

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 254

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 25, 1996

The Assembly Education Committee reports favorably Assembly Bill No. 254 with committee amendments.

As amended by committee, this bill provides for the consolidation of the oversight and regulation of certain private vocational schools in the Department of Education and for the establishment of standards and procedures for the approval and operation of such schools.

Under the provisions of the bill, a private proprietary school which conducts business and maintains facilities within the State would be required to register with the Commissioner of Education and to receive a certificate of approval. The school would also be required to obtain a performance bond in an amount determined by the commissioner and made payable to the State Treasurer.

The bill establishes a restricted, nonlapsing, revolving Private Vocational School Student Tuition Protection Fund in the Department of Treasury. The purpose of the fund is to provide for a system of equitable refunds in the event of the closure of a private proprietary school. Each school is to pay to the State Treasurer for deposit in the fund an amount equal to \$10 annually for each student enrolled in the school whose tuition will be in excess of \$400 during the calendar year. Once the balance of the fund reaches \$2,000,000, and upon notification from the State Treasurer, contributions to the fund will cease but will resume if the fund is reduced to an amount less than \$1,500,000. The bill establishes procedures to be followed for payments from the fund in the event that a private proprietary school ceases operation but also stipulates that approved claims for refunds shall be paid from a school's performance bond whenever possible. When the bond is insufficient to pay approved claims, a refund check shall be issued from the fund and the recipient of the refund shall assign all rights to the State of any action against the school or its owner for tuition amounts reimbursed.

The bill requires a private proprietary school to notify the commissioner of any proposed closing of the school and to submit a plan outlining the procedure the school will follow to protect the educational and financial interests of enrolled students. The bill also requires notification to the commissioner in the event of the filing of

a bankruptcy petition by a private proprietary school.

The bill directs the Department of Education, upon consultation with the New Jersey State Employment and Training Commission and the Office of Student Assistance, to establish standards governing the proper conduct of private vocational schools and jointly to develop and implement performance standards and measures which can be used for evaluating schools. Information on the quality of school programs would then be available to the public in the form of a "Consumer Guide."

The bill provides that a fee schedule shall be established to fund the Department of Education's supervision and regulation of private vocational schools. The fees are to be maintained in a separate fund dedicated to the supervision of private proprietary schools and the State Board of Education is to annually reduce or increase the fees in accordance with the expenses incurred by the department.

The bill revises the statutes regarding the approval process for schools of cosmetology and hairstyling to clarify that upon the bill's effective date, private proprietary schools offering instruction in these subjects shall require the approval of the Department of Education pursuant to the bill's provisions. Under current law, these schools are approved by the New Jersey State Board of Cosmetology and Hairstyling. The bill provides, however, that this board shall retain its authority to approve the schools' curricula. The bill exempts certain private proprietary schools from its provisions due to the fact that these schools are currently regulated by other State entities and because they generally charge rather minimal tuition rates. The bill also exempts schools which charge no more than \$400 to any student in any calendar year and provides for the annual adjustment of this amount by the State Board of Education in proportion to the change in the Consumer Price Index.

The bill repeals the statutes which regulate private vocational and correspondence schools as well as several sections of the statutes concerning the current authority of the New Jersey State Board of Cosmetology and Hairstyling to license schools of cosmetology and hairstyling.

The committee amended the bill to include casino training schools within the provisions of the bill. Pursuant to P.L.1995, c.18 which revised the law concerning the regulation of casinos, the educational curriculum offered by gaming schools will no longer be reviewed by the Casino Control Commission. The inclusion of gaming schools within the provisions of the bill will authorize the Department of Education to oversee the academic offerings of these schools and ensure that students attending gaming schools have the same protections afforded to students enrolled in other proprietary vocational schools.

The amendments also limit the \$10 payment per student made by a vocational school into the Student Tuition Protection Fund to those students who pay in excess of \$400 in tuition during a calendar year;

remove driving schools which provide instruction for the purpose of obtaining a commercial driver license from the bill's provisions; require the State Board of Education and the New Jersey Employment and Training Commission to consult with the Office of Student Assistance on standards of conduct for vocational schools; and make a variety of technical changes to the bill.

This bill was pre-filed for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.