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## 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 student's goal of gainful employment. The legislature  
6 further believes that the status of these institutions as for-  
7 profit entities should be reflected in their advertisements in  
8 order 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 to disclose in print and electronic media and  
12 signage that they are for-profit businesses registered in the  
13 State.

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

17 "§305J- Disclosures. (a) Any private college or  
18 university and any seminary or religious training institution  
19 that is registered in the State as a for-profit entity shall  
20 disclose in all catalogs, promotional materials, electronic  
21 media, signage, and contracts for instruction, the fact that the



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

8 (Name of Degree Granting Institution) IS A FOR-PROFIT BUSINESS  
9 REGISTERED IN THE STATE OF HAWAII

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

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



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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:



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





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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 upon its approval.

13

INTRODUCED BY:



JAN 22 2021



# H.B. NO. 389

**Report Title:**

Post-secondary Educational Institutions; Disclosure; For-Profit

**Description:**

Requires accredited and non-accredited post-secondary educational institutions that are for-profit entities to disclose in print and electronic media and signage that they are for-profit businesses registered in the State.

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

