

# SENATE, No. 684

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**SYNOPSIS**

Concerns for-profit post-secondary educational institutions.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning proprietary institutions and amending various  
2 parts of the statutory law.

3

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

6

7 1. Section 4 of P.L.1989, c.293 (C.34:15C-1) is amended to  
8 read as follows:

9 4. As used in this act:

10 a. "At-risk youth" means a teenage high school dropout or a  
11 teenage parent or other teenager whose pattern of behavior is likely  
12 to result in becoming a high school dropout.

13 b. "Commission" means the State Employment and Training  
14 Commission established pursuant to section 5 of this act.

15 c. "Federal job training funds" means any moneys expended  
16 pursuant to the **Workforce Investment Act of 1998, Pub.L.105-220**  
17 **(29 U.S.C. s.2801 et seq.)** "Workforce Innovation and Opportunity  
18 Act" (29 U.S.C. s.3101 et seq.) or any other federal law to obtain  
19 employment and training services or other employment-directed and  
20 workforce development programs and activities, including  
21 employment and training services as defined in section 1 of  
22 P.L.1992, c.48 (C.34:15B-35) and employment-directed and  
23 workforce development programs and activities as described in  
24 sections 2 and 4 of P.L.2004, c.39 (C.34:1A-1.3 and 34:1A-1.5).

25 d. "Labor demand occupation" means an occupation which:

26 (1) The Center for Occupational Employment Information has,  
27 pursuant to subsection d. of section 27 of P.L.2005, c.354  
28 (C.34:1A-86), determined is or will be, on a regional basis, subject  
29 to a significant excess of demand over supply for trained workers,  
30 based on a comparison of the total need or anticipated need for  
31 trained workers with the total number being trained; or

32 (2) The Center for Occupational Employment Information, in  
33 conjunction with a Workforce Investment Board, has, pursuant to  
34 subsection d. of section 27 of P.L.2005, c.354 (C.34:1A-86),  
35 determined is or will be, in the region for which the board is  
36 responsible, subject to a significant excess of demand over supply  
37 for adequately trained workers, based on a comparison of total need  
38 or anticipated need for trained workers with the total number being  
39 trained.

40 e. "Owner" of a qualifying school means any person who acts  
41 as the proprietor of a qualifying school, including any individual  
42 who has an ownership interest of five percent or more in the  
43 qualifying school.

44 f. (1) "Qualifying school" means, except as provided in  
45 paragraph (2) of this subsection f., a government unit, person,

**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.

1 association, firm, corporation, private organization, or any entity  
2 doing business or maintaining facilities within the State, whether  
3 operating on a for profit or not for profit basis, which:

4 (a) Offers or maintains a course of instruction or instructional  
5 program utilized to prepare individuals for future education or the  
6 workplace, including instruction in literacy or basic skills, or  
7 provides supplemental instruction in recognized occupational skills,  
8 pre-employment skills or literacy skills;

9 (b) Offers instruction by any method including, but not limited  
10 to, classroom, shop, laboratory experience, correspondence, Internet  
11 and other distance learning media, or any combination thereof;

12 (c) Offers instruction to the general public or in conjunction  
13 with New Jersey's workforce investment system; and

14 (d) Charges tuition or other fees or costs, or receives public  
15 funding for the delivery of any of the above types of instruction.

16 (2) "Qualifying school" does not mean:

17 (a) Colleges and universities licensed by the **【Commission on】**  
18 Secretary of Higher Education or other schools, institutions and  
19 entities, including public or private schools below college level,  
20 which are regulated and approved pursuant to any law of this State  
21 other than this 2005 amendatory and supplementary act, except that  
22 a proprietary institution is a qualifying school;

23 (b) Employers offering instruction to their employees directly  
24 or through a contract instructor, where there is no cost to the  
25 employee and no profit to the employer; or

26 (c) Schools offering instruction which is avocational, cultural  
27 or recreational in nature.

28 (3) "Proprietary institution" means a postsecondary private  
29 career school or educational institution that is operated for profit,  
30 whether or not the proprietary institution is licensed by the  
31 Secretary of Higher Education to offer academic degree programs  
32 or college credit-bearing courses.

33 g. "Service provider," "training provider" or "provider" means  
34 a provider of employment and training services including, but not  
35 limited to, a private or public school or institution of higher  
36 education, a business, a labor organization or a community-based  
37 organization.

38 h. "State job training funds" means any moneys expended from  
39 the Workforce Development Partnership Fund created pursuant to  
40 section 9 of P.L.1992, c.43 (C.34:15D-9), the Supplemental  
41 Workforce Fund for Basic Skills established pursuant to section 1  
42 of P.L.2001, c.152 (C.34:15D-21) or any other source of State  
43 moneys to obtain employment and training services or other  
44 employment-directed and workforce development programs and  
45 activities, including employment and training services as defined in  
46 section 3 of P.L.1992, c.43 (C.34:15D-3) and employment-directed  
47 and workforce development programs and activities as described in  
48 sections 2 and 4 of P.L.2004, c.39 (C.34:1A-1.3 and 34:1A-1.5).

- 1 i. "Workforce Investment Board" means a workforce  
2 development board established pursuant to the **【Workforce**  
3 **Investment Act of 1998, Pub.L.105-220**  
4 **(29 U.S.C. s.2801 et seq.)】** “Workforce Innovation and Opportunity  
5 Act” (29 U.S.C. s.3101 et seq.).
- 6 j. "Workforce investment programs" means programs and  
7 services that are State or federally funded and designed to develop,  
8 improve, or maintain the productivity and earning power of workers  
9 and job seekers, including employment and training services, as  
10 defined in section 1 of P.L.1992, c.48 (C.34:15B-35) and section 3  
11 of P.L.1992, c.43 (C.34:15D-3), and including employment-directed  
12 and workforce development programs and activities as described in  
13 sections 2 and 4 of P.L.2004, c.39 (C.34:1A-1.3 and 34:1A-1.5).
- 14 k. "Workforce investment services" means core, intensive, and  
15 training services as defined by the "Workforce **【Investment Act of**  
16 **1998, Pub.L.105-220 (29 U.S.C. s.2801 et seq.)】** Innovation and  
17 Opportunity Act” (29 U.S.C. s.3101 et seq.).  
18 (cf: P.L.2005, c.354, s.6)  
19
- 20 2. Section 26 of P.L.2005, c.354 (C.34:1A-85) is amended to  
21 read as follows:
- 22 26. As used in sections 26 through 29 of P.L.2005, c.354  
23 (C.34:1A-85 through C.34:1A-88):
- 24 "Career cluster" means any of the career clusters and related  
25 educational programs as defined in the Perkins Act and the federal  
26 Department of Education's career cluster taxonomy.
- 27 "Center for Occupational Employment Information" or "center"  
28 means the Center for Occupational Employment Information  
29 established pursuant to section 27 of P.L.2005, c.354 (C.34:1A-86).
- 30 "Career pathway" means any of the career pathways and related  
31 educational programs as defined in the Perkins Act and the federal  
32 Department of Education's career cluster taxonomy.
- 33 "Federal job training funds" means any moneys expended  
34 pursuant to the **【Workforce Investment Act of 1998, Pub.L.105-220**  
35 **(29 U.S.C. s.2801 et seq.)】** “Workforce Innovation and Opportunity  
36 Act” (29 U.S.C. s.3101 et seq.) or any other federal law to obtain  
37 employment and training services or other employment-directed and  
38 workforce development programs and activities, including  
39 employment and training services as defined in section 1 of  
40 P.L.1992, c.48, (C.34:15B-35) and employment-directed and  
41 workforce development programs and activities as described in  
42 sections 2 and 4 of P.L.2004, c.39 (C.34:1A-1.3 and 34:1A-1.5).
- 43 "Occupational license" means a license, registration or certificate  
44 which, when issued by an authorized entity of government or  
45 recognized industry, enables an individual to work within a  
46 recognized occupation in the State of New Jersey.

1 "Perkins Act" means the Carl D. Perkins Vocational and Applied  
2 Technology Education Amendments of 1998, Pub.L.105-332 (20  
3 U.S.C. s.2301 et seq.).

4 "Proprietary institution" means a postsecondary private career  
5 school or educational institution that is operated for profit, whether  
6 or not the proprietary institution is licensed by the Secretary of  
7 Higher Education to offer academic degree programs or college  
8 credit-bearing courses.

9 "Qualifying agency" means any executive agency of State  
10 government, including, but not limited to, the Departments of  
11 Community Affairs, Education, Environmental Protection, Health  
12 and Senior Services, Human Services, Labor and Workforce  
13 Development, Law and Public Safety, Military and Veterans'  
14 Affairs and the **【Commission on】** Office of the Secretary of Higher  
15 Education. A qualifying agency may include any additional agency  
16 of State government, which oversees the operation of, or collects or  
17 disseminates information from any qualifying school, or issues an  
18 occupational license.

19 "Qualifying school" means, except as provided below, a  
20 government unit, person, association, firm, corporation, private  
21 organization, or any entity doing business or maintaining facilities  
22 within the State, whether operating for profit or not for profit  
23 which:

24 (1) Offers or maintains a course of instruction or instructional  
25 program utilized to prepare individuals for future education or the  
26 workplace, including instruction in literacy or basic skills, or  
27 provides supplemental instruction in recognized occupational skills,  
28 pre-employment skills or literacy skills;

29 (2) Offers instruction by any method including, but not limited  
30 to, classroom, shop, laboratory experience, correspondence, Internet  
31 and other distance learning media, or any combination thereof;

32 (3) Offers instruction to the general public or in conjunction  
33 with New Jersey's workforce investment system; or,

34 (4) Charges tuition or other fees or costs, or receives public  
35 funding for the delivery of any of the above types of instruction.

36 "Qualifying school" shall not mean:

37 (1) Colleges and universities licensed by the **【Commission on】**  
38 Secretary of Higher Education or other schools, institutions and  
39 entities which are otherwise regulated and approved pursuant to any  
40 other law or rule making process of this State, except that a  
41 proprietary institution is a qualifying school;

42 (2) Employers offering instruction to their employees directly  
43 or through a contract instructor, where there is no cost to the  
44 employee and no profit to the employer; or

45 (3) Schools offering instruction for the purpose of self-  
46 enrichment, avocational, cultural, or recreational in nature.

1 "Regional" means a geographic configuration used to aggregate  
2 information as designated by the Center for Occupational  
3 Employment Information.

4 "Service provider," "training provider" or "provider" means a  
5 provider of employment and training services including but not  
6 limited to a private or public school or institution of higher  
7 education, a business, a labor organization or a community-based  
8 organization.

9 "State Employment and Training Commission" or "commission"  
10 means the "State Employment and Training Commission" created  
11 pursuant to section 5 of P.L.1989, c.293 (C.34:15C-2).

12 "State job training funds" means any moneys expended from the  
13 Workforce Development Partnership Fund created pursuant to  
14 section 9 of P.L.1992, c.43 (C.34:15D-9), the Supplemental  
15 Workforce Fund for Basic Skills established pursuant to section 1  
16 of P.L.2001, c.152 (C.34:15D-21) or any other source of State  
17 moneys to obtain employment and training services or other  
18 employment-directed and workforce development programs and  
19 activities, including employment and training services as defined in  
20 section 3 of P.L.1992, c.43 (C.34:15D-3) and employment-directed  
21 and workforce development programs and activities as described in  
22 sections 2 and 4 of P.L.2004, c.39 (C.34:1A-1.3 and 34:1A-1.5).

23 "Student outcome information" means information pertaining to  
24 individual enrollment, participation, and completion in any  
25 education or training program designed to provide workforce skills  
26 or provide supplemental education or training in a recognized  
27 occupation. This information shall include, but not be limited to, the  
28 participant's Social Security number, gender, date of birth, date of  
29 enrollment, any date of completion, date of termination, date of  
30 start in a job, date of application for a license, licensing  
31 examination result, date of issue of a license, any credential issued,  
32 and other information as specified by the commission or the center.  
33 For any individual who does not have a Social Security number, the  
34 qualifying agency may substitute an alternate method of  
35 identification. However, at the time of start into employment the  
36 alternate code shall be cross-referenced with the individual's valid  
37 Social Security number.

38 (cf: P.L.2005, c.354, s.26)

39  
40 3. N.J.S.18A:71A-2 is amended to read as follows:

41 18A:71A-2. As used in this act, unless the context indicates  
42 another or different meaning, the following words shall have the  
43 following meanings:

44 "Authority" means the Higher Education Student Assistance  
45 Authority established pursuant to this act, or any body, entity,  
46 commission, or department succeeding to the principal functions  
47 thereof or to whom the powers conferred upon the authority by this  
48 act shall be given by law.

1 "Board" means the governing body of the authority appointed or  
2 elected pursuant to N.J.S.18A:71A-4 of this article.

3 "Bond" means bonds, notes or other obligations of the authority  
4 issued pursuant to this act.

5 **["Commission" means the New Jersey Commission on Higher  
6 Education.]**

7 "Eligible institution" means, unless otherwise defined by this act  
8 or by the authority by regulation, an institution having a  
9 participation agreement with the authority which is further defined  
10 in 20 U.S.C. s.1071 et seq., and which includes an institution of  
11 higher education, a proprietary institution of higher education, a  
12 postsecondary vocational institution and a vocational school,  
13 provided that the institution or school is licensed or approved by the  
14 appropriate agency or department and accredited or preaccredited  
15 by a nationally recognized accrediting association, and, provided  
16 further, in the case of a proprietary institution, the institution has a  
17 valid certificate of approval as a qualifying school issued pursuant  
18 to section 13 of P.L.2005, c.354 (c. 34:15C-10.1).

19 "Executive director" means the chief executive and  
20 administrative officer of the authority.

21 "Fund" means the Higher Education Student Assistance Fund.

22 "Lender" or "eligible lender" includes the authority and any  
23 institution authorized to make loans under 20 U.S.C. s.1071 et seq.  
24 which has entered into a participation agreement with the authority.

25 "Member" means an individual appointed or elected to the board  
26 of the authority or serving ex-officio on the board.

27 "Secretary" means the Secretary of Higher Education.

28 "State college" means any college or university created pursuant  
29 to chapter 64 of Title 18A of the New Jersey Statutes.

30 (cf: N.J.S.18A:71A-2)

31  
32 4. N.J.S.18A:71B-1 is amended to read as follows:

33 18A:71B-1. Unless otherwise restricted by the authority by  
34 regulation, "eligible institution" for purposes of this chapter only  
35 means an institution of higher education in this State that is licensed  
36 by the **[Commission on]** Secretary of Higher Education and  
37 accredited or preaccredited by a nationally recognized accrediting  
38 association. Eligible institution shall also include certain  
39 proprietary institutions but only for certain degree granting  
40 programs as approved by the **[commission]** secretary, and if the  
41 proprietary institution has a valid certificate of approval as a  
42 qualifying school issued pursuant to section 13 of P.L.2005, c.354  
43 (C.34:15C-10.1).

44 (cf: N.J.S.18A:71B-1)

45  
46 5. N.J.S.18A:71C-24 is amended to read as follows:

47 18A:71C-24. Unless restricted by the authority by regulations,  
48 "eligible institution" means, for the purposes of this article only, an

1 institution of higher education licensed by the appropriate agency or  
2 department and accredited or preaccredited by a nationally  
3 recognized accrediting association. Eligible institutions shall also  
4 include certain proprietary institutions but only for degree granting  
5 programs approved by the **【commission】** Secretary of Higher  
6 Education and only if the proprietary institution has a valid  
7 certificate of approval as a qualifying school issued pursuant to  
8 section 13 of P.L.2005, c.354 (C.34:15C-10.1), or for other  
9 proprietary institutions as determined by the authority.  
10 (cf: N.J.S.18A:71C-24)

11  
12 6. This act shall take effect immediately. A proprietary  
13 institution which had not, prior to the effective date of this act, been  
14 required to obtain approval as a qualifying school because it was  
15 licensed by the Secretary of Higher Education shall be provided  
16 with a period of time in which to obtain approval as a qualifying  
17 school, which shall be determined by the Commissioner of Labor  
18 and Workforce Development and the Secretary of Higher  
19 Education, and shall not exceed one year.

#### 20 21 22 STATEMENT

23  
24 This bill provides that any proprietary institution, defined as a  
25 postsecondary private career school or educational institution that is  
26 operated for profit, will be subject to the requirements of section 13 of  
27 P.L.2005, c.354 (C.34:15C-10.1) to obtain a certificate of approval as  
28 a qualifying school in order to be included in the State Eligible  
29 Training Provider List, and to be eligible for State student financial  
30 aid. Those requirements, including standards regarding student record  
31 retention, program performance standards, and providing information  
32 regarding program outcomes, would apply to a proprietary institution,  
33 whether or not it is licensed by the Secretary of Higher Education to  
34 offer academic degree programs or college credit-bearing courses.  
35 This would enable enhanced State oversight of for-profit post-  
36 secondary institutions, whether or not there are changes in oversight at  
37 the federal level.