

LEGISLATIVE FISCAL ESTIMATE
[Second Reprint]
SENATE, No. 3897
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JANUARY 11, 2024

SUMMARY

Synopsis:	Authorizes Higher Education Student Assistance Authority to award annual summer tuition aid grants.
Type of Impact:	Annual State expenditure increase from General Fund beginning in FY 2025.
Agencies Affected:	Higher Education Student Assistance Authority. Public Institutions of Higher Education.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2025 and Thereafter</u>
Annual State Cost Increase	Less Than \$30 Million

- The Office of Legislative Services (OLS) estimates that making the summer tuition aid grant program permanent will lead to an annual State expenditure of up to \$30 million for the program starting in FY 2025.
- Up to \$30 million reflects a projection of annual program costs. It is probable, however, that a significant, unknown, component of annual summer tuition aid grant program expenditures will constitute an acceleration of tuition aid grant disbursements from future semesters and fiscal years. If so, then an unknown share of annual State expenditures for the summer tuition aid grant program will be offset by reductions in future outlays for the fall and spring semester tuition aid grant program.

BILL DESCRIPTION

This bill makes permanent the Higher Education Student Assistance Authority pilot program under which eligible students were awarded summer tuition aid grants in the summer of 2023 only. A student was eligible for a summer tuition aid grant in the summer 2023 semester if:

- the student met the eligibility criteria of the larger State tuition aid grant program;
- the student was enrolled in six or more credit hours in the summer term;

- the courses for which the summer tuition aid grant was to be applied were in the same undergraduate program at the same institution in which the student had last been enrolled during the fall or spring semester of the preceding academic year; and
- the courses for which the summer tuition aid grant was to be applied were to be credited towards the student's graduation or academic major requirements.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that making the summer tuition aid grant program permanent will lead to an annual State expenditure of up to \$30 million for the program starting in FY 2025.

The estimate reflects a projection of annual program costs. It is probable, however, that a significant, unknown, part of annual summer tuition aid grant program expenditures will constitute an acceleration of tuition aid grant disbursements from future semesters and fiscal years. If so, then an unknown share of annual State expenditures for the summer tuition aid grant program will be offset by reductions in future outlays for the fall and spring semester tuition aid grant program.

The OLS estimate is based on information from the Higher Education Student Assistance Authority. According to the authority, in summer 2023, about 11,000 students were provided with summer tuition aid grants at a cost of \$24.3 million. Considering that 2023 was the inaugural year of the program, the OLS adjusted its estimate upward to an annual maximum of \$30 million to account for potential program growth.

The summer tuition aid grant program has a concomitant effect on public institutions of higher education. Administratively, the institutions apply tuition aid grants to student accounts in their pre-semester bills and then receive tuition aid grant payments as cost reimbursements from the Higher Education Student Assistance Authority at the end of the semester for which tuition aid grants were awarded.

Section: Education

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).