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# Committee Meeting

## SPECIAL MEETING ON HIGHER EDUCATION

*“Members of the Legislature will receive testimony from invited guests on the state of higher education in New Jersey. Topics to be addressed include examining the fiscal transparency of institutions of higher education; faculty and staff priorities; research grants and other funding; and workforce-development programs and initiatives”*

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**LOCATION:** Committee Room 11  
State House Annex  
Trenton, NJ

**DATE:** May 1, 2023  
10:00 a.m.

### **MEMBERS OF COMMITTEE PRESENT:**

Senator Andrew Zwicker, Co-Chair  
Assemblywoman Mila M. Jasey, Co-Chair  
Senator Joseph P. Cryan  
Senator Nellie Pou  
Senator Vincent J. Polistina  
Assemblywoman Linda S. Carter  
Assemblyman Daniel R. Benson  
Assemblywoman Verlina Reynolds-Jackson  
Assemblyman Gerry Scharfenberger  
Assemblyman Brandon E. Umba



### **ALSO PRESENT:**

Sarah B. Haimowitz  
Jessica S. Rueb  
*Office of Legislative Services*  
*Committee Aides*

Tom Little  
*Senate Majority*  
*Committee Aide*

Jonathan Vitale  
*Senate Republican*  
*Committee Aide*

Sam Aloï  
*Assembly Majority*  
*Committee Aide*

Reina Smrdelj  
*Assembly Republican*  
*Committee Aide*

***Meeting Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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SENATE  
Andrew Zwicker  
Joseph Cryan  
Vincent J. Polistina  
Nellie Pou  
Michael L. Testa, Jr.

GENERAL ASSEMBLY  
Mila M. Jasey  
Daniel R. Benson\*  
Linda S. Carter  
DiAnne C. Gove  
Verlina Reynolds-Jackson  
Gerry Scharfenberger  
Brandon E. Umba



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## ***NEW JERSEY STATE LEGISLATURE***

### **SPECIAL MEETING ON HIGHER EDUCATION**

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### **REVISED MEETING NOTICE**

TO: SELECT LEGISLATIVE MEMBERS

FROM: SENATOR ANDREW ZWICKER  
ASSEMBLYWOMAN MILA M. JASEY

SUBJECT: **MEETING – MAY 1, 2023**

*The public may address comments and questions to Sarah B. Haimowitz, Jessica S. Rueb, Office of Legislative Services, or make bill status and scheduling inquiries to Nadine M. Loretucci, Secretary, at (609)847-3850 or fax (609)984-9808. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

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**A Special Meeting on Higher Education will convene on Monday, May 1, 2023 at 10:00 AM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.**

**Members of the Legislature will receive testimony from invited guests on the state of higher education in New Jersey. Topics to be addressed include: examining the fiscal transparency of institutions of higher education; faculty and staff priorities; research grants and other funding; and workforce development programs and initiatives.**

Issued 4/26/23

\*Revised – 4/28/23 – Assemblyman Benson added; Assemblyman Giblin removed.

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**SENATOR ANDREW ZWICKER (Co-Chair):** Good morning, everybody, and welcome to the second hearing of the Joint Special Committee on the Status of Higher Education, May 1, 2023.

We've got a jam-packed schedule for today with four different panels that we will call up.

Of course, we're all grateful that over the weekend there was a final settlement at Rutgers. Congratulations, I'm glad to see both sides coming to an agreement.

(applause)

We have reached a critical time for higher education in New Jersey. We talked about some of these issues at the last Committee hearing. We'll continue to talk about the financial situation during *this* Committee hearing, as well as the overall status of staff and concerns of staff; community colleges and workforce development; fringe rate, and the ability for our research universities to be competitive nationally; and ensure that we are getting our fair share of the billions of dollars of Federal research money and the impact of that; and about fiscal transparency.

A pleasure, as always, to be with the Chair of the Higher Education Committee, Chairwoman Jasey, and I'll turn it over to you.

**ASSEMBLYWOMAN MILA M. JASEY (Co-Chair):** Thank you. I don't think I have a whole lot to add to that, and we're anxious to hear the panels, so perhaps after roll call, we can start.

MS. RUEB: Assemblyman Umba.

ASSEMBLYMAN UMBA: Present.

MS. RUEB: Assemblyman Scharfenberger.

ASSEMBLYMAN SCHARFENBERGER: Here.

MS. RUEB: Assemblywoman Gove is not here.

Senator Testa is not here.

Senator Polistina is not here.

SENATOR ZWICKER: He's on the way.

MS. RUEB: He's on the way.

Assemblywoman Reynolds-Jackson.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Here.

MS. RUEB: Assemblywoman Carter.

ASSEMBLYWOMAN CARTER: Here.

MS. RUEB: Assemblyman Benson is not here--

SENATOR ZWICKER: He's here.

MS. RUEB: OK.

Senator Pou.

SENATOR ZWICKER: Is on the way.

MS. RUEB: On her way.

Senator Cryan.

SENATOR CRYAN: Here

MS. RUEB: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Present.

MS. RUEB: And, Senator Zwicker.

SENATOR ZWICKER: Present.

ASSEMBLYWOMAN JASEY: OK, we would like to start with the first panel. And, so, I would like to-- Well, actually, the first panel is not a panel.

Tiara Moultrie from The Century Foundation is here. And, thank you so much for making the effort to get on the train and come up to see us.

While you're coming up, I am going to introduce who you are. Tiara Moultrie is a nationally recognized expert in higher education issues, specializing on the financial aspects impacting students and the institutions serving them. Ms. Moultrie is employed by The Century Foundation -- an independent think tank devoted to conducting research and developing solutions to promote equity in areas including education.

Ms. Moultrie's insight is particularly instructive, as she is quite familiar with New Jersey's institutions of higher education, having previously worked at the New Jersey Institute for Social Justice prior to joining Century.

So, the floor is now yours. Red is on, so if you hit the button and it turns red, you're on.

Thank you.

**TIARA MOULTRIE:** Good morning, Assembly Higher Education Chair Jasey, Senator Zwicker, and other members of this Joint Committee.

Thank you for the opportunity to present testimony.

My name is Tiara Moultrie, and I'm a fellow of The Century Foundation, a progressive independent think tank that conducts research, develops solutions, and drives policy change to make people's lives better. We pursue economic, racial, gender, and disability equity in education, health care, and work, and promote U.S. foreign policy that fosters international cooperation, peace, and security.

As mentioned, my work focus is primarily on higher education accountability, and I am pleased to present remarks on how to strengthen

financial oversight of public institutions that serves to protect New Jersey's students and taxpayers.

The improved financial stability of New Jersey public institutions is both an achievable and worthwhile goal. Unfortunately, assessing the financial responsibility of an institution can be difficult. And, small state agencies like ours need additional information, tools, and support to provide the kind of high-end financial scrutiny needed to adequately protect students from harm.

Just as the U.S. Department of Education utilizes a number of financial oversight tools to identify financially unstable institutions, so, too, should the State of New Jersey to protect against precipitous school closures. Early identification of financially unstable institutions requires institutions to report on their fiscal health and viability more regularly.

In the years since the start of the COVID-19 pandemic, many institutions of higher education across the nation have faced financial volatility. Changes in market demands, student outcomes, and many other factors can affect institutional viability. Whatever the cause of financial struggles, it's crucial that financial information is timely made available to State officials, including the Secretary of Higher Education, so that regulators can offer support and take action to prevent closure.

Financial oversight often relies on retrospective financial data that does not reflect the institution's current financial circumstances or liquidity. Often, by the time a problem has been identified, it's too late for me for intervention. This also means that instead of proactive measures that can help institutions stave off financial crisis, regulators must instead focus on mitigating harm from a closure. Financial distress and economic

uncertainty are particularly troublesome for public institutions, which offer low- and very low-income students access to a quality, affordable education.

The goal of the fiscal accountability measures should not be the imposition of harsh penalties for institutions that are experiencing temporary periods of economic downturn, but, rather, to offer institutions the support they need to prevent financial catastrophes and ensure that if an emergency does arise, students are protected from the shock of a sudden closure. When institutions close, regulators and accreditors must take immediate action to support displaced students. Students can be left without access to transcripts and other necessary documents that prevent them from easily transferring. When institutions close without teach-out agreements, students truly have limited options.

Precipitous school closures don't just harm students and faculty; however, they can also have devastating effects on the community at large. Institutions of higher education employ local residents; they engage in community outreach work; they really provide crucial and necessary supports to many communities across the state.

Recently, several high-profile stories have come out about financial trouble at some New Jersey public and private colleges, including New Jersey City University and William Paterson. I really want to highlight that a common thread shared by these institutions is their status as minority-serving institutions. Minority-serving institutions are vitally important, and have unique institutional needs and financial concerns. While none of the institutions named have needed to close as a result of financial deficits, they've announced mergers, layoffs, and other measures aimed at addressing financial difficulties.

The goal of financial oversight measures, again, should be to help schools obtain the additional support and guidance they need to achieve self-regulation and financial fitness. New Jersey is not alone in calling for strengthened audit requirements for state institutions to ensure money is put to the best use. Similar legislation has been introduced in other states, including Ohio and Massachusetts. And, response to a pattern of closed and merged institutions, Massachusetts created a work group to better safeguard students when institutions close. Based on that group's recommendations, the State has since adopted a number of legislative measures aimed at improved financial assessment and risk monitoring.

One such measure calls for public institutions and a Board of Trustees to establish an annual process for assessing financial status and identifying risk of imminent closure. If an institution is at risk of closure, it must establish a series of contingency plans, including plans for the long-term maintenance of student records. Affirmative reporting requirements like those in Massachusetts are especially important *because* they mitigate harm.

Likewise, given the crucial role of public institutions' boards, including reviewing the mission, hiring presidents, and approving the annual budget, it makes sense that more states are calling on them to have specific training on education, financial metrics, and financial management. It's worth noting that states are not alone in evaluating fiscal solvency and financial responsibility at institutions. Accreditors also collect annual financial reports and can impose their own monitoring requirements. The Federal government also plays a crucial role in financial oversight, and they can order comprehensive audits of institutions as well.

The regulatory triad is most effective when all of its members are steadfast in their commitment to protect students. States must strengthen their role in consumer protection by providing rigorous oversight and triage for schools that are hemorrhaging money. Here, again, Massachusetts provides a model. The Massachusetts Act to Support Improved Financial Stability in Higher Education allows accrediting agencies to conduct the financial screening of public institutions.

While it's true that strengthening financial accountability measures can, in some cases, require institutions to make changes, the measures outlined in this slate of bills in New Jersey build on existing Federal requirements. As a result, they shouldn't be overly burdensome for schools to enact. Strengthening fiscal oversight should also include improving transparency about a school's financial conditions. Transparency fosters trust and establishes a baseline for accountability metrics and improvements.

Unfortunately, publicly available data on schools' financial conditions is neither easy to access nor easy to decipher. In theory, much of the financial information we want public institutions to make available *is* available. While some institutions release audited financial statements on their website, and all colleges submit data reports to the U.S. Department of Education through the Integrated Post Secondary Education Data System, which highlights revenue, expenditures, assets, liabilities, and other information, it's really incomprehensible to most people. Students and their families may not understand the significance of an institution's endowment report, or know what level of tuition dependence is most appropriate.

Accordingly, State regulators should consider creating metrics for what constitutes a financially at-risk school and make determinations of risk

accessible to the public. The OSHE website includes a wealth of information that students can utilize to make informed enrollment decisions, but there is one glaring omission: The website does not provide information on the fiscal health of New Jersey institutions. Students may believe that public institutions are at very low risk for closure, and, while that's true, it's certainly not impossible. Other states, such as Ohio, may provide a helpful model for how New Jersey could provide better information to students about a school's financial condition. The Ohio Department of Higher Education website features operating budget details for all public institutions, as well as a financial ratio analysis, which permits students to evaluate how an institution's financial health compares to other institutions in the state.

New Jersey should consider taking a similar approach in addition to requesting institutions (indiscernible) and financial information online.

Thank you again for this opportunity to provide testimony at this special meeting on higher education. Through (indiscernible), financial monitoring, and supervision, as well as increasing transparency, New Jersey can ensure that struggling institutions -- including those that serve non-traditional and low-income students -- receive the support they need to be better fiscal stewards, and continue the work of preparing students for the 21<sup>st</sup> century and 21<sup>st</sup>-century jobs.

ASSEMBLYWOMAN JASEY: Thank you.

Can we -- I know the minutes will show your testimony, but can we get a copy of your testimony? I want to thank you for that.

I do have a question. We've been hearing a lot about the fiscal cliff that a number of our institutions are moving towards. How do you think the pending enrollment cliff will impact our students, in terms of the public

institutions' financial stability -- especially MSIs, or minority-serving institutions?

And, what would the potential consequences to them without accountability and monitoring be?

MS. MOULTRIE: So, MSIs in particular are really vulnerable to changes in student population. I mentioned the COVID-19 pandemic because many institutions are still dealing with the consequences of that.

ASSEMBLYWOMAN JASEY: Right.

MS. MOULTRIE: There are institutions that chose to invest in things like housing because they believed that more students would be returning to the state as a result of the COVID-19 pandemic, and, in reality, what's happened is a majority of students have either left higher education altogether and decided to enter into the workforce, or go through workforce-training programs at local community colleges. And, so, that puts financial institutions -- or, rather, higher education institutions -- at real risk.

When we talk about closures, it's very interesting to talk about it within the public college setting. Normally we talk about precipitous closure at proprietary schools -- schools that suddenly, you show up and there's a sign on the door that says, "Classes aren't in session, this school no longer exists."

That's not a thing that happens with public institutions as much. Part of that also has to do with the way that the Federal government monitors them. So, the Federal government primarily uses a financial composite score to determine whether or not a school is financially sound. These are meaningful, but really, for non-profit and proprietary institutions, there aren't really State institutions that suffer penalties for having poor financial

composite scores; the only exception is if they don't submit an audit report, for example. But, the belief is that things like return of Title IV funds would be covered by the State. So, the Federal government doesn't monitor these institutions in the same way.

And, because of that, it's a little harder to tell when they *are* going to close, and those closures become more impactful when they're in communities of color. So, in the testimony, I sort of looked at, New Jersey City University, but there are other institutions that have also gone through mergers and various financial difficulties -- Bloomfield College, which is one of the only predominantly Black institutions in the State--

ASSEMBLYWOMAN JASEY: And Hispanic--

MS. MOULTRIE: --recently underwent a merger, so there are a number of issues dealing with low-income students; one having to do with the fact that they are more vulnerable to economic changes. You see a lot more withdrawals; a lot higher decreases in enrollment, because they do have these very real consequences they're facing. They're dealing with food insecurity; they're dealing with transportation issues; and, so, this support and the wraparound services that a school provides are that much more important.

But, when they aren't provided, when there are periods of economic downturn, people have to decide between upskilling and taking a job that's going to allow them to feed their children. They're probably going to do the latter. And, so, that's why it becomes so much more important.

Also, in general, MSIs are more tuition dependent. They enroll a larger number of Title IV eligible students; a larger number of students who are going to qualify for Pell grants. And, so, when they don't have access to

that liquid, essentially, that comes from tuition dollars, they find themselves in financial distress.

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR ZWICKER: Thank you for your testimony.

Princeton University President Chris Eisgruber recently wrote an op-ed in the *Washington Post* talking about the value of a college education. And, one of the things he cites in that op-ed are studies from a variety of different organizations that talk about the long-term impact of receiving a college degree -- financial impact -- showing, on average -- quoting from the article -- it's about 14% per year, in terms of income to an individual, especially if they graduate after four years.

So, the point being, of course, that there is an enormous economic advantage for attending college, graduating within four years, and what happens afterwards.

So, use that to preface to my question to some of your testimony. Preparing for today, we asked staff -- partisan staff, and the Office of Legislative Services -- to help us understand how much debt our public four-year institutions are undergoing or have right now. And, they told us they had to go institution by institution, that there was no easy place to put all of this together. To the point that you were making in terms of the data may be out there, but it's not so easy to find.

The number they came up with was \$5 billion, *at least*. And, that's \$5 billion of debt to our four-year public institutions. That's a big number.

So, I guess my question is, in your testimony, you talked about temporary periods of instability. And, obviously, we've come out of a

pandemic -- no one ever anticipated that. Speaking for myself, but I think in general, probably when there are temporary times, it seems like that is beholden upon us to figure out how to get an institution through there.

My question to you is really one of general-- I'm not thinking of any particular institution at all, right now. So, what you're talking about in New Jersey, where you're researching other states. But, can the system survive? What do we do? You said it -- it's uncommon, but what do we do? How do we start thinking about this, in your opinion? We see enormous debt -- to Chairwoman Jasey's point -- about a decrease in college enrollment; your testimony about the value of college, especially to underrepresented populations.

Can you give us some general comments about where you see this overall, and what you think we need to start thinking about?

MS. MOULTRIE: Yes, I think the thing that always come up is sort of the need for increased State investment in higher education and, again, the need for transparency.

One of the issues is, again, because we're looking at audited financial statements that may be from two, three, four years ago; it's very difficult to tell how bad an institution is doing, or how poorly they're doing in financing.

It's also interesting because a lot of this is, too, a specific New Jersey context. So, in California, they obviously have a very different system in that they have a Commissioner for community colleges; for the UC system, for the CSU system -- but all of their schools and all of their institutions are expected to operate with some revenue reserve. And, when they don't do that, they don't have sort of a cushion. Then, a team comes in and actually

becomes responsible for monitoring them and stewarding them through. This is more common within their community college system, because it's really prevalent within the K-14 structure.

But, even the idea of putting, like, a monitor at a school is something that other states have the ability to do already, and that's where we get to have access to some of this information; we get to understand where the cause for the economic downturn is. So, sometimes it'll be COVID-19 pandemic specific; it'll be an inability to understand student populations; changing student needs; growing too quickly; putting investments in property and other assets in the way that the Federal government actually tries to understand how an institution is doing financially. They rely on very outdated data as well, and use these things like the value that you brought the property at. So, that necessarily is present value, but how much it was purchased for -- all these various things that go into the financial composite number.

So, it's difficult to say, but the important thing is that in New Jersey, where it's sort of necessary that there's more State intervention, because there isn't this level of reporting, it becomes crucial to have, like, a monitor that you can put in place. It becomes crucial to say institutions have to continuously report on what's happening and not just report but make frequent reports.

And, then, also, just-- So, related to the legislation and a lot of the testimony that focused on not punishing schools, making it clear that the goal is to never have a school close. In general, public institutions are necessary. They operate in parts of the state that are in desperate need of the sort of economic security that a degree is intended to bring. And, so,

when institutions understand that there is no one looking to see them closed, that the real effort is in ensuring that they become financially fit; that they are making decisions that are going to be in the best interest; that they are accountable to someone, that it's not sort of a check mark, but that they have to really think about what they can do to make changes. And, that's something that we did see in a lot of instances.

So, if we look at William Paterson, for example-- When schools make these decisions to shrink programs, to say, "We're going to make different investments; we're going to look at what's most fit," that's what they have to do. And, unfortunately, it can't be as prescriptive, so there will be institutions that say, "We invest in sports because we feel like there is a decline in the number of men on campus, and this is one way to address that." There are going to be institutions that say, "Within the community that we serve, it's necessary that we have a cultural center, and that's where we want to put our funding." There just has to be an explanation and a rationale made available to the State so that they can understand what they're actually underwriting.

SENATOR ZWICKER: Thank you.

ASSEMBLYWOMAN JASEY: Senator Cryan.

SENATOR CRYAN: Thanks.

Thank you for your comments. I just wanted to follow up on a couple, and then take advantage of your New Jersey experience a little bit, if that's OK.

First, I would like to ask the Chairs, through staff, if we can get a little bit of a synopsis on the Massachusetts model you referred to and the Ohio model you referred to. If we could receive that.

I wanted to follow up on the MSI stuff in particular, because one of the comments about the schools mentioned here in particular is that they generally have lower-than-average graduation rates. Bloomfield College, for example, is a disaster in terms of graduation rates. I think that's a fair assessment.

Do you evaluate, or is there any evaluation out there that also include the support services for minority students in order for them to actually achieve graduation? The Chairman referenced the *Post* op-ed, but this whole idea of getting to four years-- Do we have anything that evaluates those kind of support services?

MS. MOULTRIE: So, they aren't necessarily evaluated. Again, at the Federal level, that financial composite score doesn't take quality into consideration at all; it's just a financial assessment of how the institution is doing and whether they have cash on hand, essentially. That's what the Federal government appraises when they are doing assessments about financial responsibility.

For MSIs who serve a unique population -- and, yes, many of them do generally have lower graduation rates, for a variety of reasons. Whether it's because students, again, feel the need to sort of disconnect completely from higher education; whether it's because they're taking longer breaks; whether it's because it's more difficult to recruit faculty -- lots of different reasons why MSIs really suffer, and say that another important caveat is that the Federal government and accreditors also don't really consider these things.

So, like, graduation rates as an assessment really become very difficult. The Federal government and accreditors don't say that an

institution has to graduate 25%; there's no bright line for what an appropriate graduation rate is, unfortunately. There have been pushes from advocates on both sides of the aisle to say that if we're going to continue to invest public dollars in education, there should be a guarantee that, whether it's 25%, 50%, 75% of students who are enrolled who graduate, there isn't anything like that currently available, and a lot of the pushback from institutions is rooted in that language of, "Well, the government can't describe what we need or can't prescript what we need." We take chances on students who higher education has turned its back on; we have decided that we want to focus on pushing students out.

So, in the case of community colleges -- which are also more likely, in New Jersey, to be MSIs -- they have lower graduation rates, they say specifically because the intent is to have people eventually move on to four-year institutions or to be there short-term to get a credential. So, this is unfortunately one of those things that's really difficult, just because we, as a nation, haven't really decided on what a bright line is.

The one caveat is that there are some accreditors that have program level information. So, if you are, like, an American Bar Association accredited school, or an American Medical Association, if there's an exam at the end, they do take those into consideration -- nursing, which is a huge major, generally NCLEX passage rates are included as part of an accreditation assessment. But, outside of that, there's not an actual model, nationally, for what an appropriate graduation rate is.

SENATOR CRYAN: OK, but it is a reasonable comment through the Chair that community colleges here in New Jersey are designed for open enrollment? If you apply, you're accepted, you figure out how that

works. Whereas, opposed to the public universities and colleges, you have an application process where they accept the student?

And, at least for this Senator's opinion, when you accept somebody, you accept the obligation to graduate them. And, it makes me go to the opinion of the return on investment.

So, part of the thing I don't think we're talking about here enough is that there are tens and tens of thousands of students who have attended these schools who haven't graduated, and yet have accumulated student debt. And, that the ability for these schools to recover when there's a problem like there is now post-pandemic in the U.S., part of that is rooted in the fact that there's a disassociation in the community because there are many who have had the experience of debt and no degree.

Now, I wonder, if you could talk about -- is there any sort of return on investment evaluation on a national standard that we could apply in this Committee, or something to consider?

MS. MOULTRIE: Yes, so, there are a number of people right now who are thinking about return on investment in different contexts. So, for both undergraduate degrees and graduate degrees, there have been attempts to implement things like GE rules to try to get at what an appropriate income people should be making is.

All that data is generally focused on people who graduate. We don't have data that's as good on people who withdraw from institutions, and definitely don't have it by year. So, the experiences of someone who attended college for one year versus someone who attended for three years are very different, and none of the data really captures that at this point. So, it's difficult to say what the best model is.

Of course, the goal should always be to graduate students. But, again, I think this is a space where advocates and institutions may talk about what their role is as stewards. The focus *should* be on graduation. We've seen changes in the way that people graduate -- no longer is four years the sort of norm; most people are in school for about five years if they do complete a bachelor's degree. There have been changes in the kind of student-- We're seeing a return to workforce, so there are more people who are first-generation students; more people who are working full-time while enrolled in school. All things that can affect whether or not they complete.

So, again, there are institutions that say, "Our goal is to upskill people, to give them stackable credentials." So, there have been attempts to do things like that, to implement more stackable credentials, that way if you don't finish an associate degree, you do have at least a certificate--

SENATOR CRYAN: You have something to lean back on.

Can I just follow up on the Chairman's point about debt a little bit? I'm going to take advantage of your New Jersey experience here. I've never issued a higher ed. debt, but I've certainly seen enough of it fly around in my district and elsewhere.

Do you know if there are any standards in terms of what's required in order to begin the process of accumulating debt? And, I'll give you a couple of examples: If you want to build a new building, is there a space-utilization requirement? If you want to decide on a new major and therefore incorporate additional requirements, is there any sort of analysis of the area around you -- the universities around you? The classic example is Kean doing an architectural school, which is a diminishing degree at the time, when NJIT was 9 miles down the road.

But, is there anything that you're aware of in the state that shows any sort of standard probability of success; any consistent requirement; anything that shows, for example, if we want to take on debt, what the impact, for example, to capital fees are to the student requirement long-term? Anything along those lines. Are you aware of any sort of standards like that?

MS. MOULTRIE: So, I am not aware. In the State, and at the Federal level, again, it becomes a weird question -- not weird, but a question of, like, people are required to report certain things to their accreditor if they're looking to establish a new school, build a new institution, something like that.

But, there isn't necessarily that same attention to capital gains. Although it is something that would be interesting to look at, to again, see what a sort of national landscape of those kind of policies is, and determining what's most appropriate.

SENATOR CRYAN: And, again, relying on your New Jersey experience, that was for capital. For expansion of programs, are you aware-- I used the architectural one a little bit in the previous.

I think many of us -- I'll speak for myself -- some of us see redundant programs, and when they see, for example, two universities in crisis, mention the fact that they're shrinking those programs, yet they feel they've got a fiscal plan moving forward, you have to ask yourself, "What took so long?" I think that's a general comment.

Do you have-- Same kind of question. Is there anything, to your knowledge, on a standard that says, "We want to now begin to have a new program on architecture, therefore we have to provide space allocation, we

have to provide analysis of surrounding programs, we have to provide --” is there anything like that at all, to your knowledge, in this state?

MS. MOULTRIE: So, again, in general, I think that those things would be taken to an accreditor. So, if you were going to start a new program, you would have to talk to a programmatic accreditor, in short, that you have the resources necessary. If you were going to start a cosmetology program, for example, you’d have to ensure that you had appropriate space, that you were being mindful about licensure agreements between New Jersey and other states. You would have to ensure that, again, you have adequate water supply, that you have enough of a population that students would be able to do training there.

But, I can’t think of any sort of state requirement about who you -- about what you would report and who you would report it to.

SENATOR CRYAN: Last couple questions; I know I’ve gone too long for this Committee.

Is there an operating tuition number standard? You’re in The Century Foundation, right?

MS. MOULTRIE: (answers in the affirmative)

SENATOR CRYAN: So, is there a number-- I just don’t know the answer. If you take your tuition revenue, what percentage of that, of operating budget, should it be? Is there a national standard for that?

MS. MOULTRIE: There is not, but it is something that we have been thinking about generally, both in terms of instructional spending number, how do people calculate expenditures, and, also, one of the pushes -- as much as we talk about transparency -- is also just clarifying what terms mean.

So, like, when we talk about liquidity at an institution for example, what does that actually mean? What do phrases like “cash on hand” mean and how do we get at different assets; different liabilities? How are they reported? Are they reported the same? And, also, just how auditing requirements can vary.

So, there isn't necessarily an answer, but it is something that advocates are beginning to think more about, is how do we tell institutions or how do we convince the Federal government to instill in institutions the importance of assessing these things.

SENATOR CRYAN: Last, which is just a comment.

We talk about transparency, but from what I could tell, just from a quick preview, many of our colleges and universities require-- For example, you have to sign up ahead of time to speak at a public meeting. Which, I find is the most constraining thing. The idea that you don't (indiscernible) students, it drives me nuts that you have to sign up 24 to 36 hours in advance to speak before a board. I think we should eliminate that.

And, most of our -- not all, that I could tell -- but some of our universities raised tuition in July, which has the common thread of not having students available to participate in the process. I also think that's something that, let's just say, is not exactly transparent.

Last and final question for you: Is there any notice to your requirement when universities expand to local communities, facing a New Jersey experience? Do they tell if you're in a community and they want to build a new building -- do they have any sort of requirement to tell the host community that they're doing it?

MS. MOULTRIE: Do they have a requirement to report to the mayor or, like, a fiscal team?

SENATOR CRYAN: Somebody. Tell the mayor that you're going to build a brand new building on your campus. Do they have any sort of requirement to do that?

MS. MOULTRIE: I'm not sure, in New Jersey, whether or not there's a requirement.

I don't imagine that there is.

SENATOR CRYAN: Anyway, there's a lot of transparency, so, thank you.

SENATOR ZWICKER: I mean, at a minimum, to the municipal planning board--

SENATOR CRYAN: Actually, I know the answer, the answer is no.

(laughter)

I was just hopeful you might correct me. And, some universities abuse it to a great degree. Your topic is transparency, and it's pretty hard to feel for a university or a college that wants to be transparent when they don't have the decency to tell a local mayor that they're buying a property and/or expanding, and/or just come to the planning board as common courtesy.

The tallest buildings in one of the communities I represent are all on the university campus and the reality is that, for example, the town pays for the public expenditure of fire trucks and public safety and things like that.

That's one example common throughout the state. I was just curious, because your subject is transparency, I'll leave it at that.

And, I thank you very much.

MS. MOULTRIE: I definitely think that's something that is worthwhile, both for public and for private institutions, because there are also costs that you're underwriting there.

SENATOR ZWICKER: Other questions from the Committee?  
Assemblyman.

ASSEMBLYMAN SCHARFENBERGER: Thank you, Mr. Chairman, and good morning; welcome.

MS. MOULTRIE: Good morning.

ASSEMBLYMAN SCHARFENBERGER: You know, we heard a lot about enrollment being down in four-year colleges overall, and it becomes a real problem, because when you have declining enrollment, you have less folks coming in to cover expenses and everything like that.

Now, do you see -- do you see that universities will eventually have to look inward to maybe cut administrative costs, and things like that? Because, we heard a lot about, "Oh, COVID had an impact on enrollment." Before that, here in New Jersey, it was Superstorm Sandy; before that, it was the great recession.

So, there seems to be always something to point to that may be affecting college enrollment and recruitment and all of that. Do you see that happening, where universities are going to have to start to reassess or assess themselves, and maybe cut administrative costs, or re-examine cost offerings, where they may be things, some of the costs, degree programs, are not as valuable as the Senator pointed out -- the ROI is either not there or very, very minimal compared to others. So, maybe offering more viable courses and looking at administrative costs.

MS. MOULTRIE: So, I think this is a conversation that happens every 10 years about administrative bloat at institutions in general, and, as part of financial fitness, one of the biggest calls is usually to cut administrative supports, or institutions say, “We grew administration at this huge level because we thought we were going to be offering all of these services to students.” And, then again, some sort of economic or natural disaster happens and they can no longer do that.

*It is* a cause for concern, and I think that we are going to be dealing with declining enrollment. Unfortunately, the only industry that hasn’t seen declines in enrollment is at the proprietary institutions, which can be, actually, very harmful to students as well.

I think for publics and privates, a lot of this is going to be rethinking how they do recruitment; rethinking how students, again, are enrolled, and what the process looks through as they move through their four years. So, whether it’s a return to the importance of stackable credentials; whether it is thinking about how to partner with public agencies to recruit students who are nontraditional students to get them to return to campus; whether it’s, again, looking at their own institutions and saying, “We need to invest in things like on-site daycare,” it’s something that a lot of schools and community colleges have done in New Jersey.

But, really thinking about, do our hours make sense for the courses that students are enrolled in? Should our centers be open longer so that we can get more of those parents who say, “I am enrolled in a degree program where I’m only taking one three-hour course a week, and it’s from 6-9, and my child needs someone to watch them.” It’s very difficult, because only institutions know best what they need. They do have to provide a

rationale and an explanation, especially when they're taking public investment, public dollars.

But, we really have to hear from them and listen to them about what they are doing to serve. I think the role of the State becomes really important when it's a question of, "Are they making decisions that are the best, whether it's financially or for the students who they're intended to serve? Are they taking steps that are going to potentially harm them?"

So, when we think about the programs that we're cutting, part of it does require things like using labor statistics to see, are there too many people in X degree? Are there too many people who are not finishing certain degrees? Are there too many people who are finding work outside of the field?

But, I think within that, one of the risks that you run is, even if there are -- and, there are institutions that have programs that have two students in them; I've seen them. They still have funding, they still offer the program, they still report the same sort of financial outcomes for those students that they're required to. And, sometimes those students in those degree programs, it's a degree that's worthwhile -- it's a small social work program; it's an MAT program. Things that are crucial but are also seeing dwindling numbers in terms of whether or not people want to pursue degrees in those areas.

ASSEMBLYMAN SCHARFENBERGER: I think you said it exactly right: The people they need when they're looking at administration -- there's folks you need for the mission of academics, and there's, "Wouldn't it be nice if we could do this?" And, I think that's what they have to be able to evaluate and ferret out.

Thank you very much.

ASSEMBLYWOMAN JASEY: I know we're running a little long, so, I have two questions, if you could give us a very short answer to them.

The first one is, as a follow up: Do you have any examples of four-year public schools getting additional State funding with positive outcomes? Graduation rates, for example?

MS. MOULTRIE: So, it's a little harder to tell with the data right now, because a number of states have made additional investments within higher education, so we're still waiting to see, like, some of the outcomes of what that looks like.

If people get funding for specific programs, whether it's, again -- a specific program or specific agenda item, like building a campus; allowing for easier transfer of credit; creating real pipelines with community college programs; I think those can all be useful, as can State investments in things like dual enrollment.

ASSEMBLYWOMAN JASEY: OK, thank you.

And the other question is, you said earlier the U.S. Department of Education has financial responsibility regulations, and assumes that State government will step up as a backstop.

You referenced Title IV?

MS. MOULTRIE: Yes.

ASSEMBLYWOMAN JASEY: Federal Higher Ed. Act?

Could-- If a public university gets in financial trouble, does the State have to pay back the Feds?

MS. MOULTRIE: I think the assumption is that the State *will* pay it back.

ASSEMBLYWOMAN JASEY: OK.

MS. MOULTRIE: So, again, when they look at the composite scores, it's a scale of -1 to 3. Any school that's at a 1.5 or below is considered in financial trouble or financially risky.

The Federal government essentially becomes concerned when there is a worry about if there were additional drawdowns on financial aid and you need to return that money, who is going to be responsible? At certain institutions -- again, proprietaries or nonprofits -- it becomes a little harder to say whether or not the government is going to get that investment back. But, the idea is, generally, a state will not allow public institutions either to carry these deficits to close suddenly so they will likely step in.

And, that's generally where the request would also be made. The institution, would make an appeal to the Governor or to the Legislature for additional funds.

ASSEMBLYWOMAN JASEY: Right.

Thank you so much, I appreciate it.

SENATOR ZWICKER: Thank you, we very much appreciate your testimony, and to the panel for the questions.

Our next panel is going to be on the impact of fringe benefits on research. I would like to call everybody up at the same time. There should be enough chairs for everyone.

Atam Dhawan from NJIT, who is the Interim Provost and Senior Executive Vice President and Senior Vice Provost of Research; Martha Soto, Associate Professor of Pathology and Laboratory Medicine from RWJMS; Michael Matise, Associate Professor of Neurosciences and Cell Biology at Rutgers, RWJMS, Executive Council Member of AAUP; and, the only person

who comes right before me in the phone book, Mike Zwick, Rutgers University, Senior Vice President of Research.

And, I would ask, if you will limit your comments to three minutes, and by listening to your fellow panel members, so that you're adding to and not repeating, we would appreciate that.

And, I'll go in reverse alphabetical order, I suppose, and ask Dr. Zwick to start us off.

**MICHAEL E. ZWICK, Ph.D.:** Thank you, thank you very much.

Thank you, Chairman Zwicker, Chairwoman Jasey, for inviting me to speak today.

I am here to talk to you about the impact of fringe rates on grant proposals. And, I prepared a single slide that I think, hopefully, with the numerical example, which I think will really summarize this issue. And, I'd be glad to sort of walk through this slide, and this will be my testimony.

So--

**SENATOR ZWICKER:** Give us one second.

**DR. ZWICK:** OK, it's being distributed.

I can start speaking to the slide. So, the notion is that, as a scientist, when you're a faculty member at a research university, you're really an entrepreneur; you're running a business. But, it's kind of an unusual business, in that it's the research university that provides you administrative support, they're providing you buildings, laboratories, that are funded through one mechanism, and you're operating in a market where you're applying for grants.

Now, the unusual thing about grant funding is that the total grant budget is fixed. So, these upper levels are fixed, you can't just arbitrarily

choose what level you want to fund for. There's an upper level that's been fixed, it's been fixed for nearly 30 years, I believe, by the NIH. And, I'm using an example here of a National Institutes of Health's ROI grant, which is fixed at \$500,000 per year. And, so, that's one of our most prestigious-- NIH is one of our biggest funders of sponsored awards. So, over five years, that would be a \$2.5 million a year grant -- \$2.5 million grant over the five-year period.

So, you as a faculty member in your laboratory, what do you have to do? You have to hire people, and then you've got to buy stuff. And, you hire people to do the work and you buy the stuff to actually do the science, and you're, of course, starting with some great idea.

So, on this slide, I've shown a comparison of salary between the big 10 -- an average big 10 school -- and Rutgers. So, let's assume that the cost of hiring people is the same: It's \$1 million over that five-year period at Rutgers, and it's the same at that average Big 10 school. Which, is probably not true, but it's conservative, OK.

You then look at the fringe rate. And, so, the fringe rate at Rutgers is roughly double the fringe rate -- the median fringe rate -- in the big 10. So, as a consequence, when I as a Rutgers investigator put a grant in, I have to put that money in in the direct part of the grant; I have to actually budget for that, because I've got to hire people to do the work in my laboratory. But that money, when I put that into the fringe rate, comes out of the other part of the grant, which is the *stuff* part of the grant -- the reagent supplies, the things I'm actually doing to get the science accomplished.

And, so, as you can see on this slide, an average Big 10 investigator might have over five years, \$1.16 million of money for *stuff* for

their science or their research, whereas a Rutgers investigator would have \$820,000.

Now, the challenge is that when your grant is reviewed by your peers, it is very difficult to get funded, and you go through a very rigorous peer review process. And, what happens is, if I have \$340,000 less money to put towards my science, my grant is going to be judged as having lower impact and have less scientific merit than the average investigator in the Big 10.

And, so, this makes it very difficult for Rutgers investigators and, really, any New Jersey investigator. This could be at NJIT; it could be at Rowan; it could be at Montclair State; Kean. This is a general issue for all public universities in New Jersey. And, so, I guess the key idea is that by paying this excess money -- extra money -- in the fringe, we are reducing the amount of money for the really creative, impactful part of the science, which makes our investigators disadvantaged. So, in general, if you have additional funding for the *stuff* part of your grant, it makes your grant more competitive and the high fringe rate makes us less competitive.

I do want to thank the Assembly and the State for providing fringe relief in the past. I know there's discussion right now in fringe relief, which really could actually dramatically change these numbers.

And, in particular, I want to thank Senator Zwicker and Assemblyman Benson for Senate Bill 2747, which would allow a separate fringe rate for education, which I think would be a permanent solution for this problem. And, I think it would be very favorable for a research enterprise.

So, I will stop right there, and I'm glad to take questions and pass it along to all the members of the panel.

SENATOR ZWICKER: I think we're going to just go right down, hear all the statements, and then we'll circle back to questions.

**A T A M P. D H A W A N, Ph.D.:** Good morning, good morning Senator Zwicker, Assemblywoman Jasey, and all the members of the Committee.

Thank you very much for the opportunity.

I'll echo what Dr. Zwick has pointed out, that we really are at a disadvantage in competitive research. And, specifically when you look into the research enterprise in New Jersey, that is what we do in terms to drive the economy through innovation and entrepreneurship.

So, it is a complete spectrum of research, innovation, and entrepreneurship that drives the students' success. It is very important for us to provide more resources, enough dollars for the student support, whether they are undergraduate research program or they are a graduate in a doctoral research program, so that they have enough money to pay-- The faculty has enough money from the grant to pay for the research supplies to buy the equipment and maintain their state-of-the-art research labs.

If the cost of hiring a student -- whether they're an undergraduate student or a Ph.D. student -- is higher than our competition, then it drives us towards a disadvantage. It provides less opportunities for our undergraduate students to be engaged with (indiscernible) learning, which is what we want that our graduates should be ready to work; should be well-prepared when the industries hire them. But, also, they should be working in the research labs in order to understand the problems, the challenges of the technology innovation and the needs, so that they can, when they graduate -- whether they work for the industry or they start their own business -- they are ready. They are ready to move the needle forward.

So, in terms of the competitiveness of the grant, as my colleague said over here, we get the Federal grants and research funding through a very, very competitive process. Over the past decade, if you look into the data, you will see the yield rate of the submission of the proposal to NSF and the NIH to the award is significantly reducing every time. It used to be 15 to 20% and now, in some of the NIH programs and NSF programs, it is hardly 4, 5 or 6%. This is what we get.

And, at the time of the-- After the peer-reviewed and rigorous peer-reviewed process, when the proposal is recommended for funding, there are off-the-border cuts. And, that goes to the negotiation. That gives us less amount of the money to provide as student support.

So, I urge the Committee to make sure that what we provide at NJIT specifically -- because we are a polytechnic university -- we are small in 325 faculty driving 12,000 students. But, we produce about \$170 million of the research expenditure; about 95-99 Ph.D. graduates per year.

So, it is very important for us to save those millions of dollars that we have to return back to the State. Instead of doing that through our PERS and fringe benefit system, we could put into the student success, student -- you know, (indiscernible) learning, and the research innovation that actually is a driving force for the New Jersey economy.

Thank you.

**M I C H A E L M A T I S E, Ph.D.:** Thank you, Senator Zwicker.

I'm going to go first, because I'm going to just give a more general set of comments about the impact of fringe relief, and my esteemed colleague, Dr. Soto, is going to talk a little bit more about a personal story, so she'll speak about it from a personal perspective.

So, I would like to first begin by welcoming everybody and thanking them for inviting me here this morning and giving me the opportunity to speak before this Committee to explain why I think it is critical to the future of research in New Jersey that the fringe relief bill that Senator Zwicker has introduced is passed into law in *this* Legislative session.

My name is Michael Matisse, I am a biomedical researcher in the Department of Neurosciences and Cell Biology at Robert Wood Johnson Medical School in Piscataway. When I started my lab in 2000 at Rutgers, I was proud to join the long history of innovative researchers that had made so many scientific advances in our great state over the years.

However, scientific breakthroughs and huge economic benefits that flow from them require significant investments of both monetary and human resources. As most of you likely know, and as Dr. Zwick mentioned just a moment ago, funding for research largely is provided by grants from outside agencies such as the NIH, and the National Science Foundation, NSF. Interestingly, Rutgers is the state's leading public research institution. We received an impressive \$570 million in Federal research grants just in this last year alone. As you can appreciate, I think, this amount of money annually flowing into the state drives a significant amount of economic activity in our state.

However, to continue to win these competitive awards, the maximum amount of these hard-won dollars must be reinvested directly in research activities themselves. Unfortunately, New Jersey's ability to compete for these awards is under serious threat by outdated rules that siphon off millions of dollars that should be going to support research projects

but, instead, are being diverted to pay fringe benefits, costs for non-research associate State employees.

So, let me just take a moment to explain that. So, when investigators like me receive a grant, a significant portion of the budget is allocated to pay so-called “fringe costs” that fund the retirement plans and health insurance benefits on top of the salaries for the research personnel on these grants. The typical rates for these fringe benefits in other peer institutions and other states are between 30-40% of the annual salary. In contrast, the fringe rate in New Jersey has been rising dramatically, going from around 50% in 2020 to a shocking 68% in this year.

Adding insult to injury, this excessive fringe rate is far higher than the actual cost of providing fringe benefits to our university employees. The problem as I understand it is that the current state fringe formula lumps all State employees together even though our benefit plans differ. So, non-academic employees receive a State pension, whose costs have ballooned over the past few years, while most of all higher education employees are enrolled in an alternative benefits program where employee payments are matched by a contribution from the State.

This essentially means that millions of Federal research dollars flowing into New Jersey are being diverted away from research to shore up a pension system that does not even apply to State researchers for our staff. As I’m sure you can understand, this excise tax, essentially, on research grants, puts New Jersey schools and universities at a huge competitive disadvantage compared to peer institutions in other states.

You only need to glance at a simple chart like the one I passed out in my handout, which you’ll find -- and Dr. Zwick also talked about it --

to see how our rate compares to our peers in the Big 10. This is not one of the-- This is not a competition that we want to be winning with our Big 10 peers. We pay the highest fringe rate by far.

ASSEMBLYWOMAN JASEY: Hang on, we're trying to find it.

SENATOR ZWICKER: Make sure we have it. One minute.

DR. MATISE: Yes, no problem; it should be in the handout material that I distributed. On the front page. Sorry about springing that on you at the last minute.

SENATOR ZWICKER: Yes, it's in our packet.

ASSEMBLYWOMAN JASEY: It looks like this.

DR. MATISE: Sorry about that.

SENATOR ZWICKER: We couldn't afford the color version.

DR. MATISE: So, I mean -- right.

As others have said, what this simply means is that researchers in these other institutions have significantly more money to invest in their research programs than we do at Rutgers, and that puts us at a big disadvantage.

So, for the sake of future research in New Jersey, it is vital that this bill is passed in *this* Legislative session. We cannot wait for another budget cycle to protect New Jersey's status as leaders in the scientific community and in scientific research.

So, crucially, what this bill allows us to do is to charge New Jersey researchers only the fringe cost that we actually pay for our employees. So, it sets the fringe rate to be accurate for our employees.

So, I am thus calling on you, our State representatives, to act immediately to repair this self-inflicted wound before its negative impacts permanently and irreversibly cripple research in our great state.

Now, I'll turn the rest of my time over to Dr. Soto.

SENATOR ZWICKER: Thank you.

Dr. Soto.

**M A R T H A S O T O, Ph.D.:** Thank you so much, and thank you for allowing me to speak about the impact of this increased fringe rate on me, my lab members, and my colleagues.

My name is Martha Soto; I've been at Rutgers for almost 20 years.

I have raised over \$14 million in Federal funds to support research at Rutgers. Nine million of that is through a big training grant that I run that has funded 50 post-doctoral fellows. These are people who already have their Ph.Ds. They come to Rutgers for additional research training, but they also do work with our partner minority-serving institution -- they were mentioned today -- William Paterson University, New Jersey City University. Our fellows go work with the faculty there, and we actually have joint grants at (indiscernible) schools. These are wonderful resources to all of New Jersey.

In my own lab, I've trained over 70 people. This includes nine post-doctoral fellows. Some of them go into places like NJIT as faculty. I've trained graduate students; I've trained--

ASSEMBLYWOMAN JASEY: Can you raise your (indiscernible) a little bit? People seem to be struggling.

DR. SOTO: Oh, I am so sorry.

I have trained over 40 people, including nine post-doctoral fellows. I'm just pointing out that one of them is actually faculty at NJIT right now, I believe.

I've had five graduate students, dozens of technicians, and over 40 undergraduates who have done research with me. They have gone on to become faculty; doctors; lawyers; teachers; and workers in the pharmaceutical industry of New Jersey. These are people I personally trained. Of course, none of these people were eligible for a pension plan.

So, running my lab is like running a small business, as people have pointed out here. I have to raise every dollar that we pay them -- nobody working in my lab is being paid by Rutgers University or the State of New Jersey. I have to bring in these funds, and I have to compete for these funds -- usually at little three- or four-year intervals of funding. So, fortunately, I've been able to get many (indiscernible) -- NSF; American Cancer Society; American Heart Association; one Jersey source, New Jersey Commission of Cancer Research has generously funded two of my trainees.

In recent years, we've seen this increase in the fringe rate. And, this increased tax is having a real pronounced impact. And, I just wanted to give a super simple example. If I hire a technician at \$50,000 with a 40% fringe, that's \$70,000 being cut out of my grant -- OK. If you go up to the 68.8% fringe, that's \$84,000. I just lost \$14,000 in research funding. You do that for the rest of my lab, I've lost a graduate student.

Now, this raise is causing me to tell students, "I can't fund you for summer research." I've always had undergrads in my lab for the summer, and I have to say, "I don't think I can afford that," because there goes \$14,000; there goes \$30,000; that's money I don't have for supplies and

funds. This is having an impact on my colleagues. On my floor, I know faculty members who have had to tell their full-time staff, "I can't afford to pay you the full-time salary; you're going to have to go part time," OK, because that's the only way they can cover the fringe. These people are looking for other jobs. I know people on my floor who are using their own salary, diverting it to their lab members, because they don't want to lay them off. If you have a wonderful long-term technician, you don't want to put them off. They're taking their own salary to cover the fringe cost.

I know people who are thinking about leaving, of course. The hardest thing is, how do we attract the best and brightest researchers to Rutgers University when they hear that our fringe is two to three times higher than our peers in the Big 10?

I want to wrap up and just say that if we lose these workers, this is not going to help the state of New Jersey *at all*, right? Ironically, when they leave, we will have even less money to shore up the depleted pension plan, which is why this crazy new fringe rate was probably imposed on us. Sorry for saying it was crazy, but somebody did this.

(laughter)

All right, so I would just like to end by urging you to lower the fringe rates, because, if you don't, we're really going to discourage young people from going into biomedical research. We're going to hurt current researchers, and we're going to discourage future researchers from coming to the State of New Jersey.

I would really like you to consider this year; don't let it go to next year. Support Senator Zwicker's bill to restore a reasonable fringe rate so we can support jobs, education, and research in the State of New Jersey.

Thank you so much, and I'm happy to answer any questions.

SENATOR ZWICKER: Thank you to all of you for your testimony.

I do have some questions, then I'll turn it over to the rest of the Committee.

Before I ask a question though, I will point out that when outside folks look at the status of a state's -- what is often called "innovation economy" -- one of the major metrics they use is the amount of Federal funding that comes in, in particular from the National Institute of Health or the National Science Foundation.

Because of the fact that the four of you have pointed out, this is about the next cure for cancer; this is about the next piece of technology. This is money that goes right back into the economy -- Dr. Soto, as your story pointed out -- so, it's good overall for innovation; it's good for the New Jersey economy.

One of the things -- I don't remember who said it, but I wanted to get at, is -- so, we've heard very clearly that the fringe rate in New Jersey is roughly double compared to, let's say, Rutgers' sister institutions, right? Thirty percent versus 60-plus percent. One of you talked about the yield rate, meaning the success rate of the principal investigators in our institutions. And, I think it's fair to preface my question by saying that we have outstanding researchers, and, so, changes in a yield rate would be a function of something else besides the quality of the proposal that was put forth -- fringe rate being one of them.

Do any of you have any sense of how our yield rate for any of the major Federal institutions compares to other states, or other institutions?

Please.

DR. DHAWAN: So, because I serve as the Chair of the NIH regular (indiscernible) section, and also the Chair of the NIH independent expert advisory board (indiscernible) Point of Care Health care Network, I can testify that the New Jersey universities -- the leading R-1 universities -- the faculty, when they put together the proposal, they are peer reviewed at a very, very high level of enthusiasm for funding.

So, the yield rate for New Jersey proposals is higher than the average at the national level. However, the most important part for us to focus on that as the congressional mandates are focused on the funding to the Federal agency to demonstrate what is the innovation impact is in the regional and national economy. What technologies have been produced, and what would be the economic growth and the job growth associated with it? What problems had been solved?

The emphasis on the bigger grant -- multi-institutional and research centers and research institutes and those grants. So, that creates a domino effect. When the faculty starts -- new faculty starts with the smaller grants, and, if they do not have sufficient money to give very sizeable deliverables, and not involving enough students and post-docs, because of the lack of money, the impact on the deliverables is affected. And, that creates a domino effect that we are not able to produce larger proposals -- multi-institutional proposals -- because it all depends on the previous proposals' deliverables.

So, that is why I urge you to look into the broader picture, that we have the competitiveness -- more than any other state -- to bring the larger grants in the State of New Jersey. But, it has to be supported by the track;

by the pipeline of the deliverables that are produced by even the smaller R-I grants.

SENATOR ZWICKER: As a follow up, I don't know if you have that -- open up to anyone -- have this information off the top of your head.

Besides yield rate, do you know the total quantity that New Jersey gets from the Federal government for these grants compared to -- whether it's Massachusetts or New York or North Carolina -- can you compare us, then, to the total amount of money coming in?

DR. ZWICK: Yes, Senator Zwicker, I don't have those data at hand, but we can actually get that data.

So, this is collected by the national-- So, the best dataset I think we should look at is the -- it's called the HERD expenditure data. It's collected by the National Science Foundation every year. They collected, using standard criteria for all the universities in the U.S., and we're able to actually then compare universities within New Jersey or universities across the country. So, yes, we could actually get that data and sort of see where we stand and where our rank is.

I will say one thing: The example I gave is from the NIH, who is actually a very generous funder in a lot of ways. The concern-- Other government agencies are not as generous in their funding. So, the NSF -- they just have smaller budgets, so DOE, DOD; then you begin to see, I think, the impact of those grants first. And, we've started to see this now in Rutgers-New Brunswick, which has dropped in this NSF HERD expenditure from a ranking of 41 to a ranking of 45.

And, I think this is because those grants really struggle with paying the fringe, where NIH grants are a little more generous and it's a little

easier. But, I think the trend is starting to show up in our data of awards received. It's very difficult to sort of know the yield rate from awards that are submitted because of the nature of peer review, we don't get much information about peer review. But, we can look at awards submitted, and I think that's sort of the useful data that we should consider.

SENATOR ZWICKER: One more question, my last one.

And, I'm glad you brought up the United States Department of Energy. As somebody who has received millions of dollars of Department of Energy support in the private university sector, but have definitely experience of my own in terms of fringe rate.

The question I have for you is, the budget is requiring -- our budget, New Jersey State budget -- the public institutions negotiate with the Federal government around that. And that was something, to me, that was never a question. I was not in a position to ever negotiate with the United States Department of Energy over a lower fringe rate, and I pay something very equivalent to what you're paying right now.

So, the question is: Can you give us any sort of details? Has that been occurring? If so, is that successful? And, is that sustainable?

DR. DHAWAN: We negotiated, at NJIT, with the Federal on the research grants for fringe benefit on the Federal grants and contracts, and that came out to be 35.1%. Now, when NJIT looks into the data for the 60.8% that we need to return, NJIT employee enrollment was about 91% in the ABP, and 9% in PERS. So, when you look at that particular -- the fringe benefits that we need to reimburse, that is heavily based on the PERS. And, that is not what the research and development contracts-based students are post-doc, are registered in.

So, that creates the whole disbalance. So, in fact, 33 to 37% is about the range of what our actual cost is on the fringe benefit.

ASSEMBLYWOMAN JASEY: Staying on this same topic, this is a tough one, fringe.

So, this question is for anyone on the panel. Aren't most of the fringe benefits, or costs -- the cost of fringe -- driven by the health-care costs, and, if so, can you tell us, what is the difference between health insurance plans for university employees and other State employees? Is it because our health benefits are generous and cost more? Are there other reasons?

We could probably debate this all day, but we've got to get a handle on this, somehow.

DR. ZWICK: The one comment I can make is the dramatic increase is being driven, in large part, by health-care costs. I can't speak to the -- I can't speak to the insurance coverages and comparisons, but in looking at the data, I met with Mike Gower, our CFO, last Thursday, and we went over these data and that is one of the main areas that is driving the increase in cost -- so it is health care, yes.

DR. SOTO: I would be happy to address that, because I remember, I should (indiscernible), I'm doing my little budgets.

It's gone up dramatically. So, it would teeter; when I started it was more like high 20s, low 30s. It started to go up, that was a State health-care cost that went up. But it's just jumped from 40 to 62%, now to 68%, in the last two or three years. You cannot tell me that State health-care costs went up that much.

So, if you actually lined it up -- I think we should get that lineup -- you would see the jump is very recent, very dramatic, and it's possible we've

been paying more than our share all along, but it's these past few years where it just jumped. And, the explanation we were given is that there's a new formula for pension plans or something. We don't understand it; all we know is it jumped, and it does not match increases in health-care costs.

DR. MATISE: I guess I can just add one last thing to that, and that is the fringe rate is-- The fringe costs are applied to both health care and pension plan. Those are the major fractions of the fringe rate that we pay.

And, so, yes, those *both* have been going up. Obviously, the situation in the last two or three years with the pandemic and the State plan -- the State benefit plan -- have been major drivers for that. And, really, honestly, we feel like we're just being swept along by a tidal wave of increased costs, as researchers, to be watching it. Each year, we're hoping this is going to be the last year it's going to go up, but the last three years it's gone up 20-plus percent. That's barely able-- We're barely able to keep up with that. If it keeps up at this rate, that'll pretty much be -- and, I'm being blunt -- that'll be the end of research in New Jersey. Most of our money will be going out to be paying for things that don't have anything to do with research.

ASSEMBLYMAN BENSON: So, I've got, really, two questions.

The first question is, so, you've got the actual fringe costs within a research project. That's probably the smallest it's going to be. You said it was I think around 37% maybe here in New Jersey. Comparatively, we may be still at a disadvantage because we have higher benefit costs. And, then, you look at the average at the institution, which is going to be higher than that, I'm assuming. And, you maybe could argue, OK, so you have to charge that.

I'm curious what that fringe looks like. And, then, you throw in this artificial piece that we're all talking about, where the State charges you the PERS costs, even though you're all APB, and, in some cases, the students you have aren't even eligible for those. Having that breakdown between those kind of three categories to really understand where we are with competitiveness would be extremely helpful.

And, then, this gets me to, I think, the crux. We keep talking about, why are we so high here? Why are they so low? Do they get to charge or compete with fringe based on what the actual is in your lab, with the number of students? Or, do they do the average of the institution? Or, do they cheat the system -- not cheat the system, but game the system -- by subsidizing that number lower, knowing that by having lower fringe, they're more likely to get grants?

As someone who -- this was my master's project 25 years ago -- was looking at funding flows of research dollars from mission agencies to universities in New Jersey, the fringe wasn't as high, but we were out of whack then, a little bit, and that was mainly because costs were higher here. But, the one thing that's shone through all of this is money begets money, as you kind of said. The higher you are in the rankings -- it's not a linear -- it's an actual much higher progression of dollars that come in.

And, so, as you said, it's not even a matter of, if we don't fix this, not only would we lose research dollars -- and we are in that upper echelon of states with research dollars -- we can't grow until we fix this, as well. And, when we had UMDMJ merge with Rutgers, it put us at a higher percentage, and we did see an initial bump in research funding come in because now we're this greater Rutgers entity applying across NIH and all the other mission

agencies. But, to -- I think for my colleagues to really look, to understand, we are so far away.

But, so, I think it just gets to my question: What are these other institutions doing to get that rate so low? Because California and Massachusetts, they're not cheaper than us. So, are they artificially lowering it by subsidy, or are they doing something different? That's my question.

DR. DHAWAN: The quick answer to that is what Dr. Zwick pointed out, that most of the other universities in the state that I have been with, they looked into more research and associated expenses when they talk about the fringe benefits of the research and grant contract-based employees.

So, when we look into the hard data, that is basically your database. And, that can be looked upon on a competitive basis, but also looked on each institutional basis, what is the cost of the delivery of the research objectives and research goals?

So, when you look into that, my understanding is that here, our fringe benefit, what is driving 60.8%, is about 75% on the FDE cap where you bring the variables and the contributions to the retirement plans. And, about 25% is HERD, or the research-associated expenses.

What NJIT requests -- the consideration that there should be a better balance. Either you flip around or somewhere find a better balance, which will bring the effective fringe benefit rate lower.

DR. SOTO: One point that I wanted to raise is that some states give the schools more flexibility.

So, I called up my colleague and said, "How do you cover everybody in Pennsylvania?" Like, you know, OK, so we have the University of Pennsylvania, so it's not public. But, I asked him, "How do you fund the

fringe for your post-doctoral fellows?” I fund a lot of doctoral fellows. They have a flexible ability to change that rate, because they don’t have to buy *exactly* the state’s benefit plan. Does that make sense?

So, we only have one plan. This is the plan and this is the size and you can’t negotiate it. Other states negotiate that. And, I think that’s how California, Massachusetts, and other states--

ASSEMBLYMAN BENSON: Is that what some of our private universities do, like Princeton and others here in the state?

DR. SOTO: I don’t know, I can’t answer to that.

ASSEMBLYMAN BENSON: OK.

SENATOR ZWICKER: It’s one choice, fringe rate is just set. So, it’s similar.

ASSEMBLYMAN BENSON: OK, but other states aren’t? You can-- That was my understanding when I talked to folks from other states, was when they go for a certain -- particularly if they’re doing multiple institutions -- they’re allowed to have even more flexibility on what they set.

And, that’s why I’m saying -- I don’t know if gaming the system is the right word to use -- but they definitely have the flexibility to say they want to win a big grant, they set the numbers up to win the big grant, and they get the support both from the state and from the institution to make sure they win.

SENATOR ZWICKER: I think there’s a different thing outside of this conversation where other states seem to do a better job of supplementing the Federal grants; cost matching in ways that help the system overall. It’s approaching that problem from a different direction.

ASSEMBLYMAN BENSON: OK, thank you.

SENATOR CRYAN: Just a couple of quick questions, because I admit I don't know much about this.

First general question: We have five public research institutions. Do they compete against each other for the same grants, out of general knowledge?

They do? I see your head nodding yes.

DR. DHAWAN: Well, as a matter of fact, at the national level, we all--

SENATOR CRYAN: So, they do; they compete against each other. All right.

DR. DHAWAN: Correct.

SENATOR CRYAN: I mean, I'm listening to it, and it sounds so obvious sitting here -- why don't we do it? And, I'm curious over the fact that the office of -- the budget office and the Governor's office have negotiated this for years. I suspect that there's another side to this story that we don't know. Whether that's health-care driven -- you guys may know it and know it thoroughly -- and, there are probably other impacts. I'm not taking a position, but it's hard to believe that something that seems so straightforward doesn't have kind of a straightforward answer.

Is there a negotiation with the Governor's office on the \$70 million that's in the budget this year, that's an additional appropriation? You guys -- right? Chairman Zwicker mentioned it; the \$70 million requires -- I'll read it to you -- requires that they've begun negotiations with the Federal government to develop a lower Federally approved-- You mentioned it, the fact that folks negotiate.

Has that been part of your synopsis here, or equation, in terms of a process for a potential solution?

DR. ZWICK: We haven't negotiated with the governor about this.

SENATOR CRYAN: Or the State in any way?

DR. ZWICK: I don't -- not formally, no.

I mean, this is Senator Zwicker put this in the bill--

SENATOR CRYAN: I take it--

DR. ZWICK: We certainly are modeling what our fringe rates could be, using those dollars. In fact, on Friday, Rutgers put in a letter to negotiate with the Health and Human Services secretary to actually -- assuming those funds pass -- we can reduce our fringe rate to around 31%, which would get us under the Big 10.

So, we are actively negotiating in that--

SENATOR CRYAN: So, the process -- which is really what I'm getting at, Doctor -- the process is institutions come to the state on a, sounds like a one-to-one level, and say, "We want to discuss fringe rates," as opposed to -- for lack of a better way to put it a-- Is that correct?

DR. ZWICK: No, I think we worked through the -- Secretary Bridges. And, I think we've negotiated-- I mean, I think all the public universities have been sort of unified in this, and we're with Secretary Bridges on this--

SENATOR CRYAN: For years. This isn't a new issue. This is for years, right? Some of you mentioned the fact--

DR. ZWICK: I've been in Jersey a year and a half, so, it's a new issue.

SENATOR CRYAN: Some of you mentioned for years.

UNIDENTIFIED SPEAKER: It's gotten much worse (indiscernible) the last four years.

DR. MATISE: I mean it was always high. Even three years ago it was higher than many peer institutions. So, we're struggling against it being even higher, and I think really, one of the things that it boils down to-- You asked a pretty good question about what mechanisms can be used to sort of solve this problem.

Many of us that come here, we're not accountants. We're not expert in finances, or budgets -- except our own budget and our own grants.

You know, it's something that really, I think, we all understand fundamentally does have kind of a simple solution. As complicated as it may sound at the back end, the front end is actually pretty simple. For this bill to pass would lower our rate and give us money back into our research programs. And, it's so simple, in fact, that there is at least 20 of my colleagues here from every level, every appointment level from graduate students up to professors, and serving all different disciplines. They're coming here to show solidarity and support for the passage of this bill. That's something that we really want to acknowledge--

SENATOR CRYAN: Gotcha.

Last thing for me, and Chairman Zwicker may have asked -- he did ask, but I can't get it in my notes.

We have a question that says, "Do you have any data showing the value of awards that were forgone because of our high fringe rate? I think you-- I just didn't get anything on that. Was there any data provided? Do we have anything that shows it?"

SENATOR ZWICKER: It sounds like there's two different issues, is what I heard -- and correct me if I'm wrong.

The success rate of New Jersey is actually good, so it's not having an impact on the success rate; it's having an impact on the output of the research results themselves. I see them all nodding, so I think I have that correct.

SENATOR CRYAN: So, if we're winning-- That's what you're saying, is we're winning grants?

SENATOR ZWICKER: We're winning grants, then we can't do as much.

SENATOR CRYAN: So, the fringe doesn't inhibit it?

ASSEMBLYMAN BENSON: So, we win, but we can win more? Is that the idea?

DR. DHAWAN: Yes--

DR. MATISE: And, if we don't keep winning more (indiscernible)

DR. SOTO: We're going to lose our grants, is what we're saying.

SENATOR CRYAN: Because it's escalated. I've got you.

DR. SOTO: Lay off half our staff, we're going to--

DR. DHAWAN: Yes, we will lose our competitiveness, especially for winning the larger grants.

SENATOR CRYAN: Thank you.

SENATOR ZWICKER: Senator Polistina.

SENATOR POLISTINA: I just want to make sure I follow.

Health care in New Jersey, of course a little more expensive, but not going to be significant from other states.

It sounds like the issue in New Jersey is you're artificially helping to stabilize the Public Employee Retirement System in the state. And, that's really what you're pointing to, is the issue in New Jersey, why we are uncompetitive with other institutions.

I'm just curious: Do we have -- if the legislation was enacted, do we have a total amount that we're talking about, if that legislation was done? What is the amount that is diverted from the Public Employment Retirement System into, in order to reduce your fringe benefit costs?

DR. MATISE: I can give a rough estimate of that, I think probably that number would have to be studied, and the business offices would need to look into the exact cost for fringe benefits -- providing fringe benefits -- for our employees to know where that number would finally land.

But, the number I brought up before just as a thumbnail, we brought in roughly -- we bring in roughly, at Rutgers, \$600 million in Federal grants and contracts every year. If we assume -- just again, for the back-of-the-napkin kind of calculation -- that \$300 million of that goes toward salaries, then whatever we save on the fringe rate being lowered is what we get to put back into our research programs.

So, every 10% savings in fringe rate is going to be worth \$30 million more going back into our research, so you can see 20%, 25%, 30% lowering of the fringe rate. We're talking about some serious, serious, serious money coming back into our programs, and there's just no other way to look at it. That money is *not* going into our research programs, but is instead going into the State pension plan. That's money that's not being invested in our research programs; that's putting us at a competitive disadvantage.

It doesn't show up immediately -- although we're getting to the tipping point, I would say, where the rate is so high that people are starting to be laid off; they're starting to lose their jobs; projects need to be closed down. It's extraordinarily expensive to do what we do, it really -- it's kind of surprising or shocking sometimes to let people know what it -- it's a small business but it's an expensive small business, to run a research lab. Re-agent costs and model organism costs -- it's like another person in the lab.

So, when you start to hit a threshold, if we go below that threshold, the system starts to fall apart. But, we're really dangerously close to that tipping point, and that's what we're really here today to tell you.

SENATOR POLISTINA: I got all that.

So, are you telling us that the 35% average for institutions to the 68 in New Jersey is primarily related to the artificial propping up of the employee retirement system?

DR. SOTO: In-- Over the last few years, it has not been this high, traditionally; it just jumped in the last few years.

We don't know why. We would love to hear why, because we don't know why it just shot up in the last three or four years.

SENATOR POLISTINA: You are helping to stabilize a system that was under pressure, that is why.

Thank you.

ASSEMBLYWOMAN JASEY: Is it because health-care costs have gone up dramatically?

ASSEMBLYMAN UMBA: What would be the percentage of pension costs that you're seeing driving it, or health-care costs? Because I'm getting mixed messages.

Over here we're saying health-care costs, now we're saying--

DR. SOTO: No, as someone who has been paying these things for 20 years, I can tell you it has not been 68% for 20 years. It used to be in the 30s, it crept into the 40s.

But, the jump from 40 to 62% -- that's a 22% increase -- that's in the past two or three years.

ASSEMBLYMAN UMBA: But, of that percentage, how much of it is health-care costs and how much of it is pension costs?

DR. SOTO: I--

ASSEMBLYMAN UMBA: What's the driver?

DR. ZWICK: She wouldn't actually know, because she's just putting the total fringe in.

But, I've seen the data, actually, and it is driven by health-care costs. It's a post-COVID increase in health-care costs.

ASSEMBLYMAN UMBA: That was what I wanted to bring up.

So, as a business administrator for a local municipality, I understand you're constricted to the State health-care plan. But, what local towns are now doing -- and, I don't know if universities are allowed to do this -- but we're looking at high deductible plans where we're saying that-- I'm understanding maybe the fellows and others are graduate students, younger individuals -- we're doing this for police departments, a lot of officers are younger. So, we're doing an HRA plan where, basically, the deductible is fully covered by the town, and you're only using a 20% utilization rate.

So, I'll just use one town for example. They were faced with, this year, \$842,000 of an increase, and by going to the HRA plan -- which was the 2030 plan under the State health-care plan -- you would then cover half

of the cost of the increase, so the increase would increase by half, and then the other \$400,000 that they would use would go towards deductible costs, so what the actual employee would use if they went to the hospital or to the doctor's office or something like that. And, the utilization rate never goes beyond, really, at this point, 20%. So that the town is roughly looking at a couple hundred thousand dollars in savings on that.

So, I don't know if that's something that you can do. This is a more broader look at how health care is--

DR. ZWICK: I think I can speak to this--

ASSEMBLYMAN UMBA: --being managed.

DR. ZWICK: So, the state PERS system -- I mean, I'm a member of the state PERS system. I have a high deductible health plan.

There are four or five choices, I believe, that one can choose in the State system. What we can't do is we can't go to an independent insurance company or go out to the marketplace and actually, and seek-- There might be somebody outside the PERS system who could potentially be a lower cost--

ASSEMBLYMAN UMBA: Yes, but you could incentivize the employee to take the high deductible plan by covering--

DR. ZWICK: We do, we actually do--

ASSEMBLYMAN UMBA: --the deductible.

Because, the 2030 plan -- which is the more common State plan for high deductible -- has, I think it's \$2,670 of deductible. That, from a cost perspective of what's going to be used by that employee over the year, is probably 20% or less.

And, the cost to that plan is, off the top of my head, I think the direct (indiscernible) is \$34,000 for a family, and then this plan is roughly \$18,000. So, there's a large premium savings there that a lot of towns are now doing and a lot of -- like, CWA, and a lot of other public employee unions are petitioning to have those be available because their Chapter 78 costs are down, and things like that.

So, I don't -- not looking at what you guys are seeing compared to apples to apples, but that's something that local towns are now looking at to combat health-care costs. So, if the health-care costs are really the driver, then that's one way you can tackle it. But, I'm seeing mixed -- shaking heads, that it's pension or it's health care, so, I think that's one thing that, as a legislator, I would like to see: Is health care driving this cost, or is the pension plan driving this cost? Because--

DR. SOTO: We should be able to get you that.

ASSEMBLYMAN UMBA: --that has to be separated out.

DR. SOTO: We should be able to get you the exact numbers; we should.

SENATOR ZWICKER: I think it's also dependent upon institution, right? People are texting us in real time right now, saying, "(indiscernible) by the institution, it should be health-care driven, predominantly, but not always; it also can be equally shared with (indiscernible)--"

ASSEMBLYMAN UMBA: I think-- I mean, Senator, what I find that I think the State should be a resource -- and this is across the board, not just for research colleges -- is that we should be a resource to local towns, counties, about pushing out the need to look at other plans and how to

manage those other plans so that-- Listen, I'm a public employee. I'll go out and I'll say, "Direct him, I'll take it." I don't have to pay a dollar or anything that I go.

But, I'm 37 years old, I go for my annual checkup and that's it. I'm not a net user to that system. Going to a more high deductible plan can save money, because you're basically-- You're investing in the younger employee.

SENATOR POLISTINA: Can I just follow up? I'm misunderstanding. If it's health-care related, I'm misunderstanding.

Because, the world of health care post-COVID across the country is dramatically changed. Our costs in New Jersey are slightly more, but, private employers are paying the same things as public institution, as public employers. It is not that dramatically different from a health-care landscape that would cause your fringe benefit rates in New Jersey -- to be 68% in other institutions -- to be 35%.

So, I was understanding it is the pension.

DR. DHAWAN: Yes.

SENATOR POLISTINA: OK, thank you.

DR. DHAWAN: And, as Senator Zwicker pointed out, that somebody else said that it is also institution dependent.

For NJIT, there is a very large percentage of the employees, particularly on the grant funded one, that do not go into the PERS. And, still, we are paying for that.

So, our differential from NJIT is about 90% driven by the pension plan, and not the health-care costs. But--

SENATOR POLISTINA: That's what I was understanding from the testimony. So, you're in a defined contribution plan. Most of the researchers put their amount in, they're matched by whatever percentage, like the traditional 401K. But, at the same time, you are being asked to, somewhat artificially, prop up the State pension system.

Thank you.

DR. MATISE: Correct.

SENATOR ZWICKER: Obviously we have a lot of work to do as a legislative body.

But, I think I'd like to move on. We have two more panels to get through today.

So, thank you very much for your time and your testimony.

DR. MATISE: Thank you.

DR. ZWICK: Thank you very much.

SENATOR ZWICKER: Next up, our third panel -- we're going to change gears and talk about the role of community colleges for workforce development.

And, so, I'd like to call up Aaron Fichtner from the New Jersey Council of County Colleges; Catherine Starghill, Executive Director of Community College Consortium for Workforce and Economic Development; Althea Ford and Kyle Sullender from New Jersey BIA; and Hilary Chebra from South Jersey Chamber of Commerce.

And, if you want to start us off, again, as I said to the previous panel, I would appreciate if you keep your comments to three minutes and add to the discussion as opposed to just repeating what we've heard from someone who came before you.

**A A R O N R. F I C H T N E R, Ph.D:** Senator Zwicker, Chairwoman Jasey, members of the committees, thank you for this opportunity to be with you today to talk about the important role that community colleges play in workforce development.

In our first panel, we heard a lot about the challenges facing higher education in New Jersey, and we feel the work that our colleges have done over the last two, three, four years in workforce development -- and, you'll hear about it today -- really is a foundation -- it's a national model for how we can build a strong network of colleges and partners to really expand economic opportunity and mobility and economic competitiveness. So, really, happy to have an opportunity to talk about this today.

We are 18 community colleges that are committed to helping the state meet its ambitious goal of 65 by 25 -- that's increasing the percentage of adults in our overall population that have earned some post-secondary credential or degree to 65% by 2025. We agree that that is, with the administration and other leaders across the state, that that's a key goal, an aspirational goal.

And, we also need to work very hard to close the equity gaps in post-secondary attainment. And, so, we are working very hard across our 18, building strong partnerships. But, also, in partnerships with the business community who are here with us today; labor unions; four-year colleges and universities; the workforce-development system; four-year colleges and universities to expand that opportunity through our workforce programs.

And, we take a very broad approach to workforce development. A little bit of context: We have 180,000 students who attend community colleges every year; 115,000 of those are in our credit programs, but 68,000

are in the non-credit programs or workforce-training programs that are closely connected to the needs of employers. And, on the credit side, all of our students are going to become the -- the vast majority -- are going to become employees, workers, entrepreneurs in our economy. So, the role that we play, both in credit and in non-credit, to help teach essential skills, problem solving, critical thinking, communications, is important. The work we're doing to imbed workforce skills and credentials into our credit curriculum is important. It's also important to note that a significant number of our credit students are getting degrees that are very closely connected to the needs of the economy in health care, business, and other fields.

In our commitment to meeting 65 by 25 and closing equity gaps, our colleges are engaged in transformational work in four broad areas. The first, we are working diligently to put more high school students on a path to post-secondary success through enrollment partnerships with high schools; career and college readiness partnerships with high schools; and very strong partnerships with our vocational-technical high schools.

We're also working in innovative ways to help more adults get on a path to a post-secondary credential or degree. It's important to note that while we have a highly educated population in New Jersey, 40% of our adults do not have post-secondary education or credentials. And, I think we all agree that many of those individuals are going to have limited economic opportunities to have family support and careers without some post-secondary education. So, we're working with workforce-development programs and community-based organizations and others to help get adults on a path to a credential or a degree.

We are also building transparency in those pathways to education and economic opportunities. And, you'll hear my colleague Catherine Starghill talk about our New Jersey Pathways to Career Opportunities Initiative, which is building a whole set of exciting, stackable credential pathways to help students be part of the successful workforce of the future. And, we are committed to student success and completion across all of our efforts in our colleges.

There are three major points I want to make, areas of opportunity for innovation and collaboration. Number 1: We want to continue to work with you and the administration to expand dual-enrollment opportunities for high school students. Number 2: It's important to note, while we have extensive student financial-aid programs for our credit students, our non-credit students have very limited assistance in tuition to attend those programs. It's a major missing piece on our workforce strategy. And, finally, we are committed and want to work with all of you in the administration to expand the partnerships that already exist between our community colleges and the workforce-development system, the workforce-development force, and the One-Stop Career Centers.

So, thank you for the opportunity to be part of this important dialogue. I think you'll find that the work we're doing through our workforce consortium, led by Catherine Starghill, is a national model of collaboration, and we believe that the New Jersey Pathways Initiative is also an innovative model that can be the foundation for further innovation in higher education.

SENATOR ZWICKER: Thank you.

Move onto Ms. Starghill.

CATHERINE STARGHILL, J.D.: Thank you, thank you for having us here to talk about what the community colleges are doing and the real innovation that's happening.

The community colleges have rethought how, when, and where it educates, and training its current and future workforce. By the generosity in the last couple of State budgets, as is proposed in the upcoming budget, the New Jersey community colleges and the New Jersey Business and Industry Association have joined together to launch a national best practice model for education and training pathways that promises to innovate the state's workforce for residents, businesses, and the economy for years to come.

This vision allows community colleges, along with high schools, four-year colleges and universities, labor unions, community-based training providers, to prepare individuals at various stages of their lives and careers for success in an increasingly diverse society and global economy.

The New Jersey Pathways to Career Opportunities, which aligns education with -- to build an innovative workforce -- provides our state with a comprehensive statewide framework that connects to economic-development priorities; expands economic opportunities to all residents with a focus on equity and assisting more individuals to obtain family support and careers and builds sustainable and authentic partnerships between high schools, community colleges, four-year colleges and universities, labor unions, community-based training providers, workforce-development programs, and employers.

In the first year of the initiative -- which just ended -- the New Jersey Pathways has built a strong, flexible, and sustainable infrastructure of

collaboration that has engaged more than 1,200 industry and education partners across the state, with a focus on health services; technology and innovation; infrastructure and energy; as well as manufacturing and supply-chain management. Those industry sectors are the focus of the four collaboratives with these 1,200 industry and education partners. Also included in this statewide initiative are 10 centers of workforce innovation focused on occupational areas such as patient care; health care technology and administration; data science; cyber security; programming and software development; research and development; renewable energy; construction; manufacturing and production and engineering; and supply-chain management.

Within these 10 centers of workforce innovation, those education partners have built 22 career pathways in these four fastest-growing industries -- mentioned the collaborative -- that extend across high school through four-year colleges and universities.

The 22 pathways that were developed and enhanced within the Centers of Workforce Innovation are connected across education sectors, and lead to industry credentials and college degrees, no matter an individual's starts and stops along their education and training pathway. The centers are not buildings, but instead are groups of cross-education sector partners working together to create and enhance academic and workforce-development training programs so that more New Jersey residents can participate in education and training that lead to the attainment of industry credentials and degrees, and the opportunity for career advancement.

The community colleges and this statewide pathways initiative have laid the groundwork; connected and enhanced education and training

pathways; engaged industries; directly influenced those pathways; and created education ecosystems, collaborating together while focused on industry needs to benefit employers, employees, adult learners, and students.

New Jersey can continue to promote a vision for high schools, workforce development, and post-secondary education throughout the state by supporting the New Jersey Pathways Initiative. Through the initiative, New Jersey can promote a vision for education, workforce development, and post-secondary education; develop new industry and education partnerships; and connect, enhance, and create more pathways with a focus on equity to afford individuals the opportunity to earn those credentials that we talk about so often -- as well as prepare students and adult learners for entry-level jobs in career advancement, return to school for additional skills to advance their careers and attain multiple credentials or college degrees. Ultimately, this work will allow students and workers the opportunity to advance in careers that offer family-sustaining wages while supporting -- providing, excuse me -- a skilled workforce to meet industry needs.

We're super excited at the outcomes of this initiative. Soon, I will have a whole list for you all of all of the dual enrollment programs; all of the transfer agreements; all of the connections between community-based workforce development programs to credit programs within our colleges.

It has been an amazing initiative. We couldn't, of course, have done it without NJBIA. But, just the enthusiasm and engagement by industry has been incredible, and we all owe that to you and your financial support. But, certainly, to the hardworking collaboration of all the education partners.

So, we think the community colleges are leading the path to innovation so that New Jersey has a better, skilled workforce.

SENATOR ZWICKER: Thank you, that's very encouraging to hear, and glad to hear it's getting off to such a good start.

And, I apologize -- Kyle, not Lyle, I think I called you before.

**KYLE SULLENDER:** That's OK.

Good morning, everyone, Kyle Sullender, Director of Economic Policy Research for NJBIA.

I am going to do my best to avoid being duplicative, but I do want to take a minute to highlight our partnerships with NJCCC, and why it's so important to the business community.

I don't know that the issues of workforce development and the higher education pipeline have ever been more clear than they have been coming out of the pandemic. As we look to the future, we expect that, in some cases, the issues that did manifest as a result of the pandemic will continue to be present, and that we need to make a concerted effort to address them before we get there.

Today, even with a 3.5% unemployment rate in the state, the most recent estimates from the Bureau of Labor Statistics suggest that there are 268,000 job openings in the State of New Jersey. Many of them, we know, are in critical industries such as health care and manufacturing, that are critical not only to the residents of this state and the consumers in this state, but to our state's overall economic well-being.

These figures, naturally, fluctuate with business and economic cycles, but they're also tied to broader economic trends that we've been watching, related to the aging of our workforce and the aging of our workforce, in particular, in certain industries like health care. And, we need to have a plan in place, and a system in place, to replace these workers as they

age into retirement and seek more services from the very industry that they're leaving, and ensure that we have the workers to replace them.

And, that's why, I think, we're so excited about our partnership with NJCCC and the work that's been taking place in the Pathways Program. Again, I don't want to be duplicative and go over the entire program, but sometimes I like to tell a story about how, prior to Pathways, we had a system that was bifurcated or multi-faceted in so many ways that there wasn't enough collaboration taking place. And, so, you had students who came out of a program seeking employment and maybe matched up with an employer, and when they started their job they found out that maybe the skills that they got or the credentials that they got didn't quite align with what the employer actually needed.

And, it kind of left everyone feeling frustrated. A student who got a degree that maybe wasn't as useful as they'd hoped, or skills that weren't as useful as they'd hoped; an employer who thought they were getting somebody ready to start working right away and now needed additional training.

What the Pathways program is allowing us to do is bring all of these stakeholders to the table beforehand. Bring industry together with our higher education institutions to discuss what skills and credentials are actually necessary to be successful in those industries and to begin contributing to New Jersey's economy right away.

I also want to underscore the importance of the Pathway model itself, the idea of students being able to come in and out of the higher education system as they need to. We know that there are a lot of people in the state, and, like myself, I suspect -- like a lot of folks in this room today

who will go to high school; graduate; go to a four-year institution; get a degree; and start working -- there are a lot of other individuals whose higher education journey will be one of stops and starts and entrances and exits. And, we need to ensure that there is a system in place so that those individuals are able to continually add new skills and credentials so that they can continue to advance their careers, and continue to contribute to the industries that they're in for the betterment of not only their own career and their own family, but also of the broader New Jersey economy.

And, with that, I'll stop and I'll turn it over to my colleague to talk a little bit more about it.

**A L T H E A D. F O R D:** Hi there, Althea Ford, Vice President of Government Affairs for NJBIA.

Just wanting to highlight the Pathways Program and the policy implications.

So, one word we're hearing a lot is collaboration, and the idea that we are really going to be able to see a return on our investment when we have the key stakeholders in the room. And, so, Pathways has shown that there is value to having conversations on the front end about what is it that we are demanding from our workforce, what is it that we want to see -- how do we want to see New Jersey operate from a workforce perspective, and then, how do we create the pieces so it aligns?

And, so, the idea of emphasizing and expanding dual enrollment, so you're starting from that K-12 experience, recognizing that there's so many young people from that early age who can say, "You know what, maybe that four-year degree is not my pathway, but there are valuable employment opportunities across the spectrum." It's not just about four years; it's not just

about community college; but it's about pathways, and allowing the learner to dictate what their trajectory is. But, then, also, having the opportunity to offramp and onramp if life starts getting in the way, which we know it does.

And, so, if we as a consortium can identify in advance, what are some of those roadblocks, and how do we create an infrastructure so that as life is happening for learners, they can say, "Well, I'm not going to just exit the higher educational system, but I'm going to offramp here, coming out with a legitimate credential, and then I can join in when I'm able to."

I think the other idea that I'd like to highlight is the investment -- financial investment. So, we know that New Jersey, whether it's through TAG, EOF, CCOG -- New Jersey invests in its learners, and I think it's very important for us to identify that not all of our learning happens in a specific institution.

And, so, while we strongly support the continued efforts and financial investments of TAG and EOF, we think that there is an opportunity here to model that financial support for learners who are going through credential and non-credit programs as well. Because, it's not about the pathway, per se, but it's that the learner who has that financial barrier can obtain the investment from the State that they need in order to complete their credential. Whether that's a degree program, non-credit degree credential.

But, then, also, thinking about the ecosystem, it might start off as a non-credential program or a non-credit program, but then they can on-ramp when they now decide, "Wait, I think I need more or want more for my opportunity or my career experience." So, I think that's also something that New Jersey can definitely lead the way on.

Thank you.

**HILARY CHEBRA:** Thank you Chairman Zwicker, Chair Jasey.

My name is Hilary Chebra, I am the Manager of Government Affairs for the Chamber of Commerce Southern New Jersey.

Thank you for the invitation and the opportunity to speak today on county colleges and our work with them on workforce development.

I am going to highlight some of the challenges that South Jersey has, and some of the opportunities that community colleges have given the region.

So, I first want to say we are proud to call every institution of higher education at the university and county level an active member with our chamber. We are really proud of the strong partnerships we have with these members. We highlight each county college campus and multiple events each year, as well as just connecting our members with these institutions. We have plenty of businesses that are looking to hire at entry level, so they're looking for possibly students who are going into the workforce, as well as partnering on employee training and certification programs, and we make those connections all the time.

So, South Jersey, like the rest of the state, faced a lot of challenges during the pandemic, one of the biggest ones being that we had already experienced higher unemployment than the rest of the state, and then the pandemic hit our huge industries: tourism; gaming; entertainment; and hospitality. So, it was a hard time for South Jersey and county colleges who provided opportunities for those workers who may have been laid off or looking to transition during the pandemic to a different career. They were

able to learn new skills, upskill, reskill, and county colleges were integral in helping these employees and these workers.

Additionally, South Jersey's economic landscape has had to look to diversify our industries as well. One of the new industries that we're seeing come into South Jersey is the offshore wind industry, with the New Jersey Wind Port that's going to be located in Paulsboro. It's estimated to create at least 1,500 jobs and approximately \$500 million to new economic activity every year. It is important for that industry to succeed; that they have trained and skilled workers who are ready to go.

So, South Jersey Chamber of Commerce, we've been proud to support the Rowan College of South Jersey, and their application for the New Jersey Turbine Tech Training Challenge. We're going to be working with this county college to help develop their career pathways and training that is aligned with what this new industry needs. We also supported Atlantic Cape Community Colleges. New Jersey Offshore Wind Training Challenge, again, this is going to help train the future of the workforce for that specific industry.

So, the eight southern counties in New Jersey, manufacturing companies are more than-- We have more manufacturing companies than 20 different states across the country. Manufacturing has-- It used to be a dominant industry, struggled, and is now, as we're seeing, coming back. So, we've been working with the county colleges to make sure that manufacturers have, again, a trained workforce so that they can succeed, because without a trained workforce, the industries can't succeed.

So, these county colleges have been huge in partnering with to make sure that the South Jersey region has the workers they need. We are a

more rural, and a more spread out area of the state, so it is important that we have these anchor institutions within the region to help our workforce.

So, we appreciate that we got to highlight this today, and thank you for (indiscernible).

SENATOR ZWICKER: Thank you.

I don't have a question, just a comment, which is it's very encouraging to hear what you're reporting out.

In my day job, I'm part of a new pathway between Mercer Community College, Raritan Valley Community College, Princeton, the counties, State and Federal government on advanced manufacturing; advanced energy; a microchip manufacturing. And, these partnerships working together have been, really, the key. And, the flexibility and the nimbleness of the community colleges is another key part of this when it comes to the ability to quickly come together and come up with curriculum and, in the private sector support of this, when it comes to equipment that you normally would not see at a community college.

It's a really wonderful way to rapidly put this together. So, I commend you. Also, as it's getting off the ground, the numbers -- preliminary numbers, at least -- are quite encouraging, and I certainly look forward to see what happens in the months ahead.

But, I don't have a question, I just wanted to say thank you.

ASSEMBLYWOMAN JASEY: I would just reiterate what Senator Zwicker said.

It's really good news. I was worried that the pandemic was going to really impact these pathways, and what I'm hearing is that they're up and running and working well.

So, thank you very much for that.

SENATOR ZWICKER: Senator Cryan.

SENATOR CRYAN: Thanks, and I appreciate the excitement.

And, I know in Union College there's a -- as I learned last Friday -- there's a big excitement about Pathways.

Quick question for anybody: So, this is mostly -- is this mostly funded through DOL? Is that the idea? How does the funding work?

DR. FICHTNER: So, the funding for the Pathways Initiative is included in the State budget, in two years of State funding. I believe it comes from the Labor Department.

SENATOR CRYAN: Is it \$6 million, is that the idea? Or, how much is it?

DR. FICHTNER: So, last year -- \$6 million in the proposal for this year, yes. The proposal is for \$6 million to the workforce consortium, of which \$3 million would fund our Pathways Initiative. And, \$3 million would fund our literacy initiative.

SENATOR CRYAN: So, my question is about measurements. How do you measure effectiveness? What factors are used? Who does the evaluation? And, what effectiveness is there for the State investment, and are there any follow-up reports required?

MS. STARGHILL: Thank you.

So, in Year 1, we did all the work to build the infrastructure and the education ecosystems to support this effort. We worked on these 22 pathways, and those occupational areas I described. And, now, we are measuring how many of those programs that were created have been piloted; will be piloted; how many students are going through them.

And, we have a team of a few academic affairs officers who are working with us to evaluate those programs to ensure that they are structured for sustainability and student success.

So, the assessment, strangely, is coming in Year 2. We had to build the infrastructure, the ecosystem, and the programs in this first year. And, really foster the type of collaboration across the education sectors.

SENATOR CRYAN: I appreciate the enthusiasm, I was just wondering whether-- I'm sorry, go ahead.

DR. FICHTNER: No, I was just going to say that another part of this effort is to build better data systems.

So, we share your concern, Senator, that there has not, truthfully, been enough data on the employment outcomes of students, and we're excited to be working with New Jersey Educational to Earning Data System funded by the administration and the legislature at Rutgers. And, that is a major part in our commitment, is to do a better job of understanding where our students go, how they transfer, how they go into the economy, and to make that data more widely available.

SENATOR CRYAN: Thank you, you hit it on the head.

I just want to ask, through the Chair, is when those data reports are available, could you send them along?

OK, thank you.

ASSEMBLYWOMAN JASEY: Assemblywoman Carter.

ASSEMBLYWOMAN CARTER: Thank you so much.

Senator Cryan, I appreciate those questions that you asked, because of the fact that it is very important that we have that measurable, and be able to understand exactly the impact that it's having.

But, I can tell you personally, in my professional aspect -- the other part, the work that I do at the high school level and the partnerships that we have, and the pathways that we have in the high school level -- and working with the community, working with workforce investment; working with the community colleges to get our students trained.

It really is about the exposure. It's about the exposure to show them the opportunities that they have in order for them to have that grounding they're building. And, it's made it so much easier -- a lot easier -- for them to transition into the higher ed.

And -- like Ms. Ford, like you said -- it's about that trajectory that they have. A lot of them don't see the trajectory, but being right in the four corners of their neighborhood. But, the partnerships that you all talk about in the pathways, having them start more at the K-12 really does help, especially when you're in that 11<sup>th</sup> and 12<sup>th</sup> grade, when their minds are really trickling in. We have students who are graduating with phlebotomy; EMT. A lot of those, in those health-care industries -- in the industries that we need them to go. Radio and TV; understanding what they are.

They just need those partnerships, and we need to continue that grounding for them to be able to move them along, and they see their options and possibilities as they move into the higher ed. Because a lot of them, also -- especially in areas that I represent -- are high risk, that they are actually the breadwinners of their families. And, them being given that option of saying, "Listen, I can't afford to do it full time, but here are my other options and exposure," but, also having those partnerships and seeing, "Well, is it working, is it not working where the State is spending their dollars?" But, more so, looking at these individuals and tracking them as we're doing this

to say, "Hey, listen, it is working because they're able to do those two things," still continue their education, keeping that connection, OK, so that their next step may be -- guess what, that higher education and taking it to a full four-year or beyond.

So, thank you so much for Pathways, and I look forward to also making sure that we're tracking the data.

UNIDENTIFIED SPEAKER: Thank you.

And, this is not meant to disparage Senator Zwicker -- or me, for that matter, we're both associated with four-year schools -- but community colleges I think have done a remarkable job of revamping themselves and sort of adjusting to the new world out there. And, they've been more effective, I think, in creating degree and certification programs for occupations that are not traditionally associated with college-level instruction.

And, we spoke about this, Aaron, before. I know this mostly from Brookdale College, which is right in my district in Monmouth County, who have offered welding programs; commercial driver's license programs, they have tractor trailers out in the parking lot. And, combining them with actual -- what we would think of more traditional college instruction, too -- business programs, software, things like that -- and creating a degree program. It's phenomenal.

Aaron, maybe this is the question of this little soliloquy here: Does your organization monitor trends and things like that, as far as what may be coming up where it would require instruction, maybe at the community college level?

DR. FICHTNER: Most definitely.

And, so, the partnerships with NJBIA has been really critical to that. So, we have four industry leadership teams that guide the work of the Pathways and give us real-time information about industry trends. And, so, the partnership with BIA has been critical to our ability to make sure that our colleges, who already, as you know, have strong connections-- Local businesses are also getting that broader statewide perspective.

So, we're continuing to refine our pathways.

UNIDENTIFIED SPEAKER: Because, John Kennedy is a big proponent of manufacturing and all that, and he was where I actually heard about the shortage of certain professions. The average age of a welder in New Jersey is 55 years old. Not that that's old.

(laughter)

But, 55 years old, so you'd have to think about, you know, the future generations like that.

And, the programs that have been instituted at community colleges have been wildly successful. Almost 100% employment when they go out into the work world, so, the proof is there, and I think it's something to really be proud of. And, it shows, too, because I think a community college enrollment is ticking up 2.5% -- is it average, or--

DR. FICHTNER: It varies from college to college, we are seeing an uptick in enrollment on the credit side post-pandemic, which is good news. We're seeing steady increases in enrollment on the non-credit side, which says to us that students are looking for more flexible options.

And, this whole notion of stackable credentials, this notion of on ramps and off ramps -- you talked about it, Assemblyman, and others have talked about the idea that you come to Brookdale Community College and

start in a welding program but then transition to an associate's degree in business and open up your own business. That is a critically important underpinning of what we're trying to do in community colleges; those flexible on ramps and off ramps are really driven by the needs of the economy.

UNIDENTIFIED SPEAKER: Very commendable, thank you.

Thank you.

ASSEMBLYWOMAN JASEY: I am going to go to Assemblywoman Reynolds-Jackson, and then to (indiscernible).

ASSEMBLYWOMAN REYNOLDS-JACKSON: I, too, want to thank you for all the collaboration work that's happening between everyone. And, I was thrilled when I heard about the manufacturing, advanced manufacturing, those non-traditional careers.

My question is around licensing from DCA. We served on the budget hearing; we talked to them recently. They have a workforce that's aging out in terms of making sure they have those licenses. So, I'm concerned about that.

Also, in the housing industry, those inspectors are also aging out. So, as we're talking about the community colleges and these certificate programs, is that something that is added already, or is it something that we can add, in terms of building up those skill sets? Because most of the courses -- I'll stretch it -- I don't think it's more than 12 weeks long, but I also think that it could be a buildable career from this to that and higher and higher.

ASSEMBLYWOMAN JASEY: That's right.

ASSEMBLYWOMAN REYNOLDS-JACKSON: And, also, our water treatment operators are in desperate need as well. So, what does that look like starting off and then building up to advanced careers?

DR. FICHTNER: I'll take a shot at answering your question and turning it over to Catherine, who may have more specifics.

I think what's really important that we're doing here is building infrastructure of collaboration, so that when new opportunities like water treatment; like DCA; like housing-- We have the partnerships already in place to respond to those needs very quickly. We have a culture of collaboration among our 18 colleges with the business community and with labor unions to build on. And, so, we look forward to following up with you on those opportunities and others, and making sure that we're making the right connections.

I know in all of those three areas, there are interesting partnerships that are starting to develop at our community colleges, but there may be opportunities to take them statewide, and we would love an opportunity to continue that dialogue.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Thank you so much.

I will just add -- because I know you know this individual. Remember Marc Pfeiffer? Probably everyone knows about Marc Pfeiffer.

I've been in conversations with him. He's over in Rutgers working on those types of training programs for municipal professions. But, some of those individuals are the ones who come into DCA to do that work, so we are actively figuring out our collaboration. It was a nice way to reconnect with the person who hired me in state government all these years ago.

ASSEMBLYWOMAN JASEY: Yes, briefly, and then Assemblyman Umba.

MS. FORD: Sure, and, if I may, just about DCA and licensing.

I know BIA, one of the issue areas we've been working on, it's just trying to support DCA in ensuring that they are not -- their licensing is not bottlenecking, because that was definitely a concern where there might actually be individuals in the pipeline waiting for licenses. But, because they're needing to get practical schedules, maybe there are issues around whether the boards are properly staffed in order to accommodate the number of licensees that it needs to support.

So, there are definitely some areas there that I think are also opportunities for us to work on to ensure that the pipeline is clear so that as we add on additional individuals, that they're not getting stuck in that pipeline.

ASSEMBLYMAN UMBA: Thank you, Chairwoman.

My question and statement, kind of building off of Assemblywoman Reynolds-Jackson, is to make sure that there is that partnership between Rutgers. Rutgers is the one that's really making all the coursework.

But, I think building upon that, Bloomberg had put out a report that only a third of college graduates are really graduating and going into their field of study. And, seeing the Pathways program and seeing that, and going off Assemblyman Scharfenberger's looking at four-year institutions, how would we hone in, one, so that coursework is going towards the need of the workforce? You're doing it in the two-year institutions; how do we do that in the four-year institutions?

And, then, two, how do we build those pathways to maybe see those people who might -- are going a CPA route, but then, you might want

to go over here and be a CMFO for a municipality, you're going to make \$120,000 within several years because there's such a shortage of CMFOs.

So, how do we hone in on this coursework? And, I understand in the earlier testimony given, you might have one program that only has two people in it, and it might be really needed, but if we're not educating to the workforce that is-- You stated earlier we have a large number of job openings, but people are not educated to that job performance. How do we expand that? You're doing it on the two-year institutions; how do we expand that onto the four-year institutions?

DR. FICHTNER: So, I'll start, Assemblyman.

But, I would like to say, thank you for joining us for our Community College Scholars Celebration at the State Museum where we celebrated 38 amazing community college graduates. It was really important that you were there, so, thank you.

The 10 Centers of Workforce Innovation -- so start with the four-year partnership piece. Four-year colleges and universities are key partners in that work. While this Pathways work is centered around community colleges, we knew it could not be successful, ultimately, if we did not have strong partnerships with four-year universities; colleges; and with high schools; workforce providers; labor unions; and others.

So, we are going to continue to work to build those pathways so that when the student gets an associate's degree in data science at a community college, they know they can seamlessly transfer to Rutgers, or NJIT, or Kean. And, that's a really important part of the Pathways framework and philosophy.

So, we are going to continue to build those partnerships and believe that this, again, this infrastructure of collaboration -- this approach to collaboration can have benefits not just for community colleges, but all of our partners, and, ultimately, our students.

UNIDENTIFIED SPEAKER: I'm sorry, I would be remiss if I didn't take this as an opportunity as well to highlight the critical role that experiential learning plays in workforce development and for these students as well.

And, from an industry perspective, there's nothing more valuable than getting a new employee who comes into your workplace and actually has experience in that type of workplace. Even if it was an internship; a day of shadowing while they were in high school or college; but the opportunity to actually understand how that business or that workplace or that industry operates.

And, to your point about the student who gets a degree and then ends up working not in their field -- how many times could we avoid that if that student had the access to an internship while they were late stages of high school, early stages of college, and had the opportunity to actually see - - excuse me -- what does the day-to-day work of this degree look like, and is it something that I actually want to do?

And, so, any way that we can support experiential learning for our students, getting our students into businesses to see what that work looks like as early as possible, is really important.

ASSEMBLYWOMAN JASEY: I have-- I know we're running late and we have yet one more panel, but I want to ask-- I want to bring up the issue of women.

Are the credentials being earned by women in female-dominated professionals worth less, in the sense that they earn substantially less than men? And, what is your experience with that? Do you have a comment on that, or is that something you want to get back to me on?

MS. STARGHILL: I'll just say that when we have our collaborative meetings -- which we have one in each of the four industry sectors of focus per month -- what we have seen -- and, maybe this is because of the demographic makeup of community college students -- we have seen women in construction and renewable energy and other non-female traditional occupational areas.

And, I think that the community colleges are a place where that is happening a lot more than anywhere else. Because they are being encouraged, simply because of the demographics. There are more individuals who are maybe coming back, after having children or whatever, to the workforce, wanting to get credentials and skills. So, we have seen, anecdotally, those examples and certainly are encouraging them.

We all know that with Federal funding from the Infrastructure Act, and the like, we don't have enough, probably, individuals, to fill the workforce gap necessary for all of the infrastructure and energy projects coming up. And, so, the recruitment goes beyond gender for sure.

SENATOR ZWICKER: Thank you.

Before moving on to the next panel, I just can't help myself. Which is, I suppose, to editorialize a little bit.

I couldn't agree with you more about the importance of experiential learning, regardless of two-year, four-year credential -- whatever it may be.

Assemblyman Umba, I would disagree, though, that the role of a four-year institution or important metric is that what you major or concentrate in *must* somehow be tied exactly to where you end up. The studies that look at the economic advantage of finishing a four-year degree don't care about that. Four-year institutions are also about critical thinking skills; about preparing for a career in whatever it might be.

So, I think we run into -- this is my personal opinion -- I think we run into a concern when we start to, as a Legislature, imply that it is up to the four-year schools to start to adapt to where the careers are, because that's going to change. That's more of a philosophical thing.

ASSEMBLYMAN UMBA: No, I understand that, Senator.

But, when it comes to State subsidizing dollars to put education sources out there, we need to make sure that we're prepared. If we don't have any welders, we don't have any welders.

SENATOR ZWICKER: Oh, I completely agree--

ASSEMBLYMAN UMBA: If we don't have any CFOs, as Assemblywoman Reynolds-Jackson stated, we're going to have a problem.

The bigger problem that the Assemblywoman brought up that we're dealing with is that we're now paying companies to be the licensed operators of our water and sewer systems. If you're paying a company, you're not paying an employee, because no one has a license. And, it's becoming increasingly competitive in towns to do that.

While I feel that we need to find ways to connect people so that they understand where things are, I applaud our Chairwoman for the Assembly committee -- she put up a legislation last year where it talks about

studying where people are getting hired and what jobs they're getting when they're getting out of school.

The point of putting that out there is making sure that we're educating to the need of our community, and they're ever changing. If we didn't do that, we wouldn't have-- If we didn't do that 10 years ago, we wouldn't have people trained in computer science. If we didn't see the need, that things were changing to those items, and I think we have to build upon, be able to put resources out there so that the student-- How many -- I mean, from the community college perspective, how many students go to community college not knowing what they want to do? And, being able to work to make sure that they can see where those jobs are. That was--

SENATOR ZWICKER: Understood.

ASSEMBLYMAN UMBA: --the point of my comment and putting it out there.

But, if we're putting resources there, we should be resourcing in order to put our state ahead, so that we have those trained personnel ready to go.

SENATOR ZWICKER: Gotcha, all right. Thank you.

Thank you to everybody.

So, our last panel, which will be around concerns for faculty of New Jersey colleges: William Lipkin, President of the United Adjunct Faculty of New Jersey; Karen Guancione from Middlesex College; Diane Campbell, President, NJAAUP; and, Donna Chiera, President, AFT of New Jersey.

Do you have an order that--

MS. CHIERA: Bill is going first.

(laughter)

I'm cleanup.

SENATOR ZWICKER: OK, you're cleanup?

So, we'll go this way and circle back around?

MS. CHIERA: Yes.

SENATOR ZWICKER: Got it.

And, as always, if you can keep your comments to three minutes, we appreciate it. Obviously, this is a timely moment for this panel.

**WILLIAM LIPKIN:** Good morning, and thank you for having us here today.

My name is Bill Lipkin, I'm President of United Adjunct Faculty of New Jersey, representing over 5,000 adjunct faculty in the state in the 11 of the two-year county colleges.

You should have passed around some information, it was specifically focused today on the negative impact of the lack of health care on adjunct faculty in the State of New Jersey.

I'm listening to a lot of testimony today; I want to make it personal. In front of you, you have four stories of four adjunct faculty, and the ramifications of them not having health care, or having to go into the marketplace, spend \$600 a month on health care; they give them a \$5,000 deductible, high co-pays, no medications -- and they can't use it, but they have to get it because if not, they get penalized on their income tax for not having health care.

There's also the story of one of our adjunct faculty working in four different schools, putting in approximately 80 hours a week between teaching; traveling; grading; emailing students; speaking to students outside of class; earning an average of \$16.25 an hour. While we have students in

our classrooms working at McDonald's making over \$20 an hour, and, at the same time, getting health care. I'm not going to go through these stories; you have them in front of you to read.

Student learning conditions are related to the teachers' working conditions. We're professionals, devoted our lives to teaching students in New Jersey. The county colleges -- 70% of faculty are adjunct faculty. Seventy percent. These are in the two-year schools. This is the first relationship that these students have with higher education. We're professionals. We're treated as secondary, second-rate employees. Some of the schools will not even call us professors; they call us instructors or they call us employees. In the two-year schools, adjunct faculty earned about 50% of what the four-year state schools make -- the adjunct faculty. We do the same work. We have adjunct faculty who teach at Rutgers, at two-year schools, at four-year schools, putting everything together.

Which brings me to one of my major points today. On behalf of all the adjunct faculty in the state, I respectfully request your support for S-2963, introduced by Senator Cryan; A-4398, sponsored by Speaker Coughlin. This is legislation that would provide the opportunity for adjunct faculty to teach in one or more multiple state and county colleges, 24 credits in an academic year, to receive the same health-care benefits that full-time faculty -- because we'd be teaching the same workload as full-time faculty. This is, to me, this is a right that we should have as State employees, to have health care; to be able to go to the doctor.

Let me give you a personal story. I am on Medicare. Without Medicare, I wouldn't be here. I would be dead right now. Over the past several years, I've had major health issues. Medicare has covered my doctors,

my tests, my procedures, and has helped with other healthy lifestyles that my wife and I follow. If I didn't have Medicare, I wouldn't be able to afford it.

Next month, I'm going to be 84 years old. I still go around and I teach at multiple schools. I have a full schedule. I'm able to do it because I have health care -- because during my career, I had coverage and health care. These bills will make it possible. We're not looking for it for free. We know that there is money we have to put in towards it. But, New Jersey claims to be a progressive state. Let's show that we're a progressive state. Let's take care of the 70% of the faculty who teach in two-year schools -- and, the four-year schools it's about 50%. The colleges, they make their profits off of our back. They treat us as second-rate citizens. We need health care.

I beg you to consider that legislation. It's the beginning-- It won't cover everyone, but it's the beginning, it's the light at the end of the tunnel - - the beginning of the tunnel, really, and hopefully we can expand on that from there on in.

Thank you for your time.

SENATOR ZWICKER: Thank you.

**KAREN GUANCIONE:** Good afternoon. I am grateful for the opportunity to express adjunct faculty issues and concerns, and relay my own personal experiences as a longstanding adjunct faculty in the State of New Jersey.

I am a member of the working poor, engaged in work I love while facing exploitation and poverty in an intellectual sweatshop with turn-of-the-century slave labor-like treatment. The following are typical issues we face.

Each semester is newly assigned with no seniority. Courses are often canceled or re-assigned to full-time faculty just before the beginning of

the semester. Adjunct faculty work often for a month before receiving any pay. Summer courses are paid only when the session is complete. Teaching at one institution is pensionable -- only one institution, even though we may teach at four. The average salary for a three-credit course at a community college in New Jersey is \$2,600. Considering hours beyond classroom time, an adjunct's real hourly rate is less than minimum wage for a position that requires an advanced degree. Most adjunct faculty have student loans that they cannot afford to pay because of low-income earnings. For some, myself included, interest has practically doubled the initial cost of the loan.

For almost 30 years, I have seen my small earnings decrease disproportionately while inflation balloons. I pay for expensive computer equipment, which costs more than I earn. I take mandatory training courses, for which I am not compensated. My health has declined from too much stress. I have advanced glaucoma, and I am fighting not to go blind. Yet, during the pandemic, I taught and worked on the computer for 15 hours a day. The glaucoma worsened, and this year I had a series of intensive eye surgeries and I could not drive without the help of loyal friends providing rides.

I taught undergraduate and graduate level courses at Rutgers, Montclair State, State University of New York, Middlesex College, and many others -- yet, I have applied for food stamps; home energy assistance; Medicaid; and aid from other State programs. I have been rejected repeatedly, even though my income is below the eligibility level. The agencies did not even believe that my adjunct employment contract was a credible document.

After paying into the unemployment and not being eligible to collect, Governor Murphy -- and you, the legislators -- passed a law giving adjuncts the right to unemployment benefits. I applied, and received four months and extra pandemic benefits. When I applied for unemployment the next year, I became enmeshed in a complicated bureaucratic maze that lasted six months. The State said that, as an adjunct, I was ineligible for benefits, and ordered I return all my past unemployment benefits, which totaled more than my yearly earnings. I engaged the services of a pro bono lawyer; sought help from my union. Countless hours were spent-- It was a nightmare of hearings; briefs; letters; phone calls; thousands of emails to every unemployment insurance employee. I contacted my state legislators.

Regardless of the new law, adjunct faculty in New Jersey are still considered ineligible for unemployment benefits in the summer. We have difficulty collecting New Jersey unemployment within the fall and spring semesters because of the Federal application of a reasonable assurance of employment.

Please understand that we are contingent faculty, which means we have no guarantee of employment from semester to semester, and no seniority. Classes have been taken from me and given to inexperienced former students. This is a frequent occurrence, particularly with women over 50. Cronyism and ageism are rampant. Adjuncts have absolutely no rights despite loyalty to students, institutions, jobs.

I am not even considered worthy of being let go, fired, or receiving unemployment. I contributed to my State pension for over 20 years. Although exceedingly small, I count on it. I was horrified to learn that there are substantial accounting errors. Years of service and contributions are

missing, unaccounted for. Correcting my employer's errors will require an audit and negotiating with my employer. The State warned that I need to start the procedure at least two years before retirement, but retirement is not on the horizon -- I have no savings, and limited Social Security and pension amounts make retirement impossible.

When I was days away from being vested in the pension, hiring personnel chose not to assign me any classes after I had been teaching more than a dozen courses over 10 years. Being an adjunct has been compared to remaining in an abusive relationship. Fortunately, I consider my relationships with people as a great sustaining gift in my life. But, I must admit that years of being in a dysfunctional adjunct relationship brings internalized shame that only justice and fair working conditions can cure.

Thank you, and please ask us many questions.

SENATOR ZWICKER: Thank you, Professor Guancione.

**D I A N E K. C A M P B E L L:** I feel awkward following that.

One of the reasons why-- You didn't hear me say how awkward I felt, OK.

Hi, I am Diane Campbell, I am President of the State Conference of the American Association of University Professors.

The State Conference represents both public and private institutions, four-year, two-year. We also represent some administrators; health-care workers; we contain multitudes. We have over 5,000 members.

What I am here to talk to you about today though, a couple of issues. One is that I am speaking for our private universities here in New Jersey. I know in March you heard from David Rousseau of the Independent Colleges and Universities of New Jersey, and he pointed out that one in five

undergraduates in New Jersey is attending a private university. And, 40% of those are minorities.

These institutions are valuable, and they currently exist. They have infrastructure, and they have very talented faculty, including, unfortunately, a wide range of adjuncts. It would be difficult to do without them, and yet they are in as much peril as the public universities that we've heard about so far today.

There is a statute in New Jersey that provides for State funding of private universities, and right now it's been ignored for several years. I don't know how much money they've been putting -- it's been getting. I think it's, like, \$1.80 an institution -- obviously I exaggerate -- but fully funding it, according to the statute, would be \$23 million. It would be an enormous help, and it would also make sure that we don't lose any other institutions.

The last thing that I want to talk to you about is not money -- strictly speaking -- and that is that New Jersey is a labor-forward state; a progressive state. And, one of the things that happened in the '80s was what we called the Yeshiva Ruling. And, it said that because faculty were part of management, that we at institutions that weren't at that moment unionized, could no longer unionize. Because of that, even though people think of tenure as being something very strong and protective, it isn't, and anyone not tenured, of course, is even more vulnerable.

One of the things that the COVID pandemic did was lay bare the lack of shared governance in our institutions and the administration's efforts to use that opportunity to push through curriculum and academic decisions without the inclusion of faculty members. What that means is the

people who know the material best are not the people who are making the decisions, and the people who know the situation on the ground are being directed by the administration and not within their own departments.

What we're seeing is that, with the decrease in shared governance, we don't have the kind of academic vigor that we should. And, if not for the accrediting agencies that we were talking about earlier, holding administration's feet to the fire, I'm not exactly sure what we would have left.

So, what our request is, is that the Committee ask the Office of Legislative Services to look into the actual real shared governance. We don't think that we really counted as management back in the '80s, but we *certainly* don't now. So, what we think is that New Jersey could be a leader in this examination of labor conditions, for both full-time, part-time faculty members to stop being stopped from organizing the way we should be able to.

I would be happy to answer any questions when Donna finishes.

**DONNA CHIERA:** I'm batting cleanup.

My name is Donna Chiera, I am the President of AFT New Jersey, and I am not an academic. And, I'm telling you that because what I'm going to say is from outside looking into a higher education system.

I taught 33 years in Perth Amboy New Jersey elementary special ed. I came from an Abbott district. I came from an Abbott district at the time where if I used more paperclips than I was allotted, I had to justify why I ran out of paperclips.

I understand transparency; I understand accountability; and I understand oversight. In AFT New Jersey world, we now call that TAO. I was floored; I am going to use the word floored. When I started working with

institutions of higher education; when I heard about William Paterson laying off faculty; when I listened to Jersey City's story -- and, we heard about William Paterson, we heard about Jersey City, and I'm sitting here telling you within 12 to 36 months, there are going to be more institutions on that list.

And, when I said, "How can this happen? What is the State doing about this?" I quickly learned that, basically, under Governor Whitman, we did away with the Chancellor of Education and everything became home rule that college presidents -- and, I have nothing against any of them -- with their boards of trustees, decided how the money the State of New Jersey gave to them, how students' tuitions were spent. And, you heard, "We built parking decks when we had empty parking lots; we built dorms when we had empty dorms." And, this has continued, and even though we say, "Because of the pandemic..." The pandemic did not cause this. We were heading down this road; we just hit the barricade right here and now.

AFT New Jersey is advocating for two things: Short-term is we need to stabilize our struggling institutions, especially those who are minority serving. However, I'm not asking you to just hand a check over to those institutions because, in my belief, that's how we got here.

We have been advocating especially with William Paterson and Jersey City, and both universities, through a labor-management collaboration, wrote a plan. And, the plan is how to stabilize and turn the university around. We want you to fund a plan. We want someone from the State -- whether it's the department or whether it's the Governor's office or whoever -- to monitor that plan to make sure the money you gave them is going towards that plan. We want the monitor; we want the oversight; and we want you to establish measurable goals. If we're saying we're going to

increase tuition by doing X, Y, and Z, is that money going there, and show us that it works. So, we want TAO, our short-term goal is to stabilize the universities that need help.

Our long-term goal -- and, I listened to the last hearing at home -- these hearings have established a laundry list of issues facing our higher education institutions. I am not supporting band-aid legislation -- "Well, here's a problem let's do this --" because that's not going to work in the long run. I am advocating-- And, I believe Senator Cryan put forth a legislation to establish a commission. Six to eight months, including equal representation, because in the past, commissions have been the college presidents and then we'll throw a student in, we'll throw a faculty member in, to say, "We have representation." Equal representation to truly look at the issues of higher education, and to come out with recommendations.

And, I know one of the recommendations will have to be having either a chancellor or a commissioner of higher education, who has the authority to go into an institution and ask those questions we heard people ask today. And, I heard Assembly Jasey, a couple weeks ago, say that she -- before she unfortunately is leaving her post -- is going to introduce legislation to create that.

We *are* in a transitional point in higher education, and that's me who is, again, looking out. I do not believe, if we do not do anything to stabilize and grow our institutions, we are going to have less institutions for our students to go to. You as the legislators did a lot with accessibility, affordability, and through grants and New Jersey Promise, and all of those programs. But, places like Jersey City -- those students go to that university, the students of William Paterson go to that university because they don't

have to live there and pay the high cost of housing, or they don't have to worry about schedules and transits. It's in their community.

So, I am asking you in the short term to look at those plans and any other institution that comes and says, "We're in financial problems," to request that plan, and to establish a commission. And, I have three things, because they came on my list, and, listen: Fringe benefits. We talked about adjuncts needing them; we talked about research universities; but we are also talking about every other institution. The fringe benefits have been going up; salaries have been remaining stagnant. If we don't do something to help these universities, the money either goes on the backs of the students, or we lay off faculty to cut costs, and, so, we need to look at fringe benefits.

We need to look at the adjunct unemployment. We worked really hard to get that bill paid, and, as they say, if all someone has to say is, "You're going to teach a course in the fall," that's reasonable assurance, and then come the fall, I don't have the course, I cannot apply for unemployment. Or, I start the course, and then I find out I don't have it, I lost out on getting the unemployment.

And, the Pathway program, it's a great program, but community college and -- I'm putting on my pre-K-12 hat -- we need to start looking at career technical education in our middle schools and our elementary schools. We did away with that; we used to have a mold, we used to have home ec. for women -- I know that's not right -- and industrial arts for men. I taught in fourth grade, my kids didn't even know what a carpenter was because we don't expose them to it at that young age. We have skillful kids who won't go to college, but will have a really good job.

So, I'm advocating for CTE; I'm advocating for funding a plan. And, you should see some additional requests in this year's budget. And, I'm advocating for a commission because New Jersey can't lose our public *or* private education systems and higher ed. We'd like to say we're Number 1 when it comes to pre-K to 12 -- well, now we have to put that much focus on higher ed.

Thank you.

SENATOR ZWICKER: Thank you for batting clean up and for hitting a home run.

Questions?

SENATOR POLISTINA: Thank you, Chairman.

You mentioned Governor Whitman eliminated the what?

MS. CHIERA: The chancellor of higher ed.

SENATOR POLISTINA: Was there a commissioner of higher ed. back at that point as well?

MS. CHIERA: No, we only have a secretary.

SENATOR POLISTINA: We have a commissioner of higher ed., I mean, they should be looking--

MS. CHIERA: No, we don't.

SENATOR POLISTINA: What?

MS. CHIERA: We have a secretary of higher ed.--

SENATOR POLISTINA: Secretary of higher ed., OK, OK--

MS. CHIERA: --who does not have the staff, the oversight, or the authority as a commissioner. It is a home-rule system in higher ed.

SENATOR POLISTINA: Got it.

So, your point is to make him a commissioner--

MS. CHIERA: Yes--

SENATOR POLISTINA: --and, give him the ability to do what needs to be done to analyze institutions and prevent what we're seeing going on.

MS. CHIERA: Yes.

SENATOR POLISTINA: Thank you.

MS. CHIERA: And, I want to give a plug for my-- Go Cougars! Kean.

It *could* be done. I mean, Kean University, under President Repollet, completely turned that university around. And, I believe this year, this current year, they actually had a larger enrollment than they did pre-pandemic. And, it was because he invested in programs; he created a labor-management collaboration; and he's doing the work to put that university ahead.

So, it could be done. We just need your help to get it done.

SENATOR ZWICKER: Assemblywoman Carter.

ASSEMBLYWOMAN CARTER: I just want to say thank you so much for the CTE plug.

And, it especially goes with the group that came before you, and working with everyone and the partners and all, because CTE is so near and dear to me.

Thank you.

SENATOR ZWICKER: You know, when the Senate President and the Assembly Speaker asked to put together this Special Committee, the intent was to bring out the issues that we've heard today and the previous one.

As you pointed out, for both the short-term stability and the long-term sustainability of New Jersey's public higher education system, things that you talked about, including whether it's time to bring back a chancellor of higher education, what it's going to take to ensure that everybody in New Jersey, regardless of zip code -- regardless of any other demographic thing we can think of -- has access to the best quality higher education system, is key here.

And, so, I think this Committee and this Legislature has a lot of work to do to ensure that stability that is coming forth, and really, I am thrilled for your testimony today -- for everybody who came out.

I want to thank both the Assembly and the Senate Higher Education Committees for serving here. Looking forward to working with everybody in a bipartisan manner.

We all want the same thing here, that's clear. And, the goal now is -- we understand time is short -- to determine what we need to do to make that happen.

So, with that, I will call this hearing to a close.

And, again, thank you to everybody today.

**(MEETING CONCLUDED)**