

**Fiscal Year 2021 Revised Budget Proposal**  
**Questions for the Secretary of Higher Education**

**Questions for the Higher Education Student Assistance Authority**

**Office of the Secretary of Higher Education (OSHE)**

- 1. The Fiscal Year 2021 Revised Budget Proposal includes \$35.3 million in Outcomes-Based Allocations for the senior public institutions of higher education. Are the rationale and methodology for the distribution of the Outcomes-Based Allocations the same as were proposed in the previous FY 2021 Governor's Budget Recommendation? Please provide the data and formula used to calculate the recommended Outcomes-Based Allocation amount for each senior public institution.***

The Outcomes-Based Allocation (OBA) for Fiscal Year 2021 uses the same data and metrics as the OBA in Fiscal Year 2020. This OBA is based on each institution's summed share of total number of degrees awarded in FY 2018, the total number of degrees awarded among undergraduate ethnic and racial minority groups in FY 2018, and the number of students at the institution who received Pell grants in Academic Year 2017-18. The FY2021 OBA also retains a 32% adjustment made to Thomas Edison State University's allocation.

The previous FY2021 Governor's Budget Recommendation removed the adjustment for Thomas Edison's OBA, expanded the definition of underrepresented minorities to include American Indian or Alaskan Native and Native Hawaiian/Pacific Islander, and used enrollment and completion data from FY 2019. Due to the turbulent year, OSHE decided not to keep these adjustments for the FY 2021 9-Month Proposed Budget and instead keep the allocation percentages the same as in FY 2020.

The data used to calculate the recommended Outcomes Based Allocation comes from the Fiscal Year 2018 IPEDS Completions Survey, and includes:

<b>Institution</b>	<b># of Completions (FY 2018)</b>	<b>Pell Recipients (2017-18)</b>	<b>2018 URM Completers</b>	<b>Grand Totals</b>	<b>Allocation Percent</b>
Rutgers, The State University - New Brunswick	13,080	10,440	2,536	<b>26,056</b>	23.527%
Rutgers, The State University – Camden	1,824	2,166	482	<b>4,472</b>	4.038%
Rutgers, The State University – Newark	3,118	4,051	1,044	<b>8,213</b>	7.416%
New Jersey Institute of Technology	2,855	3,098	599	<b>6,552</b>	5.916%

Thomas Edison State University	2,571	1,850	482	<b>3,187</b>	2.878%
Rowan University	4,452	4,794	721	<b>9,967</b>	9.000%
New Jersey City University	1,863	3,833	902	<b>6,598</b>	5.958%
Kean University	3,229	5,697	1,324	<b>10,250</b>	9.255%
William Paterson University of New Jersey	2,719	4,319	1,082	<b>8,120</b>	7.332%
Montclair State University	5,444	7,361	1,769	<b>14,574</b>	13.159%
The College of New Jersey	2,088	1,132	344	<b>3,564</b>	3.218%
Ramapo College of New Jersey	1,564	1,513	257	<b>3,334</b>	3.010%
Stockton University	2,313	3,125	424	<b>5,862</b>	5.293%
<b>Totals</b>	<b>47,120</b>	<b>53,379</b>	<b>11,966</b>	<b>110,749</b>	<b>100.0%</b>

2. *The revised budget proposal would provide \$656.6 million in State support (including Outcomes-Based Allocations) for the senior public institutions of higher education for their FY 2020-21. Information received from the Treasurer's Office on non-recurring resources in the revised budget proposal notes a Senior Publics' Operating Aid appropriation offset of \$67 million. Is this offset related to the availability of federal aid, or due to some other factor(s)? Please explain.*

In the Governor's revised FY21 budget, the senior public institutions' operating aid remained the same for the 9 months, however, the three month supplemental included a \$67,870,000 reduction. Each higher education sector received a reduction in the three-month supplemental. While this is not the budget we envisioned at the start of FY21, the revised budget resulted in difficult decisions. As a result, we focused on preserving key programs serving those who have been disproportionately affected by COVID-19. Our senior public institutions have faced significant financial burdens due to the COVID-19 pandemic, which is why Governor Murphy apportioned the Governor's Emergency Education Relief (GEER) Fund entirely to higher education. Through GEER, senior public institutions will receive \$55,371,785 through an emergency block grant. Through the Higher Education Emergency Relief (HEER) Fund, senior public institutions received nearly \$74 million for institutional operations (and nearly \$148 million overall). Under the Coronavirus Relief Fund (CRF), another federal emergency aid fund under the CARES Act, senior public institutions have been allocated \$126,750,000. While these funds cannot supplant operating aid, each serve a specific purpose to help institutions through this unprecedented public health emergency. During this time, institutions will need to utilize various funding streams available to help alleviate financial burdens.

3. ***Total 12-month FY 2021 funding for County College Operational Costs is being recommended at \$92.4 million, a \$41.8 million or 31.1 percent reduction from both the FY 2020 adjusted appropriation and the initial FY 2021 Governor's Budget Recommendation. Based on appropriations for recent years, the recommended reduction in the operating aid amount appears to be equivalent to nearly four months' worth of State funds that otherwise would have been disbursed to the county colleges. This reduction also is listed as a non-recurring appropriation offset in information received from the Treasurer's Office. Please explain the rationale in developing the recommended amount for County College Operational Costs, and explain why the reduction is considered non-recurring.***

While the proposed FY21 budget is not what we previously envisioned, the state maintains its commitment to prioritizing our values for higher education while reflecting the current financial reality. The budget demonstrates the Administration's commitment to all higher education sectors in New Jersey, which were impacted by COVID-19.

Through the proposed fiscal year 2021 budget, OSHE was able to preserve funding for key programs serving those who have been disproportionately affected by COVID-19. Those programs include Tuition Aid Grants (TAG), the Educational Opportunity Fund (EOF) which would be increased by \$1.5 million, and the Community College Opportunity Grant (CCOG). Budget decisions impacting all sectors of higher education were difficult. Our community colleges received a total 9-month appropriation of \$75,592,000. In this proposed budget, OSHE would also continue the Community College Opportunity Grant (CCOG) program which includes the Student Success Incentive Grants as well as CCOG financial aid awards to students. The overall CCOG funding amount would be level funded in the proposed fiscal year 2021 budget.

New Jersey's community colleges also received significant federal aid through the HEER Fund, and will receive additional support through the GEER Fund and the CRF. OSHE will continue advocating for additional federal funding and flexibility in its use. We are seeking all available resources to ensure higher education continues moving forward with both state and federal support. OSHE continues monitoring how the ongoing pandemic is posing financial challenges on institutions.

4. ***On August 14, 2020, the Governor and the Secretary of Higher Education announced the awarding of \$150 million in federal Coronavirus Relief Fund (CRF) moneys to New Jersey's public and private colleges and universities. The revised budget proposal indicates that the Administration plans to distribute a total of \$300 million from the CRF to institutions of higher education. What is the Administration's plan for distributing the remaining \$150 million in CRF moneys that are dedicated to higher education? What was the methodology used in calculating the amounts that institutions of higher education received in the initial round of funding? Will the same methodology be employed in distributing the remaining \$150 million?***

The \$300 million in Coronavirus Relief Funds was part of a framework for the Administration's plans for higher education in the revised budget; however, it does not reflect the final allocation or distribution of funds. At this time, the Office of the Secretary of Higher Education is allocating an initial \$150 million of CRF aid, while we continue to evaluate the financial impact statements submitted by institutions and how these federal funds can be utilized by institutions. OSHE will continue to monitor the institutions' financial impacts to make a determination about future need and eligible use of these funds.

The methodology used in calculating the \$150 million that was divided amongst institutions of higher education was based on an equity rationale that incorporates priority student populations, who have disproportionately been affected by the COVID-19 pandemic, from the state plan for higher education. The methodology included institutions' share of Pell recipients, underrepresented minority enrollment, and overall student enrollments. The Office also collected financial information from institutions through the prior Governor's Emergency Education Relief (GEER) Fund, which provided a picture of financial need for public institutions. As a result of the information available, we determined the funding methodology should be divided by sector based on FY20 operating aid, as senior publics reported the highest need and financial impact. Institutional allocations provided were a maximum that institutions could receive, as institutions have to submit an application that includes a budget, financial impact statement, and narrative to make sure the funds would be used in accordance with federal requirements.

The Governor will continue to prioritize an equitable restart along with providing support for the institutions most impacted by COVID-19. This will include continued monitoring of the financial impact statements, evaluation of budget statements, final budget expenditures, and eligible uses of federal funds in accordance with the U.S. Treasury's guidance. We recognize these are critical funds and want to make sure they are used effectively by our institutions of higher education.

5. *Several of the senior public institutions of higher education receive categorical funding as well as general operating support. For example, Thomas Edison State University (TESU) was appropriated \$1 million in FY 2020 for the National Guard Tuition Waiver Reimbursement program, of which \$437,000 was de-appropriated to close the FY 2020 budget deficit. This program is important to our National Guard members who have been essential personnel during the COVID-19 pandemic and for Thomas Edison State University. Would the Secretary please obtain from TESU an update on the National Guard Tuition Waiver Reimbursement program, including the number of National Guard members receiving tuition waivers in FY 2019, FY 2020, and as projected for FY 2021?*

<b><i>TESU National Guard Waiver Reimbursement Enrollment and Cost</i></b>		
<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Cost</b>
2019	194	\$794,066
2020	243	\$999,921
2021 (projected)	243	\$1,000,000

6. *Other senior public institutions' categorical funding was de-appropriated to close the budget deficit, including funding for medical schools, and others are not allocated funding in FY 2021. The loss of this type of State funding is not consistent among institutions. Please explain the rationale for these de-appropriating or reducing some but not all of these categorical items.*

As noted previously, while this is not the budget we envisioned at the start of FY21, the revised budget resulted in difficult decisions as the State is confronted with an economic crisis. In this budget, we focused on preserving key programs serving those who have been disproportionately affected by COVID-19. In some cases de-appropriation decisions were based on when funds were disbursed in FY20. The State is continuing to advocate for substantial and flexible federal aid to help with recovery.

7. *The proposed, revised FY2021 budget reduces both general support and outcomes-based aid to all institutions of higher education as shown in the chart below:*

Institution	FY 2020 Adj. Approp				FY 2020 Actual				FY 2021 Recommended			
	General Support	Special Purpose	Outcomes Based Aid	Total	General Support	Special Purpose	Outcomes Based Aid	Total	General Support	Special Purpose	Outcomes Based Aid	Total
Rutgers NB	172,530	149,750	8,234	330,514	143,775	145,483	7,411	296,669	146,696	137,928	4,928	289,552
Agric. Experiment Station	20,931	3,095	-	24,026	17,443	1,595	-	19,038	17,966	3,095	-	21,061
Rutgers Camden	15,860	3,370	1,414	20,644	13,217	3,370	1,273	17,860	13,693	200	2,535	16,428
Rutgers Newark	29,626	1,450	2,595	33,671	24,688	2,336	2,360	29,360	25,579	1,450	2,227	29,256
NIJT	36,331	3,700	2,070	42,101	28,821	3,700	1,863	34,384	29,861	-	3,113	32,974
Thos. Edison	4,130	1,000	1,007	6,137	2,808	563	906	4,277	2,703	1,000	1,726	5,429
Rowan	25,753	65,576	3,150	94,479	21,461	58,584	2,835	82,880	22,235	60,366	3,065	85,666
NJCU	23,586	1,000	2,086	26,672	19,655	-	1,877	21,532	20,364	1,000	2,012	23,376
Kean	29,821	-	3,239	33,060	24,851	-	2,915	27,766	25,748	-	2,775	28,523
Wm. Paterson	29,649	-	2,566	32,215	24,708	-	2,309	27,017	25,599	-	1,876	27,475
Montclair	42,504	-	4,606	47,110	30,668	-	4,145	34,813	30,220	-	7,077	37,297
TCNJ	27,571	-	1,127	28,698	22,343	-	1,014	23,357	22,942	-	1,178	24,120
Ramapo	15,574	-	1,053	16,627	12,145	-	948	13,093	12,584	-	1,210	13,794
Stockton	22,495	-	1,853	24,348	15,825	-	1,668	17,493	15,440	4,612	1,621	21,673
<b>Total</b>	<b>496,361</b>	<b>228,941</b>	<b>35,000</b>	<b>760,302</b>	<b>402,408</b>	<b>215,631</b>	<b>31,500</b>	<b>649,539</b>	<b>411,630</b>	<b>209,651</b>	<b>35,343</b>	<b>656,624</b>

*What is the rationale and methodology for reductions to institutions of higher education? Did each receive the same percentage cut or was another methodology used?*

As noted previously, in the Governor's revised FY21 budget, the senior public institutions' operating aid is flat-funded from FY20 for the nine-month period, however, the three-month supplemental appropriation included a \$67,870,000 reduction. Each higher

education sector received a reduction in the three-month supplemental appropriation. We allocated the Outcomes Based Allocation using the same formula percentage distribution that was used for FY 2020: each institution's summed share of total number of degrees awarded in FY 2018, the total number of degrees awarded among undergraduate ethnic and racial minority groups in FY 2018, and the number of students at the institution who received Pell grants in Academic Year 2017-18. The OBA allocation for FY 2021 is shown below compared to FY 2020.

<b>Institution</b>	<b>FY 2020 OBA Percentage</b>	<b>FY 2020 OBA Amount</b>	<b>FY 2021 \$35 million Distributed based on FY 2020 OBA Calculation</b>	<b>Difference (FY 2021 – FY 2020)</b>
The College of New Jersey	3.20%	\$1,127,000	\$1,137,000	\$10,000
Kean University	9.30%	\$3,239,000	\$3,271,000	\$32,000
Montclair State University	13.20%	\$4,606,000	\$4,651,000	\$45,000
New Jersey City University	6.00%	\$2,086,000	\$2,106,000	\$20,000
New Jersey Institute of Technology	5.90%	\$2,070,000	\$2,091,000	\$21,000
Ramapo College of New Jersey	3.00%	\$1,053,000	\$1,064,000	\$11,000
Rowan University	9.00%	\$3,150,000	\$3,181,000	\$31,000
Rutgers, The State University – Camden	4.00%	\$1,414,000	\$1,427,000	\$13,000
Rutgers, The State University - New Brunswick	23.50%	\$8,234,000	\$8,315,000	\$81,000
Rutgers, The State University – Newark	7.40%	\$2,595,000	\$2,621,000	\$26,000
Stockton University	5.30%	\$1,853,000	\$1,871,000	\$18,000
Thomas Edison State University	2.90%	\$1,007,000	\$1,017,000	\$10,000
William Paterson University of New Jersey	7.30%	\$2,566,000	\$2,591,000	\$25,000
<b>Totals</b>	<b>100.00%</b>	<b>\$35,000,000</b>	<b>\$35,343,000</b>	<b>\$343,000</b>

- 8. The revised budget proposal, together with amounts appropriated for the July-September quarter, provides a \$300,000 increase in salary funding for the Office of the Secretary. Please provide a justification for this increase.**

The additional funding will support the increase in staff necessary to carry out the provisions of S1271/A4409, a bill proposing amendments to Title 18A for higher education in New Jersey. This bill updates the academic program approval criteria; establishes a procedure for approving branch campuses and additional locations outside the state; and

establishes a financial monitoring system by which OSHE can identify colleges and universities at risk of imminent closure, so that disorderly closures can be avoided.

Interest in these amendments are shared by the Governor, senior members of the State Legislature, and many college presidents. Recognizing the state's difficult budget situation, our office conducted an extensive review to determine the minimum staffing level needed to implement this work. The revised budget proposal reflects funding for that minimum level of additional staff.

9. *Educational Opportunity Fund grants would increase by \$1.5 million over FY 2020 in the revised budget proposal. What is the estimated number of students who will benefit from the programs, and how does that compare to the previous year?*

	2019-20	2020-21 (Estimated)
<b>Undergraduate</b>	13,605	13,810
<b>Graduate</b>	283	283
<b>Total</b>	<b>13,888</b>	<b>14,093</b>

**What were the minimum and maximum academic year Opportunity Grant award amounts in FY2020 for students attending: (1) county colleges; (2) public four-year colleges and universities; (3) public research universities; and (4) independent colleges and universities?**

For all sectors and enrollment levels, the minimum EOF academic year Opportunity Grant award amount is \$200 for the year (\$100/per semester). The following information provides the maximum academic year Opportunity Grant amounts for each respective sector in FY2020:

FY2020 EOF Maximum Opportunity Grant Award Amounts						
	County Colleges	Public 4-Year State Colleges & Universities		Public Research Universities		Independent Colleges & Universities
		<i>Commuter</i>	<i>Residential</i>	<i>Commuter</i>	<i>Residential</i>	
<b>Full-Time</b>	\$1,200	\$1,300	\$1,550	\$1,300	\$1,550	\$2,650
<b>9-11 Credits</b>	\$912	\$988	\$1,250	\$988	\$1,250	\$2,000
<b>6-8 Credits</b>	\$626	\$676	\$950	\$676	\$950	\$1,350

***Do you anticipate the minimum and maximum academic year award amounts to change in FY2021?***

Yes. Based on the Governor's final approved budget and EOF Board approval, the Fund will seek to raise the maximum academic term award amount by \$25/semester (\$50/year) for FY2021.

The minimum academic year award amount will not change and will remain at \$100 per semester/\$200 year.

***The OSHE recently revised their criteria for prioritization of EOF grants, including not penalizing students who attend dual enrollment programs before continuing to pursue a higher degree. Has the Office seen any differences in participation, positive or negative, as a result of these changes?***

Based on feedback from the EOF campus programs, the change has largely been positive due to EOF campus programs now being able to consider dual enrollment students for participation in the EOF pre-first-year summer program.

Previously, institutions were including these students as part of their transfer student summer program orientation due to the number of college credits these students received while in high school.

This benefit helps dual enrollment students with their transition into college and allows for the EOF campus programs to have more time during the summer to assess each student's needs in preparation for the academic year.

***10. New Jersey was also awarded \$69 million through the Governor's Emergency Education Relief Fund (GEER). How was this funding allocated to institutions? Did OSHE use a formula or was the funding based on an application and stated need? What is the final amount of funding each institution will receive? Has this funding been disbursed to institutions? If not, what is the timeline to get the GEER funding out to our universities and colleges?***

GEER funding was split between the four-year public institutions and public two-year institutions based on proportion of typical State funding. The funds were allocated using an OSHE-developed allocation, which includes share of Pell-recipient enrollment, overall enrollment, and underrepresented minority enrollment at the institution. OSHE is currently working to review each institution's GEERF budget to ensure compliance with federal regulations and to ensure that funds will be used only for eligible expenses. Each institution's GEERF allocation is listed in the table below. Institutions have received the initial 50% of funding upon submission of budget and grant agreement and will receive the remaining 50% of funding no later than April 30, 2021, subsequent to the review and approval of each institution's second quarter report by OSHE.



<b>Institution</b>	<b>GEER Allocation</b>	<b>Institution</b>	<b>GEER Allocation</b>
Atlantic Cape Community College	\$500,373	Kean University	\$4,890,670
Bergen Community College	\$1,124,546	Montclair State University	\$6,601,209
Brookdale Community College	\$936,124	New Jersey City University	\$3,027,474
Camden County College	\$1,006,150	New Jersey Institute of Technology	\$3,166,326
County College of Morris	\$587,307	Ramapo College of New Jersey	\$1,603,309
Essex County College	\$847,105	Rowan University	\$5,300,326
Hudson County Community College	\$947,744	Rutgers University-Camden	\$2,166,746
Mercer County Community College	\$668,335	Rutgers University-New Brunswick	\$12,731,120
Middlesex County College	\$1,052,512	Rutgers University-Newark	\$4,323,540
Ocean County College	\$757,932	Stockton University	\$2,815,904
Passaic County Community College	\$795,995	The College of New Jersey	\$1,877,804
Raritan Valley Community College	\$645,289	Thomas Edison State University	\$3,354,942
Rowan College at Burlington County	\$821,512	William Paterson University of New Jersey	\$3,512,415
Rowan College of South Jersey	\$849,808	<b>Total Senior Public (4-year Public)</b>	<b>\$55,371,785</b>
Salem Community College	\$89,945		
Sussex County Community College	\$186,221		
Union County College	\$987,312		
Warren County Community College	\$189,001		
<b>Total County Colleges</b>	<b>\$12,993,209</b>		

***11. The revised budget proposal reduces aid to independent colleges and universities to \$250,000, compared to \$1.7 million distributed in FY 2020. Significant amounts of financial assistance have been provided by the federal government directly to this sector of higher education. Please provide an overview of the conditions of the State's private colleges and universities for the 2020-21 academic year, including the net financial impact of the public health emergency, economic conditions, federal aid and state aid; enrollment trends; and whether closure of any institutions is expected.***

The current impact of the COVID-19 pandemic is on-going and continuously changing. OSHE will continue to work with other state agencies to monitor the impact of the COVID-19 pandemic on the state's economy, including potential effects on student

enrollment. Institutions are required to submit fall enrollment data to our office by November 6<sup>th</sup>, which we will compare to previous years. As of September 30, 2020, the independent colleges and universities have self-reported a financial impact of over \$114,000,000 million since March 1.

Table 1 shows the federal CARES Act funding, through the Higher Education Emergency Relief Fund (HEERF), that these institutions received. Independent institutions received approximately \$42 million in CARES Act funding for both emergency student financial aid and institutional operating aid. As shown below, 50% of HEERF funding is required to go towards emergency student aid, while the other 50% can be used for institutional operations. The state has allocated a portion of the federal Coronavirus Relief fund (CRF) to independent institutions to help offset their financial impact.

***Table 1- Higher Education Emergency Relief Funding (HEERF) Allocations for Private, Not-for-Profit, NJ Institutions***

Institution Name	Total HEERF Allocation	50% of HEERF dedicated to Emergency Student Aid
	\$	\$
Bloomfield College	\$2,851,037	\$1,425,519
Caldwell University	\$2,028,129	\$1,014,065
Centenary University	\$1,350,523	\$675,262
Drew University	\$1,727,427	\$863,714
Fairleigh Dickinson University	\$5,771,203	\$2,885,602
Felician University	\$2,243,499	\$1,121,750
Georgian Court University	\$1,690,335	\$845,168
Monmouth University	\$4,935,299	\$2,467,650
Pillar College	\$562,480	\$281,240
Princeton University	\$0	\$0
Rider University	\$3,648,210	\$1,824,105
Saint Elizabeth University	\$935,846	\$467,923
Saint Peter's University	\$3,914,585	\$1,957,293
Seton Hall University	\$5,749,918	\$2,874,959
Stevens Institute of Technology	\$3,121,706	\$1,560,853
<b>Total Independent Non-Profit</b>	<b>\$42,954,296</b>	<b>\$21,477,148</b>

Several institutions have shared they have begun budget management strategies such as furloughs/layoffs, salary reductions, hiring freezes, elimination of academic programs, and increases of deferred maintenance (forgoing certain routine or annual maintenance, delay of construction projects, and increase spending rate from endowment reserves). Currently, we have no further information to suggest any of these institutions are at risk of closure.

### **Higher Education Student Assistance Authority (HESAA)**

- 1. Total 12-month funding for need-based grants and merit scholarships is mostly being maintained at those programs' FY 2020 adjusted appropriation levels. At this point, does the HESAA have information on the number and dollar amount of actual awards to students who will be receiving the need-based grants and merit scholarships in the fall 2020 semester, including awards under the Tuition Aid Grant (TAG) Program, the Part-Time TAG Program for County Colleges and EOF Students, NJSTARS I and II, the Educational Opportunity Fund Program, the Governor's Urban Scholarship Program, and the New Jersey World Trade Center Scholarship Program? Are the number and dollar amount of awards projected for the upcoming academic year consistent with the number of awards distributed in FY 2020?*

The number and dollar amount of actual awards to students for fall 2020 can only be determined based on certified enrollment of eligible students at participating institutions of higher education. These certifications will not be completed until later in the fall semester.

In advance of receiving actual enrollment data, HESAA developed initial projections for AY 2020-2021 by holding constant AY 2019-2020 levels for both actual expenditures and annualized numbers of awards to eligible students. Please see table below.

**AY 2019-2020**

	<b># of Annualized Awards</b>	<b>\$ of Awards in Millions</b>
Tuition Aid Grants (TAG for full-time students)	67,163	\$437.69
Part-Time TAG for County College students	6,079	\$8.98
Part-Time TAG for EOF students	508	\$0.90
NJ STARS & NJ STARS II	2,528	\$7.08
Community College Opportunity Grants	7,693	\$19.66
Governor's Urban Scholarships	352	\$0.34
World Trade Center Scholarships	81	\$0.36

**\* AY 2020-2021 initial projections assume levels equal to AY 2019-2020 for the programs listed above.**

Note: Please see the response above to Question #8 directed to the Office of the Secretary of Higher Education regarding Educational Opportunity Fund (EOF) grants to students. Also, pursuant to the authority provided by language in the FY20 Appropriations Act (P.L. 2019, c. 150), HESAA transferred unexpended balances among Student Assistance Program accounts to fund expenditures that slightly exceeded appropriations for Part-time TAG for County College Students, Part-Time TAG for EOF Students, NJ STARS, and World Trade Center scholarships.

2. *The supplemental appropriation to the Community College Opportunity Grant (CCOG) program for the FY 2020 three-month extension period totaled \$10 million. When the three-month supplemental appropriation bill was being considered by the Legislature, the Office of Management and Budget indicated that \$10 million was the amount of student financial aid funding needed for the fall 2020 semester. The budget proposal for the nine-month period provides \$10 million, so that total 12-month funding is \$20 million, a \$5 million (20 percent) reduction from both the FY 2020 adjusted appropriation and the initial FY 2021 Governor's Budget Recommendation. With appropriations for other need-based grant programs being held at FY 2020 adjusted appropriation levels, what is the rationale behind reducing the appropriation for the CCOG program? Does the HESAA have information on the number and dollar amount of actual awards for each semester of the 2019-2020 academic year, as well as for the fall 2020 semester? What effect on demand for the program can be attributed to the public health emergency? To related economic conditions?*

In AY 2019-2020, 10,247 unique individual students received a last-dollar Community College Opportunity Grant (CCOG) award. HESAA awarded 15,387 CCOG semester awards (the equivalent of 7,693 full-year awards) for a total expenditure of \$19.66 million in AY 2019-2020, with 5,140 students receiving CCOG awards in both semesters, 2,414 students receiving CCOG awards in fall 2019 only, and 2,693 students receiving CCOG awards in the spring 2020 semester only. The 12-month budget recommendation for AY 2020-2021 would provide a total of \$20 million to maintain the CCOG program at the same level of actual expenditures as in the prior academic year.

As noted in the response to question 1 above, HESAA will receive data on fall 2020 enrollment of potentially eligible students later in the semester. Until then, it is premature to estimate changes in demand for CCOG. If fewer eligible students enroll at county colleges this year, expenditures for CCOG awards to students may fall below the prior year's level. On the other hand, CCOG award expenditures may increase if financial need grows among a greater number of county college students due to this year's economic conditions. Because last-dollar CCOG grants cover the remaining costs of tuition and approved educational fees after first accounting for students' other federal, state, or institutional grants and scholarships, CCOG costs would increase if the cohort of eligible students has, on average, a higher level of unmet need.

3. *The new FY 2021 Governor's Budget Recommendation includes \$1.5 million for the Primary Care Practitioner Loan Redemption Program and the Nursing Faculty Loan Redemption Program, representing a \$1.245 million increase over the FY 2020 adjusted appropriation of \$255,000. HESAA previously indicated that the \$255,000 appropriated for the programs represented the State's match to the federal Physician Loan Redemption Program within the National Health Services Corps program. The HESAA also indicated that the reduction seen in FY 2020 would not affect currently enrolled individuals. What is the rationale behind the proposed increase in program funds for FY 2021? Does the recommended appropriation affect only currently enrolled individuals or does it allow individuals, who are currently on the waiting lists for the programs, to receive benefits?*

The recommended \$1.5 million in FY 2021 funding would allow 15 new participants to enroll in these programs (13 Primary Care Practitioners and 2 Nursing Faculty). All currently enrolled participants are fully funded through prior fiscal years' appropriations. FY 2021 funding will be used for newly enrolled participants by encumbering funds to cover new participants' maximum loan redemption amounts for their multi-year service commitments. HESAA makes annual installment payments for a portion of the maximum loan redemption upon verification of each participant's completion of each year of qualifying service as either a primary care practitioner in a medically underserved area or as a full-time faculty member at a school of nursing in New Jersey. HESAA has not accepted new applications for these programs for the current year; when FY 2021 funding is available, HESAA will reach out to new potential applicants and also invite applications from those who previously expressed interest. Please see: [0](https://www.hesaa.org/Pages/FAQs.aspx?FAQcat=nursing) and <https://www.hesaa.org/Pages/FAQs.aspx?FAQcat=nursing>.

4. *Please give an update on student loans issued by HESAA. How many borrowers have requested forbearance due to the COVID-19 pandemic? How many requests have been granted? Has HESAA issued any collection of debt on student loans in this period?*

As of June 30, 2020, 121,532 loans were outstanding under the New Jersey College Loans to Assist State Students (NJCLASS) program administered by HESAA. Between March 13 and September 9, 2020, 2,356 NJCLASS loan borrowers requested repayment relief due to unemployment, temporary total disability (TTD), or financial hardship.

2,273 of these borrowers' requests, or 96.5%, have been granted, providing deferment or forbearance relief for 5,541 NJCLASS loans (many borrowers hold more than one loan).

By comparison, while not every relief request can be attributed to the pandemic, between July 1, 2019 and June 30, 2020 HESAA received 1,260 requests for payment relief due to unemployment, 191 TTD relief requests, and 1,401 forbearance requests due to financial hardship. These levels exceed those of FY 2019, when 497 borrowers applied for unemployment relief, 157 applied for TTD, and 812 requested financial hardship forbearances. Please see:

<https://www.hesaa.org/Documents/Financial/AnnualReports/NJCLASSAnnualReport1August2020.pdf> and

<https://www.hesaa.org/Documents/Financial/AnnualReports/NJCLASSAnnualReport1August2019.pdf>.

During the current public health emergency starting in mid-March 2020, HESAA suspended the withholding of state income tax refunds or lottery winnings, stopped pursuing wage garnishments, and instructed outside counsel to cease using court actions to collect on defaulted NJCLASS loans. These suspensions remain in effect. Since the onset of the pandemic we have also actively informed borrowers of available payment relief options and counseled them on the benefits of keeping their payments current. Please see: [https://www.hesaa.org/Documents/Misc/NJCLASS\\_Q\\_n\\_A.pdf](https://www.hesaa.org/Documents/Misc/NJCLASS_Q_n_A.pdf).

**5. *Federal student loans were granted a temporary zero percent interest for students negatively impacted by COVID-19. If New Jersey were to do the same, how much interest would the State need to pay if the interest was reduced to zero retroactively? If reduced to zero prospectively?***

As a point of clarification, all federal student loans owned by the U.S. Department of Education (ED) are now enrolled in a payment pause, not merely federal loans for “students negatively impacted by COVID-19.” Pursuant to the CARES Act, from March through September 30, 2020 the federal government waived interest on all ED-held federal student loans, suspended all these loans’ requirement to make payments, and stopped collections on all these federal loans. Last month, this federal student loan payment pause was temporarily extended until December 31, 2020 through a Presidential directive to the U.S. Secretary of Education.

Unlike the federally-funded student loan program, there is no taxpayer funding for HESAA’s New Jersey College Loans to Assist State Students (NJCLASS) loan program. NJCLASS loans are funded through tax-exempt student loan revenue bonds without any State appropriation, and the revenue from NJCLASS borrowers’ repayment of their loans is pledged to pay bondholders. These supplemental loans can bridge the gap of unmet need to cover postsecondary education costs after students exhaust federal, state, institutional, and other grants and scholarships, as well as federal direct loans (which students must take before NJCLASS loans).

On average, HESAA receives \$17 million per month in payments from borrowers in the current portfolio of more than 120,000 outstanding NJCLASS loans with \$1.66 billion in total balances. State appropriations would be required to replace the lost revenue from these borrowers' payments, which are pledged to investors in HESAA's student loan revenue bonds. Because N.J.S.A. 18A:71A-22 pledges that the State will not harm these bondholders' security interest in the stream of NJCLASS borrower payments, such a State appropriation would be required to prevent default on HESAA's bonds. Such a default would greatly harm students who rely on HESAA's administration of State-funded grants and scholarships that help more than 85,000 students annually pay for college tuition.

Therefore, a one-time State appropriation of **\$102 million** would be required to implement a similar policy for all NJCLASS loans retroactively from March to September 2020 at the full scale of the current federal payment pause. Continuing such a policy prospectively would require an additional appropriation of **\$17 million per month for each subsequent month** that it remains in effect.

In addition, HESAA has developed the following estimate in response to this question's reference to a policy that would offer interest payment relief only to borrowers affected by COVID-19. Such a program, such as the proposal in Senate bill 2466, would require a one-time State appropriation of **\$15 million** for the period from March to September 2020, and additional appropriations of **\$3 million per month** prospectively for the duration of this program.

Under S2466, State appropriations would fund HESAA's suspension of principal and interest payments for NJCLASS borrowers whose ability to make payments is adversely impacted due to unemployment or inability to work as a result of COVID-19 due to closure of the borrower's place of employment, closure of the school or place of care of a child of the borrower, or a closure of the place of care of a family member of the borrower in need of the care of the borrower; financial hardship; temporary total disability; or a need to be in isolation or quarantine or to care for a family member in quarantine. HESAA based this updated estimate on experience with the NJCLASS borrowers who are currently receiving payment relief due to unemployment, temporary total disability, or financial hardship. The total outstanding principal on the 5,541 loans now enrolled in these payment relief programs is \$90 million, for which regular payments are \$1.2 million per month. To cover payments on behalf of the borrowers of these loans would require \$7.2 million for the retroactive period from March to September 2020, and covering payments prospectively would require an additional \$1.2 million every month for the duration of such a program. Because the expanded eligibility criteria in S2466 would offer payment relief to new categories of borrowers and would likely increase the number of applications by raising awareness of a new State-funded benefit, HESAA projects that the cost of implementing S2466 would be more than double the cost of covering payments for the loans currently enrolled in HESAA's payment relief programs, thus requiring \$15 million for the retroactive 6-month period and \$3 million in additional funds for each subsequent month.