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Complaints against  
UDGIs in 2005

239

Complaints against  
UDGIs in 2013

1

OCP actions filed against  
UDGIs, 1997-2012

51

# Sunrise Analysis: Regulation of Unaccredited Degree Granting Institutions

Report No. 14-03, January 2014

*Proposed regulation is not warranted, as existing laws provide sufficient consumer protection*

## **HB 1200, HD 2 is not reasonably necessary to protect the public**

House Bill No. 1200, House Draft 2, is not needed to comply with the Higher Education Act of 1965 and other flaws in the bill do not warrant its enactment. The proposed regulation is unwarranted, as recent legislation has changed the legal landscape and the bill has several flaws. For instance, a post-secondary education *program* now exists within the Department of Commerce and Consumer Affairs (DCCA), whereas the bill proposes to place a *commission* there. More importantly, the bill does not specify a regulatory framework; that is, it does not state whether it would require licensure, certification, or registration for unaccredited degree granting institutions. We found the cost of regulation would be prohibitive, at nearly twice the fees for accredited institutions. These costs would likely translate to higher costs for consumers and restrict entry into the field for other unaccredited institutions. There have been numerous complaints against unaccredited degree granting institutions, but these have declined considerably in recent years, from a peak of 239 in 2005 to one in 2013.

## **Existing laws protect consumers**

The purpose of Chapter 446E, HRS, is consumer welfare, and although Hawai'i has a reputation for lax regulation of diploma mills, it is also known for actively prosecuting them. Enforcement by DCCA's Office of Consumer Protection against unaccredited degree granting institutions for violations of prohibited practices under existing laws in Chapter 446E, Hawai'i Revised Statutes (HRS), provides sufficient consumer protection. All states, including Hawai'i, have laws addressing unaccredited institutions. Hawai'i's law already covers online entities.

## **Most of LRB's 1993 recommendations have been addressed**

Six of the nine recommendations in the Legislative Reference Bureau's 1993 Report No. 5, *Private Accreditation and State Authorization of Degree Granting and Non-degree Granting Institutions in Hawai'i*, have been addressed.

## **Agency response**

The DCCA concurred with our conclusion that a post-secondary authorization program regulating UDGIs is unnecessary. Regarding the number of UDGIs physically located in Hawai'i, DCCA pointed out that its database of business registrants is not limited to UDGIs and there may be UDGIs operating without a business registration, as registration is not mandatory.