

**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,
ON SENATE BILL NO. 2976, SD1,
RELATING TO LICENSING OF PRIVATE TRADE,
VOCATIONAL AND TECHNICAL SCHOOL**

Senate Committee on Ways and Means

February 25, 2016

Chair Tokuda and Members of the Committee:

Thank you for the opportunity to testify in support of SB 2976, SD1. The purpose of the bill is to transfer the licensing and regulation program for private trade, vocational, and technical schools from the Department of Education to the Department of Commerce and Consumer Affairs.

As you know, one of the recommendations we made in our [Report No. 02-08, A Study on the Licensing of Private Trade, Vocational, and Technical Schools](#) (April 2002) was for the Legislature to consider transferring the licensing program to DCCA. This bill would effectuate that recommendation.

Thank you for the opportunity to testify in support of SB 2976, SD1.

Written Only

DAVID Y. IGE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/25/2016

Time: 09:30 AM

Location: 211

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2976, SD1 RELATING TO LICENSING OF PRIVATE TRADE, VOCATIONAL, AND TECHNICAL SCHOOL.

Purpose of Bill: Transfers administration of the licensing and regulation program for private trade, vocational, and technical schools from the department of education to the department of commerce and consumer affairs. Transfer effective as of July 1, 2018. (SD1)

Department's Position:

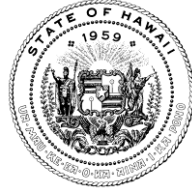
The Department of Education (Department) supports SB 2976 SD1.

Licensing Private Trade Vocational Technical (PTVT) schools is misaligned with the DOE's primary mission. Its mission is focused on K-12 education to ensure that all public school students can reach their fullest potential and attain their aspirations in the 21st century.

Given its budgetary constraints and restrictions, PTVT administration by the DOE continues to and has taken away valuable resources and time that should be solely focused on providing direct services and supports for Hawaii public schools, educators and students.

Additionally, the Department acknowledges its inability to properly administer a regulatory program that is not compatible with the Department's primary mission. Therefore, the Department supports PTVT oversight be transferred to DCCA, where the regulatory and licensing expertise exists.

Thank you for this opportunity to provide testimony on SB 2976 SD1.



DAVID Y. IGE
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**PRESENTATION OF THE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016
Thursday, February 25, 2016
9:30 a.m.

**TESTIMONY ON SENATE BILL NO. 2976, S.D. 1, RELATING TO LICENSING OF
PRIVATE TRADE, VOCATIONAL, AND TECHNICAL SCHOOL.**

TO THE HONORABLE JILL N. TOKUDA, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Catherine Awakuni Colón, Director of the Department of Commerce and Consumer Affairs (“DCCA”). DCCA appreciates the opportunity to provide written comments in **opposition** to Senate Bill No. 2976, S.D. 1, Relating to Licensing of Private Trade, Vocational, and Technical School.

Senate Bill No. 2976, S.D. 1, provides for the transfer of licensing of private trade, vocational, and technical (“PTVT”) schools from the Department of Education (“DOE”) to DCCA. The proposed transfer would be effective July 1, 2018.

DCCA does not believe that the proposed transfer of DOE’s long-time PTVT licensing program is either necessary or appropriate, and existing PTVT schools and

students would be negatively impacted by this measure. DOE is responsible for and has expertise in the administration of educational programs in the State going beyond K-12, including programs like the Executive Office on Early Learning, adult education, and PTVT licensing. DOE remains best positioned to perform the program's statutory and rules-mandated functions that include reviewing schools' standards and methods of instruction, as well as approving PTVT schools' curriculum. The PTVT program under DOE continues to operate successfully without incident or major criticism from the licensee population and where past/present staff have remained knowledgeable and diligent in administering the program. Licensing of education professionals is also carried out by the DOE through the Hawaii Teachers Standards Board, so DOE continues to build in-house educational licensing expertise which could be a useful resource for the PTVT program if needed. DCCA, on the other hand, is unfamiliar with the state and federal laws, rules, and industry standards that would apply to a qualitative oversight of PTVT schools.

Further, the joint DOE-DCCA review of DOE's PTVT program requested by Senate Concurrent Resolution No. 46, S.D. 2 (2015) found that DOE continues to successfully operate the PTVT program as it has for nearly 80 years, and the review did not discover any significant risk to students of PTVT schools that would require increased DCCA involvement beyond the protections that are already set up in the State's consumer protection laws.

From a financial perspective, DCCA is concerned this bill would have significant negative impacts for existing PTVT schools and students. Moving the DOE program to DCCA would result in considerable increases in licensing costs for PTVT schools that

would negatively impact school operations and the instruction provided to students. DCCA operates under a funding model different from DOE and most other state agencies, where its regulatory programs are directly funded by the fees paid from entities regulated by the respective programs. As a special-funded department, costs associated with a new program cannot be borne by other DCCA licensee types.¹

It is generally recognized that establishing and operating a new regulatory program under DCCA for a limited licensee population like PTVT schools would result in increased licensing fees that would be at least several thousands of dollars per school, per two-year licensing period.² Many of the existing PTVT schools are smaller operations with a limited number of students to shoulder the increased licensing costs. DCCA is concerned that a program transfer would make operating a PTVT school in this State even more difficult for programs that offer critical vocational and career training for Hawaii's citizens, especially when considering an increase from DOE's current licensing fees of \$100 or less.

In addition, the lack of resources to support the transfer and program structure proposed in this bill would likely negatively impact the PTVT program. This measure does not transfer existing PTVT program staff or establish new positions with associated funding to establish and administer the program, and would eliminate other aspects of the current program upon transfer. The DOE program currently has staff that

¹See HIC v. Lingle, 120 Hawaii 51, 201 P.3d 564 (2008).

²See Report of the Auditor of the State of Hawaii No. 02-08; A Study on the Licensing of Private Trade, Vocational, and Technical Schools; Attachment 3 – Letter from Kathryn S. Matayoshi, Director of the Department of Commerce and Consumer Affairs, to the State Auditor, April 1, 2002 (discussing the cost structure and mechanics of a fund to cover a limited licensee population).

successfully administer the program, but there does not appear to be continuity of staffing, expertise, or established guidelines provided for in this bill.

Rather than force an unnecessary transfer, DCCA believes alternative solutions, like those DCCA proposed in the joint SCR46 report to the Legislature,³ will better assist DOE administer its program without significantly disrupting PTVT school operations.

Thank you for the opportunity to provide written comments on this measure. I will be happy to answer any questions the members of the Committee may have.

³<http://cca.hawaii.gov/wp-content/uploads/2015/12/SCR46-Report.pdf>.

To: THE WAYS AND MEANS COMMITTEE IN THE SENATE
Twenty Eighth Legislature
Regular Session of 2016

Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidiani, Vice Chair

Testimony RE: SB 2976
RELATING TO LICENSING OF PRIVATE TRADE, VOCATIONAL, AND TECHNICAL SCHOOL

Wednesday, February 24, 2016
Testifying: Students and Faculty of Med-Assist School of Hawaii

Honorable Chairperson and Members of these Committees:

We represent the students and faculty of Med-Assist School of Hawaii, a private vocational postsecondary school currently licensed by the Department of Education, in the State of Hawaii. Med-Assist School of Hawaii has been accredited by the Accrediting Bureau of Health Education Schools (ABHES) under the Department of Education (DOE) since 1974. The majority of our students rely on Federal Financial Aid Title IV Aid, as they come from lower income families. Accreditation of the school is a mandatory requirement in order for the students to be eligible to apply for FASFA and be considered for Federal Financial Aid IV Aid in the form of grants and loans for tuition and the costs of attendance.

As residents of Hawaii and students of Med-Assist School of Hawaii, we adamantly oppose the transference of Private Trade, Vocational and Technical School licensure from the (DOE) Department of Education to the (DCCA) Department of Commerce and Consumer Affairs. We have communicated with several licensed schools that also oppose the transference.

Here are some facts that can have a profound impact on your decision.

1) It is imperative that our Hawaii Ohana has vocational, trade, and technical schools. For example, the U.S. Bureau of Labor and Statistics lists the healthcare industry as an industry with a shortage of workers. Combined with our aging population of baby boomers, Medical Assistants will be one of the most in-demand jobs in the labor market over the next decade. Our school provides the much needed service of graduating Medical Assistants, and we get calls daily from hospitals and doctor's offices asking for our qualified graduates. The passing of this bill will make it harder for us to provide the Hawaii healthcare industry with those graduates. With the foreseeable demand for healthcare professionals increasing in the not too distant future, the least advisable thing to do would be to make Hawaii's supply of Medical Assistants decrease. Unfortunately, that is exactly what this bill will do if passed.

2) The rising costs of attending a private postsecondary school are felt by everyone in the community, especially the students. Further limits on Federal Financial Aid make it even harder for us to attain this much needed degree, along with our peers in other vocational schools. The

added cost of this bill will be felt most harshly by us, the students. It is an unnecessary cost that we should not have to suffer because of political bickering.

3) The transference of licensure for private trade, vocational, and technical schools from the Department of Education (DOE) to the Department of Commerce and Consumer Affairs (DCCA) will adversely affect the students of these institutions the most, according to documentation through surveys, statistical analyses, and annual accreditation reports. The most vulnerable, in this case the students, are the most affected.

4) The Hawaii State Department of Education's mission statement is, "We serve our community by developing the academic achievement, character, and social-emotional well-being of our students to the fullest potential. We work with partners, families, and communities to ensure that all students reach their aspirations from early learning through college, career, and citizenship." This mission statement exemplifies the goals and morale of Med-Assist School of Hawaii. It aligns nicely with our mission statement, "We firmly believe that a student centered approach fully acknowledges the inherent potential of each student aspiring to learn. Med-Assist School of Hawaii's mission is to educate and train Medical Assistants and Medical Coders who will provide quality service to their patients and fellow healthcare professionals." We both view the student's well-being and education as imperative. Med-Assist School of Hawaii is a school, not a business. It is these similarities that we share with the Hawaii State Department of Education that fosters the learning environment we need to grow as medical professionals.

5) The Department of Commercial and Consumer Affairs has a very different nature. Their mission statement reads, "The hardworking men and women of the DCCA serve the public through a variety of functions, including regulating and licensing more than 140,000 professionals, monitoring the financial solvency of local banks and insurance companies, and investigating complaints of fraudulent and unfair business practices." In practice and on paper, the DCCA does not represent the interests of Hawaii's students or their postsecondary institutions. Again, Med-Assist School of Hawaii is a School, not a license on a piece of paper. The HSDOE recognizes and cares about the real world concerns of Hawaii students and institutions. The DCCA does not.

6) Coupled with the inattention from the DCCA, the new exuberant and fictitious cost imposed in the bill (no evidence is offered of what this fee will specifically cover) will greatly reduce our school's ability to maintain our standard of excellent education. A weakening economy has reduced student enrollment across the board. This added \$10,000 fee will force many vocational and postsecondary schools into bankruptcy. This will cascade into a shortage of Hawaii vocational training institutions, and put us at a disadvantage when compared to the rest of the nation. It is not in Hawaii's best interest to pass this bill.

The Hawaii State Department of Education has licensed private postsecondary schools for the past 76 years, forty-two of which Med-Assist School of Hawaii has been licensed. The experience learned in three quarters of a century cannot be taught during a two week

transitory period. The fumbling transition will potentially cost the students, the institutions, and Hawaii the next generation of skilled workers. We the students, are humbly asking the legislature to veto this bill that is so diametrically opposed to the education industry.

To: The Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

28th Legislature, Regular Session of 2016

Testimony RE: **Senate Bill 2976 SD1**,
Relating to the Licensing of Private Trade, Vocational, and Technical Schools

Thursday, February 25, 2016

Testifying: Mark Olson, Ph.D., Director, Pacific Center for Awareness and Bodywork

Honorable Chairperson and Members of these Committees:

I am Dr. Mark Olson, the Owner and Director of a massage therapy school on Kaua'i that has been licensed by the DOE for over two decades. **I strongly oppose the transference of Private Trade, Vocational, and Technical School licensure from the Department of Education to the DCCA. I specifically oppose transference of licensure for massage schools to the Board of Massage.**

The following outlines some of the reasons for my opposition.

1. Our schools are educational institutions that belong under the DOE, which is already knowledgeable about education and instruction and already has a streamlined application process. The Board of Massage licenses massage therapists and massage establishments, not schools. We are a massage school, not a massage establishment. The Board of Massage is poorly suited for this task.
2. Removing the DOE license will make it more difficult to obtain (and maintain) national accreditation since accreditors often require some of the stricter criteria (e.g. instructor approval) that the DOE has and that the DCCA does not have. While my school has not been accredited in the past, it's my intention as the new owner and director to obtain accreditation so that students could obtain financial aid. Without certification from the DOE, accreditation, and thus financial aid, won't be possible.

3. Removing the DOE license will reduce the credibility of the school in the eyes of the public. The resulting lack of public trust would harm our marketing efforts and would result in the reduction of skilled professionals trained in Hawaii to serve Hawaii's consumers. I bought this school two years ago because it had the prestige of being a DOE-licensed school—I would not have made such an investment otherwise.
4. Moving licensing to DCCA will incur additional fees (amounts unspecified) that would be passed onto students. Given our small enrollment numbers, such an addition to tuition costs, which are already challenging for most students, would prevent many would-be students from taking this first step in their career.
5. Our licenses with the DOE are valid until August 31 of odd-numbered years. This bill was amended to change to DCCA oversight on July 1, 2018. It's not clear in this bill whether our DOE licenses would expire on this 2018 date or whether they would continue to be valid until Aug 31, 2019 with any new changes going through DCCA for the last 13 months of the license. This should be clarified, and our schools should get the full 2 years, rather than just 11 months, out of that 2-year license that we took the time, money, and energy to apply for.
6. The Board of Massage has an infamous reputation of being very unresponsive, behind the times, and consistently dysfunctional in its administrative duties (e.g. losing materials, taking weeks to respond and process requests, having unfriendly and unhelpful staff, sending outdated information, etc.). Why give them additional duties that they are not suited for when they are already at capacity? The DOE already has a smooth and streamlined process, so leave the licensing with DOE.

Please defeat this bill. Thank you for considering this testimony.

Mark Olson, Ph.D.
Director, Pacific Center for Awareness and Bodywork
PO Box 1049, Kilauea, HI 96754
www.awarenessandbodywork.com

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: carol@hartfeltkauai.com
Subject: *Submitted testimony for SB2976 on Feb 25, 2016 09:30AM*
Date: Wednesday, February 24, 2016 5:01:12 PM

SB2976

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Hart	Individual	Oppose	No

Comments:

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Subject: *Submitted testimony for SB2976 on Feb 25, 2016 09:30AM*
Date: Wednesday, February 24, 2016 9:00:32 PM

SB2976

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Alexanyan	Individual	Oppose	No

Comments:

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Cc: bodhitaraishere@gmail.com
Subject: Submitted testimony for SB2976 on Feb 25, 2016 09:30AM
Date: Wednesday, February 24, 2016 5:35:10 PM

SB2976

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Diane Searles	Individual	Oppose	No

Comments: I oppose

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: frances@massagemaui.com
Subject: Submitted testimony for SB2976 on Feb 25, 2016 09:30AM
Date: Wednesday, February 24, 2016 7:39:11 AM

SB2976

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Frances Salvato	Maui School of Therapeutic Massage	Oppose	No

Comments: Massage Schools need to be under the oversight of DOE in order for other states to recognize our credentials. A majority of our students are coming from other states and plan to return to those states. Please do not cripple our business.

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Cc: shelagh@massagemau.com
Subject: Submitted testimony for SB2976 on Feb 25, 2016 09:30AM
Date: Wednesday, February 24, 2016 9:36:16 AM

SB2976

Submitted on: 2/24/2016

Testimony for WAM on Feb 25, 2016 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Shelagh Lampshire	Maui School of Therapeutic Massage	Oppose	No

Comments: As Director of the Maui School of Therapeutic Massage (MSTM), I strongly oppose the transfer of vocational school licensing from the the Department of Education to the DCCA. MSTM is a nationally renowned Massage Therapy training program. Most of our graduates eventually move to other states where they then seek to become licensed as massage therapists. Many states require vocational school licensure under a state department of education. Case in point: this is excerpted from a letter to once of my gradutates from the State of Oregon: "Your application for examination has been carefully reviewed. Your application has been deemed incomplete for the following reasons: As of January 1, 2016, the Board requires 625 hours of education (OAR 334-010-0005 (4)) from an accredited or Department of Education approved school with the following..." If we were not licensed under the DOE, this student would not be able to use her training at MSTM toward licensure in the State of Oregon. Transfer of licensure to the DCCA would adversely affect our graduates and our ability to continue to operate as a school which serves the profession on a national level. Sincerely, Shelagh Lampshire
Director Maui School of Therapeutic Massage

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