

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2743

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 22, 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	FY 2022 & Thereafter
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. The program received a \$20 million appropriation for financial aid grants in FY 2019 and a \$25 million appropriation for financial aid grants in 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 financial aid 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 Student Success Incentive funding. In both FY 2019 and FY 2020, \$5 million of the total 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 purpose of the program is to provide 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.

To be eligible for financial aid 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 county college that the student is attending; 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 may be eligible for a grant under the CCOG program during a fall or spring semester in an academic year.

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; and 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. The program received a \$20 million appropriation for financial aid grants FY 2019 and a \$25 million appropriation for financial aid grants in 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 financial aid funding for that 12-month period \$20 million. In FY 2019, approximately \$6 million of the \$20 million dedicated to financial aid grants was expended for eligible students during only the spring 2019 semester. Meanwhile, in the 12-month FY 2020 period, approximately \$19.7 million was expended for eligible students during the fall 2019 and spring 2020 semesters. According to the authority's responses to the OLS discussion point questions 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 among students eligible under the CCOG program.

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 Student Success Incentive funding. In both the FY 2019 and FY 2020 appropriations acts, \$5 million of the total appropriations for the CCOG program was allocated to capacity building grants for county colleges. The combined 12-month FY 2021 fiscal period included a separate \$5 million line item for Student Success Incentive Funding. 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.

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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.).