration's tightening of rules
13 on for-profit institutions, a large number of for-profit
14 institutions, including some of the largest and most popular
15 ones, have been charged with false advertising by the Securities
16 and Exchange Commission.



1 The legislature also finds that the inappropriate actions
2 of for-profit post-secondary educational institutions
3 disproportionately affect lower income and vulnerable students
4 and their families. Indeed, many of these for-profit
5 institutions purposefully targeted persons of low income,
6 minorities, and struggling citizens. The legislature believes
7 that consumers have a right to know that for-profit
8 institutions, first and foremost, are concerned with earning a
9 profit, and not with supporting education as a means to
10 achieving a student's goal of gainful employment. The
11 legislature further believes that the status of these
12 institutions as for-profit entities should be reflected in their
13 advertisements to prevent potential students from being misled.

14 The purpose of this Act is to require all accredited and
15 non-accredited post-secondary educational institutions that are
16 for-profit entities authorized to award degrees and operate in
17 the State to disclose on the degree-awarding institution's
18 official website, all promotional digital and print media
19 created on or after the enactment of this Act, and contracts for
20 instruction, that they are for-profit businesses, thereby
21 enabling potential students to be fully aware of the degree-



1 awarding institution's for-profit status when considering
2 enrollment.

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

6 "§305J- Disclosures. (a) Any for-profit private
7 college or university, seminary, religious institution, or any
8 other institution authorized to award degrees and operate in the
9 State pursuant to sections 305J-7 and 305J-8 shall disclose on
10 the institution's official website, all promotional digital and
11 print media created on or after _____, 2021, and contracts
12 for instruction, the fact that the institution is a for-profit
13 business. The disclosure shall be made in a type size as large
14 or larger than any other text on the institution's official
15 website, promotional digital and print media, and contract for
16 instruction, excluding the name of the institution, and shall be
17 presented in a manner reasonably calculated to draw the
18 attention of the reader. The disclosure shall read as follows:

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



1 (b) Where promotional digital and print media for any for-
2 profit private college or university, seminary, religious
3 institution, or any other institution authorized to award
4 degrees and operate in the State pursuant to sections 305J-7 and
5 305J-8 consists of an advertisement in a periodical published on
6 or after _____, 2021, by a person or entity that is not
7 affiliated with the institution, the disclosure required in
8 subsection (a) may be abbreviated to state as follows:

9 A FOR-PROFIT BUSINESS IN THE STATE OF HAWAII.
10 The disclosure required under this subsection shall be made in a
11 type size as large or larger than any other text in the
12 advertisement."

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

15 "**§446E-2 Disclosures.** (a) Any unaccredited institution
16 shall disclose in all catalogs, promotional materials, and
17 contracts for instruction, the fact that the institution is not
18 accredited by any nationally recognized accrediting agency
19 listed by the United States Secretary of Education[-]; provided
20 that beginning on _____, 2021, the same disclosure shall be
21 made on the institution's official website and all new



1 promotional digital and print media. The disclosure shall be
2 made in a type size as large or larger than any other text in
3 the catalog, promotional material, [~~or~~] contract for
4 instruction, official website, or promotional digital and print
5 media, excluding the name of the unaccredited institution, and
6 shall be presented in a manner reasonably calculated to draw the
7 attention of the reader. If the unaccredited institution
8 includes in its catalogs, promotional materials, [~~or~~] contracts
9 for instruction, official website, or promotional digital and
10 print media, any other information relating in any manner to
11 accreditation, or to accreditation by an agency not nationally
12 recognized by the United States Secretary of Education, the
13 disclosure required by this subsection shall be repeated on
14 every page on which the information appears. Where the
15 information is presented electronically, the disclosure shall be
16 made directly preceding or following the information. The
17 disclosure shall read as follows:

18 (Name of Degree Granting Institution) IS NOT ACCREDITED
19 BY AN ACCREDITING AGENCY
20 RECOGNIZED BY THE UNITED STATES
21 SECRETARY OF EDUCATION.



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

8 (b) Where promotional material or promotional digital and
9 print media for an unaccredited institution consists of an
10 advertisement in a periodical published by a person or entity
11 that is not affiliated with the unaccredited institution, the
12 disclosure required in subsection (a) may be abbreviated to
13 state as follows:

14 NOT ACCREDITED BY AN AGENCY

15 RECOGNIZED BY THE U.S. SECRETARY OF EDUCATION.

16 The disclosure required under this subsection shall be made in a
17 type size as large or larger than any other text in the
18 advertisement.

19 (c) Beginning on _____, 2021, if the unaccredited
20 institution is also registered in the State as a for-profit
21 entity, the institution shall also disclose on the institution's



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

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

10 IN THE STATE OF HAWAII

11 (d) Where promotional digital and print media for an
 12 unaccredited for-profit institution consists of an advertisement
 13 in a periodical published by a person or entity that is not
 14 affiliated with the unaccredited for-profit institution, the
 15 disclosure required in subsection (c) may be abbreviated to
 16 state as follows:

17 A FOR-PROFIT BUSINESS IN THE STATE OF HAWAII.

18 The 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 [~~(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.



Report Title:

Post-secondary Educational Institutions; Disclosure; For-profit

Description:

Requires accredited and non-accredited for-profit post-secondary educational institutions that are authorized to award degrees and operate in the State to disclose on the institution's official website, promotional digital and print media, and contracts for instruction, that they are for-profit businesses. Effective 7/1/2060. (SD1)

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