



NEW JERSEY

Association of State Colleges and Universities

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**QuickTakes!**

**HESAA Executive Director David Socolow Reports on  
FY 2020 State Budget, State Plan for Higher Education, and  
Improvements in NJCLASS Loans**  
(as reported at the April 17, 2019 HESAA Board Meeting)

April 18, 2019

**FY 2020 State Budget**

Last month, Governor Murphy introduced New Jersey's Fiscal Year 2020 budget, and I am pleased to report that this budget includes significant investments in state-funded financial aid programs.

**First, the Governor's budget increases funding for the Tuition Aid Grant (TAG) program by \$5 million over the prior year's level.** This would maintain TAG's crucial funding that helps pay for 70,000 students' undergraduate education in a New Jersey two-year or four-year degree program, while also providing the funds needed for two expansions of access to TAG grants. This new funding will cover TAG awards to New Jersey Dreamers whose eligibility for state-funded financial aid was made possible by a law the Governor signed last year. In addition, the Governor's budget proposal would expand TAG eligibility to students participating in the New Jersey Scholarships and Transformative Education in Prisons (NJSTEP) program, which coordinates faculty from several colleges across our state to offer Associate's Degree and Bachelor's Degree courses to individuals incarcerated in New Jersey state prisons.

**Second, the Fiscal Year 2020 budget would expand the Community College Opportunity Grant (CCOG) program to help make college more affordable by enabling more low- and moderate-income students to attend county college tuition- and fee-free, by covering students at all 19 county colleges statewide for both semesters of Academic Year 2019-2020.** As you know, we are currently pilot testing this program in the Spring 2019 semester, by funding "last-dollar" CCOG awards that cover any balance of tuition and approved educational fees that remains after accounting for all other grants and scholarships that an eligible student receives. Approximately 9,000 students at the 13 county colleges participating in the pilot are potentially eligible for CCOG, as they enrolled at least half time this semester, have an adjusted gross income between \$0 and \$45,000, and

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their tuition and covered fees exceed the Pell, TAG, and other grants that they were awarded. We expected CCOG to fill in the gap so these students would not have to pay the balance of tuition and fees that was not covered by other grant aid. However, we have found that, despite their calculated need, some students face additional hurdles that may keep them from receiving CCOG awards, in part due to the unusual circumstances of starting this program in the second semester of an academic year. In the coming weeks, we will analyze what we have learned from this pilot, so as to inform future implementation of this initiative.

We will present the budget to the legislature early next month, and we look forward to the opportunity to discuss with legislators and the general public these important priorities for the success of New Jersey's students.

### **State Plan for Higher Education**

A month ago, Governor Murphy and Higher Education Secretary Smith Ellis unveiled the new State Plan, entitled "Where Opportunity Meets Innovation: A Student-Centered Vision for New Jersey Higher Education." This plan identifies actions required to enable *every* New Jerseyan, regardless of life circumstances, to have the opportunity to obtain a high-quality credential that prepares them for life after college. Through its vision for a Student Bill of Rights, the plan focuses squarely on how to support students – not only what students need to do for themselves, but also what we in state government and our partners at colleges and universities must do to help reach **New Jersey's goal of 65 percent of working-age adults holding a quality postsecondary credential by 2025**. Over the next eight months, we look forward to moving these bold ideas forward, as HESAA staff will support the diverse stakeholders collaborating in two working groups, one that will address the plan's recommendations for making college affordable and another that is concentrated on improving student supports to boost college completion.

### **Program Research and Evaluation**

Policy experts across the nation are examining postsecondary financial aid and its critical role in lowering the net price students pay for college. Because we seek to use empirical evidence to make data-driven decisions, we are delighted that several researchers are conducting studies on the outcomes and performance of HESAA's student assistance programs. These independent evaluations will provide useful information and recommendations for strengthening programs for New Jersey's postsecondary students. For example, **Sandy Baum, the lead researcher on college affordability at the Urban Institute, received funding from the Laura and John Arnold Foundation to study state-funded, need-based student aid programs, including New Jersey's Tuition Aid Grant (TAG) program**. In addition, Drew Anderson of the RAND Corporation received separate philanthropic funding to examine the impact of TAG, and, with the support of the Office of the Secretary of Higher Education (OSHE), Dr. Robert Kelchen of Seton Hall University is analyzing data from the Community College Opportunity Grant pilot. I am also glad to note that HESAA is participating as a partner in the New Jersey Education-to-Earnings Data

System (NJ EEDS) project, which has built the state's longitudinal database with a data warehouse of unit record level data from OSHE, HESAA, and the Departments of Education and Labor and Workforce Development. The NJ EEDS data poll will provide valuable information to each agency, and ultimately to external researchers, to evaluate trends and outcomes for the new Jersey student population from primary and secondary school to college and into the workforce.

### **NJCLASS Loan Update**

Finally, I would like to highlight some of the plans for enhancing the NJCLASS family loan program. Starting this fall, we are planning to offer a **new option for borrowers to refinance their student loans with 15-year terms; for many borrowers, this will mean lower monthly payments than those previously available from our current 10-year ReFi+ loan.**

Also, this year, we are working to expand the ReFi+ loan program to help borrowers not only refinance their NJCLASS loans but also their federal PLUS loans and qualifying school-certified third-party loans. We are also exploring options for reducing the interest rate charged to borrowers who consolidate NJCLASS loans, as well as providing incentives for borrowers to set up automatic recurring monthly payments.

HESAA is maintaining the Repayment Assistance Program (RAP) and the Household Income Affordable Repayment Plan (HIARP) for NJCLASS loans offered for the coming academic year. These default aversion programs work in tandem to assist NJCLASS borrowers and their families in cases of economic hardship. We are also continuing our initiative that offers balanced settlement agreements to borrowers whose NJCLASS loans are in default.

**Several weeks ago, both houses of the state legislature passed S-3125, which would codify RAP and HIARP for every bond indenture going forward, subject to available funds, and S-3149, which codifies HESAA's settlement process for defaulted NJCLASS loans and establishes parameters for repairing the credit ratings of borrowers who comply with these payment plans.** It has been particularly gratifying to have the support of the legislature for HESAA's practical reforms to assist borrowers and strengthen the NJCLASS family loan program. We look forward to the Governor signing these two important bills into law.