

# Locked Out of the Future

**How New Jersey's Higher Education System  
Inequitably Serves Students and Why it Matters**

Michael Dannenberg  
Director of Strategic Initiatives for Policy

*Education Reform Now*

# “Locked out of the Future”— New Jersey’s Four Main Higher Education Challenges Beyond Affordability

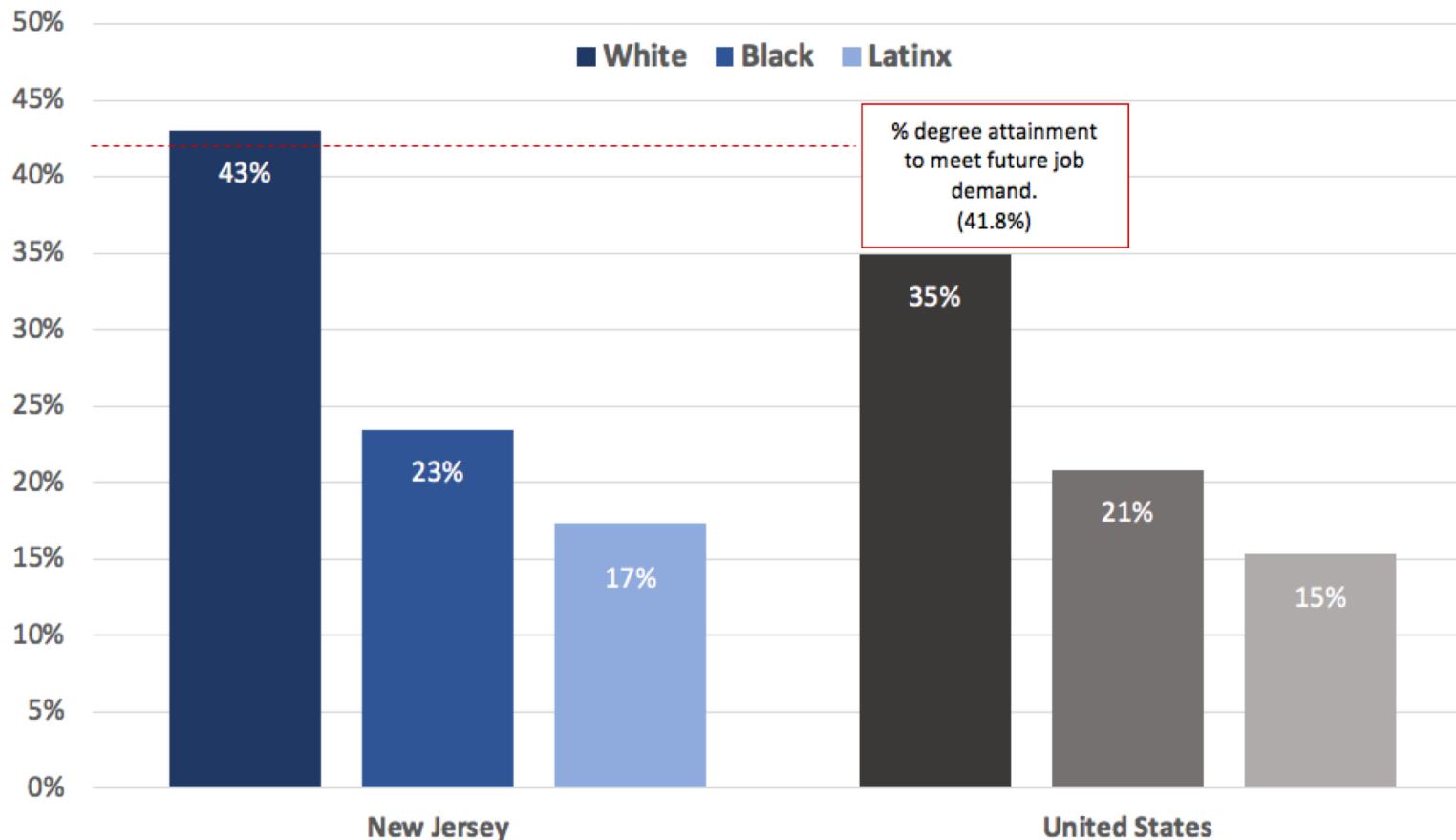
---

1. Insufficient Capacity to Meet Economic Need
2. Racial Stratification in Enrollment
3. Inequitable and Inefficient Allocation of Funds
4. Unacceptable and Unjustifiable Degree Completion Gap

# Desperate Need for Bachelor Degrees

- Only two states have a greater percentage of new jobs that require a bachelor's degree or higher (Washington, DC & Massachusetts).
- While the New Jersey's white population earns bachelor's degrees at a rate needed to keep up with job demand, Black and Latinx degree attainment rates lag far behind.
- Black and Latinx populations represent more than two-fifths (41%) of the state's age 0-25 population.

Percentage of New Jersey's 25+ Population With a Bachelor's Degree or Higher

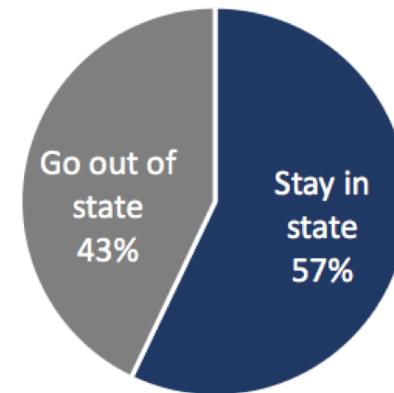


Data: 2016 American Community Survey (1-year Average), Job demand estimate from Georgetown Center for Education and the Workforce, "Recovery 2020" state-level report.

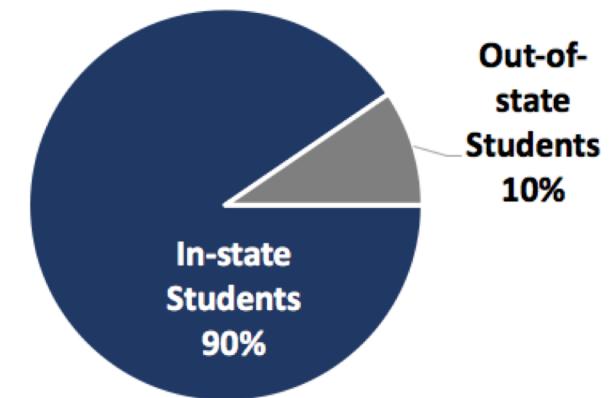
# Capacity Shortfall

- **New Jersey is the #4 exporter of postsecondary students** nationwide – 43% of recent high school graduates leave the state to attend college elsewhere (behind only CT, NH & VT). Some 80% of them will settle permanently in the state where they receive a college degree.
- New Jersey public colleges are bursting with in-state students – **90% of the state's college spaces are taken by New Jersey residents –one of the highest percentages in the country** (behind AK, TX & CA).

**Because of Seat Shortage, Many Students Leave the State for their Degrees**



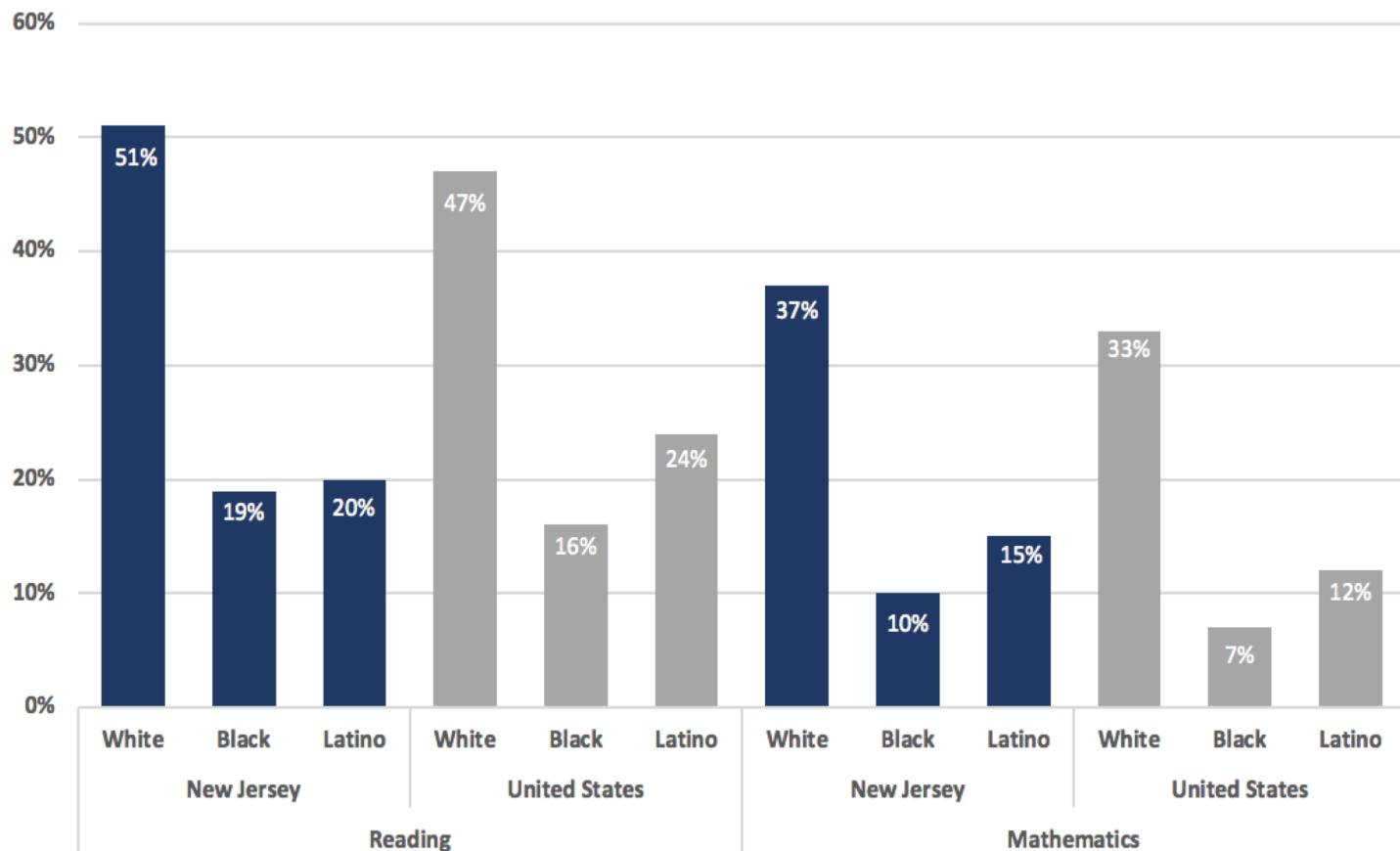
**Who Takes the Seats in New Jersey's Institutions?**



# Racial Stratification in Academic Prep for College

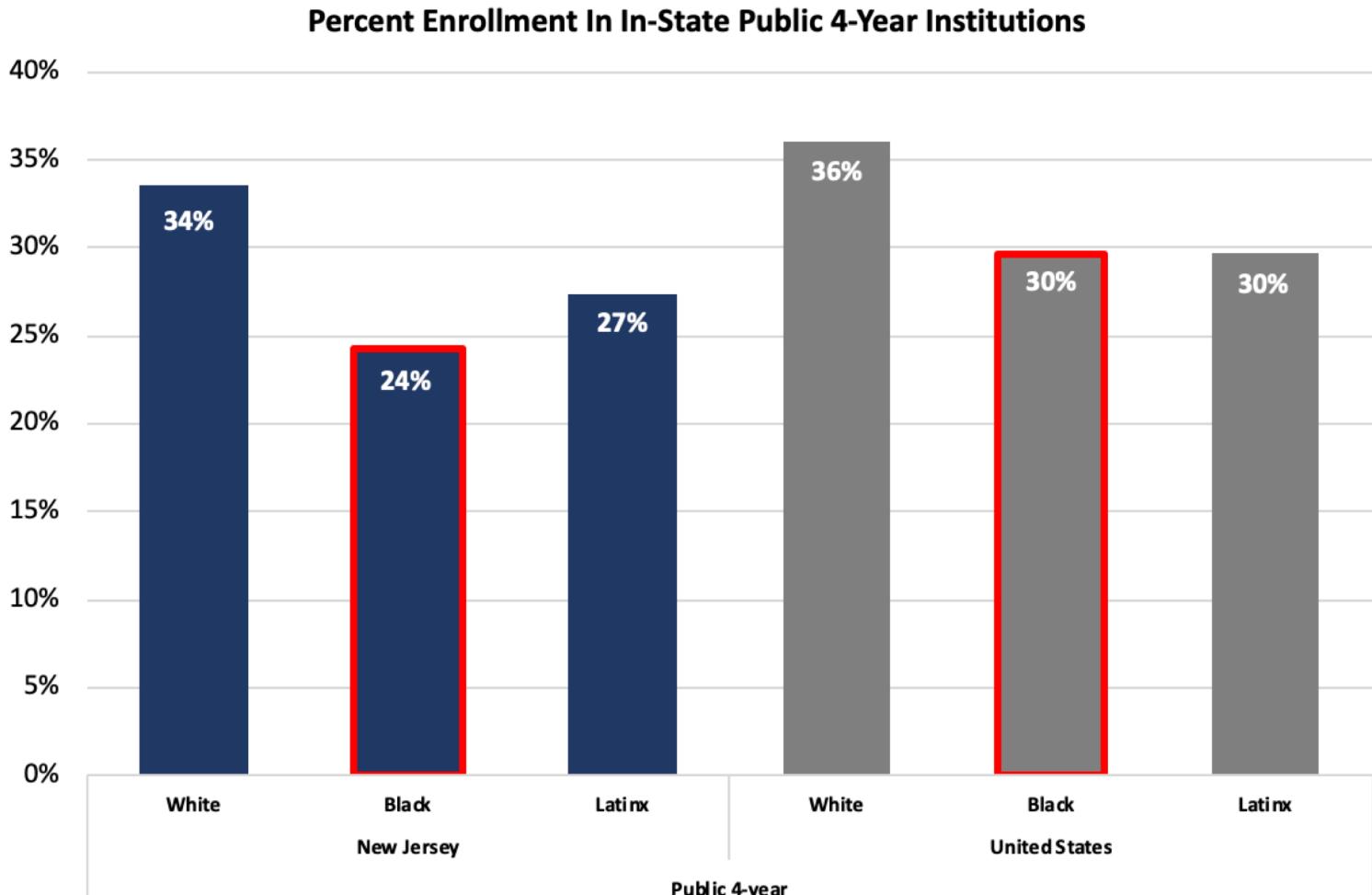
- Despite outperforming the nation in K-12 education overall, New Jersey has **enormous achievement gaps** in entering college student test scores between white students and students of color.
- In Reading – Black & Latinx students are *less than half as likely* than their white peers to score “Proficient” or “Advanced” at the end of high school.
- In Mathematics – Black students are *barely one-quarter as likely*, and Latinx students are much less than half as likely as their white peers to score “Proficient” or “Advanced” at the end of high school.

12th Grade NAEP Scores in New Jersey and the United States (2013)  
% Scoring “Proficient” or “Advanced”



# Racial Stratification in College Enrollment

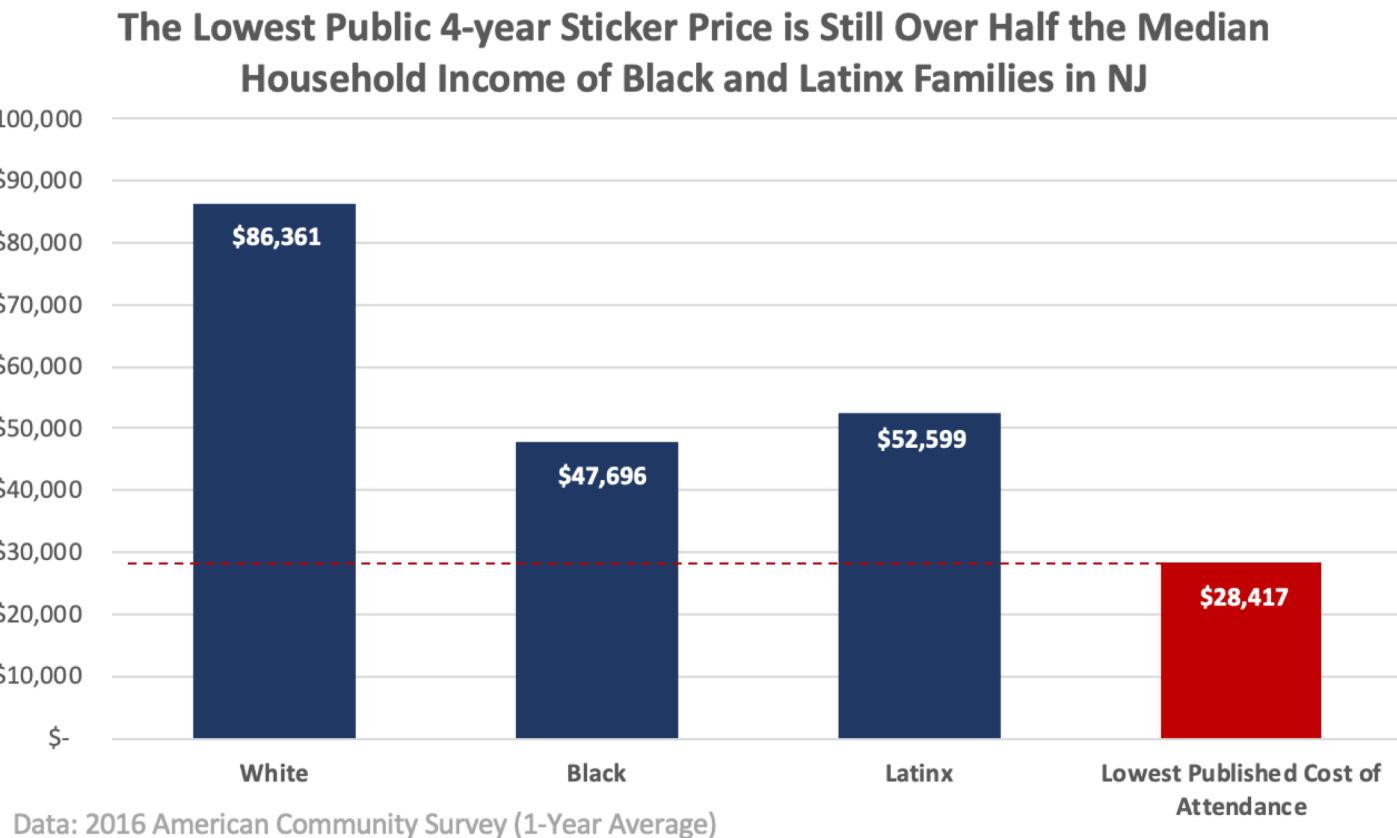
- A New Jersey Black student is nearly 30% less likely to enroll in an in-state public four-year college than his/her white peer. A Latinx student is 18% less likely.
- In contrast, there is heavy enrollment of New Jersey's Black and Latinx students in the state's community colleges. Nearly half of Black and Latinx college students attend public two-year institutions in the state.
- While intuitively cheaper from a taxpayer perspective, community colleges are markedly less efficient. A **student capable of attending a four-year college that chooses to attend a two-year institution instead is 30 percentage points less likely to complete a certificate or degree.**



Note: Due to extraordinarily high percentage of in-state students, comparisons made between known US in-state versus overall in NJ. 2016 IPEDS data.

# Racial & Economic Stratification in College Affordability

- New Jersey counters high sticker price with **high state aid, but the sticker shock nevertheless drives Black & Latinx families disproportionately into community colleges or no college at all.** Folks *think* they can't afford a four-year college or college at all.
- New Jersey lowest-income students still pay a *higher* net price after financial aid than low-income students in other states.
- Most distressing, **one-third of New Jersey community college students don't apply for financial aid** – 10 percent of whom are estimated to be eligible for New Jersey grant aid.



# Inequitable Distribution of State Funds to Public Colleges; Zero Policy Rationale

- Ex: **Rowan University serves a statistically *less needy* student body than Montclair State, but is awarded *three times more* in state general operating aid per FTE student than Montclair State.**
- State leaders are unable to articulate a rationale. “Line item appropriations,” and “that’s the way it always has been...” are the most common public explanations.

Institution <sup>23</sup>	Appropriations per Undergraduate FTE*	Pell (Low-Income) Enrollment % <sup>24</sup>	Undergraduate FTE <sup>25</sup>	Appropriations (FY 2017)
College of New Jersey	\$4,120	15.2%	6,596	\$27.2 M
Kean	\$2,973	49.1%	10,250	\$30.5 M
Montclair	\$2,359	46.2%	15,201	\$35.9 M
New Jersey City	\$3,897	77.0%	5,428	\$24.2 M
New Jersey Institute of Technology	\$6,570	33.6%	6,916	\$45.4 M
Ramapo	\$2,842	23.8%	5,262	\$15.0 M
Rowan	\$7,146	30.5%	12,299	\$87.9 M
Rutgers (Camden)	\$4,977	48.8%	4,320	\$21.5 M
Rutgers (New Brunswick)	\$9,520	28.1%	34,236	\$325.9 M
Rutgers (Newark)	\$4,493	52.7%	6,818	\$30.6 M
Stockton	\$2,435	35.1%	7,552	\$18.4 M
Thomas Edison	--	--	48**	\$4.3 M
William Patterson	\$3,615	49.4%	8,398	\$30.4 M
<b>TOTAL</b>	<b>\$5,161</b>	<b>--</b>	<b>139,782</b>	<b>\$721.4M</b>

\* Note: Interpret with caution. All 4-year institutions have an additional graduate student cohort representing an additional 38,000 students. Approximately 14,000 of those graduate students attend Rutgers – New Brunswick.

\*\* Thomas Edison has a tiny FTE undergraduate cohort (48) but has 11,701 total undergraduates. As a unique case, it is unreasonable to compare this institution’s funding levels to the other universities. Thomas Edison has a unique mission to provide alternative methods of college education for “mature adults”.

\*\*\*County Colleges operating support (not broken down by institution): \$222.9M.<sup>26</sup>

# The State's Student Aid Cornerstone Program – The Tuition Assistance Grant (TAG) – is Poorly Targeted

- New Jersey's largest student financial aid program, representing nearly 90 percent (~\$433M) of the state's student assistance budget, can only be used for tuition – making it of greater benefit to those attending high tuition private sector colleges.
- Over \$120M (32.5%) of TAG's dollars go to private sector colleges serving only 18% of all students. Over \$16 million goes to for-profit colleges. Princeton University with a \$22 billion endowment receives nearly \$1 million a year in TAG funding.
- Per student awards vary by income *and* cost of institution attended. Average per student TAG award is larger than the average Pell Grant.

Institution Type	Average Grant per Student	Students Served	Total Disbursement (\$)	Total Disbursement (%)
County Colleges	\$1,762	16,601	\$29.3M	7.8%
Senior Public Sector Colleges	\$4,943	17,972	\$88.8M	23.7%
Research Sector Colleges	\$6,807	19,869	\$135.3M	36.0%
Non-Profit Private Colleges	\$8,626	12,278	\$105.9M	28.2%
For-Profit Private Colleges	\$6,934	2,327	\$16.1M	4.3%

# An Underdeveloped Success: The Education Opportunity Fund (EOF)

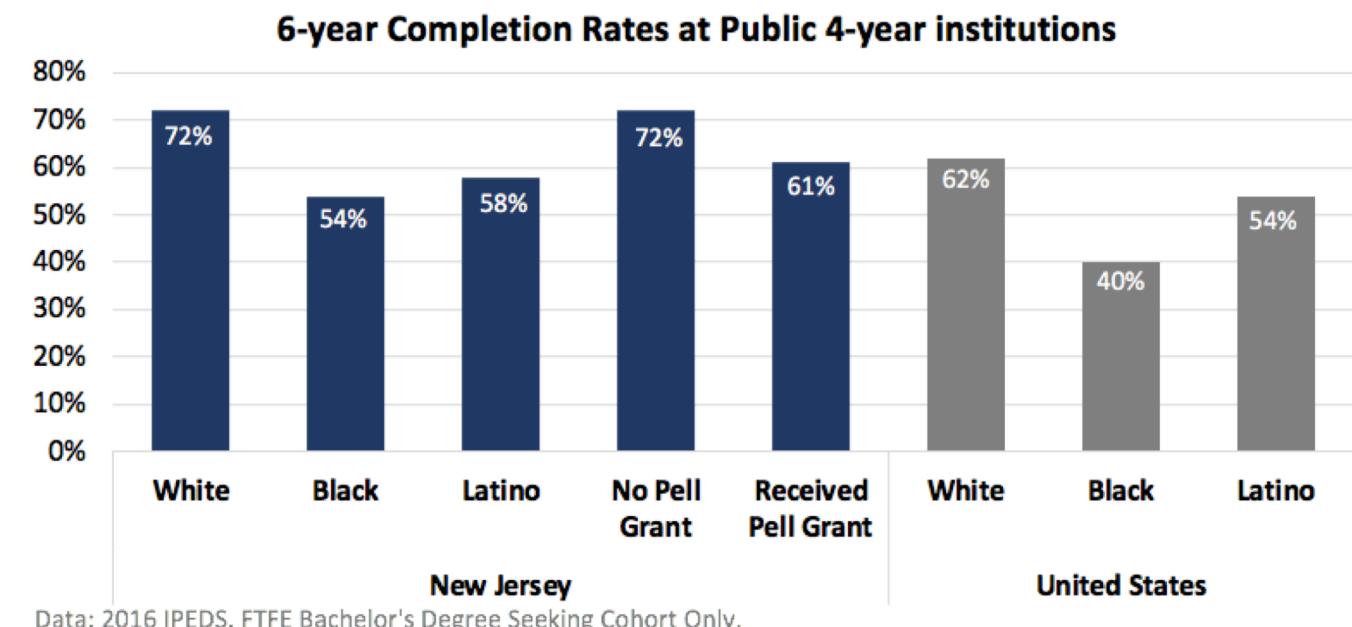
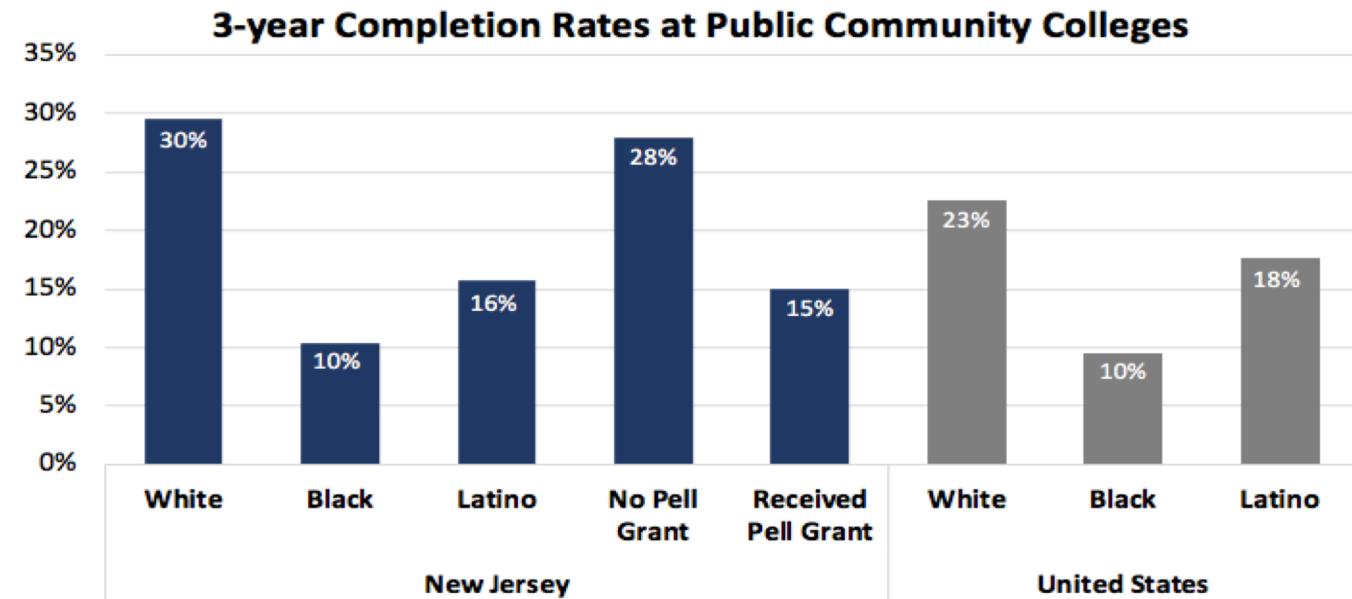
- Designed to **supplement** state TAG funding to:
  - (1) Alleviates up to \$2,500 in student costs for non-tuition expenses (i.e. fees, books, supplies, room and board, and transportation).
  - (2) Finances institution support services, such as counseling, tutoring & developmental course work.
- **The six-year bachelor degree attainment rate for low-income EOF recipients is approximately 55% compared to the overall TAG completion rate of only 32%.**
- The EOF budget is \$50 million annually -- less than 10% the annual TAG appropriation and only enough to serve some 14,000 students and provide 5,000 summer grants. TAG serves nearly 75,000 students per year.

Institution Type	Student Grants	Article IV (Student Supports)	Total
Community Colleges	\$4.8M (14%)	\$3.4M (10%)	\$8.2M (24%)
State Colleges & Universities	\$7.2M (20%)	\$3.1M (9%)	\$10.2M (30%)
Public Research Universities	\$6.5M (19%)	\$0.4M (1%)	\$6.9M (20%)
Private Colleges & Universities	\$6.6M (19%)	\$2.6M (7%)	\$9.2M (27%)
Total	\$25.0M (72%)	\$9.5M (27%)	\$34.4M (100%)

Note: Values are rounded.

# Big Gaps in Degree Completion

- New Jersey has relatively strong four-year college completion rates, but abysmal community college completion rates.
- A New Jersey Pell Grant recipient attending community college is about *half as likely to complete* their degree as a non-Pell grant recipient peer.
- New Jersey's Black community college students are *less than half as likely* to finish their 2-year degree within 3 years as their white peers.
- While completion rates at New Jersey four-year public colleges are higher than the national average for most groups, there are also larger than average completion gaps among racial subgroups.
  - NJ has the 8<sup>th</sup> largest Latinx-white degree completion gap in the nation.



# Big Degree Completion Gaps Within Institutions & Without Justification; Demographics are Not Destiny

College Name	Sector	6-year Graduation Rate	Underrepresented Minority Graduation Rate	Black Graduation Rate	Latino Graduation Rate	Pct. Pell Among Freshmen	Avg. SAT Scores	Net Price After Grants	Endowment
Stockton University (NJ)	Public	70.0%	52.0%	35.7%	64.7%	35.1%	1,074	\$14,367	\$28M
State University of New York at New Paltz (New Paltz, NY)	Public	72.4%	69.3%	69.2%	69.3%	33.2%	1,124	\$14,605	\$18M
New Jersey Institute of Technology (NJ)	Public	60.5%	47.6%	43.1%	54.3%	33.6%	1,205	\$15,406	\$98M
Florida Institute of Technology (Melbourne, FL)	Private	58.3%	53.2%	51.7%	56.3%	21.9%	1,194	\$31,582	\$62M
Stevens Institute of Technology (NJ)	Private	82.8%	69.9%	60.9%	75.9%	16.8%	1,340	\$37,168	\$166M
Worcester Polytechnic Institute (Worcester, MA)	Private	86.2%	75.6%	70.0%	77.0%	13.6%	-	\$40,666	\$466M
Fairleigh Dickson University-College at Florham (NJ)	Private	53.2%	39.2%	37.7%	42.0%	34.7%	1,034	\$25,257	-
Wilkes University (Wilkes-Barre, PA)	Private	61.5%	59.5%	50.0%	70.6%	40.5%	1,053	\$25,025	\$40M

# Next Steps

- (1) Issue Brief Detailing New Jersey's Four Main Higher Education Issues Beyond and Related to College Affordability.**
  
- (2) Analysis of Governor Murphy's Expected 'Free College' Plan.**
  
- (3) Policy Brief Recommending State Action to Address New Jersey's Main Higher Education Issues, Including College Affordability.**
  
- (4) Advocacy Campaign Directed at Ensuring New Jersey as a State and Individual New Jersey Colleges Make "A Meaningful Commitment" to Access, Affordability, Diversity and Success for All.**



## Contact Information

Michael Dannenberg

[michael.dannenberg@edreformnow.org](mailto:michael.dannenberg@edreformnow.org)

Tel.: 917-653-3417