



RESEARCH REPORT

New Jersey's State Grant Program

Strengths, Weaknesses, and Pathways to Achieving the State's Goals

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Executive Summary

New Jersey's state grant program delivers the highest level of need-based aid per student in the country. In 2018–19, state grant aid per full-time equivalent undergraduate student averaged \$1,660 in New Jersey, compared with \$930 nationwide. Only Georgia, Louisiana, South Carolina, and Tennessee gave out higher levels of aid, and most of the aid in these states was distributed without regard to students' financial circumstances (NASSGAP 2020, tables 1 and 12). Moreover, New Jersey's major grant program operates as an entitlement, funding all eligible students, rather than excluding students when the funding runs out.

But the combination of an arcane system for determining the distribution of aid to students enrolled in different institutions across the state and a confidential need analysis formula makes it difficult for students to predict how much support they will receive. The system generates differences among students across institutions and income levels that appear arbitrary. Moreover, the grant allocation system creates tensions among higher education institutions both within and across the public and private sectors in New Jersey. The uneven allocation of state appropriations for direct operational aid to public institutions exacerbates these problems.

This report is based on analysis of state data, a review of existing state reports, and discussions with a wide range of constituents, including state officials, institutional administrators, and advocacy organization representatives. We describe the New Jersey state grant system and the level and distribution of awards. We raise questions about some of the apparent problems. Finally, we make recommendations for strengthening the system, both by increasing funding and by making better use of existing funds.

Key Findings

- Less than half of the full-time students in New Jersey who have \$0 expected family contributions (EFCs) according to the federal need analysis formula appear to fall into the lowest category of the New Jersey Eligibility Index (NJEI), which is a modification of the federal formula. About 70 percent of dependent students with \$0 EFCs, but only about 30 percent of independent students with \$0 EFCs, are categorized as eligible for the maximum Tuition Aid Grant (TAG) award. Because the formula is proprietary, we cannot determine why this is the case.

- Overall, the TAG program is compatible with the Federal Pell Grant Program. But students are eligible for Pell for 12 semesters of full-time study and time out of TAG more quickly (generally limited to nine semesters). Of particular importance for supporting timely degree completion, New Jersey has not followed the federal government’s lead in providing additional need-based funding for summer enrollment.
- Differences in TAG award levels across institutions and sectors, as well as among students with different levels of ability to pay within institutions, often appear arbitrary:
 - » Minimum TAG awards are high enough to create a large difference between students who just qualify for TAG and those with a slightly higher NJEI who miss out on the program.
 - » Within institutions, TAG award amounts decline at a steep rate as the NJEI increases.
 - » Differences in TAG levels across institutions are apparently associated with historical differences in tuition prices, but the correlation is not consistent.
 - » Because of significant differences in levels of institutional grant aid, both within the public four-year sector and between the public and private nonprofit four-year sectors, the net prices institutions charge (before federal and state grant aid) are not well correlated with published tuition prices. As a result, TAG award levels are sometimes higher at institutions with lower net prices.
- Even with the generous need-based TAG program, the net prices low-income students pay at public four-year institutions are high relative to what similar students pay in most other states.
- Unlike some other states, New Jersey includes older students who are not recent high school graduates in its state grant program, making it easier for adults to return to school. But part-time students receive little support.

Recommendations

The state should make the TAG eligibility process simpler and more transparent, clarifying differences between the federal EFC and the NJEI and ensuring that additional verification hurdles do not interfere with access.

The state should revisit the TAG tables, ensuring that differences in award levels associated with differences in NJEI are consistent and do not create unduly large funding differences for students from households with small differences in financial circumstances attending similar institutions.

Instead of focusing only on differences in published tuition prices, policymakers should focus on differences in the prices institutions charge, net of institutional grant aid, in determining appropriate differences in TAG awards across institutions.

It is reasonable to make larger awards to students attending private institutions than to similar students attending public institutions and to make larger awards to students attending public four-year institutions than to similar students attending public two-year institutions. But the current gaps in award levels are likely too large.

The state should consider ways to improve support for timely completion, including extra funding for summer enrollment, support for students enrolled at least half time, and equitable funding for independent students.

The state should probe available data to determine which students fail to complete their programs and what changes in the aid allocation system and other support systems could alleviate these problems.

New Jersey's State Grant Program

New Jersey's state grant program delivers the highest level of need-based aid per student in the country. In 2018–19, state grant aid per full-time equivalent undergraduate student averaged \$1,660 in New Jersey, compared with \$930 nationwide. Only Georgia, Louisiana, South Carolina, and Tennessee gave out higher levels of aid, and most of the aid in these states was distributed without regard to students' financial circumstances (NASSGAP 2020, tables 1 and 12). Moreover, the major state grant program operates as an entitlement, funding all eligible students, rather than excluding students when the funding runs out.

New Jersey's state grant programs could substantially increase educational opportunity for the state's low-income residents. But the system's structure makes the program less equitable and effective than its funding level might suggest. The combination of an arcane system for determining the distribution of aid to students enrolled in different institutions across the state and a confidential need analysis formula makes it difficult for students to predict how much support they will receive and generates differences among students that appear arbitrary. Moreover, the allocation system creates tensions among higher education institutions both within and across the public and private sectors in New Jersey. The uneven allocation of state appropriations for direct operational aid to public institutions exacerbates these problems.

The student-centered goals set forth in the 2019 vision statement on the future of higher education in New Jersey, *Where Opportunity Meets Innovation*, include making higher education more affordable and accessible for all residents and ensuring that “every student in New Jersey has the financial, academic, and social support needed to complete college as promptly as possible with a degree or credential” (OSHE 2019). In addition to focusing on quality and student support systems, the report notes that students need assistance with nontuition expenses and observes that the average net price paid by low-income students at four-year institutions in New Jersey is higher than in all but three other states. Addressing these issues could increase educational attainment for the state's residents.

This report is based on analysis of state data, a review of existing state reports, and discussions with a wide range of constituents, including state officials, institutional administrators, and representatives of advocacy organizations. We describe the New Jersey state grant system and the level and distribution of awards. We raise questions about some of the apparent problems. Finally, we make recommendations for strengthening the system, both by increasing funding and by making better use of existing funds.

We focus on the distribution of Tuition Aid Grant (TAG) funding across institutions and sectors. This program, which accounts for more than 90 percent of state grant aid, is well targeted to low-income students. Differences of opinion about the system's equity across institutions are the most controversial set of issues. We also examine the extent to which groups of students whose educational attainment would benefit from access to state grant aid are left out of the program.

It is not possible to fully evaluate the impact of state grant aid without putting it into the context of state appropriations for direct operational aid to public institutions. The variation in state funding per student across public four-year institutions creates differences in the subsidies, tuition, and net prices facing similar students at different institutions in the sector. Variation in local and state funding for county colleges creates parallel differences. The state is modifying its formulas and increasing reliance on performance-based funding formulas for operational aid. We do not go into detail on this issue, but we do address it to provide context for analysis of the distribution of state grant aid.

Finally, although the level of concern about this issue appears low, we attempt to examine the impact of the state's use of a proprietary need analysis formula for determining financial aid, replacing the federal formula for expected family contributions (EFCs).

Overview of State Grant Programs

The Tuition Aid Grant composes 92 percent of New Jersey's \$479 million annual disbursement of state grant aid for college students, with another 6 percent coming from the part-time TAG and Community College Opportunity Grant (CCOG) programs, available only to county college students. At the campus level, students from low-income backgrounds who meet academic criteria may also have access to financial assistance and support services through the Educational Opportunity Fund (EOF). EOF funds are made available across sectors and levels, but participation is limited and criteria for selection vary by school. In 2019–20, students at the county colleges received 49 percent of their state grant funding from TAG, but students in the other sectors received at least 99 percent of their state grant funds from this program (table 1).

TABLE 1

New Jersey State Grant Aid, by Sector, 2019–20

		TAG	Part-time TAG	CCOG	NJ STARS or NJ STARS II	Governor's Urban Scholarship	NJ Best Scholarship	Total
Total	Amount awarded	\$441,614,474	\$9,180,453	\$19,652,152	\$7,063,726	\$367,382	\$747,338	\$478,625,525
	Annualized # of awards	67,495	6,211	7,684	2,344	336	560	84,630
	Share of dollars	92%	2%	4%	1%	0%	0%	100%
	Share of awards	80%	7%	9%	3%	0%	1%	100%
County colleges	Amount awarded	\$32,888,091	\$9,180,453	\$19,652,152	\$5,308,874	\$6,500	\$131,757	\$67,167,827
	Annualized # of awards	14,024	6,211	7,684	1,716	6	98	29,739
	Share of dollars	49%	14%	29%	8%	0%	0%	100%
	Share of awards	47%	21%	26%	6%	0%	0%	100%
Rutgers/ Montclair/ NJIT/Rowan	Amount awarded	\$194,475,356			\$988,415	\$215,500	\$225,500	\$195,904,771
	Annualized # of awards	26,479			360	198	171	27,208
	Share of dollars	99%			1%	0%	0%	100%
	Share of awards	97%			1%	1%	1%	100%
State colleges/ universities	Amount awarded	\$77,074,938			\$566,355	\$74,000	\$280,750	\$77,996,043
	Annualized # of awards	13,428			189	66	210	13,893
	Share of dollars	99%			1%	0%	0%	100%
	Share of awards	97%			1%	0%	2%	100%
All public four-year	Amount awarded	\$271,550,294			\$1,554,770	\$289,500	\$506,250	\$273,900,814
	Annualized # of awards	39,907			549	264	381	41,101
	Share of dollars	99%			1%	0%	0%	100%
	Share of awards	97%			1%	1%	1%	100%
All public	Amount awarded	\$304,438,385	\$9,180,453	\$19,652,152	\$6,863,644	\$296,000	\$638,007	\$341,068,641
	Annualized # of awards	53,931	6,211	7,684	2,265	270	479	70,840
	Share of dollars	89%	3%	6%	2%	0%	0%	100%
	Share of awards	76%	9%	11%	3%	0%	1%	100%
Independent	Amount awarded	\$121,820,007			\$200,482	\$66,382	\$109,250	\$122,196,121
	Annualized # of awards	11,942			79	62	81	12,164
	Share of dollars	100%			0%	0%	0%	100%
	Share of awards	98%			1%	1%	1%	100%
Proprietary	Amount awarded	\$15,356,082				\$5,000	\$0	\$15,361,082
	Annualized # of awards	1,622				4	0	1,626
	Share of dollars	100%				0%	0%	100%
	Share of awards	100%				0%	0%	100%

		TAG	Part-time TAG	CCOG	NJ STARS or NJ STARS II	Governor's Urban Scholarship	NJ Best Scholarship	Total
Total	Amount awarded	\$441,614,474	\$9,180,453	\$19,652,152	\$7,063,726	\$367,382	\$747,338	\$478,625,525
	Annualized # of awards	67,495	6,211	7,684	2,344	336	560	84,630
	Share of dollars	92%	2%	4%	1%	0%	0%	100%
	Share of awards	80%	7%	9%	3%	0%	1%	100%
Sector shares								
Public two- year	Amount awarded	7%	100%	100%	75%	2%	18%	14%
	Annualized # of awards	21%	100%	100%	73%	2%	18%	35%
Public four- year	Amount awarded	61%	0%	0%	22%	79%	68%	57%
	Annualized # of awards	59%	0%	0%	23%	79%	68%	49%
Independent	Amount awarded	28%	0%	0%	3%	18%	15%	26%
	Annualized # of awards	18%	0%	0%	3%	18%	14%	14%
Proprietary	Amount awarded	3%	0%	0%	0%	1%	0%	3%
	Annualized # of awards	2%	0%	0%	0%	1%	0%	2%

Source: Higher Education Student Assistance Authority (HESAA), *A Year of Remote Support for New Jersey Students and Families: NJ Higher Education Assistance Authority 2020 Annual Report* (Trenton, NJ: HESAA, 2021).

Notes: CCOG = Community College Opportunity Grant; NJIT = New Jersey Institute of Technology; NJ STARS = New Jersey Student Tuition Assistance Reward Scholarship; TAG = Tuition Aid Grant. Annualized number of awards is derived by pairing fall and spring semester awards to calculate full-year equivalent awards. This undercounts unique student recipients because some students receive awards in only one semester. For instance, more than 83,100 unique individual students received TAG in academic year 2018–19. The table excludes Educational Opportunity Fund grant aid, which is funded through appropriations and awarded at the discretion of each campus coordinator (see “New Jersey Administrative Code: Title 9A—Higher Education, Chapter 11,” NJ.gov, last updated April 23, 2020, <https://www.nj.gov/highereducation/documents/pdf/EOF/EOFRegulations.pdf>). The sum of the number of recipients in each program may exceed the total number of state grant recipients because some students may receive aid under more than one program.

Tuition Aid Grant

TAG award amounts vary based on household financial circumstances and the school attended. Awards may cover up to the cost of tuition (not fees) and not room and board or other expenses (Pell grants and other aid may stack on top of TAG and assist students with these expenses). Only full-time undergraduate students without a prior degree at the level of the current credential they are pursuing are eligible. In 2019–20, 61 percent of the funds went to students at public four-year institutions, 28 percent went to students in private nonprofit institutions, 7 percent went to students at public two-year colleges, and 3 percent went to students at for-profit schools.

Average TAG awards are much smaller for students at two-year public institutions (\$2,345 in 2019–20) than the overall average of \$6,543. Students in private nonprofit and for-profit and proprietary institutions receive the largest awards (table 2).

TABLE 2
Average TAG Awards by Sector, 2019–20

	Average TAG		Average TAG
County colleges	\$2,345	All public colleges	\$5,645
Rutgers/Montclair/NJIT/Rowan	\$7,345	Independent colleges	\$10,201
State colleges/universities	\$5,147	Proprietary colleges	\$9,467
All public four-year colleges	\$6,805	Total	\$6,543

Source: Higher Education Student Assistance Authority (HESAA), *A Year of Remote Support for New Jersey Students and Families: NJ Higher Education Assistance Authority 2020 Annual Report* (Trenton, NJ: HESAA, 2021).

Note: NJIT = New Jersey Institute of Technology; TAG = Tuition Aid Grant.

EDUCATIONAL OPPORTUNITY FUND

The Educational Opportunity Fund program distributed \$29 million to 13,000 students in 2018–19—a fraction of the TAG awards distributed to more than 83,000 students.¹ EOF helps students with nontuition expenses (i.e., fees, books, supplies, room and board, and transportation) that are not covered by TAG. EOF also has a separate appropriations line item to provide institutions with funds for counseling, tutoring, developmental or remedial coursework for first-generation college students, and other support services necessary for student success.

EOF supports educationally and economically disadvantaged students for undergraduate, graduate, and professional study at public and independent higher education institutions.

Some institutions are eligible for TAG but do not participate in EOF. This is the case for proprietary schools and several Talmudic Studies institutions, in addition to Pillar College (a private nonprofit Christian college) and Princeton University.

Unlike TAG, EOF eligibility is based on income and assets relative to household size and may be further limited by campus-based requirements. Nearly all EOF students also receive TAG.

Despite the importance of EOF, and the value of increasing funding for a program with this sound design, we focus on TAG because of the dramatic imbalance in the funding for these two programs.

COMMUNITY COLLEGE OPPORTUNITY GRANTS

Like some other states, New Jersey has recently implemented a “tuition-free” community college program. The Community College Opportunity Grant (CCOG) promises to cover tuition and general fees (including those for registration, facilities, technology, labs, specific courses, and student activities) for students at county colleges with adjusted gross incomes up to \$65,000 (about 82 percent of New Jersey’s median household income).²

The income limit is a strength, as higher-income students can pay the relatively low county college charges, and devoting the state’s limited resources to fund higher-income students would not be the most effective use of funds. The program is a last-dollar program, which means that the state dollars go to students whose incomes are not low enough to make them eligible for sizeable Pell grants. But the relatively low TAG coverage (documented below) of low-income county college students means many of them likely face financing gaps that the CCOG can fill.

NON-NEED-BASED AID

Less than 2 percent of New Jersey’s state grant aid for undergraduate students is non-need based. The merit-based New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) fills the gap between tuition and other grant aid at county colleges for qualifying recent New Jersey high school graduates who were in the top 15 percent of their class. NJ STARS recipients who graduate from a county college with a grade point average above 3.25 and transfer to a New Jersey four-year college may receive an annual NJ STARS II award of \$2,500.

New Jersey Eligibility Index

New Jersey determines ability to pay using a modification of the federal need analysis formula (the federal methodology). The details of the New Jersey Eligibility Index (NJEI), which is administered by

the New Jersey Higher Education Student Assistance Authority (HESAA), are not public. HESAA provides an interactive Tuition Aid Grant Award Estimator online, but it is difficult to predict individual students' awards and impossible to evaluate the system's equity and efficiency. HESAA collects information via the Free Application for Federal Student Aid (FAFSA) or the New Jersey Alternative Financial Aid Application. Before the 2020–21 school year, additional information was collected directly from applicants for NJEI calculations.

According to HESAA, the information New Jersey uses to supplement the federal methodology reduces the overall cost of the TAG program by accounting for certain untaxed income students and parents receive. Moreover, the widely recognized shortcomings of the federal formula for determining EFCs make it reasonable for the state to attempt to develop a more equitable formula. The removal of the additional questions that students had to answer means that gathering the data no longer burdens students. But the state-based verification process creates barriers for some students. Moreover, without the details, it is impossible to judge whether the formula improves upon the federal methodology. This process also creates confusion for students, who may be judged high-need under one formula but lower-need under another.

Modifications to the NJEI for 2018–19 included an increase in the income protection allowance for all independent students, allowing independent full-time students to exclude more of their own earnings from the calculation. Award amounts for students at Rowan University and Montclair State University were increased to make them more aligned with those at similar institutions.³ HESAA's board has urged the governor and legislature to provide adequate funding to stop counting the earned income tax credit as income for need analysis purposes, which would align with current federal methodology practice.

Table 3 examines the alignment between EFC and the NJEI. The data represent best estimates based on the size of the grant awards reported in the state's 2018–19 student-level data. If a student had an NJEI of 7,500 but was enrolled in a county college, we would find them not eligible, because their NJEI is too high for a TAG award at that institution, even though they would be eligible at other institutions.

We estimate that 41 percent of full-time New Jersey students with \$0 EFCs—and 62 percent of the \$0 EFC students who received TAG awards—were in the lowest NJEI tier based on their TAG award levels. We assume most of those with \$0 EFCs who did not receive TAG were ineligible because of the institution attended, failure to verify, not making satisfactory academic progress, or another reason. We

find that eligibility for TAG is correlated with EFC but with some outliers. Students with EFCs above \$10,000 do not receive TAG aid at any institution.

TABLE 3
Share of Full-Time Students in Each NJEI Category, by EFC

EFC	NJEI Category										10,500+ or not eligible
	<1,500	1,500– 2,499	2,500– 3,499	3,500– 4,499	4,500– 5,499	5,500– 6,499	6,500– 7,499	7,500– 8,499	8,500– 9,499	9,500– 10,499	
\$0	41%	7%	3%	2%	7%	3%	1%	1%	1%	0%	35%
\$1–999	17%	31%	6%	4%	7%	3%	2%	1%	1%	0%	28%
\$1,000–2,999	1%	8%	25%	18%	9%	3%	4%	2%	2%	0%	29%
\$3,000–5,999	0%	0%	0%	5%	18%	11%	10%	4%	3%	1%	47%
\$6,000–9,999	0%	0%	0%	0%	0%	0%	1%	5%	6%	2%	86%
\$10,000–14,999	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
\$15,000–19,999	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
\$20,000+	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%

Source: Urban Institute analysis of New Jersey student-level data.

Note: EFC = expected family contribution; NJEI = New Jersey Eligibility Index.

The NJEI formula appears to differ from the EFC formula more for independent students than for dependent students. Our analysis of state student-level data indicates that most dependent students with \$0 EFCs are in the lowest NJEI category, but this is not the case for independent students (table 4). Whether this points to an equity problem depends on the specific differences in the formulas. It is possible that the federal methodology is inappropriately generous to independent students relative to dependent students. But state policymakers should carefully examine this issue. (The table includes all \$0 EFC students, whether or not they received TAG awards.)

TABLE 4
Share of Full-Time \$0 EFC Students in the Lowest NJEI Bracket

Institution type	Asian	Black	Hispanic	White	Independent	Dependent
County colleges	63%	44%	53%	47%	27%	58%
State colleges	67%	64%	69%	58%	38%	72%
Rutgers University	76%	66%	72%	64%	38%	77%
Independent nonpublic	85%	69%	73%	55%	31%	77%
Montclair State University					32%	74%
Rowan University					31%	64%
NJIT					37%	69%
Total					33%	69%

Source: Urban Institute analysis of New Jersey student-level data.

Notes: EFC = expected family contribution; NJEI = New Jersey Eligibility Index; NJIT = New Jersey Institute of Technology; TAG = Tuition Aid Grant. Includes non-TAG recipients, who may have received the maximum TAG if they had not been disqualified for other reasons.

Compatibility with Federal Programs

State grant application processes and eligibility requirements that are consistent with the federal student aid system make it easier for students to navigate the system and to predict whether they will receive funding. New Jersey's modification of the federal need analysis formula might make the system more equitable and more efficient for the state, but the need for additional information and the mysteries of the formula complicate matters for students and institutions.

The state also conducts verification of some students' financial information, adding to the number of students who must go through a verification process and creating barriers for more students, possibly causing some high-need students to lose access to financial aid.

Unlike programs in some other states, the TAG program's satisfactory academic progress requirements are the same as those for Pell grants, so students will not lose eligibility for one form of aid for academic reasons while remaining in good standing for the other.

On the other hand, New Jersey does not cover all terms of study for which Pell is available. Students can receive Pell grants for the equivalent of 12 full-time semesters, but TAG covers only 9 semesters (5 at county colleges), leaving many students without state grant funding as they complete their bachelor's degrees (although students may be eligible for additional aid if they participate in EOF or took remedial courses).⁴ At the New Jersey Institute of Technology (NJIT), 30 percent of the students who began their studies full time in fall 2013 completed their degrees within six years but not within four years. At William Paterson University, that share was 21 percent, and at Stockton University, it was 16 percent.⁵

Of particular concern, New Jersey has not followed the federal government's lead in making additional aid available to students who enroll over the summer. Since 2017, students receiving a full-time Pell grant during the fall and spring can receive another 50 percent of their annual eligibility amount over the summer. Covering summer study increases summer enrollment, reducing time to degree completion (Liu 2020). Minnesota, Pennsylvania, and Texas are among the states that fund summer study.⁶

New Jersey's law was changed in January 2020 to restore eligibility for incarcerated individuals to receive state financial aid awards, a year in advance of similar federal legislation. In addition, unlike federal financial aid, since academic year 2018–19, some students with undocumented immigration status have been eligible for New Jersey state financial aid, including TAG, if they have enrolled in a New Jersey high school for at least three years and either graduated from a New Jersey high school or received a high school equivalency diploma.⁷

The TAG Tables

Most concerns about the TAG tables that determine award levels for students at each level of NJEI is the contrast in the award levels available at different institutions. In particular, students at private nonprofit and eligible for-profit institutions receive significantly larger TAG awards than students with the same NJEI at public institutions. The differences across public four-year and two-year institutions also appear arbitrary. But the slope of the awards at each institution as NJEI increases also deserves attention.

TAG awards do not decline at a steady rate as the NJEI increases. In the published table, the lowest award ranges from an average of \$1,220 at the county colleges and \$1,718 at Montclair State University to \$2,284 at Rutgers University and \$2,588 at NJIT. These high minimum levels mean that students immediately above the eligibility cutoff are significantly worse off than those who just qualify for TAG. Below the endpoints, the steps are also of irregular size. For example, at independent colleges, the award declines by \$1,968 for those with an NJEI just above 1,499 (moving from below 1,500 to 1,500–2,499), by \$1,322 for those with an NJEI just above 3,499 (from 2,500–3,499 to 3,500–4,499), and by \$966 for those with an NJEI just above 8,499 (from 7,500–8,499 to 8,500–9,499).

For students with an NJEI below 1,500, 2019–20 awards ranged from an average of \$2,786 at county colleges and \$7,380 at state colleges to \$11,428 at NJIT and \$12,938 at independent private colleges. The maximum income eligibility cutoff also varies across institutions. As a result, some students could be eligible for a TAG award at some institutions but not at others.

Because of the wide variation in TAG awards to students at different institutions—with much larger awards for those with similar need attending private nonprofit and for-profit colleges than for those enrolled at public two-year colleges—students with lower family incomes may get smaller TAG awards than students from wealthier families attending more expensive institutions.

There is controversy over the difference in TAG award levels across sectors. Providing more funding to students attending private nonprofit and eligible for-profit institutions, which charge higher tuition than public institutions, makes it more feasible for low-income students to access the range of institutions available to more affluent students. But given the limited resources available and public-sector tuition increases over time, the generous aid to private college students also reduces the funding available for low-income students enrolling in public institutions.

Some constituents who focus on affordability for public college students propose that grant levels should be a function only of students' financial circumstances. Awards could be used at any institution,

as long as they did not exceed tuition plus mandatory fees. In effect, the TAG award would be like a Pell grant—a fixed amount of money for full-time enrollment, scaled to financial circumstance, that could be used at any school up to the cost of attendance. But if the budget for TAG were not expanded to meet the most generous level of funding at each need level, the award amount would likely be lower than the current awards for private institutions, which would likely make it more difficult for low-income students to attend private institutions.

The operative question is more likely whether the differences in award levels across institutions are equitable. Addressing this question would be better informed by comparing not only published tuition prices but aggregate net prices after accounting for institutional grant aid. Because so many students at four-year institutions, particularly in the private nonprofit sector, receive institutional grant aid, the published price does not represent charges to students. We examine this issue in depth below.

CHANGES IN TAG OVER TIME

Average TAG awards have fallen at NJIT and, for the lowest-NJEI students, at state colleges over the past decade, after adjusting for inflation. But Rowan and Montclair State Universities have been moved out of the state college category, possibly explaining the decline in average funding for that group of institutions. Award levels have increased at independent colleges, and the most rapid growth has been for those with NJEIs between 1,500 and 2,499 at Rutgers University (table 5).

TABLE 5
TAG in 2020 Dollars

	<1,500 NJEI			1,500–2,499 NJEI		
	2010–11	2020–21	Change over decade	2010–11	2020–21	Change over decade
County colleges	\$2,762	\$2,772	0%	\$2,309	\$2,416	5%
State colleges	\$7,538	\$7,086	-6%	\$6,258	\$6,268	0%
Proprietary colleges	\$7,538			\$6,258		
Independent colleges	\$12,473	\$12,798	3%	\$10,681	\$10,882	2%
Montclair		\$7,466		\$0	\$6,425	
Rutgers	\$10,192	\$10,217	0%	\$8,205	\$9,019	10%
Rowan		\$8,342			\$7,298	
NJIT	\$11,548	\$10,217	-12%	\$9,387	\$9,019	-4%

Source: Authors' calculations based on New Jersey TAG tables.

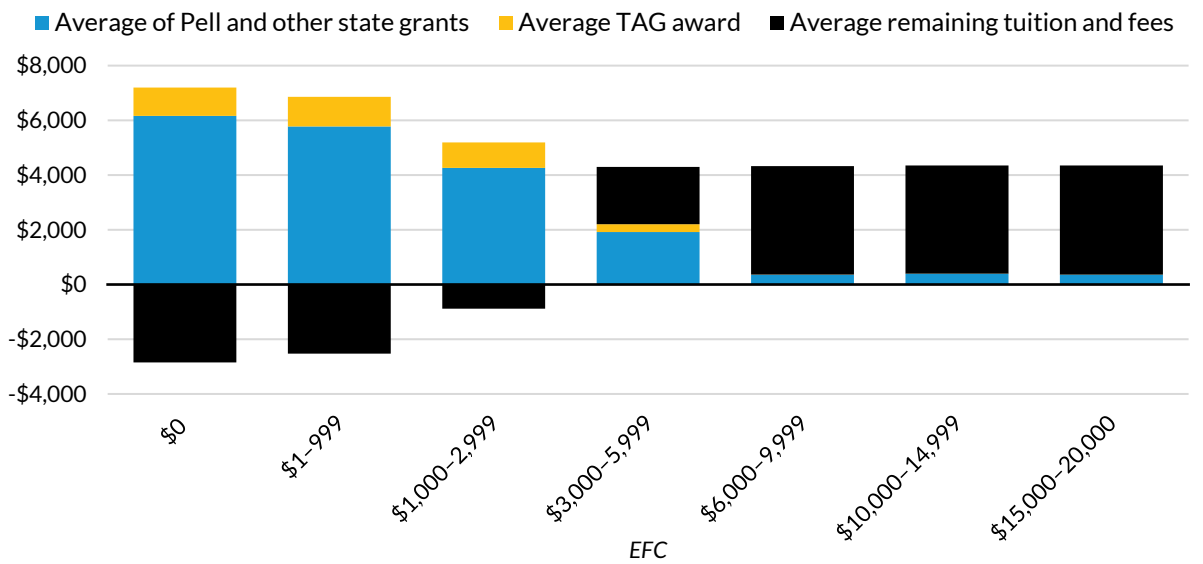
Notes: NJEI = New Jersey Eligibility Index; NJIT = New Jersey Institute of Technology; TAG = Tuition Aid Grant.

COUNTY COLLEGES

In 2018–19, average TAG awards for county college students ranged from \$1,036 for those with \$0 federal EFCs to \$300 for those with EFCs between \$3,000 and \$6,000, with few students with higher

EFCs receiving state grant aid. TAG provided 13 to 18 percent of all the federal and state grant aid received by county college recipients and, along with Pell grants, more than covered tuition and required fees (on average) for students with EFCs below \$3,000 (figure 1).

FIGURE 1
Federal and State Grant Aid and Tuition and Fees at County Colleges, 2018–19



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Source: Urban Institute analysis of Higher Education Student Assistance Authority data.

Notes: EFC = expected family contribution; TAG = Tuition Aid Grant. Pell grant amounts are estimated based on the student’s EFC and enrollment. Does not include institutional aid.

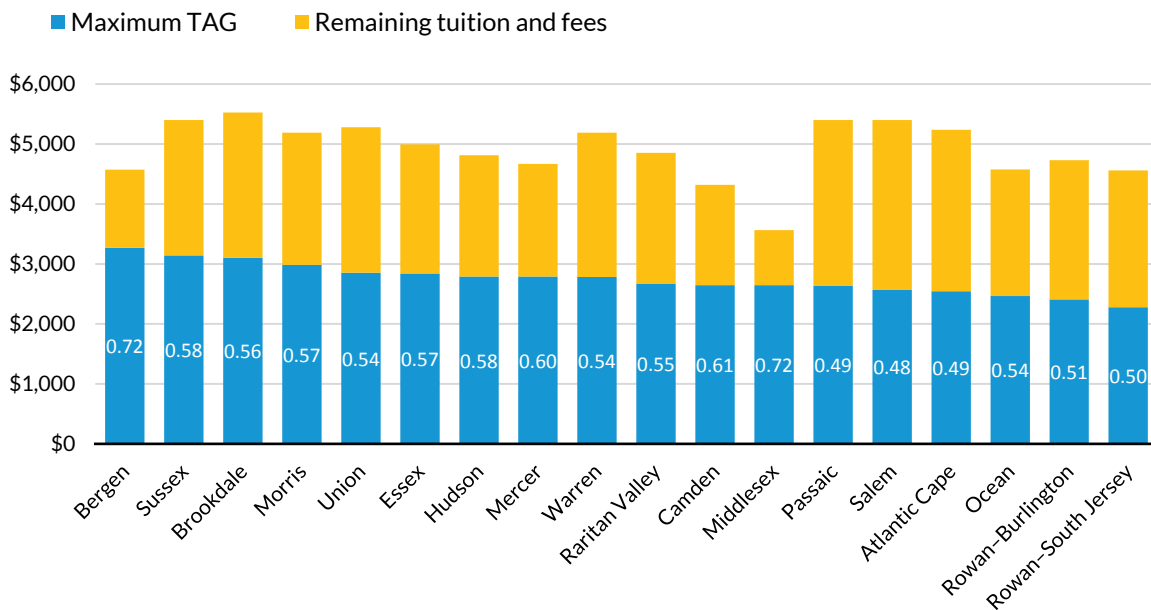
The published TAG tables report average annualized awards for full-time students, adjusting part-time awards to full-time equivalency accompanied by the caveat that award levels vary by institution and depend on tuition levels. But the pattern does not appear to be so simple. For example, Bergen Community College has the highest TAG award for NJEIs under 1,500, but TAG awards are larger at Brookdale for students with higher NJEIs.

Orderings change by NJEI level because the decline in award levels from NJEI category to category is not consistent either within or across institutions. Declines range from \$202 between under 1,500 and 1,500 to 2,499 at Ocean Community College and \$236 between those two categories at Rowan College of South Jersey to \$544 between those categories at Union Community College and \$600 at Sussex.

Differences in tuition prices across county colleges may vary from year to year, but in 2019–20, prices ranged from \$3,564 at Middlesex and \$4,320 at Camden to \$5,400 at Sussex, Passaic, and Salem

and \$5,525 at Brookdale. In figure 2, county colleges are ordered by the level of the maximum TAG award—the blue segment. The total height of the bars shows the 2019–20 tuition and fee price. Passaic, Salem, and Atlantic Cape have low TAG levels relative to their prices. Bergen and Middlesex have high TAG levels relative to their prices. The share of tuition and fees covered by the maximum TAG ranges from 48 percent at Salem and 49 percent at Passaic and Atlantic Cape to 72 percent at Bergen and 74 percent at Middlesex (figure 2).

FIGURE 2
Maximum TAG Awards and 2019–20 Tuition and Fees at County Colleges



URBAN INSTITUTE

Sources: New Jersey TAG tables and College Navigator.

Note: TAG = Tuition Aid Grant.

It would not be good policy to adjust TAG awards up whenever institutions raise their tuition prices. It might be reasonable to use the same TAG tables for all county colleges. But any differences should be based on clear logic.

PUBLIC FOUR-YEAR COLLEGES AND UNIVERSITIES

Recent changes to the TAG tables for individual public four-year institutions suggest that policymakers have thought carefully about the structure of these award levels. But the patterns are not transparent. The data suggest that a complete picture of both tuition prices and institutional aid policies might lead

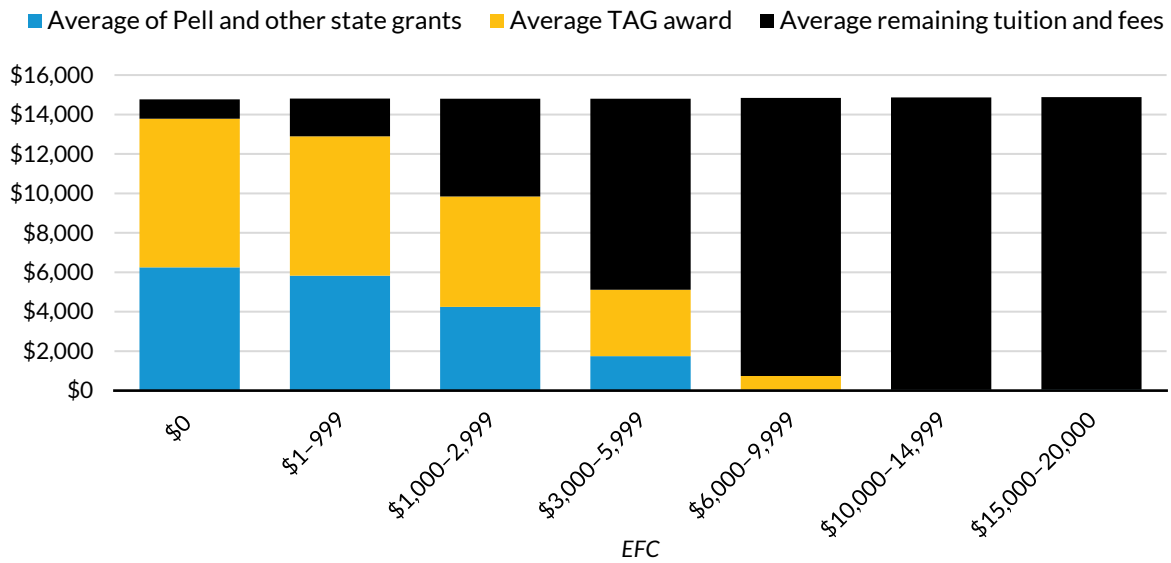
to some modification. Again, the tables should not be designed in a way that gives institutions incentives to raise their prices to gain access to more TAG funds for their students, but the tables should consider the net prices low-income students pay at different institutions in an effort to increase access and choice for these students. Each institution has its own system for allocating institutional grant aid, with practices that are likely to fluctuate. It might be possible to use average institutional net price for low- and moderate-income students as a benchmark, rather than average published tuition. But such an approach would generate incentives for institutions to raise their net prices to qualify for larger TAG awards. Providing last-dollar TAG awards to individual students at the level required to reduce their net tuition price to a specified level would create a similar problem. Instead, TAG's role as a first-dollar program is important, but the current system of setting different award levels with reference to published tuition levels is arbitrary and ignores actual barriers to affordability. Setting TAG awards on the basis of average net prices for groups of institutions—or even all institutions in the sector—might be more equitable than basing them on published prices—or historical published prices.

At both Rutgers and the state colleges as a group, TAG awards decline as EFCs (as measured by the federal need analysis system) rise, disappearing for students with EFCs above \$10,000 at Rutgers or above \$6,000 at the state colleges (figure 3). As a result, at state colleges, net tuition and fees after state and federal aid averages about \$2,000 for \$0 EFC students and \$2,700 for those with EFCs from \$1 to \$999 before taking institutional aid into account—and is equal to the published price for those with EFCs above \$10,000. Average tuition prices net of federal and state grant aid are even lower at Rutgers—\$1,000 for \$0 EFC students and \$2,000 for those with EFCs from \$1 to \$999.

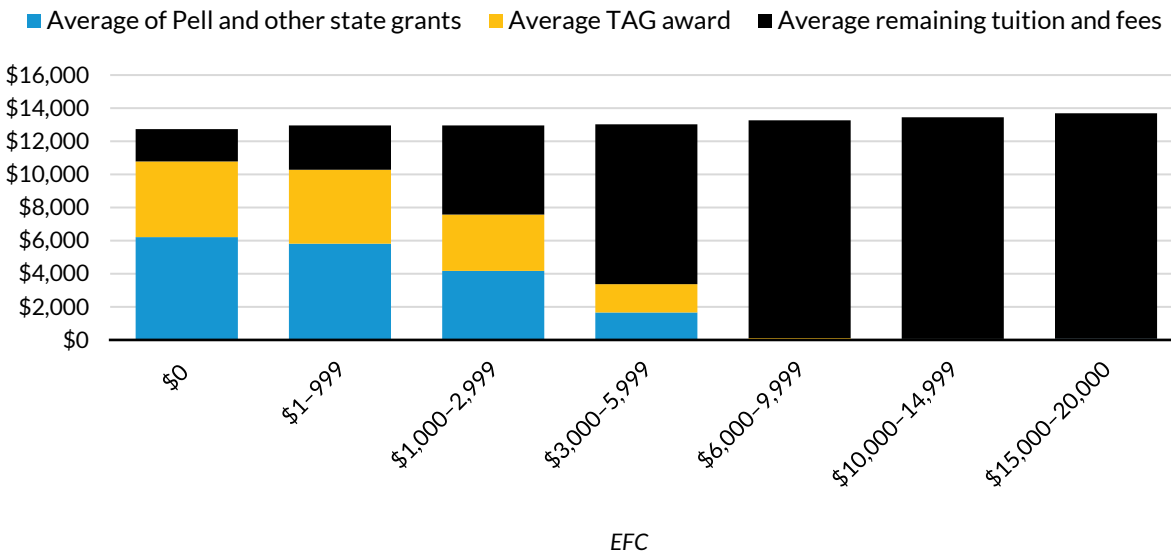
FIGURE 3

Federal and State Grant Aid and Tuition and Fees at Rutgers and State Colleges, 2018–19

Rutgers



State colleges



URBAN INSTITUTE

Source: Urban Institute analysis of Higher Education Student Assistance Authority data.

Notes: EFC = expected family contribution; TAG = Tuition Aid Grant. Pell grant amounts are estimated based on the student's EFC and enrollment. Does not include institutional aid.

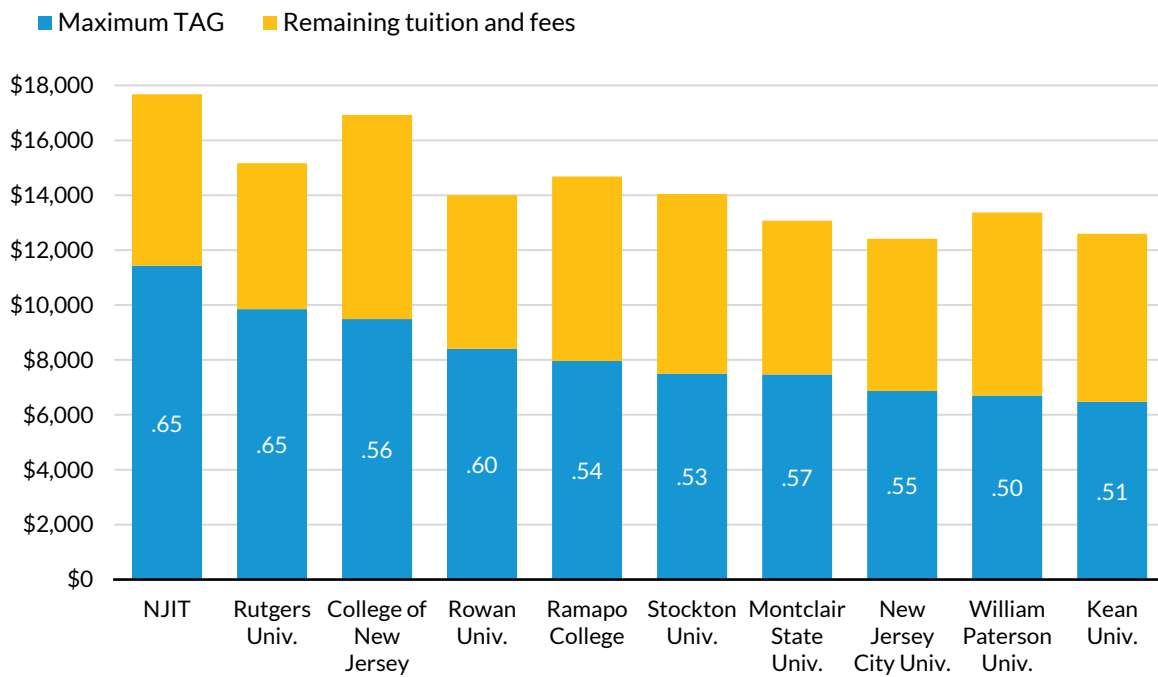
The average in-state tuition and fee price at public four-year institutions in New Jersey in 2020–21 is \$14,380. The national average is \$10,560. Only Illinois, New Hampshire, Pennsylvania, and Vermont

have higher prices than New Jersey. The premium for out-of-state students is relatively low in New Jersey. The ratio of out-of-state to in-state tuition and fees is lower in only four states (Ma, Pender, and Libassi 2020).

There is, however, considerable variation in published prices across institutions in the sector. Published prices for 2019–20 ranged from \$7,926 at Thomas Edison State University and \$12,414 at New Jersey City University to \$16,923 at The College of New Jersey and \$17,674 at NJIT.

TAG levels are more closely related to tuition prices at public four-year institutions than at county colleges (figure 4). The share of tuition and fees covered by the maximum TAG award ranges from 50 percent at William Paterson University and 51 percent at Kean University (which have higher prices than a couple of institutions where TAG is more generous) to 65 percent at NJIT and Rutgers (which have the largest TAG awards).

FIGURE 4
Maximum TAG Awards and 2019–20 Published Tuition and Fee Prices, Public Four-Year Institutions



URBAN INSTITUTE

Sources: New Jersey TAG tables and College Navigator.

Notes: NJIT = New Jersey Institute of Technology; TAG = Tuition Aid Grant. Thomas Edison State University, where almost all students are enrolled part time and online, is not included because few students are eligible for TAG awards.

But institutional grant aid plays a significant role in the public four-year sector and varies widely across institutions. As a result, the ranking by net tuition charged (tuition and fees less average institutional grant aid) differs from the ranking of published prices.

NJIT has the highest tuition and fees among public four-year institutions in the state—\$17,674 in 2019–20. The maximum TAG award is \$1,580 higher at NJIT than at the Rutgers campuses, where tuition and fees are \$2,267 to \$2,848 lower. But because of the relatively generous institutional grant aid at NJIT, the actual average price charged to students (published tuition and fees less institutional grant aid per student) is lower at NJIT than at the New Brunswick and Newark Rutgers campuses.

NJIT's institutional grant aid of almost \$7,670 per first-time full-time undergraduate student gives the institution with the highest published tuition price the second-lowest net institutional tuition and fee price, raising questions about whether the high TAG levels are justified. Among the state's public four-year institutions, only Rutgers University–Camden, with the fourth-highest published price, has a lower net price. Kean University, with the third-lowest published price, has by far the lowest level of institutional grant aid (\$684 per student), making its net price the fourth highest among public four-year institutions. (These net prices can be estimated using data on the share of students receiving institutional grants and average grant levels, available from the Integrated Postsecondary Education Data System.)

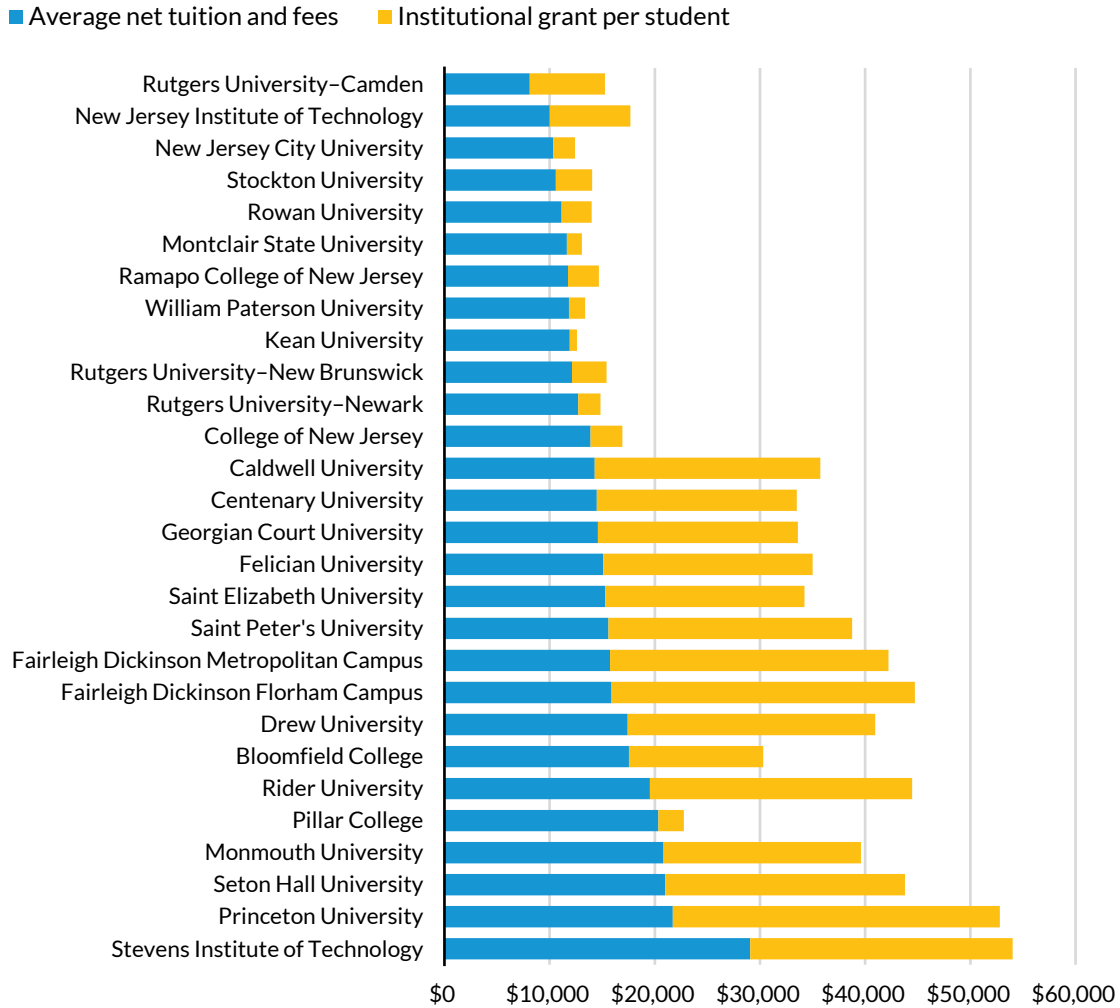
In addition to the varying patterns within the public sector, the differences in published tuition and fees between public and private nonprofit institutions in New Jersey are considerably larger than the differences in the prices institutions actually charge students. The larger institutional grants awarded in the private sector make the net tuition and fee prices similar, again raising questions about the logic of the current TAG levels.

In figure 5, institutions are arranged in order of their average net tuition and fee prices—the average amount charged to undergraduate students after accounting for average institutional grant aid. All the private nonprofit institutions have higher net prices than all the public nonprofit institutions, but the differences are small. In contrast, the total length of the bars, which reflects published tuition and fee prices, is much higher at the private institutions than at the public institutions. In the public sector, NJIT and Rutgers University–Camden have the highest levels of institutional grant aid. Despite their high sticker prices, they charge students less, on average, than other public institutions. Nonetheless, their students benefit from significantly larger TAG awards than those that students with similar incomes at other institutions receive.

FIGURE 5

Published Tuition and Fees at Four-Year Institutions, 2019–20

Average net prices and average institutional grant aid



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Source: College Navigator.

Note: College Navigator lacks data for most of the Talmudic Studies institutions participating in the Tuition Aid Grant program. Proprietary institutions are not included here.

INDEPENDENT PRIVATE INSTITUTIONS

It is reasonable for the state to support institutional choice for low-income students, bringing high-tuition private colleges within reach. But focusing on the published tuition prices does not provide useful perspective on how much more assistance is necessary at these colleges. Princeton University is the only nonreligious private nonprofit institution in the state that does not provide institutional grant aid to at least 97 percent of its students. The average net institutional price at the independent

institutions (excluding Talmudic Studies private institutions) is about \$18,000—compared with the average published price of \$39,000. The public institutions charge an average of about \$11,000, compared with an average published price of about \$15,000.

Living Expenses

TAG covers only tuition—not fees or living expenses. It is not clear whether excluding fees has any practical impact, but separating required fees from tuition is arbitrary, and it is hard to see the purpose of this state policy, other than to create the appearance that TAG covers a higher percentage of the price than it actually does. Fees at New Jersey institutions can be substantial and vary widely. Some institutions (e.g., Rowan University, The College of New Jersey, and NJIT) charge more than \$3,000 in fees, while other institutions (e.g., William Paterson University and Bloomfield College) charge less than \$200. Research suggests that institutions that cut their fees tend to have more rapid tuition increases than others; free college policies that cover only tuition are likely to lead to fee increases.⁸ From the perspective of both students and institutions, these two categories are interchangeable.

Helping students with nontuition expenses is on the state’s agenda in its efforts to increase college affordability. This is an important step for making it more feasible for low-income students to succeed in college. But grant aid is unlikely to be generous enough to reach beyond tuition and fees outside the county college sector. And it is important to recognize the inconsistencies in current non-tuition-expense budgets across institutions.

Living expense budgets are similar across sectors but vary widely from institution to institution. On-campus nontuition budgets range from \$17,316 at Stockton University to \$20,900 at NJIT and at public four-year institutions and from \$16,500 at Bloomfield College and Centenary University to \$19,462 at Monmouth University and \$21,350 at Princeton University in the private nonprofit sector (excluding Talmudic Studies institutions).

Budgets for books and supplies averaged \$1,275 at private nonprofit institutions (excluding Talmudic Studies institutions) and \$1,519 at public four-year institutions in 2019–20. They ranged from \$900 at Centenary University and \$1,000 at Kean and Monmouth Universities to \$2,600 at Caldwell University and \$2,900 at NJIT.

Within the public sector, 2019–20 nontuition budgets for students living at home with parents ranged from \$3,360 at Montclair State University and \$3,850 at William Paterson University to \$7,482 at New Jersey City University and \$9,190 at NJIT. The budgets for those living at home relative to the

budgets for those living in off-campus housing ranged from 16 percent at Montclair State University to 38 percent at Ramapo College.

Students frequently choose to live at home to save money. Diminishing their grant aid because of this choice would deprive them of part of those savings. On the other hand, some students do not have the option of living at home.

Geographic differences in housing costs across the state are relevant, but aside from a possible adjustment for this reality, any state subsidy for living expenses should be based on fixed budgets rather than institutions' cost-of-attendance budgets. In other words, adjusting differences in state grant award levels across institutions because of differences in nontuition budgets would likely be problematic.

Net Student Budgets for Low-Income Students

The goal of the state grant program is to make college more affordable for low- and moderate-income students. In 2018–19, average net price—considering institutional, federal, and state grant aid—for students with incomes below \$30,000 ranged from \$1,400 (Princeton University) and \$9,500 (Saint Peter's University) to \$21,200 (Rider University) and \$26,700 (Stevens Institute of Technology) at the private nonprofit institutions (excluding Talmudic Studies institutions).

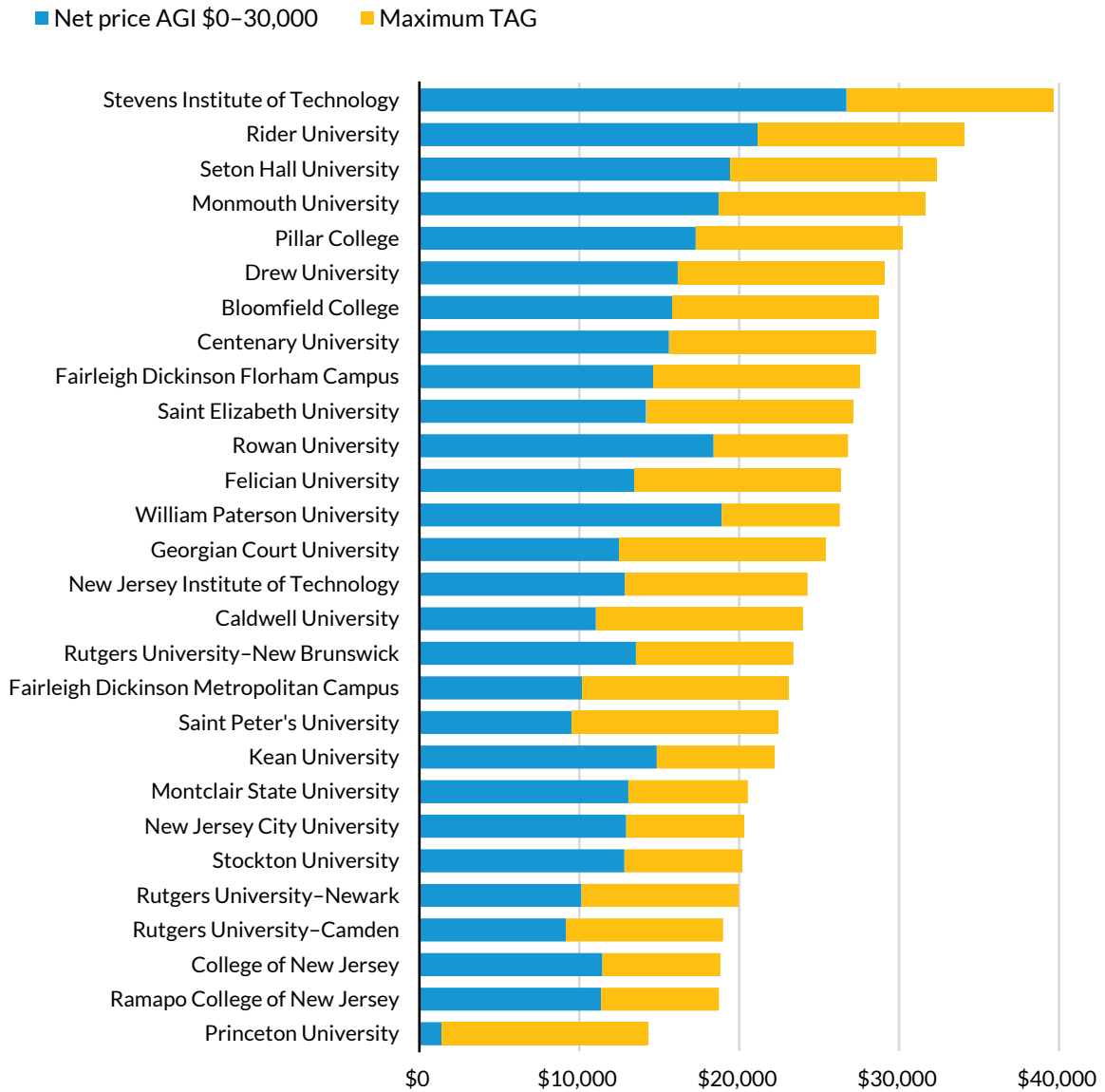
The net prices facing low-income students at public institutions are of particular concern. These prices include beginning full-time students, both dependent and independent, who receive federal student aid. They represent total net budgets, including living expenses in addition to tuition and fees for students with household incomes below \$30,000. Even the lowest price—\$9,200 at the Newark and Camden Rutgers campuses—would be difficult for many of these students to cover with federal loans and earnings.

The net price for the lowest-income students is above \$15,000 at two public universities. Although the highest net prices are in the private nonprofit sector, several institutions in that sector charge low-income students less than they would pay at some public institutions.

Despite the high remaining net prices, TAG awards make a dramatic difference in the prices these students face. Figure 6 shows what net prices would be if TAG awards were taken away. The length of the bars corresponds to the 2018–19 net price plus the institution's maximum TAG award. Notably, TAG awards change the ordering of the institutions. Net prices before TAG are lowest (excluding

Princeton University) at the state colleges before TAG. But the larger TAG awards received by students at private colleges lead several of them to have lower net prices (blue bars) than some of the public colleges.

FIGURE 6
Average Net Price for the Lowest-Income Students before and after TAG, 2018–19



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Sources: New Jersey TAG tables and College Navigator.

Notes: AGI = adjusted gross income; TAG = Tuition Aid Grant. Because only 2 percent of Princeton University students receive TAG, state grants are not added back to net price for that institution.

Many of these private institutions enroll relatively large shares of low-income students. In fact, four of the five institutions where more than 65 percent of first-time full-time students received Pell grants in 2018–19 were private. Three of the five institutions where 30 percent or fewer received Pell grants were public (table 5).

TABLE 5

Share of First-Time Full-Time Students Receiving Pell Grants, 2018–19

	Share receiving Pell grants
Pillar College	79%
Bloomfield College	78%
New Jersey City University	75%
Saint Elizabeth University	72%
Saint Peter's University	67%
Felician University	63%
Rutgers University–Newark	61%
William Paterson University	60%
Kean University	60%
Caldwell University	57%
Fairleigh Dickinson Metropolitan Campus	56%
Rutgers University–Camden	52%
Montclair State University	50%
Centenary University	46%
Georgian Court University	45%
Stockton University	42%
Rider University	36%
New Jersey Institute of Technology	35%
Drew University	34%
Fairleigh Dickinson Florham Campus	34%
Rowan University	33%
Monmouth University	33%
Ramapo College	30%
Rutgers University–New Brunswick	28%
Seton Hall University	27%
Princeton University	21%
College of New Jersey	19%

Source: College Navigator.

Note: The boldface institutions are public institutions.

Which Students Are Excluded from TAG?

Unlike many other states, New Jersey has no age restrictions for TAG recipients and does not require that they be recent high school graduates. This approach increases the program's effectiveness in promoting educational attainment because many older adults want to return to school to increase their labor market opportunities. The state does, however, exclude part-time students at four-year

institutions from the TAG program, providing part-time TAG only for county college students and funding only 5,000 students.

Many students, particularly those who are older or have children of their own, cannot enroll full time. Full-time enrollment reduces time to degree and significantly increases the probability that students will complete their programs. Including incentives for students to enroll in as many credit hours per term as possible is a constructive element of state grant programs. But excluding students for whom full-time enrollment is not feasible deprives some students of their opportunity to study.

Excluding Thomas Edison State University, where virtually all students are part time, part-time enrollment at public four-year institutions in New Jersey ranges from 5 percent or less at The College of New Jersey, Rutgers University–New Brunswick, and Stockton University to 19 percent at Kean University and New Jersey City University and 22 percent at NJIT.

TAG and CCOG funds can be used for remedial coursework, which may be critical for low-income students, many of whom are not prepared for college-level work. Students enrolled in remedial courses have an extra semester of TAG eligibility. This is a reasonable accommodation, but the time limit is still likely to create problems for students who need extra time in school and who may lose eligibility before they complete their programs.

At New Jersey City University, which has the state's largest shares of Pell and TAG recipients among public four-year institutions, 13 percent of students graduated within four years, and 41 percent graduated within six years. At Rutgers University–Newark, these figures were 40 percent and 69 percent. Even at selective institutions such as Rutgers University–New Brunswick, many students require longer than four years to complete their bachelor's degrees. Among students who began in fall 2013, 65 percent graduated within four years, and 84 percent graduated within six years. At The College of New Jersey, these figures were 75 percent and 86 percent.⁹

The loss of TAG could cause many students to struggle to make ends meet as they attempt to complete their degrees.

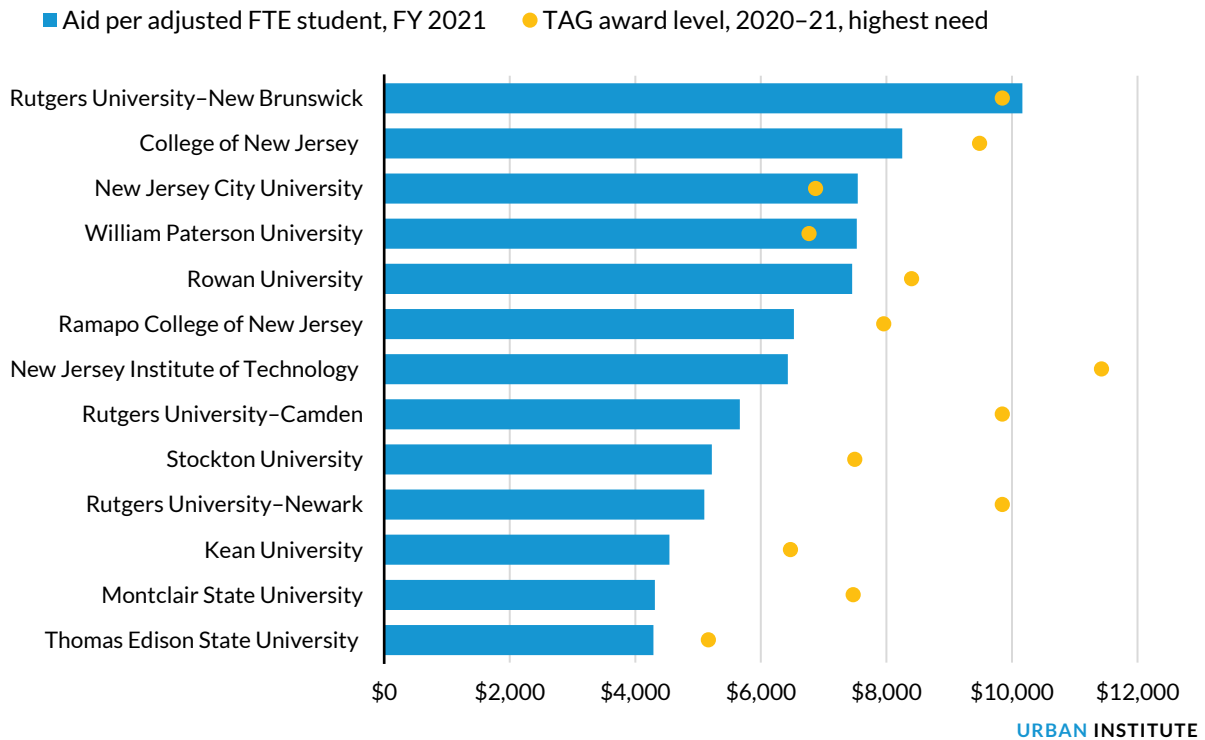
State Appropriations for Direct Operational Aid to Public Institutions

The state has recently developed a performance-based funding formula that will allocate about 5 percent of four-year public institutions' operational aid appropriations on the basis of student

outcomes. But the basic formula remains illogical. One issue is that because funding has not been based on enrollment, growing institutions see declining revenues per student. Simple comparisons can be misleading because of differences in missions and offerings, but funding ranges from \$4,290 per student at Thomas Edison State University and \$4,310 at Montclair State University to \$8,250 at The College of New Jersey and \$10,170 at Rutgers University–New Brunswick (figure 7).

It would be possible for the state to award higher TAG amounts to students at institutions with lower per student direct operational aid appropriations, partially compensating for the higher tuition that might result from an institution’s lower direct appropriations. But there is little relationship between TAG award amounts for eligible students at an institution and appropriations for operational aid to that institution (figure 7), and net tuition prices are actually positively correlated with operational aid appropriations per student (figure 8).

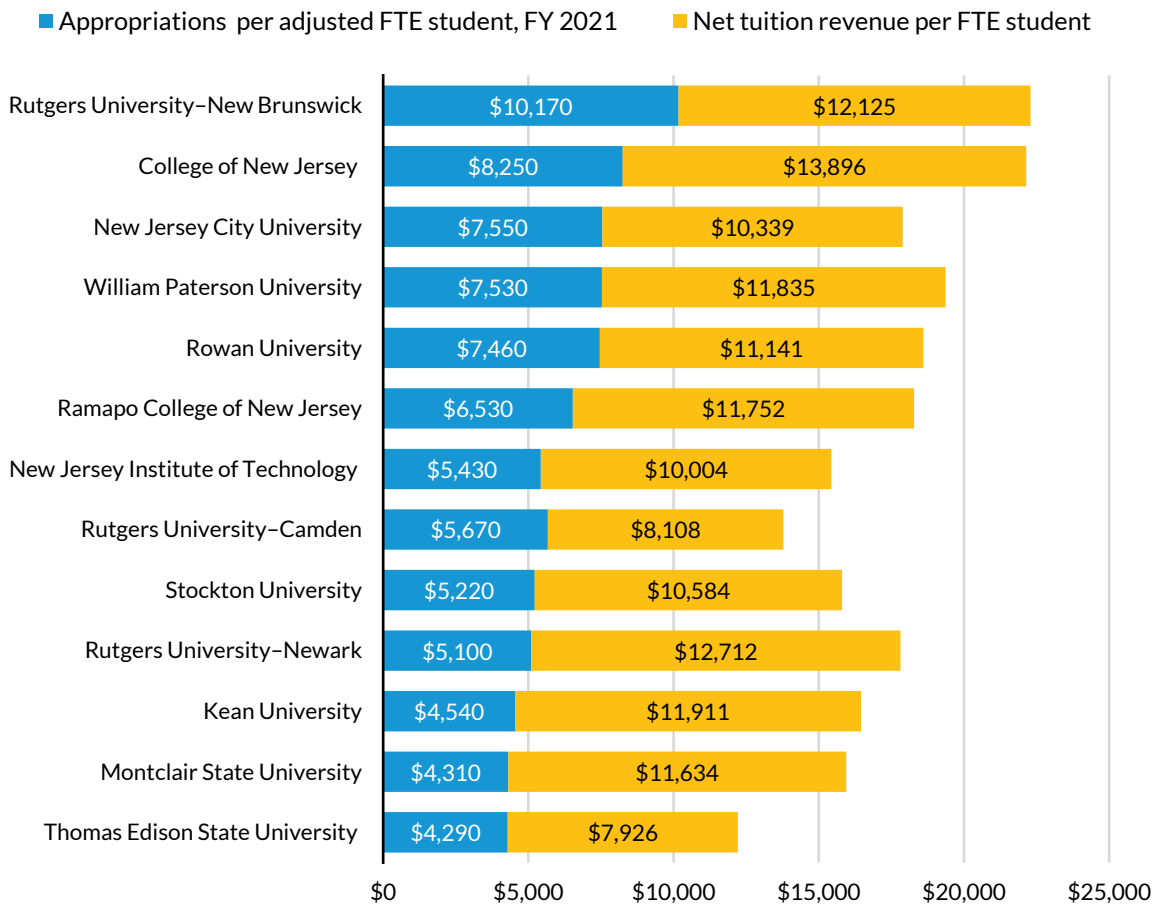
FIGURE 7
State Direct Operational Aid Appropriations and TAG Levels



Sources: New Jersey TAG tables and data from the New Jersey Office of the Secretary of Higher Education.
Notes: FTE = full-time equivalent; FY = fiscal year; TAG = Tuition Aid Grant. Counts graduate students as equivalent to three undergraduate students.

Figure 8 shows estimated average revenue per student from state direct operational aid appropriations and tuition net of institutional grant aid. The share of that revenue coming from appropriations ranges from less than 30 percent at The College of New Jersey, New Jersey City University, and William Paterson University to 40 percent or more at Stockton, Ramapo, and Kean Universities and Thomas Edison State University. The highest levels of net tuition are at The College of New Jersey and the Newark and New Brunswick Rutgers campuses. The first two have relatively high operational aid appropriations, but Rutgers University–Newark does not. The lowest levels of net tuition are at Thomas Edison State University and Rutgers University–Camden, which also have relatively low levels of operational aid appropriations. Overall, the institutions with lower direct operational aid appropriations levels do not make up for this by charging higher net tuition prices.

FIGURE 8
State Appropriations and Net Tuition Charges



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Sources: Integrated Postsecondary Education Data System and College Navigator.

Notes: FTE = full-time equivalent; FY = fiscal year.

State appropriations for direct operational aid to county colleges tend to be much lower, as county colleges also rely on local revenue and spend less per student than do four-year institutions. Direct state support for operational aid is largely limited to the Property Tax Relief Fund (OLS 2019). County colleges also receive funding to administer the CCOG. New Jersey provides a small amount of aid (slightly more than \$3 million) to independent colleges and universities.

Recommendations

New Jersey's TAG program has many strengths and provides the basis for a strong state aid system. The program provides its most generous aid to students with the highest levels of financial need, serves students in all sectors, and does not leave out older students or those who transfer from one institution to another. Aid levels are high relative to those in other states, all eligible students are funded, and students can reasonably rely on the assistance they receive to be available over time.

Nonetheless, there is room for improvement. Some structural changes could help the state increase educational attainment, particularly among the counties, racial and ethnic groups, and socioeconomic strata where it is lagging.

- The state should continue to review the allocation of TAG across sectors and institutions.
 - » It is reasonable to make larger awards to students enrolling in private nonprofit institutions to make it feasible for low-income students to access these colleges and universities. Many institutions in this sector enroll relatively large shares of Pell grant recipients. Overall, completion rates are higher in these institutions than in the public sector. But the gap in award sizes is so large as to sometimes create lower net prices in the private sector than in the public sector, when institutional grant aid is considered. With the high sticker prices, net prices for low-income students at public four-year institutions are too high.
 - » The large gap between TAG awards for private institutions, where the maximum award is almost \$13,000, and public four-year institutions, where it is generally between \$7,400 and \$9,800, appears to be based on the large difference between the average published tuition prices in the two sectors. TAG awards should not be directly linked to either published or net tuition at individual institutions, but the fact that most private nonprofit institutions discount their prices for virtually all undergraduate students and average prices net of institutional grant aid are not so different in the two sectors suggests that this gap in TAG award levels may be too large.

- » It is also worth revisiting the gap between TAG awards at two- and four-year institutions. Despite the difference in published tuition prices, off-campus living expenses are similar in the two sectors. Moreover, four-year institutions have the resources to provide higher levels of institutional grant aid.
- » Differences in TAG awards among institutions in the same segment of the public sector—both two-year and four-year institutions—sometimes appear arbitrary. The state has attempted to address some of these issues, but challenges remain.
- The state should make its determination of financial need simpler and more transparent.
 - » The use of a modified version of the federal methodology to calculate the New Jersey Eligibility Index may make the program more equitable and efficient, but it is difficult to determine that without more details about the formula. Students should know how the NJEI is calculated and why it differs from the federal EFC.
 - » The difference between the NJEI and the EFC is greater for independent students than for dependent students, and many independent students with \$0 EFCs do not receive TAG. It is possible that the federal methodology is too generous to some of these students, but it is also possible that the state’s formula treats them too harshly. The HESAA board has set a goal of increasing awards for independent students.
 - » Discontinuing the requirement that students provide additional information for the NJEI has eased the burden on students, but the supplementary verification process creates difficulties for some high-need students. Imminent changes to the FAFSA may significantly diminish this problem, but the state should minimize these bureaucratic barriers.
- The state should continue to review the allocation of TAG by NJEI levels.
 - » The reduction of TAG amounts as NJEI increases should minimize cliff effects. Minimum award sizes should be smaller, and the gaps between cells should not create undue differences in awards for students in similar financial circumstances.
 - » The state should review the slope of the TAG awards at all institutions, ensuring the relationship between TAG awards at any two schools is similar throughout the NJEI distribution.
- Without abandoning its focus on access and choice, the state should explore changes that would promote college completion among students who are particularly likely to leave without degrees.

- » Reducing time to degree and increasing completion rates is critical to meeting the state’s goals. The state should assess the TAG program with these goals in mind. Good data on the number of credit hours for which students with different characteristics enroll and insights into the reasons so many students take longer than two years to earn associate degrees and four years to earn bachelor’s degrees—including the accumulation of extra credits that do not meet degree requirements—is a starting point for reducing time to degree.
 - » The state should probe available data on student outcomes to determine whether students enroll in enough credit hours to earn their degrees in a timely manner—and if not, why—and whether the semester limit on TAG receipt interferes with bachelor’s degree completion.
 - » The small EOF program supports counseling, tutoring, developmental or remedial coursework, and other support services necessary for student success, in addition to providing assistance with nontuition expenses. Similar programs elsewhere that provide aid paired with additional support services, such as Accelerated Study in Associate Programs, have shown strong results.¹⁰ The state should continue to evaluate, and possibly expand, EOF and consider ways of better integrating it with TAG. Although virtually all EOF students receive TAG, many more TAG recipients could benefit from the type of support EOF provides.
 - » Providing additional TAG funding for summer study could reduce time to degree, allowing students who cannot accumulate 30 credit hours each semester to graduate on time.
- Improve access to TAG for underserved groups, including independent students and part-time students.
 - » Consider providing prorated TAG awards to part-time students enrolled at least half time at four-year institutions.
 - » Study the impact of TAG awards on independent students, and find equitable ways to fill some of the gaps.
 - Do not allow the state’s focus on “free” tuition to leave students unable to pay for fees and living expenses.
 - » Do not assume that low-income students whose tuition is covered by grant aid are free of financial barriers to college success.
 - » If state funding is adjusted to account for living expenses, subsidies for nontuition expenses should be based on standard budgets, not those set by institutions.

Notes

- ¹ See “NASSGAP Annual Survey: Query Tool Main Menu,” National Association of State Student Grant and Aid Programs, accessed May 7, 2021, <https://www.nassgapsurvey.com/customquery/CQB01ListQueries.aspx>. Based on number of individual students receiving TAG, not the lower annualized (full-year equivalent) number included in budget reports.
- ² US Census Bureau, Historical Income Tables: Households, table H-8B, 2017–19.
- ³ Higher Education Student Assistance Authority Board, minutes from the October 24, 2018, meeting, <https://www.hesaa.org/BoardMeetingMinutes/102418HESAABoardMinutes.pdf>, 2–5.
- ⁴ “State Aid Eligibility FAQs,” Higher Education Student Assistance Authority, accessed May 7, 2021, <https://www.hesaa.org/Pages/StateAidEligibilityFAQs.aspx>.
- ⁵ See the College Navigator website from the National Center for Education Statistics at <https://nces.ed.gov/collegenavigator/>.
- ⁶ Sandy Baum, Kristin Blagg, and Macy Rainer, “Building a State Financial Aid Program: What Are the Trade-Offs of Different Design Choices?” Urban Institute, Center on Education Data and Policy, October 14, 2020, <https://apps.urban.org/features/how-to-build-a-state-financial-aid-program/>.
- ⁷ Brent Johnson, “N.J. Inmates Can Now Receive State Education Aid as Murphy Signs Law,” NJ.com, January 10, 2020, <https://www.nj.com/politics/2020/01/nj-inmates-can-now-receive-state-education-aid-as-murphy-signs-law.html>.
- ⁸ Robert Kelchen, “Trends in Student Fees at Public Universities,” RobertKelchen.com, September 19, 2017, <https://robertkelchen.com/tag/student-fees/>.
- ⁹ See the College Navigator website from the National Center for Education Statistics at <https://nces.ed.gov/collegenavigator/>.
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