

ASSEMBLY, No. 3456

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Establishes tuition reimbursement program for students enrolled in certain private postsecondary educational schools.

CURRENT VERSION OF TEXT

As introduced.



A3456 BURZICHELLI

2

1 AN ACT concerning certain private postsecondary institutions and
2 supplementing Title 34 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. A private career school shall obtain a performance bond
8 payable to the Commissioner of Labor and Workforce Development
9 in an amount to be determined by the commissioner. The proceeds
10 of the performance bond may be used to pay approved refunds or to
11 reimburse the fund established pursuant to section 2 of this act for
12 refunds or other payments made to or on behalf of a student.

13

14 2. A restricted, nonlapsing, revolving Private Career School
15 Student Tuition Protection Fund, to be managed and invested by the
16 State Treasurer, is hereby established in the Department of Labor
17 and Workforce Development. The purpose of the fund shall be to
18 provide for a system of equitable refunds in the event of the closure
19 of a private career school. The State Treasurer shall have full
20 statutory powers of investment of the fund, except that any interest,
21 income, and dividends derived from the investment of the fund shall
22 be credited to the fund. The operating expenses of the fund shall be
23 paid out of the monies in the fund.

24

25 3. a. A private career school shall pay to the State Treasurer,
26 to be deposited into the Private Career School Tuition Protection
27 Fund, an amount set by the commissioner for each student enrolled
28 in that school, in the manner set forth below. This charge shall not
29 be considered a part of tuition.

30 (1) Within 90 days of the effective date of this act, a private
31 career school shall make a payment for each student enrolled at that
32 school as of the effective date of this act.

33 (2) For newly-enrolled students who start a program of
34 instruction after the effective date of this act, payments shall be
35 made on a quarterly basis, on the dates of January 30th, April 30th,
36 July 30th, or October 30th, for students enrolled within a three
37 month period ending the month immediately preceding the
38 applicable payment dates.

39 b. When the balance in the fund reaches \$2,500,000, and upon
40 notification from the commissioner, private career schools shall
41 cease contributing to the fund. If the balance in the fund is reduced
42 to an amount less than \$2,000,000 because of a school or program
43 closure, the commissioner shall notify all private career schools,
44 and they shall resume payment for all newly-enrolled students after
45 the notification date, according to the schedule in paragraph (2) of
46 subsection a. of this section until the balance in the fund is
47 recapitalized at the amount of \$2,500,000.

1 c. Notwithstanding the provisions of subsection b. of this
2 section to the contrary, a private career school receiving an initial
3 certificate of approval pursuant to section 13 of P.L.2005, c.354
4 (C.34:15C-10.1) after the effective date of this act, shall make the
5 payments as required by this section for a period of four years.

6 d. As used in this act:

7 "Commissioner" means the Commissioner of Labor and
8 Workforce Development.

9 "Department" means the Department of Labor and Workforce
10 Development.

11 "Private career school" or "school" means a qualifying school as
12 defined in section 4 of P.L.1989, c.293 (C.34:15C-1).

13

14 4. Whenever a private career school ceases to operate, becomes
15 insolvent, or otherwise ceases all instructional activity, the
16 following shall apply:

17 a. Any student enrolled in the school who has paid tuition for a
18 course or unit of instruction at that school, but is unable to complete
19 the course or unit of instruction because of the insolvency or
20 cessation of operation of the school, or was enrolled in the school
21 within 90 days of the insolvency or cessation of operation of the
22 school and is owed a tuition refund from the school, is eligible to
23 apply to the department for a refund of any tuition which the school
24 has not previously refunded to the student. The commissioner shall
25 seek to notify all students eligible for a refund. The following
26 payments shall be made from the Private Career School Student
27 Tuition Protection Fund, to the extent monies in the fund are
28 available.

29 (1) If an eligible student is transferring to another private career
30 school to complete the contracted-for courses or instruction, the
31 program expenses incurred by the receiving school shall be paid to
32 that school on behalf of the student subject to the approval of the
33 commissioner.

34 (2) If an eligible student is not transferring to another private
35 career school, the amount of refund for which the student is eligible
36 shall be determined by the department based on various factors,
37 including, but need not be limited to, the percentage of contracted-
38 for services received and the availability to the student of
39 opportunities to complete the course or instruction at another school
40 within a reasonable period of time. In no case shall the amount of
41 refund paid exceed the amount of tuition paid by a student.

42 b. The department, in consultation with the Executive Director
43 of the Higher Education Student Assistance Authority, shall identify
44 all students who are pursuing a course or instruction who have paid
45 all or part of the tuition with State grant or scholarship funds. Any
46 refund to which the student is entitled shall be made directly to the
47 Higher Education Assistance Authority, except that any refund

A3456 BURZICHELLI

1 amount which exceeds the amount of State grant or scholarship
2 funds shall be distributed directly to the student.

3 c. The department shall pay claims approved pursuant to this
4 section from the performance bond required pursuant to section 1 of
5 this act whenever possible. When the bond is insufficient to pay all
6 approved claims, the department shall direct the State Treasurer to
7 issue a refund check drawn against the available funds in the fund.
8 If a student is a minor, payment shall be made to the student's
9 parent or legal guardian. A student who receives a refund or on
10 whose behalf a refund is paid pursuant to this section, or if the
11 student is a minor, the parent or legal guardian of the student, shall
12 assign all rights to the State of any action against the school or its
13 owner for tuition amounts reimbursed. Upon the assignment, the
14 State may take appropriate action against the school or its owner in
15 order to reimburse the fund for any expenses or claims that are paid
16 from the fund and to reimburse any expenses the State incurs in
17 undertaking the action.

18

19 5. This act shall take effect on the 180th day following
20 enactment, except that the commissioner may take any anticipated
21 administrative action in advance of that date as shall be necessary
22 for the implementation of this act.

23

24

25

STATEMENT

26

27 This bill establishes a restricted, nonlapsing, revolving the
28 Proprietary Institutions Student Tuition Protection Fund in the
29 Department of Labor and Workforce Development. The purpose of
30 the fund is to provide for a system of equitable refunds in the event
31 of the closure of a private career school.

32 Under the provisions of the bill, a private career school which
33 conducts business and maintains facilities within the State would be
34 required to register with the Commissioner of Labor and Workforce
35 Development and to receive a certificate of approval. The school
36 would also be required to obtain a performance bond in an amount
37 determined by the commissioner and made payable to the
38 department.

39 Each school is to pay to the State Treasurer for deposit annually
40 in the fund an amount set by the commissioner for each student
41 enrolled in the school. Once the balance of the fund reaches
42 \$2,500,000, and upon notification from the commissioner,
43 contributions to the fund will cease but will resume if the fund is
44 reduced to an amount less than \$2,000,000. The bill establishes
45 procedures to be followed for payments from the fund in the event
46 that a private career school ceases operation but also stipulates that
47 approved claims for refunds shall be paid from an institution's
48 performance bond whenever possible. When the bond is

A3456 BURZICHELLI

1 insufficient to pay approved claims, a refund check shall be issued
2 from the fund and the recipient of the refund shall assign all rights
3 to the State of any action against the institution or its owner for
4 tuition amounts reimbursed.

5 The bill sets the parameters for which a student enrolled in a
6 private career school which ceases to operate, becomes insolvent, or
7 otherwise ceases all instructional activity, to be eligible for a refund
8 of any tuition which the school has not previously refunded to the
9 student.

10 Furthermore, the bill requires the department, in consultation
11 with the Higher Education Student Assistance Authority, to identify
12 all students who are pursuing a course or instruction who have paid
13 all or part of the tuition with State grant or scholarship funds.
14 Under the bill, any refund to which the student is entitled shall be
15 made directly to the authority, except that any refund amount
16 exceeding the amount of State grant or scholarship funds must be
17 distributed directly to the student.

18 The bill also requires that a student who receives a refund or on
19 whose behalf a refund is paid, the student must assign all rights to
20 the State of any action against the institution or its owner for tuition
21 amounts reimbursed. Upon the assignment, under the bill, the State
22 may take appropriate action against the school or its owner in order
23 to reimburse the fund for any expenses or claims that are paid from
24 the fund and to reimburse any expenses the State incurs in
25 undertaking the action.