

SENATE HIGHER EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2660

STATE OF NEW JERSEY

DATED: AUGUST 17, 2020

The Senate Higher Education Committee reports favorably Senate Bill No. 2660.

Current law requires the New Jersey Presidents' Council to review and comment on proposals for new programs that demand significant added resources or raise significant issues of duplication but do not exceed the programmatic mission of the institution or require a change in the programmatic mission. The bill requires the council to review proposals according to standards as set forth in regulation by the Secretary of Higher Education for the following:

- (1) sufficient academic quality;
 - (2) sufficient evidence of labor market demand for the program;
 - (3) duplication with comparable programs of study in the State;
- and
- (4) whether the proposed new program will require significant additional State resources .

Under the bill, if the council determines according to the review standards that a proposed new program may be of insufficient academic quality, may lack sufficient evidence of labor market demand, may be duplicative of comparable programs of study or may be unduly expensive to the State, the council must refer that proposal to the secretary for review.

Within 60 days of the referral from the council, the secretary, using the same review standards, may deny approval of programs proposed by public institutions which do not exceed the programmatic mission of the institutions. In the case of independent institutions, the secretary may review and comment on proposed new programs submitted by those institutions. The secretary would continue to have the authority to make final administrative decisions over new academic programs that go beyond the programmatic mission of the institution and final administrative decisions over a change in the programmatic mission of an institution.

The bill defines "independent institution" to mean an independent institution of higher education in the State licensed by the Secretary of Higher Education;

Current law provides that when the governing board of a public research university or a State college determines that it is advisable to establish a branch campus out-of-State or out-of-country that will serve at least 500 students, the board must submit the plan to the

secretary for review and recommendations. The bill requires these institutions to receive approval from the secretary to establish a branch campus or additional location that will serve at least 100 students out-of-State or out-of-country. The bill establishes criteria for such approval and includes definitions of “branch campus” and “additional location.” The bill also provides that a plan for the establishment of an in-State branch campus is subject to the secretary’s review and approval

The bill directs the secretary to prepare a fee schedule to cover the reasonable administrative costs associated with licensing procedures and submit the initial fee schedule to the Legislature for review. Subsequent fee schedules will be established by the secretary through regulations. Fees collected will be deposited in the State Treasury.

The bill establishes a process for the secretary to monitor the financial stability of independent institutions of higher education. Under the bill, an independent institution must immediately notify the secretary of any known financial liabilities or risks that are reasonably likely to result in the imminent closure of the institution or otherwise negatively affect the institution’s ability to fulfill its obligations to current and admitted students. All independent institutions must submit an annual fiscal monitoring report to the secretary. The bill also requires the secretary to establish a process to annually assess each independent institution’s financial information to identify whether an institution is at risk of imminent closure. The assessment must be based on a review of information received through the annual fiscal monitoring report.

Under the bill, if the secretary determines there is a risk of imminent closure, the determination and a summary of the basis for the determination must be provided to the institution. Upon receipt of the determination and summary, the institution must immediately:

- (1) notify the secretary of any known liabilities, risks or financial issues;
- (2) provide to the secretary any information necessary to accurately and fairly determine the institution’s financial status and likelihood of imminent closure and to monitor its condition; and
- (3) prepare and submit to the secretary a contingency plan for closure.

The bill provides that, upon a finding by the secretary that an independent institution has failed to comply with the bill’s requirements concerning fiscal monitoring, the secretary has the authority to order:

- (1) a fine not to exceed \$1,000 per day of non-compliance;
- (2) the suspension of any state funding designated for the institution; and
- (3) the suspension or revocation of any degree granting authority previously conferred on the institution.