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New Jersey State Legislature
SENATE BUDGET AND APPROPRIATIONS COMMITTEE
STATE HOUSE ANNEX
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May 2, 2018

Honorable Zakiya Smith Ellis
Acting Secretary
New Jersey Higher Education
20 West State Street
P.O. Box 542
Trenton, New Jersey 08625-0542

Honorable David J. Socolow
Executive Director
Higher Education Student Assistance Authority
4 Quakerbridge Plaza
Trenton, New Jersey 08619

Dear Secretary Smith Ellis and Executive Director Socolow:

During the Higher Educational Services hearing before the Senate Budget and Appropriations Committee on April 26, 2018, you indicated that a written response would be forthcoming to the following questions raised by members of the committee:

Senator Cunningham:

- It has been suggested that the recommended appropriation for the Governor's community college opportunity grant program would eliminate tuition and fees at county colleges for approximately 15,000 individuals. Please provide a detailed explanation of the data and methodology used to obtain this estimate.

HESAA's estimates for the proposed Community College Opportunity Grants (CCOG) started with the baseline total enrollment of 150,468 at New Jersey's 19 county colleges, as reported in the Integrated Postsecondary Education Data System (IPEDS) fall 2016 enrollment survey.

We analyzed HESAA data on county college students who were awarded Tuition Aid Grants (TAG), including these students' average family income. We also estimated students' likely Pell Grant awards based on data HESAA received from completed Free Application for Federal Student Aid (FAFSA) forms filed by students who listed a county college but who did not qualify for TAG.

Through this analysis, we estimated that 15,579 students either did not receive TAG and Pell Grant awards or received Pell Grants in amounts that only partially covered their county colleges' combined tuition and educational fees (thus having a remaining tuition balance unpaid via other aid). Under the proposal, each of these students would be eligible for CCOG funding to cover the gap. As outlined on attachment #1, we then estimated Spring 2019 CCOG utilization through projections based on these 2016/2017 data, including assumptions about increased enrollment levels as students became aware of CCOG funding, as well as adjustments to the baseline to account for the typical drop in spring enrollment compared with the fall semester. Through these calculations, we estimated CCOG awards of \$36 million for the Spring 2019 semester.

To ensure sufficient funds, the budget language allocated \$40 million for the CCOG awards. In addition, it is important to note that the overall program cost of \$50 million includes budget language appropriating an additional \$5 million for the purpose of providing planning grants to community colleges to develop plans for a program of free community college education including but not limited to goals and strategies for capacity building, increasing student completion, reducing financial burdens on students, and estimates and plans by the community colleges for adapting to increased enrollment. The budget language also provides an additional amount of no more than \$5 million which can be reallocated to augment the Educational Opportunity Fund program at community colleges, to provide mentoring, tutoring, and other services to help students succeed and complete their college program.

Senator Singleton:

- Under the proposed community college opportunity grant program, what is the projected average award per grantee?

The estimated average CCOG award for Spring 2019 is \$2,117. Please see attachment #1.

- For the most recent academic year for which data are available, please provide data showing, among students that receive either a Pell grant or a tuition aid grant, the average percent of tuition and fees that are covered by these grants. Please provide the data separately for students attending two-year institutions and four-year institutions.

Based on institutional data from the National Center for Education Statistics, as compiled on the website of the New Jersey Office of the Secretary of Higher Education (OSHE) (<http://www.nj.gov/highereducation/statistics/PubCollData.shtml>), HESAA estimates that the average percentage of tuition and fees covered by either a Pell grant and/or a tuition aid grant for students who attended two-year institutions in the Academic Year 2015-2016 was 68%. The average percentage for students who attended four-year institutions was 27%.

- A number of other states have implemented student assistance programs that eliminate tuition at two-year institutions of higher education. Please provide information regarding the impacts of these programs, including, wherever possible, changes in enrollment, student retention, and costs incurred by the institutions.

There are several states that have tuition-free community college programs, including Tennessee, Oregon, Rhode Island, California, Arkansas, and most recently, Maryland. These states have approached their program designs in various ways, each somewhat differently. For instance, technically, California does not charge in-state tuition for its community colleges, but does require mandatory “fees” for educational costs, which are nominal and were already covered for most students through a waiver. Recently, the state enacted legislation to cover most of these fees for all students. The program in Tennessee is quite different, and pays the difference between the amount of tuition covered by Pell grants and other state aid and the remaining tuition balance for eligible students. The style of program, the population of students eligible, and type of implementation will impact the results.

Most of these state programs are too new to have been thoroughly researched. However, this [recent manuscript](#) shared at the Association for Education Finance and Policy (AEFP) conference provides some preliminary insight into the potential impacts of the Tennessee program. The full impacts on degree completion won't be known for several years; the study's findings to date are summarized below. First, this paper suggests that the Promise program in Tennessee created a shift in enrollment among African American students in the state from private, for-profit schools to community colleges. Given the completion and debt levels at for-profit colleges compared to that of community colleges, this could actually be a positive trend. Second, institutions eligible for the Promise program did see a large increase in in-state enrollment, while those schools that were ineligible (public four-year colleges) saw a decrease in enrollment of in-state students, coupled with an increase in enrollment of out-of-state students.

However, a note of caution about these findings: this analysis was completed based on the initial implementation of the Tennessee promise—which was only available to first-time, full-time recent high school graduates. The program proposed by Governor Murphy in the FY19 budget would be available to both recent high school graduates and older working adults. In addition, the regional differences between Tennessee and New Jersey might also make the impacts of this kind of program different in New Jersey than in Tennessee.

For further information, please review this brief summary of initial impacts of the Tennessee program from the Educational Advisory Board: <https://www.eab.com/-/media/EAB/Research-and-Insights/AAF/Resources/Academic-Leadership-Center/Proposals%20for%20Tuition-Free%20and%20Debt-Free%20College.pdf>

We would be happy to discuss this information in more detail with you in person.

- In the current academic year, what is the total amount of tuition waived by Thomas Edison State University for members of the New Jersey National Guard, and children or surviving spouses of members of the New Jersey National Guard who were killed in the performance of their duties? How does that compare to the amount of institutional support provided by the State during the same year?

In responding to this question, we solicited the relevant information directly from Thomas Edison State University.

Thomas Edison State University's response:

Thomas Edison has waived \$796,589 in tuition for members of the New Jersey National Guard and Veterans through the end of the third quarter of fiscal year 2018. The University did not have any waivers for children or surviving spouses of members of the New Jersey National Guard who were killed in the performance of their duties. The waivers include \$559,749 and \$236,840 in New Jersey National Guard waivers and Yellow Ribbon waivers for Veterans, respectively. The University is on pace to waive \$1,062,119 in tuition during fiscal year 2018. The fiscal year 2019 recommended direct support for the University is \$3,292,000. These waivers represent 32.3% of the fiscal year 2019 recommended direct support for the University.

- Please provide the graduation rates at two-year and four-year public institutions of higher education for the five most recent academic years available.

This information is provided in attachment #2.

- In New Jersey, 62 percent of students graduated in 2016 with debt, averaging \$30,536 – the ninth highest amount in the country. Please provide the same information for the graduating class of 2017.

While HESAA does not track the data requested, we are familiar with an annual report on student debt published by The Institute for College Access and Success (TICAS), which provides state-level student debt averages developed through TICAS’s analysis of federal data compiled every four years by the U.S. Department of Education (the National Postsecondary Student Aid Study, or NPSAS). The federal government has not published new NPSAS data since 2013. TICAS has not updated their analysis since the publication entitled “Student Debt and the Class of 2016,” which reports data points similar to those cited by the Senator: in New Jersey in 2016, 61% of students graduated with debt, averaging \$29,878. This report can be found at https://ticas.org/posd/map-state-data#overlay=posd/state_data/2017/nj. We are not aware of more recent information.

- In the proposed FY 2019 budget, what percent of the total recommended budget is dedicated to higher education? Please provide similar information for the prior four appropriations acts.

In the proposed FY19 budget, 6.4% is dedicated to higher education. The comparative information requested is below:

	Higher Education Funding (In Thousands)		
	Higher Education	Grand Total State Approp	% of State Approp
FY19 Budget	2,390,288	37,418,000	6.4%
FY18 Adj Approp	2,320,342	35,917,000	6.5%
FY17 Adj Approp	2,204,428	34,615,000	6.4%
FY16 Adj Approp	2,224,305	34,064,000	6.5%
FY15 Adj Approp	2,206,882	32,826,000	6.7%

- A 3+1 program is a collaborative program between a county college and a four-year institution of higher education in which a student enrolls in the county college for the first three years, and completes the fourth year at the four-year institution of higher education. This model yields significant savings to the student, as tuition payments for the first three years are significantly lower than the amount required to attend a four-year institution. How many such arrangements currently exist? Please identify the barriers that prevent the establishment of more of these arrangements.

The Office of the Secretary of Higher Education is currently aware of two such agreements in New Jersey—at Rowan College at Gloucester County and at Rowan College at Burlington County. These programs were unique arrangements developed in close collaboration between Rowan University and neighboring county colleges. It would seem that other colleges could follow suit if they found programs of study suitable for this kind of arrangement and faculty willing to partner. A community college would need to have faculty members interested and qualified to teach upper-

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division level classes, and a partnering senior public institution would need to be willing to share their curricula and training with the community college faculty. In addition, the partnering senior public institution would need to be willing to allow the credits from the courses taken at the county college to fully transfer to a particular program of study such that only a year of coursework is remaining.

Our office's understanding of the programs suggest that some programs are better suited to these types of arrangements than others, so the ability to develop more programs of this nature is really dependent on institutional capability and interest, both among administrators and faculty.

We would appreciate your providing this information within the next five working days so that it may be utilized by the committee during its continued deliberations. Your response should be directed to us through the following address:

Frank Haines
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex, P.O. Box 068
Trenton, New Jersey 08625-0068

Sincerely,

Paul A. Sarlo, Chairman
Senate Budget and Appropriations Committee

c Frank Haines, Legislative Budget and Finance Office
David Ridolfino, Office of Management and Budget
Eugene Lepore, Senate Democratic Office
Luke Wolff, Senate Democratic Office
Christopher Emigholz, Senate Republican Office
Allen Dupree, Office of Legislative Services

Higher Education Student Assistance Authority
 County College Opportunity Grant
 Spring Only Analysis - AY 2018-2019

Annual Preliminary Forecast				
Tuition and Fees estimated using budgetary footnote language parameters				
	# Fall Awards	Tuition & Fees	Award Amount	
Partial Annual Award	8,601	\$ 2,508	\$	21,571,308
Full Annual Award	6,978	\$ 4,341	\$	30,291,498
	15,579	\$ 3,329	\$	51,862,806

Spring Only Forecast *				
	% of Fall	Current	Program Growth	Total Spring Only
<u>Spring Cohort</u>				
Partial Term Award	90%	7,776	778	8,554
Full Term Award	90%	6,302	945	7,247
		14,078	1,723	15,801
<u>Forecast Average T&F Award*</u>				
		Current	Program Growth	Total Spring Only
Partial Term Award **		\$ 1,730	\$ 1,730	\$ 1,730
Full Term Award		\$ 2,554	\$ 2,554	\$ 2,554
<u>Forecast Award Amount</u>				
		Current	Program Growth	Total Spring Only
Partial Term Award		\$ 13,452,480	\$ 1,345,940	\$ 14,798,420
Full Term Award		\$ 16,095,308	\$ 2,413,530	\$ 18,508,838
		\$ 29,547,788	\$ 3,759,470	\$ 33,307,258

Estimated additional eligible student enrollment	Students	Awards
Partial Term Award	450	\$ 778,500
Full Term Award	750	\$ 1,915,500
	1,200	\$ 2,694,000
Total Projected awards for Spring 2019		\$ 36,001,258
Estimate		\$ 36,000,000

* Based on analysis of the weighted average of actual tuition and fee increases for AY 2017-2018

** Partial award based on average of half and three quarter time tuition and fee

**NJ Public Institutions - Graduation Rates Five Year Trend
First-Time Full-Time Degree Seeking only**

Senior Public Institutions

	N	Graduated in:					
		4 years		5 years		6 years	
2006 Cohort	16,485	6,482	39.3%	10,259	62.2%	11,035	66.9%
2007 Cohort	17,068	7,202	42.2%	10,520	61.6%	11,457	67.1%
2008 Cohort	17,420	7,655	43.9%	11,016	63.2%	11,841	68.0%
2009 Cohort	18,195	7,892	43.4%	11,436	62.9%	12,376	68.0%
2010 Cohort	18,789	8,539	45.4%	12,035	64.1%	12,831	68.3%
2011 Cohort	19,226	8,893	46.3%	12,464	64.8%	13,236	68.8%

County Colleges

	N	Graduated in:			
		2 years		3 years	
2009 Cohort	30,837	1,996	6.5%	5,283	17.1%
2010 Cohort	31,498	2,540	8.1%	5,128	16.3%
2011 Cohort	29,021	1,931	6.7%	5,019	17.3%
2012 Cohort	28,750	2,068	7.2%	5,588	19.4%
2013 Cohort	28,188	2,314	8.2%	6,031	21.4%
2014 Cohort	26,296	2,368	9.0%	5,821	22.1%

Source: IPEDS Graduation Rates Survey