

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3722

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: NOVEMBER 6, 2019

SUMMARY

- Synopsis:** Permits incarcerated persons to receive student financial aid.
- Type of Impact:** Annual State expenditure increase to the General Fund; Annual increases in revenue and expenditures for institutions of higher education
- Agencies Affected:** Higher Education Student Assistance Authority; Institutions of Higher Education

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Expenditure Increase		\$600,000 - \$901,000	
Institutions of Higher Education			
Revenue Increase		Indeterminate	
Institutions of Higher Education			
Expenditure Increase		Indeterminate	

- The Office of Legislative Services (OLS) estimates that this bill may result in annual increases in State expenditures of between \$600,000 and \$901,000. The bill would predominantly increase expenditures on the Tuition Aid Grant (TAG) program, which is the State's primary need-based financial aid program. The cost increases under this bill will vary from year to year depending on a number of factors including, but not limited to, the total number of incarcerated persons enrolled in college courses, the mix of part-time and full-time students participating, and the amount of TAG assistance appropriated annually.
- The OLS notes that the FY 2020 Appropriations Act included a language provision requiring funding to be appropriated for the purpose of providing TAG awards to incarcerated individuals. In response to OLS Discussion Points, the Higher Education Student Assistance Authority (HESAA) estimated making \$625,000 in total TAG award payments to incarcerated students in FY 2020.

- State institutions of higher education will experience an indeterminate increase in tuition revenue from State TAG awards, federal Pell Grants, and philanthropic money as a result of this bill to the extent that a combination of this funding results in more incarcerated persons being able to meet their educational expenses and enroll in college courses.
- These institutions may also incur additional costs related to any supplementary staffing that may be needed to accommodate an increase in enrollment.

BILL DESCRIPTION

This bill eliminates that statutory provision that a person who is incarcerated is ineligible for State-administered student financial aid. Under the bill, an incarcerated person would be subject to the same statutes and regulations governing the receipt of a grant or scholarship through a State-administered program as are all other applicants for this aid, provided that:

- (1) the person had been a resident of this State for a period of not less than 12 months immediately prior to the date of incarceration;
- (2) the person is a State-sentenced inmate; and
- (3) the person receives approval from the Department of Corrections to enroll in an eligible institution.

FISCAL ANALYSIS

EXECUTIVE BRANCH

While the Executive Branch has not submitted a formal fiscal note on this bill, information provided to FY 2020 OLS Discussion Points by HESAA (which it received from the Department of Corrections) showed that there are 476 incarcerated students enrolled in college courses through the New Jersey Scholarship and Transformative Education in Prisons (NJ-STEP) program: 432 students (351 part-time and 81 full-time) enrolled in associate's degree programs through Raritan Valley Community College (RVCC) and 44 students in bachelor's degree programs enrolled part-time through Rutgers University-Newark. HESAA estimated that \$625,000 in total TAG award payments to RVCC students would be made in FY 2020. Those students enrolled through Rutgers University-Newark cannot receive TAG awards as State law does not provide TAG assistance to part-time students at senior institutions of higher education.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds the cost estimate provided by HESAA during the FY 2020 budget process to be reasonable. Based on current law and the size and composition of full-time and part-time students in NJ-STEP, the OLS estimates that the bill would increase State expenditures by approximately \$714,258¹, or 0.16 percent of current TAG appropriations. However, this estimate does not include those new students who would be able to pay for their educational expenses with TAG assistance and enroll in college courses with the passage of this bill. Also, it does not take

¹ This figure assumes that the 81 full-time RVCC students receive the maximum currently allowed TAG award of \$2,786 for 2019-2020 and that the 351 part-time students take between six and eight credits and receive the maximum annual award of \$1,392.

into account the possibility that the downward trend in NJ-STEP participation may continue despite passage of this bill resulting in lower student enrollment over time. For the purposes of calculating a cost estimate range for this bill, the OLS assumes enrollment of 400 students to calculate the lower bound of the estimate and 600 students for the upper bound. Assuming all students will receive the maximum TAG award and applying the same ratio of full-time to part-time students as provided by HESAA, the increase in State expenditures on TAG awards to incarcerated students is in the range of \$600,000 to \$901,000 annually. These amounts are between 0.14 percent and 0.21 percent of the total FY 2020 TAG appropriation. The range also excludes part-time Rutgers University-Newark students who are not eligible to receive TAG assistance based on their part-time status.

The annual costs the State incurs under this bill will increase or decrease year to year depending on a number of factors in addition to total enrollment, including: the total number of credits taken by each student; the tuition rates charged by institutions of higher education; and the annual appropriation for TAG, which may affect the dollar amount of individual awards. Another consideration for costs incurred as a result of this bill would be the potential expansion of the NJ-STEP program. Currently, the program operates in seven State correctional facilities, so expansion into other State facilities may affect State financial aid costs. Despite the potential for expansion, the OLS notes that growth in the program may be somewhat constrained by physical space and time limitations in State correctional facilities.

The OLS also notes that any growth in the number of incarcerated persons taking college courses will result in increased revenues and possibly increased expenditures for the corresponding institutions of higher education. Incarcerated persons under NJ-STEP are currently eligible for federal Pell Grants to fund their college tuition and NJ-STEP receives private funding that is used to help students pay their expenses. However, these funding sources can be inadequate for some incarcerated persons to enroll in college courses. To the extent that this bill closes the tuition gap and allows new students to enroll in NJ-STEP, institutions of higher education will receive additional revenues from TAG awards, Pell Grants, and private donations. This revenue increase may be offset somewhat by the hiring of additional staff to teach the larger student population.

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.).