

Assembly Budget Committee
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Secretary of Higher Education

Good afternoon Chairwoman Pintor Marin, Vice Chairman Burzichelli and members of the Assembly Budget Committee.

Thank you for inviting me to discuss the Governor's Fiscal Year 2020 proposed budget for higher education in the state.

The FY2020 higher education budget represents a profound step forward for higher education in New Jersey. For the first time in many years, at the urging of this body, the state has a plan for the future of higher education, and the proposed budget aligns with the vision outlined in that plan. This budget supports college affordability, enhances socioeconomic mobility, and strengthens the talent pipeline that fuels our state's economy. It advances these goals while balancing the state's fiscal realities in the present with the need to make investments in our collective future.

In October, Governor Murphy announced a plan for a stronger and fairer economy. A key component of that plan was "investing in people." If New Jersey is to deliver on the promise of a stronger and fairer economy, it will start with people. Business comes to New Jersey because of the high quality and skills of our workforce. The high and rising demands of employers in the labor market call for a robust higher education system that fosters both opportunity and innovation.

It is imperative that we work together to ensure that higher education provides opportunities for the next generation of New Jersey residents. Our economy and society are rapidly changing due to automation, shifts in labor market demand, and a growing expectation by employers that individuals have postsecondary education and training. Unfortunately, the benefits of a degree are not as widely available as we like to think they are. Not enough students from our growing diverse populations in the state enter into or complete college, leaving our state vulnerable if we do not take action to ensure that students are prepared, that college is affordable, and that education is appropriately aligned with the demands of work and life.

That's why the state set a goal in 2017 that 65% of New Jersey residents will have a college degree or high-quality certificate by the year 2025. We need to reach this "65x25" goal to maintain our economic competitiveness and to ensure that innovation and opportunity remain hallmarks of the New Jersey brand. As of 2017, 53% of New Jerseyans met this standard – above the national average, but far short of where we need to be. Further, only 24% Latinx residents and 32% of African American residents hold an associate's degree or more.

STATE PLAN FOR HIGHER EDUCATION

I know that these concerns were top of mind for both the Governor and legislative leaders when I took office as Secretary. They brought to my attention the need for a higher education plan to set statewide priorities and allocate scarce resources efficiently. Over the past year, my office worked to hear from all the key stakeholders in higher education. We held dozens of meetings, forums, and roundtables across the state and engaged thousands of stakeholders directly and online.

In March, the Governor and I released *Where Opportunity Meets Innovation: A Student-Centered Vision for New Jersey Higher Education*. This plan sets forth a vision for a student bill of rights and focuses on five key areas in which the state and the higher education community should take action: creating on-ramps to college, making college affordable, ensuring student success, creating safe and supportive learning environments, and fostering research, talent, and innovation. The State Plan should serve to inform our policy and investments in higher education going forward. In addition, the Governor has established five working groups to carry forward the State Plan's agenda, and you will be hearing more about them over the summer and fall.

I would encourage anyone who has not yet read the State Plan to visit the OSHE website at <https://www.nj.gov/highereducation/stateplan.shtml> and take a look.

While the Governor's budget proposes holding steady most of the existing funding for higher education programs, I want to take a few moments to highlight several initiatives.

COMMUNITY COLLEGE OPPORTUNITY GRANT

Last year, the Legislature provided \$25 million as a down payment on making community college tuition-free. This year, the budget recommends making this opportunity available to students at every community college across the state.

New Jersey's county colleges are vital contributors to their local economies. Yet the students at those colleges often struggle to afford their college education, and many others never even apply out of fear that they may not be able to afford it—unaware that grant aid may be able to help cover the balance. The Governor's Community College Opportunity Grant program sends a clear message to potential students: tuition and fees will not be a barrier to getting a college education.

But tuition-free community college is not only about the benefit to students. It is also a smart strategy to ensure that New Jersey stays on the cutting edge of the innovation economy. This is not a partisan strategy. States like Tennessee understand that employers increasingly demand college-educated talent and have developed similar programs in order to maintain their competitiveness. The "65 x 25" goal is a recognition that expanding college attainment is crucial

to New Jersey's economic future, and the Community College Opportunity Grant is a component of our strategy for meeting that goal.

FUNDING FOR SENIOR PUBLIC COLLEGES

Another step that will help us to reach this goal is the development of a more rational approach to funding our senior public institutions of higher education. To this end, the Governor proposes directing \$35 million in higher education operating aid to a new funding rationale for these institutions, comprised of both an increase in overall funding and a redirection of \$15 million from the existing base. This is the first across-the-board increase in operational funding in more than a decade. This proposed increase recognizes that New Jersey's institutions of higher education are vital to the state economy, to the competitiveness of our employers, and to opening the doors of opportunity to our talented students.

The Governor's budget allocates funding using an equity-focused outcomes-based funding rationale with three criteria that are aligned with state priorities:

- The total number of degrees awarded,
- The number of degrees awarded among underrepresented ethnic and racial minority groups,
- And the number of students who qualify for Pell Grants.

We recommend that colleges opting into this funding rationale agree to the following:

- Commit to the principles of the state plan for higher education
- Adopt a Financial Aid Shopping Sheet for all undergraduate students;
- Participate in good faith in conversations to shape future iterations of the funding rationale tied to state priorities;
- Share program-level spending information to inform future iterations of the funding rationale.

This rationale provides a more consistent and fair basis for funding our institutions that is aligned with the goals and priorities of the state.

EDUCATIONAL OPPORTUNITY FUND AND TUITION ASSISTANCE GRANT

2018 marked the 50th anniversary of the Educational Opportunity Fund, and last month I was fortunate to share the stage with former Governor Tom Kean, who first proposed EOF as a freshman Assembly member in 1968. We met a few of the thousands of New Jersey residents this landmark program has helped.

The Governor's 2020 budget proposes a \$2.25 million increase in EOF. Of this, \$750,000 would go toward increasing student grants, \$135,000 toward expand the capacity of the program to allow additional students to participate, and \$240,000 to provide sustained support during the

Summer and Winter sessions. The other \$1.125 million is allocated for campus support programs.

The Tuition Assistance Grant also provides tremendous value to students at all of New Jersey's colleges and universities. The Governor proposes a \$5 million increase in TAG funding, and this increase will support thousands of low- and moderate-income students across the state. The request includes funding for TAG awards to NJ Dreamers and incarcerated students.

We know that this budget process occurs in partnership with our colleagues in the legislature and believe this budget advances priorities we all share, so we appreciate the opportunity to speak with you today and I look forward to your questions.