

**Assembly Budget Committee
Testimony of David J. Socolow, Executive Director
New Jersey Higher Education Student Assistance Authority**

May 1, 2019

Good morning Chairwoman Pintor Marin, Vice Chairman Burzichelli, Budget Officer DiMaio, and Members of the Assembly Budget Committee. Thank you for the opportunity to testify before you about the Fiscal Year 2020 Budget and our work at the New Jersey Higher Education Student Assistance Authority (HESAA).

A month ago, Governor Murphy and Higher Education Secretary Smith Ellis unveiled the new State Plan, entitled “Where Opportunity Meets Innovation: A Student-Centered Vision for New Jersey Higher Education.” As Secretary Smith Ellis noted in her testimony, this plan identifies actions required to enable *every* New Jerseyan, regardless of life circumstances, to have the opportunity to obtain a high-quality credential that prepares them for life after college. Through its vision for a Student Bill of Rights, the plan focuses squarely on how to support students – not only what students need to do for themselves, but also what we in State government and our partners at colleges and universities must do to help reach New Jersey’s goal of 65 percent of working-age adults holding a quality postsecondary credential by 2025. HESAA’s mission of providing New Jersey’s students and families the financial and informational resources they need to pursue education beyond high school is directly aligned with this vision. We are now working with the Secretary’s team to support the diverse stakeholders collaborating in two working groups, one addressing the plan’s recommendations for making college affordable and another that is concentrated on improving student supports to boost college completion.

To move toward the college affordability goals outlined in the State Plan for Higher Education, Governor Murphy’s FY20 Budget Message includes significant investments in state-funded financial aid programs that play a vital role in expanding opportunities and fairness for the middle-class and working families of New Jersey. I would like to highlight several key initiatives recommended in HESAA’s FY20 budget:

First, the Governor’s budget increases funding for the Tuition Aid Grant (TAG) program by \$5 million over the prior year’s level. The TAG program is nationally recognized for its excellence in offering need-based financial aid to low- and moderate-income students; in the latest survey of state-funded financial aid programs by the National Association of State Student Grant and Aid Programs, New Jersey was again ranked number one in the nation in awarding need-based aid dollars per undergraduate student enrolled. The FY20 budget preserves TAG’s crucial funding level that helps pay college costs for more than 70,000 New Jersey residents in a New Jersey two-year or four-year degree program. This includes a new TAG program enhancement to improve support of working adult students returning to college, made possible by the funding approved in the FY19 Appropriations Act. Through this initiative, for more than 1,500 working adult students, we provided TAG awards that were \$935 greater this academic year, on average, than the grants these students would have received under the need-based eligibility formula in prior years.

The FY20 budget also makes available the funds needed for two expansions of access to TAG. First, this new funding will provide TAG awards to New Jersey Dreamers who came to our state as children,

attended New Jersey schools for at least three years of high school, graduated from a New Jersey high school, and met all other eligibility criteria. These students' eligibility for State-funded financial aid was made possible by a new law enacted last year, and the FY20 funding recommendation is based on what we have learned from the first year of implementation and outreach to the Dreamer population. Second, the FY20 budget includes an expansion of TAG eligibility to students participating in the New Jersey Scholarship and Transformative Education in Prisons (NJSTEP) program, which coordinates faculty from several colleges across our state to offer Associate's Degree and Bachelor's Degree courses to individuals incarcerated in New Jersey state prisons.

In addition, the FY20 budget expands the Community College Opportunity Grant (CCOG) program to help make college more affordable by enabling more low- and moderate-income students to attend all 19 county colleges tuition- and fee-free for both semesters of Academic Year 2019-2020. We are currently pilot testing this program in the Spring 2019 semester, by funding "last-dollar" CCOG awards that cover any balance of tuition and approved educational fees that remains after accounting for all other grants and scholarships that an eligible student receives.

Approximately 9,000 students at the 13 county colleges participating in the pilot are potentially eligible for CCOG, as they enrolled at least half time this semester, have an adjusted gross income between \$0 and \$45,000, and their tuition and covered fees exceed the Pell, TAG, and other grants that they were awarded. For many of these students, CCOG awards are filling in the gap so they do not have to pay the balance of tuition and fees that was not covered by other grant aid. In addition, preliminary financial aid data from county colleges indicate that a higher proportion of students in this income range are able to attend tuition-free this semester, due in part to the impact of CCOG. Between Fall 2018 and Spring 2019, we have observed much less of a decline in TAG awards at county colleges than the experience in prior years. As a result, nearly 2,400 additional students are projected to receive TAG awards at county colleges this semester than would be expected from historical patterns. The additional level of TAG awards at these institutions can be attributed to the impact of raising awareness of the affordability of county college through the marketing of the CCOG pilot program. Similarly, this increased awareness enabled many other students to attend county college tuition-free due to newly-found eligibility for federal Pell grants. More part-time students are receiving Pell grants at the pilot county colleges this semester than the number who did in Fall 2018; this represents a marked change from the usual drop-off in Pell grant recipients between the Fall and Spring terms, which is typically a reduction of 10 percent or more. This semester, some students, despite their calculated need, face additional hurdles that have kept them from receiving CCOG awards during this pilot as of now, in part due to the unusual circumstances of starting this program in the second semester of an academic year. As this semester draws to a close, we will analyze what we are learning from this pilot, so as to inform future implementation of this initiative.

In addition to the programs supported by the General Fund, I would like to note HESAA's efforts to provide the information that students need for success in postsecondary education and in the workforce. Over the course of this fiscal year, HESAA reached more than 58,000 individuals through informational events for students, families, secondary school counselors, and community groups in every county of New Jersey. These events included financial aid presentations at more than 350 schools, libraries, community support centers, legislators' constituent services conferences, adult learning centers, Upward Bound and GEAR UP events, and college/career fairs, as well as financial literacy

presentations at libraries, YMCAs, and neighborhood centers. We plan to expand these efforts in FY20 to ensure that more New Jersey residents learn about options to pay for college, understand the importance of FAFSA completion, and build their financial literacy.

Finally, we at HESAA are also continuing to address the student debt crisis, by developing new tools to assist student borrowers, including those whose economic circumstances make it more difficult for them to repay their student loans. This includes providing better information to all parties to an NJCLASS loan, as well as developing new approaches to help borrowers avoid defaults through affordable repayment options, and, in those cases where borrowers' loans are in default, by reforming HESAA's collection practices and protocols. I appreciate our effective collaboration with many members of the Legislature who focused on the need to help borrowers who are struggling with paying off their loans – and this work reached an important milestone just last week, when Governor Murphy signed two bills into law reflecting our work on new ways of assisting these students. The first law codifies our Repayment Assistance Program (RAP) and Household Income Affordable Repayment Plan (HIARP) program, which are designed to avert defaults by enabling NJCLASS borrowers to make more affordable monthly payments when they face economic hardships. The second law aids borrowers with loans that are in default, by offering balanced installment plans that are within their means, so these borrowers can repay their defaulted loans and repair their credit rating as they faithfully follow a revised and more affordable repayment schedule.

Thank you again for the opportunity to testify today on HESAA's role in contributing to the Governor's priorities for building a stronger and fairer New Jersey. I look forward to answering your questions.