LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3946
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 7, 2020

SUMMARY

Synopsis: Provides relief to students receiving State financial aid to address special circumstances due to 2020 public health state of emergency.

Type of Impact: State Expenditure Increase.

Agencies Affected: Higher Education Student Assistance Authority.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) concludes that this bill will result in an indeterminate increase in State expenditures due to: 1) the provision of the bill which excludes the spring 2020 semester from a student's total lifetime eligibility limits for all State financial aid programs, if the student was unable to complete the semester due to the coronavirus disease 2019 (COVID-19); and 2) the provisions of the bill which relax the grade point average (GPA) requirements under the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) and NJ STARS II programs.

- The bill would also result in the Higher Education Student Assistance Authority (HESAA) not collecting State financial aid refunds from students who, under current law, would have otherwise had to return financial aid to the State because they reduced their academic course load to below full-time or below half-time in the case of part-time Tuition Aid Grant (TAG) recipients.

BILL DESCRIPTION

The bill provides that the HESAA will exclude the spring 2020 semester from a student's total lifetime eligibility limits for all State financial aid programs, if the student was unable to complete the semester due to the public health state of emergency caused by COVID-19. The bill requires HESAA to waive the State financial aid amounts that a student would be required to return to the State under existing law if: 1) the student withdraws or reduces his credits to below full-time, or

to below half-time in the case of a part-time State TAG recipient, due to the public health state of emergency; and 2) the institution has already disbursed the student's State financial aid.

The bill further makes changes to the NJ STARS and NJ STARS II programs. Under the bill, a county college student enrolled in the 2019-2020 academic year will remain eligible for the NJ STARS scholarship in the third semester of county college enrollment. To remain eligible for the scholarship in the fourth and fifth semesters of county college enrollment, a student must attain a GPA of at least 3.0 by the start of the student's fourth semester of county college enrollment.

The bill provides that a student enrolled in a county college in the 2019-2020 academic year must attain a cumulative GPA of at least 3.0 upon graduation from the county college to be eligible for an NJ STARS II scholarship in the student's third academic year of study.

The bill provides that a student enrolled in a four-year institution of higher education in the 2019-2020 academic year will remain eligible for the NJ STARS II scholarship in his third semester of study at the four-year institution. To remain eligible for a scholarship in the fourth semester of study, a student must attain a GPA of at least a 3.25 based on the student's performance during the first three semesters of study at the four-year institution.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an indeterminate increase in State expenditures. For one, the bill would increase State student financial aid expenditures to the extent that students, who were not able to complete the spring 2020 semester due to the COVID-19 public health state of emergency, may receive financial aid in a future semester in which they otherwise would not have been able to receive such aid absent this bill. The bill would also result in the HESAA not collecting State financial aid refunds from students who, under current law, would have otherwise had to return financial aid to the State because they reduced their academic course loads to below full-time or below half-time in the case of part-time TAG recipients. The OLS does not have sufficient information on the number, and financial aid award amounts, of students who have withdrawn or reduced their academic course loads because of COVID-19, to estimate this cost.

This bill would also generally increase State costs under the NJ STARS and NJ STARS II programs. By way of background, New Jersey residents who rank in the top 15 percent of their class at the end of either their junior or senior years of high school may be eligible for the NJ STARS program. Under current law, NJ STARS awards cover tuition for up to 18 college-level credits per semester, for up to five semesters. An NJ STARS recipient must attain a GPA of 3.0 or higher prior to the third semester of enrollment to continue in the program. NJ STARS II is a continuation of the NJ STARS program that provides financial aid to NJ STARS recipients, who graduated from county college with at least a 3.25 GPA, to attend a New Jersey four-year public or independent institution of higher education. NJ STARS II awardees may receive a maximum of $2,500 per year ($1,250 per semester) under current law. An NJ STARS II recipient must attain a GPA of 3.25 or higher at the start of the third semester of study at the four-year institution to maintain eligibility.

The bill's changes to the NJ STARS and NJ STARS II programs would increase State costs to the extent that:

- Current county college NJ STARS recipients, who otherwise may not have met the 3.0 GPA requirement to remain in the program under current law, will continue to receive scholarships in their third semester of enrollment;
- NJ STARS graduates, who otherwise would not have met the 3.25 GPA requirement for NJ STARS II but who have a GPA of at least 3.0 upon graduation from a county college, would now be able to receive NJ STARS II scholarships; and
- Current NJ STARS II recipients, who otherwise may not have met the 3.25 GPA requirement to maintain their scholarships under current law, will continue to receive scholarships in their third semester of enrollment at a four-year institution of higher education.

The OLS notes that this bill will annually increase State costs by up to: 1) the cost of tuition for up to 36 county college credits per year (18 credits per semester) for each student who under current law would not be eligible for an NJ STARS award but would now qualify due to enactment of the bill; and 2) $2,500 annually for each student who would now be eligible for an NJ STARS II award under the bill. The OLS also notes that, while it does not have the informational basis to estimate the bill's total financial impact on the NJ STARS program, an estimated 1,580 student recipients were receiving $4.957 million in NJ STARS scholarships in Fiscal Year 2020 and approximately 780 students were receiving $1.95 million in NJ STARS II scholarships.

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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.).