

[First Reprint]

SENATE, No. 1851

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator JOSEPH P. CRYAN

District 20 (Union)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

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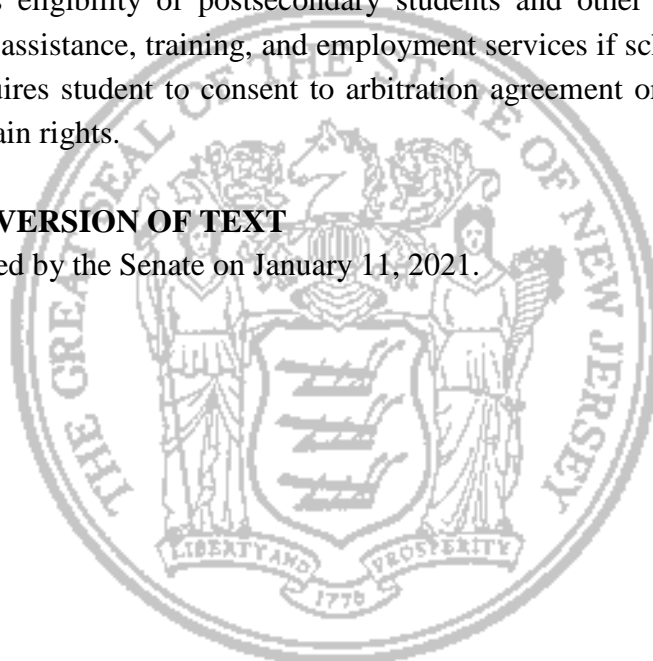
Senator Gill

SYNOPSIS

Eliminates eligibility of postsecondary students and other individuals for State student assistance, training, and employment services if school or training provider requires student to consent to arbitration agreement or proceeding or to waive certain rights.

CURRENT VERSION OF TEXT

As amended by the Senate on January 11, 2021.



(Sponsorship Updated As Of: 3/1/2021)

1 AN ACT concerning eligibility for State student assistance or other
2 employment and training services and supplementing chapter
3 71B of Title 18A of the New Jersey Statutes and P.L.1989,
4 c.293.

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

8
9 1. The Legislature finds and declares that the State spends
10 considerable funds on educational institutions, including proprietary
11 schools, training providers, and other postsecondary schools. It is in
12 the State's interests to ensure that State funds going to schools,
13 training providers, or their students, are funding consistently high-
14 quality educational experiences, but the State does not have the
15 resources to monitor these programs daily. Instead, to ensure that
16 limited State funds are expended on high-quality programs, the
17 State depends on students' ability to effectively vindicate their
18 rights under State and federal law in litigation against educational
19 institutions that are or may receive funds. Lawsuits like these deter
20 the misuse of State funds without the expenditure of State resources
21 on enforcement, and public filings resulting from such litigation
22 may be monitored by the State to assess whether it is spending its
23 limited funds appropriately.

24 The Legislature further finds and declares that such educational
25 institutions frequently require their students to sign enrollment
26 contracts that include forced arbitration and other restrictive
27 clauses, including clauses that require students to waive their right
28 to participate in a class action against the company. These clauses
29 impede students from being able to sue to enforce State and federal
30 law against their educational institutions, and the few private and
31 individual arbitrations that students are able to file against
32 educational institutions are not publicly filed and available for
33 monitoring by the State.

34
35 2. a. A student enrolled in a public or independent institution of
36 higher education or a proprietary institution licensed to offer
37 academic degrees shall be ineligible to receive any form of student
38 assistance from the State, including grants, scholarships, and loans,
39 in the event that the institution or school requires the student to:

40 (1) submit to an agreement to arbitrate or to an arbitration
41 proceeding to resolve any matter thereafter relating to the student's
42 enrollment prior to the commencement of any legal action;

43 (2) resolve a complaint relating to the student's enrollment
44 through an internal dispute process;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted January 11, 2021.

(3) waive any right, forum, or procedure afforded to the student, including any right to file and pursue a civil action, class action or a complaint with, or otherwise notify, any State agency, other public prosecutor, law enforcement agency, or any court or other governmental entity of any alleged violation of the student's rights; or

(4) be prohibited from disclosing, discussing, describing, or commenting upon the terms of the student's enrollment agreement or any violation thereof.

¹Nothing in this subsection shall be construed to prohibit a student from receiving any form of student assistance from the State for which the student is eligible at a different institution of higher education or proprietary institution licensed to offer academic degrees.¹

b. A public or independent institution of higher education or a proprietary institution licensed to offer academic degrees shall not threaten, retaliate, or discriminate against any student because of the refusal by the student to: consent to an agreement to arbitrate or to an arbitration proceeding; resolve a complaint through an internal dispute process; waive any right, forum, or procedure; or consent to a prohibition to disclose, discuss, describe or comment upon any enrollment agreement terms or violations thereof.

c. A public or independent institution of higher education or a proprietary institution licensed to offer academic degrees shall not require a student to opt out of a waiver or take any affirmative action in order to preserve his rights pursuant to this section.

d. In the event that a public or independent institution of higher education or a proprietary institution licensed to offer academic degrees requires a student to enter into an enrollment contract or similar agreement, the institution shall annually submit such contracts or agreements to the Secretary of Higher Education.

e. Nothing in this act shall be construed to invalidate a written arbitration agreement that is otherwise enforceable under the Federal Arbitration Act (9 U.S.C.s.1 et seq.).

3. a. An individual receiving or seeking employment and training services from a training provider shall be ineligible to receive the services or any form of funding for the services, including grants, scholarships, loans, or other State job training funds or federal job training funds, if the training provider requires the individual to:

(1) submit to an agreement to arbitrate or to an arbitration proceeding, prior to the commencement of any legal action, to resolve any matter thereafter relating to the individual's receiving the services;

(2) resolve, through an internal dispute process, a complaint relating to the individual's receiving the services;

(3) waive any right, forum, or procedure afforded to the individual, including any right to file and pursue a civil action, class action or a complaint with, or otherwise notify, any State agency,

1 other public prosecutor, law enforcement agency, or any court or
2 other governmental entity of any alleged violation of the
3 individual's rights; or

4 (4) be prohibited from disclosing, discussing, describing, or
5 commenting upon the terms of the individual's receiving the
6 services or any violation thereof.

7 ¹Nothing in this subsection shall be construed to prohibit an
8 individual from receiving employment and training services or any
9 form of funding for the services for which the individual is eligible
10 from a different training provider.¹

11 b. A training provider shall not threaten, retaliate, or
12 discriminate against any individual because of the refusal by the
13 individual to: consent to an agreement to arbitrate or to an
14 arbitration proceeding; resolve a complaint through an internal
15 dispute process; waive any right, forum, or procedure; or consent to
16 a prohibition to disclose, discuss, describe or comment upon any
17 enrollment agreement terms or violations thereof.

18 c. A training provider shall not require an individual to opt out
19 of a waiver or take any affirmative action in order to preserve his
20 rights pursuant to this section.

21 d. If a training provider requires an individual to take actions
22 which make the individual ineligible to receive employment and
23 training services pursuant to subsection a. of this section, or the
24 training provider violates the provisions of subsection b. of this
25 section, the training provider shall not be placed or retained on the
26 State Eligible Training Provider List maintained pursuant to section
27 14 of P.L.2005, c.354 (C.34:15C-10.2), and shall not receive any
28 federal job training funds or State job training funds.

29 e. In the event that a training provider requires an individual to
30 enter into an enrollment contract or similar agreement, the provider
31 shall annually submit such contracts or agreements to the
32 Commissioner of Labor and Workforce Development.

33 f. Nothing in this act shall be construed to invalidate a written
34 arbitration agreement that is otherwise enforceable under the
35 Federal Arbitration Act (9 U.S.C.s.1 et seq.)

36 g. For the purposes of this section, "federal job training funds",
37 "State job training funds", "training provider" shall have the
38 meanings set forth in section 4 of P.L.1989, c.293 (C.34:15C-1),
39 and "employment and training services" shall have the meanings set
40 forth in section 1 of P.L.1992, c.48 (C.34:15B-35) and section 3 of
41 P.L.1992, c.43 (C.34:15D-3).

42
43 4. This act shall take effect in the next full academic year
44 beginning after the date of enactment.