

CASE STUDY

New Jersey Pay It Forward Program



Overview

In 2022, Social Finance partnered with New Jersey Gov. Phil Murphy, the State of New Jersey, and the New Jersey CEO Council to launch the New Jersey Pay It Forward Program, which prepares residents for in-demand jobs across industries like health care, IT, and clean energy. The \$24.1 million program provides zero-interest no-fee loans for low-income and under-served New Jerseyans, including those without savings or credit histories, to enroll and persist in quality job training. Participants pay no upfront costs and receive living stipends and supportive services that do not need to be repaid. Those who complete their training and find jobs with salaries above a minimum threshold repay their loans through monthly payments that are no more than 10% of their discretionary income for up to five years. Those who do not find jobs with salaries above the minimum threshold are eligible for income-based deferment, during which period they would have no payments due. All loan repayments are recycled to serve additional participants.

"The New Jersey Pay It Forward Program allows individuals to pursue upward economic mobility for themselves and their families without the burden of high-interest private loans."



Dr. Brian Bridges
New Jersey Secretary
of Higher Education

The Work

Structuring the fund.

Collaborated with the State of New Jersey and local employers to develop an innovative financing vehicle that provides learner-centric financing with preferential loan terms, and more sustainably supports learners by recycling student repayments to finance future learners. Identifying training providers. Recruited inaugural training providers with strong learner outcomes, including Camden County College, Hudson County Community College, and the New Jersey Institute of Technology. Added Rowan College at Burlington County in 2024 with the intention of adding additional training providers on an ongoing basis.

Developing supportive services.

Worked with training providers to understand learner challenges and then designed a holistic array of support services. These services include living stipend grants, emergency financial assistance grants, and access to mental health assistance—to support learners as they pursue their training.

Managing program performance.

Monitoring operational performance and student outcomes to improve service delivery, better support partner institutions, and adapt and evolve the program to achieve student success.

Insights

Opting for outcome-based loans.

The state prioritized the ability to offer student-centric terms and clearly-defined borrower protections in selecting the outcomes-based loan as the financial product of the NJ Pay It Forward program. Students and training providers' familiarity with loans as a education financing tool also help ensure clear communication and understanding of the loan terms.

Filling last dollar financing gaps.

The Pay It Forward loans cover remaining tuition costs and fees after scholarships and grants (e.g., Pell grants, Community College Opportunity Grants), supplementing and not displacing free sources of funding. This approach helps maximize the reach of the program, reduce students' debt burden, and address the barrier of fees, which can be significant in many cases and are not often covered by other grant programs.

Selecting job training based on local needs.

Initial training programs and tracks were determined based on local labor market needs and policy priorities and included: nursing; heating, ventilation, and air conditioning; welding; and cybersecurity. In 2024, the Pay It Forward program added a radiography track, and anticipates adding additional programs in the healthcare, clean energy-related skills trades, and information technology sectors, among others, that prepare individuals for in-demand good-paying jobs and careers.

Supporting cross-sector collaboration.

The NJ Pay It Forward program was designed in collaboration with eight state agencies, eight corporate partners, and myriad other stakeholders. While coordinating with a large number of partners can sometimes pose operational challenges, the expertise that each partner brought to the table enabled the development of an innovative program tailored to the New Jersey context and designed to meet the needs of New Jersey constituents, training providers, and employers.

Prioritizing student needs.

Training providers and students consistently express appreciation for the living stipend grant and other support services offered alongside the outcomes-based loan. To date, 95% of students have opted into receiving living stipends. Demand for emergency financial assistance has also surpassed expectations, with housing insecurity, food insecurity, and unexpected transportation expenses ranking as the most common reasons for requesting this funding.

Assessing the effectiveness of training providers.

Few training providers consistently collect post-graduation earnings or employment data due to the challenge of getting participants to self-report after exiting from training. The training provider selection process therefore incorporates multiple data sources, including Department of Labor wage data, licensing exam pass rate data, as well as provider-collected data to determine graduate earning potential. Access to data on post-training outcomes, and regular community of practice convenings to share best practices and learnings, are two benefits of participating in the NJ Pay It Forward program for training providers.



The Results

- As of Q2 2024, 264 students have enrolled in the program and 113 have completed training.
- As of Q2 2024, 90% of the students enrolled in the nursing track at Hudson County Community College have graduated and gone on to earn an average salary over \$74,000.
- Since launch, New Jersey has allocated additional funds to the program in successive appropriations, including \$2.5 million in each of FY23 and FY24, and \$9.3 million in FY25. The program also grown to include the A.A.S in Nursing track at Rowan College at Burlington County and the A.A.S. in Radiography track at Hudson County Community College.

Media

["Ideas We Should Steal: Training Workers For Well-Paying Jobs,"](#) The Philadelphia Citizen →

["New Jersey Launches 'Nation Leading' Affordable Loan Program at 3 Colleges,"](#) Politico →

Contact [Hydie Kim Hudson](#) to learn more about the New Jersey Pay It Forward Program