

SENATE HIGHER EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2216

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. 2216.

This bill establishes a restricted, nonlapsing, revolving Private Career School Student Tuition Protection Fund in the Department of Labor and Workforce Development. The purpose of the fund is to provide for a system of equitable refunds in the event of the disorderly closure of a private career school. Under the provisions of the bill, the department may use no more than 10 percent of the fund annually for administrative costs.

The bill requires each private career school to pay an assessment determined by the Commissioner of Labor and Workforce Development to be deposited into the fund. Once the balance of the fund reaches \$7.5 million, and upon notification from the commissioner, contributions to the fund will cease but will resume if the fund is reduced to an amount less than \$5 million. Payments will continue until such time as the fund is recapitalized at the amount of \$7.5 million. The department may require a performance bond based on a risk-based analysis.

The bill provides that, whenever a private career school experiences a disorderly closure, an eligible student may apply to the department for a refund of any tuition and fees which the school has not previously refunded to the student. The bill directs the commissioner to seek to notify all potentially eligible students. Payments are to be made from the fund, to the extent monies in the fund are available. The bill directs the department to review each application and, as appropriate, issue refund checks drawn against the fund.

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

The bill provides that a student who is denied reimbursement pursuant to the bill's provisions may appeal and directs the department to adopt regulations for that appeal process.

This bill was pre-filed for introduction in the 2026-2027 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- revise and add certain definitions to the bill;
- clarify that the Student Tuition Protection Fund is for students impacted by a disorderly closure, and not simply a closure, of a private career school;
- permit the Department of Labor and Workforce Development to use no more than 10 percent of the fund annually for administrative costs;
- revise the payment of a private career school under the bill to be an annual assessment set by the Commissioner of Labor and Workforce Development for each student enrolled in the school;
- remove a provision requiring a private career school to obtain a performance bond and instead permit the department to require a performance bond based on a risk-based analysis;
- revise the balance amounts established in the bill to determine when payments to the fund will be paused and resumed;
- remove a provision in the bill that required payments for a period of four years;
- remove language in the bill that provided for certain refunds to be issued to the Higher Education Student Assistance Authority;
- remove language that directed the department to pay claims from a school's performance bond first before using the fund;
- provide that eligible students may receive refunds for fees, in addition to tuition;
- provide for an appeals process for determinations related to the fund; and
- require the department to annually issue a report on the fund.