

A woman with long dark hair is shown in profile, looking through a chain-link fence. Her hand is visible, touching the fence. The background is dark and out of focus.

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# **LOCKED OUT OF THE FUTURE:**

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

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## EXECUTIVE SUMMARY

**A** ccording to the Bureau of Labor Statistics, some 42 percent of the New Jersey’s projected job openings require a bachelor’s degree or higher — a rate 20 percent higher than the national average and surpassed only by Massachusetts and the District of Columbia.<sup>1</sup> The good news is New Jersey’s population attains bachelor’s degrees or higher at a rate above the national average. The bad news is there are high levels of out-migration for college. Racial stratification in educational opportunities and outcomes appears at every level – from college preparation to college enrollment to degree completion. And contributing if not compounding matters, New Jersey maintains an inequitable and inefficient state higher education financing system that fails to serve both the demands of its economy and goal of countering inequity.

The political moment is ripe to address all these challenges. Governor Murphy has made free community college a centerpiece of his agenda; concern about college affordability and reduced student debt routinely tops public opinion polling results; and there is a renewed debate at the national level driven by the federal Higher Education Act reauthorization and affirmative action litigation on racial inequities in higher education opportunity, services, and outcomes.

<sup>1</sup> In this paper, the authors will predominantly use “Latinx,” but may also use “Hispanic” interchangeably due to mixed nomenclature in data sources.

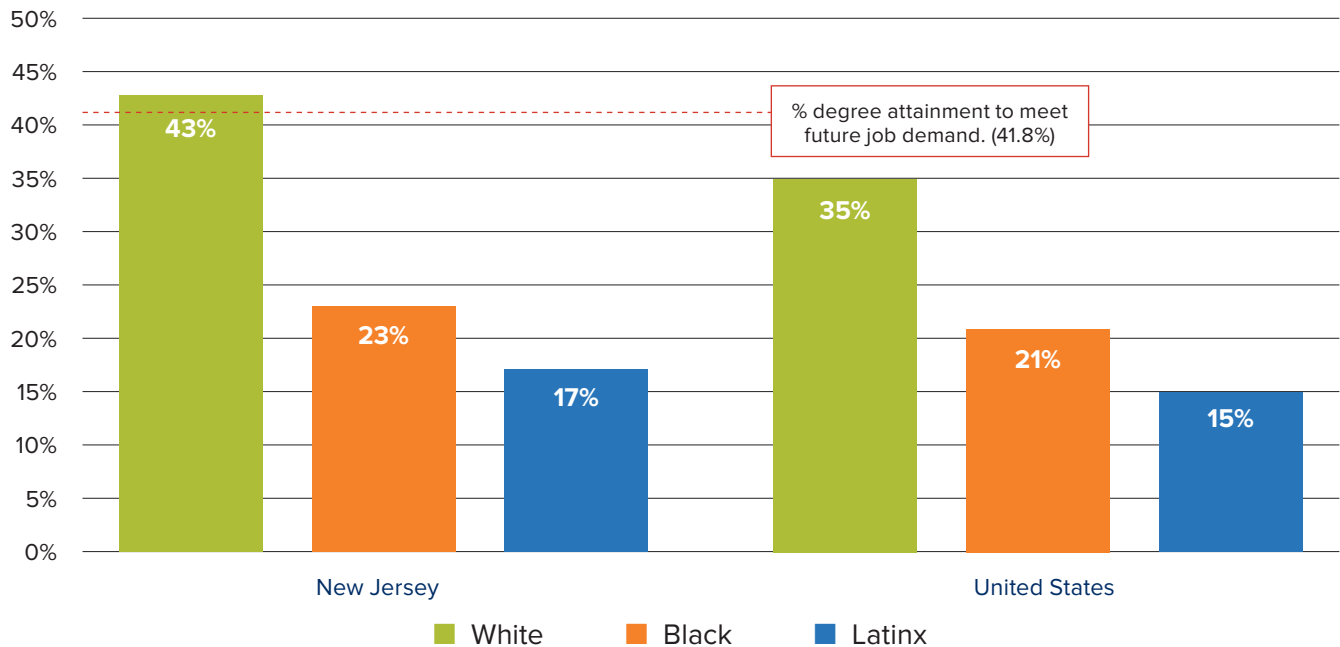
## Key findings:

1. New Jersey has a higher education capacity problem. A greater percentage of new jobs in New Jersey require a bachelor's degree or higher than nearly every other state. New Jersey colleges already serve a larger percentage of in-state students than public colleges in almost all other states. And New Jersey is the fourth highest exporter of students to out-of-state colleges, where statistically they are 80 percent likely to settle after graduation.
2. New Jersey colleges are sharply racially stratified. A Black student is nearly 30 percent less likely to attend an in-state public four-year college than his/her white peer. A Latinx student is 18 percent less likely.<sup>2</sup> In contrast, there is heavy enrollment of New Jersey's Black and Latinx students in the state's public two-year colleges. Nearly half of Black and Latinx college students attend public two-year institutions in the state, where all things being equal their likelihood of completion is 30 percentage points less than similar students with similar academic credentials attending four-year institutions.
3. New Jersey provides wildly inequitable levels of state operating funds and financial aid to public and non-profit private state colleges with no articulated policy rationale. Rowan University, for example, is appropriated over three times as much funding per student as Montclair State in general operating aid even though Rowan serves fewer students from disadvantaged economic backgrounds. New Jersey has one of the largest state student financial aid programs in the country, but it is poorly targeted and generates less efficient results than a companion state institutional aid program one-tenth the size.
4. Among students that remain in state, New Jersey's Black and Latinx populations are not attaining bachelor's degrees at the rate needed to meet the state's economic need, effectively excluding them from the state's economic future. Overall, the state has large gaps among racial subgroups in bachelor's degree completion rates, including the 8th largest white-Latinx college graduation gap in the nation.

In order to assist New Jersey policymakers and advocates in addressing these challenges, we provide below a high-level overview of enrollment need and patterns; examine inequities in college preparation, affordability, and completion; and analyze existing state spending for institutions and programs designed to make college more affordable. Going forward to the extent the Governor's forthcoming higher education proposals address these issues, we'll provide comment and detailed recommendations for improvement. The main purpose of this issue brief is to identify the state's multi-faceted "to and through" college challenge and set the stage for future policy recommendations.

# STATE NEEDS

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



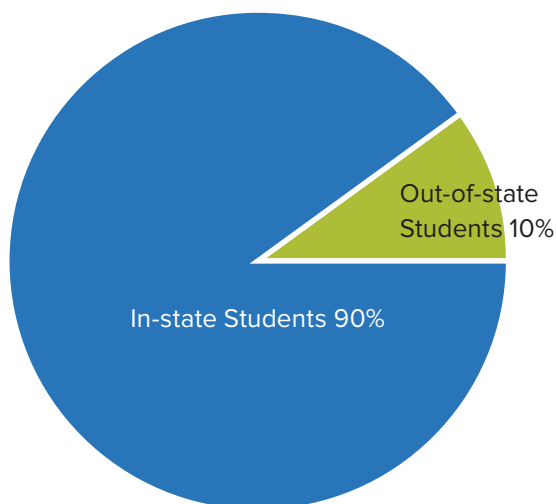
Data: 2016 American Community Survey (1-year Average), Job demand estimated from Georgetown Center for Education and the Workforce, "Recovery 2020" state-level report.

While New Jersey's white population has acquired the postsecondary education levels needed to meet base employer demands (43 percent of white individuals over 25-years-old hold bachelor's degrees), Black and Latinx adults hold bachelor's degrees at around one-half to one-third the rate needed to garner an equitable share of the state's higher paid jobs — 24 percent and 17 percent, respectively.<sup>3</sup> Being locked out of employment opportunities is bad enough, but the inequity is even more distressing given the larger-than-average impact degree attainment has on earnings in New Jersey. The median earnings of bachelor's degree holders in New Jersey is approximately \$3,000 a year more than the national median and the income premium for even higher levels of education is dramatically larger in the state — \$10,000 a year higher at the master's degree level and \$35,000 a year higher at the doctorate level.<sup>4</sup> In short, if New Jersey does not address systemic inequities in college preparation, access, affordability, and completion, it risks excluding Black and Latinx individuals, who represent approximately one-third (33 percent) of the state's population (and 41 percent of the state's 0-25 year-old future generation), from the state's economic future — dramatically worsening racial inequality.<sup>5</sup>

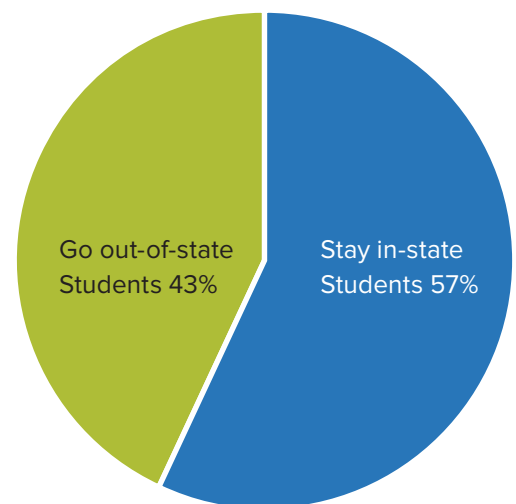
Despite New Jersey's substantial need for more bachelor's degree recipients, the state is a significant exporter of high school graduate talent. Approximately 43 percent of recent high school graduates leave the state to attend college elsewhere — a rate that is only surpassed in by Connecticut, New Hampshire, and Vermont (the nationwide average is 19 percent). Unfortunately for New Jersey, research indicates that most college graduates choose to stay in the area where they went to college, representing an enormous lost of human capital and return on the sizable New Jersey state and local taxpayer investment in K-12 education.<sup>6</sup>

The high student-export rate is not simply due to students looking to explore new horizons for their postsecondary education. It is at least in some part due to a lack of institutional capacity as well. New Jersey residents disproportionately fill New Jersey's in-state college seats. Some 90 percent of all New Jersey's college seats — two-year, four-year, public, and private institution seats — are taken by in-state students.<sup>7</sup> In contrast, the national average for the percentage of seats taken by in-state residents is 79 percent.<sup>8</sup> The effect of high in-state student density among New Jersey public colleges is financial — out-of-state students pay more and do not receive state student financial aid — and academic insofar as the applicant pool effectively is restrained.

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



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



## RACIAL STRATIFICATION

**R**elative to the nation as a whole, New Jersey is a racially and ethnically diverse state – a trend that is anticipated to continue. In fact, one third of the state’s 25-and-older population is Black or Latinx, but among the next generation of *students* (currently aged 0-24), the share jumps to 41 percent.<sup>9</sup> Burgeoning growth in historically underserved racial minority populations only makes addressing entrenched inequities in college preparation, access, affordability, and institutional performance all the more urgent. Unfortunately, gaps are present and persistent from high school to and through college completion. New Jersey’s Black and Latinx students are dramatically less likely than their white peers to score highly on measures of academic preparation in high school. When applying to college, they disproportionately confront sticker shock at New Jersey’s expensive schools. Average published total costs at New Jersey’s public four-year colleges represent well over the half of the median incomes of racial minority households. Even after financial aid, New Jersey’s lowest-income families pay only slightly less than the national average net price. Correspondingly, New Jersey’s Black and Latinx populations utilize public four-year colleges less than the national average and in turn enroll in underperforming public two-year institutions far more than their white peers. In combination, these factors contribute to New Jersey having some of the largest degree completion gaps in the country – especially the white-Latinx degree completion gap.

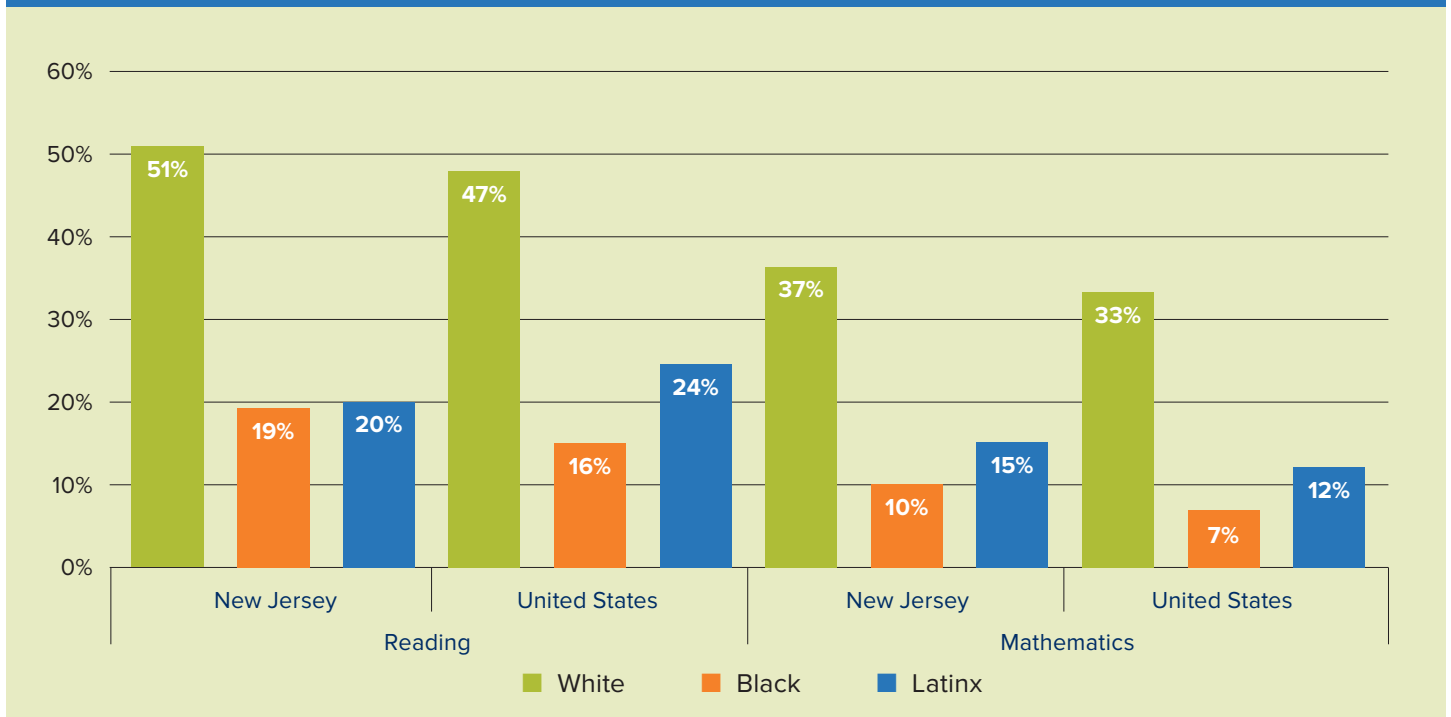
**NEW JERSEY HAS SOME OF THE  
LARGEST DEGREE COMPLETION GAPS  
BY RACE IN THE COUNTRY.**

## College Preparation

The single greatest predictor of college success is academic preparation at the secondary school level – more than race, financial background, and other commonly cited variables.<sup>10</sup> Compared to any other *pre-college* influences on completion, 78 percent of the difference between bachelor’s degree completers and non-completers can be attributed to academic preparation (a combination of class rank, test scores, and curricular rigor).<sup>11</sup> However, while New Jersey does produce better than average overall K-12 student performance, it also produces glaring racial disparities in college preparation levels. Of particular concern are massive gaps in mathematics preparation – where Black and Latinx students are only approximately one-third as likely as white students to score at or above college and career ready expectations on National Assessment of Educational Progress (NAEP) and Partnership for Assessment of Readiness for College and Careers (PARCC) Algebra II testing.

NAEP represents the gold standard of national testing, and New Jersey consistently performs well relative to other states. Annual scores for 4th and 8th grade testing consistently place New Jersey in the top 10 states nationwide.<sup>12</sup> But with regard to college readiness, 12th grade results illustrate wide gaps between students of color and their white peers (Figure 2).<sup>i</sup> Over 50 percent of white students scored “proficient” or “advanced” compared to ~20 percent of Black and Latinx students

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



<sup>i</sup> Scores are disaggregated only for 12th graders for the 2013 assessment and only among 10 states.



# THE GROUNDWORK FOR THE STATE'S COLLEGE DEGREE ATTAINMENT GAPS IS LAID IN THE PRIMARY AND SECONDARY SCHOOL SYSTEM

on the 12th grade reading test.<sup>13</sup> Some 37 percent of white students scored “proficient” or “advanced” compared to only 10 percent of Black students and 15 percent of Latinx students on the 12th grade mathematics test. In other words, according to national testing, 90 percent of New Jersey Black and 85 percent of Latinx seniors exit high school not ready for postsecondary coursework in mathematics – the subject area in which standards-based school reform has shown the most success.

PARCC test results similarly illustrate large achievement gaps between white students and their Black and Latinx peers. On the Grade 11 English test, over 40 percent of white test-takers meet or exceed state-level expectations, while 30 percent of Black and 34 percent of Latinx test takers meet the same benchmark. Of far greater concern though are results on the Algebra II test benchmarks. Algebra II completion and success has been demonstrated to be a particularly strong predictor of academic success at the college level.<sup>14</sup> However, while 32 percent of white students meet or exceed expectations on this test, only 9 percent of Black test-takers and less than 13 percent of Latinx test-takers meet the same.<sup>15</sup> Put another way, a white student is more than four times as likely than their Black peers, and approximately two-and-a-half times as likely as their Latinx peers to pass the New Jersey Algebra II PARCC test. Both gaps are similar to NAEP mathematics test result. In combination, New Jersey's NAEP and PARCC test scores make it clear the groundwork for the state's college degree attainment gaps is laid in the primary and secondary school system.

## College Enrollment

Not so unique, but still disconcerting is that enrollment in New Jersey's public colleges appears racially stratified. A Black student is nearly 30 percent less likely to attend an in-state public *four-year* institution than his/her white peer. A Latinx student is 18 percent less likely.<sup>16</sup> In contrast, there is heavy enrollment of New Jersey's Black and Latinx students in the state's public two-year institutions. Nearly half of Black and Latinx college students (47 and 49 percent, respectively) attend public two-year institutions in the state. For Black students, that rate is nearly 10 percent higher than the national average.

Two- versus four-year college enrollment has meaningful economic consequences. Median earnings of an associate's degree holder are approximately \$15,000 less per year than a bachelor's degree holder.<sup>17</sup> More important, New Jersey has one of the *lowest* projected needs for two-year degrees or less. Indeed, only 26 percent of jobs created in the state require these types of degrees (only Massachusetts and District of Columbia have a lower need for associate degrees).

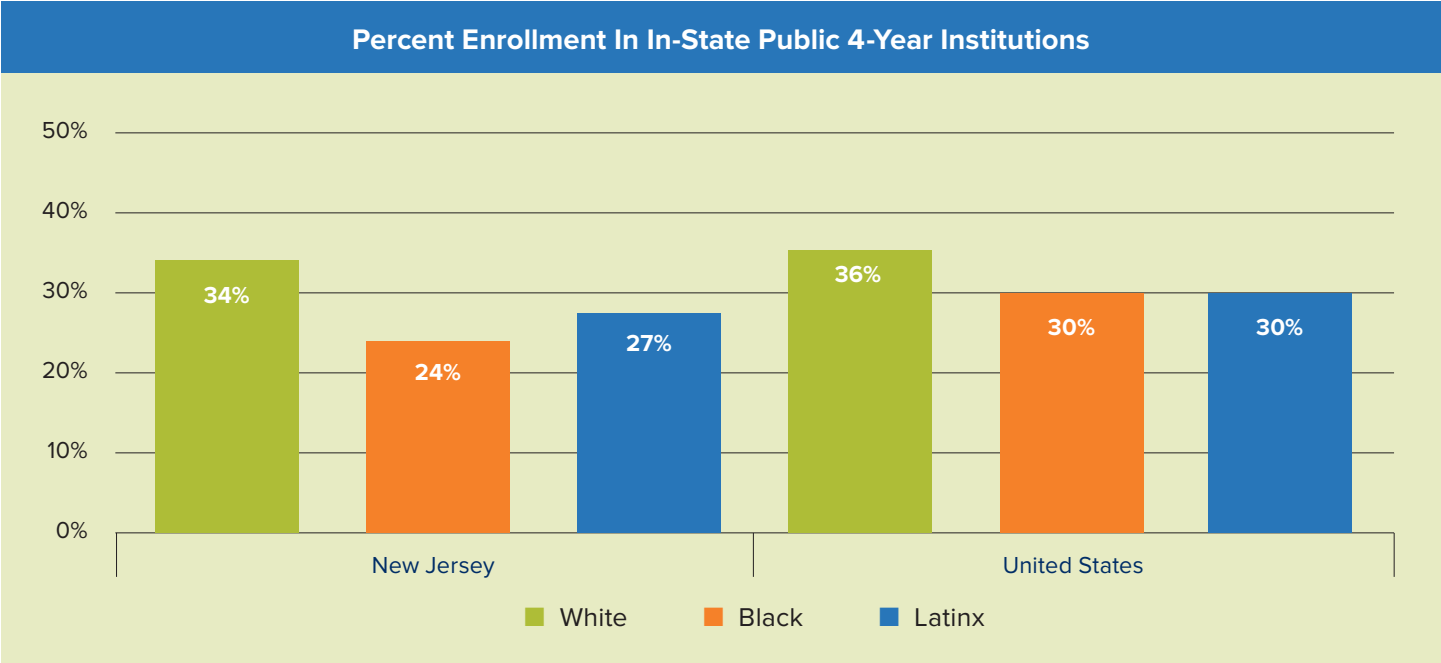
**If a student qualified to attend a four-year institution instead starts at a two-year college with the intention of pursuing a four-year degree, the probability of actually completing a four-year degree is 30 percentage points lower than if they had simply entered a four-year institution in the first place.**

A common narrative about two-year institutions is that they represent a cheaper pathway to a four-year degree, and indeed most community college students (81 percent) intend to acquire a bachelors' degree or higher after completing their two-year degrees.<sup>18</sup> However, nationally, studies find that only 14 percent of students who begin at a two-year institution actually complete a four-year degree after eight years. In fact, if a student qualified to attend a four-year institution instead starts at a two-year college with the intention of pursuing a four-year degree, the probability of

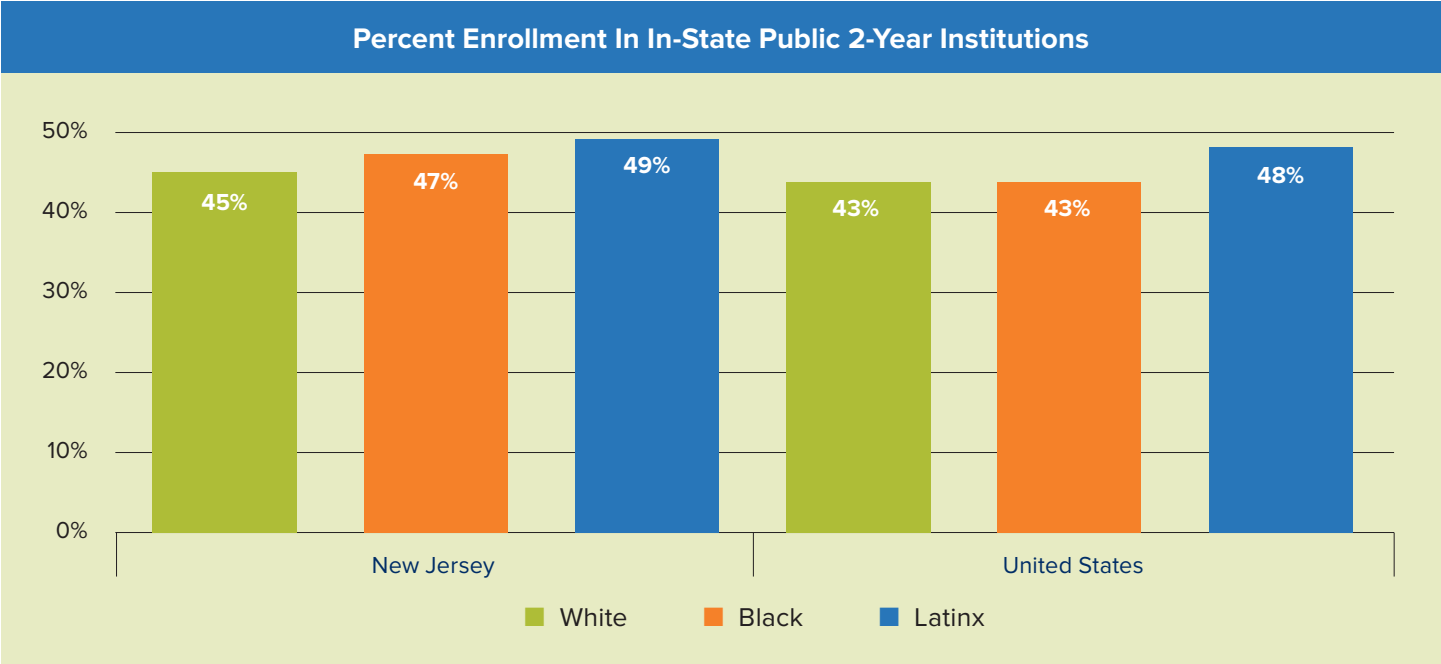
actually completing a four-year degree is 30 percentage points lower than if they had simply entered a four-year institution in the first place.<sup>19</sup> One reason is because credits rarely transfer smoothly between institutions. A recent analysis found that transfer students lose approximately 22 percent of credits earned when transferring from a public two-year to a public four-year institution.<sup>20</sup> Put another way, credit loss due to transfer is the equivalent of losing an entire semester of credits – dramatically reducing the economic efficiency of attending a community college prior to seeking a bachelor's degree.

New Jersey has sought to alleviate this transfer problem by developing a statewide articulation agreement called the Comprehensive State-wide Transfer Agreement, a product of the better known "Lampitt Law" in 2008. This transfer agreement guarantees that an associate's level graduate from a community college will be exempt from the first two years (typically the introductory coursework) of a four-year degree program at any New Jersey public four-year institution.<sup>21</sup> While transfer data is limited, there is some evidence that having a comprehensive transfer agreement does incentivize higher rates of transfer and degree continuation after attending community college, but it only can be

associated with marginally higher completion rates and mainly at public four-year colleges. New Jersey has one of the highest transfer-with-award rates in the country, behind only Florida, but still only a slightly higher-than-average bachelor's completion rate for the total community college beginning cohort at 16.9 percent.<sup>22</sup>



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

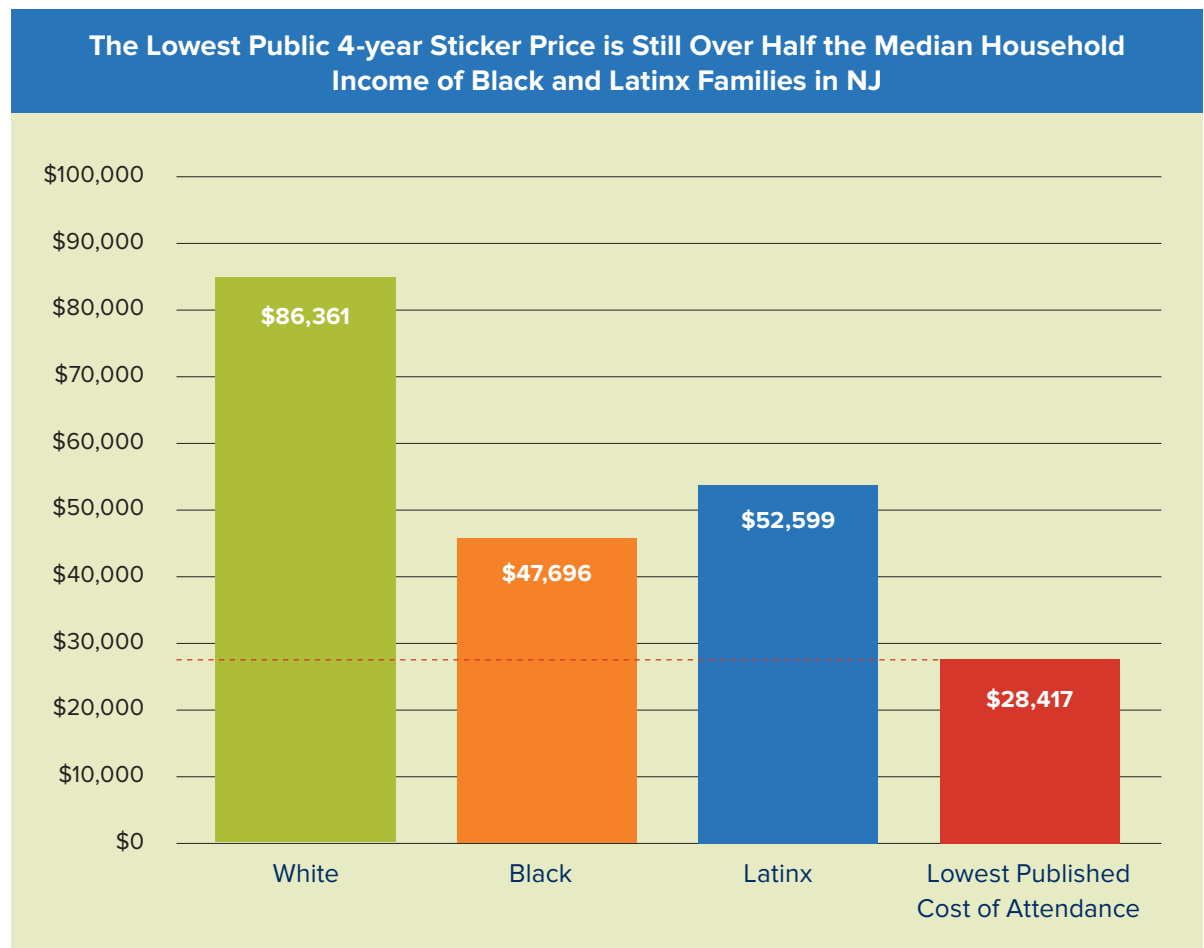


Note: Due to extraordinarily high percentage of in-state students, comparisons made between known US in-state versus overall in NJ. 2016 IPEDS



## College Affordability

It is understandable that historically economically disadvantaged groups are more likely to see public two-year institutions as a more affordable pathway to a bachelor's degree, but it is especially likely in New Jersey – where colleges are extremely expensive relative to the nation. One can imagine the sticker shock a first-generation or low-income student might feel when he/she knows little about the college financial aid system and confronts a \$30,000+ published annual price.<sup>23</sup> In fact, “sticker shock” has been illustrated to push high-performing low-income students away from good colleges.<sup>24</sup> In New Jersey, this phenomenon is likely to occur because the published cost of attendance (tuition, fees, room, board, and supplies) at four-year public institutions in 2016-2017 ranges from \$28,417 to \$35,130 per year – much higher than the national average of \$20,150.<sup>25</sup> In fact, the total published cost of attendance at even the cheapest New Jersey public 4-year institution represents well over half of the household median income for Black or Latinx families in New Jersey. Consider Rutgers University, New Jersey's flagship institution, where the sticker price in 2016 was \$30,400. Put against 25 of its peers (mostly state flagship institutions), Rutgers was the third most expensive by sticker price – behind only Cal-Davis and University of Colorado.<sup>26</sup>

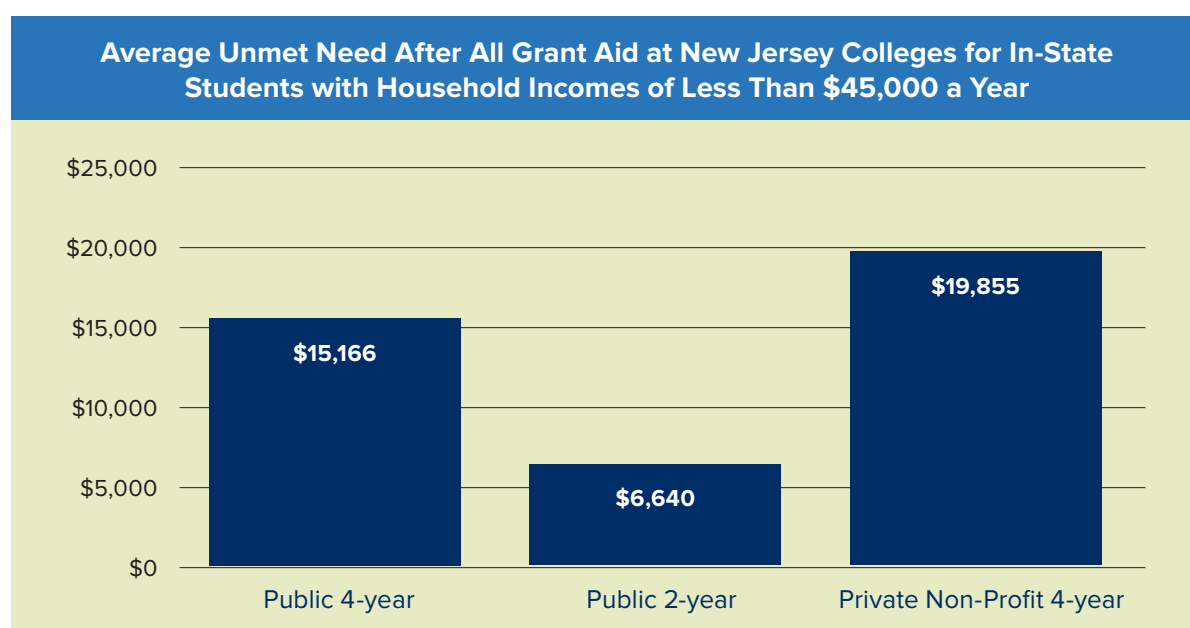


Data: 2016 American Community Survey (1-Year Average)

While sticker prices at New Jersey's institutions are high, New Jersey does have a robust financial aid system that brings *average net* prices after financial at public two- and four-year institutions (total cost of attendance minus federal, state, and institutional aid) down to par with the national average. Among federal financial aid recipients in the 2015-2016 school year, the average net price at New Jersey's public four-year institutions equaled \$15,240 versus \$14,210 nationally, and two-year institution net price was slightly lower than the national average (\$7,218 v. \$7,670).<sup>27</sup> But it is illustrative of how expensive New Jersey's public institutions have become that it takes one of the nation's largest state-level financial aid programs to only bring net price down to the national average. For example, Rutgers, the school that was ranked third most expensive among peers by sticker price only falls to 13th when looking at net price – the very middle – out of its 25 peers.

Looking deeper, average net price **for very low-income students (those from households making less than \$30,000)** at public two- and four-year institutions warns of a state financial aid system that fails to target resources adequately and enable access to New Jersey's high-priced institutions for the most economically disadvantaged populations. The average net price after all financial aid for very low-income New Jersey families attending public four-year institutions is \$13,249 – only \$2,000 less than the state's overall average net price. **New Jersey's net price for college is nearly \$4,000 higher than the national average for this group (\$9,329). Sadly, the story is no different at the two-year level – New Jersey's lowest-income students from families making less than \$30,000 a year still have pay an average net price of \$7,038 after all grant aid compared to the national average of \$6,015. Shockingly, for the poorest families, the cost of attending college in New Jersey – after all financial aid – ranks as the 4th most expensive in the nation.**

In fact, looking at a larger \$0-\$45,000 universe (approximately the median household income of a black household in New Jersey), it is clear that in-state students still face significant unmet need after all grants and their expected family contribution are paid (shown below). These high costs may have significant consequences by either driving students away from the state or shutting them out of higher education altogether.



Data: US Department of Education, NCES, 2015–2016 National Postsecondary Student Aid Study.

## ARBITRARY, INEQUITABLE & INEFFICIENT FUNDING

**N**ew Jersey spends a massive combined \$1.5 billion per year in state general operating funds at public institutions and financial aid programs for its college-going population. Its main student financial aid program, the Tuition Aid Grant (TAG), is larger than the federal Pell Grant on a per recipient basis.

However, state appropriations for public four-year institutions are provided haphazardly with little recognition of individual college student-body needs for reasons not clearly articulated in any public documents. In many cases, state policymakers award more money per student to colleges serving lower proportions of the state's most disadvantaged students.

The TAG grant only covers tuition – not fees, books, supplies, or room and board expenses – and provides nearly a third of its resources to private institutions, including millions to some of the worst performing and wealthiest institutions in the state. The much smaller Educational Opportunity Fund (EOF) reports impressive results, but only receives a fraction of funding needed and that its sister TAG program receives. In short, New Jersey has an arbitrary, inequitable, and inefficient system of funding higher education.

### General Operating Funds (Non-Capital Expenses)

New Jersey's 13 public four-year institutions have a broad array of missions and serve a broad array of students – from the flagship research institution at Rutgers-New Brunswick to the adult-education focused Thomas Edison University. These institutions are funded neither equally nor equitably in consideration of the different student communities with different needs that they serve (Table 1).



**Table 1: Public Four-Year College State Appropriations (FY 2017)**

Institution	Appropriations per Undergraduate FTE*	Pell (Low-Income) Enrollment %	Undergraduate FTE	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 Paterson	\$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.

Compare, for example, Montclair State with Rowan University. In 2016, Montclair served approximately 15,200 full-time equivalent students compared to Rowan's 12,300. Some 46 percent of Montclair students were from working class and low-income families, as measured by Pell Grant eligibility. Approximately 44 percent of undergraduates were white. Montclair received \$35.9 million from the state.<sup>32</sup> Not only did Rowan serve nearly 3,000 fewer full-time equivalent students, but only approximately 30 percent came from low-income families and nearly 70 percent were white.<sup>33</sup> Yet, Rowan received nearly \$88 million from the state. Despite serving what statistically is a less educationally needy community, Rowan was appropriated over three times as much money per undergraduate student as Montclair State.

When asked, the Office of the Secretary of Higher Education has acknowledged that there is no clear policy rationale explaining, much less justifying, current marked inequities in the distribution of state funding to public institutions of higher education.<sup>34</sup>

## State Student Financial Aid

New Jersey keeps net price on par with the national average by maintaining one of largest need-based state grant programs in the country (8th in overall size), but a well-resourced financial aid system does not mean that resources within are fully targeted or spent with the greatest effect.<sup>35</sup>

### A. Tuition Aid Grant

New Jersey's TAG program is the state's largest and most ambitious need-based financial aid program representing \$426 million (92 percent) of the state's student assistance budget. But it too is rife with inequality. TAG award amounts vary based on family income, and unlike the federal Pell Grant program, the cost of the school attended. Moreover, TAG awards may cover up to the cost of tuition (only tuition, not fees) and not room and board or other cost of attendance expenses, again unlike the Pell Grant program.

The maximum Pell Grant universally equals \$6,190, but maximum TAG grants to students with identical family incomes vary in size by institution – ranging from \$2,786 at public two-year colleges to \$12,938 at for-profit and private colleges. This means that in many cases, students with lower family incomes and unmet financial need get smaller TAG grants than students from wealthier families attending expensive but highly resourced institutions.

Consider that among public four-year colleges how widely maximum TAG grants vary – from \$7,380 at most colleges to as high as \$11,428 at the New Jersey Institute of Technology. **In fact, a student going to a private, non-profit institution like Princeton gets nearly 75 percent more TAG funding than a similar student attending Stockton College, and 25 percent more money than a student attending Rutgers.** This disparity exists despite the fact Princeton has a nearly \$21.7 billion endowment as compared to Stockton's \$29 million; despite the fact only 15.3 percent of Princeton students come from low-income families as compared to 36.5 percent at Stockton; and despite the fact Princeton guarantees students from low-income families that it will fill with its own resources any unmet financial need of low-income students. In other words, the State of New Jersey is supplanting Princeton resources while not meeting the full financial need of Pell Grant recipients attending New Jersey community colleges.

Perhaps even worse is the average \$8,000 per student in TAG funds going to for-profit private institutions that historically have demonstrated abysmal outcomes. Almost \$137M (32 percent) a year in TAG public aid dollars go to schools outside the public sector in New Jersey. Due to the higher average

**Table 2: TAG Appropriations (AY 2017-2018)**

Institution Type	Average Grant per Student	Students Served	Total Disbursement (\$)	Total Disbursement (%)
County Colleges	\$1,973	16,078	\$31.7M	7.4%
Senior Public Sector Colleges	\$4,988	14,658	\$73.1M	23.7%
Research Sector Colleges	\$6,506	28,329	\$184.3M	43.3%
Non-Profit Private Colleges	\$8,900	13,328	\$118.6M	27.8%
For-Profit Private Colleges	\$7,418	2,472	\$18.3M	4.3%

**Table 3: EOF Budget Distribution (Fiscal Year 2013)**

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%)
<b>Total</b>	<b>\$25.0M (72%)</b>	<b>\$9.5M (27%)</b>	<b>\$34.4M (100%)</b>

grant per student needed to send students to non-profit private institutions and for-profit private institutions, the number of students served by these funds equals only 21 percent of total TAG students served.

The formula by which TAG grants are provided generates inequities in per-student grant funding by institution as well. Again, it is worth returning to comparisons of Montclair State and Rowan University, where Montclair serves far more low-income and disadvantaged students. Rowan had a published tuition that was only \$666 higher than Montclair, yet the maximum TAG grant for a low-income student who goes to Rowan is around \$1,000 higher – more than wiping out that difference for the students who attend a school which serves fewer low-income students.<sup>40</sup>

*For an institution-by-institution breakdown of TAG expenditures and students served, see Appendix B.*

### **B. Educational Opportunity Fund**

New Jersey's hidden higher education gem might be the Educational Opportunity Fund (EOF) program. It's designed to supplement state TAG funding to: (1) alleviate up to \$2,500 in student costs for non-tuition expenses (i.e. fees, books, supplies, room and board, and transportation), and (2) finance institution support services, such as counseling, tutoring, and developmental or remedial course work for first-generation college students. According to the New Jersey Office of the Secretary of Higher Education, EOF works exceptionally well.

Students receiving an EOF grant have the highest graduation rate in the nation when compared to participants in 15 similar programs serving similar students in other states.<sup>41</sup> The six-year bachelor's degree attainment rate for low-income EOF recipients is approximately 55 percent, significantly above the national average for low-income students.<sup>42</sup>

But at less than \$50 million annually, EOF's budget totals less than 10 percent of the annual TAG appropriation. In Fiscal Year 2015, with a budget of \$40M, around 13,000 low income students received EOF grants.<sup>43ii</sup> The Governor's Fiscal Year 2019 budget sought and received an additional \$1.5 million, but the increase represents only a 3 percent rise in overall EOF funding.<sup>44</sup> Some ~61,900 low-income students continue to go without EOF funding.<sup>iii</sup>

ii Many students get multiple grants – both a summer grant, and then an undergraduate grant.

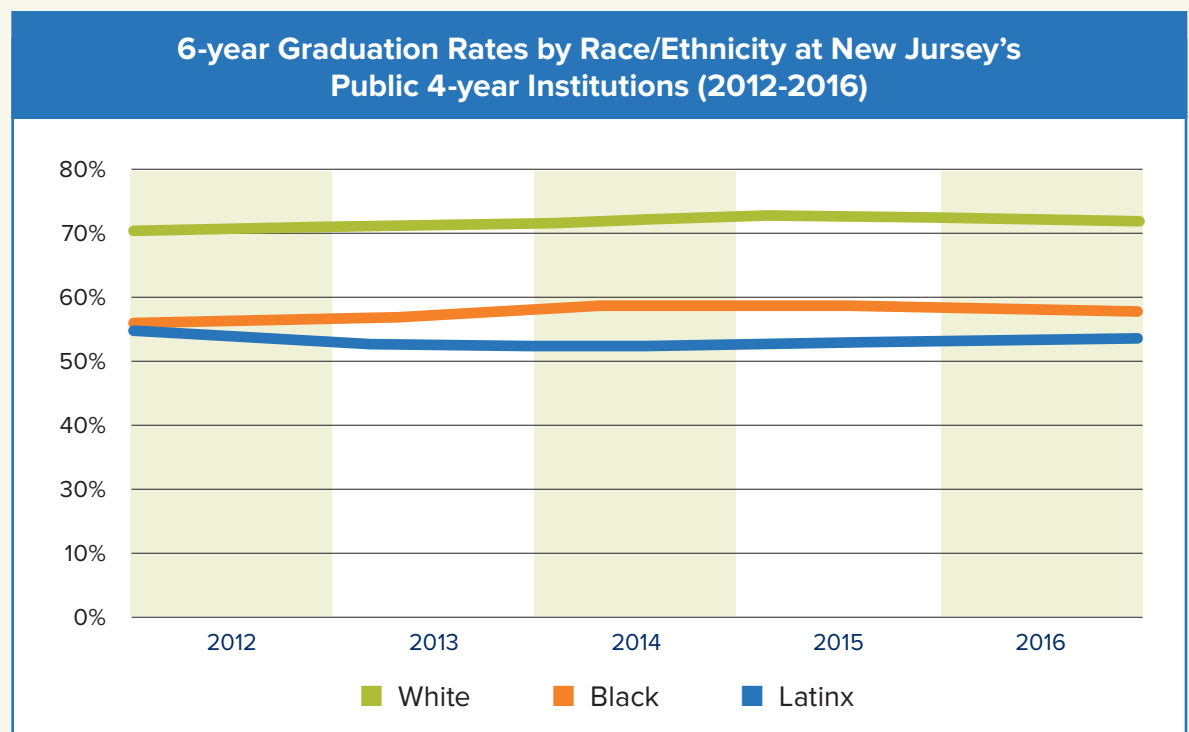
iii (74,865 TAG served – 13,000 EOF recipients = 61,865).



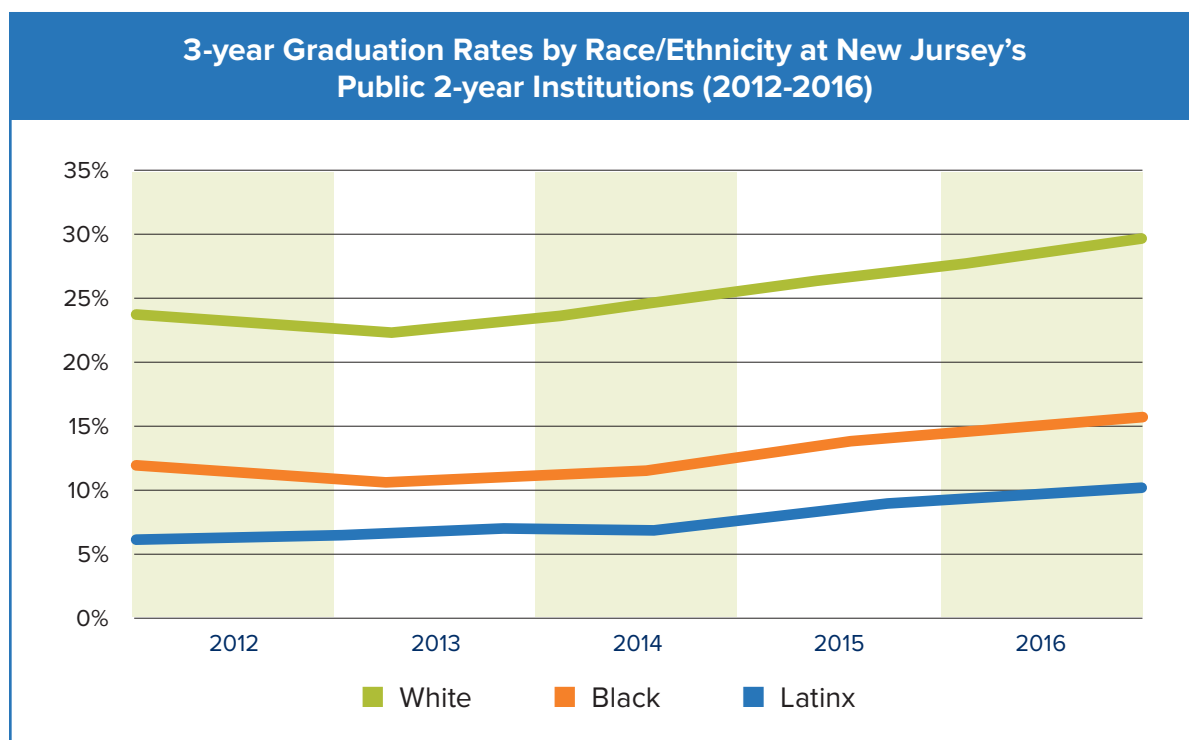
## THE WRONG TRACK FOR COMPLETION

Despite the need for bachelor's degrees, overall trends illustrate that New Jersey's public four-year institutions have not prioritized improving completion rates or closing completion gaps among racial subgroups in the recent years. The last five years of data on first-time, full-time students – the students *most likely* to graduate as compared to returning part-time students – show that New Jersey's bachelor degree completion rates essentially have flat-lined varying no more than three percentage points in either direction for any major subgroup.<sup>46</sup> In contrast, degree completion rates at public two-year institutions have improved, rising by four to five percentage points for all racial and ethnic groups, but are still abysmal overall.

In both cases, completion rates are inadequate and unequal when broken out by race and income, as discussed below:



## DEGREE COMPLETION RATES AT PUBLIC TWO-YEAR INSTITUTIONS HAVE IMPROVED...BUT ARE STILL ABYSMAL.



### A. Race

Overall completion rates at New Jersey's public four-year institutions of higher education are generally much higher than the national average with the exception of Latinx students. Again, the result is racial stratification in terms of post-education completion. Consider the following: white individuals in New Jersey have a six-year (150% regular time) graduation rate of 72 percent – 10 percentage points higher than the rest of the nation (62 percent). For Black students, the New Jersey graduation rate is 54 percent – 14 percentage points higher than the national rate (40%). However, the Latinx graduation rate is 58 percent – only 4 percentage points higher than the national average (54 percent). As a result of the very high white graduation rate and the relatively average Latinx graduation rate, the New Jersey white-Latinx graduation gap is especially high while the white-Black graduation gap is relatively low compared to the national average. Data from 2015 finds that New Jersey had the 20th smallest white-black graduation gap, and the 8th largest white-Latinx gap out of the fifty states.<sup>47</sup>

Approximately 30 percent of first-time, full-time white students at New Jersey's county colleges complete their degree within three years. Only 10 percent of Black students and 16 percent of Latinx students complete theirs.

Large attainment gaps are also present at the associate degree level. Overall, and broken down by race/ethnicity, three-year completion rates are all slightly higher than the national average with the exception of Latinx completion. But completion rates are still far too low, and gaps are racial significant and growing. While approximately 30 percent of white students at New Jersey's public community colleges complete their degree within three years, only 10 percent of Black students and 16 percent of Latinx students complete theirs. In other words, New Jersey's Black community college students are around one-third as likely as their white peers to finish their two-year degree within three years. Worse, this gap is 25 percent larger than the white-Black graduation gap was only three years prior.

#### **B. Income**

Similarly, the high out-of-pocket net price of college in New Jersey has a significant impact on outcomes – especially for low-income individuals. Higher student debt levels, more out-of-school work time, a shift to part-time status, and enrollment in lower cost community colleges all undermine completion.<sup>iv</sup> Pell Grant recipients complete at New Jersey colleges at a significantly lower rate than their non-Pell recipient peers. The Pell gap at four-year schools is 11 percentage points (72 percent compared to 61 percent). ***A Pell recipient in a New Jersey community college is nearly half as likely to complete their degree in three years as a student who did not need to receive a Pell (15 percent to 28 percent).***<sup>48</sup> Compare this to the national rate at community colleges, where Pell recipients have an average completion rate that is 50 percent higher than New Jersey's, at 22 percent in three years.

<sup>iv</sup> In fact, students who work long hours and attend four-year colleges part-time are nearly five times more likely to drop out as their peers who can work less and attend full-time. See: Shapiro D., A. Dundar, P.K. Wakhungu, X. Yuan, A. Nathan, and Y. Hwang. 2016. "Completing College: A National View of Student Attainment Rates – Fall 2010 Cohort". (National Student Clearinghouse Research Center: Herndon, VA). 16. <https://nscresearchcenter.org/wp-content/uploads/SignatureReport12.pdf>



## CONCLUSION

New Jersey is a state that prides itself on high educational attainment and large investments in college affordability. Employers have and are expected to continue to respond by demanding a highly educated workforce. But while overall attainment is high, there are enormous discrepancies between white degree attainment and that of Black and Latinx students. These gaps threaten to lock out over one third of the population from a fair shot at the state's economic growth, job opportunities, and high salaries, damning many to a cycle of economic hardship.

New Jersey's gaps in higher education attainment are caused by a number of phenomena that policymakers can and should address. There are significant gaps in college preparation at the high school level, requiring investment in access to higher-level coursework, better teaching, and counseling to help struggling students through advanced material. These gaps are reflected in college access and enrollment measures – with students of color effectively channeled into two-year community colleges and for-profit institutions more than their white peers. Even when disadvantaged students attend public four-year colleges, many of those institutions serving large numbers of low-income students and students of color are given some of the lowest appropriations levels. Student financial aid programs inequitably and inefficiently spend resources with many allowances made for wealthier individuals and students who choose expensive private institutions and few resources invested in student supports and costs beyond tuition.

If New Jersey wants to live up to its motto of “Liberty and Prosperity,” it needs to invest in fairer and more thoughtful ways to share current and future prosperity with its Black and Latinx population. It is going to require additional investments in *resources and reform* to make the state motto a reality.

## APPENDIX A: LIST OF NEW JERSEY PUBLIC INSTITUTIONS BY INSTITUTION TYPE<sup>49</sup>

### County Colleges (19)

- Atlantic Cape Community College
- Bergen Community College
- Brookdale Community College
- Rowan College at Burlington County
- Camden County College
- Cumberland County College
- Essex County College
- Rowan College of Gloucester County
- Hudson County Community College
- Mercer County Community College
- Middlesex County College
- County College of Morris
- Ocean County College
- Passaic County Community College
- Raritan Valley Community College
- Salem Community College
- Sussex County Community College
- Union County College
- Warren County Community College

### Senior Public State Colleges & Universities (7)

- The College of New Jersey
- Kean University
- New Jersey City University
- Ramapo College of New Jersey
- Stockton University
- Thomas Edison State University\*
- William Paterson University of New Jersey

### Public Research Sector (6)

- Montclair State University
- New Jersey Institute of Technology
- Rowan University
- Rutgers, The State University of New Jersey
  - Rutgers – New Brunswick (flagship)
  - Rutgers – Camden
  - Rutgers – Newark

\* Thomas Edison has a unique mission to provide alternative methods of college education for mature adults.

## APPENDIX B: TAG DISTRIBUTIONS (ACADEMIC YEAR 2017-2018)

Institution of Higher Education	Sum of Term Award Amount	% of Total TAG \$	# Students	Average TAG Grant
<b>County Colleges</b>	<b>\$ 31,714,989</b>	<b>7.4%</b>	<b>16,078</b>	<b>\$1,973</b>
Atlantic Cape Community College	\$1,373,465	0.3%	716	\$1,918
Bergen Community College	\$3,953,978	0.9%	1,729	\$2,287
Brookdale Community College	\$2,427,310	0.6%	1,065	\$2,279
Camden Community College	\$1,772,964	0.4%	987	\$1,796
County College of Morris	\$1,052,685	0.2%	491	\$2,144
Cumberland Community College	\$1,045,970	0.2%	529	\$1,977
Essex County College	\$3,594,639	0.8%	1,753	\$2,051
Hudson County Community College	\$3,597,927	0.8%	1,857	\$1,937
Mercer County Community College	\$988,382	0.2%	498	\$1,985
Middlesex County College	\$2,408,958	0.6%	1,293	\$1,863
Ocean County College	\$1,559,356	0.4%	904	\$1,725
Passaic County Community College	\$1,649,504	0.4%	890	\$1,853
Raritan Valley Community College	\$895,515	0.2%	463	\$1,934
Rowan College at Burlington County	\$1,087,289	0.3%	632	\$1,720
Rowan College at Gloucester County	\$1,096,483	0.3%	657	\$1,669
Salem Community College	\$170,388	0.0%	93	\$1,832
Sussex County Community College	\$595,305	0.1%	277	\$2,149
Union County College	\$2,202,521	0.5%	1,124	\$1,960
Warren County Community College	\$242,350	0.1%	120	\$2,020

Institution of Higher Education	Sum of Term Award Amount	% of Total TAG \$	# Students	Average TAG Grant
<b>Independent Colleges – Non Profit</b>	<b>\$118,622,051</b>	<b>27.8%</b>	<b>13,328</b>	<b>\$8,900</b>
Bais Medrash Toras Chesed	\$47,056	0.0%	8	\$5,882
Beth Madrash Govoha	\$7,337,866	1.7%	1,010	\$7,265
Bloomfield College	\$10,049,807	2.4%	1,107	\$9,078
Caldwell University	\$5,644,994	1.3%	614	\$9,194
Centenary University	\$3,690,084	0.9%	434	\$8,502
College of Saint Elizabeth	\$3,731,595	0.9%	375	\$9,951
Drew University	\$2,982,283	0.7%	341	\$8,746
Farleigh Dickinson - ED WMS CLG	\$589,779	0.1%	70	\$8,425
Farleigh Dickinson	\$887,309	0.2%	109	\$8,140
Farleigh Dickinson - Florham	\$6,925,963	1.6%	800	\$8,657
Farleigh Dickinson - Teaneck	\$10,141,133	2.4%	1,043	\$9,723
Felician University	\$7,374,992	1.7%	809	\$9,116
Georgian Court University	\$4,727,145	1.1%	577	\$8,193
Monmouth University	\$11,203,484	2.6%	1,272	\$8,808
Pillar College	\$1,819,334	0.4%	244	\$7,456
Princeton University	\$897,904	0.2%	99	\$9,070
Rabbi Jacob Joseph School	\$150,646	0.0%	16	\$9,415
Rabbinical College of America	\$78,510	0.0%	9	\$8,723
Rider University	\$9,363,251	2.2%	1,066	\$8,784
Saint Peter's University	\$15,605,555	3.7%	1,555	\$10,036
Seton Hall University	\$11,470,155	2.7%	1,282	\$8,947
Stevens Institute of Technology	\$2,855,026	0.7%	369	\$7,737
Talmudical Academy	\$123,238	0.0%	14	\$8,803
Yeshiva Toras Chaim	\$820,659	0.2%	85	\$9,655
Yeshivas Be'er Yitzchok	\$104,283	0.0%	20	\$5,214



Institution of Higher Education	Sum of Term Award Amount	% of Total TAG \$	# Students	Average TAG Grant
<b>Independent Colleges – For Profit</b>	<b>\$18,338,249</b>	<b>4.3%</b>	<b>2,472</b>	<b>\$7,418</b>
Berkeley College	\$14,950,338	3.5%	1,830	\$8,170
DeVry University	\$627,422	0.1%	92	\$6,820
Eastern International College	\$1,421,831	0.3%	207	\$6,869
Eastwick College	\$365,116	0.1%	110	\$3,319
Eastwick College - Hackensack	\$276,662	0.1%	66	\$4,192
Hohokus School - Rets/Nutley	\$696,880	0.2%	167	\$4,173
<b>Research Universities</b>	<b>\$184,311,333</b>	<b>43.3%</b>	<b>28,329</b>	<b>\$6,506</b>
Montclair State University	\$31,699,518	7.4%	6,390	\$4,961
Rowan University	\$21,475,885	5.0%	4,042	\$5,313
New Jersey Institute of Technology	\$20,936,771	4.9%	2,679	\$7,815
Rutgers, The State Univ. of New Jersey	\$110,199,159	25.9%	15,218	\$7,241
<b>State Colleges</b>	<b>\$73,110,879</b>	<b>17.2%</b>	<b>14,658</b>	<b>\$4,988</b>
Kean University	\$16,409,501	3.9%	3,708	\$4,425
New Jersey City University	\$15,737,626	3.7%	3,162	\$4,977
Ramapo College of New Jersey	\$6,120,320	1.4%	1,090	\$5,615
Stockton University	\$12,890,255	3.0%	2,493	\$5,171
The College of New Jersey	\$6,970,091	1.6%	1,037	\$6,721
Thomas Edison State University	\$118,332	0.0%	48	\$2,465
William Paterson University	\$14,864,754	3.5%	3,120	\$4,764
<b>GRAND TOTAL</b>	<b>\$426,097,501</b>	<b>100.0%</b>	<b>74,865</b>	<b>\$5,692</b>

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