

S.B. NO. 3120

JAN 28 2026

A BILL FOR AN ACT

RELATING TO SCHOOL LICENSURE.

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

1 SECTION 1. Historically, the regulation of private trade,
2 vocational, and technical schools was primarily aimed at
3 ensuring the quality of education and instruction below the
4 college level. As vocational education has become more diverse
5 and specialized, the focus has shifted toward protecting
6 consumers from false, deceptive, misleading, and unfair
7 practices while ensuring adequate educational quality.

8 Various audits and legislative assessments, including those
9 conducted in 1997, 2002, and subsequent years, consistently
10 highlight the department of education's lack of expertise,
11 capacity, and alignment with consumer protection functions
12 necessary for effective oversight of private trade, vocational,
13 and technical schools. This gap in capability has raised
14 concerns about the adequacy of consumer protection measures and
15 the quality of education provided by these institutions.

16 In response to these findings, recommendations have been
17 made over the years to transfer the responsibilities of private
18 trade, vocational, and technical schools out of the department

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1 of education. The university of Hawaii is better suited to
2 administer this program, particularly the university of Hawaii
3 community colleges. Given that the university of Hawaii
4 community colleges 2023-2029 strategic plan imperative 3 has a
5 stated goal to "Partner with industry stakeholders and
6 community-based organizations to be the premier training
7 provider to meet the state's workforce needs in sustainable
8 ways" and that these professions include education, healthcare,
9 technology, and skilled trades; the university of Hawaii is
10 better equipped than the department of education with the
11 requisite expertise to oversee private trade, vocational, and
12 technical schools.

13 Given that the department of education's primary mission is
14 to provide primary and secondary education to students in grades
15 kindergarten through twelfth grade, the purpose of this Act is
16 to transfer the licensing responsibilities of private trade,
17 vocational, and technical schools from the department of
18 education to the university of Hawaii.

19 SECTION 2. The Hawaii Revised Statutes is amended by
20 adding a new chapter to be appropriately designated and to read
21 as follows:

22 **"CHAPTER**

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LICENSURE OF PRIVATE TRADE, VOCATIONAL, OR TECHNICAL SCHOOL

§ -1 Definitions. As used in this chapter, unless the context clearly requires otherwise:

"Private trade, vocational, or technical school" means an organization or corporation that provides instruction in any form or manner in any trade, occupation, or vocation for a consideration, reward, or promise of whatever nature, except:

- (1) Schools maintained, or classes conducted, by employers for their own employees where no fee or tuition is charged;
- (2) Courses of instruction given by any fraternal society, benevolent order, or professional organization to its members, which courses are not operated for profit;
- (3) Classes conducted for less than five students at one and the same time;
- (4) Classes or courses of instruction that are conducted for twenty or fewer class sessions during any twelve-month period;
- (5) Avocational, hobby, recreation, or health classes or courses;
- (6) Courses of instruction on religious subjects given under the auspices of a religious organization; or

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1 (7) Schools registered or authorized by the department of
2 commerce and consumer affairs or by boards and
3 commissions placed in the department of commerce and
4 consumer affairs for administrative purposes.

5 "University" refers to the university of Hawaii.

6 **§ -2 Licensure of private trade, vocational, or technical**
7 **school.** (a) The university shall license private trade,
8 vocational, and technical schools as necessary for:

9 (1) Compliance with federal regulations or accreditation
10 requirements;

11 (2) Qualifying the private trade, vocational, or technical
12 school for federal, state, or private funding; or

13 (3) Qualifying graduates of the private trade, vocational,
14 or technical school for professional licensure.

15 The purpose of the licensing is to protect consumers
16 against practices by private trade, vocational, or technical
17 schools that are false, deceptive, misleading, or unfair.

18 (b) A private trade, vocational, or technical school that
19 requires licensure under subsection (a) shall submit the
20 following to the university in such form as the university may
21 direct:

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- 1 (1) Proof that the school is accredited by an accrediting
2 commission of career schools and colleges, accrediting
3 council for continuing education and training, or an
4 accrediting bureau of health education schools;
5 provided that in lieu of such accreditation, the
6 school may provide a letter from the relevant state,
7 federal, or other licensing authority demonstrating
8 that the private trade, vocational, or technical
9 school's curriculum is sufficient to prepare a
10 graduate to qualify for professional licensure;
- 11 (2) Proof of current business registration demonstrating
12 good standing;
- 13 (3) A copy of the school's current general excise and tax
14 license, including a current tax clearance; and
- 15 (4) Proof that the school has secured a surety bond in the
16 sum of \$50,000, payable in a form satisfactory to the
17 university, to provide indemnification to any student
18 suffering a financial loss as a result of the school
19 not fulfilling its obligations under the terms of its
20 license; provided that the bonding requirement may be
21 reduced at the discretion of the university.

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1 (c) A private trade, vocational, or technical school
2 applying for initial licensure shall pay an initial license fee
3 of \$_____ to the university upon application for licensure under
4 this section.

5 (d) Every two years following the date of initial
6 licensure, a private trade, vocational, or technical school
7 shall apply for a renewal license by:

8 (1) Submitting all documents required under subsection

9 (b), with updated information as appropriate;

10 (2) Submitting a list of complaints officially filed
11 within the past two years with any state or federal
12 government agency or directly with the school; and

13 (3) Paying a renewal licensure fee of \$_____.

14 (e) Complaints alleging unfair or deceptive acts or
15 practices by a private trade, vocational, or technical school
16 shall be filed with the appropriate branch of the university for
17 review, investigation, and appropriate recommendation for
18 action, including appeals from action taken.

19 (f) Fees collected pursuant to this section shall be
20 deposited into the general fund.

21 (g) The university may adopt reasonable rules relating to
22 the implementation of this section and section -3.

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1 **§ -3 Suspension and revocation of license; procedure.**

2 (a) The university, after notice and opportunity for a hearing,
3 may suspend or revoke a license at any time when, in the
4 judgment of the university, the licensee is not complying with
5 section -2 or the rules that may be adopted by the university.
6 The notice of hearing shall be served personally or sent to the
7 licensee by registered or certified mail with return receipt at
8 the licensee's last known address.

9 (b) Notice of suspension or revocation shall be served
10 personally upon the licensee or sent to the licensee by
11 registered or certified mail with return receipt, and the
12 licensee shall forward the licensee's license at once to the
13 university, and cease at once to operate the private trade,
14 vocational, or technical school.

15 (c) All proceedings shall be subject to chapter 91."

16 SECTION 3. Section 302A-101, Hawaii Revised Statutes, is
17 amended as follows:

18 (1) By amending the definition of "license" to read as
19 follows:

20 ""License" means the recognition granted by the Hawaii
21 teacher standards board to an individual to practice the
22 profession of teaching. ~~[This definition shall not apply to the~~

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1 ~~term "license" as it is used in sections 302A-425 and 302A-~~
2 ~~426.] "~~

3 (2) By repealing the definition of "private trade,
4 vocational, or technical school."

5 [~~"Private trade, vocational, or technical school" means an~~
6 ~~organization or corporation that provides instruction in any~~
7 ~~form or manner in any trade, occupation, or vocation for a~~
8 ~~consideration, reward, or promise of whatever nature, except:~~

9 (1) ~~Schools maintained, or classes conducted, by employers~~
10 ~~for their own employees where no fee or tuition is~~
11 ~~charged;~~

12 (2) ~~Courses of instruction given by any fraternal society,~~
13 ~~benevolent order, or professional organization to its~~
14 ~~members, which courses are not operated for profit;~~

15 (3) ~~Classes conducted for less than five students at one~~
16 ~~and the same time;~~

17 (4) ~~Classes or courses of instruction that are conducted~~
18 ~~for twenty or fewer class sessions during any twelve-~~
19 ~~month period;~~

20 (5) ~~Avocational, hobby, recreation, or health classes or~~
21 ~~courses;~~

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~~(6) Courses of instruction on religious subjects given
under the auspices of a religious organization; and
(7) Schools registered or authorized by the department of
commerce and consumer affairs or by boards and
commissions placed in the department of commerce and
consumer affairs for administrative purposes."]~~

SECTION 4. Section 302A-425, Hawaii Revised Statutes, is
repealed.

~~["**S302A-425 Licensure of private trade, vocational, or
technical school.** (a) The department shall license private
trade, vocational, and technical schools as necessary for:
(1) Compliance with federal regulations or accreditation
requirements;
(2) Qualifying the private trade, vocational, or technical
school for federal, state, or private funding; or
(3) Qualifying graduates of the private trade, vocational,
or technical school for professional licensure.~~

~~The purpose of the licensing and regulation is to protect
consumers against practices by private trade, vocational, or
technical schools that are false, deceptive, misleading, or
unfair. The department shall not be responsible for review of
curriculum or assurance of program quality for those private~~

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1 ~~trade, vocational, and technical schools whose curriculum or~~
2 ~~program falls outside of the department's mission.~~

3 ~~(b) A private trade, vocational, or technical school that~~
4 ~~requires licensure under subsection (a) shall submit the~~
5 ~~following to the department in such form as the department may~~
6 ~~direct:~~

7 ~~(1) Proof that the school is accredited by an accrediting~~
8 ~~commission of career schools and colleges, accrediting~~
9 ~~council for continuing education and training, or an~~
10 ~~accrediting bureau of health education schools;~~
11 ~~provided that in lieu of such accreditation, the~~
12 ~~school may provide a letter from the relevant state,~~
13 ~~federal, or other licensing authority demonstrating~~
14 ~~that the private trade, vocational, or technical~~
15 ~~school's curriculum is sufficient to prepare a~~
16 ~~graduate to qualify for professional licensure;~~

17 ~~(2) Proof of current business registration demonstrating~~
18 ~~good standing;~~

19 ~~(3) A copy of the school's current general excise tax~~
20 ~~license, including a current tax clearance; and~~

21 ~~(4) Proof that the school has secured a surety bond in the~~
22 ~~sum of \$50,000, payable in a form satisfactory to the~~

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1 ~~department, to provide indemnification to any student~~
2 ~~suffering a financial loss as a result of the school~~
3 ~~not fulfilling its obligations under the terms of its~~
4 ~~license; provided that the bonding requirement may be~~
5 ~~reduced at the discretion of the department.~~

6 ~~(c) A private trade, vocational, or technical school~~
7 ~~applying for initial licensure after December 31, 2017, shall~~
8 ~~pay an initial license fee of \$2,000 to the department upon~~
9 ~~application for licensure under this section.~~

10 ~~(d) Every two years following the date of initial~~
11 ~~licensure, a private trade, vocational, or technical school~~
12 ~~shall apply for a renewal license by:~~

13 ~~(1) Submitting all documents required under subsection~~

14 ~~(b), with updated information as appropriate,~~

15 ~~(2) Submitting a list of complaints officially filed~~

16 ~~within the past two years with any state or federal~~
17 ~~government agency or directly with the school; and~~

18 ~~(3) For any application for license renewal submitted~~

19 ~~after December 31, 2017, paying a renewal licensure~~
20 ~~fee of \$2,000.~~

21 ~~(e) Complaints alleging unfair or deceptive acts or~~
22 ~~practices by a private trade, vocational, or technical school~~

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1 ~~shall be filed with the appropriate branch of the department of~~
2 ~~commerce and consumer affairs for review, investigation, and~~
3 ~~appropriate recommendation for action, including appeals from~~
4 ~~action taken.~~

5 ~~(f) Fees collected pursuant to this section shall be~~
6 ~~deposited into the general fund.~~

7 ~~(g) The department may adopt reasonable rules relating to~~
8 ~~the implementation of this section and section 302A-426."]~~

9 SECTION 5. Section 302A-426, Hawaii Revised Statutes, is
10 repealed.

11 [~~"§302A-426 Suspension and revocation of license;~~

12 ~~procedure.~~ (a) ~~The department, after notice and opportunity~~
13 ~~for a hearing, may suspend or revoke a license at any time when,~~
14 ~~in the judgment of the department, the licensee is not complying~~
15 ~~with section 302A-425 or the rules that may be adopted by the~~
16 ~~board. The notice of hearing shall be served personally or sent~~
17 ~~to the licensee by registered or certified mail with return~~
18 ~~receipt at the licensee's last known address.~~

19 ~~(b) Notice of suspension or revocation shall be served~~
20 ~~personally upon the licensee or sent to the licensee by~~
21 ~~registered or certified mail with return receipt, and the~~
22 ~~licensee shall forward the licensee's license at once to the~~

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1 ~~department, and cease at once to operate the private trade,~~
2 ~~vocational, or technical school.~~

3 ~~(c) All proceedings shall be subject to chapter 91."]~~

4 SECTION 6. All rights, powers, functions, and duties
5 previously performed by the department of education under
6 sections 302A-425 through 302A-426, Hawaii Revised Statutes, are
7 transferred to the university of Hawaii.

8 SECTION 7. All rules, policies, procedures, guidelines,
9 and other material adopted or developed by the department of
10 education to implement provisions of the Hawaii Revised Statutes
11 that are reenacted or made applicable to the university of
12 Hawaii by this Act shall remain in full force and effect until
13 amended or repealed by the university of Hawaii pursuant to
14 chapter 91, Hawaii Revised Statutes.

15 In the interim, every reference to the department of
16 education or the superintendent of education in those rules,
17 policies, procedures, guidelines, and other material is amended
18 to refer to the university of Hawaii or the president of the
19 university of Hawaii, as appropriate.

20 SECTION 8. All deeds, leases, contracts, loans,
21 agreements, permits, or other documents executed or entered into
22 by or on behalf of the department of education pursuant to

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1 sections 302A-425 through 302A-426, Hawaii Revised Statutes,
2 shall remain in full force and effect. Upon the effective date
3 of this Act, every reference to the department of education or
4 the superintendent of education therein shall be construed as
5 reference to the university of Hawaii or the president of the
6 university of Hawaii, as appropriate.

7 SECTION 9. All appropriations, records, equipment,
8 machines, files, supplies, contracts, books, papers, documents,
9 maps, and other personal property heretofore made, used,
10 acquired, or held by the department of education relating to the
11 functions transferred to the university of Hawaii shall be
12 transferred with the functions to which they relate.

13 SECTION 10. All officers and employees whose functions are
14 transferred by this Act shall be transferred with their
15 functions and shall continue to perform their regular duties
16 upon their transfer, subject to the state personnel laws and
17 this Act.

18 No officer or employee of the State having tenure shall
19 suffer any loss of salary, seniority, prior service credit,
20 vacation, sick leave, or other employee benefit or privilege as
21 a consequence of this Act, and such officer or employee may be
22 transferred or appointed to a civil service position without the

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1 necessity of examination; provided that the officer or employee
2 possesses the minimum qualifications for the position to which
3 transferred or appointed; and provided that subsequent changes
4 in status may be made pursuant to applicable civil service and
5 compensation laws.

6 An officer or employee of the State who does not have
7 tenure and who may be transferred or appointed to a civil
8 service position as a consequence of this Act shall become a
9 civil service employee without the loss of salary, seniority,
10 prior service credit, vacation, sick leave, or other employee
11 benefits or privileges and without the necessity of examination;
12 provided that such officer or employee possesses the minimum
13 qualifications for the position to which transferred or
14 appointed.

15 If an office or position held by an officer or employee
16 having tenure is abolished, the officer or employee shall not
17 thereby be separated from public employment, but shall remain in
18 the employment of the State with the same pay and classification
19 and shall be transferred to some other office or position for
20 which the officer or employee is eligible under the personnel
21 laws of the State as determined by the head of the department or
22 the governor.

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SECTION 11. The department of education and the university of Hawaii shall collaborate to implement the transfers and transitions required under this Act with as little disruption as possible to ongoing duties, responsibilities, and public services provided.

6 SECTION 12. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 13. This Act, upon its approval, shall take effect
9 on July 1, 2026.

10

11

INTRODUCED BY:

Мел. 14.

12

BY REQUEST

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Report Title:

Private Trade, Vocational, and Technical Schools; Licensing;
DOE; UH

Description:

Transfers the licensing authority of private trade, vocational, and technical schools from the Department of Education to the University of Hawaii.

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

JUSTIFICATION SHEET

DEPARTMENT: Education

TITLE: A BILL FOR AN ACT RELATING TO SCHOOL
LICENSURE.

PURPOSE: To transfer the private trade, vocational,
and technical (PTVT) schools licensing
authority from the Department to the
University of Hawaii (UH).

MEANS: Add a new chapter to the Hawaii Revised
Statutes (HRS), amend section 302A-101, HRS,
and repeal sections 302A-425 and 302A-426,
HRS.

JUSTIFICATION: Originally established in 1939, the current
system for oversight of PTVT schools does
not adequately address the diverse and
specialized nature of today's vocational
education. Audits and legislative
assessments have consistently highlighted
the Department's lack of expertise and
capacity to effectively oversee PTVT
schools, raising concerns about consumer
protection and educational quality.

The UH is better equipped to handle these
responsibilities, particularly at the
community colleges. The UH Community
Colleges 2023-2029 Strategic Plan highlights
their goal to strengthen ties with industry,
specifically calling out education,
healthcare, technology, and skill trades.
This would make the UH better suited to
improve efficiency, and ensure high-quality
vocational training.

Impact on the public: This proposal would
positively impact the public by enhancing
consumer protection and ensuring high-
quality vocational training.

Impact on the department and other agencies:
This bill removes the administrative burden
of PTVT from the Department by transferring

the licensing authority and administration
of PTVT schools to the UH.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: University of Hawaii.

EFFECTIVE DATE: July 1, 2026.