

# PAYING IT FORWARD IN NEW JERSEY

## DESIGNING AND IMPLEMENTING A NEW FUND FOR TALENT DEVELOPMENT

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### INTRODUCTION

Governor Phil Murphy often describes New Jersey as “the medicine chest to the world.” Home to the nation’s highest concentration of scientists and engineers<sup>170</sup> as well as world-class health care providers and innovators, the state also faces a daunting challenge to delivering care: By 2036, New Jersey is projected to have a shortage of 24,450 registered nurses (RNs), one of the largest shortages of any state.<sup>171</sup> The New Jersey Collaborating Center for Nursing stresses that “enrollments in [nursing] schools need to be increased to meet the demand if we are going to have enough providers for NJ residents.”<sup>172</sup>

Across the Garden State, New Jersey’s training providers are working to bridge that gap and develop the next generation of RNs. However, the same training providers that report stellar licensure pass rates, employment rates, and earnings for their graduates boast *completion*

170 Choose New Jersey, “2024 New Jersey Life Sciences Report,” <https://thisisnewjersey.choosenj.com/nj-life-sciences-report-guide/>.

171 Health Resources and Services Administration (HRSA), Health Workforce Projections, “Technical Documentation for HRSA’s Health Workforce Simulation Model,” <https://bhwh.hrsa.gov/data-research/projecting-health-workforce-supply-demand/technical-documentation/introduction>.

172 New Jersey Collaborating Center for Nursing, “Nurse Workforce Projections, 2021-2036,” October 4, 2024, <https://njccn.org/2024/10/04/nurse-workforce-projections-2021-2036/>.

rates that may not even top 60%.<sup>173</sup> In some of New Jersey's RN training programs, 85% to 100% of graduates secure employment after completing the training.<sup>174</sup> Similarly, graduates taking the nursing licensure test generally have pass rates above 90%.<sup>175</sup> For those that graduate, a newly minted RN can receive competing job offers with starting salaries around \$80,000.<sup>176</sup> New Jersey's nursing students are positioning themselves for a path to the middle class in a field where employers urgently need skilled workers. But they must make it to graduation first.

Consider this true story: A couple years ago, a nursing student dropped out of an RN training program in New Jersey where graduates earn an average of \$79,000. The curriculum wasn't too challenging. She didn't balk at the sight of blood. She simply couldn't afford the train fare to get to class. Think of the opportunity cost: New Jersey lost a future nurse, the student gave up her dream, and the money that had been invested in her training slipped away with her. While a train ticket might not be the deal-breaker for all prospective nurses, this story reinforces the financial fragility of so many members of the current and future health care workforce.

To address these issues, the State of New Jersey developed an innovative new model called the New Jersey Pay It Forward (NJ PIF) program, an outcomes-based loan led and funded by Governor Phil Murphy and the New Jersey CEO Council and built in partnership with program manager Social Finance. NJ PIF has three primary goals. The first is to expand access to high-quality training for students who typically could not or would not enroll because of cost. The second goal is to provide a backstop to improve student retention while in the program, allowing students to reduce their work hours or weather financial challenges without dropping out. And finally, the third goal is to have a multiplier effect by testing an outcomes-based approach where funds are recycled and redeployed to train future students, to "pay it forward."

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173 Social Finance due diligence, based on four-semester completion rate reported by training providers.

174 Social Finance due diligence, based on completion and employment rates reported by training providers.

175 New Jersey Division of Consumer Affairs, New Jersey Board of Nursing, National Council Licensure Examination (NCLEX), "Report 4 — Jurisdiction Program Summary of all First-Time Candidates Licensed in All Jurisdictions," <https://www.njconsumeraffairs.gov/nur/Documents/NCLEX/2024-NCLEX-RN-Q3.pdf>.

176 Social Finance due diligence, based on student earnings reported by training providers.

NJ PIF is supported by more than \$24 million in public and private funding with an additional \$4.3 million expected from student repayments, creating a 1.2x fund multiplier. Based on current projections, New Jersey officials expect more than 800 students enrolled in nursing or related health care training programs will receive NJ PIF loans by 2029. New Jersey's hypothesis is that some of those students would not have pursued the training at all without NJ PIF downside protection, and others would have pursued the training — and taken on personal debt — but would not have made it to graduation without the supports offered through NJ PIF. While this program is still in its relatively early stages, New Jersey officials believe the learnings from NJ PIF can help narrow the access and opportunity gap in high-demand industries, particularly in health care, and could serve as a replicable model for other states and cities around the country.

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## HOW NEW JERSEY GOT HERE: PROPOSING A BOLD SOLUTION

In the summer of 2020, as New Jersey began to emerge from the darkest days of COVID but with a very long road ahead, Governor Murphy convened the New Jersey Restart and Recovery Commission. Charged with preparing New Jersey for a resilient economy forever changed by the pandemic, these leaders were urged to think big and propose bold solutions. Heading the call to action to the private sector alongside Governor Murphy were commission members Kenneth Frazier (chairman and CEO of Merck & Co.) and Charles Lowrey (chairman and CEO of Prudential Financial, Inc.), who created an offshoot of the commission called the New Jersey CEO Council. Together, they convened a group of leaders that ultimately included the CEOs of eight of New Jersey's largest employers: BD, Campbell's, Johnson & Johnson, Merck & Co., Prudential Financial, PSEG, RWJBarnabas Health, and Verizon.

Governor Murphy espouses a "whole of government approach," and he charged the Governor's Office and NJ CEO Council to work closely with multiple state government entities including the New Jersey Economic Development Authority (NJEDA), NJ Higher Education Student Assistance Authority (HESAA), Office of the Secretary of

Higher Education (OSHE), NJ Department of Labor and Workforce Development (DOLWD), and the NJ Department of Banking and Insurance (DOBI).

▶ Ultimately, the steering committee focused on six program design elements: (1) repayment salary threshold, (2) repayment income share, (3) repayment length, (4) repayment cap, (5) repayment coverage, and (6) population and training focus.

Together, this alphabet soup of state agencies began to design a funding mechanism that aligned with the governor's policy priorities around a "stronger and fairer" New Jersey.<sup>177</sup> The state steering committee's broad vision was to bridge a financing gap in New Jersey's training and higher education landscape. Since taking office in 2018, Governor Murphy's administration had prioritized the creation of two major programs — the Community College Opportunity Grant (CCOG) and Garden State Guarantee (GSG) — to make tuition free at community colleges and public four-year colleges for low- and middle-income students. However, while tuition was covered, many *fees* for associate degree programs at community colleges — such as clinical lab fees, uniforms, and other costs unique to health care degree programs<sup>178</sup> — could total upwards of \$20,000 and were not covered under CCOG or GSG.<sup>179</sup>

As a result, even if the training offered six-figure earning potential, training providers reported that some students were simply choosing not to enroll at all, because they could not afford the out-of-pocket cost for fees and did not want to (or were not able to) assume significant personal debt.<sup>180</sup> Others — like the nursing student mentioned in the introduction — decided to embark on training, including the debt that comes with it. Students took out high-interest private loans, burned through their limited savings, and worked to make ends meet while in full-time training. They encountered day-

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177 The process of developing the New Jersey Pay It Forward model drew from many of the core principles and values outlined in three reports that laid out the Murphy administration's vision and goals:

- New Jersey Economic Development Authority, "The State of Innovation: Building a Stronger and Fairer Economy in New Jersey," October 2018, <https://www.njeda.gov/wp-content/uploads/2021/02/StrongerAndFairerNewJerseyEconomyReport.pdf>.
- New Jersey Economic Development Authority, "Jobs NJ: Developing Talent to Grow Business in the Garden State," 2020, <https://www.njeda.gov/jobsnj/>.
- Office of the Secretary of Higher Education, "NJ State Plan for Higher Education: Where Opportunity Meets Innovation," February 2019, <https://www.nj.gov/highereducation/stateplan.shtml>.

178 Hudson County Community College, "Schedule of Fees, 2024-2025," <https://www.hccc.edu/programs-courses/resources/documents/schedule-of-fees-2024-2025.pdf>.

179 Estimated total financing gap for the Associate Nursing Program without NJ Pay It Forward loans: Hudson County Community College: \$20,000; Rowan College at Burlington County: \$14,000; Brookdale Community College: \$15,000 (Social Finance due diligence).

180 In late 2021, among training providers that submitted a detailed data form (n=44) for the NJ Pay It Forward program, 82% said they "frequently encounter low-income students unable to enroll due to a lack of funding," and 52% said that "low-income students frequently pay out-of-pocket or through private loans."

to-day financial obstacles, like emergency dental surgery and fender benders. They fell behind on their bills and faced eviction or utility shutoffs. In some cases, they incurred substantial debt yet did not even graduate.

The New Jersey team began to develop a program framework to help address barriers to successful enrollment, graduation, and employment, particularly in the health care sector. Governor Murphy and the NJ CEO Council pledged an initial \$10 million for an innovative model to achieve these goals. The first task was to determine how the funds could have the most impact.

## GUIDING PRINCIPLES

In late 2020, the NJ PIF steering committee began wrestling with foundational design principles. The group discussed questions like “How do we ensure that we are appropriately leveraging and braiding all other public and private sources to reduce the balance a student is obligated to repay?” and “How do we balance the ‘evergreen’ nature of the Fund and ability to serve more students against providing the most student-friendly terms?”

Ultimately, the steering committee focused on six program design elements: (1) repayment salary threshold, (2) repayment income share, (3) repayment length, (4) repayment cap, (5) repayment coverage, and (6) population and training focus. The group weighed various trade-offs and pressure-tested the design against multiple examples of student scenarios. One central focus was how to design NJ PIF to serve as “last-dollar” funding, so these resources were only deployed after all other available funding was exhausted, including CCOG, GSG, Pell grants, and Individual Training Account vouchers.

The group reached consensus on several key principles, and in June 2021, the NJ Higher Education Student Assistance Authority (HESAA) issued a request for proposal (RFP) for a program manager, laying out the core program parameters.<sup>181</sup> These included the following:

- Borrowers would not be asked to pay anything above the cost of training, meaning these loans would be free of interest and fees.
- Students would not be required to repay the costs of the wraparound services or living stipends they received.
- NJ PIF borrowers would have the same consumer protections offered by traditional student loan products, and the funds would be subject to the same regulations that exist for traditional student loans in New Jersey.

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<sup>181</sup> New Jersey Higher Education Assistance Authority, “RFP Pay It Forward Program,” June 4, 2021, <https://www.hesaa.org/Pages/RFPPayItForward.aspx>.

- The monthly repayment amount would be determined through an income-based repayment calculation of 10% of discretionary income, calculated as the difference between participants' adjusted gross income and 150% of the federal poverty guideline.
- Repayment terms would end five years after participants completed the training, and any remaining balance on a PIF loan in good standing would be forgiven.

▶ Many providers confirmed the state's hypotheses that students either were choosing not to enroll in training within high-growth sectors because of the cost or were incurring risky personal debt to pursue these programs of study.

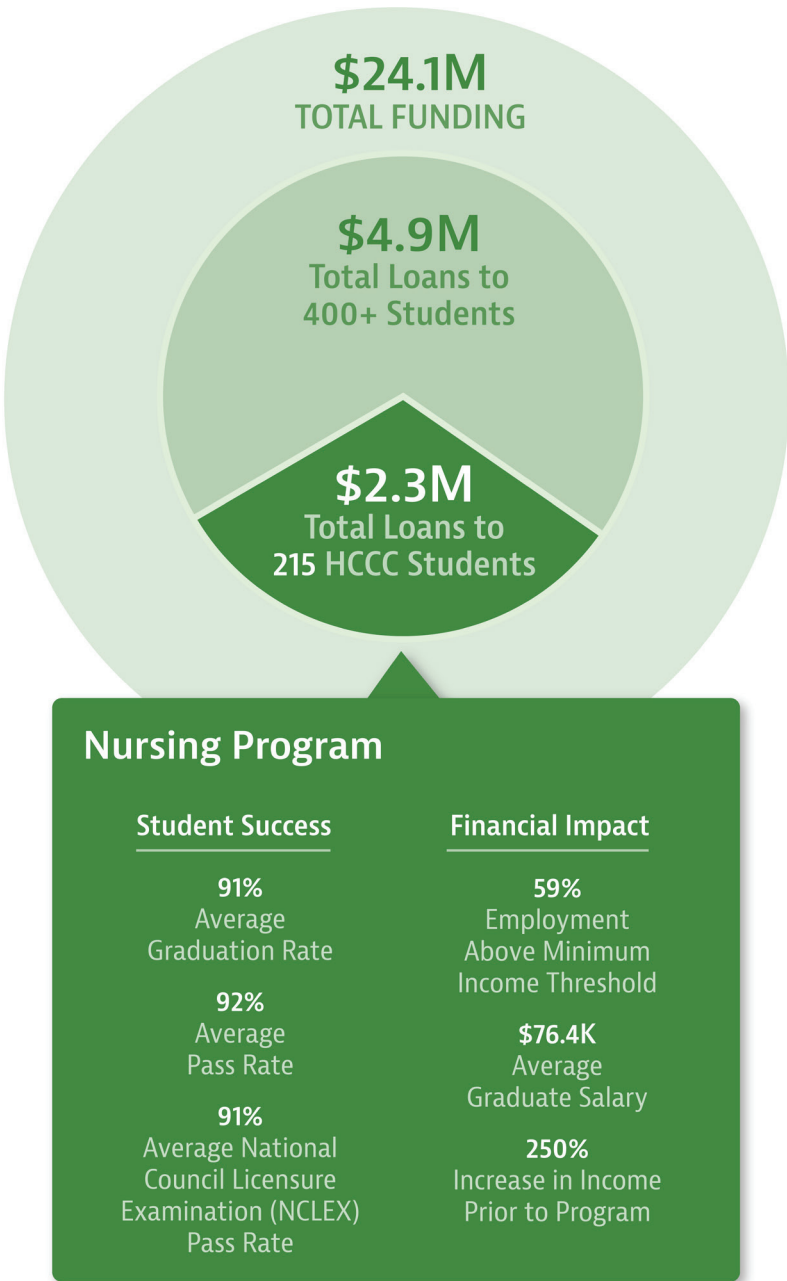
HESAA ultimately selected the national nonprofit Social Finance, an organization that has pioneered innovative outcomes-based financing all over the country, to serve as program manager on behalf of the state of New Jersey beginning in 2021. After finalizing the repayment terms and regulatory structure for the fund and procuring the fund manager, the state steering committee and Social Finance turned to identifying targeted industry sectors and occupations while conducting due diligence on potential training providers.

## TARGETING HIGH-GROWTH INDUSTRIES AND HIGH-QUALITY TRAINING PROVIDERS

In advance of the program's launch in fall 2022, the steering committee partnered with Social Finance to conduct a comprehensive search for high-quality job training programs to serve as the initial partners for NJ PIF. Nearly 100 providers expressed interest in taking part in the program, and dozens submitted detailed data requests. Many providers confirmed the state's hypotheses that students either were choosing not to enroll in training within high-growth sectors because of the cost or were incurring risky personal debt to pursue these programs of study.

The state established parameters for in-depth due diligence with programs and providers that met multiple levels of criteria. As a pilot program, the NJ PIF focused on programs in three of Governor Murphy's priority sectors: health care, technology, and clean energy. The initial screening criteria were programs with strong track records of placing participants in jobs that typically paid starting annual wages of at least \$45,000. Earnings outcomes at or above that level would be essential for borrowers of NJ PIF loans to have a reasonable chance of repaying their tuition costs through affordable repayments based

**/ FIGURE 1 /**  
**RESULTS FROM NEW JERSEY PAY IT FORWARD FUND AND  
HUDSON COUNTY COMMUNITY COLLEGE (HCCC) AS OF DECEMBER 2024**



Note: Data provided by Social Finance to New Jersey Pay It Forward Executive Steering Committee.



on their discretionary incomes. Working with the New Jersey Department of Labor and Workforce Development labor market data team, the state and Social Finance dug into NAICS occupational codes, evaluating long-term labor market demand and earning potential.

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After an extensive process, the state selected four initial training programs offered at three public higher education institutions: an accredited program at Hudson County Community College that prepares students to become RNs by earning a two-year Associate of Science-Nursing degree; Camden County College's noncredit, nine-month career and technical skills training programs in welding and heating, ventilation, and air conditioning (HVAC); and a noncredit, 10-month, online Cybersecurity Professional Bootcamp offered through the New Jersey Institute of Technology (NJIT) in partnership with ThriveDX.

NJ PIF was originally envisioned as a funding mechanism for short-term credential and certificate programs, but the team broadened the model to include associate degree programs focused on the health care sector. This shift occurred for several reasons. First, as noted above, the employer demand and earning potential for nursing and related occupations continues to rise.<sup>182</sup> Two of the eight founding New Jersey CEO Council members — RWJBarnabas and Johnson & Johnson — emphasized the health care sector's urgent needs for new nurses. With over 40,000 staff — including 11,000 nurses — across nearly 20 hospitals throughout New Jersey, RWJBarnabas is by far the largest employer of nurses in the state of New Jersey.<sup>183</sup> RWJBarnabas provided

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182 New Jersey Collaborating Center on Nursing, "New Jersey Nursing Data and Analysis Report," 2025, [https://njccn.org/wp-content/uploads/2025/02/NJCCN\\_New\\_Jersey\\_Nursing\\_Data\\_and\\_Analysis\\_\\_2025\\_-Final\\_website-rev.pdf](https://njccn.org/wp-content/uploads/2025/02/NJCCN_New_Jersey_Nursing_Data_and_Analysis__2025_-Final_website-rev.pdf).

183 As of March 2025, RWJBarnabas had job postings for more than 1,000 open RN positions throughout their health care system (RWJ Barnabas Health, <https://www.rwjbarnabasnursingjobs.org/>). The 2025 "New Jersey Nursing Data and Analysis Report," at [https://njccn.org/wp-content/uploads/2025/02/NJCCN\\_New\\_Jersey\\_Nursing\\_Data\\_and\\_Analysis\\_\\_2025\\_-Final\\_website-rev.pdf](https://njccn.org/wp-content/uploads/2025/02/NJCCN_New_Jersey_Nursing_Data_and_Analysis__2025_-Final_website-rev.pdf), shows that RWJBarnabas had 1,357 of the 7,539 unique RN job postings across the 25 largest employers, representing 18% of all open RN positions statewide.



invaluable insight to the state about on-the-ground hiring needs, wage potential, and growth trends. In 2020, Johnson & Johnson partnered with Social Finance and the Aspen Institute to issue a brief about student-centered financing models to support nursing education.<sup>184</sup>

Second, as the team began examining the fund economics, data revealed that the fees for nursing training programs that could not be covered by CCOG were higher than many other associate degree programs.<sup>185</sup> This reinforced the mismatch between employer demand for graduates of these programs compared to the number of New Jerseyans who could afford to enroll.

Third, the RN program at Hudson County Community College (HCCC) in Jersey City was the first NJ PIF site to launch and quickly showed positive engagement among both staff and students, including graduating the first cohort of NJ PIF borrowers in June 2023. One graduate who was hired as an intensive care unit nurse at a nearby hospital shared that “the New Jersey Pay It Forward stipend and emergency funds helped me focus on my classes and worry less. ... The no-interest loan helps me stay in the here and now, instead of worrying too much about compounding interest that I would have to pay in the future.”<sup>186</sup>

At the same time, while NJ PIF had launched at the two other training providers, they were slower to roll out, and the initial outcomes lagged behind HCCC’s nursing program. The strong start at HCCC, coupled with the robust demand for nurses across the state, reinforced the planning team’s belief that the health care sector was the most strongly aligned with the NJ PIF model. While the state continues to monitor results and gain learnings about the impact in the other sectors, officials believe the greatest promise and replicability both within New Jersey and across the country lies within the design and evolution of its health care training portfolio. NJ PIF loans are now available or coming soon to students in five health care training programs at three public colleges in New Jersey, including two new training providers (Rowan College at Burlington County and Brookdale Community College). The state has also expanded NJ PIF loans beyond associate degree programs in nursing to include associate degree programs in radiography that prepare students to become radiologic technicians.

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184 Social Finance, “Increasing Access to Nursing Education: Student-Centered Income Share Agreements as a Potential Solution,” May 28, 2020, <https://socialfinance.org/insight/access-to-nursing-training/>.

185 Social Finance due diligence.

186 Hudson County Community College, “Hudson County Community College Students Are First to Complete Nursing Degrees in New Jersey’s Pay It Forward Program,” June 30, 2023, <https://www.hccc.edu/news-media/news/06302023.html>.

## FUND DESIGN

From the outset, NJ PIF was designed as a revolving fund with no return to investors. All contributions to the fund are from state appropriations and corporate donations and are used to fund workforce training and associated services. Participants' loan repayments are recycled back into the fund — “paid forward” — to fund training and services for future cohorts. This multiplier effect enables each dollar in the program to help more participants than would have been possible if those training costs were instead covered through grants that could not be recouped. While the NJ PIF program is designed to stretch money further than a typical grant program, the fund is not self-sustaining. Some expenditures will be returned to the fund through borrower repayments, and these recoveries will support additional future trainees. Initial seed funding was \$5 million in state funding and \$4.8 million from the CEO Council members. Since 2021, Governor Murphy has dedicated another \$14.3 million in state funds to NJ PIF, bringing total investment to \$24.1 million. The governor's fiscal year 2026 budget proposal includes an additional \$1 million in state funds for NJ Pay It Forward, which would bring total state funding to over \$20 million.<sup>187</sup> Current projections are that student repayment will add another \$4.3 million to the available fund, with an estimated 1.2x multiplier on initial investment.

## PUTTING STUDENTS AT THE CENTER OF THE LENDING MODEL

NJ PIF's lending differs in several ways from other private student loans. The program provides zero-interest, no-fee loans to individuals from underserved, low-income communities, who often lack the credit history for a traditional loan. Students with NJ PIF loans only repay the costs of their training if they are hired for a job in which they earn more than a defined minimum salary based on household size (e.g., \$50,730 for workers from a three-person household), through affordable monthly payments capped at no more than 10% of their discretionary income for up to five years.<sup>188</sup> If they earn under the income threshold, borrowers can apply for an income-based deferment, with no payment due during the deferment period — effectively, paying nothing if they do not earn more than the minimum salary. This income-based repayment mechanism requires borrowers to keep in touch with the program's loan servicing partner to adjust their payment amounts as necessary based on changes in their income.

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187 NJ.gov, “The State of New Jersey Governor's Budget Message,” 2026, <https://www.nj.gov/treasury/omb/publications/26budget/FY2026-Budget-Detail-Full.pdf>.

188 NJ Pay It Forward defines “discretionary income” as the worker's income after subtracting 150% of the federal poverty level amount for their household size.

NJ PIF's loans are explicitly defined as private education loans subject to federal and state consumer protections for borrowers. For instance, the loan repayment terms are transparently displayed to borrowers through plain language disclosures compliant with the standards of the federal Truth in Lending Act. The program's last-dollar policy also requires that, before offering NJ PIF financing to students, training providers counsel enrollees to first exhaust all other funding sources that do not require debt (e.g. Pell grants, CCOG, Individual Training Account vouchers, etc.). Through financial counseling prior to the loan application, participants can understand the repayment terms and assess for themselves whether acquiring this outcomes-based loan is in their best interests.

Because these loans carry zero interest, students never repay more than the cost of training itself, and under the terms of the program, any remaining balance is forgiven after five years. In addition, participants do not have to pay back the living stipends and supportive services described below, as these program expenses are excluded from the loan balance.

## LIVING STIPENDS AND SUPPORTIVE SERVICES FOR PROGRAM PARTICIPANTS

To supplement the program's outcomes-based loans for direct tuition costs, participants in NJ PIF also receive grants — which do not need to be repaid — for living stipends and supportive services as part of their enrollment, including access to emergency aid funds and mental health counseling. Supportive services can help participants succeed during training and after completion and are a recognized best practice for education and training programs that serve low-income populations.<sup>189</sup>

▶ Because these loans carry zero interest, students never repay more than the cost of training itself, and under the terms of the program, any remaining balance is forgiven after five years.

In 2022-24, during the first two years of NJ PIF implementation, participants received living stipends of \$500 per month if they were enrolled in training programs with durations exceeding one year, and \$375 per month for shorter duration programs. The stipends do not aim to fully cover an individual's total monthly living costs, which would be prohibitively expensive. Rather, they are intended to give students some additional breathing room to, for example, reduce their hours of

189 Cynthia Hess, Yana Mayayeva, Lindsey Reichlin, and Mala Thakur, "Supportive Services in Job Training and Education: A Research Review," Institute for Women's Policy Research, 2020, <https://iwpr.org/wp-content/uploads/2020/08/Supportive-Services-in-Job-Training-Education-C434.pdf>. "For some individuals ... challenging life circumstances — such as a lack of access to affordable child care or transportation, financial strain, or health issues — make it difficult to complete training programs. Life challenges that hinder program completion point to the importance of supportive services."

part-time work during training or — like the former nursing student mentioned above — help with some of the costs of transportation, child care, or other basic needs, so they can focus more time and energy on learning.

These supportive services are often cited by NJ PIF students as critical to their success in completing their respective programs. One student shared that “the living stipend has been a blessing to pick up food, fill my car with gas, and purchase books for the semester.” Virtually all NJ PIF students (95% across all training providers) have opted to receive a living stipend, with total expenditures to date of \$1.4 million. The funds are provided on a debit card, and according to spending data, not including cash withdrawals, the largest share of funds (43%) are used at grocery stores and restaurants, followed by transportation-related services (14%). Among the students Social Finance spoke with, two-thirds reported they were able to reduce their work hours during training to focus on their studies thanks to the living stipend.

NJ PIF also offers grants to help participants cope with unexpected financial emergencies, as well as mental health counseling sessions via telemedicine at no cost to the participant. Nearly half of all NJ PIF students (43%) have utilized emergency financial assistance with total expenditures to date of \$373K (average of \$2,408 per student). The primary reasons emergency aid is needed are food insecurity (43%), transportation expenses (14%) and health care (5%). Emergency aid can prevent someone from dropping out of training because they are being evicted or cannot afford to feed their family or are unable to replace a broken laptop. As noted in the beginning of this chapter, something as small as a train fare can stop students from completing a program. Additionally, 33% of students have requested access to the virtual mental health services platform. One student said that having access to a licensed therapist “has a lot to do with how well I’m doing in class right now,” and without NJ PIF offering the support, they “couldn’t afford to pay for a therapist out of pocket.”

▶ Among the students Social Finance spoke with, two-thirds reported they were able to reduce their work hours during training to focus on their studies thanks to the living stipend.

## INITIAL RESULTS DRIVING EXPANSION WITHIN THE HEALTH CARE SECTOR

As referenced above, New Jersey officials have seen the strongest initial student outcomes and employer engagement in the RN program at HCCC in Jersey City. While NJ PIF was launched in two other sectors

— technology and clean energy at NJIT and Camden County College, respectively — results have lagged the health care programs.

As of December 2024, the New Jersey Pay It Forward fund has certified a total of \$4.9 million in loans to finance training for more than 400 students, with the largest share — \$2.3 million — supporting 215 NJ PIF learners in the Associate Nursing Program at HCCC with an average loan size of \$10,627. Of those students, about a third ( $n=61$ ) have entered into repayment, and 59% of the students in that group are employed with earnings above the minimum income threshold (MIT). The graduation rates for the first two cohorts of HCCC students were 90% and 92%, respectively, and the average National Council Licensure Examination (NCLEX) licensing pass rate for HCCC graduates was also 92%. Among those reporting salaries, HCCC graduates that passed the NCLEX licensure exam were earning an average of \$76,400, a 250% increase in their income prior to starting the program. HCCC borrowers have repaid \$118,000 of their outstanding NJ PIF loans, comprising 5% of total lending certified.<sup>190</sup>

These promising results drove the state to expand NJ PIF funding to HCCC's radiography program, where they have now certified NJ PIF loans for 16 students enrolled in training. NJ PIF also began supporting nursing and radiography at two new training providers. Rowan College at Burlington County began enrolling RN students with NJ PIF loans in the fall of 2024 and plans to expand NJ PIF to their radiography program. In the fall of 2025, Brookdale Community College will begin NJ PIF loans for 60 RN students per year, with potential expansion to their radiography program in the future as well. The New Jersey team is conducting due diligence on additional training providers that offer associate degrees in nursing, as well as exploring support for other health care programs within the existing training providers.

## FUNDING DEPLOYMENT AND PROJECTIONS

As of December 2024, NJ PIF had deployed \$5.6 million, or approximately 23% of the \$24.1 million in committed funds. Of that \$5.6 million, nearly two-thirds — \$3.45 million or 62% of deployed funds — was for loan disbursements at training providers. Slightly over \$1 million (18% of deployed funds) has been used for nonrepayable living stipends, with another \$280,000 (5% of deployed funds) and \$12,000 (0.2% of deployed funds) for emergency aid and mental health services, respectively. Approximately \$855,000 (15% of deployed funds) were for administrative expenses, including up-front design and origination fees that were focused on the program's development and rollout period.

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190 Data provided by Social Finance to New Jersey Pay It Forward Executive Steering Committee.

To date, a total of \$24.1 million has been contributed to the New Jersey Pay It Forward fund, comprising \$4.8 million from eight corporate donations and \$19.3 million in state appropriations over four years: \$5 million in state fiscal year 2022 (FY22), \$2.5 million in FY23, \$2.5 million in FY24, and \$9.3 million in FY25. Governor Murphy’s proposed fiscal year 2026 budget would add an additional \$1 million, bringing total state funding to \$20.3 million if enacted.

Over a five-year span, even if the NJ PIF fund were to receive no additional donations or appropriations beyond its current funding, the program is projected to recoup \$4.3 million from borrower repayments. As a result, the program would be projected to have overall available funding of \$28.4 million (\$24.1 million in corporate donations and state appropriations, plus \$4.3 million in recouped funds). This total funding level will allow NJ Pay It Forward to support approximately 1,030 students over five years throughout the Garden State, including more than 800 students in nursing and health care training programs.

▶ Over a five-year span, even if the NJ PIF fund were to receive no additional donations or appropriations beyond its current funding, the program is projected to recoup \$4.3 million from borrower repayments.

## CONCLUSION

New Jersey officials believe that Pay It Forward is a promising model to finance valuable skills training for the benefit of individual workers, employers, and the broader economy. The program’s financing structure stretches dollars to get more bang for the buck — serving more workers than would be possible with grants alone. The repayment mechanism serves as an accountability signal to direct dollars to focus on high-quality training with a good chance of helping workers get hired into well-paying jobs. And the funding model shares risk and aligns incentives across multiple stakeholders — students, employers, training providers, and government.

▶ The repayment mechanism serves as an accountability signal to direct dollars to focus on high-quality training with a good chance of helping workers get hired into well-paying jobs.

While New Jersey has one of the largest projected nursing shortages in the country, many other states face similar challenges. The national projections are a 10% shortage of RNs by 2027 and 6% by 2037,

translating into a shortage of 207,980 RNs across the country.<sup>191</sup> The initial results of NJ PIF show promise in widening the pipeline of prospective nurses by making training more affordable, testing strategic investments to improve nursing student retention, and, crucially, expanding funding beyond what is available through traditional grants. Based on the preliminary outcomes and lessons learned, New Jersey officials believe that other states should consider adapting this model to meet their local workforce needs, particularly in the health care sector.

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191 Health Resources and Services Administration, “Nurse Workforce Projections, 2022-2037,” fact sheet, November 2024, <https://bhwh.hrsa.gov/sites/default/files/bureau-health-workforce/data-research/nursing-projections-factsheet.pdf>.