Discussion Points

1a. The FY 2011 funding for the Tuition Aid Grant Program (TAG) will decrease by $10.9 million (3.6 percent) from $303.5 million in FY 2010 to $292.6 million in FY 2011. The budget indicates that the FY 2011 recommended appropriation will provide an estimated 63,375 awards in the 2010-2011 academic year, 924 more than the number provided in the 2009-2010 academic year.

When fully funded, TAG awards for the neediest students fund up to the full tuition costs at public institutions, and up to 50 percent of the average tuition at independent colleges and universities. For FY 2003 through FY 2011 as recommended, TAG policies and assistance levels have been set through appropriation language. For some students, assistance levels have lagged further behind current tuition rates than others, based on their level of need and whether they attend public or independent institutions. In no year during that time period has the State fully funded TAG assistance awards in accordance with statute.

Under FY 2011 recommended language, the Higher Education Student Assistance Authority (HESAA) is directed to provide to students enrolled in public institutions, who are eligible for maximum awards under the TAG program, an award not to exceed the in-State undergraduate 2009-2010 tuition rate for the institution. For students not eligible for maximum TAG awards and enrolled in public institutions, FY 2011 TAG awards will not exceed 2007-2008 tuition rates. Eligible students enrolled at independent institutions prior to the academic year 2010-2011 will be provided with comparable awards. This differs from FY 2010 when students enrolled in a public institution of higher education who were eligible for a maximum award received an increase in the amount of their TAG award so that there was only a one-year lag between the amount of the TAG award and actual tuition and students who were not eligible for the maximum award received an increase so that there was a three-year lag between the award and actual tuition. Comparable increases were provided for students enrolled in an independent institution.

Please use hypothetical examples of students enrolled in public and independent colleges to explain the relationship between TAG awards and tuition under the FY 2011 recommended budget.

The anticipated resources available to fund the FY 2011 Full-Time TAG Program total $295.030 million, which include the Governor’s recommended appropriation of $292.598 million, an anticipated federal LEAP/SLEAP allocation of $1.874 million, and the Governor’s recommended FY 2011 appropriation of $558,000 for the Part-Time TAG for EOF Students Program. FY 2011 funding of $295.030 million would permit HESAA to set awards for all students attending public institutions as well as renewal students at not-for-profit independents who demonstrate the highest need at a two-year lag compared to tuition less approximately 5%. All other TAG-eligible students in these categories would receive awards based on a four-year lag less approximately 5%.

As 2010-2011 tuition levels and TAG award values have not been established, the following examples are hypothetical. If 2010-2011 tuitions increase and the FY 2011 TAG appropriation is $295.030 million, the percentage of tuition covered by a TAG award will decrease. At the independent sector, the percentage of tuition covered by
TAG awards for incoming freshmen will be reduced to the State college average award level and reduced again to remain within the appropriation.

**County Colleges**

2009-2010 - sector average tuition - $2,664

1st TAG Award Cell - $2,510 covered 94.2% of 2009-2010 sector average tuition

2nd TAG Award Cell - $2,100 covered 78.8% of 2009-2010 sector average tuition

2010-2011 – projected 5% tuition increase to $2,797

1st TAG Award Cell - $2,388 would cover 85.4% of projected 2010-2011 sector average tuition

2nd TAG Award Cell - $2,005 would cover 71.7% of projected 2010-2011 sector average tuition

**State Colleges**

2009-2010 – sector average tuition - $7,055

1st TAG Award Cell - $6,852 covered 97.1% of 2009-2010 sector average tuition

2nd TAG Award Cell - $5,688 covered 80.6% of 2009-2010 sector average tuition

2010-2011 – projected 4% tuition increase to $7,337

1st TAG Award Cell - $6,503 would cover 88.6% of projected 2010-2011 sector average tuition

2nd TAG Award Cell - $5,403 would cover 73.6% of projected 2010-2011 sector average tuition

**Rutgers, The State University**

2009-2010 – tuition - $9,546

1st TAG Award Cell - $9,268 covered 97.1% of 2009-2010 tuition

2nd TAG Award Cell - $7,458 covered 78.1% of 2009-2010 tuition

2010-2011 – projected 4% tuition increase to $9,928

1st TAG Award Cell - $8,804 would cover 88.7% of projected 2010-2011 tuition

2nd TAG Award Cell – $7,085 would cover 71.4% of projected 2010-2011 tuition

**Renewal Students at Not-for-Profit Independents**

2009-2010 – sector average tuition - $23,807

1st TAG Award Cell - $11,340 covered 47.6% of 2009-2010 sector average tuition

2nd TAG Award Cell - $9,710 covered 40.8% of 2009-2010 sector average tuition

2010-2011 – projected 5% tuition increase to $24,997

1st TAG Award Cell - $10,822 would cover 43.3% of 2010-2011 sector average tuition

2nd TAG Award Cell - $9,247 would cover 37.0% of 2010-2011 sector average tuition
Discussion Points (Cont’d)

Freshman Students at Not-for-Profit Independents

2009-2010 – sector average tuition - $23,807
1st TAG Award Cell - $11,340 covered 47.6% of 2009-2010 sector average tuition
2nd TAG Award Cell - $9,710 covered 40.8% of 2009-2010 sector average tuition

2010-2011 – projected 2010-2011 sector average tuition - $24,997
1st TAG Award Cell - $6,562 would cover 26.3% of 2010-2011 sector average tuition
2nd TAG Award Cell - $5,447 would cover 21.8% of 2010-2011 sector average tuition

How will the change in the FY 2011 language as compared to the FY 2010 language impact that relationship?

Effective FY 2005, budgetary footnote language mandated that the HESAA Board set full-time TAG awards for students demonstrating the highest need (NJEIs below 1500) at a one-year lag compared to tuition, while awards for other TAG recipients were based on a three-year lag. Effective FY 2011, recommended language would provide the HESAA Board more flexibility in establishing the full-time TAG award table parameters, provided award levels do not exceed 2009-2010 tuition for students demonstrating the highest need and do not exceed 2007-2008 tuition for other TAG recipients. For example, the Board would be able to consider other TAG award table parameters, such as setting awards for students in the first NJEI cell at a one-year lag, with other awards set at a lag much greater than three years to remain within available funding, subject to the additional footnote language described in the following paragraph.

FY 2011 budgetary footnote language would result in freshmen at not-for-profit independent institutions experiencing a significant reduction in the percentage of tuition covered by TAG. Additionally, freshmen with NJEIs above 7499 would no longer qualify for a TAG award at the independent sector. As noted above, using the projected 2010-2011 sector average tuition and hypothetical 2010-2011 TAG award values, a freshman attending a not-for-profit independent institution could receive a maximum award of $6,562, which would be $4,260 less than the hypothetical maximum award of $10,822 upper-class students could receive. At this reduced level, a TAG award would cover 26.3% of the projected independent sector average tuition.

At what rate has the student loan indebtedness of TAG award recipients been increasing?

The percentage of TAG recipients, exclusive of those attending one of the institutions listed below, borrowing through the Federal Stafford Loan Program (administered by HESAA) and/or the NJCLASS Program (HESAA’s supplemental loan program) decreased from 39.1% of TAG recipients in 2006-2007 to 33.2% in 2008-2009. (Note: Data for TAG recipients borrowing through the Federal Direct Student Loan Program are not available to HESAA. As a result, federal and private student loan indebtedness of TAG recipients attending Rutgers, Monmouth, Kean, Ramapo, Stevens, NJIT, Mercer and Rowan was not considered).
Discussion Points (Cont’d)

What is the average student loan indebtedness for TAG recipients demonstrating the highest need?

The average student loan indebtedness for TAG recipients demonstrating the highest need (those in the first TAG award cell from families with estimated average incomes of $16,700) increased by approximately 10% between the 2006-2007 and 2008-2009 academic years, rising from $10,841 to $11,930. During the same period, loan indebtedness for other TAG recipients increased by approximately 14.3% from $11,927 to $13,628.

1b. Language proposed in the FY 2011 recommended budget changes the TAG policy for students newly admitted to independent institutions of higher education. The language stipulates that effective with the 2010-2011 academic year, TAG awards for newly admitted students at such institutions will not exceed the corresponding average award amount available for a student attending a State college or university established pursuant to chapter 64 of Title 18A of the New Jersey Statutes (all senior public colleges excluding Rutgers, UMDNJ, and NJIT). Under current TAG policy, the average FY 2010 TAG award for a student eligible for a maximum TAG award at an independent college was estimated at $11,340, while the average award for a comparable student at one of the 9 State colleges or universities was estimated at $6,852. FY 2010 budget language applied the same limit on TAG awards to all eligible students attending post-secondary, for-profit, proprietary institutions of higher education. The Executive has estimated that the proposed TAG policy for newly admitted independent college and university students will result in a savings of $10.9 million for FY 2011.

Please provide information on how this policy will impact TAG recipients newly admitted to the independent colleges.

This policy would reduce the portion of tuition covered by a TAG award. Students could make use of a tuition payment plan and/or student loans. They may decide to attend another institution.

Please use hypothetical examples of students in various cells of the TAG table to explain the impact of the current TAG policy vs. the impact of the proposed TAG policy.

As 2010-2011 tuition levels and TAG award values have not been established, the following examples are hypothetical.

Renewal Students at Not-for-Profit Independent Institutions

2009-2010 – sector average tuition - $23,807
1st TAG Award Cell - $11,340 covered 47.6% of 2009-2010 sector average tuition
2nd TAG Award Cell - $9,710 covered 40.8% of 2009-2010 sector average tuition
Discussion Points (Cont’d)

2010-2011 – projected 5% tuition increase to $24,997
1st TAG Award Cell - $10,822 would cover 43.3% of projected 2010-2011 sector average tuition
2nd TAG Award Cell - $9,247 would cover 37.0% of projected 2010-2011 sector average tuition

Freshman Students at Not-for-Profit Independent Institutions

2009-2010 – sector average tuition - $23,807
1st TAG Award Cell - $11,340 covered 47.6% of 2009-2010 sector average tuition
2nd TAG Award Cell - $9,710 covered 40.8% of 2009-2010 sector average tuition

2010-2011 – projected 5% tuition increase to $24,997
1st TAG Award Cell - $6,562 would cover 26.3% of projected 2010-2011 sector average tuition
2nd TAG Award Cell - $5,447 would cover 21.8% of projected 2010-2011 sector average tuition

In addition, freshman applicants with NJEIs above 7,499 (the maximum qualifying NJEI at the State college sector) would no longer be eligible. In 2009-2010, the maximum qualifying NJEI at the not-for profit independent sector is 10,499.

How does the number of FY 2010 incoming freshman TAG award recipients at the independent colleges compare to the number anticipated for FY 2011?

HESAA’s FY 2011 projected number of freshman TAG award recipients is based on historical data and is, therefore, consistent with FY 2010. It is unknown if enrollment patterns will shift for FY 2011 in light of the economy or other factors.

Will students affected by the proposed policy change be able to readily secure funding to replace TAG funding?

The annual maximum Pell award has increased from $5,350 to $5,550 for the 2010-2011 academic year. Consequently, the reduction in TAG for the neediest students may be partially offset by a $200 Pell increase, with smaller Pell grant increases for other Pell-eligible TAG recipients. Student loans will also be available.

Has any consideration been given to reducing the amount of TAG awards for all students at independent colleges, to achieve the same amount of savings that the Executive estimates through the proposed change, so that the impact on incoming freshmen at these institutions is less severe?

In light of the FY 2011 budgetary footnote language, the HESAA Board will be required to reduce awards for freshmen at not-for-profit independent institutions. Consistent with other parameters in the budgetary footnote language, the Board will have more latitude in establishing a TAG award table. Accordingly, the Board will evaluate various funding models.
Discussion Points (Cont’d)

What would be the additional cost to provide newly admitted students at the independent colleges with an award for a comparable student at Rutgers University?

The additional cost to provide newly admitted students at not-for-profit independent colleges with an award for a comparable student at Rutgers University is under review.

2. The New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS) was established in 2004. The NJ STARS Program, P.L.2004, c.59, provides that subject to the prior application of other grants and scholarships against the cost of county college tuition and fees, a student who graduates in the top 15 percent of the student’s high school graduating class, completes a rigorous high school course of study, and achieves the required score on a college placement test to determine college readiness is eligible for a scholarship for the first year of enrollment on a full-time basis in a county college. After that student’s first year of enrollment, the scholarship is payable if the student attains a 3.0 grade-point-average by the start of the student’s second year of enrollment. The NJ STARS II Program, P.L.2005, c.359, provides a scholarship to an eligible student who received a scholarship under the NJ STARS Program and who is accepted to a New Jersey four-year public institution of higher education following graduation from the county college, provided that the student maintains eligibility for participation. In the fall of 2009, 3,304 students received NJ STARS scholarships towards their education at a county college and 1,666 students received NJ STARS II scholarships towards their education at a four-year public institution of higher education.

The Governor has recommended language (page D-312) which provides that no new participants will be admitted to the NJ STARS Program for the 2010-2011 academic year.

What percentage of high school seniors notified by HESAA of their eligibility for NJ STARS in the Fall of 2008 ultimately enrolled in a New Jersey county college through the program in the Fall of 2009?

The number of 2009 high school graduates notified of NJ STARS eligibility who participated in the program during the Fall 2009 semester was approximately 8.5%.

How many high school seniors were notified by HESAA of their potential eligibility for NJ STARS in the Fall of 2009?

Nearly 15,600 high school seniors were notified by HESAA of their potential eligibility for NJ STARS in the Fall of 2009.

Since the announcement of the proposed elimination of funding to support a freshman cohort of NJ STARS students, what updated information regarding the proposed program changes has HESAA communicated to the high school seniors previously informed of their potential eligibility for the program, and on what date or dates was that information conveyed?
Discussion Points (Cont’d)

In April 2010, HESAA’s website was updated to reflect the potential suspension of awards for non-renewal students; the financial aid and guidance communities were notified; and letters were sent to the potential freshman cohort of NJ STARS students.

**Will those students planning to enroll in a county college through the NJ STARS Program as freshmen in the Fall of 2010 be able to readily secure funding to replace the NJ STARS awards?**

The annual maximum Pell award has increased from $5,350 to $5,550 for the 2010-2011 academic year. Consequently, potential NJ STARS students who are eligible for a maximum Pell award may receive an additional $200, while other NJ STARS students who are also Pell-eligible would receive smaller Pell grant increases. Some NJ STARS students may find it necessary to borrow to cover their educational expenses.

**If a freshman cohort was admitted in the Fall of 2010 within the recommended FY 2011 appropriation amount, how much would NJ STARS and NJ STARS II awards need to be reduced if the impact of the funding strain was shared equally by all NJ STARS recipients?**

There are many factors that impact the amount of an NJ STARS award, such as the variable cost of tuition and fees based on the number of credits for which each program participant enrolls, the number of program participants, and the number of students whose NJ STARS award would fall below a fixed dollar reduction because other State and federal aid received covered a portion of tuition and fee charges. These factors make it difficult to determine an across the board dollar reduction. Consequently, this amount cannot be determined at this time.