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# *Committee Meeting*

of

## SENATE HIGHER EDUCATION COMMITTEE AND ASSEMBLY HIGHER EDUCATION COMMITTEE

*“The Committees will meet to receive testimony from invited guests regarding the use of funding received from the U.S. Department of Education for higher education purposes”*

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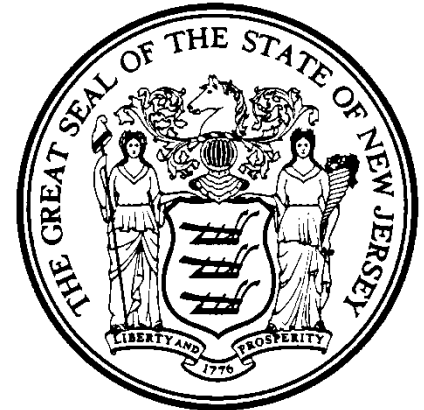
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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** March 10, 2025  
1:00 p.m.

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

Senator Joseph P. Cryan, Chair  
Senator Andrew Zwicker, Vice-Chair  
Assemblywoman Linda S. Carter, Chair  
Assemblyman Reginald W. Atkins, Vice-Chair  
Senator Paul D. Moriarty  
Senator Carmen F. Amato, Jr.  
Senator Robert W. Singer  
Assemblyman Al Abdelaziz  
Assemblyman Cody D. Miller  
Assemblywoman Heather Simmons  
Assemblyman Gerry Scharfenberger



### **ALSO PRESENT:**

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

Juan Flores-Serrano  
*Senate Majority Aide*  
Sam Aloï  
*Assembly Majority Aide*

Matthew Martins  
*Senate Republican Aide*  
Diego Romero  
*Assembly Republican 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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Joseph P. Cryan  
Chair

Andrew Zwicker  
Vice-Chair

Paul D. Moriarty  
Carmen F. Amato, Jr.  
Robert W. Singer

Sarah Haimowitz  
Office of Legislative Services  
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Linda S. Carter  
Chair

Reginald W. Atkins  
Vice-Chair

Al Abdelaziz  
Cody D. Miller  
Heather Simmons  
Michele Matsikoudis  
Gerry Scharfenberger

Christopher Myles  
Jessica S. Rueb  
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#### **COMMITTEE NOTICE**

**TO:** MEMBERS OF THE SENATE HIGHER EDUCATION COMMITTEE  
MEMBERS OF THE ASSEMBLY HIGHER EDUCATION COMMITTEE

**FROM:** SENATOR JOSEPH P. CRYAN, CHAIRMAN  
ASSEMBLYWOMAN LINDA S. CARTER, CHAIRWOMAN

**SUBJECT:** COMMITTEE MEETING - MARCH 10, 2025

*The public may address comments and questions to Sarah Haimowitz, Christopher Myles, or Jessica S. Rueb, Committee Aides, or make bill status and scheduling inquiries to Diana Polo Flemm, Secretary, at (609)847-3850 or e-mail: [OLSAideSHI@njleg.org](mailto:OLSAideSHI@njleg.org), [OLSAideAHI@njleg.org](mailto:OLSAideAHI@njleg.org). 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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**The Senate Higher Education Committee and the Assembly Higher Education Committee will meet on Monday, March 10, 2025 at 1:00 PM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.**

**The committees will hold a joint meeting to receive testimony from invited guests regarding the use of funding received from the United States Department of Education for higher education purposes.**

Issued 3/3/25

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**SENATOR JOSEPH P. CRYAN (Chair):** Good afternoon, everybody.

Hello, folks. Come on in; get a seat. I know it's too close for one o'clock for many of you to believe. But, we're actually going to try to start relatively on time.

Good afternoon, everyone. Thank you for attending and coming and joining us for this joint hearing of the Assembly and Senate Higher Ed. Committees. Today, we're going to explore the potential changes in the Department of Education, as has been announced in Washington, D.C., and we will see what that impact could potentially be for the people of New Jersey. The intention of this Committee -- as we shared in our brief meeting beforehand -- today of this hearing, is to educate the Committee in terms of what those potential cuts could mean; what the impact to the State of New Jersey will be; and also -- and understanding most importantly -- is what the impact would be for the students who are pursuing a higher education degree. We have three goals today: One is for the Committee's education; two is for the people in the room to share thoughts and dialogues with us, as well as learning potentially, for yourself, what that Committee and what that impact may be; and then, finally, the people we serve. The residents of the State of New Jersey, whether they be students, parents, that they understand what can happen here; what that impact could potentially be; and to make sure we're all prepared as we move to the future.

So, with that said, I want to thank everyone for attending, and Sarah -- Assemblywoman, we're good? Are you good?

**ASSEMBLYWOMAN LINDA S. CARTER (Chair):** I'm good, thank you so much.

SENATOR CRYAN: All right.

And, let's take a roll.

MS. HAIMOWITZ: For the Senate Higher Education Committee.

Senator Singer.

SENATOR SINGER: Here.

MS. HAIMOWITZ: Senator Amato.

SENATOR AMATO: Present.

MS. HAIMOWITZ: Senator Moriarty.

SENATOR MORIARTY: Here.

MS. HAIMOWITZ: Senator Zwicker.

**SENATOR ANDREW ZWICKER (Vice Chair):** Here.

MS. HAIMOWITZ: Senator Cryan.

SENATOR CRYAN: Here.

MS. RUEB: And, for the Assembly Higher Education Committee.

Assemblyman Scharfenberger.

ASSEMBLYMAN SCHARFENBERGER: Here.

MS. RUEB: Assemblywoman Matsikoudis is absent.

Assemblywoman Simmons.

ASSEMBLYWOMAN SIMMONS: Here.

MS. RUEB: Assemblyman Miller.

ASSEMBLYMAN MILLER: Here.

MS. RUEB: Assemblyman Abdelaziz.

ASSEMBLYMAN ABDELAZIZ: Here.

MS. RUEB: Assemblyman Atkins.

**ASSEMBLYMAN REGINALD W. ATKINS (Vice Chair):**

Present.

**MS. RUEB:** And, Chair Carter.

**ASSEMBLYWOMAN CARTER:** Here.

**SENATOR CRYAN:** Thank you.

Looks like we have a quorum between Sarah and Jess, is that right? We're in good shape?

(laughter)

Our first speaker today is going to be John, John Walsh. John joins us from the American Association of State Colleges and Universities; he's a Director of Federal Relations and Policy Analysis. Wide range of experience in government relations and Federal policy. By the way, John is a Jersey boy, right, John?

**JOHN PATRICK WALSH:** Yes, Mr. -- Senator, thank you.

**SENATOR CRYAN:** We appreciate you coming back home. He's got an extensive career, from the Department of Labor to Federal Affairs with former Governor Scott and a variety of different things.

So glad you could join us today to bring us your insight. We appreciate it very much, and the floor is yours, sir.

**MR. WALSH:** Thank you, Mr. Chairman; Madame Chairman; members of the Senate and Assembly Higher Education Committees.

As I said, my name is John Patrick Walsh; I am the Assistant Vice President of Federal Relations at the New Jersey, sorry, at the American Association of State Colleges and Universities, commonly known as AASCU. It is a pleasure to be back in my home state to give you testimony. And, I'd

like to focus my comments today mostly on the Federal funding impact to higher education.

So, let me begin by saying that AASCU represents the regional public sector of higher education. We encompass 520 institutions and their corresponding state systems, 12 of which are here in New Jersey. And, these institutions keep service to their communities and student success at the heart of its mission. Today, I want to share with you some of our top concerns for higher education at the Federal level, the top two of which are the diminishment of the traditional State/Federal partnership, and, of course, the Federal disinvestment from student aid, institutional aid, and teacher preparation.

SENATOR CRYAN: John, with apologies, but, to the members. You've been kind enough, I think, to supply us your PowerPoint, is that correct?

MR. WALSH: Yes.

SENATOR CRYAN: So, members, if you haven't had a chance yet, look in your folder; we can also follow along.

Apologies for interrupting.

MR. WALSH: Thank you, Mr. Chairman.

So, let me first provide you with some context into past Federal funding for higher education. I believe that that will provide you the best prediction for future action on the Federal level. As you can see from this slide, thanks to our friends at the Committee of Education Funding, education accounts for less than 2% of all Federal funding. In the President Biden's Fiscal Year '25 budget for the Department of Education, higher education only accounted for 4% of that allocation. As the next few slides

will show you, Federal funding for most student aid and institutional aid has plateaued over the last couple of years. We are currently stuck at Fiscal Year '24 levels due to continuing resolutions and the inability to pass a full-year funding bill through Congress. Further hurting the case for increased funding, is the flat, and, even sometimes decreased, request by former President Biden for programs like Federal work study, TRIO, and the Supplemental Educational and Opportunity grants.

A particular concern to AASCU is flat funding and even disinvestment from teacher preparation and Student Completion grants. These include programs that have directly impacted New Jersey students, including the Hawkins Centers for Education (*sic*), which William Paterson had a grant a few years ago; Teacher Quality Partnerships, that went to TCNJ as well as Montclair State; and, even the CCAMPIS which allows students, who happen to be parents, to find high-quality childcare, which is currently available at Kean, William Paterson University, and NJCU. Here, you can see the impact of almost \$800 million that three Federal programs at risk have had on New Jersey students. In their most recent year for which we have Federal data, you can see that the Pell grant award, which has stayed at -- been frozen at -- the maximum level of \$7,395, affects over 145 -- sorry, 144,000 -- New Jersey students.

Giving you a little bit of context, here was last year's proposal. This is now no longer current, but this is what the Senate was taking a look at last year in December. As you can see, they raised education funding by almost a billion dollars over the Fiscal Year '24 level. They hoped to level fund most programs; there was a \$100 increase to the maximum Pell award, and overall there were small funding increases for minority-serving

institutions; CCAMPIS programs. There was also \$100 million added to the student aid administration. This is the agency within the Department of Education that is in charge of management and disbursement of student aid, including the development each year of the Federal financial student aid application.

In the House, you can see a good indication of where the current majority will direct cuts and spending reductions. I will warn you that as you take a look at these numbers, these are better than the Fiscal Year '24 that we are currently operating under. They had \$11 million below the Fiscal Year '24 level; they froze the maximum Pell; and it cut 48 programs that are currently funded through student aid. The Student Aid Administration would have received a \$529 million cut, which represents 25% of their funding.

As you can see from this chart, education funding has mostly plateaued. You can see here the 2004 House Proposal versus the Senate. They ultimately wound up at \$79 billion. But, adjusted for inflation from 2011, we have not met up with inflation. In 2004, the House proposed a \$14.7 billion cut to Title I funds. Now, while this doesn't affect higher education directly, it would have meant a national reduction of 224,000 teachers; 5,731 who were estimated in New Jersey alone. Most of the regional public universities around the nation started as the nation's normal schools, or state teacher's college; including my parents' proud alma mater of Kean University. It would have eliminated Title IIA; it would have eliminated Federal work study; Hawkins Centers; Teacher Quality Partnerships; the list goes on.

So, where do we stand right now with the current budget reconciliation progress -- process -- moving through Congress? Well, President Trump has officially blessed a--

SENATOR CRYAN: John, I'm going to interrupt you again.

MR. WALSH: Certainly, Senator.

SENATOR CRYAN: Just for the Committees' bunch of new folks and a few of us who have gray hair, can you just define what Title I and Title II are for everybody?

MR. WALSH: Certainly.

Title I funds, mostly, are direct grants and money going to your local school; K-12 education. Title II is where you begin finding student aid and other programs. So, that's the main difference, Senator.

SENATOR CRYAN: Thank you.

MR. WALSH: Taking a look at reconciliation.

What we do know is that there are different bills in the House and the Senate right now. The Senate is proposing a two-bill package versus the one in the House. They currently have a small bill that handles just homeland security, energy, and health. They will get to the tax cut portion later on in the year. Now, this presents some problems, which we'll get into. Ultimately, the House is hoping to have their bill on the President's desk for signature by Memorial Day. The Senate has already said that they are not going to consider the House's proposal until *at least* after mid-March recess.

The difference between the two proposals -- right now, the House is a \$4.5 trillion bill. It would require the Education and Workforce Committee -- under which Higher Ed. falls -- to find \$330 billion of cuts or spending reductions over 10 years. This would ultimately create \$1.5 -- or,

require \$1.5 trillion -- in mandatory cuts. That's Social Security; Medicare/Medicaid. That's what the current proposal is calling for. The Committees have to give their numbers by the end of the month. We don't know what they will cut. But, as I said, previous proposals give you a good road map to that. On the Senate side, they have said that the HELP Committee -- the Health, Education, Labor and Pension Committee, under which Higher Ed. falls -- has to find, currently, over \$1 billion in cuts over 10 years. It seems like a small amount, but for the Joint Committee, what I can tell you is that that is simply a placeholder. We will not know how much they really need to find in cost reductions until they come out with that second bill, probably closer to September.

I've already spoken about the student aid programs that are likely to be cut. But, student loans are another target. Here's some of the items that are keeping AASCU awake at night, as we take a look at the proposals working their way through Congress. There's other potential revenue sources that could be found in -- are an expanded endowment tax, or risk-sharing proposals. This would ask colleges to pay a penalty for graduates who default on student loans. Hasn't been done before, but is currently being considered. Left unsaid, but feared at risk, is funding for minority-serving institutions, which can be seen as running counter to numerous anti-DEI executive orders that have already been passed over the last two months. There are many MSIs that have a home here in New Jersey.

Some things that I would like the Committee to keep in mind is that Number 1, the instructions that have been passed are not set in stone. Ultimately, for reconciliation to move forward, the House and Senate bills must agree in its entirety; and that's not currently the case, they are far apart.

The other issue to keep in mind is that the spending reductions are goals, not ceilings or floors. If committees can find additional cost savings, they can increase other accounts. And, that is currently one of the things that they are looking at doing. So, everything is on the table. I also want to mention the Pell. The Pell is currently in a shortfall. While two years ago we expected there to be a surplus going for another five years, the expanded FAFSA bill has now made it so that at the end of this year, the program will have a \$2.7 billion shortfall, going into Fiscal Year '26. This is without current proposals to expand Pell into short-term Pell programs, or the Workforce Pell program, which is currently being considered by both the House and Senate. If those were to be passed, I can tell you that this shortfall would probably be looking at another \$5 billion shortfall by next year. So, members of Congress are aware that this needs to be tackled; the most likely scenario is to tackle it during the reconciliation process. But, currently, that's not being considered as part of the instructions for cost -- for finding spending reductions and cutting costs.

Finally, we could just-- I'll wrap up very quickly by saying that your packet includes many -- much more information on the executive actions that have occurred. But, taking a look at Secretary McMahon's confirmation, she spoke about the vulnerability of the Pell program, and committed the administration to continuing the program. She also spoke about the need for expanding it to Workforce Pell. We're worried that right now those proposals don't have a corresponding allocation, and we are currently running at a deficit. We're also concerned about her final message that she submitted to employees of the Department of Education, which is that she'll be hoping to wrap up many of the functions of the Department. She mentioned in her

hearing, the dismantling the Department, which everyone has heard about, can only be done through Congress. But, ultimately, there are parts of the Department that could be spun off to other Federal agencies. It's something that we're concerned about, and we're taking a look at. Especially when you consider that those agencies might not have the same mission that the Department of Education does to provide an equal and quality education to all students.

And, with that, Mr. Chairman, Madame Chairwoman, I thank you for the ability to testify before the Committee.

ASSEMBLYMAN MILLER: This isn't-- Well, it's not directed at you, but more of a question.

So, basically what you're saying is that, based on the Congressional proposal, which calls for \$4.5 trillion in deficit spending for tax cuts, which would go to households with incomes in the top 5%, they're proposing to cut funding for higher education by \$330 billion? Is that correct?

MR. WALSH: Ultimately, Assemblyman, they are requiring the Committee to find 300 -- at least \$330 billion in savings.

How they decide to cut that up is entirely up to the Committee itself.

ASSEMBLYMAN MILLER: The way that I interpret it is, basically, we are reducing funding.

And, this is personal for me, because I am a recipient of-- I was a recipient of Federal Pell dollars. And, I was the first in my family to go to college. I think that it's horrendous that we're trying to cut -- that the Federal Government wants to cut \$330 billion from higher education to give tax cuts

to the wealthiest Americans. I think that's just abysmal. But, I thank you for your time and educating us on this; I really appreciate it.

MR. WALSH: Thank you.

ASSEMBLYWOMAN CARTER: Other questions?

SENATOR CRYAN: I know I have a couple.

Anybody else have questions? Anybody?

ASSEMBLYWOMAN CARTER: Go right ahead, Senator.

SENATOR CRYAN: Thanks.

John, I have a couple for you.

Can you talk-- I want to explore Pell more, OK, and appreciate what it means to students. Do you have any ideas, in terms of the impact to New Jersey students, specifically by any thought or measure, that you could talk about?

MR. WALSH: Senator, unfortunately we don't have specifics.

What I can say, is that currently, if we keep the present maximum award, the current eligibility that we still will have that \$2.7 billion shortfall at the end of the year. In order to make any sort of change to the program, ultimately, they're going to have to either cut the maximum award, or they're going to have to cut into the eligibility -- the length of the award. What we know is that when the program was created in 1972, a maximum Pell award would ultimately have paid for close to 70% of the cost of tuition. That is now less than 30% for most colleges and universities. So, we know that the purchasing power of the Pell has already been drastically reduced. And, that's with small, incremental additions. What we have asked the Congress is, as it works through its budget process, AASCU and a number of other higher ed. associations have asked that they, simply, for this year,

maintain the funding and just give a small COLA adjustment so that we keep up with inflation. But, even that would represent a maximum award of close to \$7,500. So, you can see that even a \$200 increase per student in New Jersey, that's 144,000 students.

SENATOR CRYAN: That's a lot of students.

So, given the potential for the large-scale reductions, or even the Department of Education elimination, do you have any idea on contingency plans? What are state colleges, universities across the country considering at this point for student access to financial aid? And, quite frankly, institutional support. What have you heard out there?

MR. WALSH: Senator, I wish I had a more rosy picture to provide you.

Unfortunately, most states -- you know better than I do -- they're already stretched thin. They've already tried to cover and backfill -- especially on the student aid portion and tuition -- as much as possible. Many of the institutions that AASCU represents, the regional public sector, the average age of some of our infrastructure is going on 60 years of age at this point. We have deferred maintenance costs; there's just not much more that we can do as we try to maintain not only our tuition rates, but also the fact that we are a broadly accessible sector of higher education. We are not the highly rejective universities. AASCU and NJASCU, we represent those who are trying to provide that first step on the ladder to prosperity for all students across New Jersey and the nation. So, it's very difficult for me to say that there -- they have much room and flexibility to plan for this. If this funding goes away, they're in a terrible spot.

SENATOR CRYAN: You're the national guy, but I will tell you that's New Jersey conversation that a lot of members here have had already, I suspect--

ASSEMBLYWOMAN CARTER: Absolutely.

SENATOR CRYAN: --with advocates.

And, especially when it comes to capital maintenance. I'd be remiss if I didn't mention-- Look, we're also dealing here with a proposed budget that has significant cuts; \$184 million as we discussed previously, higher education in 22 county colleges. And, we're going to-- This Committee is going to work through that as well. And, today, part of today's intention is to put things all in focus for us as we move in our deliberations moving forward.

I do want to ask you about -- a little bit about how this all ties in, or does it at all? We've all heard of the demographic cliff. And, what that impacts with-- The issues in higher ed. right now are generational and, quite frankly, challenging, maybe, as any time in recent history. Do you think that -- just your opinion, I guess, or your analysis -- given the cliff and funding uncertainties, does that make it-- Is it more difficult or what that potential issue could be in terms of higher ed.?

MR. WALSH: It certainly does, Mr. Chairman.

Many of us in higher ed. are worried about the enrollment cliff. We're also taking a look at the fact that the country's changing the way that it even views and talks about higher education. When I graduated from Colts Neck High School in 2004, it wasn't a question of whether or not you were going to a college or university. You were going; it was just which one are going to attend. Now, the question for many of my younger cousins; I have

two who just started at Stockton, but I have another who's looking at possibly entering the trades, and feels a greater aptitude there. Now, that's fine, but ultimately, where does that leave universities that have enrollment and institution -- sorry, tuition structures -- that are dependent upon students graduating from high school and immediately moving into their freshman classes. Students are taking longer; we do know that some of them have issues with affordability. It is a perfect storm, Mr. Chairman, if I could just put it that way, with a disinvestment from Federal Government, and State budgets that are already stretched thin.

SENATOR CRYAN: I mentioned to you the 31%, you got something?

OK, just let me finish this thought and I'll do that. I mentioned to you the 31% at our senior four-year publics, and our average private institution for a year is \$55,000 annually, on tuition, making it one of the highest in the country as well. So, we've got specific work to do here in this state.

I think Senator Moriarty has a question, and then anybody else does.

ASSEMBLYWOMAN CARTER: See who else.

SENATOR MORIARTY: Thanks for appearing here today.

You're the national guy, so I assume you look out there, on the horizon; you need to project. When you take this much money out of higher education -- we're not even talking about grants for research -- what does this mean in the long term for enrollment, for employment at all these universities, and also, the viability of colleges and universities going forward? What do you see if this continues?

MR. WALSH: Thank you for the question, Senator.

I-- We are operating in very uncertain times. And, many of our members -- member institutions -- are asking the same thing: What do we see as their viability? Can we give them any more information about student trends? And, the answer, unfortunately, is right now, the picture is too clouded. What I can say, is that as we take a look, our biggest concern is a - - shall we say reimaging, or redefining, of the State/Federal partnership. We're seeing where, on the Federal level, it is being talked more and more about that it's not the role of the Federal Government to backfill higher education, or even K-12. When we hear that they want to give more power to the states, I think they do; I take them at their word on that. But, with that also comes the responsibility to pay for it. And, so, as we notice that Federal dollars are being stretched more and more, I don't see anyone on the Federal level trying to shirk the responsibility of such programs like the Pell grant. But, programs that they view as duplicative, such as the Hawkins Centers for Excellence; or Teacher Quality Partnerships; they view that as a state issue for you all to figure out. And, that's rather worrisome when we know that the teacher shortage across the nation is probably one of the largest issues that we're facing as far as producing that quality workforce that businesses need in order to continue our competitive edge globally.

SENATOR MORIARTY: Do you know how many colleges and universities closed this year?

MR. WALSH: I do not, Senator; I'd have to get back to you on that.

SENATOR MORIARTY: Thank you.

ASSEMBLYWOMAN CARTER: Assemblyman Scharfenberger.

ASSEMBLYMAN SCHARFENBERGER: Thank you.

And again, thank you for your testimony. Just a quick question. Has the Federal Government been in touch with any of the universities or the associations to try and talk through, maybe, some areas that can be cut without impacting essential services, or grant money, or something like that? In other words, speak to those who would be affected, to maybe identify things that they could live with without impacting the student body or, minimum faculty needs; that sort of thing.

MR. WALSH: Assemblyman, I can't speak directly for institutions themselves.

What I can say is that we try to have as much of a partnership as possible with the Department. And, luckily, I have a lot of former colleagues in the present administration who were committed to that. However, when they come up with their budget, when they are taking a look at which programs to cut, which ones to recommend, and then the President's upcoming budget request; that is a closed process which they do not open up for comment until after it's released. They know where we stand. We make sure that each year, both in December, and again, in the new administration in January, we've put forth sort of markers for what our requests are. It is on us to try and keep them reasonable. We understand that we can't ask for the entire bank, when everyone is looking for funding and increases. But, generally speaking, they know which programs they feel are the required ones. It's a question of whether or not institutions or our associations would view others as duplicative, or, perhaps, ready to be retired or sunset. And, that's a different conversation.

SENATOR MORIARTY: Thank you.

ASSEMBLYWOMAN CARTER: Any others?

SENATOR ZWICKER: I have one.

Thank you. I just want to go back to some of the things you said, and get some more feedback for when you're -- when you're on the Hill and you're talking to folks. First of all, can you go back to what is the general motivation you are hearing about cutting \$300-plus billion of education funding?

MR. WALSH: Ultimately, Senator, what it comes down to is simply a belief that budgets are too big and we need to start cutting back in order to put the nation on a correct fiscal path.

Three hundred-thirty billion dollars is simply what the budget Senate -- sorry -- House Budget Committee decided was the allocation for the Educational Workforce Committees. There are other committees that have been given larger numbers; smaller numbers; that's what they felt could be done underneath the jurisdiction of Education and Workforce. And, I would say, the number can seem a little misleading; that's \$330 billion that will impact HHS; the Department of Ed.; Department of Labor. So, it's not just coming out of education. But, as far as where the Committee will find those cuts, that is entirely up to the members of the Committee and their staff.

SENATOR ZWICKER: Chairman Cryan asked about the impact on New Jersey.

I'm curious; which states -- since you work nationally -- have billions of dollars of surplus money they're ready to put into their state efforts for higher education?

MR. WALSH: Senator, if there are, I am not aware of them.

As the Chairman has mentioned, I worked for eight years for the state of Florida, under Governor Scott. I can tell you, we were trying to find and pinch the value out of every single penny there. It's just not there. I don't know how else to answer that question for you.

SENATOR ZWICKER: It was a set-up of a question.

(laughter)

I'm aware of what the answer was.

MR. WALSH: I'd like to thank you for the very soft set-up versus the House.

(laughter)

SENATOR ZWICKER: I think my last one is: There-- You alluded to it, certainly, in your slides.

But, it seems clear to me, that these cuts will be devastating. Assemblyman Miller talked about being the first person in his family to go to college and be a recipient of Federal financial aid, and he's now sitting here on this dais. We're -- just, in your crystal ball, and I understand things are unclear -- but, certainly the rhetoric of the Secretary of Education herself, as you've pointed out, is such that she thinks her goal is to dismantle the Department. Where are we going to see the biggest impacts, in your opinion? Is it in Federal loan programs? Is it in repayment programs? Is it in workforce development programs? Is it all of the above? And, who's it going to impact?

MR. WALSH: Well, Senator, within your very large packet, and I'm very sorry for that.

But, on one of the slides you'll see that almost half of the savings of that \$330 billion will come from the elimination of the SAVE loan program. That was President Biden's student loan repayment plan. A

keynote, I believe in, I think it was '23 and '24, is when proposed that. By eliminating that program alone, they say that they will save \$124 billion. So, already, you're almost halfway there to those cuts. But, as far as other areas, the Student Aid Administration is something that I'm very worried about. I understand that many folks in D.C. and in the states are still very upset at the bungled simplified FAFSA release from last year. However, cutting the staff that is then in charge of preparing the next year's application-- As a former Chief of Staff of an agency, I can tell you I wouldn't cut the staff that's supposed to be planning my budget for the next year. It seems like a poor way to go about that. But, that is also one of the agencies that many feel could be spun off in some act of Treasury. Now, whether or not that's an expanded cost, I don't want to speculate on that. But, I do know that that is probably one of the targets; that and student aid that's not seen as critically important and with a Federal interest.

SENATOR ZWICKER: Last question from me.

And, you mentioned it. New Jersey has some of the finest minority-serving institutions in the country. We're very proud of both the institutions, the staff, and the students who they serve. You alluded to it in your comments that whether it's the "Dear Colleague" letter, or whether it is some of the executive orders that are coming out of the White House, that there's a significant risk to MSI institutions, nationally. Could you talk more about that?

MR. WALSH: Certainly, Senator.

The biggest issue that we have on the Federal level is that we're just uncertain of how all of that will be implemented. The "Dear Colleague" letter walked back a number of the assertions in-- I'm sorry. The frequently

asked questions document walked back a number of the assertions in the “Dear Colleague” letter, which referenced a number of vague portions of the executive order. So, we’re going back three steps here. Having served in the previous Trump administration, I can tell you that there was an understanding that we were always supposed to be supportive and friendly to HBCUs, Historically Black Colleges and Universities. They’re very dear to the President’s heart and agenda. At the same time, we currently have executive orders that, at least, on their face, would seem to impact some of the funding that goes to -- directly to HBCUs and MSIs. And so, the question is, how do we have both of those opinions at the same time, operating under a budget authority? And, that’s-- We’re unsure. We don’t know whether or not the Hawkins Centers of Excellence -- which, were authorized for 14 years and only received their first dollar four years ago -- we don’t know whether those will still be operating next year; whether OMB considers those to be counter to the President’s orders, or whether or not there’s a carve out. And, that is still yet to be seen. And, it’s the same for Hispanic-serving institutions, (indiscernible). All the way down, we are just not sure whether or not the current OMB guidance will include them or exclude them.

SENATOR ZWICKER: Thank you.

Thank you, Chairman.

ASSEMBLYWOMAN CARTER: One of the things-- And, that you brought it up, especially the possibility with the HBCUs.

Now, when I look at Department of Education, you said, you know this is a Congressional, really. Congress has to like, really do that. But, it can be pieced off. And, that is where I find that you can have a shell, and it be gutted out, or, you can have your house with no furniture in it. For--

What are the potential areas out of there that they can really, like, take and move, very easily without a blink of an eye to other departments and, be covered? Because, you brought that up when you started your presentation.

MR. WALSH: Madame Chairwoman, I can tell you, some of my opinions also come from the fact that I served at the Department of Labor in the previous Trump administration. There was a proposal then to possibly consolidate the Department of Education and Labor. So, many of the jobs, whether it's CTE or job training programs, could be taken out of Ed. and sent back to Labor under the Employment Training Administration. You could also see, as I mentioned, the Student Aid Administration would be spun off back to Treasury. There are Title I funds that help school children in Title I schools; nutrition programs that could be sent back to HHS. The Department was ultimately -- mostly came from HHS back in the '70s. And, so, many feel that that could simply be sent back, or cut out, leaving really just the disbursement of Federal funds. So, that's the gameplan that many of us are sort of operating under. But, once again, those discussions have always taken place at a 50,000-foot level. None of us have ever seen detailed reports like what is required of Secretary McMahon right now.

ASSEMBLYWOMAN CARTER: And, when you start to piecemeal up, and, like you said, they won't follow the same -- have the same vision and mission of what we've seen.

But, it's also a matter of that impact along with what Assemblyman Miller said before, really the impact of like, Pell grants, and everything like that; the funding that some of our students are receiving. And, especially, in our work development area, people even just trying to get ahead. It's a huge impact, and we need to really kind of understand; but

there's so much unknown because we don't know, we can't predict; like we don't have a crystal ball in order to predict. We can just guesstimate at this point. But, we also have to be prepared. So, I'm very glad that we're having this open conversation.

MR. WALSH: And, I would be remiss if I didn't add for some of my colleagues coming after me the Office of Civil Rights, which is in charge of making sure that institutions are following Federal civil rights legislations.

That would be spun off to the Department of Justice, and that is something that we're already seeing with some of the Joint Task Forces that the President has set up between the Department of Education, Department of Justice, and other Federal agencies. We're already seeing some of those responsibilities being taken over by those -- by that Joint Task Force, underneath the Executive Office of the President.

ASSEMBLYWOMAN CARTER: Assemblywoman Miller.

I mean-- Simmons.

ASSEMBLYWOMAN SIMMONS: Thank you, Chairwoman.

Thank you so much for the education, and the very heavy packet that you've provided. So, I have two questions, if that's all right. And, one concerns the CTE discussion and the proposals that we've seen before of possibly combining the CTE education piece into the Department of Labor, which is not an uncommon discussion to see. The concern that I have philosophically with that is that in the Department of Labor, you're talking essentially about workforce development and career preparation; and workforce readiness. You're not really talking about education of the whole person. And, I'm concerned that the idea of pathway for folks who start off with CTE training and looking at a full lifetime of career opportunities, where

education or training is a piece of the ladder, for lack of a better term, through the course of a career. Do you hear among your colleagues at the Federal level discussions about education versus training? I mean, do these types of things enter the dialogue at all?

MR. WALSH: Assemblywoman, the answer is both yes and no.

And, I'll start off by sharing a quote from a Dr. Virginia Foxx, former Chairwoman of the Educational Workforce Committee. Dr. Foxx, being a former university president herself, had a wonderful saying -- and she corrected me many times -- "You train an animal; you educate a human being." And, she was very, very firm on that belief. But, at the same time, there are many members of Congress who do believe that it would be a seamless transition to move those career and technical education programs right over to the Department of Labor where they more naturally fit. And, I would agree with you, the question is, where are we receiving that education? Is it in a workplace, or is it at an institution of post-secondary education? Are we doing it through our community colleges, or are we doing it through an internship program? Those are two different processes, and I believe you get a different education from both.

ASSEMBLYWOMAN SIMMONS: Agreed; they're very different types of education.

My other question really is about funding. I spent the bulk of my career in public higher education; a chunk of it in a four-year research institution. But, most of it, working for county colleges in New Jersey. And, in Southern New Jersey; *very* southern New Jersey, where more than 80% -- probably closer to 85% or 86% -- of our students received some kind of aid either at the Federal or the State level. In addition to which, for the last 15

or 20 years, the discussion has continued to be that funding from the State, funding from the Federal Government continues to decline. For a long time, it was supposed to be -- community colleges -- a third coming from the State; a third from a local; and a third from tuition; and it's never achieved that. I think for our institution right now, about 17% comes from the State. And, now we're looking for another cut in that this year.

So, the discussion has, for as long as I can remember, been alternate forms of revenue; can't really rely on the State to fund -- to pay for things. So, what we're seeing now is a continuation of that, but on steroids. Let's fast-track the discussion and just cut the funding altogether. I think we need a discussion. What is the future of higher education if we can't rely on public higher education? If we can't rely on State funding? Is this part of the discussion that you guys are having as well? I mean, you're talking from a Federal level.

MR. WALSH: I would, again, preface that AASCU operates on the Federal level only, so I would lean to my colleagues at NJAASCU how the State is handling funding. But, yes, it is part of our conversations, and it is one of the things that we keep in mind. My father was a principal in the Aberdeen-Matawan (*sic*) School District for 35 years; my mother served in Edison for 32 years as a teacher. I've heard all about the State funding versus Federal funding; where's money coming into my classroom? Usually, it was coming from their paychecks, for certain school supplies. But, it's something that we're already noticing, as I've mentioned multiple times: stretched State budgets. And, I think it's easier, sometimes, to put the limited State dollars towards tuition. But, that leaves deferred maintenance; it leaves infrastructure; it's a question of, "What about fringe benefits for employees?"

I believe -- forgive me for not having an exact knowledge -- but, I believe that your university staff and faculty are considered State employees; I know that in Florida they were. And, that was a large part of our challenge each year, was coming up with the budget that took into account expanding health care costs; expanding pension requirements. So, with all of those challenges, we know that that's there. The Federal Government does not view it as their job to come in and backfill any of that. And, that's an issue when we take a look at the student aid programs that they do support; programs for improving of quality education. When you start making the distinctions of whether something is duplicative in nature; whether it's really the purview of the Federal Government, it starts creating a downward pressure that State and local communities can't support.

ASSEMBLYWOMAN SIMMONS: Thank you very much.

Thank you.

ASSEMBLYWOMAN CARTER: OK, we'll close the questioning out with Assemblyman.

ASSEMBLYMAN ABDELAZIZ: Thank you, Madame Chair.

Very briefly, what's your expertise and your professional opinion judgement? If these cuts were to go through -- which specific when we talk about student aid -- who would be most impacted from the students while these cuts were to go through in New Jersey?

MR. WALSH: Assemblyman, the student in New Jersey who would be most affected is the first-generation, minority, low-income student.

These are folks who are dependent upon Federal work study. These are students who automatically qualify -- as Assemblyman Miller said -- for that full, maximum Pell grant award. These are students who would

benefit from money that's not only provided by the Federal Government, but also, at least half of it is provided by the institution themselves as part of the Federal Supplemental Educational and Opportunity grants. That's money that goes to those basic needs; the unknowns. The student who is trying to get their degree, who's trying to improve their life, and, at the end of the day, their car breaks down and they're unable to get to class. That's the money that helps keep them retained as a student, and helps push them towards completion. And, that's been something that I know the State's been concerned about; working on tirelessly, all of you have for many years. So, as we take a look at who's going to be most impacted, it's those who can't afford to have other opportunity other than our great community colleges, public regionals, and if they're lucky, our private and land-grant colleges.

ASSEMBLYMAN ABDELAZIZ: Thank you.

Because, that's the most concerning part right there. People who want to build that American dream, and to gut, and take away, and not give them the opportunity is what's very concerning, especially in my district, and I'm sure, throughout the State of New Jersey. So, thank you for that.

SENATOR CRYAN: Thank you, Assemblyman.

John, thank you. We kept you a little bit longer than I promised.

(laughter)

So, I apologize for that, but I think it's safe to say, your insights were immensely invaluable. Thanks so much; appreciate your time.

MR. WALSH: Thank you, Mr. Chairman.

SENATOR CRYAN: Fran Pfeiffer.

So, Fran's coming up. She is the Senior Vice President for Government Relations at Rutgers University. She's the end all and be all at

Rutgers; let's be honest, Fran, right? And, by the way, also in Government Relations; handles the Washington, D.C., office. Fran, thanks, I'm looking forward to your insight.

**F R A N C I N E P F E I F F E R:** Thank you, and good afternoon, Chairman Cryan, Chairwoman Carter, and members of the Higher Education Committees.

It's a real pleasure to be with you today. I'm Francine Pfeiffer; I'm the Senior Vice President for Government Relations at Rutgers, and before I took this role, I led the University's Washington office for more than 20 years. I can safely say-- I'm a South Jersey native and a proud Rutgers graduate. And, I can safely say that in my three decades of doing university government relations work, I have never seen a more disruptive and uncertain time in dealing with the Federal Government for higher education.

So, I'm going to give you a little bit of context to frame my remarks, because I think the scope of the university is important in understanding all the different ways we are impacted by the Federal Government. As you know, Rutgers is a large, comprehensive research university. Our faculty conducts cutting-edge research; they apply for grants; they bring undergraduate and graduate students into the lab with them. They develop new discoveries; breakthroughs; technologies that become patents, that sometimes become spinoff companies; that sometimes become things like smartphones, which really started with university-based research. So, I want to make sure in my remarks I talk about not just our education -- what's at risk in the education space, but also in the research space. As a land-grant university, we are in every county in the State. We are helping growers succeed; we are helping community members address issues like storm-water

management; nutrition; financial literacy. We serve 17,000 -- 70,000 -- undergraduate and graduate students with 82% of those students being from New Jersey. Thirty-seven percent of our student body are first-gen. I was one of those students, like Assemblyman Miller, I was a Pell grant recipient and a first-gen college graduate. And, so, I can speak very personally to how big a difference those Federal aid dollars make in making college possible for so many of our low-income students. Our patient care at Rutgers serves 2.5 million patient visits a year, across the state, with more than 2,400 clinical health professionals, and over 450 clinical trials going on at any given time. It takes a lot of people to do this; we have about 27,000 faculty and staff across the state.

Now, I mention all of this because every aspect of our work -- education; research; public service; clinical care -- are all underpinned by Federal funding. Federal student aid; Federal research funding; conducting clinical trials; fulfilling our land-grant mission; providing patient care; they're all supported by the university's partnership with the Federal Government. And, that partnership is under serious strain. We all face harm -- all of our students; our communities; our patients -- when Federal funding is disrupted or delayed. And, our workforce is also put at risk, especially when the Federal Government abruptly changes course, as they are right now.

So, let me give you a little bit of specifics on the Federal Student Aid numbers. We have \$491 million in Federal Student Aid to Rutgers students. That's \$94 million in Pell grant funding to 17,000 students at the university. We also receive-- Our students receive \$340 million in student loan support. That's also critical; many of these students would not be able to borrow easily in the private market without that Federal student loan.

They really wouldn't be able to meet the full cost of their education. This fear I have about -- I think was really well described by our last presenter -- on the budget reconciliation process is not made out of thin air. We've seen cuts like this in previous budget reconciliations. You may recall there was a time when graduate student loans were subsidized. That subsidy went away in a previous reconciliation. It is not hard to imagine how student aid is further curtailed in the budget reconciliation process. I'd say that when we think about the Department of Ed., the confusion around the executive orders adds another layer of uncertainty as our agencies work to operationalize those executive orders. They are also putting Federal funding in jeopardy. At Rutgers, we're trying to keep a calm hand on the wheel; communicate clearly to the student body; and follow the State and Federal Laws, and that is not an easy thing to do when some things are in direct conflict with one another.

I would say that there are clear areas of concern, things like the executive order on DEI that was discussed. Also, disinvestment in clean energy. Rutgers has education and research programs. Obviously, that could be described as DEI; we're proud of our diversity, we want to continue to support it. And, also, our (indiscernible) do a lot of work in clean energy, and we're not hopeful about some of the funding prospects that we see going forward.

When we look at the legal landscape with 41 different lawsuits partially or completely blocking the current executive orders, it's that much more confusing for universities as we try to navigate the legal ramifications of how we do our work.

Adding to the frustration -- and I think the concern and the chaos, frankly -- is the rapid reduction of the Federal workforce. We've seen 10%; 20%; 30% cuts in some of our key Federal agencies. It's really hard to imagine how normal business can be conducted with that abrupt job loss at many of these Federal agencies, including places like NIH and NSF, which are our largest sources of research funding at Rutgers. We've also seen those broad Federal funding pauses, and then more specific funding pauses in the form of stop-work orders that come through on specific grants. We have had a few specific grants completely defunded at this point. We've had researchers who've had to pause their work because the Federal website has been taken down, and the data they rely on is gone. So, they can't literally do their work. And, so, things like maternal health outcomes, that is the kind of research that's being disrupted right now. The VA benefits that many of our GI Bill-receiving students receive are also now being put at risk, both by those large job cuts that were proposed, but also because there are now being reported multi-week delays in applications being processed. Now, Rutgers knows -- or, hopes -- that the Federal Government is good for it if we have a GI Bill student coming through. But, many of those students rely on those cost-of-living benefits to pay for their daily living. And, if they're not receiving those benefits, they are really put in harm's way.

We talked a bit about the budget reconciliation process when it comes to student aid. I'm also concerned when it comes to graduate medical education; the public service loan forgiveness program; and changes to the tax code that could harm the non-profit sector as a whole.

So, let me talk a little bit more about research. Rutgers is home to almost a billion dollars in research funding. And, that is not just the

Federal Government, it's also the State and private partners, but more than half of that is the Federal Government. We have over 300 research centers and institutes spanning the spectrum in things from transportation research; to materials research; to technology; to biomedical research. So, it's not just one thing that is at risk with the Federal disruption, it's really every area of innovation you can think of. The Federal Government really funds it across the agencies; we think about the big ones, NIH and NSF. But, it's also true that the Department of Transportation, the USDA -- so many of the Federal agencies also fund research -- and that research is happening at Rutgers.

So, let me get into the specifics on the NIH front, because that has made a lot of news. There is \$371 million in Federal Health and Human Services funding at Rutgers now, with \$286 million of that being from NIH. So, that is our largest source of funding. And then, NSF, as I mentioned, is our second. And, that's just below \$70 million a year in research funding.

I want to also make sure I talk about the impacts this has on human health. The Rutgers Cancer Institute of New Jersey; really proud of the work at the Cancer Institute. It is largely dependent on NIH grants. We've already seen some adjustments to grants based on some of the executive orders coming out. And, our ability to provide all the patient care and cutting-edge clinical trials that might save your life are being impacted by the uncertainty of this funding.

NIH Study Sections-- Those are the sections that need to review grants. They're supposed to be meeting-- The funding freeze was supposed to be lifted; but, unfortunately there are still delays. So, if the study section that needs to review the grants are being delayed, and the councils that needs to approve the grants are also not even being scheduled, we're looking at

many months of delays in some of this -- in our research funding-- With more than 1,000 NIH Study Sections and council meetings cancelled or postponed across the country, at this point.

When we look at the impacts of executive orders on our health enterprise, I'm really concerned about our research that touches on race or gender. We are receiving reports that NIH is likely to stop or curtail grants on those kinds of topics. And, they include things like racial health disparities; population health. And, similar work that affects the well-being of our communities, and that work is underway right now. The Cancer Institute is just one example of the kind of work being done on closing racial disparity gaps in cancer-care delivery. That's just one grant I pulled to provide an example.

The other thing I want to talk about when it comes to NIH is F&A cuts -- Facilities and Administrative cost cuts -- this has been reported in the news as well. There was an attempt by the Trump administration to cap the Facilities and Administrative rate at 15%. The problem is, there should not be an arbitrary cap on this F&A reimbursement, because it is a reimbursement for actual costs that have been spent to do research. A process exists at the Federal level that we participate in every three or four years to actually set our Facilities and Administrative rate; it's a negotiation based on facts. And, we have a negotiated rate. If a cap were put in place, it's not just that it would curtail research, we would have to seriously think about whether we could afford to do Federal research. Because we are subsidizing the research. What do I mean? I mean that the buildings that our research is happening in; the people who clean the buildings; clean the test tubes; do the secretarial work to support what's going on around it; that is all part of the

F&A. It's already the case that the Federal Government doesn't totally reimburse our real costs, and that 15% cap would be absolutely devastating. And, that-- I'm just talking about it when I think about Health and Human Services and NIH, but imagine if that was imposed across the Federal Government.

I don't want to scare anyone, but at Rutgers, we're realistic about how uncertain this funding is. We realize it's going to put pressure on tuition; it's going to put pressure on jobs; and these are all things we're really worried about. We're staying the course for now, but as facts become more clear, we will make the decisions that need to be made so that Rutgers is stable going forward. As we face this unprecedented disruption and potentially significant Federal funding cuts, I want to leave you with the fact that it's more important than ever that the State be a strong partner. Unfortunately, as you know, the State Budget Proposal for FY '26 would impose significant cuts on supports to higher education. And, at Rutgers, that's operating aid; that's student financial aid; and programmatic support as well. Things like mental health services; the Rutgers Cancer Institute; legal aid; and dental care for the disabled are all on the line. So, that will put additional strain on our ability to deliver on our education, research, and public service mission.

And, with that, I want to thank you for the time to join you today, and I look forward to your questions.

SENATOR CRYAN: Thank you, Fran.

Anybody first?

SENATOR ZWICKER: I'll go, Chairman.

Thank you, thank you for all the information about Rutgers. I guess I do want to focus more on the research grants.

As you mentioned, Rutgers will soon approach a normal times over \$1 billion in research grants from a variety of sources, and the proposed various losses -- and, I'm glad you mentioned it's not just direct research grants, but it's also access to data -- is critically important. One of the things that you talked about quickly -- and I'd like you to start there -- is the impact on New Jersey's economy. And, there's-- We've heard from the previous speaker a lot about the impact on students; you talked about students. I'm not in any way pushing that to the side. But, I just want to talk a little bit about New Jersey's economy. Research grants lead to discoveries, which lead to patents, and commercialization and the transfer of technology into the private sector. Have you looked at -- you mentioned nearly a billion dollars in research dollars -- have you looked at the impact on the economy of these proposed cuts?

MS. PFEIFFER: I don't have an estimate for you now; it's actually something that we're undertaking to update because the last time we did something like that was several years ago.

But, it's obviously very significant. There's a serious multiplier effect on those research grants. But, even in just in terms of direct cost, thousands of people at Rutgers are supported by their work on research grants. So, even just indirect and direct cuts to research would be devastating at Rutgers, and then by extension, in communities throughout the state.

SENATOR ZWICKER: Does Rutgers have any back-up plan if the proposed cuts in direct rates are cut by a factor of two or three, or whatever it might be?

What is Rutgers going to do? And, obviously, it's not just Rutgers, it's all of our research universities.

MS. PFEIFFER: Well, we can't do something with nothing.  
Oh, my mic went off. Sorry. Thank you.

You can't do something with nothing. So, we'll continue to pursue; we have not let up on pursuing research grants. Our faculty tend to be pretty flexible. If direction changes on those grants, they'll go for it to the best that they can. But, there's no magic solution to this problem; it means just doing less. I mean, I think that it's tempting to be like, "Well, philanthropy will step up." Not at the scale the Federal Government provides; that's not possible. And, the university already works to secure as much philanthropic support as possible. So, it really is doing less.

SENATOR ZWICKER: What are you hearing about morale on campus right now?

Student morale? Staff morale? Faculty morale?

MS. PFEIFFER: We're staying the course, but people are afraid. I mean, I think that's reasonable; people are very anxious about the current environment.

SENATOR ZWICKER: Rutgers Cancer Institute is one of the shining jewels not just in the state, but in the country.

What's all this I hear about transgender mice?

MS. PFEIFFER: What?

SENATOR ZWICKER: That's a joke.

(laughter)

Some people got that.

Transgenic. I do have real questions.

OK. So, people are concerned; there's a lot of fear going on right now. President Holloway sent a very strong letter -- good letter -- about the

values of Rutgers. You mentioned being a first-generation student yourself. How is Rutgers balancing its values with all of -- these wonderful values, by the way -- with all of the pressures that it's feeling externally right now?

MS. PFEIFFER: I mean, I mentioned the steady hand on the wheel and staying the course; keep calm and carry on; you can pick your phrase. That is the approach right now, because so many things are unclear. They're being litigated in court. And, we have some pretty strong State laws that protect a lot of our values here in New Jersey and at Rutgers, so, we feel quite comfortable with where we are right now. That could change over time as how the Federal Government operationalizes these executive orders becomes more clear.

SENATOR ZWICKER: Thank you.

Thank you, Chairman.

ASSEMBLYWOMAN CARTER: Fran, thank you for all this information.

But, we talk about anticipation of what could be, which we know is truly unknown. Have there been any direct cuts currently that you're dealing with?

MS. PFEIFFER: Yes.

We've had some grants-- A few completely ended. So, they tend to be smaller grants at this point, where the agencies are going through and looking to see how their grants-- They literally look at the language of grants to see how they comply with the executive orders, and if they don't like some of the words they see they come back to the university and ask us to either adjust, or just say, "No, we're not funding this anymore." So, that's been-- It's been less common so far that they've completely stopped funding the

grants; more common that we've been asked to adjust. Most of those adjustments at this point are ones that have been easy to make. They don't affect the overall size of the award. Rutgers is really diverse; you don't need the word diversity in a grant, always, to make sure that we're serving a diverse population, because the State, and by extension, Rutgers, are also really diverse. However, we're getting to a place where we're starting to see more grants come where they're like, "No, we're not funding this." Or, because, as I mentioned the data stats we've had, we've had a center that cannot do its work anymore on maternal health. Because, it literally can't access-- The way research works, is you do the work and then you get refunded; you get reimbursed. So, if you can't do the work, there's no reimbursement to be had.

ASSEMBLYWOMAN CARTER: Right.

You can't do the work if you're not sure that you're going to get that funding back in. But, so, with some of those -- and, you said given like, some small tweaks and changes you've had to make -- what are the things that they're looking at for you to tweak? And, you said-- Is it just the word "diversity?" Or, is it other types of words? Because, we need to understand what direction they're really trying to impact here.

MS. PFEIFFER: I don't want to pretend to be an expert on the thousands of grants we receive, but I will say that the ones that I have seen where we have had to change course or make tweaks have been around the DEI executive order and using words like diversity in the grant application.

We are aware that there are lists floating around the Federal Government right now that would have a more expansive view of impermissible words in research grants, things like reproductive health;

gender; female. So, it's-- That's why we're expecting to see more dramatic changes to come.

ASSEMBLYWOMAN CARTER: OK.

Thank you.

Assemblyman. Go right ahead.

ASSEMBLYMAN ABDELAZIZ: Thank you.

Fran, how many students, you said, will be impacted at Rutgers University if some of these grants or funding is no longer coming down to your institution?

MS. PFEIFFER: So, in student aid, that's like 17,000 students just in Pell.

ASSEMBLYMAN ABDELAZIZ: So, 17,000.

And, I like that both Chairs said, "What could be the potential-  
- What could happen if these potential cuts come through?" And, I'm an administrator in a high school. And, I've seen seniors tell me, "Hey, Mr. Abdelaziz, I got accepted to so-and-so, but, I'm not going to attend because I can't afford it." Now, what is the potential impact if this money no longer comes; that students just don't go to school? They don't enroll? They work a job? They're going there because they're getting some assistance or paid for. Now, they have to make a choice: Pay the rent, or pay the tuition; help my mom and dad, which, some of my high school seniors do it in high school-  
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ASSEMBLYWOMAN CARTER: Absolutely.

ASSEMBLYMAN ABDELAZIZ: --so, I can imagine what they're doing, and Assemblywoman -- Chair Carter, you know that.

ASSEMBLYWOMAN CARTER: Yes.

ASSEMBLYMAN ABDELAZIZ: What would be the impact if kids don't get this Federal aid, and then they no longer enroll at Rutgers University? Have you thought about kids not coming, or students not enrolling anymore?

MS. PFEIFFER: We're very concerned.

We're very concerned about our ability to help them with financial aid, institutionally, that's really limited. We do not have the bandwidth to replace Federal dollars in student aid. We would lose a generation of talent in this country.

ASSEMBLYMAN ABDELAZIZ: So, take it one step further, right?

Now, we have less students enrolled at Rutgers. What happens next? Layoffs, correct? So, this is a trickle down that you see, it's just -- you can't just slash. Students don't go to college; then you don't need the faculty and staff; now they lose their jobs; now, it goes back to what Senator Zwicker said, it becomes an economic impact for New Jerseyans.

So, thank you very much.

ASSEMBLYWOMAN CARTER: Thank you.

SENATOR CRYAN: OK.

One other quick one, Fran, that'll be me, and then we'll close it out, all right?

The-- First I saw it to follow up on Senator Zwicker's point, didn't I see the President create a webpage?

MS. PFEIFFER: Yes.

SENATOR CRYAN: OK.

And, why the need for that?

MS. PFEIFFER: To try and help inform the community about the changes that are happening every single day.

SENATOR CRYAN: OK.

Last for me, and we'll close you out, a little more direct. With the loss of (indiscernible) officer and the tragedy that we experienced in the State on Friday, I'm reminded of the Gun Violence Center, and its work. And, I try to look up some things there, and I would like to ask you very specifically if you could give the community some update or ask the folks who are there in terms of how their grant process is; how they're doing overall in the communities, and so on. It's just one of those things that you think about over the weekend as the State suffers through this loss.

MS. PFEIFFER: Absolutely.

Thank you for the question, and I'll be glad to get back to you with an update.

SENATOR CRYAN: Thanks; thanks much.

Appreciate it; thank you.

Jennifer Keyes-Maloney. If Jennifer needs an introduction, we're all in trouble.

(laughter)

She is the Executive Director of the New Jersey Association of State Colleges and Universities.

**JENNIFER KEYES - MALONEY:** Good afternoon, everybody, and thank you for the opportunity to speak regarding the critical impact of Federal action on the State's senior public institutions.

As you all know, I represent seven of the senior publics -- regional publics. And, I start there, because I think it's important. You heard a little

bit of John Patrick talk about what a regional public is. It, in essence, serves those in your community. Folks who often stay, remain, and build on their part of the state. They are the anchor people to your tax. And so, in essence, it's important to understand that when we start to talk about the impact on regional publics.

Annually, the seven member schools in NJASCU graduate about 55,000 students. As I've indicated, these aren't just degree-granting institutions. They're a step up for students who may not have access to higher education, or education generally without these schools: First generation, nontraditional, part-time students, in essence, again, workforces. And, that is why today's conversation is so incredibly important. Because, without meaningful and sustained Federal support and Federal direction, our ability to provide workforce developments, research as we've talked about, and community engagement is truly at jeopardy. But, let me be clear -- and, I think you've heard a little bit about this -- this is the very *beginning* of this conversation. It's evolving, in essence, as we speak, including the fact that the continuing resolution may not actually happen today. That's a reality.

So, let's talk about what we do know. We know that Federal policy impacts us in significant ways, you've heard a little bit about that today, including student financial support and research, accreditation standards and regulation. I'm going to take us back a little bit, though, to talk about *how* it intersects, because I think it's important. I'm a bit of a history geek, I'll be honest. Federal funding has been a cornerstone, as you've heard, to higher education for a long time. Through direct grants, student financial aid, research funding, that, in essence, supports or serves as an anchor to the ability to provide education to lots of folks. Any reduction in

that Federal support ends up directly impacting our students, and by a degree, our public institutions. Limiting students' ability to attend school, as we've talked about; limiting our ability to invest in essential student services that I know both of these Committees have talked a lot about in the last year. Our ability to provide infrastructure updates that we've all talked about over -- and, myself included -- have talked a lot about over the last year. And, frankly, our ability to recruit top-notch faculty. And, our ability to impact the communities that we're serving in real and meaningful ways.

You've heard a little bit about Pell. NJASCU schools graduated 18,000 students last year-- Excuse me, 18,000 students received Pell grants last year. The average Pell grant for a New Jersey student is \$5,093. And, the impact to the entire sector is \$815 million that we are looking to have at risk. That is *real* dollars. The cuts we've talked about at \$2.7 billion, it's important to understand how that actually breaks down in terms of how New Jersey's process works. Some of you know this, but I'm going to take you through it just to be on the safe side. We, as a State, have worked to fill a number of those gaps in terms of what isn't provided through Pell, through things like, in essence, the Tuition Aid Grant; Garden State Guarantee -- or CCOG -- at the community college level. A significant cut to Pell ends up creating a ripple here, because, in essence, we layer TAG, Pell, then last-dollar GSG. So, when you take that middle layer out, you take that middle funding out, it creates an impact to what we can provide for these student show are in desperate need for these funds.

The other challenge, as you've heard briefly, is that in addition to what we're seeing at the Federal level, we're also having a conversation about support at the State level. The proposed budget included significant

cuts to Tier 2 and Tier 3 as it relates to GSG. That's students whose parents or families make above \$65,000, pretty attainable in New Jersey, in a sense. And, so, it's very real that coupling the State changes, plus the Federal changes, we are going to face some serious challenges when it comes to student aid. And, in essence, college affordability generally.

You've heard a little bit about some of the ancillary programs beyond Pell and TAG. In essence, Federal Work Study, or Federal Student Loans being impacted; we don't know quite what that will look like; again, the preliminary aspect of these conversations. We do know that any ripple effect -- even a small one like the change in FAFSA -- while it ended up being OK at the beginning, the disruption was very significant to this population. And, in essence, oftentimes many students decided to walk away. We were very worried about that; I was happy to see a lot of the work that this group did -- schools at the K-12 level and colleges and universities did -- to come together to educate folks about what we needed to do to ensure that we were educating folks about how it was going to be OK made the real difference. But, here the landscape is changing so often, that that becomes even more troublesome.

Ultimately, in terms of practical impacts, we have a couple examples that I can turn to today, with the reality that there may be more in the coming days and we'll share it with you as we receive them. The future of the Federal TRIO program -- as John Patrick indicated -- is very uncertain. This is a group of Federally funded programs designed to help at-risk students. One of our institution's programs currently serves about 185 students, with a five-year grant of \$1.6 million.

We've also seen a Teacher Quality Performance grant, in essence, jeopardized or actually, walked away from -- valued at \$1.8 million at one of our institutions. In essence, training the teachers of tomorrow, an area that we fundamentally know that we have a shortage around. Any decrease in Federal funding or changes to our practices place an undue burden on our students and our institutions, forcing students *and* institutions to make tough decisions. And, in terms of institutions, that often will lead to tuition increases, faculty eliminations, or programmatic cuts; none of which we want to see, but are a reality. But, that's just the direct impact. I do, as a history and economic geek, want to talk a little bit about the impact on business and industry. You heard a little bit from Fran on that, particularly, but I want to give you a sense of what one of our medium-sized institutions are telling us in terms of impacts. Because, in essence, research dollars matter, but it's also our work with area industry that matters.

At that medium institution, we're seeing 33 individual positions potentially impacted or rescinded by -- rescinded or halted grants. Another 86 faculty members receiving some form of supplemental funding coming out from this year. Fifty-eight temporary staff positions supported that are in jeopardy. An additional 500 students who work in and on those grants and research opportunities potentially losing those paid experiences. That is a very real impact at a very regional institution, in a very real way. Inevitably, the cuts will have an impact on skilled workforce; I talked a little bit about the Teacher Quality Performance grants that we're going to have some significant issues with. That particular institution actually did receive a stop work order. We've seen a potential decrease, as Fran indicated, in NIH funding, which has an impact across the environment, particularly in states

like New Jersey where we focus on pharmaceutical biotechnology and information technology. There's one study out of the-- Actually, the City of -- around the City of Pittsburgh -- that shows what that specific impact was for that city. Our economy is built on similar parameters, and could see similar impacts. We'll see an impact on small business. One of my schools actually provides support to the small business development center, and those linkages are really important to the local community. That may be in jeopardy. And, ultimately, from a workforce development perspective, we'll also see an impact. These are real; a lot is uncertain; but, we certainly know that when you have to forecast, you do, and you think strategically about where your risks will be, and try to act accordingly. What is sad is that as much as we can plan for what we know, we don't know what we don't know yet. And, so, the coming days will be certainly extraordinary.

I also want to indicate that this isn't just about the linkage between business and industry, but also the economic impact to the region. The Federal Reserve Bank of Philadelphia actually did a very unique study that shows the economic impact of actual anchor institutions, which include hospitals and higher ed. institutions. The data is extraordinary. You need to take a look at it. It's in the-- My recollection is \$346 billion impact on an annual basis. I'm happy to share the data for the State of New Jersey; each of our regions had specific data that was outlined in terms of jobs, economic impact, and the like. What is, and what we do know, is that the impact of any regional institution from an economic perspective, expands for 60 miles. And, in a state like New Jersey, where we educate lots of folks, that impact is truly extraordinary.

As my colleagues have indicated, it's not just -- as we've talked about -- the funding questions. We've certainly had some conversations today about the uncertainty related to whether it be campus safety; Title IX; or student rights. We don't know what the future will hold as it relates to those important conversations; it does seem to be extraordinarily uncertain. What I say to my folks often is, "Remain calm and carry on," because that's what we need to do, and try to project what we think may happen next to the best of our ability. But, we do know that the world is uncertain.

And, so, with that, I know that my institutions stand ready to work with all of you. But, my clarion call, consistent with what Fran indicated, is that we need to have you work with us as apostles around talking with Federal lawmakers about what this means to New Jersey, our students, and our economy. And, at the same time, we desperately, desperately need your assistance as we work through the FY '26 budget, because without the certainty -- Federal support -- State support will become even more critical, and we need you as our allies in this fight. And, I'm happy to answer any questions you may have.

ASSEMBLYWOMAN CARTER: Thank you, Jennifer.

Assemblyman Miller.

ASSEMBLYMAN MILLER: Yes.

So, I want to go back to your response that you gave about the economic impact. And, Jennifer, you would know this question better than anybody. There was a report that was released about jobs requiring more than a high school diploma. In the State of New Jersey, based on that, I believe it's 20/31 number. What percentage of jobs will require more than a high school diploma in the State of New Jersey?

MS. KEYES-MALONEY: I don't want to misspeak in terms of the actual statistic, but my recollection was it was well above the 70% mark, and growing.

ASSEMBLYMAN MILLER: And--

MS. KEYES-MALONEY: The other reality is that we may require retraining of folks, ever more so, so it may be undervaluing that number when you look at just straight up, straight, what we consider a traditional student.

ASSEMBLYMAN MILLER: Thank you.

So, basically if there's a cut to Federal funding in dollars for Pell, that could have a huge impact on the businesses that employ these graduates when they graduate. We want them to stay in the State of New Jersey and pursue educational opportunities here. But, if they're not going to college because they can't afford it, they're not going to be able to fill the jobs and the businesses you need, correct?

MS. KEYES-MALONEY: Yes.

ASSEMBLYMAN MILLER: Thank you.

MS. KEYES-MALONEY: I know I threw a lot of data at you; I promise I will follow up with the Federal Reserve data, because I really do think it's important.

It's a nice website, and it shows you the economics across the region. And, it is scary stuff, because we're looking at some real impacts in significant ways for our students and our region.

ASSEMBLYWOMAN CARTER: Thank you.

You know what, Jen, I know that you talked about-- With the Federal cuts possibly coming about, you're going to really need more of the

State's help, and all the institutions will. But, even if you get that and the Federal cuts come in, do you anticipate that being where tuition increases at your member institutions?

MS. KEYES-MALONEY: Inevitably, you'll be looking at the least impact, whether that be programmatic cuts; whether that be student support services; or whether that be tuition increases.

I know that each of my institutions will absolutely take a scalpel approach, but the reality is that these cuts are too big, and may require some of those real, significant dollar increases.

ASSEMBLYWOMAN CARTER: OK.

So, excluding Title IV student aid, what's the total amount of Federal funding that your institutions receive directly from the Federal Government, through the Department? Or, other Federal resources?

MS. KEYES-MALONEY: I would love to say that I have that with me; I do not, but I will follow up.

ASSEMBLYWOMAN CARTER: OK.

Perfect, thank you. I think that'll be good information for us.

Any other questions from the members?

SENATOR ZWICKER: There was-- Thank you.

There was a newspaper article over the weekend about, nationally, how universities are responding to all of the uncertainty you talked about, including, not just cutting their incoming graduate students, but even rescinding offers. Are any of your member institutions taking actions at this point due to the uncertainty?

MS. KEYES-MALONEY: So, it would still be preliminary, in terms of those, but, it's certainly a watch and see.

Part of it is the uncertainty of not knowing exactly what will happen. As we go through the reconciliation process, the Pell question becomes more crystal clear, and I'm going to have to make some decisions. Certainly, you may more adroitly decide that you're going to slow down the execution of a new program that you're thinking about launching, because that's something that hasn't actually -- doesn't have a direct impact on existing students. To your point, you may shrink some of your classes, theoretically, or shrink some of your program offerings simply because you have to. In the past, we know that we've had everything from adjunct reductions to programmatic shifts, because you've had to make that. The other decision often is around those softer items that are equally important to student well-being. So, whether that be student services, or resources that may be beneficial and some scarcity around what you can provide because you simply have to make those tough decisions.

SENATOR ZWICKER: But, if I hear you correctly, specific to graduate student cohort -- incoming graduate student cohorts -- to the best of your knowledge, none of your member institutions have cut--

MS. KEYES-MALONEY: Not at this point.

SENATOR ZWICKER: And, then, similarly, institutions-- Some around the country have started hiring freezes.

Have any of your members instituted hiring freezes at this point?

MS. KEYES-MALONEY: So, I know in previous years -- and, like the State budget question -- some of them had made some decisions around halting; I know that there's at least one of my institutions who has made that decision to slow down hiring at this point.

I expect that there will be more that make those same decisions over the coming days and weeks and months.

SENATOR ZWICKER: But, you just said, specifically, that's -- if I heard you correctly -- based upon the Governor's proposed budget, not Federal action.

MS. KEYES-MALONEY: Not Federal action at this point.

SENATOR ZWICKER: Thank you.

Thank you, Chairman.

SENATOR CRYAN: Thank you.

And, thanks, Jen; thank you, as always.

MS. KEYES-MALONEY: No worries.

And, I'll be back in touch with more data.

SENATOR CRYAN: Next up, we're going to hear from Dr. Tanya Maloney -- those Malonies.

(laughter)

And, Dr. Lora Billings.

So, Dr. Tanya Maloney is an Assistant (*sic*) Professor -- come on up, please -- Assistant (*sic*) Professor, Secondary Education in the Department of Teaching of Montclair State. And, she co-directs the Urban Teacher Residency and the Newark Teacher Project.

Dr. Lora Billings is the Dean of College of Science and Mathematics. She's an applied mathematician with specialization in the analysis of dynamical systems and chaos. Seems like chaos will be a great, great place to talk about today. So, there's a lot more to these bios, but, we do want to kind of move it along a little bit, but we do very appreciate that you're here.

Doctor?

**TANYA MALONEY, Ed.D.:** Yes.

I just want to get my timer so that I don't go over my allotted time. OK. So, hi everyone; I'm Tanya Maloney, and I'm an Associate Professor of Teaching and Learning in the Department of Teaching and Learning at Montclair State University. And, I also co-direct the Transformative Education Network, which houses two teacher preparation programs: the Urban Teacher Residency Program and the Urban Teacher Project. And, I'm going to be talking a little bit about those today. But, first I wanted to share a little bit about where I'm from.

So, I am the proud product of the Hillsborough Public School System here in New Jersey, in Somerset County. I attended there from first grade to 12<sup>th</sup> grade. And, while I was there I had access to various programs, including gifted and talented; I had access to AP classes and biology and calculus. And, it prepared me to then go to Rutgers University and be successful and complete my degree there. And, I share this story because it continues to be the story of the students in Hillsborough, New Jersey. According to the online application, a system for employment in Hillsborough, there were no vacancies for teachers in that school district at the start of this school year, which means, much like myself, I rarely ever saw a substitute teacher. All of my teachers were highly qualified and the students in Hillsborough, New Jersey, continue to experience a high quality education. According to the online application system for employment for Newark Public Schools, there are currently 184 vacancies. Granted, some of those are for the upcoming school year. But, many of those were posted in 2023 in preparation for the current school year. Which means, that at the start of

this school year, there were students who were being taught by teachers who did not have the qualifications for their position. It means that there were students of disabilities who did not receive the services that were necessary according to their Individualized Educational Plan, which is a legal document. And, also, it means that there are students who did not have access, potentially, to AP courses like I did, or to gifted and talented programs, or they just simply didn't have the third-grade teacher that they deserved. And, so, I say that because I'm obviously speaking today about the Teacher Quality Partnerships that John had mentioned earlier. And, so, I'm going to speak a little bit more specifically about what that means for our schools here in New Jersey, and specifically the schools that we support, Newark Public Schools and Orange Public -- excuse me -- Orange Public Schools.

So, first I'm going to start with a little program overview. So, the Teacher Quality Partnership grant was a \$3.7 million grant that we were awarded in 2020. And, this was our third of three five-year grants. We received our first one when the first Teacher Quality Partnership grant was provided, or the first opportunity that was available in 2009. We received it again in 2014, and then again in 2020. And, so, across these five-year grants, we have prepared -- this is now our 12<sup>th</sup> cohort of students. And, these students make a three-year commitment to teach in Newark. And, so, the first two grants, it was solely with Newark; this 2020 grant, we expanded to Orange. And, so, all of our students learn to teach in Newark and in Orange Public Schools through a residency program, which is an 18-month program across five semesters. All of our students receive a certification in either P-3; K-6; or P-12 subject area. And, they also receive a certification in Teacher of

Students With Disabilities. So, all of our-- Across all three of those grant programs, we have been able to prepare 140 teachers, and those are teachers who received those dual certifications.

But, on February 13, 2025, the TQP grant was abruptly terminated. Because, quote, “The grant specified that our grant had funding for programs that promote or take part in DEI initiatives or other initiatives that unlawfully discriminate on the basis of race, color, religion, sex, national origin, or another protected characteristic.” Now, I’m going to come back to this argument in just a moment, but I just want to share the impact of this termination. So, first-- And, so, I have five points that I’m going to make about the impact of this termination.

So, first, as many of you have already been talking about today, is that there has obviously been an impact on teacher recruitment and workforce stability in these two particular school districts. And, also, the College of New Jersey was more recently awarded a grant in partnership with Burlington County, Ewing Public Schools, Hamilton Township Schools, and Trenton Public Schools. And, so, I imagine that much of what I’m sharing, they are too experiencing. And, so, the impact on the future retention and workforce stability is one that Newark and Orange cannot afford. Ninety-five percent of our graduates across all of these cohorts have remained in education for three years. We know that in the first year of teaching, teachers leave urban school districts at astronomical rates. And, this program provides three years of induction support after students graduate, and that is what really continues to grow the cohort and the bond of the cohort, but also ensures that the teachers stay. And, during that induction support, all of our students receive 100 hours of coaching. And, so, it’s that coaching that really

gets them to really continue to develop their practice in that first year. And, 99% of our graduates from the program -- 99% -- receive effective or highly effective ratings in their teacher evaluation. So, these are not just teachers, these are highly qualified teachers.

And, so, the next piece, as I mentioned, my second point is that there is harm to students with disabilities. All of our teachers receive a certification -- or, earn a certification in teaching students with disabilities. And, 14% of students in Newark and 13.5% of students in Orange receive special education services, *when* there is a special educator there to provide those services. And, so, the loss of the TQP-supported teachers means that there are larger case loads for the teachers who are there who are certified; there are reduced individualized instruction; an increased reliance on underqualified personnel -- think substitute teachers who -- and, other folks -- who are just not qualified to provide the services that our students need and deserve.

My third point is the impact on the program staff. So, much of what I just shared is the impact on the teacher workforce, and the districts, and the students. But, it also impacts our program staff. We hired two full-time professional staff members at Montclair to support their programming and the teacher development. We also hire seven induction coaches; those are the folks who are going out to the schools and providing 100 hours of coaching. We also have one graduate student worker whose work with us is helping them get through their own graduate program. And then, me and my Co-Director, Bree Picower, who was here -- Dr. Bree Picower -- who was a professor in the Department of Teaching and Learning, who's here with me; she and I obviously pour into our students and have a special role in our

programming. And, so, our salaries are also subsidized with this particular grant. And, it allows us to have the time and the space to be able to do this very important work; going out to schools; teaching our classes; all of that important work.

My fourth point is that, as it was mentioned before, in order for us to get the TQP grant, we first spend the money -- Montclair State spends the money -- and then we get reimbursed. Our previous drawdown happened prior to the termination date, which means that between the termination -- between the previous drawdown and the termination date, we had spent money that we expected to have -- to be reimbursed. And, so, that means that the burden of that funding -- and the funding that we continue to spend, because we are going to see our students through this program -- the burden from the U.S. Department-- The burden of the funding has been transferred from the U.S. Department of Education -- who has already allocated the budget -- to the Montclair State University, and the school districts. Which means, that it is transferred to Montclair State students who are paying tuition; it is transferred to districts that do not have the funding -- we're talking about Newark and Orange Public Schools that are already experiencing high costs to support those students.

My final point is that there is a diminished representation in the teacher workforce, and this is the point that the U.S. Department of Education is really hinging upon. In 2020, when we applied for the Teacher Quality Partnership grant, under the previous Trump administration, we were encouraged -- we were encouraged to increase the diversity of the teachers in our districts because overwhelming research demonstrates the fact that representation in the teacher workforce can contribute to reduced

suspension rates, particularly for students of color; improve graduation rates; greater likelihood for students to pursue higher education; and 90% of the students in Newark and Orange are students of color. So, in 2020, the U.S. Department of Education agreed that it makes sense for us to increase the number of teachers of color, given the overwhelming research. But, for some reason, very recently, they have decided that that is actually no longer the case; that they are no longer believing that that is necessary. However, nonetheless, we never discriminated against who could enter the program. And, so, anyone can enter the program. But, when you create a program to support urban contexts, you often get teachers -- candidates of color -- who want to support districts that are often the districts that they attended as students. And, also, the State of New Jersey also agrees that this is an important endeavor to pursue. New Jersey has offered the Minority Teacher Development grant, another grant that has encouraged the recruitment and preparation of teachers of color for urban communities. And, so, we are hoping that after all of these conversations, that New Jersey can advocate for restoring the TQP funding, as well as continue to fund teacher development programs. Because, the students of New Jersey's largest school district deserve the same level of high-quality public education that I received.

And, finally--

ASSEMBLYWOMAN CARTER: I have to truly agree with that.

We really do -- we're trying. And, that's why I think we're here.

We understand how our students need the same level in everything; we really need to understand that impact that really the Federal funding is going to have. Because, as we move over the next couple of months, that is what makes it so imperative to understand how it's hitting those programs. And,

I think that you demonstrated it. As an educator myself, I can understand -  
- we need to make sure that -- especially those new teachers are getting that  
right, proper training; that they get into that classroom; they're able to deal  
with and to be able to get their high ratings. Especially this time of the year  
is so important, and it's so critical. Because, it also keeps them in the teaching  
profession over the next couple years, because we lose them within the first  
five years that they're there. And, even though -- and we understand -- not  
saying, "Hey, we're only targeting this type of student; we do; it's open to  
everybody." But, the impact that it's going to have, it seems like it's going to  
be a very devastating impact to those programs that we have to help those  
teachers and us to maintain in our industry.

So, and, we're going to entertain a couple of questions.

Go right ahead.

SENATOR CRYAN: (Indiscernible) Dr. Billings.

ASSEMBLYWOMAN CARTER: Dr. Billings, we'll hear from  
you first; I thought we were going to do questions, but we'll hear from you,  
Dr. Billings, first.

**L O R A B I L L I N G S, Ph.D.:** Thank you so much, Chairperson, and  
the Committee for letting me speak.

I would like to--

ASSEMBLYWOMAN CARTER: Microphone, yes.

DR. BILLINGS: I would like to turn the microphone on.

ASSEMBLYWOMAN CARTER: Perfect.

DR. BILLINGS: Sorry, about that. Thank you very much,  
Chairperson, and the members of the Committee--

SENATOR MORIARTY: Pull it towards you.

DR. BILLINGS: Closer?

There we go. Better? Very few people ask me to use my loud voice, but here I am.

OK. So, thank you again for allowing me to speak. I would love to dovetail what Tanya's remarks -- more broadly on the research at Montclair State University. It's public-- It's the support from public leaders like you who have provided higher education and research institutions across the state where we have been able to provide all kinds of support for our students beyond the fact that-- I mean, we are a midsize institution, and we do so much. And, so, I'm here just to let you know a little bit about not just the 30,000-foot view of what we're trying to do with research, but also to think about, specifically, how we're unpacking the students who we reach. So, let's start with just saying that public investment in research is the foundation of scientific advancement, economic growth, and workforce development. Government funding facilitates cutting-edge discoveries in fields that may not be immediately profitable for private entities, but have profound, long-term societal benefits. And, this is basic research.

So, the societal contract between science and society facilitates capacity building to narrow knowledge and technology divides; increase interdisciplinarity, and foster a dialogue between scientists and policymakers. Some of the most transformative innovations in health care, technology, material science, and transportation have roots in publicly funded research. And, without sustained financial support, the innovation pipeline is at risk. So, I'm not going to give you a history on how awesome New Jersey's history-- I mean, we have so much science in our history here at New Jersey; I'm a

New Jersey native as well, I grew up here-- And, I turned it off by mistake, sorry about that. I am not usually this bad with microphones, I apologize.

(laughter)

So, what I'm trying to say is that, I grew up here, as well. I was born in Newark, and I grew up in Whippany. I'm a public high school graduate, and I love New Jersey, and I think that we need to pay it back to the students who are coming up through these systems. So, we have a proud legacy, from Thomas Edison to Bell Labs; obviously Albert Einstein at Princeton; we can go on and on. But, the key reasons for government-funded research include fulfilling societal needs for the public good. We need to remember that government-funded research addresses urgent, complex challenges, including the prevention of chronic and infectious diseases; poverty alleviation; energy resilience; health care; and technology. I'm proud to say that I served for three years at the National Science Foundation as a Program Officer, and I got to see how the sausage was made. And, it's really amazing, and how when we put our minds to things, we can actually use science to get things done.

But, science in general, this research actually also fuels economic growth and job creation as was spoken of by my predecessors here at the testimony today. Fundamental and applied research in general, because research does not have, sometimes, easy media commercial applications, but at least ground-breaking advancements. Research also leads to public knowledge and accessibility, because if everything was a trade secret, how would we all move forward as a society? And, finally, workforce development. Federal support plays a crucial role in training the next generation of scientists, engineers, and healthcare professionals, ensuring a robust and

competitive U.S. workforce. And, that's where a lot of what I do comes into play.

So, Montclair State University, like many R-2 public research institutions, face significant risks from these funding cuts. While much attention is given to the larger R-1 institutions, R-2s play such a crucial role in conducting this applied research; training the next generation of STEM professionals; and expanding access to underserved communities. Most students who come to our institution don't know why to be a scientist STEM major, other than trying to be a doctor. And, when they get there and they figure out science can do, they are inspired. Montclair receives grants and contracts from Federal and State agencies; municipal organizations; nonprofits; corporations; and private foundations to support our research. Our work advances knowledge and discovery, and helps develop evidence-based solutions to society's most pressing problems. So, the two things I want to highlight today through that work, is that Number 1, we afford students the opportunity to do undergraduate and graduate research right alongside our professors. We have hundreds and hundreds of students in the College of Science and Mathematics alone, who do independent studies and other types of funded research through these grants. And, they get that experience to do teamwork. So, let me go through the list, actually. So, they -- first of all -- they identify important questions--

SENATOR CRYAN: Do me a favor.

We have your testimony.

DR. BILLINGS: Oh, great.

Yes, I won't go through the list; perfect.

SENATOR CRYAN: So, talk to us.

Make your couple points.

DR. BILLINGS: So, what I want to say, is that we afford these students hands-on applications, like we can have them learn mass spectrometers; we have electron microscopes.

These are the things that you don't get in a high school education or a technical degree. We actually have teams that solve problems together, and then they bring that into-- They learn how to communicate science, and that's so important. Whether you're talking to your grandmother at dinner, or whether you're talking to a group like this. We actually have competitions where we highlight how exciting it is to be able to communicate science. We actually bring students to places; we go to the Plasma Physics Lab at Princeton, and sometimes we go to the Bristol Meyers Squibb campus and we give poster sessions. We actually had them work alongside with mentors from different companies, and that's what the internships and co-ops are all about. And, so, what we try to do is really prepare the students so when they enter the workforce, that they can hit the ground running and be productive scientists in New Jersey.

The second thing I wanted to talk about, which was talked about a little bit before, was about the proposed cuts to the FNA, or indirect costs. These are the types of things that are *immensely* important at a midsize research institution. These are the people who run our microscopes and keep us safe. They're the ones who make sure that we have the security for our data. They're the ones who actually-- It helps us pay for the heating and cooling of our buildings. And, so, what I just wanted to that, we will not be able to run with our environmental health and safety officers. And, these are the people who run our vivariums, and then try to figure out how can we do

things to shirk a compliance with the research regulations of the entire nation. So, a Federal cap at 15% would mean Montclair's FNA recovery would be reduced by two-thirds. OK.

So, as I said before, the Federal/State partnership with universities is fundamental to sustaining our leadership in STEM. It's important to our ecosystem, and to the economy in general in New Jersey, and to help us strive technological commercialization. And, I think that in general, that we need to safeguard the future of scientific discovery. And, I would really appreciate your help with us to keep going, and bringing more students in STEM. Because, the workforce development piece of it as well is so amazingly important. So, I have three pages here of all the very interesting--

ASSEMBLYWOMAN CARTER: Yes.

DR. BILLINGS: --the projects that we work on, and you're more than welcome to ask me any specific questions about them.

ASSEMBLYWOMAN CARTER: Thank you so much.

And, everyone has received the pages and testimony.

Any questions from the members at this time? (no response)

I want to thank you so much, because of the fact that a lot of what you have to say really does impact the number of teachers that were able to, also, not just get into teaching, which is an absolutely amazing profession, but also retaining them moving forward. And, we do know, and we're going to have to continue the fight -- those Federally. Because, as they squinch you down and everything, the impact does fall on the State of New Jersey, but more importantly, it affects our students here. So, thank you so much.

Any questions? No questions.

Thank you.

DR. MALONEY: Thank you.

SENATOR CRYAN: You guys did wonderful, thank you.

All right, two more groups of speakers. We're going to ask Dr. Fichtner -- Aaron, if you can come on up -- from the Council of County Colleges, and to be joined by Dr. Stout; he's the President at Brookdale. And, then, Dave Rousseau will bat clean up afterwards.

Thanks so much for coming, to both of you.

UNIDENTIFIED SPEAKER: Absolutely.

**A A R O N F I C H T N E R, Ph.D.:** Thank you, Chair Cryan, Chair Carter, members of the Committee. It's a privilege to be with you today to talk about this topic.

And, I just want to say thank you for shedding light on this really important challenge that we're all going through, and I want to thank you all for your long-standing support of our 18 community colleges, and our 240,000 students. I'm speaking today on behalf of the Council of County Colleges, and our 18 colleges. I'm proud to be joined by president David Stout from Brookdale Community College. I want to provide a broad overview of what we see the Federal impact to be on our colleges, and then turn it over to President Stout to talk about the Brookdale experience.

I wanted to start, very briefly, by saying that we recognize that we're in a changing time in higher education, which is why we got together to develop our opportunity agenda. And, I want to thank all of you for taking action on five pieces of legislation that would help position community colleges in a stronger place to meet the needs of our State, regardless of what

the State and Federal financial climate looks like. But, it is clear that Federal funding for our colleges is incredibly significant and important, and I want to go over the number of areas where that funding is critical.

You-- In your packet is more information, so I won't go through every line item in there. But, it-- Our estimates are, our colleges and our students receive about \$300 million in Federal funding every year. That is about 25% of the total amount of money that comes to our colleges to fund their services. So, that is a significant investment of Federal dollars. The single largest category -- as we talked about before in other hearing presenters -- is the Pell grant program. Forty-nine thousand community college students -- it's about 28% of our total students -- receive a Pell grant. That funding amounts to \$190 million every year in Federal funding that is essential to helping more students in New Jersey get the post-secondary education skills degrees that will help them live better lives. Our colleges also receive -- and our students also receive -- an additional \$65 million in Federal subsidized and unsubsidized loans. So, the Federal funding through loans -- and most importantly through the Pell grant program -- is really a cornerstone of our ability to open up doors of opportunity for more New Jerseyans, and to build a skilled workforce to propel economic growth. There are a number of other programs that are also significantly important to our colleges; the Perkins program provides about \$12 million to our colleges, administered by the New Jersey Department of Education. And, those funds enable our colleges to purchase equipment and supplies for their career-focused programs, and that investment really enables our colleges to keep up with the rapid change of needs in the economy from our employers.

Our colleges receive about \$20 million in workforce development funding through the Workforce Innovation and Opportunity Act, and other Federal programs, largely administered by the New Jersey Department of Labor and Workforce Development, and local workforce development boards. Our colleges receive competitive workforce grants that are also critically important to our colleges. That \$20 million in Federal funding is really the backbone of our efforts, in many ways, to make sure that we are preparing more individuals in New Jersey to have family-supporting careers. And then, finally, and not at all unimportant, our colleges receive approximately \$16 million in a variety of other Federal grants and programs. Many of these are administered by the U.S. Department of Education -- the TRIO program; the GEAR UP program; U.S. DOE's Strengthening Institution grants -- all of these are important to our colleges. Each college receives a different mix of these grants, as you might imagine, but across our colleges, these Federal funding sources enable our colleges to increase student services to help with retention and graduation; help make sure that we are having strong institutions to prepare students -- working with high schools to help students prepare for a college education. Our colleges also receive competitive grants from the National Science Foundation, NASA, and other places that are also really important to helping ensure that we offer a high-quality education to our students.

So, in closing, I just want say before turning over to President Stout, that this Federal investment is really critically important, and obviously we are watching what everybody is watching to see how things play out in Washington over the next couple of weeks, months, and years. At the same time that we are facing this uncertainty in Federal funding, I think you

all know that we're facing increased costs for health care. We estimate that last year's increases in health care costs amount to about \$13 million. We're also facing the inflation that all of us are facing. And, now, in the proposed budget for FY '26, we're seeing a proposal for a 12% cut in State aid to community colleges; a rollback of Tiers 2 and 3 in the CCOG program; and reduced funding for the small, but very important Student Success Initiative funding. So, we ask that all of you-- We appreciate your attention to the Federal issues and look forward to working with you as you develop a State budget.

SENATOR CRYAN: Lots of challenges.

Doc?

**DAVID M. STOUT, Ph.D.:** Thank you so much for the opportunity to come speak with you this afternoon.

I just want to give you a couple of examples of grant programs at Brookdale Community College, you do have within your meeting materials. You have other examples from other colleges such as Atlantic Cape; Hudson County College; Middlesex; and Salem. These are just a few examples of these similar kind of grant programs that exist all throughout the 18 county colleges. At Brookdale, we have our allocation -- our Pell allocation -- is \$11 million. That is approximately 19% of our students are Pell students; that's 2,800 students, are Pell recipients at Brookdale. We are recipients of \$647,000 in Perkins funding, and those Perkins funds go to support CTE, Career Technical Education programs. So, students who are interested in careers within nursing or respiratory therapy; anything within the health sciences; criminal justice; accounting; law enforcement; communication media; a number of these different career and technical education programs

we receive funding to be able to help to provide resources that are necessary to educate those students, which ultimately helps to keep the cost of running those programs lower. And, just one other example of a grant-funded program that Brookdale has -- and, again, similar to many other colleges across the State -- we are the recipient of \$404,000 annually for the GEAR UP program. We specifically partner with Asbury Park School District, and we work with about 300 students who are within the Asbury Park School District who are using GEAR UP program to help them to prepare not only for success within high school; success within college; and then success in their careers.

As Aaron mentioned, there are about 49,000 students across the state who are Pell students. Perkins students -- Perkins CTE programs -- about 11-- I'm sorry, \$12 million in Perkins funding for community colleges across the state. And, one thing to consider is, who are the students that we're serving? The face of a community college student, they are -- predominantly -- they are students from-- We are often minority-serving institutions; 12 of our 18 colleges are minority-serving institutions. We serve first-generation students; we serve those who are from sometimes fragile immigration statuses. We serve students who, in many cases, don't have any other option to pursue higher education if it were not for the community college system of New Jersey.

So, I want to thank you on behalf of all 18 county colleges for the support that you already provide to us, and ask you for your consideration as we're facing these -- this precarious situation where we may lose Federal funding, for you to also continue to support the community colleges that, ultimately, support 240,000 students across New Jersey. Thank you.

SENATOR CRYAN: Thank you.

Quick question, Dr. Stout. Average age of your student?

DR. STOUT: Average age is 21.

SENATOR CRYAN: OK.

Does that match, Aaron, around the average age around the state?

DR. FICHTNER: I think it's a little bit lower.

But, we are seeing, obviously, an increase in adult students across many of our institutions; so, I think Brookdale's probably a little bit lower than the average.

DR. STOUT: And, just as an explanation, Brookdale has a number of early college high school programs, which brings down the average age of the student.

I think it's 26, approximately, statewide.

SENATOR CRYAN: With your partnerships and the rest, that's one thing, but the reality of this is, is these are adults who have made a choice -- tax-paying adults, generally -- who are coming back and looking forward to that next opportunity.

Am I right about that?

DR. STOUT: In many cases, yes.

If you consider community colleges as being comprehensive colleges, meaning that many of the students who are coming to us are looking to go immediately into the workforce, many of them who are looking to change careers. And, we do have a large percentage of them who are looking to transfer onto other colleges within New Jersey and outside of New Jersey.

But, a substantial number of students who we serve are actually looking to go directly into careers, or pivot within their careers.

SENATOR CRYAN: Dr. Stout, you mentioned 49,000 -- Aaron did -- 49,000 statewide on Pell.

What's it at Brookdale?

DR. STOUT: The Pell recipients?

SENATOR CRYAN: Yes, or the Title IV.

DR. STOUT: So, it's \$11 million; 2,800 students.

SENATOR CRYAN: Twenty-eight hundred.

Thank you, I'm sorry.

DR. STOUT: You're welcome.

SENATOR CRYAN: Anybody; we're good?

SENATOR ZWICKER: I do; I have one quick.

SENATOR CRYAN: Andrew does-- Senator Zwicker, I'm sorry. I'm very informal.

(laughter)

SENATOR ZWICKER: You both mentioned Perkins and \$12 million of potential cuts across the colleges.

And, President Stout, you mentioned particularly some of the programs that could potentially be harmed. I'm curious about-- We've also had in this Legislature different talks about the potential in New Jersey of artificial intelligence, of cybersecurity, of all of these emerging technologies. Do we have any chance -- if those Perkins grants go through as you try to figure out, let's say, specific to Brookdale -- do we have any chance of even having those programs in place? Or, are we just looking at trying to figure out how to keep the existing programs somehow surviving?

DR. STOUT: That's an excellent question.

So, what we are looking at is, if we were to lose this funding, we are looking at the need to be able to eliminate programs for survival of the institution. So, we would have to make very serious decisions about which programs would stay and which would go. Cybersecurity is a great example of one that we receive Perkins funding for, and many of the individuals who come through our training program are veterans. We would likely have to eliminate that, and the staffing structure that we've put in place, in order to support our cyber program.

SENATOR ZWICKER: Then, very quickly, because you mentioned it, I try very hard to be an optimist by nature.

But, you just said the survival of the institution. If all of these headlines turn out to be truth, *all* of the funding were to be cut -- Pell grants, Perkins grants, and everything else that both of you mentioned -- can our community colleges survive?

DR. STOUT: We already survive on a very little amount of money that we end up-- And, I don't mean to say that in a disrespectful manner.

But, our colleges already operate on very, very slim budgets. So, if we were to lose the Federal funding, it's guaranteed that colleges would close across the state. Community colleges would certainly be -- I think -- above average, in terms of the number that would be -- that would have to shut their doors. Community colleges, I do believe, are vulnerable, because many of the programs that we run, we've been able to bring aboard *because* of our access to grant funds. If you eliminate the grant funds, the colleges essentially will go away.

SENATOR ZWICKER: Thank you.

Thank you, Chairman.

SENATOR CRYAN: It's a sobering note.

We're good? Everybody good?

SENATOR ZWICKER: I prefaced by saying I'm an optimist.

ASSEMBLYWOMAN CARTER: Assemblywoman Simmons.

SENATOR CRYAN: Assemblywoman, did you have a question?  
I'm sorry.

ASSEMBLYWOMAN SIMMONS: I did, Chairman, thank you  
very much.

So, we've worked together for a long time, and the mantra for the community college sector is really, "access and opportunity." But, what we're looking at here is *cutting* access and *cutting* opportunity. Aside from saying that the institutions can go away, how can community colleges pivot in any reasonable way, given the current environment or the current threat to the environment, and still serve our students, and still provide access and opportunity? Or, is there a path forward to do that in this environment?

DR. FICHTNER: Well, Assemblywoman, that's a great question.

And, I think we recognize -- have recognized for many years -- that the world is changing, and our institutions are changing to meet those needs. As President Stout mentioned, we are now comprehensive institutions that are serving a wide variety of populations. While transfer is at the core of our mission and serving recent high school graduates, we're increasing serving adults. We've expanded our partnerships with industry and local organizations. So, we are already making those changes that are necessary to

continue to be thriving institutions, and we're proud of that work. But, make no mistake that at the end, we rely on Federal investment; we rely on State investment to make that happen. And, so, we will continue to innovate, but if there is a significant loss of Federal funding, it will have consequences, and we are all very, very concerned about that.

ASSEMBLYWOMAN SIMMONS: Thank you.

Thank you, both.

SENATOR CRYAN: Thank you, Assemblywoman; thank you, both.

I want to ask Dave Rousseau to come up. Dave's the Vice President of the Association of Independent Colleges and Universities.

By the way, when he talks about -- when these guys talk about -- we can close it, we can lose a college, just as a refresher for all of us, if you've been here three years, we've dealt with two colleges in New Jersey: Bloomfield, and now New Jersey City University that won't be there. So, it does come home. And, this stuff's not abstract, it's all in our world.

David, how are you?

DAVID ROUSSEAU: Doing fine.

Guess I'm batting clean up.

SENATOR CRYAN: Yes.

MR. ROUSSEAU: Again, thank you for the opportunity to represent 13 non-profit, public-mission, independent institutions, and the 60,000 students who choose to attend these institutions, as well as the more than 20,000 employees.

As you've heard me say many times, these institutions serve the same economic and demographic profile of our public institutions in the

state, which actually matches the demographic and economic profile of the state as a whole. As you've heard from others, the last six weeks have been a time of turmoil, concern, confusion, uncertainty, etc. for campus administrators and students at the colleges and universities in New Jersey and across the country. There's been at least nine -- I believe it may actually be 10 now -- executive orders or "Dear Colleague" letters that have been out there. Most of the EOs were simply messaging documents and has really taken the more detailed responses -- like the recent FAQs that was mentioned by the representative by the Federal-State College Organization -- to really clarify, clarify, that issue in that. To date, there's been very minimal, if any, financial impact on any of the independent colleges, just like you've heard from others, minimal-- It's because everything's been tied up in court. The disruption has been just the turmoil that's out there, and the uncertainty that's there. You've heard from others about the issue related to research, and I believe that you have a copy of a great article from Princeton on that issue that was provided to you.

While the EOs have been the headline-grabbing issues on it, the real impact on students will be apparent in the actions that the Trump administration and the Republican House and Senate offer as they deal with the financial issues for the next six to nine months. The budget reconciliation process is of great concern because there is no moderation in the budget-reconciliation process. In regular legislation, like the continuing resolution and the FY '26 budget, there's a moderation process because there needs to be 60 votes in the Senate, which automatically means it's going to have to have some bipartisan support. That isn't the case for budget reconciliation. A one-vote margin is all you need. And, as was noted earlier, the House

version calls for about \$330 billion in savings from higher education over 10 years, while the Senate only has a billion dollars over that same period. But, the Senate current reconciliation bill does not include \$4.5 billion for tax cuts yet. You've heard-- I'm going to talk more about the impact on some of these ideas that were out there that were mentioned earlier in the first testimony; risk-sharing, which will have an impact on Federal dollars going directly to institutions. Almost everything else we talk about has issues with students, either loans or grants. Risk-sharing will have an impact of about \$35 million when fully phased in, to all New Jersey colleges. About \$9 million of that will impact ICUNJ members. As you heard before, one of the primary focuses of the reconciliation bill will likely be changes to student loan programs. First and foremost will be changes to different programs of loan forgiveness or loan reductions. Other potential impacts out there are the elimination of the Parent Plus loan, which is nearly 13,000 loans to New Jersey students, totaling \$240 million; 3,500 of that are students at independent institutions, and \$85 million. The elimination of the Grad Plus loans, over 6,000 students in New Jersey overall; \$175 million; 1,700 of those at New Jersey -- independent intuitions for \$45 million. And, any limitations it would place on graduate loans-- There's about 21,000 students in the state taking graduate loans, totaling about \$412 million. About a quarter of those, 5,400, and about a quarter of the money, \$100 million, is students at independent institutions.

An issue that you haven't heard from -- about today -- and it's more directed at independent colleges, and it could have an impact on-- It may have an impact -- depending on the structure on some of the public-private partnerships that are out there with the public colleges -- is the

discussion about the elimination or the limiting of the tax-exempt status for private activity bonds. Right now, if one of my members goes out and borrows money on the market -- or, if a hospital in New Jersey goes out and borrows -- they're under tax-exempt status. There's a few back in the 2017 Trump tax package; the ability to advance refund was taken away. Now, there's talk about taking away the tax-exempt status, and it is a real concern to not only private higher education institutions, but it's going to be a great concern for others who use private activity bonds, like hospitals. It could be the impact.

If these go away, it looks at the-- We could see a 20%-35% increase in the borrowing cost, depending on the credit rating of the institution. Now, how would that be made up? It's either going to be made up through passing that cost on to tuition; finding other cost savings within the institution; or, more than likely, it's going to be done by downsizing the project, or not doing the project at all. And, within that same act, there's another one you haven't heard yet today. Another issue within private activity bonds is our very successful NJCLASS Loan program, which, I'm proud to say that 1990, or '91, when I was a young staff person for the Senate Democrats, I actually helped write that law, with then Senate Majority Leader Dan Dalton. Which, at least, I believe, our two from South Jersey will know; I'm not sure if anybody else on this Committee would know who Dan Dalton was. Joe-- Joe; a few of you will.

So-- That those bonds, because we issue bonds to support their program. We don't support it with general fund money; we don't support it with anything like that. They are private activity bonds. And, my understanding is that the rates could jump from the mid 5%, to the mid

8%, if that tax-exempt status goes away. So, there are two issues that-- At least I'm bringing up some new stuff today. Now, again, we don't know how likely these things are. But, we do know at the end of the day when those of you who have been doing state budgets for a while, and know that there's going to be a list of choices, OK, do we do this, this, or this? What do we plug here? And, you never know. The remainder of the issues really deal with the rest of Fiscal Year '25 and '26; you've heard about it. I mean, it's really-- It's Pell grants. The shortfall of the \$2.7 billion in Pell is something we really, really are concerned about. A year ago, the issues in D.C. were doubling. We're trying to get to a trend of doubling Pell over four or five years; now it's just protecting. As you've heard, more than about-- Almost 150,000 receive-- The numbers I have are 725, but that was from two years ago. We know there was a big jump this year; so my guess is it was actually over \$800 million in Pell awards to overall 13,000 of those were students at ICUNJ member institutions, probably somewhere around \$90 million. In the past, the -- as you saw on the list -- the House Republicans have offered cuts in programs such as FSEOG, and work-study. In New Jersey, nearly 40,000 students receive \$21 million in FSEOG grants, 5,400 of those are at ICUNJ institutions, and about \$5 million. About \$10,000-- Ten-thousand students receive \$27 million in work-study grants, and 3,300 of them are at -- ICUNJ institutions; about \$7.6 million. Remember, as was noted before, any reduction to Federal grant programs will also impact the amount of State funds needed for CCOG and GSG. And, remember, like I said, most of this (indiscernible) -- the same for most of the public institutions as well. Most of the money that's coming is going to come through students. And, the impact is going to be whether that student-- The impact isn't going to be on

enrollment. The impact is going to be whether that student can continue to go to college or not, which means that the stress that is already out there on enrollment is going to be even greater for students. And, again, I at least say that with Pell -- at least -- we're hoping that reconciliation -- that any issues with Pell can be limited in reconciliation, and it will be addressed in the '25 and '26 budgets. And, at least then, you have the moderating impact of the 60-vote requirement in the House.

In conclusion, my members, as the public members are, concerned about the already released Federal actions, and more to come. And, again, the uncertainty coming from D.C., and the very likely negative impact on higher education impacts, is clearly exacerbated by the \$280 million in reductions to higher education funding proposed in the '26 budget, and especially the 65% reduction in operating aid to the independent institutions, many that are already struggling with inflationary costs and stagnant enrollment.

Thank you.

ASSEMBLYWOMAN CARTER: Thank you so much.

That was a lot of information and all, but we really appreciate it, because I could see the real impact that it would have.

Questions from any members?

SENATOR CRYAN: Dave, do one, if you can, to close it out.

Often in your sector-- By the way, spoken today like a true former treasurer.

ASSEMBLYWOMAN CARTER: Yes.

(laughter)

SENATOR CRYAN: Particularly for the folks you represent, they don't pay the sticker price.

Students-- I mean, it's a general trend. But, if you look at just the independents by themselves, I think it's an average of 55 kids, but that's nowhere near what students pay.

MR. ROUSSEAU: No, and I was actually-- I was going to actually address that because you made that no comment earlier about the 55-- No.

SENATOR CRYAN: Don't worry-- Yes.

MR. ROUSSEAU: It's an average of at least a 50% reduction. At least 50%, right.

SENATOR CRYAN: So, given all the turbulence, and the decision here, plus, if you can, just comment on the FAFSA impact.

What does this thing mean to the independents?

MR. ROUSSEAU: I think it's just one more thing, added on top of the uncertainty that's out there.

When you look at over the next decade, the demographic cliff; the whole discussion nationally about the value of higher education; issues that are out there with the trades out there putting out documents that show the value of an apprenticeship versus the value of a college education, and one of them you're coming out in debt. I think it's just one more-- It's one more thing on top of it, that is just the pressure that's there for all institutions, and especially small liberal arts institutions in this state. And, remember, we are the only small institutions left. And, you've heard this statistic before: Eight of our 13 are smaller than the smallest state college. And, I think six or seven of those are more than half the size. So, we are really the only small

ones left. So, it's a challenging period that we're going to go through; you said Bloomfield was one; what we've seen with NJCU is another. I'm not going to comment if there are others, or down the road, because I don't know that. So, it's just a challenge. And, this just makes it more uncertain.

SENATOR CRYAN: Many thanks.

Thank you, David.

On behalf of the Senate side, thank you all very much for attending and the education that you gave us today. I think it's safe to say we all learned a lot. And--

ASSEMBLYWOMAN CARTER: And, on behalf of the Assembly side, thank you for everybody attending.

I think it was great information, and we need to really have just true conversation so we can see what you're seeing, and all. If we don't have these conversations, then sometimes we act blindly. And, we don't want to do that. This is something that we have been committed to since day one; that I know that I took this seat, and in conversations that I've had with Senator Cryan, as Chair on the Senate side, that we want to make sure that we have all of our partners at the table. And, we need to understand what the impact is, so that as we're moving forward, especially these next couple of months, we can get a true picture and really fighting for the right priorities that you need us to fight for.

SENATOR CRYAN: Thanks.

Can you recognize Senator Moriarty?

ASSEMBLYWOMAN CARTER: Senator Moriarty.

SENATOR MORIARTY: Well, Madame Chairman, and Mr. Chairman, I just want to thank you for making a bleak Monday even bleaker with this--

(laughter)

This was a pretty sad Committee meeting. I think something like 22 colleges that grant degrees have closed in the last 15 months. Some of them over 100 years old. I think with what's being discussed at the National level -- and I would not for a minute think that most of it won't come to pass -- we're going to be accelerating closing some colleges and institutions, which is very sad. And, I don't know what that says for our country when we're closing down higher learning, and, plus at the same time, it costs so much to go and we need assistance. And, at the same time, I could send a son or a daughter to Germany, to a public institution, where they could attend for free, as an international student, because they are placing a different value on education. So, a very sad hearing. And, I think it's all the more important that we as people who have a say in the State, in the State budget, keep all of this in mind over the next few weeks.

Thank you.

ASSEMBLYWOMAN CARTER: Thank you.

SENATOR CRYAN: So, on that upbeat note, we'll close the hearing.

Thank you all very much.

**(MEETING CONCLUDED)**