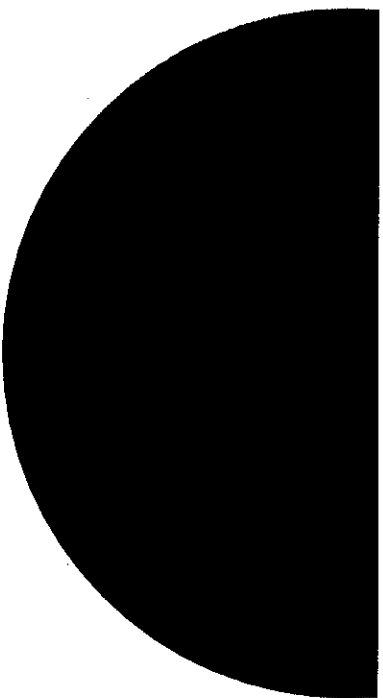


APPENDIX



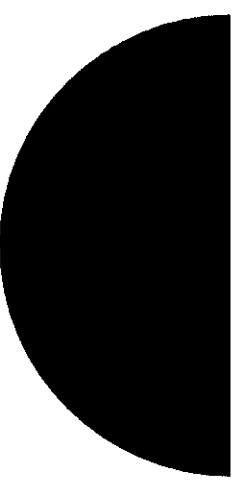
# Federal Impact on Higher Education

March 10, 2025

American Association of State Colleges  
and Universities

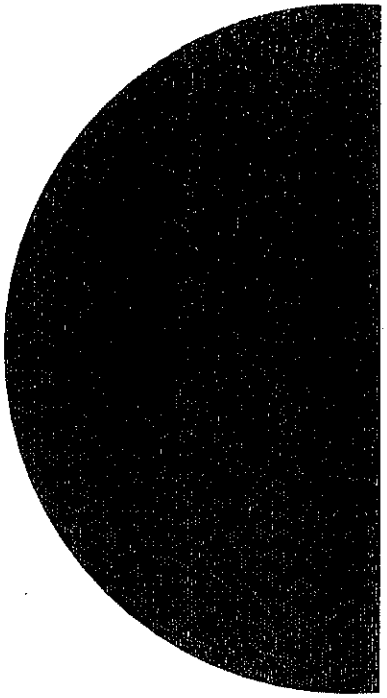


## Top Concerns For Higher Education



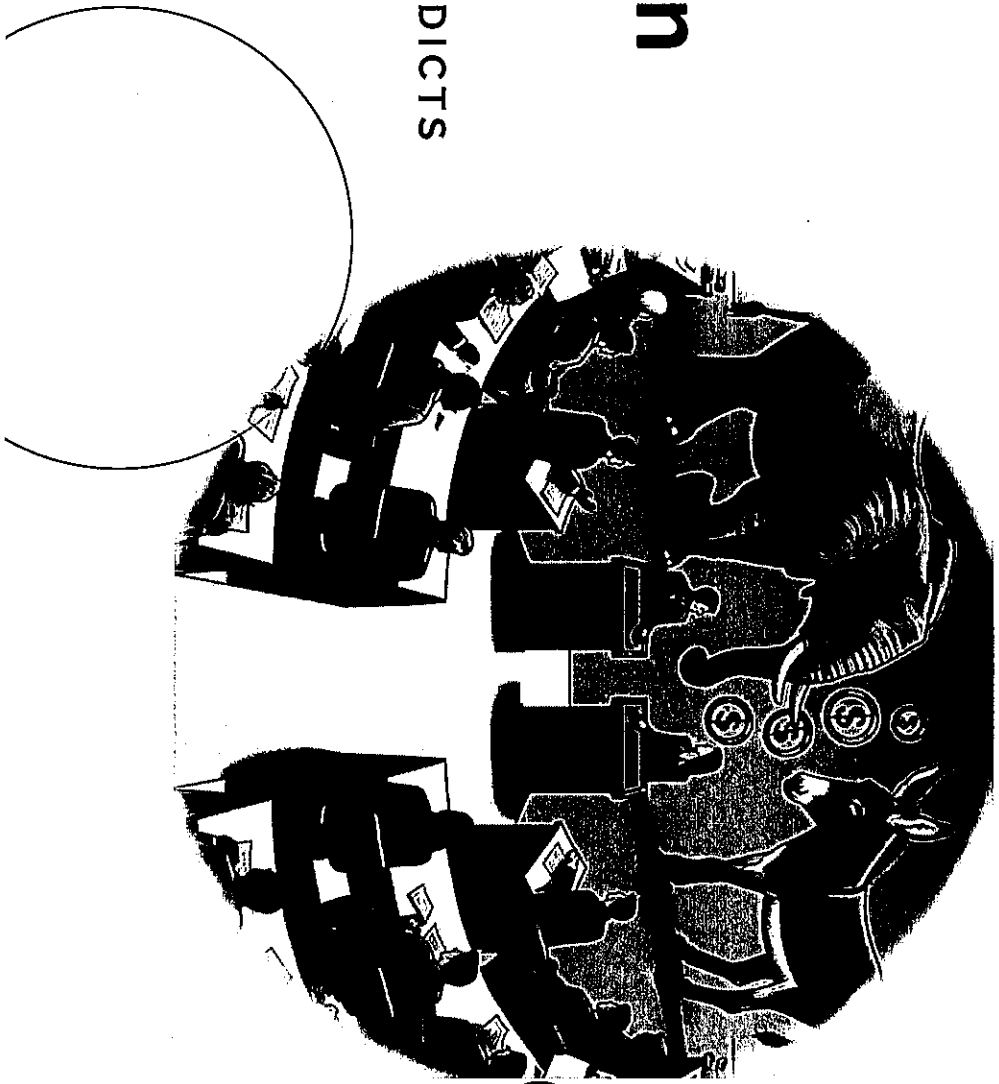
1. Diminishment of the traditional State-Federal partnership.
2. Federal disinvestment from student aid, institutional aid, and teacher preparation.
3. Executive actions aimed at compliance through funding recissions and punitive oversight.
4. Increased reliance on judicial litigation setting education policy.
5. ED's 'Final Mission': Dismantling the Department of Education.

x  
d

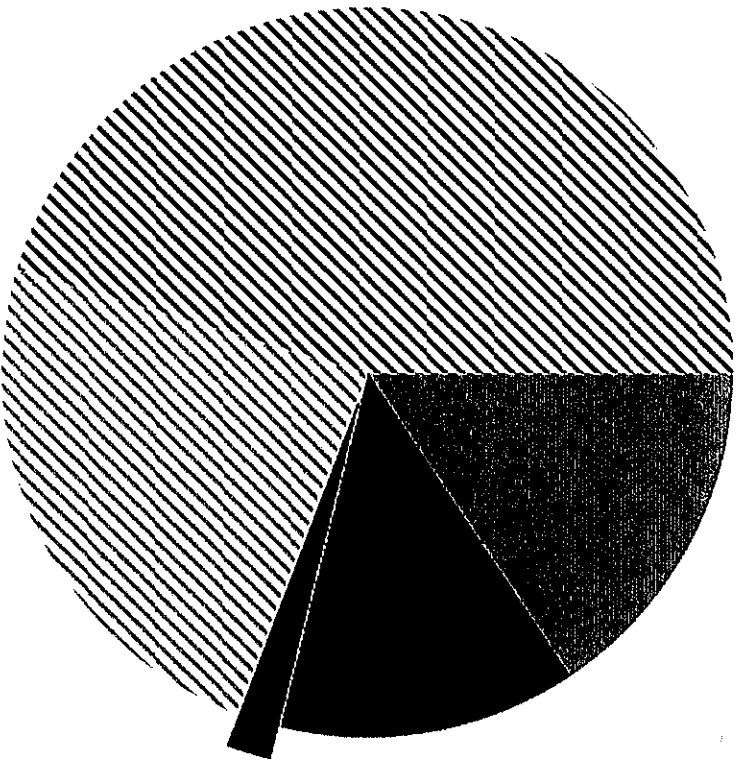


# Federal Funding In Context

HOW PAST BEHAVIOR BEST PREDICTS  
FUTURE ACTION



# Education Accounts for Less Than 2% of Regular Federal Spending



■ Defense Discretionary

■ Non-Defense Discretionary - excluding education

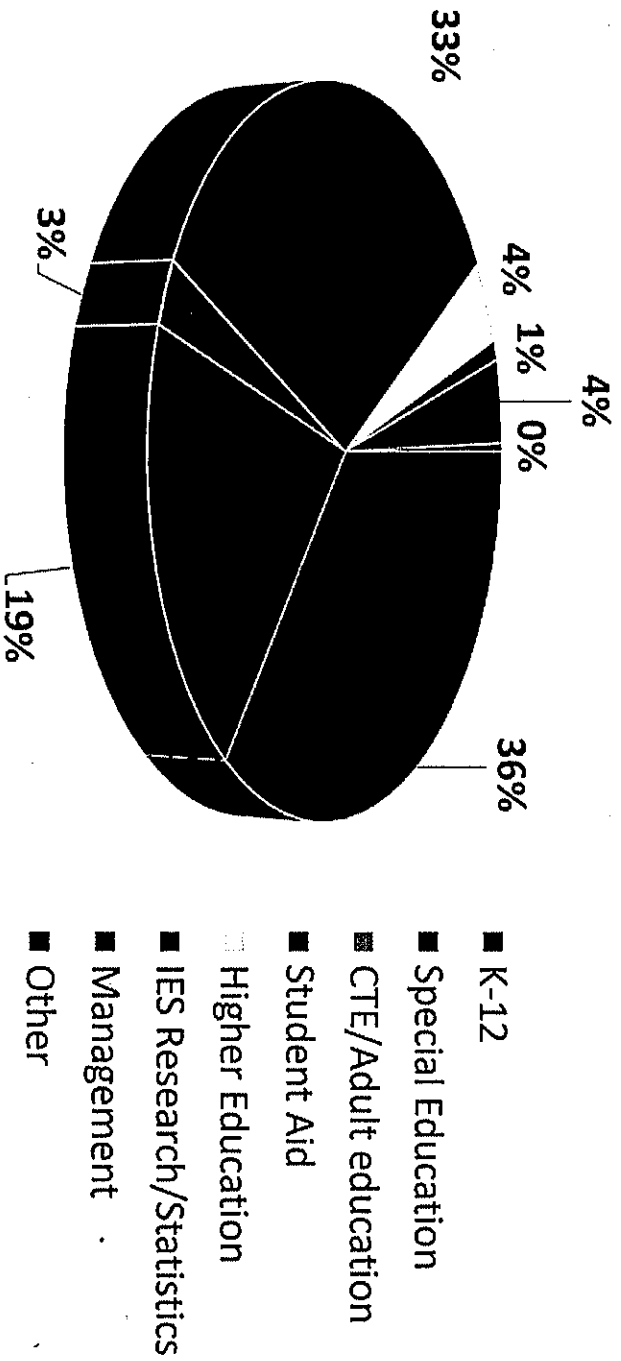
■ NDD - just education

▨ Mandatory - Social Security 29%

▨ Other Mandatory

▨ Mandatory - Net Interest

# President's FY 2025 Education Department Discretionary Funding



Additional mandatory funding requested for K-12 academic grants, reducing costs of college fund, and free community college

Source: CEF based on Education Department budget request



## FY25 Education Funding Outlook

|          | FY23    | FY24    | FY25 President's Budget Request |
|----------|---------|---------|---------------------------------|
| Pell Max | \$7.395 | \$7.395 |                                 |
| FSEOG    | \$910m  | \$910m  | \$910m                          |
| FWS      | \$1.23b | \$1.23b | \$1.23b                         |
| TRIO     | \$1.19b | \$1.19b |                                 |
| GEAR UP  | \$388m  | \$388m  |                                 |

6x

# FY25 Education Funding Outlook

|                 | FY23   | FY24    | FY25 President's Budget Request |
|-----------------|--------|---------|---------------------------------|
| Hawkins Centers | \$15m  | \$15m   |                                 |
| TOP             | \$70m  | \$70m   |                                 |
| CCAMPUS         | \$75m  | \$75m   |                                 |
| PSSG            | \$45m  | \$45m   |                                 |
| TEACH Grants    | \$7.8m | \$46.2m |                                 |

7x

# New Jersey – Pell and Campus-Based Aid Impact

|  | Awards  | Funding Total   |
|--|---------|-----------------|
| Pell Grants<br>(23-24)   | 143,553 | ~\$726 Million  |
| Federal Supplemental<br>Educational<br>Opportunity Grants<br>(22-23) | 38,295  | ~\$21 Million   |
| Federal Work Study<br>(22-23)  | 10,115  | ~\$27.1 Million |

Office of Federal Student Aid, U.S. Department of Education. Data accessed January 2025.



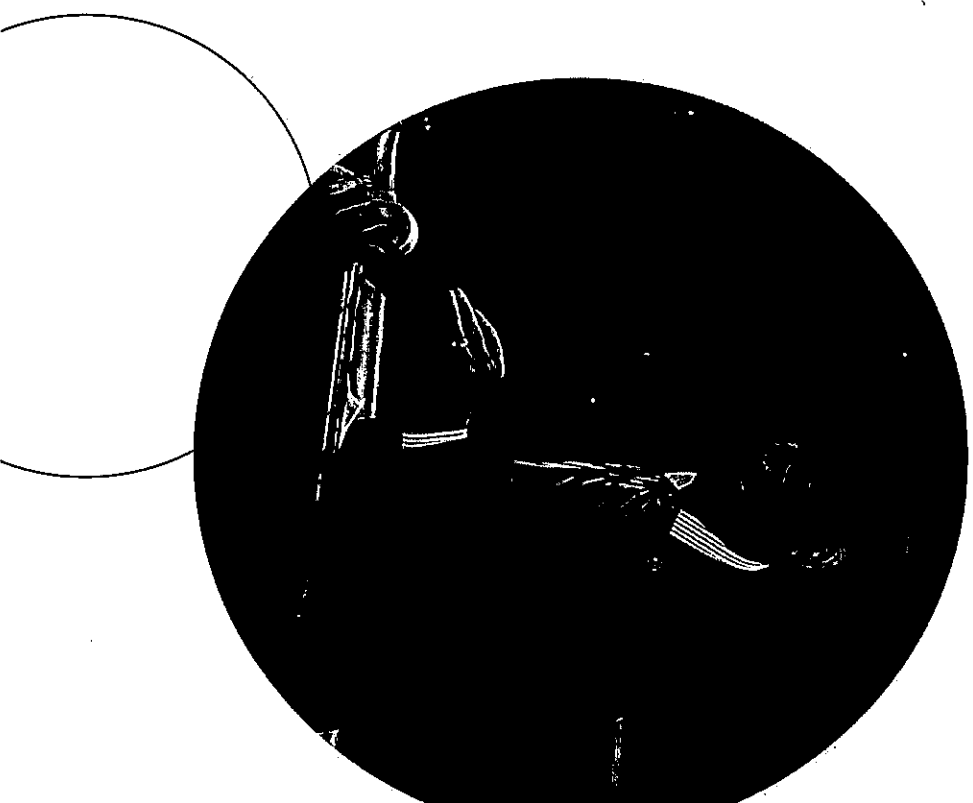
## **FY 2025 Senate Proposal**

- The Labor, Health and Human Services, Education, Appropriations Act provided a total discretionary allocation of \$231.34 billion:
  - \$900 million (1.1%) above the Fiscal Year 2024 effective spending level
  - \$2.4 billion (3%) below the President's Budget Request.
- ED - \$80 billion ~ \$1 billion above FY 24 level
  - Increased Maximum Pell to \$7,495
  - Level funded most programs
  - Small funding increases to MSIs and CCAMPUS programs
- Student Aid Administration – \$100 million added - \$2.159 billion



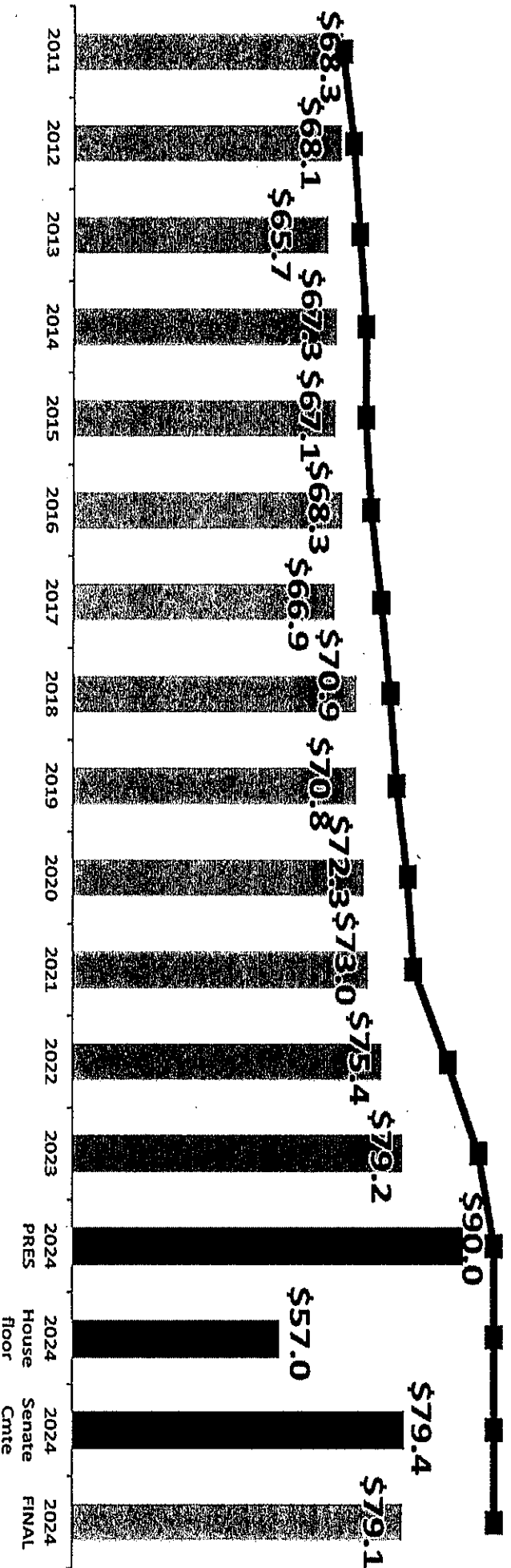
## FY 2025 House Proposal

- The Labor, Health and Human Services, Education, Appropriations Act provided a total discretionary allocation of \$185.8 billion:
  - \$8.6 billion (4%) below the Fiscal Year 2024 enacted score,
  - \$23.8 billion (11%) below the Fiscal Year 2024 effective spending level
  - \$36.2 billion (15%) below the President's Budget Request.
- ED - \$72 billion - \$11 billion below FY 24 level
  - Froze Maximum Pell @ \$7,395
  - Cut 48 programs
  - Increased funding-\$10M, for career and technical education to support local programs for students not seeking a college degree.
- Student Aid Administration – \$529 million cut - \$1.529 billion



# FY 2024 Slightly Cuts Education Funding, Leaving it Farther Below 2011 Inflation-Adjusted Level

(Department of Education Discretionary Funding in Billions of Dollars)



ED funding      2011 Adjusted for Inflation (2024 Constant Dollars)

## **FY24 House Proposal**

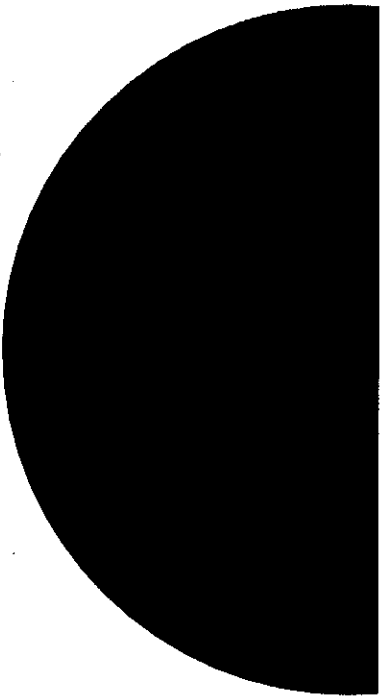
### **RECONTEXTUALIZING THE AGREEMENT**

- \$14.7B cuts to Title I grants could force a nationwide reduction of 223,738 teachers (5,731 in NJ).

### **ELIMINATES**

- Title II-A (Supporting Effective Instruction State Grants)
- Federal Work Study
- Federal Supplemental Educational Opportunity Grants
- Hawkins Centers of Excellence
- Teacher Quality Partnerships
- Child Care Access Means Parents in School
- HBCU, TCU, and MSI Research and Development Infrastructure Grants





# Budget Reconciliation

HOUSE v SENATE APPROACH



## Our Present Situation

- President Trump has 'officially' blessed the House 'one big beautiful bill' approach
- Continues to make contradictory public statements centered around the potential need for multiple legislative packages.
- Senate Budget Chairman Lindsey Graham has passed an initial \$340B budget resolution, part of a proposed two-bill package.
- He labeled this option a "Plan B" option if/when the House cannot pass its reconciliation package.
  - After ten hours of debate, the bill passed the Senate on a 52-48 vote.
  - Sen. Paul (R-KY) was the lone GOP defector.

## Our Present Situation

- House Budget Chairman Jodi Arrington has pushed a massive budget resolution through the committee on a 21-16 vote.
- The package, which includes \$4.5T in spending to make the Trump tax cuts permanent, passed the House in a 217-215 vote, with 1 GOP defection (Rep. Massie, R-KY) and unanimous Democratic opposition.
- The House plans to have a budget bill on the President's desk by Memorial Day per Ways & Means Chairman Jason Smith.
- Senate Majority Leader John Thune has made clear that the Senate does not intend to take up the House budget plan until *after* its mid-March recess.

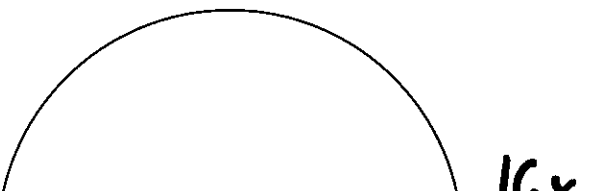
# One Bill ... Maybe Three... or Ten.

## HOUSE

- Includes \$4.5 trillion in deficit spending for tax cuts.
- Will require EdWorkforce Committee to cut spending by *at least* \$330 billion over ten years.
- Tax cuts to be offset by \$2 trillion in discretionary spending cuts, and \$1.5 trillion in mandatory spending cuts.
- Committees are to report their reconciliation provisions by March 27.

## SENATE

- \$340 billion in new defense, border security, and energy spending
- Offset with unspecified spending cuts (to include *at least* \$1 billion by HELP)
- Pushes tax cuts to a FY26 Budget resolution planned for late 2025.
- Data tables from the budget resolution envision allowing \$3.8 trillion in new tax cuts over ten years.

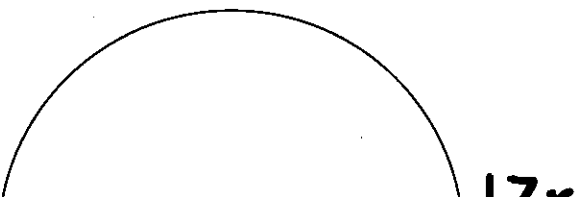


# What's Keeping Us Awake

## LIKELY ACTIONS:

Risk Sharing – like the CCRA proposal but without the Promise Grants  
GRAD Plus – sources in both chambers say the program is likely eliminated  
Pell Grant Shortfall – leaders are aware of the coming shortfall and need to bolster or scale back the program  
SAVE Program Elimination – covers ½ of the EdWorkforce goal (\$127B/10yr)

Expanded Endowment Tax Rate and Applicability – rate of 14% and additional 10-12 institutions (over \$1B)  
Student Aid+ – likely targets include FWS, FSEOG, TOPs, and CCAMPUS  
Title III and V Funding – funding to MSIS and HSIS is the current target of multiple EOs.



## Keep In Mind

### **INSTRUCTIONS ARE NOT SET IN STONE**

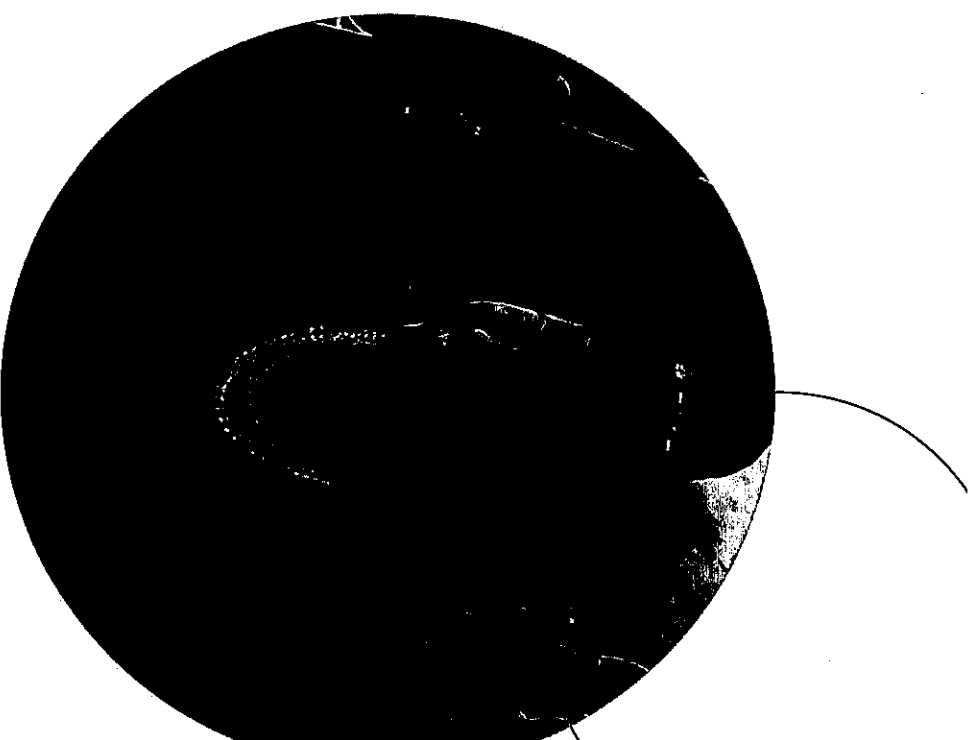
The budget resolutions passed in both chambers are merely outlines that include a set of committee instructions which can be met as committees see fit.

### **COMMITTEE GOALS ARE FLOORS, NOT CEILINGS**

Committees must meet reconciliation instructions but are encouraged to find larger savings. Additionally, spending increases can be offset with bigger spending cuts.

### **SAME RESOLUTION, SAME INSTRUCTIONS**

To produce a reconciliation bill both the House and Senate need to pass the same budget resolution with the same reconciliation instructions



Elizabeth MacDonough,  
Senate Parliamentarian

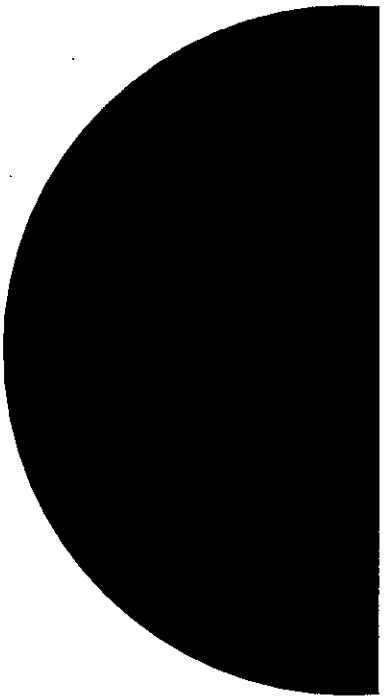
# Pell Shortfall

## PELL ACCOUNT ON PACE FOR \$2.7B SHORTFALL IN FY26

| Estimated discretionary Pell grant program cost with maximum frozen at \$7,395*<br>(in billions of dollars) |             |             |              |
|---|-------------|-------------|--------------|
|   | <u>2023</u> | <u>2024</u> | <u>2025</u>  |
| CBO June 2024   | 25.6        | 24.452      | 25.978       |
| CBO January 2025  | 26.15       | 31.477      | 31.956       |
| Increase in estimated program costs since last summer   | 0.55        | 7.025       | <u>5.978</u> |
| January 2025 estimated surplus/shortfall at end of year   | 11.615      | 3.577       | -2.734       |

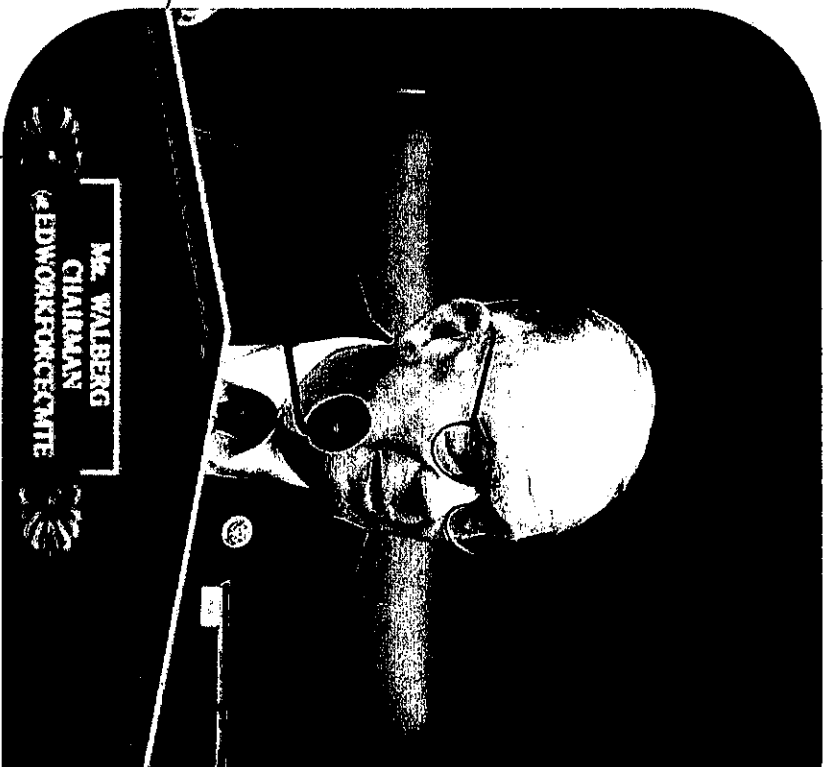
\* Discretionary funding covers \$6,335, mandatory funding covers \$1060

Impact of the FAFSA  
Simplification Act.



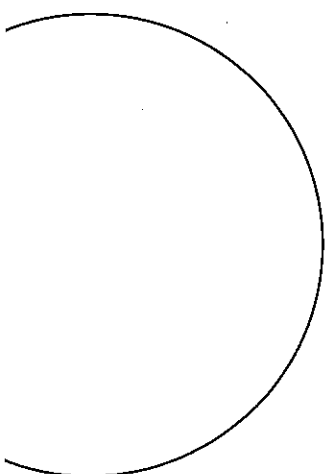
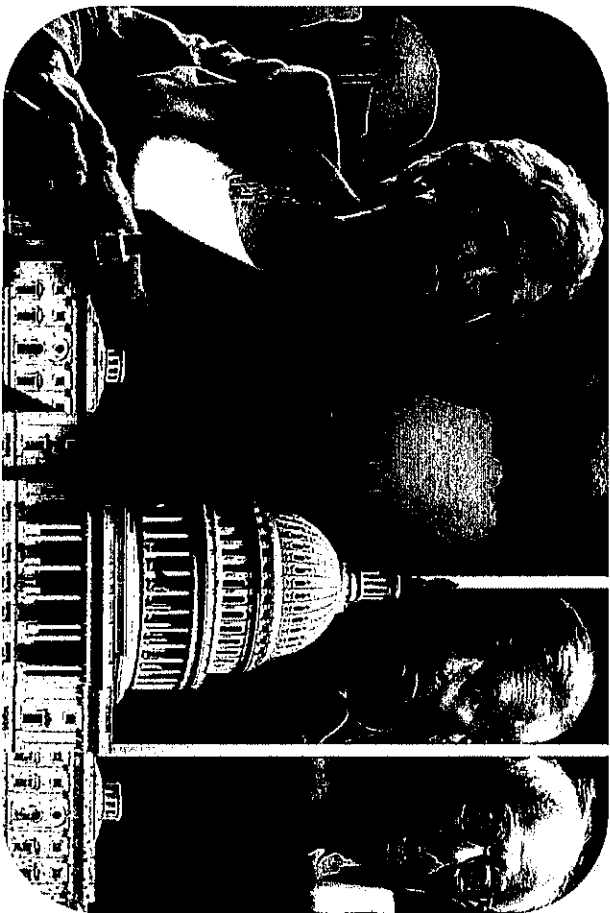
# Legislative Actions

HOUSE AND SENATE ACTIONS IN THE  
119<sup>th</sup> CONGRESS



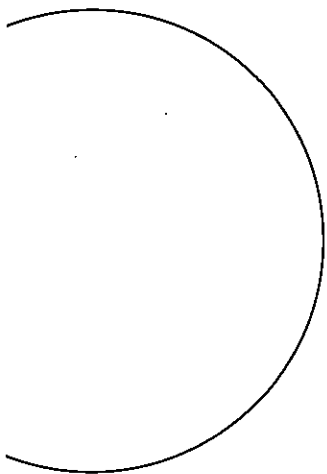
## McMahon Confirmation

- Affirmed that Congress must legislate dismantling of ED
- Spoke about the viability/expansion of Pell Grant, as well as support and need for Workforce Pell
- Declined to say what programs or classes might violate Trump's recent EO banning DEI
- Position on accreditation reform unclear
- HELP Committee advanced nomination 12-11 along party lines



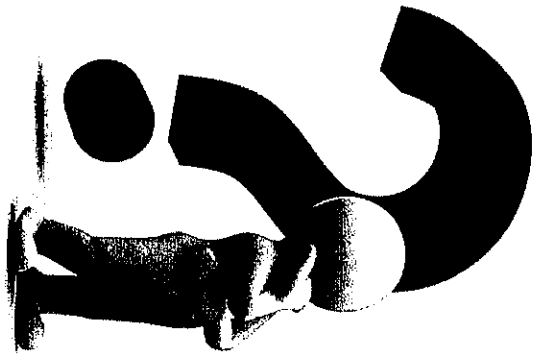
## McMahon Confirmed

- Confirmed by Senate 51-45.
- Two Senators have released a 12-page letter with questions for the record.
- Secretary McMahon supports the expected EO calling for the dismantling of ED.
- On Monday, Secretary McMahon sent ED staff a "final mission" message focused on a 'new era of accountability' and 'sending education back to the states.'
  - The mission "will profoundly impact staff, budgets, and agency operations here at the Department."



Thank You

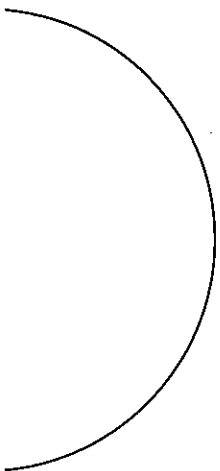
aascu.org

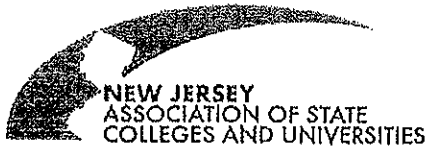


23x

S

Delivering America's Promise





---

Testimony before the New Jersey Senate Higher Education and Assembly Higher Education  
Committees on the Impact of Federal Action on New Jersey State Colleges & Universities  
March 10, 2025

Thank you for the opportunity to testify on behalf of the New Jersey Association of State Colleges and Universities (NJASCU) regarding the critical impact of federal action on our state's public higher education institutions. The institutions represented by NJASCU, comprised of regional public colleges and universities, serve tens of thousands of students across New Jersey, playing a pivotal role in educating individuals in our local communities.

The regional public colleges and universities primarily serve students from a specific geographic region or state. They typically offer both undergraduate and some graduate programs and, maybe most importantly, they have evolved to meet the distinctive education and workforce needs of their individual region. **In short – they educate and train individuals who remain after graduation, fueling our local economies, serving our communities, and making a difference in our backyards.**

Annually, the seven member schools of NJASCU graduate over 55,000 students. However, these schools offer more than just a degree. They are a gateway to opportunity for thousands of students, many of whom come from underserved and working-class backgrounds. Regional publics attract a diverse student population, including first-generation students, non-traditional and part-time students, as well as students who may not be able to afford to attend elsewhere. These institutions make higher education affordable and accessible, especially for those who need it most.

This is why today's conversation is not just timely, but critical - **without meaningful and reasonable federal support and federal direction, the NJASCU schools' ability to provide workforce development, research, and community engagement, is in jeopardy.**

Federal policy impacts us in significant ways, including through student financial aid, research support, accreditation standards, and regulations. To understand the impact of change, one must first understand how the federal government supports New Jersey higher education institutions.

The College of New Jersey  
Kean University  
New Jersey City University

[www.njascu.org](http://www.njascu.org)  
Ramapo College of New Jersey

William Paterson University  
Stockton University  
Thomas Edison State University

### **The Impact of Federal Funding Changes**

Federal funding is and has been a cornerstone of support for higher education. Direct grants, student financial aid, and research funding enable our institutions to provide high-quality education and maintain affordability.

However, recent federal budget proposals have raised serious concerns about potential cuts to vital programs such as the Pell Grant, Title III, and research initiatives. **Any reduction in federal financial support directly impacts New Jersey's students and our public institutions, limiting students ability to attend school, while also limiting our ability to invest in essential student services, infrastructure, and faculty recruitment; equally impacting the communities we serve.**

### ***Impact on Students & Their Families***

Last year, over 18,000 students across NJASCU schools received federal Pell Grants. Pell Grants are awarded at the undergraduate level and are based on financial need. To be eligible, students must be enrolled in an undergraduate degree program at a participating institution and must meet certain academic progress requirements. Pell Grant funds can be used for various educational expenses, including tuition, fees, books, supplies, and living expenses. The maximum award for the 2024-2025 award year was \$7,395 (on average New Jersey eligible students receive \$5,093 (totaling \$815M in the garden state). Pell Grants play a crucial role in helping students from low-income families access higher education without incurring significant debt.

**Now, Pell Grants are being discussed for potential cuts due to a \$2.7 billion funding shortfall.** And, while the State of New Jersey has worked to fill in gaps in funding for students, the support of the federal government remains indispensable. For example, after the State's Tuition Aid Grant program is applied, Pell is layered on top, with programs like Garden State Guarantee providing last-dollar support. A significant cut to Pell will have major ripple effects across the student aid landscape in New Jersey. In addition, given the FY26 state budget proposal's scale back of student aid programs such as summer Tuition Aid Grants and the phase out of pricing guarantees for Tiers 2- and 3-income brackets of Garden State Guarantee, college affordability could take a significant step back in the coming year.

The federal government also supports Federal Work-Study and Federal Direct Loans. While we have not heard anything about these programs being impacted, they are also fundamental to ensuring that higher education is accessible to all students, regardless of socioeconomic background. Moreover, because many of our students rely heavily on these programs to fund their education, any change—such as cuts to Pell grants or even changes to loan repayment terms—would have profound consequences.

An example, as you know, the Free Application for Federal Student Aid (FAFSA) underwent significant changes for the 2024–25 award year, aiming to streamline the application process and expand eligibility for federal student aid. These changes included a direct data exchange with the IRS for income data elements and a new "Who's My Parent?" wizard.

Challenges emerged in implementing these changes, leading to delays and confusion among students and institutions. The impact was positive (we ended up with enhanced eligibility among students), but advocates expressed concern that disruption could lead to widespread borrower confusion and defaults, negatively affecting students. Just this modest, yet impactful change, caused significant disruption. Imagine then, what the potential impact of current pronouncements has been on those considering higher education.

Proposed changes to federal student loan repayment options, including the potential repeal of the Saving on a Valuable Education (SAVE) plan, could further complicate financial planning for our students. These changes are small in comparison to the proposal potentially eliminating the Education Department, as indicated by a recent draft executive order - raising real concern about the future of federal support for higher education and the human capital needs to execute such programs. Such a move will lead to significant restructuring and uncertainty for institutions and students alike.

Furthermore, funding for college persistence programs like the federal TRIO grant program remains uncertain. This group of federally funded programs is designed to help at-risk students overcome barriers to accessing higher education by providing wrap-around academic and social support services. One of our institutions' programs currently serves 185 students with a five-year grant for \$1.6 million.

New Jersey's public institutions have already been under pressure to keep tuition rates affordable, and federal aid programs have played a key role in preventing these institutions from becoming inaccessible to students from low-income backgrounds. It is essential that we urge federal policymakers to protect these critical financial aid programs. **Any decrease in federal funding or change in practice will place an undue burden on our students and universities, forcing institutions to make tough decisions regarding tuition increases, faculty positions, and programmatic cuts.**

#### ***Impact on Business & Industry***

**Beyond the direct impact of potential cuts in aid to students, our schools have also witnessed research grant payment stoppage, cancelation or limitation.** Cuts like this, coupled with proposed reductions in reimbursement rates for cutting-edge research, will directly impact students and our workforce.

**One of our medium-sized member institutions estimated that at their institution there are:**

- **33 individual positions potentially impacted by rescinded or halted grants;**
- **86 faculty members receiving some form of supplemental funding from all federal awards in FY25; and**
- **58 temporary staff positions supported from federal awards in FY25.**
- **In addition, over 500 students are involved in these projects through research, coursework, service, and other experiences, including paid experiences for students.**

This is a real and significant impact, and just one example of what we worry will be the operative impact of continued federal action.

Inevitably, the result of cuts will lead to:

1. **A Reduction in a Skilled Workforce:** Proposed federal cuts will lead to a reduction in programming that trains students in high-demand fields, such as technology, healthcare, engineering, and teaching. This can result in a shortage of qualified professionals, affecting industries that rely on these skills. For example, one of our member institutions saw a five-year, \$1.8 million grant award cancelled. The grant funded an urban teacher residency program that aims to recruit, prepare, and retain teachers in high needs urban districts. Given the well-documented teacher shortages across New Jersey, programs like this are vital to our students, communities, and our state.
2. **Decreased Innovation and Research:** Cuts also hinder innovation and slow down technological advancements. Industries that depend on cutting-edge research, such as pharmaceuticals, biotechnology, and information technology, may face challenges in maintaining their competitive edge. The proposed cuts to NIH funding, if enacted, could stall research activities and have negative economic impacts, particularly in regions with significant educational and medical sectors, like New Jersey.
3. **Impact on Small Businesses:** Moreover, it isn't just large entities that are impacted by cuts as any small businesses collaborate with universities on research projects and benefit from the talent pool of graduates. At least one of my schools is home to their county's Small Business Development Center, allowing for enhanced collaboration between the business and higher education communities. Federal cuts can disrupt these partnerships due to limited resources, and further limit the availability of skilled workers, making it harder for small businesses to innovate and grow.
4. **Devasted Workforce Development Programs:** Federal funding also supports workforce development programs that help individuals gain the skills needed for employment. Cuts to these programs can reduce opportunities for workers to receive training and education, leading to a less prepared workforce and potentially higher unemployment rates.

As regional public institutions, part of our institutions' primary missions are to provide workforce support, often tailoring programs to meet the specific needs of the local job market, ensuring that graduates have the skills and knowledge required by regional employers. Our ability to do this is reliant on federal support. When these supports are withdrawn, it is inevitable that there will be far-reaching consequences for business and industry, affecting everything from workforce readiness to economic growth and innovation.

***Economic Impact on the Region***

Cuts will also lead to real economic consequences in the regions that are home to NJASCU schools. Higher education institutions contribute significantly to local economies. They create jobs, attract businesses, and stimulate economic growth. Federal cuts lead to job losses, reduced economic activity, and a decline in the overall economic health of communities that host these institutions, up to 60 miles. Overall, federal cuts to higher education funding can have far-reaching economic consequences, affecting everything from innovation and job creation to workforce readiness and economic growth.

Further, as noted, the federal government plays a vital role in supporting research at public universities, particularly through funding from agencies such as the National Institutes of Health (NIH) and the National Science Foundation (NSF) – this includes regional public institutions, where the impact locally may be significant. One of our institutions receives 15 research grants through the NSF – they are still assessing the potential impact of loss of any of these grants.

Research is essential to our mission, and it also benefits our state and the broader economy. Cutting or limiting access to federal research funding will stifle innovation, delay advancements in critical fields, and hinder the development of solutions to local, regional and national challenges. As a state, New Jersey has positioned itself as a leader in innovation, and our higher education institutions are a key part of that effort.

#### ***Impact on Student Safety & Well Being***

Beyond economics, proposed federal changes surrounding Title IX, campus safety, and student rights directly affect how our institutions maintain safe and supportive learning environments. Memos that provide broad statements and potential significant impact, without details or true understanding are not only disruptive, but damaging to our school communities.

#### ***Impact on Institutional Composition***

Finally, federal actions on accreditation standards and regulatory frameworks also impact our institutions' ability to maintain high educational standards. For example, recent changes to the accreditation process—intended to streamline and ease burdens on institutions—have created uncertainty in how universities are evaluated and funded. While we support efforts to reduce unnecessary bureaucracy, we must ensure that any changes do not undermine the quality of education our students receive.

#### ***Conclusion***

At a minimum, the loss of federal funding could—and is—creating chaos and uncertainty for higher education institutions in New Jersey, affecting their ability to conduct research, support staff, and provide quality education to students. Other directives that are disruptive, if not harmful, are truly challenging. I worry for our future without the federal government as a partner with us in supporting our students, our workers and citizens of today and tomorrow.

The universities represented by NJASCU are committed to providing high-quality, affordable education, conducting groundbreaking research, and contributing to the economic and cultural vibrancy of our state. We are committed to providing the best educational and developmental

experience for students we can provide. But, we cannot do it without our governmental partners.

**We call on our state lawmakers to work with us to encourage federal policymakers to ensure that New Jersey's public colleges and universities remain strong and can serve the needs of all students. We also ask that the Governor and the Legislature continue to support higher education in the FY26 budget process in the face of an increasingly uncertain federal landscape – without you an even larger impact will be felt as any corresponding state withdrawal only compounds issues in this critical time.**

Thank you.

Testimony Before the New Jersey Joint Committee on Higher Education

Presented by Tanya Maloney

Associate Professor of Education, Co-Director of the Transformative Education Network and PI  
on the US Department of Education's Teacher Quality Partnership Grant

Montclair State University

March 10, 2025

Chairpersons, Members of the Committee,

Thank you for the opportunity to testify today on the devastating consequences of the U.S. Department of Education's cancellation of the Teacher Quality Partnership (TQP) grant at Montclair State University (MSU). This grant, which had been awarded in 2009, 2014 and most recently in 2020, has been a lifeline for addressing teacher shortages in some of New Jersey's most under-resourced school districts, including the Newark Board of Education (NBOE) and Orange Public Schools (OPS). In addition to the termination of MSU's TQP grant, the College of New Jersey was awarded a TQP grant in 2023 in partnership with Burlington City Public Schools, Ewing Public Schools, Hamilton Township Public Schools, and Trenton Public Schools. The abrupt termination of these grants directly threatens the stability and future of school communities across the state.

#### **Program Overview**

Montclair State University's Urban Teacher Residency program (UTR@MSU) is an initial teacher certification initiative that provides hands-on classroom experience with mentorship to recruit and prepare diverse educators for NJ's K-12 schools. Funded by a \$3.7M TQP grant over five years, the program offers residents a Master of Arts in Teaching (MAT) with NJ dual certification in a content area and Teacher of Students with Disabilities (TSD). Residents receive a \$55,000 stipend for tuition and living expenses during the 18-month program. Graduates commit to teaching for three years in Newark or Orange Public Schools with ongoing induction coaching. On February 13th, 2025, the TQP grant was abruptly terminated, because, "the grant specified above provides funding for programs that promote or take part in DEI initiatives or other initiatives that unlawfully discriminate on the basis of race, color, religion, sex, national origin, or another protected characteristic."

The elimination of TQP funding to MSU has created an immediate crisis in teacher recruitment and retention in Newark and Orange, both of which already face severe shortages. NBOE and OPS serve a high percentage of low-income students, with 81% and 53%, respectively, qualifying for free or reduced-price lunch. Since 2009, The TQP grant facilitated the placement of over 140 highly qualified educators in these districts for critical subject areas such as STEM and special education—fields that have struggled with persistent vacancies. Without this support,

these schools now face increased teacher turnover, reliance on unqualified personnel, and a growing risk to student achievement.

### **Impact on Teacher Retention and Workforce Stability**

The UTR@MSU has been instrumental in stabilizing the workforce in these districts. The numbers speak for themselves:

- NBOE currently faces an 11% teacher turnover rate.
- 95% of UTR@MSU graduates remain in education for 3 or more years
- The program's three-year induction model provided 100 hours of coaching, ensuring that new teachers received essential mentorship and support beyond graduation.
- 99% of graduates from the program received effective or highly effective ratings in their teaching evaluations.

With the cancellation of the grant, these critical supports will be lost, leading to increased burnout among new teachers, lower retention rates, and growing instability in classrooms.

### **Harm to Students with Disabilities**

All UTR@MSU residents were dual-certified in a content area and TSD. This was a crucial asset in districts where special education services are in high demand:

- 14.3% of students in Newark and 13.5% in Orange receive special education services.
- The loss of TQP-supported teachers means larger caseloads, reduced individualized instruction, and an increased reliance on under qualified personnel.

As one district administrator from Orange Public Schools put it, "This program must continue—our students deserve prepared, qualified teachers."

### **Impact on Program Staff and Graduate Students**

Beyond its impact on schools and students, the cancellation of the TQP grant also directly affects program staff and faculty who played a vital role in preparing the next generation of teachers.

The remaining funds would have supported salaries for multiple individuals, including:

- Two full-time professional staff members at Montclair State University.
- Seven induction coaches who provide critical mentorship and guidance to new teachers.
- One graduate student worker who contributes to program administration and research.
- Faculty salaries via course releases during Fall 2024 and Spring 2025.

Without this funding, program staff face job loss, and faculty will no longer have the resources necessary to adequately support teacher candidates. The absence of experienced induction coaches means that new teachers are at risk of losing the structured mentorship that has been proven to improve teacher effectiveness and retention. Additionally, graduate students who rely

on this work for both financial support and professional development will be forced to seek alternative opportunities, weakening the pipeline for future educators and researchers in the field.

### **Diminished Representation in the Teaching Workforce**

Representation matters in education. Research confirms that students benefit academically and socially when they see themselves reflected in their teachers. In Newark and Orange Public Schools, 90% of students are students of color. However, the teaching workforce does not currently reflect these demographics, limiting students' exposure to educators who understand their lived experiences.

Studies have shown that when students have teachers who share their backgrounds, they are more likely to experience increased academic success, higher levels of engagement, and a stronger sense of belonging in school. Research further indicates that a representative teaching workforce can contribute to reduced suspension rates, improved graduation rates, and a greater likelihood that students will pursue higher education. Teachers who share cultural and community connections with their students also play an essential role in helping them navigate societal challenges and build resilience in the face of adversity. By fostering these positive outcomes, a diverse and representative teacher workforce strengthens educational equity and enhances opportunities for all students.

The TQP grant helped address this imbalance by recruiting and preparing diverse educators committed to these communities. A principal from the Newark Board of Education emphasized, "The cultural relevancy, the cultural proficiency... they're sound when they come to us from Montclair University. They understand the cultural proficiency required for urban school systems like Newark." The loss of funding disrupts this progress and makes it harder to build a representative, well-supported teaching staff.

The U.S. Department of Education is aware of this overwhelming research which is why in 2020, under the previous Trump administration, TQP grant applicants were encouraged to state how they would recruit teacher candidates of color. That said, the UTR@MSU never, "discriminate[d] on the basis of race, color, religion, sex, national origin, or another protected characteristic." The program has always been open to candidates of all racial and ethnic backgrounds and program staff and faculty have never used race as an indicator for a candidate's acceptance into the program.

### **What Can Be Done?**

Restoring TQP funding is essential to ensuring that every student, regardless of zip code, has access to highly qualified, well-supported teachers. The cancellation of this grant creates an unnecessary disruption to a successful program that directly addresses critical teacher shortages in high-need districts. Additionally, federal funding terminations follow a formal process which

cannot be bypassed through administrative guidance. The broad guidance from the U.S. Department of Education appears to discourage diversity efforts through confusion rather than direct enforcement. With continued advocacy and legal clarity, this decision can and should be reversed to protect equitable education access and the future of the teaching workforce.

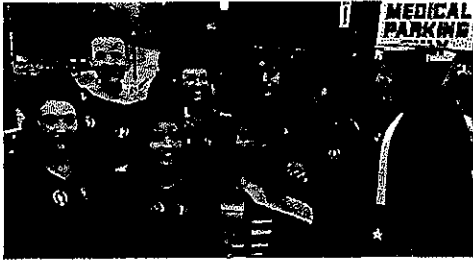
### **Conclusion**

I urge this committee to take action in advocating for the reinstatement of TQP funding and to support legislative efforts that ensure sustained investment in teacher preparation programs that serve New Jersey's highest-need schools. Our students deserve nothing less than highly trained, well-supported educators who are equipped to meet their needs.

# WHO WILL TEACH OUR KIDS?

## The Devastating Impact of Cancelling the US Department of Education Teacher Quality Partnership Grant for Montclair State University

On 2/14/25, the USDOE cancelled the Teacher Quality Partnership (TQP) grant at Montclair State University (MSU) which had been awarded in 2020 under the Trump administration. This cancellation threatens teacher recruitment and retention in Newark Board of Education (NBOE) and Orange Public Schools (OPS), districts already facing severe shortages. These schools serve a high percentage of low-income students, with 81% of NBOE and 53% of OPS students eligible for free or reduced-price lunch. The TQP grant helped stabilize these districts by supplying over 140 highly qualified educators in critical areas like STEM and special education, fields with persistent vacancies. This preventable crisis disrupts a proven program that prepares and retains teachers for NBOE and OPS.



### Increased Teacher Turnover and Instability

NBOE faces an 11% teacher turnover rate. UTR@MSU helped stabilize the workforce.

- 78% of graduates stayed beyond required commitments (citywide average is 60%)
- 3-year induction program provided 100 hours of coaching
- 99% of graduates receive effective or highly effective ratings.

Without this support, new teachers will struggle, leading to increased burnout and turnover.

### Fewer Teachers in High-Need Schools

The current cohort of residents are at risk of not completing their program, forcing schools to rely on substitutes or unqualified staff.

Since first receiving the TQP grant in 2009:

- UTR provided 140 Highly Qualified teachers to NBOE/OPS
- Provide STEM and SPED educators which are hard to staff positions
- Impacted 42,000 K-12 students
- 95% of UTR graduates stay in education for 3 years or more
- 99% of UTR graduates receive ratings of highly effective or effective.

### Harm to Special Education Students

All UTR@MSU residents were dually certified in a content area and as Teachers of Students with Disabilities (TSD). In Newark, 14.3% of students receive special education services, while 13.5% of students in Orange receive such services. Fewer trained special education teachers will lead to larger caseloads, reduced individualized instruction, and increased reliance on under qualified personnel—further disadvantaging students with disabilities.

*"This program must continue—our students deserve prepared, qualified teachers."* – District Administrator, OPS.

# WHO WILL TEACH OUR KIDS?

## Ensuring Students See Themselves in the Teaching Workforce

A strong education system benefits when the teacher workforce reflects the students it serves, allowing all children to see themselves represented in the classroom. Research confirms that having teachers from a variety of backgrounds supports student success, leading to stronger student-teacher connections, improved academic outcomes, and higher engagement in school (Learning Disabilities Association of America, 2023).

In Newark and Orange Public Schools, 90% of students are students of color (U.S. News & World Report, 2024). However, the current teaching staff does not align with these student populations, creating an imbalance that can limit students' exposure to educators who reflect their experiences.

The UTR@MSU program aimed to strengthen the teacher workforce by preparing educators who reflect the student population, ensuring all students have access to well-qualified teachers who understand their communities. The TQP grant cancellation disrupts this progress, making it harder to build a representative and well-supported teaching staff.

A district leader emphasized the impact of UTR@MSU-trained educators:

**"The cultural relevancy, the cultural proficiency... they're sound when they come to us from Montclair University. They understand the cultural proficiency required for urban school systems like Newark."**

– Principal, NBOE

## End of High-Quality Mentorship & PD

Each year, 20 mentor teachers participated in specialized professional development to strengthen their coaching, co-teaching, and mentorship skills. Sessions focus on effective feedback, co-planning strategies, and using student data to guide instruction.

- 90% of UTR@MSU grads credited mentorship as critical to their success.
- 80% of mentors improved in using student data to guide teaching.
- 60% of mentors enhanced their own instructional practices.

The cancellation cuts off this proven support network, weakening teacher development for both new and experienced educators.

## What Can be Done

Restoring TQP funding is essential to ensuring that every student, regardless of zip code, has access to a highly qualified, well-supported teacher. The cancellation of this grant creates an unnecessary disruption to a successful program that directly addresses critical teacher shortages in high-need districts. Additionally, federal funding terminations follow a formal process which cannot be bypassed through administrative guidance. The broad guidance from the USDOE intends to discourage diversity efforts through confusion rather than direct enforcement, given the limited capacity to police thousands of districts nationwide. With continued advocacy and legal clarity, this decision can and should be reversed to protect equitable education access and the future of the teaching workforce.

**THE BOTTOM LINE:  
THIS CANCELLATION  
HURTS KIDS**

Eliminating the TQP grant at MSU means:

- ⊗ Fewer trained teachers in high-need schools
- ⊗ Higher teacher turnover and instability
- ⊗ Less diversity in the workforce
- ⊗ Weaker mentorship and training for new teachers
- ⊗ Greater challenges for students with disabilities

**Dr. Lora Billings, Dean  
College of Science and Mathematics  
Montclair State University**

**MONTCLAIR  
STATE UNIVERSITY**

**Statement on impacts of reduced federal funding for research  
March 10, 2025**

Honorable Members of the New Jersey Senate and Assembly Higher Education Committees,

Thank you for the opportunity to provide this statement. We are immensely grateful for the support that public leaders like you have provided to higher education and research institutions across the state. I am here today to underscore the need for government support for university research, as recent federal proposals threaten to destabilize an essential pillar of our state's and nation's economic and scientific leadership.

Public investment in research is the foundation of scientific advancement, economic growth, and workforce development. Government funding facilitates cutting-edge discoveries in fields that may not be immediately profitable for private entities but have profound long-term societal benefits. The social contract between science and society facilitates capacity-building to narrow knowledge and technology divides, increases inter-disciplinarity, and fosters a dialogue between scientists and policy makers. Some of the most transformative innovations in healthcare, technology, materials science and transportation have roots in publicly funded research. Without sustained financial support, the innovation pipeline is at risk.

New Jersey has a proud legacy of pioneering research and technological breakthroughs that have shaped the modern world. From Thomas Edison's electric power systems to the revolutionary communications and computing advancements at Bell Labs, our state has long been a hub of discovery and innovation. Albert Einstein's tenure at the Institute for Advanced Study in Princeton stands as a testament to the power of university-based research in transforming our understanding of the world. When Einstein arrived in New Jersey in 1933, he joined a community of scholars dedicated to pushing the boundaries of knowledge. His groundbreaking work on unified field theory and quantum mechanics during his years in Princeton helped lay the foundation for modern physics and advanced our comprehension of the universe. Today, many of the scholars at our universities and colleges draw upon their basic research expertise to partner with industries that call New Jersey home and lead the way in fields such as medicine, energy, and artificial intelligence (AI). This tradition of innovation and discovery is one we must continue.

Key reasons for government funded research include:

- **Fulfilling Societal Needs and Public Good** – Government-funded research addresses urgent, complex challenges, including prevention of chronic and infectious diseases, poverty alleviation, energy resilience, healthcare, and technology.
- **Economic Growth and Job Creation** – Universities serve as engines of economic growth, driving new industries, high-paying jobs, and improved efficiency in key sectors.

- **Fundamental and Applied Research** – Public funding enables high-risk, high-reward research that does not have immediate commercial applications but leads to groundbreaking advancements.
- **Public Knowledge and Accessibility** – Federally funded university research is widely accessible, ensuring that discoveries have broader impact, a crucial counterpoint to more-focused private investment.
- **Workforce Development** – Federal support plays a crucial role in training the next generation of scientists, engineers, and healthcare professionals, ensuring a robust and competitive U.S. workforce.

Recent federal budget proposals threaten to significantly reduce funding for key research programs at institutions across New Jersey. Specifically, proposed cuts to agencies such as the National Institutes of Health (NIH), the National Science Foundation (NSF), and the Department of Energy (DOE) will have far-reaching consequences for our state's universities and economy. It is estimated that every \$1 invested by the NSF generates approximately \$2 in economic output, while every \$1 from NIH yields approximately \$2.46 in return. Caps on indirect cost reimbursements for federal grants could strip universities of billions of dollars that support essential research infrastructure, lab maintenance, and regulatory compliance.

Montclair State University (Montclair), like many R2 public research institutions, faces significant risks from these funding cuts. While much attention is given to larger R1 institutions, R2 universities play a crucial role in conducting applied research, training the next generation of STEM professionals, and expanding access to underserved communities. Montclair receives grants and contracts from federal and state agencies, municipal organizations, non-profits, corporations, and private foundations to support research. Our work advances knowledge and discovery, and helps develop evidenced-based solutions to society's most pressing problems.

Montclair's research activities provide hands-on experiential learning and career training for our students. Through leading their own research project, under the supervision of a faculty mentor, Montclair students learn to:

- Identify important questions that are worth asking
- Identify the stakeholders impacted by the research question
- Design a feasible strategy to answer their question
- Gather relevant information and data to address the question, which may involve field, laboratory, clinical, and computational strategies
- Think critically, troubleshoot, and adjust when the strategy hits obstacles
- Lead and be part of a collaborative team
- Communicate the results effectively to the stakeholders

Our students do not merely watch a professor or staff member operate laboratory equipment or conduct interviews. Montclair students are taught to operate mass spectrometers and electron microscopes, build and mine databases, design and make low-cost devices on a 3D printer to detect pathogens, and write code that trains AI tools to analyze massive amounts of data, and teach robots how to recognize human facial expressions and body language in order to conduct manufacturing tasks safely and efficiently.

Montclair has already faced financial strain due to reductions in state appropriations and rising operational costs. We depend on the Facilities and Administration (F&A) / Indirect Costs model to cover this shortfall for research activities. Generally, federal grants include 2 types of funding:

- **DIRECT** costs are those expenses that are specific to the project, such as materials and supplies and student salary.
- **F&A** (or Indirect Costs) are a partial reimbursement of the costs that Universities incur to do research on behalf of the government.

Research requires electricity, plumbing, heating and cooling systems, and internet access, for which it is not possible to quantify costs for individual projects. For example, we cannot quantify how much electricity is used by one student researcher in a building that supports hundreds of student researchers across multiple shared research spaces. Universities negotiate the F&A rate every five years with the federal government to cover these costs. The negotiation process requires a university to share its financial reports and document what we actually spend on research infrastructure and research administration, such as human and animal subject protection programs, export control compliance programs and preventing foreign influence, research and data security, libraries, and Environmental Health and Safety officers.

A federal F&A cap of 15% would mean Montclair's F&A recovery would be reduced by two-thirds. While well-resourced private universities may be able to adjust, this cap would remove the "level playing field" that allows public universities like Montclair to contribute to supporting innovative and economic development in New Jersey. It is essential for sustaining Montclair's growing research portfolio, supporting faculty-led projects, and providing research opportunities for students who will drive New Jersey's future innovation workforce.

The federal-state partnership with universities in research funding is fundamental to sustaining New Jersey's leadership in STEM and innovation. We need to continue investing in research facilities, laboratory upgrades, and STEM education programs to maintain a strong talent pipeline. We also need to safeguard against ideological interference in peer-reviewed funding processes to maintain a merit-based, competitive research ecosystem. And finally, we need to expand public-private partnerships in New Jersey, encouraging collaboration between universities and industry to leverage federal funding and drive technological commercialization.

Federal investment in university research is not just an academic issue—it is an economic, national security, and public health imperative. The stakes are particularly high for New Jersey, where research universities play a pivotal role in driving growth and innovation. By taking proactive steps at both the state and federal levels, we can protect and strengthen the research enterprise that fuels New Jersey's economic and technological leadership.

We urge this committee to stand with us in safeguarding the future of scientific discovery, workforce development, and economic prosperity in New Jersey. Thank you for your time and consideration.

## Appendix – additional information about Montclair State University

### Montclair Institutional Overview

- New Jersey’s 2nd largest public doctoral research university by total student enrollment. Montclair State University takes pride in making superior-quality higher education accessible and affordable.
- Provides students from across the state and from across the nation with experiential learning opportunities and mentoring-intensive research experiences with internationally-renowned faculty.
- Ranked #12 in the nation on *US World & News Reports’* list of Top Performers on Social Mobility, a reflection of our high 6-yr graduation rate, low student debt burden upon graduation, and job placement success.

In addition to basic and applied research, Montclair conducts community-engaged research that directly benefits our State. Many of these projects are led by Centers and Institutes including:

- The New Jersey Center for Water Science and Technology
- The Sokol Institute for Pharmaceutical and Life Sciences
- The Center for Autism and Early Childhood Mental Health
- The Center for Audiology and Speech Language Pathology
- The PSEG Institute for Sustainability Studies
- The Clean Energy and Sustainability Analytics Center
- The Institute for Research on Youth Thriving and Evaluation

### Some examples of Montclair’s research that directly benefits New Jersey include:

#### 1. Water Quality Protection and Restoration

New Jersey’s coastal and inland waterway are vulnerable to harmful algal blooms, or “HABs”, which refers to the excessive growth of harmful phytoplankton, protists, cyanobacteria, and macro/benthic algae in both freshwater and marine systems. Under the “right” conditions, harmful algal blooms can produce toxins that pose health risks to both animals and humans, severely degrading New Jersey’s water quality, aquatic ecosystem health, and threatening safe use of recreational and drinking resources.

The New Jersey Center for Water Science and Technology at Montclair State University houses a laboratory that is certified by the NJ-DEP to perform water quality analyses, including tests for *E. coli*, and cyanotoxins. The Center also engages citizen scientists, teaching and training them to participate in monitoring programs to identify early warning signs of HABs such that interventions can be designed and implemented.

Montclair’s New Jersey Center for Water Science and Technology has also partnered with several federal and state agencies on microbial source tracking projects across the NJ, NY, and PA region. Microbial source tracking aims to determine the sources of pollutants such as fecal material that renders drinking water unfit for human or animal consumption. Montclair

researchers use DNA makers in bacteria associated with fecal materials to identify and quantify sources of contaminations to improve water quality protection and restoration efforts.

## 2. Protecting New Jersey's Coastal Zone

Montclair faculty study coastal geomorphology, interactions between the natural and built environment, and the susceptibility of New Jersey's coastal zone to natural hazards such as hurricanes. The Fall 2024 Atlantic hurricane season had a record year with 18 named storms and five intensifying into major hurricanes. Five hurricanes made landfall in the continental U.S. in 2024. Fortunately, none made landfall in New Jersey in 2024. However, with 127 miles of coastline, we are at risk each year of massive economic disruptions that come with flooding from heavy rains, storm surge, and high winds, even if NJ escapes being the landfall site.

Montclair researchers study the efficacy of beach nourishment, model the evolution of coastal landforms (barrier islands, fluvial deltas, mangroves, and marshes) under natural conditions and climate change scenarios, examining how human activities affect coastal evolution through the accumulated effects of purposeful engineering activities, and the unintentional consequences of land-use change. Understanding the long-term evolution of the coupled natural-human coastal system is particularly relevant to the state of New Jersey.

## 3. Economics of Energy

Montclair's Clean Energy and Sustainability Analytics Center (CESAC) is a leader in New Jersey on the economics of energy policy, incentivizing the transition to a low-carbon economy, and developing sustainable energy sources. CESAC investigates factors that may influence economic and environmental implications of projects, including, policy and sustainability relevance, market dynamics, and stakeholder impacts. For example, CESAC is funded by the NJ Department of Environmental Protection Offshore Wind Research and Monitoring Initiative (RMI) to monitor the socioeconomic impacts of New Jersey's offshore wind development on recreational fisheries. The U.S. Environmental Protection Agency (EPA) recently awarded CESAC a job training grant to help recruit, train, and place workers in community revitalization and cleanup projects at brownfield sites in New Jersey.

## 4. Training New Jersey's Educators

Montclair has a proud history of training New Jersey's K-12 education workforce. Montclair has designed and delivered innovative programs such as the Urban Teacher Residency program, an initial teacher certification program that provides substantial classroom experience under the guidance of a mentor teacher and support from coaches. The program aims to improve teacher preparation, increase teacher retention rates, and ultimately better serve New Jersey's students.

## 5. Promoting Health and Wellness in New Jersey

The following research projects are example of the broad impact of Montclair's faculty on health and wellness in our state and beyond:

- Montclair researchers are funded by the Center for Disease Control (CDC), the Substance Abuse and Mental Health Administration (SAMSHA), and the National Institutes of Health (NIH), as well as State agencies to collaborate with communities and combat substance use disorders and the spread of HIV/AIDS, promote healthy lifestyles, and harness AI and data analytics to address disparities in healthcare and health outcomes across our state.
- One long-term project in Paterson examines factors that influence quality of life for young adults in urban settings, and uses this information to design programs that reduce behaviors associated with increased risk of substance use and unsafe sexual practices, and promotes family cohesion and community involvement.
- A project in progress in Montclair's School of Nursing is training nurses to identify and refer, or treat patients in need of substance use disorder interventions.
- Montclair researchers are addressing the significant unmet mental health needs of college students at-risk for suicide through improving the uptake, retention, and effectiveness of online intervention.

Additional Examples of National and International Research:

- Montclair researchers are developing low-cost methods for fabricating electrochemical sensors in 3D printers to test water, urine and blood for detecting hazardous chemicals. These devices will provide low-cost tools for everyday people to assess their water quality, and support medical professionals working in under-resourced communities.
- Montclair researchers are funded by the National Institute of Justice to examine resentencing and "second look" sentencing models for youth and emerging adults who are serving lengthy sentences (>10 years) nationwide. This work is in collaboration with the New Jersey Office of the Public Defender, the Maryland Office of the Public Defender, the Defender's Association of Philadelphia, State Appellate Defender's Association in Michigan, and the Second Look Project in the District of Columbia.
- Montclair researchers are leaders in the Scientific Ocean Drilling community and the use of seafloor sediments to understand the Earth's carbon cycle, the interplay between ice sheets and sea level rise along New Jersey's 127 miles of coastline.
- Montclair houses the only research team in New Jersey involved in the Laser Interferometer Gravitational-Wave Observatory (LIGO) experiment. Montclair physicists are designing the next generation of gravitational wave detectors. Montclair nuclear physicists are advancing the discovery, exploration, and understanding of all forms of nuclear matter, which has applications in power generation, health care, and medical imaging techniques.



Contact: *Maria Heidkamp*

*)/ Aaron Fichtner*

**New Jersey Council of County Colleges (NJCCC)  
Fact Sheet for the Joint Higher Education Hearing on Federal Funding  
March 10, 2025**

**Federal investments play a significant role in the budgets of New Jersey's 18 community colleges.**

We estimate that collectively our colleges and students receive more than \$242 million each year in funding from a variety of federal programs. This represents more than 20% of the total budget of our colleges.

- **PELL:** The largest federal investment in our colleges and our students is through the Pell Grant program which provides more than **\$194 million** in critical tuition assistance to more than **49,000 students**.
- **PERKINS:** The Perkins program provides \$12 million to our colleges, through the NJ Department of Education. These funds enable our colleges to purchase the equipment and supplies that are essential to keep our career-focused programs aligned with the changing needs of the economy.
- **WORKFORCE PROGRAMS:** Our colleges receive approximately \$20 million in federal funding through a variety of federal workforce development programs, including from the Workforce Innovation and Opportunity Act (WIOA) (administered by the NJ Department of Labor and Workforce Development and local Workforce Development Boards). Some community colleges also receive competitive workforce development grants from a variety of federal agencies including the US Department of Labor. These workforce investments form the backbone of our colleges efforts to train and prepare individuals to thrive in the economy and labor market.
- **OTHER ESSENTIAL INVESTMENTS:** Our colleges receive approximately \$16 million in a variety of other federal grants and programs.

**USDOE GRANTS:** These include funds from a variety of programs administered by the US Department of Education, including the TRIO program, the GEAR UP program and the USDOE's Strengthening Institutions grants.

Each community college receives its own mix of funding from USDOE. Many of these programs fund essential services to low-income and first general students, ensuring that they have the best opportunity possible to stay in college and to complete a degree. Some of these programs support partnerships with high schools to prepare more students for a college education.

**GRANTS FROM OTHER DEPARTMENTS:** This \$16 million in funds also include grants from the National Science Foundation, NASA and other departments that are designed to help students pursue careers in science, technology, engineering and mathematics and to have important research and learning opportunities.



| <b>Federal Funds to NJ Community Colleges (2023)</b> |                      |
|--|----------------------|
| Basic Skills Training                                | \$8,900,000          |
| Job Training Grants (Competitive)                    | \$8,800,000          |
| WIOA/Workforce                                       | \$2,100,000          |
| NSF  | \$3,900,000          |
| Title III and V (USDOE Strengthening Institutions)   | \$3,400,000          |
| TRIO   | \$3,300,000          |
| GEAR UP  | \$1,300,000          |
| Other  | \$4,800,000          |
| Perkins  | \$12,200,000         |
| <b>Total</b>   | <b>\$48,700,000</b>  |
| <br>   |                      |
| <b>Pell Grants</b>                                   | <b>\$194,000,000</b> |
| <br>   |                      |
| <b>Total with Pell Grants</b>                        | <b>\$242,700,000</b> |



**Federal Support for New Jersey Community Colleges:**

**Pell and Perkins**

| New Jersey Community Colleges                     | Pell Grants<br>FY2023 |                      | Perkins Allocations<br>FY2023 |
|---|-----------------------|----------------------|-------------------------------|
|   | # of<br>Students      | \$ Awarded           | \$ Awarded                    |
| Atlantic Cape Community College                   | 2,728                 | \$10,073,000         | \$736,714*                    |
| Bergen Community College                          | 4,624                 | \$18,930,000         | \$876,712                     |
| Brookdale Community College                       | 2,800                 | \$11,141,000         | \$646,746                     |
| Camden County College                             | 3,748                 | \$14,331,000         | \$844,612                     |
| Rowan College of South Jersey – Cumberland Campus | 1,229                 | \$4,705,000          | \$468,349*                    |
| Essex County College                              | 4,080                 | \$16,318,000         | \$768,833                     |
| Hudson County Community College                   | 4,784                 | \$19,951,000         | \$1,441,365                   |
| Mercer County Community College                   | 2,101                 | \$7,472,000          | \$672,006                     |
| Middlesex College                                 | 4,073                 | \$16,569,000         | \$867,766                     |
| Morris, County College of                         | 1,758                 | \$6,703,000          | \$569,916                     |
| Ocean County College                              | 2,380                 | \$8,871,000          | \$607,278                     |
| Passaic County Community College                  | 3,248                 | \$12,365,000         | \$818,826                     |
| Raritan Valley Community College                  | 2,009                 | \$7,724,000          | \$513,076*                    |
| Rowan College at Burlington County                | 2,122                 | \$7,715,000          | \$495,716                     |
| Rowan College of South Jersey – Gloucester Campus | 1,985                 | \$7,045,000          | \$318,374                     |
| Salem Community College                           | 483                   | \$1,987,000          | \$156,998*                    |
| Sussex County Community College                   | 820                   | \$3,361,000          | \$280,502*                    |
| Union College                                     | 4,189                 | \$17,900,000         | \$901,972                     |
| Warren County Community College                   | 371                   | \$1,272,000          | \$126,676*                    |
| <b>TOTAL</b>                                      | <b>49,532</b>         | <b>\$194,433,000</b> | <b>\$12,112,437</b>           |

### Pell Recipients as Percent of Student Body by Community College, 2023

| Institution Name                   | Pell Headcount FY2023 | Total Headcount FY2023 | % Pell of Student Body |
|------------------------------------|-----------------------|------------------------|------------------------|
| Atlantic Cape Community College    | 2,728                 | 6,324                  | 43.1%                  |
| Bergen Community College           | 4,624                 | 15,858                 | 29.2%                  |
| Brookdale Community College        | 2,800                 | 14,611                 | 19.2%                  |
| Camden County College              | 3,748                 | 15,437                 | 24.3%                  |
| County College of Morris           | 1,758                 | 8,511                  | 20.7%                  |
| Essex County College               | 4,080                 | 9,206                  | 44.3%                  |
| Hudson County Community College    | 4,784                 | 10,169                 | 47.0%                  |
| Mercer County Community College    | 2,101                 | 8,392                  | 25.0%                  |
| Middlesex College                  | 4,073                 | 15,660                 | 26.0%                  |
| Ocean County College               | 2,380                 | 12,367                 | 19.2%                  |
| Passaic County Community College   | 3,248                 | 8,222                  | 39.5%                  |
| Raritan Valley Community College   | 2,009                 | 9,275                  | 21.7%                  |
| Rowan College at Burlington County | 2,122                 | 11,117                 | 19.1%                  |
| Rowan College of South Jersey      | 3,214                 | 11,574                 | 27.8%                  |
| Salem Community College            | 483                   | 2,080                  | 23.2%                  |
| Sussex County Community College    | 820                   | 3,272                  | 25.1%                  |
| Union College of Union County, NJ  | 4,189                 | 10,973                 | 38.2%                  |
| Warren County Community College    | 371                   | 3,340                  | 11.1%                  |
| <b>Total</b>                       | <b>49,532</b>         | <b>176,388</b>         | <b>28.1%</b>           |



| FEDERAL AID TO NJ PUBLIC COLLEGES<br><i>Recipients &amp; Dollars (in thousands)</i> | Pell          |                  | Work Study   |                | SEOG          |                |
|---|---------------|------------------|--------------|----------------|---------------|----------------|
|   | #             | \$               | #            | \$             | #             | \$             |
| Atlantic Cape Community College   | 2,728         | \$10,073         | 90           | \$213          | 554           | \$173          |
| Bergen Community College  | 4,624         | \$18,930         | 141          | \$434          | 670           | \$349          |
| Brookdale Community College   | 2,800         | \$11,141         | 35           | \$81           | 478           | \$308          |
| Camden County College   | 3,748         | \$14,331         | 104          | \$221          | 1,946         | \$641          |
| County College of Morris  | 1,758         | \$6,703          | 82           | \$223          | 860           | \$1,861        |
| Essex County College  | 4,080         | \$16,318         | 120          | \$381          | 1,856         | \$325          |
| Hudson County Community College   | 4,784         | \$19,951         | 123          | \$304          | 1,473         | \$477          |
| Mercer County Community College   | 2,101         | \$7,472          | 90           | \$244          | 462           | \$305          |
| Middlesex College   | 4,073         | \$16,569         | 72           | \$270          | 410           | \$297          |
| Ocean County College  | 2,380         | \$8,871          | 48           | \$173          | 2,373         | \$402          |
| Passaic County Community College  | 3,248         | \$12,365         | 75           | \$181          | 1,484         | \$122          |
| Raritan Valley Community College  | 2,009         | \$7,724          | 41           | \$147          | 172           | \$158          |
| Rowan College of Burlington County  | 2,122         | \$7,715          | 47           | \$118          | 486           | \$206          |
| RCSJ Cumberland   | 1,229         | \$4,705          | 42           | \$93           | 326           | \$251          |
| RCSJ Gloucester   | 1,985         | \$7,045          | 14           | \$53           | 214           | \$150          |
| Salem Community College   | 483           | \$1,987          | 23           | \$46           | 139           | \$35           |
| Sussex County Community College   | 820           | \$3,361          | 17           | \$55           | 265           | \$90           |
| Union College of Union County, NJ   | 4,189         | \$17,900         | 39           | \$178          | 1,491         | \$301          |
| Warren County Community College   | 371           | \$1,272          | 10           | \$18           | 75            | \$40           |
| <b>Community College Sector</b>   | <b>49,532</b> | <b>\$194,432</b> | <b>1,213</b> | <b>\$3,433</b> | <b>15,734</b> | <b>\$6,491</b> |

46x

**SELECTED COLLEGE EXAMPLES OF FEDERAL INVESTMENTS AND IMPACT OF POTENTIAL CUTS ON PROGRAMS AND STAFFING**

**ATLANTIC CAPE COMMUNITY COLLEGE**

- 1. Atlantic Cape Community College** receives approximately \$10 million each year from the US Department of Education – **Federal Pell Grant Program** in order to provide financial aid to eligible students. **Approximately 65% of our students are Pell students.** This grant has allowed the college to assist approximately **2,600 low-income individuals per year.** Without this grant, the direct aid to students would be eliminated and catastrophic to higher education for our counties.
2. Atlantic Cape Community College receives approximately \$250,000 each year from the US Department of Education – **Federal Work Study Program** in order to provide financial aid to eligible students through part-time employment opportunities at the college. **Approximately 80 students per year receive financial aid through federal work study.** Without this program, direct aid to students with financial need would be reduced.
3. Atlantic Cape Community College receives approximately \$275,000 each year from the US Department of Education – **Federal Supplemental Educational Opportunity Grant (SEOG) Program** in order to provide financial aid to students with exceptional financial need. **Approximately 650 students per year receive financial aid through the SEOG program.** Without this grant, students with the greatest financial need would lose a source of critical direct aid.
4. Atlantic Cape Community College receives approximately \$350,000 each year from the US Department of Education – **TRIO Student Support Services (SSS) Program** in order to provide academic support services to **low-income, first-generation, and/or disabled students.** Approximately 65% of our students are Pell students. This grant allows the college to serve and assist **200 students** each year. **Without this grant, the college would lose funding for 4 full time staff positions including 2 counselors, and 200 students would lose critical support, leading to lower retention, increased dropout rates, and reduced academic success.**
5. Atlantic Cape Community College receives approximately \$730,000 each year (as a state passthrough) from the New Jersey Department of Education, Office of Career Readiness (**Perkins V Act**) in order to increase student access to high-quality CTE programs of study. This grant has allowed the college to ensure that its programs meet the ever-changing needs of learners and employers and serves **approximately 600 students per year.** Without this grant, the college would lose funding for **two full time positions and instructional equipment, supplies, and software for all CTE programs.** It would also have to cut critical student aid for CTE students.
6. Atlantic Cape Community College receives approximately \$800,000 each year from the US Department of Education – **WIOA Title II (formula grant)** in order to offer **beginner ESL classes, high school equivalency preparation glasses (GED), and college pathways classes** at no cost to participants. This grant allows the college to serve over **500 students** each year. **Without this grant, we will lose funding to cover the costs of the courses for students, course instructors, and 1 full time position.** There will be nowhere for our 500+ ESL students to learn English, and the feeder into credit ESL will stop. 50% of students currently enrolled in this program are undocumented students.



7. Atlantic Cape Community College, as a consortium partner with Ocean County College and Middlesex College, has received a grant totaling approximately \$1.5M from the US Department of Labor – **Strengthening Community Colleges Training Grants Program** to expand opportunities for underrepresented students to enter in-demand healthcare occupations by strengthening guided career pathways in partnership with regional employers, workforce development organizations, worker organizations, and community organizations. Over the four-year term of this grant, Atlantic Cape plans to serve 500 students. Loss of funding would prevent the college from making necessary upgrades in equipment for EMT, Paramedic Medical Assistant, and Practical Nursing programs, alterations to classroom spaces, curriculum review, and professional development.

8. Atlantic Cape Community College has received a grant totaling approximately \$550,000 from the **National Science Foundation – Advanced Technical Education (ATE) Program** to design and develop a comprehensive credit-bearing career and technical education associate degree program. **Without this grant, 4 faculty members would lose salary support to work on the project and needed equipment could not be purchased.**

---

#### HUDSON COUNTY COMMUNITY COLLEGE

Hudson County Community College has been awarded a \$1.75 million, four-year grant from the U.S. Department of Labor that began in 2024. The grant supports identification, training, and workforce services for individuals from disadvantaged backgrounds. This grant allows HCCC to serve and assist **375 low-income individuals**. **Without continued grant funding, the college will have to reduce the number of staff by 3.5**, further limiting HCCC's ability to keep students enrolled in college and on a pathway to obtaining industry-recognized credentials and gainful employment.

---

#### MIDDLESEX COLLEGE

Middlesex College received federal grants and funds that help support 26 FT employees and 48 PT employees, all who play critical roles at the college in providing services to students and delivering high-quality education and training programs. These grants and funds also provide critical support to more than 4,400 students in the form of financial assistance.

- Pell Grant Program: 2023-2024: 4,400 recipients, total \$19.5 million.
- Federal SEOG: 475 recipients, \$380,000 awarded.
- Federal Work-Study: 75 participants, \$300,000
- Federal Direct Loans: 500 recipients, total \$2.8 million
- Perkins Career & Technical Education Act: \$800,000
- Title V: Developing Hispanic-Serving Institutions Program: \$2.8 million
- Strengthening Community College Training Grants: \$1,3 million
- Open Textbook Collaborative: \$160,000.
- Community Project Funding/FIPSE: \$640,000

**SALEM COUNTY COMMUNITY COLLEGE**

Salem County Community College receives \$249,000 through the Gear Up program to work with local high schools to prepare low-income students to be ready to attend post-secondary education.

## Additional State Budget Issues

At the same time as Federal funding is uncertain, community colleges are facing health care cost increases of \$13 million for FY 2026.

- Sixteen colleges participate in School Employees Health Benefits Plan (SEHBP).
- State colleges and universities have their benefits paid for by the state. For K-12 school districts, also part of SEHBP, health care cost increases covered in state's school funding formula.
- Community colleges are not included in these measures to address rising health care costs; absorbing these costs could force tuition increases and cuts to education, workforce programs, and student services.

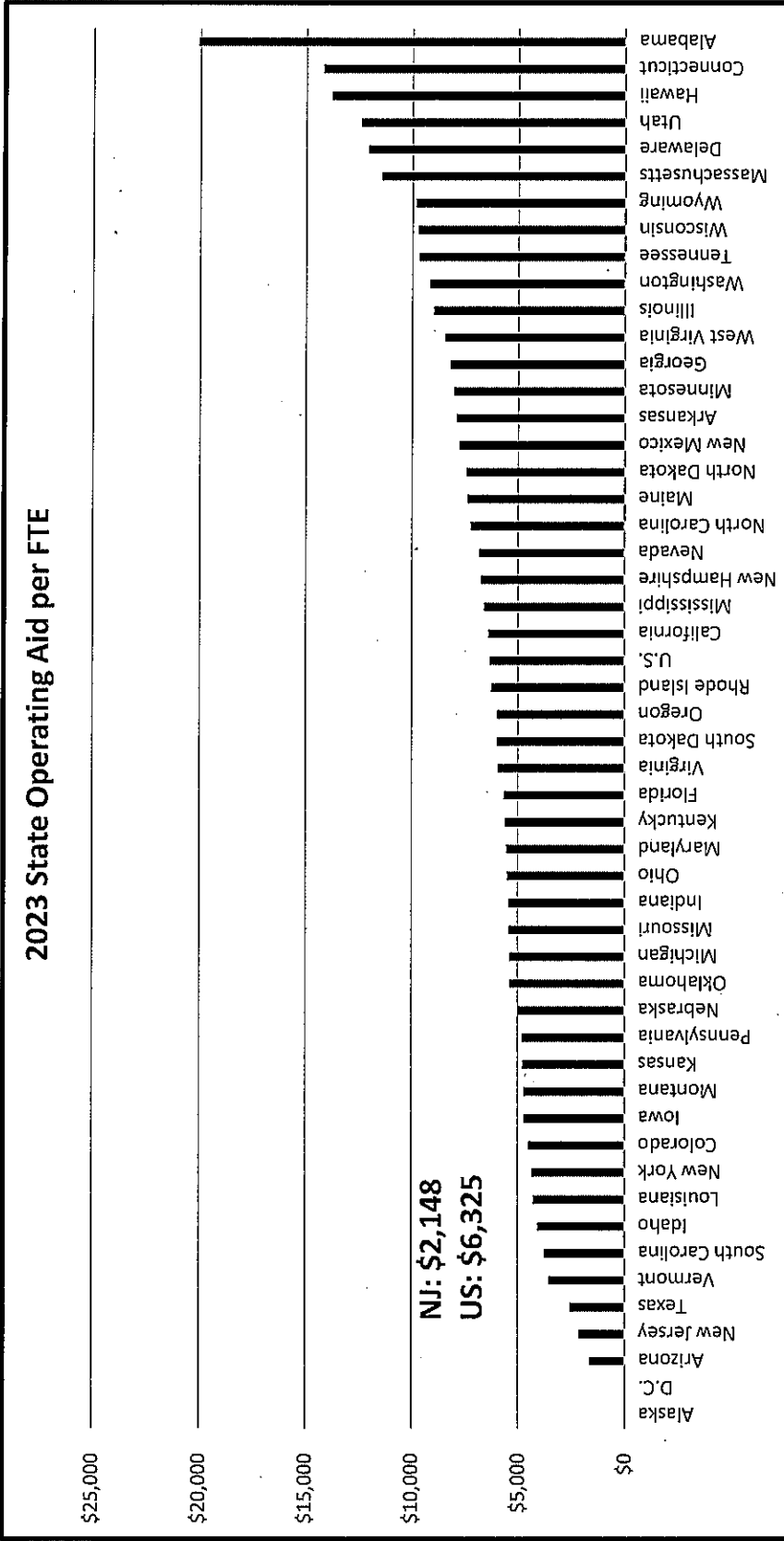
Colleges are also grappling with the same inflation plaguing the nation.

- Community colleges faced rising costs for the energy, goods, and services needed to run a campus.
- Community colleges also need to fairly compensate our talented faculty, adjuncts, and staff.

Governor Murphy's proposed FY 2026 budget drastically reduces state investment in operating aid for community colleges, cutting \$20 million—or 12 percent—from this already underfunded sector of higher education. Additional cuts scale back New Jersey's commitment to free or reduced tuition for low- and moderate-income community college students, with an 18 percent cut to the Community College Opportunity Grant, and a 50 percent cut to the small but important Student Success Incentive Funding.

Significant cuts to state support for community colleges as proposed in the Governor's FY 2026 budget will have real and sustained negative impacts on New Jersey's economy, leading to:

- Higher tuition, which will increase costs to New Jersey families while reducing the number of people who can earn degrees and industry valued credentials.
- Lower tax revenue and higher levels of reliance on public assistance due to fewer students graduating and being trained.
- Unfilled jobs in key industries such as health care, pharma, biotech, renewable energy, manufacturing, IT, film and television, and others as community colleges have to cut back on workforce efforts.
- Cuts as proposed in the Governor's FY 2026 budget could lead to reductions in programs, support services, and staffing at community colleges.



Source: State Higher Education Finance (SHEF) Report, 2023 Report - SHEF



State of New Jersey

OFFICE OF THE SECRETARY OF HIGHER EDUCATION

PHILIP D. MURPHY
GOVERNOR

TAHESHA L. WAY
LT. GOVERNOR

BRIAN K. BRIDGES, PH.D.
SECRETARY OF HIGHER EDUCATION

New Jersey Office of the Secretary of Higher Education
Joint State Legislative Hearing of Assembly & Senate Higher Education Committees
Written Testimony – March 10, 2025

Chair Cryan, Chair Carter, distinguished members of the Senate and Assembly Higher Education Committees, and esteemed colleagues:

Higher education is one of the most powerful drivers of economic mobility, innovation, and civic engagement in our society. It not only prepares individuals for meaningful careers but also strengthens communities, fuels innovation and industry, and supports the democratic fabric of our state and nation. I think I speak for everyone here today when I say: In New Jersey, we believe that access to a high-quality, affordable postsecondary education is not just an economic imperative—it is a fundamental investment in our shared future.

For the Office of the Secretary of Higher Education (OSHE) that belief is anchored by a commitment to ensure that every resident, regardless of background, has the opportunity to pursue and complete a degree or credential that leads to economic security and personal fulfillment. This mission has guided our work since the start of the Murphy Administration, leading to the state's first higher education funding rationale—the Outcomes-Based Allocation (OBA)—which directs state resources to state priorities of advancing equity, affordability, and student success.

The broad landscape of New Jersey higher education funding

Before diving into the state-level mechanics of higher education funding, it is important to emphasize that institutions in New Jersey receive funding from a mixture of sources. In fiscal year 2023, about 21 percent of funding for public higher education institutions in New Jersey came from net tuition and fee revenue (excluding federal grants and direct-to-student loans), 29

1 New Jersey Office of the Secretary of Higher Education (OSHE), Where Opportunity Meets Innovations: A Student-Centered Vision for New Jersey Higher Education (2019), https://www.nj.gov/highereducation/documents/pdf/StateEducationplan.pdf

2 OSHE, FY2022 Outcomes-Based Allocation Public Report (April 2022), https://www.nj.gov/highereducation/documents/pdf/index/NJOSHEFY22OBAPublicReport.pdf

percent from state sources, and 19 percent from federal sources. The remaining approximate 31 percent is a combination of local, private and other sources. Breaking out the publics to two- and four-year institutions, the state share changes to 20 percent and 31 percent respectively.<sup>3</sup> These aggregate level insights make clear that funding for public higher education is a shared responsibility. However, it is important to note, that the proportion of each funding source and what it can include varies by sector, institution, and mission.

### **The mechanics of state higher education funding**

Under Governor Murphy's leadership, and in partnership with the Legislature, the State has achieved a historic level of investment in higher education, increasing total funding by 37.5 percent – or close to \$1 billion (FY2019 through FY2025; \$953.6 million). This represents a level of investment for higher education nearly double that achieved by the six prior administrations combined, with total state appropriations for higher education amounting to \$2.2 billion<sup>4</sup> in the last full budget year (FY2017) of the Christie Administration.

In the current fiscal year (FY2025), state appropriations for higher education total \$3.37 billion and represent about 5.8 percent of the total state budget. Comparatively, the proportion of higher education funding in the state budget during the mid-1990s comprised 8.4 percent, so despite impressive funding increases, state investment in higher education since the mid-1990s has not kept up to state spending growth in other areas.<sup>5</sup>

For purposes of this hearing, we break New Jersey's higher education funding down to the following: (1) operating aid, inclusive of the base aid and OBA, (2) fringe benefits (3) student aid, and (4) capital funding. The state's role in capital funding should largely be understood as separate from the state's annual appropriations and budget process.

### ***State support for institutional operations***

#### ***I. Outcomes-Based Allocation***

In FY2025, support for institutional operations – comprised of operating support and the OBA – equated to 37 percent of the state's annual higher education appropriation. Operating support to the senior publics, community colleges, and independent institutions accounts for 31 percent of total state higher education spending, while the OBA for senior publics makes up 7 percent.

<sup>3</sup> U.S. Department of Education, National Center for Education Statistics, *Integrated Postsecondary Education Data System (IPEDS) Fiscal Year 2023 Finance Survey*, <https://nces.ed.gov/ipeds>

<sup>4</sup> New Jersey Office of Management and Budget, *A Citizen's Guide to the Budget* (November 2016), [4], <https://www.nj.gov/treasury/omb/publications/17citizensguide/citguide.pdf>

<sup>5</sup> Kevin Coyne, "The Pitfalls of Higher Education in New Jersey," *New Jersey Monthly* (December 21, 2023), <https://njmonthly.com/articles/news/the-pitfalls-of-higher-education-in-new-jersey/>

The OBA represents a significant step forward in how New Jersey funds higher education but still needs codification. Implemented in 2020, the OBA is New Jersey's first-ever outcomes-based funding model and with it we join the ranks of 32 other states using one to more rationally distribute operational support to institutions.<sup>6</sup> Developed in concert with the institutions, New Jersey's OBA model is engineered to distribute new state operating aid for the senior public institutions based on student completion. By shifting the focus towards degrees and credentials in hand, the state is able to incent and reward institutions in a more transparent manner that is better aligned with state priorities and workforce needs.

The model does this in an equity-driven way, with a formula that focuses on closing opportunity gaps for traditionally underserved populations. We assess two primary metrics: (1) the total number of degrees and certificates awarded, and (2) the number of enrolled students with an Adjusted Gross Income (AGI) of \$65,000 and below. There are also additional premiums for degree completion among: (1) underrepresented ethnic and racial minority students, (2) low-income students (AGI less than 65K), (3) STEM and healthcare degree/certificates, (4) transfer students, and (5) doctoral degrees. To protect from annual volatility, OSHE uses three-year averages.

In the course of OBA's inception and implementation, there have been three working groups assembled to inform and reflect on the model. Our most recent working group held discussions in fall 2024 to review the five premium metrics. Comparatively, the county colleges allocate their funding through the New Jersey Council of County Colleges (NJCCC) in partnership with the OSHE and Treasury. While not part of the OBA distribution, to further support institutional alignment with state priorities, they have recently revamped their model incorporating a similar outcomes approach that the OBA uses for public four-year institutions.

## *II. Fringe Benefits*

Under the Murphy Administration, public research institutions also began receiving additional fringe support for the first time. In FY2025, this support comprises two percent of the total state budget for higher education. Added to the standard fringe benefits provided for the state's senior public institutions and community colleges, fringe in total accounts for just under a third of state higher education appropriations (31 percent).

New Jersey's public research institutions had expressed that the State fringe benefit rate (currently 63.8 percent) overcharges institutions for retirement and medical benefits that not all

---

<sup>6</sup> State Higher Education Executive Officers Association (SHEEO), *State Approaches to Base Funding for Public Colleges and Universities* (November 8, 2023), <https://sheeo.org/new-sheeo-report-state-approaches-to-base-funding-for-public-colleges-and-universities>

employees receive. It requires institutions to reimburse the State at a higher level for defined benefit retirement plans (i.e., PERS) even though a significant share of employees are enrolled in defined contribution retirement plans (i.e. ABP), which have a contribution rate of eight percent of salary. As the fringe benefit rate is a composite rate that applies to all State employees, this is not an issue faced uniquely by the research institutions.

Steady increases in general fringe support funding from the state, in addition to that for research institutions, have helped to address the concerns raised, with specific focus on improving opportunities for our state's public research institutions to compete for significant federal research grants that drive our innovation economy and create high-wage jobs.

### *State funding of student financial aid*

New Jersey operates as a high-tuition, high-aid state. While cost of attendance may be relatively high, the state provides some of the most generous need-based, per-student financial aid in the nation to offset costs for eligible students.<sup>7</sup> In FY2025, financial aid for students accounted for 22 percent of the state's higher education budget, supporting students across public and independent institutions through financial aid programs like the Tuition Aid Grant (TAG), the Educational Opportunity Fund (EOF), the Garden State Guarantee (GSG), and the Community College Opportunity Grant (CCOG). This investment helped reduce net costs for students. Despite increases in cost of attendance, students at both two-year and four-year public institutions in New Jersey are paying less out-of-pocket than they were at the beginning of the Murphy Administration.

Broader national trends, however, show that the student share of cost of attendance is rising. As of FY2023, tuition accounted for more than 50 percent of total institutional revenues in nearly half of all states nationwide, with New Jersey having an above average student share. On average, students at our two-year institutions are responsible for about 34 percent of costs and students at four-year institutions are responsible for about 50 percent.<sup>8</sup> Meanwhile, state appropriations per full-time equivalent (FTE) student have declined by 29 percent over the last 30 years, down from its high of \$13,381 in FY1994 to \$9,538 in FY2023. This compares to an average increase of \$1,134 among the other 49 states during this period, representing a 12 percent average increase for those states.<sup>9</sup> Without student financial aid, this trend indicates an increasing operational reliance by institutions on tuition revenue. And, unlike state appropriations, which provide more predictable funding, tuition revenue can be subject to factors

<sup>7</sup> National Association of State Student Grant and Aid Programs (NASSGAP), *2022-2023 54th Annual Survey Report on State-Sponsored Student Financial Aid* (2024), [https://www.nassgapsurvey.com/survey\\_reports/2022-2023-54th.pdf](https://www.nassgapsurvey.com/survey_reports/2022-2023-54th.pdf)

<sup>8</sup> SHEEO, *State Higher Education Finance Report, Fiscal Year 2023: New Jersey State Profile* (2024), <https://shef.sheeo.org/state-profile/new-jersey/>

<sup>9</sup> OSHE, *Cost-of-Living Adjusted Analysis*, based on data from SHEEO, *State Higher Education Finance Report, Fiscal Year 2023* (2024)

outside of an institution's control. A model that leans heavily on tuition for financial stability, without a good balance of student financial aid, as New Jersey has achieved, places additional pressure on institutions that may undermine long-term sustainability and affordability.

### *State support for capital needs*

Capital outlays are one of the biggest drivers of institutions' operational costs and debt in New Jersey. Despite this fact, New Jersey lacks an annual dedicated funding stream for higher education capital needs. In FY2020 and FY2021, New Jersey was one of only six states that lacked a consistent capital funding stream.<sup>10</sup> To support capital improvements, institutions primarily rely on occasional state bond referendums, the Higher Education Capital Facilities programs, and institutional borrowing to support capital improvements. And, since 1994, New Jersey has invested only \$2.1 billion into capital funding for higher education.

Over the course of the Murphy Administration, more than \$440 million has been awarded by OSHE for institutions' capital needs through bonding. Under the Securing Our Children's Future bond measure, \$45.9 million was awarded across two grant cycles for facilities improvements related to career and technical education at county colleges.<sup>11</sup><sup>12</sup> In 2023, as part of the joint solicitation of the state's four revolving state-backed bond programs,<sup>13</sup> another \$395 million was awarded for 54 projects<sup>14</sup> through a competitive capital facilities improvement grant cycle.

While the largest proportion of capital funding occurs outside the state budget context, the community colleges receive Chapter 12 funding through annual appropriations and institutions receive one-time or occasional recurring legislative additions. As a proportion of the state budget for higher education, however, this funding line is just five percent. To have a significant proportion of capital needs fulfilled, senior public institutions have requested, through the Capital Planning Commission this year, over \$4.95 billion for deferred maintenance with a seven-year anticipated estimate of \$15.57 billion.

### **The future of higher education funding in New Jersey**

<sup>10</sup> SHEEO, *State Capital Appropriations for Public Higher Education: Fiscal Years 2020 and 2021* (2022), [https://shef.sheeo.org/wp-content/uploads/2022/08/SHEEO\\_SHEF\\_FY21\\_Capital\\_Appropriations.pdf](https://shef.sheeo.org/wp-content/uploads/2022/08/SHEEO_SHEF_FY21_Capital_Appropriations.pdf)

<sup>11</sup> OSHE, *List of Approved Projects: Statewide Campus Facilities Investment Initiative (SOCFII)*, <https://www.nj.gov/highereducation/documents/pdf/socfii/ListofApprovedProjects.pdf>

<sup>12</sup> OSHE, *Community Colleges and Career and Technical Education (CC/CTE) Funding Table*, [https://www.nj.gov/highereducation/documents/pdf/socf/OSHE\\_CC\\_CTE\\_Table\\_FINAL.pdf](https://www.nj.gov/highereducation/documents/pdf/socf/OSHE_CC_CTE_Table_FINAL.pdf)

<sup>13</sup> Higher Education Capital Improvement Fund (CIF), Higher Education Facilities Trust Fund (HEFT), Higher Education Equipment Leasing Fund (ELF), Higher Education Technology Infrastructure Fund (HETI)

<sup>14</sup> OSHE, *Total Awarded Funding: Joint Solicitation 2022*, [https://www.nj.gov/highereducation/documents/pdf/jointsolicitation2022/TOTALAWARDEDFUNDING\\_71023.pdf](https://www.nj.gov/highereducation/documents/pdf/jointsolicitation2022/TOTALAWARDEDFUNDING_71023.pdf)

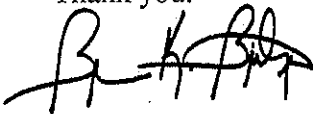
We credit New Jersey institutions for their adaptability and commitment to students as they have experienced increasing financial strain over the prior three decades. Their work with added support from the state during the current administration, not only in terms of funding but also through student-centered policy, has seen attainment rates in New Jersey continue to climb and degree outputs grow. More work lies ahead, however.

New Jersey is 34th of states nationally when it comes to the ten-year percentage change in total state funding for higher education (between FY2013 and FY2023). During this period, our inflation and cost-of-living adjusted spending for higher education increased by only 2 percent.<sup>15</sup> The structure of our higher education ecosystem remains vulnerable, particularly to periods of transition and change. At present, change is the constant.

To achieve institutional sustainability and secure higher education's future in New Jersey, it is imperative to have conversations that continue exploring funding approaches that provide predictable, transparent, and mission-driven allocations. To that end, we thank the legislature and institutions for their partnership in enhancing fiscal governance and transparency across New Jersey's higher education landscape through P.L. 2021, Chapter 27 and P.L. 2023, Chapter 115. This has enabled OSHE to develop and implement the Financial Assessment and Risk Monitoring Program (FARM) program, which is strengthening the state's proactive engagement of institutions toward improved operational and funding stability.

Higher education underpins the economic and social prosperity of New Jersey. Strengthening its foundation through well-informed and responsive approaches to funding is essential.

Thank you.



---

<sup>15</sup> OSHE, *Cost-of-Living Adjusted Analysis*, based on data from SHEEO, *State Higher Education Finance Report, Fiscal Year 2023 (2024)*

# The partnership that drives America's leadership in medical discovery: How it works and what's at stake

*By* Liz Fuller-Wright, Office of Communications on Feb. 18, 2025, 2:35 p.m.

For more than seven decades, Princeton and other leading research universities have played an integral role in building and strengthening America's research system into the envy of the world — a collaborative effort that advances human health, strengthens national security and gives America a crucial edge in global competitiveness.

The key to that system is a partnership between the federal government and research universities that grew out of make-or-break World War II research efforts like the Manhattan Project. Those projects helped the government recognize the paramount importance of science and scientists to the nation's success.

This remarkable government-university collaboration has led to an unprecedented pace of invention, innovation and discovery, said Michael Gordin, a renowned historian of science and the dean of the college at Princeton University.

"By any metric, the success of the American research establishment is extraordinary," said Gordin, who is also Princeton's Rosengarten Professor of Modern and Contemporary History. "There's no form of recognition — Nobel Prizes, any other kind of prizes, publications, citations — in which the U.S. is not the world leader. And all of this is based on a deal where the government provides funding, and in exchange it gets products, research, national security, prestige, and the next generation of qualified scientists."

America's leadership in technology and medicine rests on that foundation — a foundation now under threat from proposed cuts that would result in billions of dollars less being invested in university research conducted on the government's behalf.

In medical science, the partnership works like this: The National Institutes of Health asks university researchers to compete for grants in areas of discovery it prioritizes — cancer research, brain science, child development, adolescent mental health, assistive technologies like artificial

limbs, healthy aging, and more. Princeton has 199 active NIH grants covering many of these topics, and those grants make up roughly 22% of the University's research portfolio.

“World-class research institutions like Princeton do the lab work on behalf of the American people in university laboratories with university-trained scientists who are the very best in their fields,” said Peter Schiffer, Princeton’s dean for research. “Those researchers then share their findings publicly, ultimately leading to lifesaving treatments, inventions, technologies and solutions.”

Healthcare in America has been utterly transformed by NIH-supported university discoveries, including these:

- The discovery of GLP-1 drugs to reduce obesity, one of the biggest risk factors for Type 2 diabetes, pioneered by a scientist at Massachusetts General Hospital (part of Harvard Medical School).
- The transformational lung cancer chemotherapy drug Alimta, developed by Princeton chemist Edward C. Taylor in collaboration with Eli Lilly.
- The development at UT Southwestern Medical Center of statins and PCSK9 inhibitors, which lower cholesterol and dramatically reduce heart disease.
- The breakthroughs at MD Anderson Cancer Center (also part of the University of Texas system) in the new field of immunotherapy, which harnesses the immune system to treat a range of cancers that have been intractable in the past.
- The mRNA vaccines pioneered at the University of Pennsylvania that saved millions of lives during the COVID pandemic.

Universities also subsidize government research funding with facilities and faculty paid for by endowments and the generosity of private donors. Additionally, universities pay out of their own pockets to fund research in its earliest stages and too unproven to secure government grants — so-called “blue sky” research, whose practical payoff may be great but far away.

## “Indirect costs”: Real, required expenses

The government-university relationship is now at risk. On Feb. 7, in what sounds like a wonky and minor move, an NIH memo (<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-25-068.html>) announced the agency's intention to cap the so-called “indirect costs” reimbursed by NIH grants.

In NIH and other federal research grants, direct costs can pay for sophisticated equipment, supplies like petri dishes and chemicals, and salaries for researchers. The essential connective tissues that keep research going — from science libraries to utilities to IT support — are classified

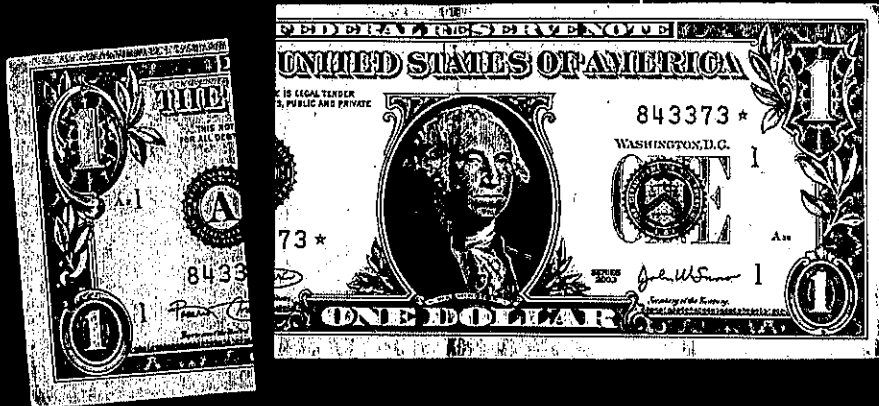
as “indirect costs” because their value can’t be directly assigned to any one project: What percentage of the operating costs for a cryo-electron microscope (<https://www.princeton.edu/news/2024/02/01/princetons-world-class-microscopes-are-making-giant-impact-realm-minuscule>) contributes to curing cancer? The NIH pays to partially reimburse universities for these indirect costs because without them, research labs would go dark.

Every university and research institution works closely with the federal government to decide what indirect “rate” will be added to the direct costs. These rates are renegotiated every few years and generally range from 50 to 80 percent of a subset of the direct costs. The proposed NIH cap would cut this rate to 15% for all grant-receiving institutions. Princeton’s reported rate is 64%, but that does *not* mean 64 cents of every federal dollar go to overhead. In reality, based on the complicated math of grant awards, it’s only 27 cents on the dollar, with the other 73 cents of every federal grant dollar paying for direct costs.

# How federal research dollars are used at Princeton

# 73¢

**Direct costs**  
Per dollar of NIH funding



# 27¢

**Indirect costs**  
Per dollar of NIH funding

A full 73 cents of every federal research dollar pay for the direct cost of our world-class scientific research. The other 27 cents are reimbursements for expenses that are called "indirect" but are real, necessary costs to support research.

At Princeton, 73 cents of every federal research dollar are spent on the direct costs of research. The other 27 cents on the dollar go to the essential "indirect" costs that support world-class research, including computing equipment and specialized staff. On Feb. 7, the NIH announced a 15 percent cap on these "indirect" costs at research universities, now under court review. (Existing contracted reimbursement rates range from 50 to 80 percent.) Princeton's reported rate of 64 percent looks like it means that 64 cents of every federal dollar go toward these "indirect" costs, but because the actual reimbursement rate is a percentage of a percentage and because only 58 percent of direct costs are subject to the indirect rate, 27 cents is the actual figure. The math works like this: For every \$100,000 in federal funding, Princeton currently gets  $.64 \times .58 \times \$100,000 = \$37,000$  additional dollars toward "indirect" costs. The final percentage is therefore  $\$37,000 \div \$137,000 = 27$  cents on the dollar.

Indirect costs, the non-obvious but vital components of research, account for more than a quarter of the agency's contracted support for the nation's medical research. In 2023, NIH grants supported more than \$35 billion in biomedical research nationwide, of which about \$9 billion went to indirect costs.

The proposed cap, now under court review, would "harm the quality of medical care in this country, because we will no longer be making the kinds of discoveries that have advanced the quality of health and wellbeing for the last 75 years," said Shirley Tilghman, the emeritus president of Princeton University and professor of molecular biology and public affairs.

"Direct costs are obvious — consumables, supplies, salaries for people who conduct research — but indirect costs are equally essential," said cancer biologist **Yibin Kang** (<https://kanglab.scholar.princeton.edu/people/yibin-kang>), whose breakthroughs have led to multiple cancer treatments currently working their way to market. "You cannot keep the lab going without both."

Kang described indirect costs in terms of a pastry shop. "You have to buy flour, buy sugar, pay your employees, and so on. Those are your obvious, direct costs.

"But you cannot make a pie if you don't have ovens, gas to heat the ovens, lights, running water," said Kang, who is Princeton's Warner-Lambert/Parke-Davis Professor of Molecular Biology. "In research, our 'product' is discoveries, and some of those discoveries could lead to new medicines for cancer patients. And in universities, another of our products is a trained workforce — the next generation of scientists."

## At risk: "This extraordinary enterprise"

Federal funding has never fully covered the costs of research, so research institutions have always funded the difference. Princeton's cutting-edge facilities for **environmental science and bioengineering** (<https://facilities.princeton.edu/projects/es-seas>), for example, are supported not by federal funds but by private donors and the **University endowment** (<https://www.princeton.edu/news/2021/10/25/understanding-princetons-endowment-history-impact>).

"This social contract has worked enormously well for the United States, and we mess with this at our peril," said Tilghman, who advised the government during the Human Genome Project. "This would be the classic self-inflicted wound. If the 15% cap on indirect costs goes into place, it would undermine all of the universities and research institutes that are now producing the kinds of advances that power the American economy and are making the world healthier.

"I'm horrified at the thought that we are going to essentially hobble this extraordinary enterprise that is producing so much good," she said. "We're at the cusp of one of the most exciting moments in biomedical science."



This remarkable government-university collaboration has led to an unprecedented pace of invention, innovation and discovery.

*Photo by Matthew Raspanti, Office of Communications*

Kang said the prospect of funding cuts threatens the intricately balanced mechanisms of American medical research in a way that will affect American competitiveness for generations.

"Research is not like a faucet you can turn on and off," he said. "It takes years to build a research enterprise and keep it running smoothly. When you stop clinical trials, when you lose students in training programs, when you stop ongoing experiments that take years to build up, first of all it's very wasteful, because all those go down the drain. Second, it's very hard to recover from. Irreversible damage could be done."

Abrupt funding cuts have "a chilling effect on our trainees," said Kang. "They're worried for their current jobs and worried for their future prospects, because many institutions are considering laying off current staff and freezing hiring or recruitment, due to expected resource constraints."

“Graduate students ponder whether they should continue to pursue a Ph.D.,” he said. “We are going to have a generational gap in the professional workforce. That will jeopardize the leadership position of the United States at a time when China, Europe and many others are vying to be the leaders at the frontiers of biomedical research, at a time when AI and many other breakthroughs are energizing the field and accelerating the pace of discovery and translation. We are at risk of losing the lead at the most critical juncture of this competition.”

Gordin said the ramifications extend beyond university campuses to the commercial ecosystem of medical discovery. “I think the strength of America’s research system is the fact that it’s interwoven and porous,” he said. “The capacity to train more students is the most essential part of it, because university graduates then go on to work in universities, in industry and in national labs.”

In the history of modern science, “we only have one example of an industrialized, leading scientific country that starved its scientists, and that was the former Soviet Union,” Gordin noted. “The results were quite catastrophic. In the first decade after the collapse of the Soviet Union, Russia lost 70% of its scientists.

“A small fraction left the country, but most just got other jobs,” he said. “They went into industry, or became advertising executives or sold real estate. That was a lot of human capital that was heavily trained up on the public purse that then dissipated. And it’s very hard to restart a system like that. Russia still hasn’t been able to restart it.”

