

[First Reprint]

SENATE, No. 2216

STATE OF NEW JERSEY

222nd LEGISLATURE

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As reported by the Senate Higher Education Committee on October 5, 2026, with amendments.



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. 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 As used in this act:

14 “Commissioner” means the Commissioner of Labor and
 15 Workforce Development.

16 “Department” means the Department of Labor and Workforce
 17 Development.

18 “Disorderly closure” means a closure that does not meet the
 19 requirements of sections 14 through 20 of P.L.2021, c.27
 20 (C.34:15C-10.3 through C.34:15C-10.9).

21 “Eligible student” means a student enrolled in a school who has
 22 paid tuition and fees for a course or unit of instruction at that
 23 school, but is unable to complete the course or unit of instruction
 24 because of the disorderly closure of the school, or was enrolled in
 25 the school within 90 days of the disorderly closure of the school and
 26 is owed a tuition and fees refund from the school.

27 “Private career school” means a privately owned and privately
 28 operated postsecondary school, other than an institution of higher
 29 education or proprietary institution licensed to offer academic
 30 degrees, that furnishes or offers to furnish programs, whether or not
 31 requiring a payment of tuition or fee, for the purpose of training,
 32 retraining, or upgrading individuals for gainful employment as
 33 workers in recognized or emerging occupations.

34 “Tuition and fees” means the tuition and fees paid by an eligible
 35 student to a private career school and may also include the amounts
 36 paid for supplies, equipment, or other costs required for
 37 enrollment¹.

38
 39 2. ¹a.¹ A restricted, nonlapsing, revolving Private Career
 40 School Student Tuition Protection Fund, to be managed and
 41 invested by the State Treasurer, is hereby established in the
 42 Department of Labor and Workforce Development. The purpose of
 43 the fund shall be to provide for a system of equitable refunds in the
 44 event of the ¹disorderly¹ closure of a private career school.

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 SHI committee amendments adopted October 5, 2026.

1 ¹b.¹ The State Treasurer shall have full statutory powers of
 2 investment of the fund, except that any interest, income, and
 3 dividends derived from the investment of the fund shall be credited
 4 to the fund. The operating expenses of the fund shall be paid out of
 5 the monies in the fund.

6 ¹c. The department may use no more than 10 percent of the fund
 7 annually for administrative costs, including claim processing,
 8 record maintenance, institutional oversight, and recovery efforts.¹
 9

10 3. a. ¹(1)¹ A private career school shall pay ¹~~to the State~~
 11 ~~Treasurer,~~ an assessment determined by the commissioner in the
 12 manner set forth in this section¹ to be deposited into the Private
 13 Career School ¹Student¹ Tuition Protection Fund ¹~~to the State~~, an amount set
 14 by the commissioner for each student enrolled in that school, in the
 15 manner set forth below¹. This ¹~~charge~~ assessment¹ shall not be
 16 considered a part of tuition ¹and fees¹.

17 ¹~~[(1) Within 90 days of the effective date of this act, a]~~ (2) A¹
 18 private career school shall make ¹~~a payment~~ the assessment¹ for
 19 each student enrolled at that school ¹~~as of the effective date of this~~
 20 act.

21 (2) For newly-enrolled students who start a program of
 22 instruction after the effective date of this act, payments shall be
 23 made on a quarterly basis, on the dates of January 30th, April 30th,
 24 July 30th, or October 30th, for students enrolled within a three
 25 month period ending the month immediately preceding the
 26 applicable payment dates. ~~following a schedule to be determined~~
 27 by the department.

28 (3) The department may require a performance bond based on a
 29 risk-based analysis of factors that include the school's financial
 30 statement and regulatory history.¹

31 b. When the balance in the fund reaches ¹~~[\$2,500,000]~~
 32 \$7,500,000¹, and upon notification from the commissioner, private
 33 career schools shall cease contributing to the fund. If the balance in
 34 the fund is reduced to an amount less than ¹~~[\$2,000,000]~~
 35 \$5,000,000¹ because of a school or program closure, the
 36 commissioner shall notify all private career schools, and they shall
 37 resume payment for all newly-enrolled students after the
 38 notification date, according to the schedule in paragraph (2) of
 39 subsection a. of this section until the balance in the fund is
 40 recapitalized at the amount of ¹~~[\$2,500,000]~~ \$7,500,000¹.

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

46 d. As used in this act:

1 “Commissioner” means the Commissioner of Labor and
2 Workforce Development.

3 “Department” means the Department of Labor and Workforce
4 Development.

5 “Private career school” or “school” means a qualifying school as
6 defined in section 4 of P.L.1989, c.293 (C.34:15C-1). 1] The
7 department shall, through regulation, establish assessment levels,
8 assessment periods, and the schedule for cessation of tuition bond
9 payments based on an actuarial assessment of enrollment, potential
10 student reimbursement expenses, and disorderly closure risks.¹

11
12 4. Whenever a private career school ¹ceases to operate,
13 becomes insolvent, or otherwise ceases all instructional activity]
14 experiences a disorderly closure, as determined by the
15 commissioner¹, the following shall apply:

16 a. Any ¹eligible¹ student ¹enrolled in the school who has paid
17 tuition for a course or unit of instruction at that school, but is unable
18 to complete the course or unit of instruction because of the
19 insolvency or cessation of operation of the school, or was enrolled
20 in the school within 90 days of the insolvency or cessation of
21 operation of the school and is owed a tuition refund from the
22 school, is eligible to] may¹ apply to the department for a refund of
23 any tuition ¹and fees¹ which the school has not previously refunded
24 to the student. The commissioner shall seek to notify all
25 ¹potentially eligible¹ students ¹eligible for a refund]¹. ¹The
26 following payments] Payments¹ shall be made from the Private
27 Career School Student Tuition Protection Fund, to the extent
28 monies in the fund are available.

29 ¹[(1) If an eligible student is transferring to another private
30 career school to complete the contracted-for courses or instruction,
31 the program expenses incurred by the receiving school shall be paid
32 to 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.]¹

42 b. The department¹], in consultation with the Executive
43 Director of the Higher Education Student Assistance Authority,
44 shall identify all students who are pursuing a course or instruction
45 who have paid all or part of the tuition with State grant or
46 scholarship funds. Any refund to which the student is entitled shall
47 be made directly to the Higher Education Assistance Authority,

1 except that any refund amount which exceeds the amount of State
2 grant or scholarship funds shall be distributed directly to the
3 student.

4 c. The department shall pay claims approved pursuant to this
5 section from the performance bond required pursuant to section 1 of
6 this act whenever possible. When the bond is insufficient to pay all
7 approved claims, the department shall direct the State Treasurer to **]**
8 shall review each application for tuition and fees reimbursement
9 made pursuant to subsection a. of this section to determine validity
10 and the appropriate amount of reimbursement. Subsequently, the
11 department shall¹ issue a refund check drawn against the available
12 funds in the fund. If a student is a minor, payment shall be made to
13 the student's parent or legal guardian. A student who receives a
14 refund or on whose behalf a refund is paid pursuant to this section,
15 or if the student is a minor, the parent or legal guardian of the
16 student, shall assign all rights to the State of any action against the
17 school or its owner for tuition ¹and fee¹ amounts reimbursed. Upon
18 the assignment, the State may take appropriate action against the
19 school or its owner in order to reimburse the fund for any expenses
20 or claims that are paid from the fund and to reimburse any expenses
21 the State incurs in undertaking the action.

22 ¹c. (1) A student who is denied reimbursement for tuition and
23 fees pursuant to the provisions of this act may appeal that
24 determination.

25 (2) The department shall adopt regulations that provide for a
26 timely, equitable, and transparent appeals process.¹

27
28 ¹5. The department shall annually issue, on or before December
29 31st of each year, a report presenting the financial condition of the
30 fund, assessment collections and reimbursements paid during the
31 preceding fiscal year, recovery efforts undertaken, and the
32 compliance of private career schools with the provisions of this
33 act.¹

34
35 ¹6. The department shall, in accordance with the "Administrative
36 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules
37 and regulations as necessary to implement this act.¹

38
39 ¹**[5.] 7.**¹ This act shall take effect on the 180th day following
40 enactment, except that the commissioner may take any anticipated
41 administrative action in advance of that date as shall be necessary
42 for the implementation of this act.