

Governor Phil Murphy

Governor Murphy and Leading New Jersey CEOs Launch New Jersey Pay It Forward to Support Post-Pandemic Career Seekers

06/21/2021

New Jersey leads the nation by committing public dollars to innovative new career training fund

TRENTON - Governor Phil Murphy and the New Jersey CEO Council, a coalition of Chief Executive Officers (CEOs) from some of the state's largest and most widely-recognized companies, announced today that they are launching the New Jersey Pay It Forward Program. This innovative program will provide interest- and fee-free loans from a revolving fund to support low-income New Jersey career seekers participating in approved training programs. New Jersey is the first state in the country to dedicate public resources to a fund of this nature.

"As we emerge from the COVID-19 pandemic, it is crucial that we remain focused on building a stronger, fairer New Jersey economy. The New Jersey Pay It Forward Program will play a key role in achieving this goal by opening up new opportunities for New Jerseyans who have been shut out of good, family-sustaining jobs in the past," **said Governor Murphy**. "I am excited to partner with the members of the New Jersey CEO Council to launch this first-in-the-nation program that will bolster New Jersey's recovery from COVID-19 and set the stage for long-term, equitable economic growth."

The Pay It Forward Program will provide zero-interest loans and grants to students who are enrolled in non-degree credential and certificate programs at approved training providers. The program will focus on helping students enrolled in short-term training programs that offer high-quality, industry-recognized credentials and certificates in high demand fields, and participants will not be required to make any repayments until they have successfully completed the training program and their income exceeds a specific level.

The NJ CEO Council arose from meetings of the Governor's Restart and Recovery Commission, named by the Governor in April 2020 to advise the administration on the safe reopening of the state's economy. The Council is made up of the CEOs of BD, Campbell Soup Company, Johnson & Johnson, Merck & Co., Prudential Financial, PSEG, RWJBarnabas Health, Verizon, and Zoetis.

The program is a direct result of the Council's October 2020 pledge to hire or train more than 30,000 New Jersey residents from underrepresented communities of color and other underserved communities by 2030, and their challenge to the rest of New Jersey's corporate community to train or hire an additional 40,000 workers. In line with this commitment, CEO Council members have pledged to contribute grants to the Pay It Forward Program, and the State plans to add to this commitment with a grant of approximately \$5.5 million in FY22.

"The pandemic has severely undermined the financial well-being of people across New Jersey, especially in vulnerable communities," **said Charles Lowrey, chairman and CEO of Prudential Financial, and Co-Chair of the NJ CEO Council**. "We have seen firsthand how job training can unlock financial opportunity for families, and greater economic mobility for the next generation. Thanks to the commitment of the Governor and members of the CEO Council, the Pay It Forward program will help low-income New Jerseyans access training programs that were previously out of reach."

"It is incredibly heartening to see so many respected New Jersey companies stepping up to support to the recovery of our hardest hit communities as we emerge from this long lasting and devastating crisis," **said Kenneth C. Frazier, Chairman and CEO of Merck and Co-Chair of the NJ CEO Council**. "The New Jersey Pay It Forward Program sets a high bar for states and their business communities as the entire country takes stock and rallies to recover from the pandemic."

To keep costs low for loan recipients, funds provided through the Pay It Forward Program will serve as a “last dollar” option, providing zero-interest loans for only the gap left over after students have exhausted all the free resources for which they are eligible.

To reinforce Governor Murphy’s priority for ensuring fair consumer protections while delivering affordable pathways to education and training, the New Jersey Higher Education Student Assistance Authority (HESAA) will require all contractors engaged in the Pay It Forward Program to follow strong student-centric program design criteria. The zero-interest, zero-fee Pay It Forward loans will feature an income-based repayment model that calculates affordable monthly payments as a percentage of participants’ discretionary income and requires no payments when participants’ post-training income falls below a certain threshold, enabling trainees to support their families without incurring unmanageable debt. If repayment is not complete five years after the participant completes the training program, the remaining balance will be forgiven. Participants will also receive wrap-around services such as help with child-care and transportation needs as well as stipends to support their living expenses, and they will not be required to repay these non-tuition costs.

This is all possible because the Pay It Forward Program is not designed to turn a profit. Unlike similar private funding mechanisms, the expenses that are repaid by trainees receiving Pay It Forward Loans will recycle back to support the next round of training for their fellow New Jersey residents. Hence the name “Pay It Forward.”

“NJ Pay It Forward will enable New Jersey workers whose careers have been derailed by the pandemic and economic turmoil to pursue valuable training that will ease their entry into more lucrative and sustainable jobs,” **said HESAA Executive Director David J. Socolow**. “We are delighted to work with Governor Murphy, many of New Jersey’s prominent business leaders, and our partner State agencies to help New Jerseyans recover and thrive.”

Eligible recipients of Pay It Forward Loans will include New Jersey residents who are receiving public assistance, people who have been unemployed long-term, individuals who were formerly incarcerated, workers who have been temporarily or permanently laid off because of the COVID-19 pandemic, and self-employed individuals who became unemployed or underemployed as a result of the COVID-19 pandemic.

Pay It Forward Loans will only be used for State-approved training programs that undergo a rigorous screening process and demonstrate a strong track record of successfully preparing students for in-demand career opportunities. The review and selection of high-quality training providers will build on the State’s participation as an inaugural grantee of the Data for the American Dream initiative, led by the NJ Department of Labor and Workforce Development, which is developing an interactive website containing smart disclosure tools designed to help career seekers make informed decisions about training.

Earlier this month, HESAA issued a Request for Proposals (RFP) for a Program Manager to establish and administer the Pay It Forward Fund, which will be seeded with grants from the State and outside donors. Proposals are due Thursday, July 1, 2021. The RFP can be downloaded at <https://www.hesaa.org/Pages/Procurements.aspx> (<https://www.hesaa.org/Pages/Procurements.aspx>)

The Pay It Forward Program builds on Governor Murphy’s commitment to a stronger, fairer economy and his administration’s groundbreaking investments to make postsecondary education and training more affordable and accessible. These efforts include the Community College Opportunity Grant (CCOG) program, which allows qualified students to attend any New Jersey community college without tuition or educational fees, as well as the Governor’s proposed \$50 million budget allocation for the Garden State Guarantee (GSG) initiative to offer up to two years of free tuition at New Jersey’s four-year public colleges and universities.

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[Environment \(/governor/initiatives/#Environment\)](/governor/initiatives/#Environment)

[Health \(/governor/initiatives/#Health\)](/governor/initiatives/#Health)

[Law & Justice \(/governor/initiatives/#Justice\)](/governor/initiatives/#Justice)

[Transportation \(/governor/initiatives/#Transportation\)](/governor/initiatives/#Transportation)

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