

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4410

**STATE OF NEW JERSEY
219th LEGISLATURE**

DATED: NOVEMBER 19, 2020

SUMMARY

- Synopsis:** Establishes Community College Opportunity Grant Program in Higher Education Student Assistance Authority to provide last-dollar financial aid grants to county college students and Student Success Incentive funding to county colleges.
- Type of Impact:** Annual increase in State costs; annual increase in revenues for county colleges
- Agencies Affected:** Higher Education Student Assistance Authority; County Colleges

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2022 & Thereafter</u>
State Cost Increase	Indeterminate
Revenue Increase – County Colleges	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual State cost increases and annual increases in revenues for county colleges beginning in FY 2022 related to the establishment of the Community College Opportunity Grant (CCOG) program.
- The CCOG program was first enacted through budget language in the FY 2019 Appropriations Act and received a \$25 million appropriation in both FY 2019 and FY 2020. The appropriation to the program for the FY 2020 three-month extension totaled \$10 million and the appropriation in the FY 2021 Appropriations Act for the nine-month period was also \$10 million, making the total funding for that 12-month period \$20 million.
- The OLS estimates an indeterminate increase in the annual revenues of county colleges and a corresponding indeterminate annual cost increase to the State for the Student Success Incentive. In FY 2019 and FY 2020, \$5 million of the appropriations for the CCOG program was allocated for capacity building grants to county colleges. The Student Success Incentive funding is likely to be issued in a similar manner as capacity building grants have been issued to county colleges.

BILL DESCRIPTION

This bill establishes the CCOG Program, which is to be administered by the Higher Education Student Assistance Authority. The program provides last-dollar grants to eligible county college students, to pay for the remaining costs of tuition and approved educational fees, subject to the limit of funds appropriated or otherwise made available for the program, that are not already covered by any other State, federal, and institutional need-based grants and merit scholarships for which a grant recipient is eligible. The program would also provide county colleges with Student Success Incentive funding for outreach and student success initiatives.

To be eligible for grants under the CCOG program, a student is required to: be a legal resident of the State or, for undocumented students, be eligible for student financial aid; be enrolled in at least six credits at a county college in the State; be enrolled at the county college that serves the student's county of residence, although a student attending an out-of-county college may receive a grant to cover tuition and approved educational fees charged at the in-district rate for the student's home county college; have an annual adjusted gross income between \$0 and \$65,000, except that the authority, in consultation with the Office of the Secretary of Higher Education and the New Jersey Council of County Colleges, may annually establish maximum annual adjusted gross income eligibility limits of no less than \$65,000; have applied for all other available forms of State, federal, and institutional need-based grants and merit scholarships and completed and submitted a financial aid form; not owe a refund on a grant or scholarship previously received from a State or federal program through any institution or be in default on any loan made under any State or federal student loan program at any institution, unless the student makes arrangements with the authority to repay the debt; and be in good academic standing and meet the minimum standards for academic performance and satisfactory academic progress as defined by the county college which the student is attending.

A student will be eligible for a grant under the program for up to five semesters, unless the student is enrolled in a program regularly requiring at least six semesters for completion, in which case the authority will permit up to six semesters of eligibility. A student enrolled in a three plus one degree program will be eligible for a grant under the program for up to six semesters.

The bill also directs the Legislature to annually appropriate funds to the Office of the Secretary of Higher Education to provide Student Success Incentive funding to each county college for outreach and student success initiatives and to support the goals of the Community College Opportunity Grant Program. The funding may be used to fund initiatives, such as establishing mentorship programs; hosting events to assist students and families in completing financial aid applications; addressing students' material hardships, such as lack of access to food, medical care, housing, child care, and transportation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in indeterminate annual State cost increases and annual increases in revenues for county colleges beginning in FY 2022 related to the establishment of the CCOG program.

The program was first enacted through budget language in the FY 2019 Appropriations Act and received a \$25 million appropriation in both FY 2019 and FY 2020. The appropriation to the program for the FY 2020 three-month extension totaled \$10 million and the appropriation in the FY 2021 Appropriations Act for the nine-month period was also \$10 million, making the total funding for that 12-month period \$20 million. Although FY 2020 included an adjusted appropriation of \$25 million for the program, only \$19.7 million was expended with a total of 15,387 semester awards. According to the authority's responses to the OLS discussion points for the FY 2020 budget, the increased awareness of CCOG awards led to increased applications for aid and newly-found eligibility for both Tuition Aid Grants and federal Pell grants. The CCOG program awards last-dollar grants, so increased eligibility for other forms of financial aid reduced the level of unmet need.

With the ongoing impacts of the COVID-19 pandemic, it is unclear how the demand for CCOG awards will be impacted. If fewer eligible students enroll at county colleges, expenditures for CCOG awards to students may fall below FY 2020 levels. On the other hand, CCOG award expenditures may increase if financial need grows among a greater number of county college students due to ongoing economic conditions. Considering that last-dollar CCOG grants cover the remaining costs of tuition and approved educational fees after first accounting for students' other federal, state, or institutional grants and scholarships, CCOG costs would increase if the cohort of eligible students has, on average, a higher level of unmet need.

The OLS also estimates an indeterminate increase in the annual revenues of county colleges and a corresponding indeterminate annual cost increase to the State for the Student Success Incentive. In the FY 2019 and FY 2020 appropriations acts, \$5 million of the appropriation for the CCOG program was allocated to capacity building grants for county colleges. The OLS believes that the capacity building activities undertaken by county colleges in FY 2019 and FY 2020 will be similar in nature to those that may be initiated with Student Success Incentive funding under the bill.

Section: *Education*
Analyst: *Christopher Myles*
 Associate Fiscal Analyst
Approved: *Thomas Koenig*
 Assistant Legislative Budget and Finance Officer

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.).