

SENATE, No. 3710

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED APRIL 26, 2021

Sponsored by:

Senator SANDRA B. CUNNINGHAM

District 31 (Hudson)

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District 11 (Monmouth)

SYNOPSIS

Requires certain institutions of higher education and degree-granting proprietary institutions to submit certain documentation on online program management companies to Secretary of Higher Education.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning online program management companies in
2 higher education and supplementing chapter 62 of Title 18A of
3 the New Jersey Statutes.

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

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8 1. As used in this act:

9 “Online program management company” means an entity that
10 enters into a contract or agreement with an institution of higher
11 education or a proprietary degree-granting institution to provide one
12 or more of the following services on behalf of the institution in
13 exchange for financial compensation: advertising and marketing
14 services; recruiting, admissions, and financial services; instruction
15 services; student support services; technology resources and support
16 services; and curriculum development services.

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18 2. a. Each institution of higher education and proprietary
19 degree-granting institution eligible to receive student financial aid
20 under a State student grant or scholarship program that enters into a
21 contract or agreement with an online program management
22 company shall submit an annual expenditure report to the Secretary
23 of Higher Education concerning the spending activities of the online
24 program management company. At a minimum, the annual
25 expenditure report shall include:

26 (1) the information provided by the online program management
27 company pursuant to subsection b. of this section;

28 (2) the total payments made by the institution to the online
29 program management company during each semester of the prior
30 academic year;

31 (3) the number of students who received State financial
32 assistance during the prior academic year and were enrolled in each
33 academic program for which the online program management
34 company provided services; and

35 (4) the amount of State operating aid received by the institution,
36 on a per-student basis, during the prior academic year, and the per-
37 student amount provided to the online program management
38 company.

39 b. An online program management company that enters into a
40 contract or agreement with an institution of higher education or a
41 proprietary degree-granting institution eligible to receive student
42 financial aid under a State grant or scholarship program shall
43 submit an annual report to the chief financial officer of the
44 institution detailing all expenditures made on behalf of the
45 institution during the prior academic year. In addition to any other
46 information required by the Secretary of Higher Education, the
47 annual report shall specify the amounts expended by the online

1 program management company on each of the following categories
2 of expenditure:

- 3 (1) advertising and marketing services;
- 4 (2) recruiting, admissions, and financial services;
- 5 (3) instruction services;
- 6 (4) student support services;
- 7 (5) technology resources and support services; and
- 8 (6) curriculum development materials.

9 c. The Secretary of Higher Education shall publish each annual
10 expenditure report received pursuant to this section on the Internet
11 website of the Office of the Secretary of Higher Education.

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13 3. An institution of higher education and proprietary degree-
14 granting institution eligible to receive student financial aid under a
15 State student grant or scholarship program that enters into a contract
16 with an online program management company shall submit a copy
17 of the contract to the Secretary of Higher Education for review
18 within 60 days following:

- 19 a. the execution of a new contract;
- 20 b. a substantive change in the terms of a contract;
- 21 c. the renewal of a contract; and
- 22 d. the effective date of this act, in the case of a contract in
23 effect on the effective date of this act.

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25 4. The Secretary of Higher Education shall adopt rules and
26 regulations pursuant to the "Administrative Procedure Act,"
27 P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to effectuate the
28 provisions of this act.

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30 5. This act shall take effect immediately.

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STATEMENT

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35 This bill requires each institution of higher education and
36 degree-granting proprietary institution that is eligible to receive
37 student financial aid under a State grant or scholarship program that
38 contracts with an online program management company (OPM) to
39 submit an annual expenditure report to the Secretary of Higher
40 Education concerning the spending activities of the company.

41 To assist in the preparation of this report, the bill requires the
42 OPM to submit an annual report to the institution detailing all
43 expenditures made on behalf of the institution during the prior
44 academic year. In addition to any other information required by the
45 Secretary of Higher Education, this report would be required to
46 specify the amounts expended by the OPM on each of the following
47 categories of expenditure: (1) advertising and marketing services;
48 (2) recruiting, admissions, and financial services; (3) instruction

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1 services; (4) student support services; (5) technology resources and
2 support services; and (6) curriculum development materials.

3 Under the bill, the annual expenditure report submitted by the
4 institution to the secretary would be required to include, at a
5 minimum, the following information: (1) the information provided
6 in the OPM's annual report; (2) the total payments made by the
7 institution to the OPM during each semester of the prior academic
8 year; (3) the number of students who received State financial
9 assistance during the prior academic year and were enrolled in each
10 academic program for which the OPM provided services; and (4)
11 the amount of State operating aid received by the institution on a
12 per-student basis during the prior academic year, and the per-
13 student amount provided to the OPM.

14 The bill also requires the Secretary of Higher Education to
15 publish each annual expenditure report on the Internet website of
16 the Office of the Secretary of Higher Education.

17 Under this bill, an institution of higher education and proprietary
18 degree-granting institution eligible to receive student financial aid
19 under a State student grant or scholarship program is required to
20 submit a copy of any contract between the institution and an online
21 program management company to the Secretary of Higher
22 Education for review within 60 days following: (1) the execution of
23 a new contract; (2) any substantive change in contractual terms; (3)
24 the renewal of a contract; and (4) for any contract currently in
25 effect, the effective date of this bill.