

SENATE HIGHER EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 4644

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 5, 2026

The Senate Higher Education Committee reports favorably and with committee amendments Senate Bill No. 4644.

This bill establishes a Student Tuition Recovery Fund in the Office of the Secretary of Higher Education to compensate students impacted by failing or fraudulent proprietary institutions.

This bill creates a special nonlapsing, revolving fund in the Office of the Secretary of Higher Education, to be designated the "Student Tuition Recovery Fund." The fund will be used to relieve or mitigate the economic loss caused to a student enrolled in a proprietary institution licensed to offer academic degrees as a result of the disorderly closure or other failure of the institution.

Under the bill, a proprietary institution licensed to offer academic degrees would pay an assessment for each student enrolled in an academic degree program of the institution on an annual basis in an amount to be determined by the Secretary of Higher Education, for deposit into the Student Tuition Recovery Fund. The secretary is directed to determine the necessary amounts to ensure the solvency of the fund.

The bill establishes a balance for the fund of \$40 million, at which point assessments will be paused. Assessments will resume if the fund balance is below \$30 million. The fund balances for this mechanism may be adjusted, as needed, by the secretary.

The bill permits the secretary to require a performance bond based on a risk-based analysis.

The bill directs the secretary to establish a process for students to apply for reimbursement of prepaid tuition and fees through the Student Tuition Recovery Fund. The student's application, at a minimum, is required to include:

- proof of residency in the State at the time of separation from the proprietary institution;
- proof of payment to the proprietary institution of tuition and fees; and
- explanation of the nature of the claim.

The bill requires the secretary, upon completed application and to the extent that funds are available, to reimburse a person injured. The person injured may recover from the fund an amount not to exceed the

actual economic loss sustained. In administering the fund, the secretary is required to, for a person injured who holds outstanding student loan obligations for education at a proprietary institution that had a disorderly closure or otherwise failed and as appropriate:

- pursue a lender, holder, guarantee agency, or the United States Department of Education for the full or partial cancellation or discharge of student loan obligations to relieve students of economic loss and reduce the liability of the fund;
- after notifying the student, pay a student's claim directly to the lender, holder, guarantee agency, or the United States Department of Education under a federally guaranteed student loan program; and
- delay the payment of a claim pending the resolution of its attempt to obtain a cancellation or discharge of the claimant's student loan obligation; with certain exceptions.

Under the bill, a claim against the fund may be made for a period of six years after the date upon which the person injured formally separated from the institution.

The bill permits the Office of the Attorney General to initiate a claim, on behalf of a student, for payment from the Student Tuition Recovery Fund.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- define "disorderly closure;"
- specify that the Student Tuition Recovery Fund is to be a nonlapsing, revolving fund;
- revise the assessments to be paid into the Student Tuition Recovery Fund to be an annual assessment for each student enrolled in an academic degree program of the institution;
- direct the secretary to determine the necessary assessment amounts to ensure the solvency of the fund;
- establish a maximum balance to the fund of \$40 million, at upon point, contributions to the fund will cease and to further provide that when the fund balance is below \$30 million, payments will resume for all newly-enrolled students until the balance in the fund is recapitalized at the amount of \$40 million;
- permit the secretary to adjust the fund balance thresholds, as needed;
- permit the secretary to require a performance bond based on a risk-based analysis of factors that include the school's financial statement, fiscal monitoring process, and regulatory history;
- provide that reimbursement may occur pursuant to the bill's provisions due to the disorderly closure of the institution or program discontinuation;

- provide that a student who is denied reimbursement of prepaid tuition and fees may appeal that determination;
- direct the secretary to adopt regulations that provide for a timely, equitable, and transparent appeals process; and
- require the secretary to issue an annual report on the fund.