

# COLLEGE AFFORDABILITY STUDY COMMISSION

September 2016

*Final  
Report*

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September 27, 2016

Honorable Chris Christie  
Governor of New Jersey

Honorable Stephen M. Sweeney  
President of the Senate

Honorable Vincent Prieto  
Speaker of the General Assembly

Dear Sirs:

The New Jersey College Affordable Study Commission is pleased to submit its report and recommendations pursuant to P.L.2015, c.4. The enactment directed the commission to examine issues designed to increase the affordability of higher education in New Jersey and to report its findings and recommendations to the Governor and Legislature.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Keating".

Frederick Keating, Ed.D.  
Chairman



## Membership

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Dr. Frederick Keating, Chair  
President, Rowan College at Gloucester County

Dr. Nancy H. Blattner  
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## Commission Process

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The College Affordability Study Commission was established by State law on February 5, 2015 for the purpose of examining issues and developing recommendations to increase the affordability of higher education in New Jersey (see Appendix A - P.L.2015, c.4). Appointed members convened on April 15, 2015 for the organizational meeting, at which time Dr. Frederick Keating, President of Rowan College at Gloucester County, was elected committee chair. Dr. Keating organized the Commission into three subcommittees to review specific Commission responsibilities laid out in P.L.2015, c.4, including: a programmatic subcommittee to review program offerings at institutions of higher education; a financial subcommittee to review existing State higher education programs and issues pertaining to financial literacy; and a broadly defined third subcommittee to review any other proposals that the Commission believes would increase the affordability of higher education in the State.

The Commission held nine public meetings at the Statehouse in Trenton, New Jersey. Public meetings were preceded by an executive meeting of the full Commission and breakout meetings of each subcommittee. During its deliberations, the Commission sought to receive input from a wide array of stakeholders and experts in the field of college affordability. Throughout the course of its public meetings, the Commission received testimony from more than three dozen invited speakers (see Appendix B). Additionally, the Commission offered a public comment opportunity at each meeting during which members of the public were invited to offer testimony. At the outset of its work, the Commission requested and reviewed information from each institution of higher education in the State on its existing affordable and accelerated degree programs.

In an effort to receive as much input as possible from students, parents, and members of the higher education community, the Commission held three public hearings on college campuses, one in each of the northern, central, and southern portions of the State. These hearings were held at Union County College, Rowan University, and The College of New Jersey (TCNJ). The hearing at TCNJ was held during afternoon and evening hours in an effort to obtain input from students and parents with school and work obligations. Transcripts of the three public hearings may be accessed on the webpage of the New Jersey Legislature.<sup>i</sup> Additionally, the Commission invited individuals who were unable to attend a public hearing to submit written testimony for consideration by the Commission and inclusion in the record by contacting the Commission aide.

This final report was released by a unanimous vote of all Commission members.

## A Message from the Chair

The Commission submits the following 20 recommendations to make college in the State more affordable. These recommendations will give New Jersey's students and their parents a road map towards timely and affordable degree completion. High school students will become better educated in college financial planning and will have the opportunity to earn a head start on their college degree through high-quality dual enrollment programs. Students at the county colleges and four-year institutions will now have a menu of options to help them meet their goals at a more affordable cost than ever before. Programs like the "3 Plus 1" and the 3 year degree programs, in concert with the advisory and support services we recommend, will keep students on track and on time to degree completion. The returning student will be more likely to finally attain that valuable degree with the benefit of targeted solutions for noncompleters. Finally, the Commission recognizes the strengths of the many State higher education programs already in place, such as EOF, TAG, and NJSTARS, and calls upon the State to reinvest in and reinvigorate these already well-placed programs.

*Frederick Keating, Ed.D.*

## Introduction

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Higher education remains one of the best investments an individual can make towards building a more prosperous and secure financial future. Over the course of their lives, college educated adults reap numerous benefits from their degrees. They are better paid, more likely to be employed, and more likely to have health insurance than their less educated peers. As noted in a 2013 report of the College Board, the college graduate enjoys average lifetime earnings that are 65 percent greater than those of high school graduates. Individuals with advanced degrees earn two to three times as much as high school graduates. Additionally, college graduates work in a comparatively more secure labor market than their less educated peers. From 1992 to 2012, the unemployment rate for individuals with at least a bachelor's degree has consistently been about half the unemployment rate for high school graduates.<sup>ii</sup> According to an analysis of estimated future earnings of college graduates:

*On average, the benefits of a four year college degree are equivalent to an investment that returns 15.2 percent per year. This is more than double the average return to stock market investments since 1950, and more than five times the returns to corporate bonds, gold, long-term government bonds, or home ownership. From any investment perspective, college is a great deal.*<sup>iii</sup>

The value of higher education extends beyond its rewards to the individual. Without question, a more educated society is a more vibrant society. Better educated citizens, through their higher incomes, contribute more in tax dollars to their communities, states, and nation. They are also more likely to engage in civic activities, such as voting. For instance, in the 2012 presidential election, 73 percent of 25- to 44-year-old four-year college graduates voted, compared with just 42 percent of their high school graduate peers. College graduates are also less likely than their less educated peers to utilize costly state and federal assistance programs.<sup>iv</sup>

## Student Debt Impacts Behavior

In a 2012 survey of recent college graduates, respondents with student debt reported changes in their behavior and decision making as a result of paying off their student loans, including:

- 40 percent who delayed a major purchase such as a home or car;
- 28 percent who delayed continuing their education;
- 27 percent who moved in with their parents or family to save money; and
- 25 percent who took a job they were not enthusiastic about because the salary allowed better repayment of student loans.

(John J. Heldrich Center for Workforce Development, Rutgers University)

Finally, the changing economy demands an increasing number of college educated workers to fill its labor force. According to the Institute for Research on Higher Education, 68 percent of jobs in New Jersey in 2020 will require a postsecondary credential. However, just 46 percent of working-age adults in 2014 met that criteria.<sup>v</sup>

Despite clear evidence that higher education is a valuable investment, its increasing cost poses a formidable barrier for students and their families. This is especially true in New Jersey, where tuition costs at the public four-year institutions of higher education are the fourth highest in the nation.<sup>vi</sup> The average published tuition and fees for New Jersey residents attending four-year public colleges and universities as full-time undergraduates was \$13,198 in the 2015-2016 academic year.<sup>vii</sup> Moreover, costs are rising, both in New Jersey and throughout the nation. Nationally, after adjusting for inflation, the average published tuition and fee price at a public four-year institution is 40 percent higher in 2015-2016 than it was in 2005-2006. Costs at public two-year institutions of higher education and private four-year institutions of higher education are 29 percent and 26 percent higher respectively over the same period.<sup>viii</sup> New Jersey's students are struggling to meet these costs. In a 2013 poll of New Jersey adults, 71 percent of respondents cited cost as the biggest obstacle to college attendance and completion.<sup>ix</sup>

As costs have grown, state investment in higher education has declined. For each full-time equivalent student in public institutions, states invested \$10,110 (in 2014 dollars) in 2000-2001. In 2014-2015, states invested just \$7,540,<sup>x</sup> a decline of 25 percent. In New Jersey, State support for institutions of higher education declined from \$1.065 billion in fiscal year 2008 to \$863 million in fiscal year 2017, a reduction of 19 percent. According to a 2014 report of the Government Accountability Office, public colleges throughout the country now receive more money from tuition dollars than from state funding. In 2012, tuition accounted for 25 percent of school revenue, up from 17 percent in 2003. Over the same period, state support for public higher education declined from 32 percent to 23 percent.<sup>xi</sup> Institutions of higher education have had to absorb these losses, and are struggling to minimize the impact on tuition and fees.



## Rutgers University Offers Programs to Lower Net Cost

At Rutgers University-Newark, beginning with the fall 2016 semester, undergraduate students who have household incomes of \$60,000 or less and either are residents of the City of Newark or are graduates from a New Jersey county college will receive a scholarship from the university to cover full tuition and fees not covered by other federal and State aid, such as Pell grants and TAG awards. Only New Jersey in-State tuition is covered.

At Rutgers University-Camden, starting in fall 2016, Bridging the Gap is providing similar institutional need-based aid to New Jersey students by fully covering the “gap” beyond what families with annual incomes of less than \$60,000 receive from Pell grants or TAG awards. For families making between \$60,001 and \$100,000 per year, Rutgers University-Camden will cover half of what remains with institutional aid.

Independent institutions of higher education have also been impacted by the public disinvestment in higher education. Between fiscal years 2001 and 2015, New Jersey’s investment per capita to the nonprofit independent colleges and universities under the Independent College and University Assistance Act formula decreased from approximately \$1,100 per student to less than \$37 per student, a decrease of 97 percent. This operating aid to the nonprofit independent colleges and universities has decreased from \$20.4 million in fiscal year 2008 to \$1 million in the fiscal year 2017 budget, a decrease of over 90 percent.

Although New Jersey is known nationally as a high tuition state, it is also recognized as a high aid state with generous need-based student assistance programs such as TAG and EOF. These programs, in concert with student aid provided by the institutions, result in lower net costs for certain students. The Commission commends the many existing innovative programs offered by institutions to reduce student net cost (see sidebar).

Today’s students are taking on onerous levels of debt as the burden to finance college has shifted more decisively to students and their families. In 2004, total student loan debt was \$350 billion. It now stands at a startling \$1.2 trillion.<sup>xii</sup> Nationally, more than 43 million people hold student loan debt, averaging \$26,700 per person. This average student loan debt is up from \$15,300 in 2004, an increase of 74 percent.<sup>xiii xiv</sup> Given the enormity of the student loan debt crisis, and its impact on students’ lives (see sidebar on page 2),<sup>xv</sup> it is more crucial than ever for students and families to be knowledgeable about the costs of higher education and how to meet those costs.

The Commission received testimony from college students, parents, and counselors indicating a troubling level of confusion and lack of information on how to finance higher education, sometimes resulting in costly missteps in financial decision making. One particular personal account struck a chord with the Commission. A young woman who worried that college was out of her reach recounted how she first heard of the Educational Opportunity Fund Program (a program for which she was indeed eligible) from a chance encounter with a taxi driver. In other testimony, the Commission heard numerous accounts of individuals who felt blindsided and overwhelmed by the monthly costs required to

pay back their student loans. Additionally, guidance counselors came before the Commission and spoke of the challenges they face in meeting the needs of so many students with simply not enough time.

The Commission finds that many students and families do not begin to think about education financing until late in high school, or even after college enrollment. This lack of planning, and in many cases lack of access to information on how to finance college, often results in students paying more in tuition and other costs. This may happen, for example, whenever an uninformed student: enrolls in an institution that is a poor fit for him; leaves financial assistance on the table for which he would have been eligible had he known to apply; or takes out high-interest loans that are not in his best interest. Low levels of financial literacy may contribute to promising students not completing their degrees, or worse, never even enrolling. The process can be overwhelming, even more so for first-generation students or students from low-income families with little to no experience in higher education.

The Commission also finds that the increasing length of time students are taking to earn their degree is a key contributor to the college affordability problem. For many college students, the notion of a “four-year degree” is incompatible with the actual student experience. According to the National Conference of State Legislatures, just 56 percent of students beginning at four-year colleges complete a bachelor’s degree within *six years*, while only 28 percent of associate degree-seeking students graduate within *three years*.<sup>xvi</sup>

The lengthening of time to degree is a major contributor to increased student cost. Time is money, and each additional semester comes with the cost of tuition, fees, and room and board. Additionally, the costs associated with delayed entry into the workforce are substantial, although often overlooked. This delay equates to thousands of dollars in foregone wages and reduced lifetime earnings.

The Commission is hopeful that the recommendations set forth in this report will provide valuable opportunities for our State’s students to help meet the tremendous challenges of college affordability. We acknowledge that there will be implementation costs associated with some, although not all, of our recommendations. The Commission proposes that the State reinvest those dollars that were lost to the institutions of higher education between fiscal year 2008 and the current year. While many states have begun reinvesting in their higher education systems following the economic recovery, New Jersey has lagged behind. The Commission proposes that the lost funding be restored not to the institutions themselves but rather towards the implementation of the following targeted proposals, which will better ensure college affordability for New Jersey’s students and their families.

## Key Findings of the College Affordability Study Commission

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Over the course of its work, the Commission identified two clear challenges to achieving college affordability.

A. The State and higher education community need to do a better job guiding students from orientation to graduation through the implementation of common sense policies that reduce students' time to degree; and

B. Students need greater access to information on the costs of higher education and the means to finance those costs.

After careful consideration of these challenges, the Commission submits the following recommendations towards making college more affordable through: the reduction of time to degree; the improvement of financial literacy; and the enhancement of financial programs and incentives. The Commission emphasizes that while each of its recommendations may be pursued individually, their impact will be maximized if institutions of higher education, in partnership with the State, pursue a more comprehensive higher education reform that includes elements of all of the Commission's recommendations.

### **A. Recommendations to Reduce Time to Degree**

1. Create Dual Enrollment Opportunities
2. Explore Creation of 3 Plus 1 Degree Programs
3. Develop Three-Year Degree Programs
4. Create Guided Pathways and Improved Advising
5. Adopt Degree Credit Caps
6. Identify and Implement 15 Credit Strategies
7. Improve Linkages Between County Colleges and Four-Year Institutions of Higher Education
8. Implement Innovative Solutions for Noncompleters
  - a. Adopt Reverse Transfer Policies
  - b. Support Use of Prior Learning Assessments

## **B. Recommendations to Improve Financial Literacy and Enhance Financial Programs**

1. Incorporate Postsecondary Financial Literacy into High School Curriculum
2. Expand Financial Literacy Programming for Students and Parents
3. Improve the Impact of Guidance Counselors
4. Improve Transparency of Student Costs
5. Expand Support for the Educational Opportunity Fund (EOF) Program
6. Reinvest in a Variation of the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Program
7. Improve State's 529 College Savings Plan (NJBEST)
8. Improve the Experience of New Jersey College Loans to Assist State Students (NJCLASS) Loan Program Borrowers
9. Allow Income Tax Deduction for Student Loan Interest
10. Enhance Tuition Aid Grant (TAG) Program
  - a. Extend TAG Eligibility to Summer Term
  - b. Fully Fund TAG Program
11. Reduce Textbook and Other Non-tuition Costs
12. Develop Public-Private Partnerships that Strengthen Links between Regional Employers, Colleges, and Students

### Spotlight on Dual Enrollment in Maryland

Maryland recently expanded dual enrollment opportunities for college-ready high school students, following the enactment of the “College and Career Readiness and College Completion Act of 2013.” Since its implementation, Maryland community colleges have reported a 20 percent increase in the number of students taking advantage of dual enrollment programs.

Under this law, the county board of education must pay a discounted tuition rate for a dually enrolled student to enroll in *up to four* courses. A county board of education may charge a dually enrolled student for the program at a discounted rate of up to 90% of the amount paid by the county school system to the higher education institution. A county board of education must consider the financial ability of students when setting fees and waive the fee for students who are eligible for free and reduced-price meals.

## Recommendations

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The Commission submits the following 20 recommendations to improve college affordability for New Jersey’s students and families.

### A. Recommendations to Reduce Time to Degree

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**Issue:** *The Commission finds that the State and higher education community need to do a better job guiding students from orientation to graduation through the implementation of common sense policies that reduce students’ time to degree. These policies will ensure that students stay on track towards earning their degree on time, thereby significantly reducing overall student cost.*

#### 1. Create Dual Enrollment Opportunities

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##### **Background**

Dual enrollment programs, in which high schools partner with an institution of higher education to offer coursework that can be applied towards both high school and postsecondary degrees, provide a valuable opportunity for students to gain ground in meeting college and career goals. When offered at a reduced cost, high school students are able to earn credits and a head start on their postsecondary education without accruing student debt.

A recent review of research on the effect of dual enrollment programs shows that students who have participated in dual enrollment programs gain numerous benefits from their participation. Specifically, dual enrollment students, when compared to peers who have not participated in similar programs are: more likely to meet college readiness benchmarks; more likely to enter college; less likely to require remedial English or math; earn higher first-year grade point averages; have higher college completion rates; and have shorter average time to bachelor’s degree completion.<sup>xvii</sup> On the institutional side, dual enrollment programs offer colleges a valuable outreach and recruitment opportunity.

Current State law requires public colleges and permits school districts to provide college-level instruction and credit for high school students (N.J.S.A.18A:61C-10). Dual enrollment programs are in operation throughout the State. For example, Kean University's College of Education offers courses for dual enrollment in high schools at eight school districts. The university has also partnered with the Union County Vocational-Technical schools to provide high school seniors with up to 30 credits of college experience, which includes a concentration in their performing arts major. New Jersey City University partners with Union City High School to offer 22 students a four-credit organic chemistry opportunity. In addition to classroom instruction, this unique arrangement gives select students an opportunity to attend workshops at a professional laboratory off campus. Richard Stockton College of New Jersey offers 23 courses at 13 different high schools, with 496 high school students participating in the 2013-2014 school year. Georgian Court University has partnered with seven local high schools to offer dual enrollment opportunities to an average of 300 students each year on their high school campus. Georgian Court University charges these students a special discounted tuition rate.

While the Commission commends the many innovative dual enrollment partnerships already in place, and encourages them to continue, the programs are not universally offered throughout the State. Moreover, participation rates are low, and tuition costs remain a significant barrier for low-income students. The creation of a more ambitious dual enrollment program will provide New Jersey's college-ready high school students with a valuable head start on their postsecondary goals.

### ***Recommendation***

The Commission recommends that all school districts offer dual enrollment programs to college-ready high school students.

Specifically, the Commission supports the creation of dual enrollment programs that:

- give each college-ready high school student the opportunity to earn 15 college credits; and
- split the cost equally among the school district, the partnering college, and the student (except that in the case of a student who is eligible for a free or reduced-price lunch, the cost would be borne equally by the district and the college).

The Commission also encourages high schools and county colleges to work collaboratively to ensure that incoming freshmen are college ready upon enrollment. These efforts may include early identification of students who may require developmental coursework and the creation of summer bridge programs for recent high school graduates who are not yet college ready.

### ***3 Plus 1 Degree Program Launching Fall 2016***

Rowan College at Gloucester County and Rowan College at Burlington County have partnered with Rowan University to offer a first-of-its-kind 3 Plus 1 degree program. Under the program, students will complete an associate degree at the county college, and stay on for a third year, before transferring to Rowan University for the fourth and final year. Students who complete a bachelor's degree through the 3 Plus 1 program will pay about \$35,000, not including room and board. By contrast, four years of enrollment at Rowan University for the same degree would cost nearly \$100,000, including room and board.

The program, first offered in fall 2016, is available to students pursuing majors in Biology, Liberal Studies, Law & Justice, Nursing, and Psychology.

## **2. Explore Creation of 3 Plus 1 Degree Programs**

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### ***Background***

Institutions of higher education must rise to the college affordability challenge through exploration of innovative program designs. A 3 Plus 1 degree program allows the cost-conscious student to complete three years at the county college and one year at a senior institution of higher education in order to earn a bachelor's degree. In the third year of the program (300-level courses), instruction takes place at the county college location by either advanced degree faculty of the county college in collaboration with faculty of the senior institution or by faculty of the senior institution. The student completes the fourth year at the senior institution, and receives a bachelor's degree from the senior institution at a significantly reduced cost. This type of program design takes advantage of the best that county colleges and senior institutions of higher education have to offer, while minimizing the cost impact on students and their families (see sidebar).

### ***Recommendation***

The Commission supports the development and implementation of 3 Plus 1 degree programs at institutions throughout the State.

The Commission urges the Legislature and Governor to pursue any statutory and regulatory changes necessary for the successful implementation of 3 Plus 1 degree programs. This may include any changes to the Tuition Aid Grant (TAG) program and the NJ STARS program (or any successor program) in order to allow a student to maintain eligibility for grants and awards while attending a county college for a third year, or while attending a county college after receipt of an associate degree. The Commission makes note that in the case of the TAG program such an allowance will lower the State's total TAG expenditure, while paving the way for students to attain a bachelor's degree at an unprecedented affordable rate.



### ***Three-Year Degree Program***

Rowan University will offer a three-year, year-round degree pathway for students beginning in fall 2016. The program offers eligible students an opportunity to attend summer courses, free of charge. Summer housing is also provided by the university. Students in this program will be able to take advantage of specially designed on-campus leadership internships and research opportunities, and will have access to academic support programs throughout their three years.

The “Degree in 3 – Summers Free” program will save students approximately \$22,000 toward a bachelor’s degree - 25 percent of what a degree would cost over a four-year period. It is available for students in select majors only, including: English; History; Law & Justice; Writing Arts; Radio, Television, and Film; Psychology; and Marketing.

## **3. Develop Three-Year Degree Programs**

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### ***Background***

In a three-year degree program, the student continues full-time enrollment during the summer terms following the first and second year of enrollment. A three-year program would be an exciting alternative pathway to a degree for the school’s most motivated students. In addition to the savings achieved by not paying for a fourth year of tuition, students who successfully complete a three-year degree program will benefit from early entry into the labor market. On a smaller scale, the student is also protected from increases in tuition and fees and from the compounding of interest on student loans in the fourth year of school. Because the completion of a bachelor’s degree in three years is an ambitious pursuit, such a program will likely help colleges attract some of the brightest applicants. This type of program is especially likely to appeal to students who anticipate spending additional years in school for a graduate or medical degree.

### ***Recommendation***

The Commission encourages four-year institutions of higher education to explore the three-year degree model. The Commission envisions the three-year degree as an attractive option for well-prepared, motivated students who are ready to commit to a major early on in their college career. It is not well-suited for students in need of remedial coursework, or who are uncertain of their career path.

A three-year degree program should address:

- which majors the program will include;
- eligibility criteria for students;
- ways to incentivize the program, through merit awards or other advantages; and
- whether additional supports, such as targeted advising, will be offered to ensure student success through this ambitious program.

An institution of higher education will need to consider challenges to the implementation of a three-year degree program, such as the program’s impact on facilities, faculty contracts, and campus operations that are set up for the traditional fall and spring format. Institutions will also need to consider any potential financial aid challenges that may arise for students enrolled in full-time summer courses.



## New Jersey's Guided Pathways Initiative

In the spring of 2015, 13 of the State's county colleges joined with the Center for Student Success at the New Jersey Council of County Colleges to explore and develop guided pathways initiatives at their colleges. These colleges are in the early planning stage of this effort, attending meetings and webinars on guided pathways and engaging in the high level planning required for the whole-school reform. The Center for Student Success and the New Jersey Council of County Colleges will be providing the colleges with technical assistance and guidance as they move forward towards implementation.

## 4. Create Guided Pathways and Improved Advising

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### ***Background***

The higher education environment offers students a tremendous, some say startling, array of choices. Given these choices, students sometimes lack clarity on how to proceed, and may end up taking the wrong courses, taking too many courses, or simply not knowing how to proceed in a way that leads to earning a degree. The Commission supports certain elements of the guided pathways approach, which simplifies student decision making while offering targeted direction and supports that aid the student in successfully completing an academic program in a timely manner. Although there is variation in how guided pathways are being implemented, they typically include use of degree maps that clearly outline the sequence of courses that a student needs to follow, and the timetable in which to do so, in order to complete a degree or other credential. Guided pathways models also encourage more frequent meetings between students and academic advisors to keep students on track.

### ***Recommendation***

The Commission encourages institutions of higher education to explore the implementation of guided pathways, through the use of degree maps and improvements to their student advising programs. The Commission also commends the work of the Center for Student Success at the New Jersey Council of County Colleges for its leadership in this area (see sidebar).

## 5. Adopt Degree Credit Caps

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### ***Background***

An increasing number of degree programs require more credits than can be reasonably accomplished in a four-year or two-year term. In Indiana, a review of the state's public institutions of higher education found that the requirements of nearly 90 percent of degree programs exceeded what once was considered standard – 120 credits for bachelor's degrees and 60 credits for associate degrees. Indiana has since passed legislation requiring baccalaureate and associate degree programs to be capped at 120 credits and 60 credits respectively. The law allows for certain degree programs to

## Hawaii's "15 to Finish" Campaign

Hawaii's "15 to Finish" media campaign is designed to raise awareness that students should take 15 credits per semester to graduate on time. The campaign uses television, radio, and print spots to promote the message, and also reaches students directly during registration.

Following Hawaii's lead, numerous other states have implemented similar "15 to Finish" campaigns.

receive an exemption if accreditation standards require the completion of additional credits.<sup>xviii</sup>

### ***Recommendation***

The Commission urges institutions of higher education to adopt policies that cap the credit requirements for baccalaureate degree programs at 120 credits, and for associate degree programs at 60 credits.

The Commission acknowledges that select degree programs may require the accrual of additional credits above these caps, due to industry or professional standards. An institution of higher education can address this concern through the adoption of a waiver process for these select programs.

## 6. Identify and Implement 15 Credit Strategies

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### ***Background***

One culprit of the increased time to degree is the growing number of students who repeatedly take fewer than 15 credits per semester. In a recent survey conducted for Complete College America, 52 percent of "full-time" students were taking fewer than 15 hours, the standard course load that leads to on-time graduation. At most two-year colleges, less than a third of full-time students were taking 15 or more hours.<sup>xix</sup> Lighter course loads delay graduation dates and increase total higher education costs. Additionally, recent research finds that students who take 15 or more credits in the first semester are more likely to graduate.<sup>xx</sup>

### ***Recommendation***

The Commission finds that full-time students need to take a full course load each semester, or risk delaying graduation and paying for extra semesters (or even years) to complete their degree. The Commission encourages institutions of higher education to work with students to meet this goal within the constraints of their individual circumstances. Institutions of higher education should consider ways to promote full-time students to enroll in 15 or more credits each semester, such as "15 to Finish" media campaigns (see sidebar).

## Targeted Bridge Agreements towards Building Diversity in STEM Fields

A New Jersey example of a successful bridge-type agreement, which is unique nationwide, is the work currently conducted by the Garden State Louis Stokes Alliance for Minority Participation (GSLSAMP) in partnership with associated Northern New Jersey Bridges to the Baccalaureate programs. This partnership brings together multiple two- and four-year institutions to share high impact practices in STEM higher education and to define clear pathways for students to transfer between institutions. The main objective is to increase the number of STEM degrees awarded each year to under-represented minority students. In the GSLSAMP programs' first four years partnering in this effort, the number of under-represented minority STEM students graduating with a four-year STEM degree doubled.

The alliance is nationally acclaimed for its success in adding diversity to the STEM fields, and has received recognition from the White House Initiative on Educational Excellence for Hispanics.

## 7. Improve Linkages Between County Colleges and Four-Year Institutions of Higher Education

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### **Background**

According to the New Jersey Council of County Colleges, 38 percent of all students who earned a bachelor's degree from a New Jersey college or university had previously completed courses at a county college.<sup>xxi</sup> Students who take advantage of the program offerings at their county college before enrolling in a four-year degree program have the potential to earn a bachelor's degree at a significantly reduced cost. The Commission finds that there is great opportunity to improve college affordability by improving the linkages between two-year and four-year institutions of higher education.

In 2007, the New Jersey Legislature enacted P.L.2007, c.175, commonly referred to as the "Lampitt Law." This law requires the State's public system of higher education to provide for the seamless transfer of academic credits from a county college to a four-year public institution of higher education. Each public institution of higher education is required to establish and enter into a collective Statewide transfer agreement that provides for the transfer of academic credits earned at a county college to a baccalaureate degree program at a four-year public institution of higher education. The Commission lauds the positive impact of this law on the experience of the transfer student. There is some concern among Commission members, however, that department-level battles have prevented some students from receiving a fair transfer of credits.

Bridge agreements, sometimes called articulation agreements, guaranteed transfer agreements, or 2+2 programs, create seamless pathways for students who begin their studies at county colleges and want to complete a bachelor's degree at a four-year institution. Students who start their education at a county college spend significantly less, and borrow less, than their peers who spend all four years enrolled at a senior institution. These programs are designed to smooth the transition process for these students, and ensure that credits earned at the county college are properly applied towards the bachelor's degree. During the course of its work, the Commission requested each institution of higher education to submit information to the Commission on the types of

accelerated and affordable degree programs that they already offer. Bridge agreements are the most common offerings reported in their responses to the Commission.

### ***Recommendation***

The Commission urges continued and improved collaboration across institutions of higher education to improve the credit transfer process, and to prevent the need for transfer students to retake already completed coursework. Institutions of higher education should ensure that their transfer policies support students in making a successful entry into not just the institution, but into an academic program.

The Commission also urges continuation of the many existing bridge agreements, and proposes that institutions develop more of these agreements as the need arises (see sidebar on page 13 for discussion of an innovative variation on the bridge concept). The Commission notes that a well-crafted agreement ensures that the academic requirements at the 2-year and 4-year institutions are aligned so that a student has clear knowledge of what courses need to be completed and in what timeline, as well as financial aid analyses providing a reasonable estimate of the net costs to the student through bachelor's degree completion. These agreements must also ensure that curricula are adequately aligned to ensure student success after transfer.

### Creative Solutions for Adult Learners

The Commission commends the work of Ramapo College in assisting returning adult students to finish their undergraduate degrees. In addition to options like part-time studies and online courses, Ramapo offers an accelerated evening program. The program offers many features adult students need, such as:

- courses offered on a guaranteed evening schedule;
- a cohort program that creates a community of committed adult learners;
- fully mapped-out programs which ensure a clear path to finishing a degree;
- accelerated terms;
- a Prior Learning Assessment program; and
- a designated program director who serves as a first point of contact for student questions.

## 8. Implement Innovative Solutions for Noncompleters

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### a. Adopt Reverse Transfer Policies

#### ***Background***

It is estimated that 1.2 million people have acquired more than 60 college credits but no degree.<sup>xxii</sup> These individuals have done so at significant personal cost, in both time and tuition, and yet they left higher education without any degree through which they might experience wage gains. Through the adoption of reverse transfer policies, institutions of higher education can assist noncompleters in acquiring a valuable credential for academic work already completed. Reverse transfer is the process of combining credits earned at a county college and a four-year institution for the purpose of awarding an associate degree from the county college to a potential completer, a student with a significant number of credits earned who may qualify for an associate degree. Through reverse transfer, students enrolled in a four-year institution receive notice from the four-year school when they have earned a cumulative number of credits which may meet the requirements for an associate degree at the county college. The four-year institution then provides the student's transcript to the county college, which conducts a degree audit to ensure that the necessary course requirements have been met for awarding an associate degree.

Reverse transfer policies offer the county college an opportunity to document a more accurate picture of its role in educating transfer students. Under current practice, a county college student who transfers to a four-year institution without first earning an associate degree is not counted as a county college graduate. The role of county colleges in educating transfer students, many of whom go on to earn bachelor's degrees and beyond, has long gone unrecognized.

#### ***Recommendation***

All institutions of higher education should adopt a uniform reverse transfer policy.

A successful reverse transfer policy will require two-year and four-year institutions to effectively communicate throughout

## Prior Learning Assessment Outcomes

In a recent study of student outcomes from more than 62,000 students from 48 colleges and universities, students with credits from a PLA had higher graduation rates and persistence than students who did not earn credits through PLA. Specifically:

- 56 percent of students who used PLA earned a postsecondary degree within seven years, compared to only 21 percent of students who did not use PLA; and
- Students who earned credit through PLA saved an average of between 2.5 and 10 months of time in earning their bachelor's degree compared to students who did not utilize PLA.

(Council for Adult and Experiential Learning)

the reverse transfer process, as transcripts are exchanged and course equivalencies are discussed.

A reverse transfer policy should address:

- the number of credits needed to identify a student as a potential completer. The Commission recommends a cumulative 66 credits between both institutions;
- a process by which the student is notified of potential eligibility, and by which the senior institution seeks student consent for release of the student's transcript to the county college;
- the methods and technology supports needed to effectively conduct degree audits; and
- ways to engage students who are potential completers through advising on which courses are needed to attain an associate degree.

## b. Support Use of Prior Learning Assessments

### *Background*

Prior learning assessment, or PLA, provides students with the opportunity to receive academic credit toward their degrees for knowledge and competencies acquired outside of the college setting. As such, PLAs are a valuable tool for ensuring that adult learners, including veterans, receive their academic degrees in a timely and cost-saving manner.

The New Jersey Prior Learning Assessment Network (NJ PLAN) is a consortium of New Jersey colleges and universities partnering to provide students opportunities to earn credits for career and life experiences through use of a PLA. Thomas Edison State University provides assessment services for consortium members and serves as a prior learning assessment consultant to member institutions.

### *Recommendation*

The Commission encourages each institution of higher education in the State to join the NJ PLAN consortium, and to make all necessary efforts to ensure that credits earned through PLAs are properly applied towards degree requirements.



## **B. Recommendations to Improve Financial Literacy and Enhance Financial Programs**

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***Issue:** The Commission finds that students need more, earlier, and better access to information on the costs of higher education and the means to finance those costs. The Commission also finds that the State higher education programs already in place offer valuable resources to help students meet costs. Improvements to these existing programs will help reduce the costs of higher education incurred by students and their families. The following recommendations are developed in furtherance of these goals.*

### **1. Incorporate Postsecondary Financial Literacy into High School Curriculum**

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#### ***Background***

Currently, public high school students in New Jersey receive some instruction in financial literacy, including at least 2.5 credits in financial, economic, business, and entrepreneurial literacy.<sup>xxiii</sup> The New Jersey Student Learning Standards in the area “21<sup>st</sup> Century Life and Careers,” include a Personal Financial Literacy standard that outlines important financial knowledge, habits, and skills to be mastered by the end of grade 12. However, there is no requirement that high school students receive financial literacy instruction that specifically includes information on the costs of higher education, programs available to help meet those costs, or student loan debt.

#### ***Recommendation***

The Commission supports the enactment of legislation that would require the New Jersey high school graduation requirement on financial literacy to specifically include instruction on State and federal tuition assistance programs, as well as issues associated with student loan debt, the requirements for repayment, and the consequences of failing to repay loans in a timely manner. The Commission recommends that the postsecondary financial literacy instruction begin in the first year of high school.

In addition, school districts should ensure that high school students meet with a guidance counselor during their second or third year of high school to discuss available financial aid and assistance programs, including but not limited to, State and federal tuition assistance programs and institutional merit and need-based aid. Students should also be advised of dual enrollment opportunities.

Only 74 high schools in the State participated in the Real Money 101 program in the 2014-2015 academic year.

## 2. Expand Financial Literacy Programming for Students and Parents

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### ***Background***

There is a need for more programming for students and parents to learn about the college and financial planning processes. The dialogue about college planning needs to begin earlier and needs to occur more frequently. Beginning in middle school, and continuing throughout the high school experience, students and parents should be repeatedly exposed to information on college preparation and financial planning options.

New Jersey's Higher Education Student Assistance Authority (HESAA) offers a comprehensive financial literacy program to high schools and colleges called Real Money 101. Real Money 101 promotes the importance of building sound money management skills. Topics covered during these on-campus presentations include, among other topics: financial literacy; budgeting and money management; banking and financial services; credit and debt management; and student loan borrowing and repayment. HESAA also provides schools and students with a variety of free resources including brochures, informational materials, and Real Money 101 booklets and CDs. According to HESAA, only 74 high schools in the State participated in the program in the 2014-2015 academic year.

### ***Recommendation***

To improve financial literacy, a multi-faceted endeavor needs to occur. The Commission encourages every school to take advantage of HESAA's Real Money 101 Program. To increase awareness, the Commission urges the New Jersey School Boards Association, the Association of Independent Colleges and Universities, the Council of County Colleges, and the Association of State Colleges and Universities to make efforts to promote the program.

In addition, school districts should incorporate content on college planning and financial planning into their general assemblies, back to school nights and similar events, parent-teacher conferences, and more targeted workshops to educate their communities about the value of higher



There are 725 schools in New Jersey without a school counselor present. A total of 195,048 New Jersey students have no direct access to a school counselor.

(New Jersey School Counselor Association)

education, its costs, and how to finance those costs. The educational programs on college financial planning could also be provided as a collaborative effort between high schools or middle schools and county colleges.

School districts, with support from HESAA, should annually offer workshops for students and parents on how to complete the FAFSA. The workshops should be offered during hours, and in languages, that meet the needs of the community.

### 3. Improve the Impact of Guidance Counselors

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#### ***Background***

Middle school and high school guidance counselors can and should be key players in the college planning process. Given the right tools, these professionals can offer valuable guidance and resources to students and their families, many of whom have never experienced college firsthand and are overwhelmed by the range of options on where to go and how to pay for it. Unfortunately, school counselors are often ill-equipped to fill this vital role. School counselors finish their graduate programs of education without having received any preparation in college or financial aid planning. Once these individuals are employed in the schools, they do not receive adequate professional development opportunities and are often tasked with unreasonable caseloads. School counselors perform a dizzying array of responsibilities in addition to college and career readiness including: counseling on behavioral issues; class scheduling; administration of standardized testing; assisting with staffing shortages; ensuring that graduation requirements have been met; and attending parent meetings.

According to testimony received from the New Jersey School Counselor Association, many counselors are not given opportunities to attend professional development workshops, including workshops on financial aid. The association further reported that many counselors do not receive funding to attend workshops related to their field, and some counselors are required to attend in-

### **Current State Efforts to Improve Cost Transparency**

While more remains to be accomplished, the Commission acknowledges a number of notable efforts made through legislative and executive action to improve the financial literacy of students and their families.

N.J.S.A. 18A:3B-44 requires that every four-year public institution of higher education post a student consumer information report on its website. The report includes: numerous measures of cost, average student indebtedness, graduation rates, transfer rates, and descriptions of the types of financial assistance offered directly by the institution.

N.J.S.A. 18A:71A-35 required HESAA to develop a student loan repayment information document. The document includes examples of monthly and annual loan payments required for State, federal, and private student loans; information on the time it would take to fully repay the loans; definitions of different types of loans; and information on the consequences and penalties of default.

house professional development workshops that are specific only to the teaching profession and offer no development in specific areas of counseling. Clearly, if guidance counselors are to successfully expand their outreach and support of students and families on the college planning and financial planning processes, then these professionals must receive better preparation from their training programs, and greater support once they are employed in a school district.

#### ***Recommendation***

Middle school and high school guidance counselors should receive substantive training on higher education financing. To that end, the Commission encourages the State Board of Education to amend its regulations on the school counselor endorsement at N.J.A.C. 6A:9B-14.8 to require coursework on college and financial aid planning.

In addition, school districts should provide school counselors with professional development opportunities that build counselors' knowledge of the college selection and financial planning processes.

## **4. Improve Transparency of Student Costs**

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#### ***Background***

Enacted in 2009, the "New Jersey College Student and Parent Consumer Information Act," N.J.S.A. 18A:3B-43 et seq., requires each public four-year institution of higher education to report on its website numerous measures on the cost of attendance and student debt, among other measures (see sidebar). The Commission finds that this information would also be valuable to students who attend other types of institutions.

#### ***Recommendation***

The Commission recommends that the "New Jersey College Student and Parent Consumer Information Act" be broadened to apply to independent four-year institutions of higher education and degree-granting proprietary institutions.

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Without exception, the testimony received by the Commission regarding the EOF program was overwhelmingly positive.

A May 2015 report issued by the Office of the Secretary of Higher Education found that “the EOF program is fulfilling a critical need, giving real hope and opportunity to more than 13,000 disadvantaged students. The program is a wise investment for New Jersey, breaking the cycle of poverty with a real chance to attain success. The program should be expanded and strengthened.”

## 5. Expand Support for Educational Opportunity Fund (EOF) Program

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### ***Background***

The “New Jersey Educational Opportunity Act of 1968,” P.L.1968, c.142 (N.J.S.A. 18A:71-28 et seq.), established the Educational Opportunity Fund (EOF). The fund was created to ensure meaningful access to higher education for students who come from backgrounds of economic and educational disadvantage. EOF provides an impressive array of services and supports that are designed to foster academic achievement, the development of leadership skills, and persistence to graduation. These services have facilitated college completion for countless students.

EOF is a campus-based program, and each campus is responsible for student recruitment, selection, program services, and its own specific criteria for EOF admission and program support. Opportunity Program grants are awarded to students during the academic year to assist them in meeting college expenses such as fees, books, room, board, and transportation that are not covered by the Tuition Aid Grant (TAG) Program. Summer program grants primarily assist incoming students who are making the transition to college. EOF Supplemental Opportunity grants enable colleges and universities to provide a wide array of services to promote a smooth transition to college-level work and help ensure that students persist and complete their degrees. These services include tutoring, counseling, supplemental instruction, and leadership development.

Without exception, the testimony received by the Commission regarding the EOF program was overwhelmingly positive. It is clear to the Commission that EOF is a well-structured program with an effective and targeted approach to making college more attainable and affordable for the students it serves. The commission commends the EOF for its outstanding work in providing a gateway to higher education to students with academic and financial challenges.

### ***Recommendation***

The Commission urges the continued support of EOF and, where possible, encourages the expansion of EOF through increased State appropriations in order to meet the needs of more New Jersey students.

## **6. Reinvest in a Variation of NJ STARS Programs**

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### ***Background***

The New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) and NJ STARS II Programs were enacted in 2004 and 2005 respectively. Each was designed to reward high-achieving New Jersey high school students with a scholarship to a public institution of higher education. As the program grew in cost, a number of changes were made to slow the growth of the program. Under current law, a student who is in the top 15 percent of his class at the end of either the 11<sup>th</sup> or 12<sup>th</sup> grade may be eligible for NJ STARS, which offers free tuition for up to 5 semesters at the student's county college. NJ STARS students who earn their associate degrees with a 3.25 grade point average or better may be eligible for an NJ STARS II scholarship, which provides \$1,250 per semester for up to four semesters towards enrollment costs at a New Jersey public or independent four-year institution of higher education. HESAA has extended the NJ STARS II Program to eligible students enrolled in degree programs at proprietary institutions.

### ***Recommendation***

The Commission supports enactment of legislation that revises the NJ STARS program as follows:

- Eligibility for free tuition at the county college under NJ STARS would expand to the top 20 percent of the high school class. Additionally, students in the top 10 percent of their high school class would be eligible for a \$2,000 per semester scholarship to attend a four-year institution of higher education beginning in the freshman year.
- Students who attended a county college under the program and graduated with at least a 3.25 GPA would also be eligible for a \$2,000 per semester scholarship upon enrollment at a four-year institution.<sup>1</sup>

The Commission also supports enactment of legislation to establish a new competitive scholarship program for 25 of the State's highest achieving students. Under this proposal, eligible students must graduate in the top 5 percent of their high school class and have been accepted at a four-year institution of higher education in the State. The scholarship would cover the full cost of tuition and fees at the four-year school, subject to the prior application of other grants and scholarships.<sup>2</sup>

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<sup>1</sup> Legislation with similar provisions is currently pending before the Legislature (S-991(1R)).

<sup>2</sup> Legislation with similar provisions is currently pending before the Legislature (S-989).

The Commission urges that the State ensure that any expansion of NJ STARS does not come at the expense of funding for other valuable programs, namely the TAG Program and EOF.

## 7. Improve State's 529 College Savings Plan (NJBEST)

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### ***Background***

The New Jersey Better Educational Savings Trust (NJBEST) Program was established in 1997 and was designed to help families build funds to meet future college costs. Administered by HESAA, NJBEST is New Jersey's qualified tuition program under section 529 of the federal Internal Revenue Code. This federal tax law provision allows contributions of federally taxed income to accounts established for the beneficiaries' qualified higher education expenses. Investment earnings are tax deferred, and withdrawals used for qualified higher education expenses are ultimately exempt from federal and State income taxes. However, unlike many other state 529 programs, New Jersey's program currently does not offer a tax deduction for account contributions.

### ***Recommendation***

The Commission recommends that the State allow a gross income tax deduction for amounts contributed to an NJBEST account in order to create an incentive to save for New Jersey residents. If New Jersey were to offer a State tax benefit for investing in NJBEST, residents may be more likely to choose NJBEST over other 529 plans offered nationwide. Several bills have been introduced in the Legislature that would allow an income tax deduction, of varying amounts, for NJBEST contributions.

The Commission also recommends undertaking initiatives to improve awareness of the NJBEST Program among New Jersey families in order to ensure that a valuable opportunity to save is not missed. For example, information on the NJBEST Program could be provided in hospitals to new parents. This will make certain that all parents are aware of the program and can start saving early to benefit from 18 years of investment.

## 8. Improve the Experience of NJCLASS Borrowers

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### ***Background***

The New Jersey College Loans to Assist State Students (NJCLASS) Loan Program was established in 1991 pursuant to State law (P.L.1991, c.268). The program is available to students who are not eligible for, or have additional financial need beyond, a federally insured student loan. The loans are funded through the sale of bonds by HESAA. In contrast, the federal student loan program is funded through federal appropriations.

The Commission received testimony from a number of students and families who expressed frustration with their experiences paying back NJCLASS loans. Some of this testimony appeared to stem from the fact that NJCLASS does not offer the same types of flexible repayment options as the federal student loan program. Due to differences in how NJCLASS and the federal program are funded, NJCLASS policies regarding deferment, forbearance, repayment, and discharge are considerably less flexible than those policies under the federal program. HESAA has noted that, under its regulations, it provides borrowers and cosigners with information regarding their obligations prior to the loan disbursement through the distribution of three notices (N.J.A.C. 9A:10-6.7). However, given the testimony received by the Commission indicating poor financial literacy among borrowers, the Commission is concerned about whether these notices adequately communicate the costs, obligations, and repayment terms of the loans.

Students and families also expressed serious concerns to the Commission regarding inadequate responses, insensitive responses, or a lack of response, from HESAA to their inquiries regarding payment issues.

### ***Recommendation***

The Commission urges HESAA to take steps to ensure that all payment inquiries are managed in a prompt and adequate manner. HESAA personnel who answer inquiries should ensure that all borrowers who have repayment difficulties are made aware of the deferment and forbearance options, and any loan forgiveness policies, that are available for NJCLASS loans under certain circumstances.

The Commission encourages HESAA to undertake initiatives to promote a better understanding among borrowers and cosigners of what their future repayment obligations will be at the time the loan is first taken. This should include upfront and clear information concerning the fact that the NJCLASS program is bond funded and currently does not offer income-based repayment options, which are available under the federal student loan program. The Commission's recommendations concerning financial literacy also should help facilitate increased knowledge among students and parents of student loan debt, both more generally and with respect to the NJCLASS program.

The Commission further urges HESAA to undertake a comprehensive evaluation of possible ways to restructure NJCLASS loan payments for borrowers with financial hardship, which may include offering an income-based repayment plan. HESAA is also encouraged to consider providing an automatic six month deferment of loan repayments after graduation, with the option to begin repayment sooner, in order to give recent graduates time to secure gainful employment. The Commission also supports the forgiveness of NJCLASS loan debt in the event of the death of a student borrower. The Commission recognizes that State appropriations may be needed for these initiatives.

In addition, the Commission encourages HESAA to evaluate the feasibility of offering a loan rehabilitation program that would permit a borrower who has defaulted on an NJCLASS loan to rehabilitate the loan and remove the loan from default status. Following the borrower's successful completion of the terms of the rehabilitation program, the loan would return to normal repayment status.

Lastly, the Commission supports recent changes by HESAA to allow the refinancing of NJCLASS loans. Following the issuance of federal guidance last year which approves the use of tax-exempt bonds for loan refinancing under state student loan programs, HESAA has indicated its intent to offer a refinancing program for NJCLASS loans, beginning as early as the fall of 2016. Refinancing will allow borrowers who have outstanding loan debt to take advantage of lower interest rates and reduce their monthly student loan payments. The Commission urges HESAA to continue moving forward to offer this significant benefit for NJCLASS borrowers as soon as possible.

## 9. Allow Income Tax Deduction for Student Loan Interest

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### ***Background***

On the federal level, student loan interest payments are tax deductible, with a maximum benefit of reducing your income subject to tax by \$2,500. There is an income limit to qualify for the deduction (currently \$80,000 if single and \$160,000 if married filing jointly).

### ***Recommendation***

The Commission recommends that the State offer a tax benefit, such as an income tax deduction, for student loan interest.

## 10. Enhance Tuition Aid Grant (TAG) Program

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### **a. Extend TAG Eligibility to Summer Term**

#### ***Background***

The New Jersey Tuition Aid Grant (TAG) Program is one of the most generous need-based financial aid programs in the nation. According to HESAA, one-third of all full-time undergraduates attending school in New Jersey receive support through TAG. The TAG program, however, is dissimilar to the federal Pell grant program in how it handles eligibility for students interested in completing coursework during a summer semester. Eligibility for the federal Pell grant may extend to the summer semester, if the student has any remaining funds from his award following completion of the fall and spring semesters. Under TAG, however, a student is ineligible for a grant during the summer term.

#### ***Recommendation***

The Commission recommends that eligible students be permitted to apply their TAG funding towards summer enrollment.



## **b. Fully Fund the TAG Program**

### ***Background***

The TAG program has provided over 2.2 million students with over \$5.8 billion in grants since its creation in 1978. However, since fiscal year 2003, budget constraints have resulted in changes to the program that lowered grant amounts below the amounts permitted under the statute. This has resulted in the poorest students and their families having to pick up more of the cost of college, thus impacting the affordability of higher education at the student's institution of choice.

If the program was fully funded as permitted per the statute, the 70,000 TAG students would have received \$63 million more than the approximately \$385 million that was awarded in the 2015-2016 academic year.

### ***Recommendation***

As the State begins to reinvest in higher education, a meaningful goal would be to phase-in additional funds to provide TAG funding which reflects current tuition levels.

## **11. Reduce Textbook and Other Non-tuition Costs**

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### ***Background***

The cost of textbooks has been steadily rising for college students for over a decade to the point where purchasing textbooks has become a significant financial burden for many students. According to The College Board, the average American undergraduate student spends about \$1,200 a year on books and other related supplies. In some cases, a single textbook can cost upwards of \$200.<sup>xxiv</sup> The Government Accountability Office calculated that between 2002 and 2012, the average cost of a textbook has increased an average of six percent per year. During this same time period, the average price of college textbooks increased 82 percent overall which was nearly three times the rate of inflation.<sup>xxv</sup>

One reason for the escalating costs is that currently only five major textbook publishers exist. Consequently, publishers can more confidently increase the cost of textbooks with minimal fear of market competitors. Furthermore, this lack of market competition allows publishers to release new textbook editions every few years, preventing students from saving money by purchasing used textbooks at a reduced price, or from recouping their losses by selling the texts after the course is completed. Finally, additional instructional materials such as software and workbooks bundled into textbooks are another reason that publishers can drive up costs.

### ***Recommendation***

Open resource textbooks, available digitally under legally recognized open licenses, offer an affordable alternative to traditional textbooks. The Commission also notes that, unlike commercial textbooks, high-quality open resource textbooks are able to be revised almost as soon as new developments emerge. This feature is especially important in the sciences.



## Newark City of Learning Collaborative (NCLC)

Launched in January 2015, the NCLC is a citywide postsecondary attainment initiative that seeks to increase the percentage of Newark residents who hold postsecondary degrees, credentials, and high-quality certificates to 25 percent by the year 2025. The NCLC is composed of more than 60 partners across the city, including: higher education institutions such as Rutgers University – Newark, New Jersey Institute of Technology, and Essex County College; local government; corporations, such as Panasonic and Audible; foundations, and local nonprofits and community-based organizations.

The NCLC is hosted by the Cornwall Center for Metropolitan Studies at Rutgers-Newark, which serves as the backbone organization responsible for convening partners, raising funds, gathering data, tracking outcomes, and supporting program implementation.

While the Commission recognizes the need and desire for faculty to maintain control over their curriculum, the Commission encourages the selection of open resource textbooks, where possible. Additionally, the Commission encourages institutions of higher education to evaluate possible ways to reduce other non-tuition costs, which may include offering more flexible options with respect to meal plans and housing.

## 12. Public-Private Partnerships

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### ***Background***

The Commission finds that there is a role for institutions of higher education to take the lead in developing collaborative public-private partnerships that strengthen links between employers, colleges and students. These mutually-beneficial partnerships can provide opportunities for students to gain valuable experience, receive assistance with paying for college, and secure post-graduation employment, while helping employers attract talented graduates and build a skilled workforce. Additionally, these types of endeavors can facilitate the development of targeted strategies to broaden the pathways to degree completion, while keeping the cost affordable.

### ***Recommendation***

The Commission supports the creation of innovative public-private partnerships involving institutions of higher education, students, and regional employers. One example of such a network is the Newark City of Learning Collaborative (see sidebar).

The Commission also encourages colleges to conduct outreach with regional employers to identify potential partnerships that could create valuable paid internships and summer employment opportunities for their students. The internships would allow students to develop marketable skills, earn money to help pay for school, and potentially secure a post-graduation job at the company. One example is a partnership between Lockheed Martin and Rowan University to provide clinics to students enrolled in an engineering degree program.

In addition, the Commission encourages the State to consider creating financial incentives, such as tax credits and student loan forgiveness programs, that will help New Jersey companies attract and retain talented graduates.

### ***A Discussion of the Pay it Forward Model***

Pursuant to P.L.2015, c.4, one of the enumerated duties of the Commission was to study the creation of a Pay it Forward pilot program. Pay it Forward is a model for financing public higher education in which students would be able to attend a public institution without the upfront payment of tuition and fees. Instead, students would sign a contract agreeing to pay back a certain percentage of their income after graduation for a designated number of years. The repayments would be placed in a fund for the purpose of financing the education of future students. In concept, the program would eventually generate net revenue and become self-funded, with payments collected from graduates covering the tuition and fees of students currently enrolled in college.

In 2013, Oregon became the first state to enact Pay it Forward legislation, with a bill directing the study and creation of a proposal for a pilot program. Since then, bills to study or implement some form of Pay it Forward have been introduced in more than 20 states. The majority of the bills call for a feasibility study of Pay it Forward, rather than direct implementation. Currently, no state has implemented a Pay it Forward program.

After a review of the proposal, the Commission has identified a number of significant implementation challenges. These challenges include, but are not limited to, the following: (a) the exorbitant upfront investment of State funds required to start the program; (b) the possibility that Pay it Forward would ultimately cost many students more for their education over their lifetime than traditional student loans, including low-income students who currently receive substantial grant aid for tuition; (c) the uncertainty of the program's long-term financial solvency given the possibility that students who expect to earn higher salaries may be less likely to choose to participate in Pay it Forward than students contemplating less lucrative careers; and (d) the difficulties in predicting underlying variables that impact the success of a Pay it Forward model, such as participation rates, future incomes of participants, and long-term economic cycles.

The Commission does not recommend that the State pursue Pay it Forward at this time. The Commission, however, does support the creation of innovative approaches to make college more affordable and accessible and recommends that the State pursue this goal through support of public-private partnerships as described in Recommendation 12.

## Conclusion

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Over the last 18 months, the Commission has received testimony from students, parents, representatives of the higher education community, and other stakeholders interested in improving college affordability. These parties have brought forward many thoughtful recommendations, and the Commission wishes to express its gratitude for their participation in this collaborative process. After careful consideration of the testimony received, and with the benefit of our own extensive research on the underlying challenges to college affordability, the Commission feels confident that its recommendations will put New Jersey on a strong path to a more affordable college experience for our State's students.

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- <sup>i</sup> The transcripts of the public hearings and accompanying appendices may be found at the following links:  
<http://www.njleg.state.nj.us/legislativepub/pubhearings2015.asp#CASC>  
<http://www.njleg.state.nj.us/legislativepub/pubhearings2016.asp#CASC>
- <sup>ii</sup> *Education Pays 2013: The Benefits of Higher Education for Individuals and Society* (The College Board, Yardley, PA, 2013).
- <sup>iii</sup> Michael Greenstone and Adam Looney. *Where is the Best Place to Invest \$102,000 – In Stocks, Bonds, or a College Degree?* (Brookings Institution, 2011).
- <sup>iv</sup> *Education Pays 2013: The Benefits of Higher Education for Individuals and Society* (The College Board, Yardley, PA, 2013).
- <sup>v</sup> *College Affordability Diagnosis: New Jersey* (Institute for Research on Higher Education, Graduate School of Education, University of Pennsylvania, 2016).
- <sup>vi</sup> *2015-16 In-State Tuition and Fees at Public Four-Year Institutions by State and Five-Year Percentage Change*. Annual Survey of Colleges (The College Board, Yardley, PA, 2016).
- <sup>vii</sup> Based on IPEDS data and as reported at <https://www.njtransfer.org/PDF/Tuition2015.pdf>
- <sup>viii</sup> *Trends in College Pricing 2015* (The College Board, Yardley, PA, 2015).
- <sup>ix</sup> *Stockton Poll: New Jersey Colleges and Universities Seen as High Quality but Cost is Major Barrier* (William J. Hughes Center for Public Policy, Stockton University, 2013)
- <sup>x</sup> *Trends in College Pricing 2015* (The College Board, Yardley, PA, 2015).
- <sup>xi</sup> *State Funding Trends and Policies on Affordability* (United States Government Accountability Office, GAO-15-151, Dec. 2014).
- <sup>xii</sup> Andrew Haughwout, Donghoon Lee, Joelle Scally, and Wilbert van der Klaauw. *Student Loan Borrowing and Repayment Trends, 2015* (New York, NY: Federal Reserve Bank of New York, April 16, 2015).
- <sup>xiii</sup> Ibid.
- <sup>xiv</sup> Donghoon Lee. *Household Debt & Credit: Student Debt Presentation* (New York, NY: Federal Reserve Bank of New York, 2014).
- <sup>xv</sup> Charley Stone, Carl Van Horn, and Cliff Zukin. *Chasing the American Dream: Recent College Graduates and the Great Recession*. Work Trends (John. J. Heldrich Center for Workforce Development, Rutgers University, May 2012).
- <sup>xvi</sup> *Improving College Completion: Action Steps for Legislators* (National Conference of State Legislatures, Nov. 2010).
- <sup>xvii</sup> Jennifer Zinth. *State Approaches to Funding Dual Enrollment* (Education Commission of the States, Denver, CO, May 2015).
- <sup>xviii</sup> Indiana Code. House Enrolled Act No. 1220 (2012).
- <sup>xix</sup> Nate Johnson. Postsecondary Analytics. *How Full-Time are “Full-Time” Students?* (Complete College America, Oct. 2013).
- <sup>xx</sup> Clive Belfield, Davis Jenkins, and Hana Lahr. *Momentum: The Academic and Economic Value of a 15-Credit First-Semester Course Load for College Students in Tennessee* (Community College Research Center, Columbia University, New York, NY, 2016).
- <sup>xxi</sup> New Jersey Council of County Colleges. *New Jersey’s Community Colleges Facts at a Glance* (2015).
- <sup>xxii</sup> Lexi Anderson. *Reverse Transfer: The Path Less Traveled* (Education Commission of the States, Denver, CO, May 2015).
- <sup>xxiii</sup> N.J.A.C. 6A:8-5.1(a)1v
- <sup>xxiv</sup> Herb Weisbaum. *Students are Still Saddled with Soaring Textbook Costs, Report Says* (NBC News, Feb. 10, 2016).
- <sup>xxv</sup> *Students Have Greater Access to Textbook Information* (United States Government Accountability Office, GAO-13-368, June 2013).

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## Appendix A

### Enabling Legislation

P.L. 2015, c. 4

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AN ACT establishing the “College Affordability Study Commission.”

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. a. There is established a College Affordability Study Commission for the purpose of examining issues and developing recommendations to increase the affordability of higher education in New Jersey. The commission shall consist of 10 members appointed as follows:

(1) the Governor shall appoint two members including the president of a public research university, or a designee, and the president of a State college or university established pursuant to chapter 64 of Title 18A of the New Jersey Statutes, or a designee;

(2) the President of the Senate shall appoint four members including the president of a county college, or a designee, one member of the faculty of a public institution of higher education in the State, appointed upon the joint recommendation of the American Association of University Professors, the New Jersey Education Association, and AFT New Jersey, and two public members, one upon the recommendation of the Minority Leader of the Senate; and

(3) the Speaker of the General Assembly shall appoint four members including the president of an independent institution of higher education, or a designee, one student who is enrolled in a public institution of higher education in the State, and two public members, one upon the recommendation of the Minority Leader of the General Assembly.

b. Appointments to the commission shall be made within 30 days of the effective date of this act. Vacancies in the membership of the commission shall be filled in the same manner as the original appointments were made.

c. Members of the commission shall serve without compensation but shall be reimbursed for necessary expenses incurred in the performance of their duties within the limits of funds made available to the commission for its purposes.

2. a. The commission shall organize as soon as practicable, but no later than 30 days following the appointment of the members. The commission shall choose a chairperson from among its members and shall appoint a secretary who need not be a member of the commission.

b. The Office of Legislative Services shall provide such staff and related support services as the commission requires to carry out its work. The commission also shall be entitled to call to its assistance and avail itself of the services of the employees of any State, county, or municipal department, board, bureau, commission, or agency as it may require and as may be available to it for its purposes.

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3. It shall be the duty of the College Affordability Study Commission to study issues related to increasing the affordability of higher education in the State including:

a. The creation of an Accelerated Degree Pilot Program which would offer high performing high school students interested in pursuing a medical degree or graduate-level science or engineering degree the opportunity of receiving that degree earlier than would be possible under a traditional program;

b. The creation of an Affordable Degree Pilot Program which would permit students to earn a baccalaureate degree at a discounted tuition rate through a degree program partnership between a county college and a four-year public institution of higher education, with the student completing the first two years of the program at the participating county college;

c. The creation of a Pay It Forward Pilot Program which would replace the current system of charging students tuition and fees for enrollment at public institutions of higher education and allow students to instead pay back a percentage of their income for a certain number of years;

d. Methods to increase the performance of the New Jersey Better Educational Savings Trust (NJBEST), N.J.S.18A:71B-35 et seq., including, but not limited to: setting specific high standards for the selection of the investment manager to ensure that the program is ranked nationally as one of the best based on rate of return, expense ratios, and other relevant criteria; improving investment options available to the investor, such as options that permit customers more flexibility to customize their portfolios; determining possible alternatives to the NJBEST Scholarship, such as an annual State matching amount per beneficiary without the requirement of the beneficiary attending a State institution of higher education; and allowing a gross income tax deduction for amounts contributed to NJBEST accounts;

e. Changes to the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program, N.J.S.18A:71C-21 et seq., that will increase disclosure and make the program more consumer-friendly for student and parent borrowers including, but not limited to: advertisement of the Annual Percentage Rate for NJCLASS loans in addition to the interest rate; options for a borrower to choose either a co-signer or guarantor on a loan; an option for deferred loan payment of principal and interest while in school with a 10-15 year repayment period; and NJCLASS loan consolidation interest rates that more closely reflect market conditions; and

f. Any other proposals that the commission believes would increase the affordability of higher education in the State.

4. The commission shall issue a report of its findings and recommendations concerning the study described in section 3 of this act, to the Governor, the President of the Senate, and the Speaker of the General Assembly, no later than 18 months after the commission organizes.

5. This act shall take effect immediately, and the commission shall expire 30 days after the submission of its report.

Approved February 5, 2015.

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## Appendix B

### Invited Testimony from the Higher Education Community

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During its deliberations, the Commission sought input from a wide array of stakeholders and experts in the field of college affordability. Throughout its public meetings, the Commission received testimony from the following invited speakers. Additionally, the Commission offered a public comment opportunity at each of its meetings during which members of the public were able to offer testimony to the members.

#### May 27, 2015

New Jersey Presidents' Council

Dr. Steven Rose, Chair, and President of Passaic County Community College

Dr. Richard Levao, Vice-Chair, and President of Bloomfield College

#### June 17, 2015

Higher Education Student Assistance Authority (HESAA)

Gabrielle Charette, Executive Director

Gene Hutchins, Chief Financial Officer

Marnie Grodman, Director of Legal and Government Affairs

Andre Maglione, Director of Client Services

#### July 15, 2015

Dr. William Seaton, Vice-President/Provost, Thomas Edison State University,  
NJ Prior Learning Assessment Network (NJPLAN)

Audrey Bennerson, Director, State Educational Opportunity Fund (EOF)  
Program, Office of the Secretary of Higher Education

#### August 19, 2015

Linda E. Lam, Vice-President, New Jersey Council of County Colleges

Dr. Glen Gabert, President, Hudson County Community College

Dr. Gale Gibson, President, Essex County College

Dr. Jon Larson, President, Ocean County College

Dr. Maureen Murphy, President, Brookdale Community College

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September 16, 2015

Public Hearing held at Union County College

October 21, 2015

New Jersey School Counselor Association (NJSCA)

Jim Lukach, Executive Director, NJSCA

Tim Conway, President, NJSCA

Mindy Hall, Legislative Liaison, NJSCA/New Jersey Department of Education

Jill Marie Kuppel, Legislative Committee Member, NJSCA/NJDOE

Kathleen Reilly, NJSCA High School Representative

November 18, 2015

Public Hearing held at The College of New Jersey

In addition to public comment, the following invited speakers testified before the Commission:

Dr. Yesenia Madas, Executive Director, New Jersey Center for Student Success

Gabrielle Charette, Executive Director, Higher Education Student Assistance Authority

January 20, 2016

Public Hearing held at Rowan University

In addition to public comment, the following invited speakers testified before the Commission:

Senator Sandra B. Cunningham, Chair, Senate Higher Education Committee

Tyler Seville, Associate Director, Education and Workforce Development, New Jersey Business and Industry Association

February 17, 2016

New Jersey Education Association (NJEA)

Dr. Alan Kaufman, Chair, NJEA Higher Education Committee

Dr. Mecheline Farhat, Professor, Bergen County Community College, NJEA member

Ron Topham, NJEA field representative for higher education

American Federation of Teachers (AFT) New Jersey

Dr. Susanna Tardi, Higher Education Executive Vice-President

American Association of University Professors (AAUP)



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Dr. Patrice Mareschal, Chair, Legislative Relations Committee, AAUP-AFT,  
Rutgers University  
Dan O'Connor, former President, AAUP-NJ

March 16, 2016

Assemblywoman Mila M. Jasey, Chair, Assembly Higher Education Committee  
New Jersey Association of Student Financial Aid Administrators (NJASFAA)  
Cynthia Montalvo, NJASFAA President, and Director of Financial Aid at Felician  
University  
Wilbert Casaine, NJASFAA Vice-President and President-elect, and  
Executive Director of Financial Aid at The College of New Jersey  
Stephanie Fitzsimmons, Director of Financial Aid at Brookdale Community  
College

April 20, 2016

Governor's Council on Higher Education  
John McGoldrick, Chair, retired Chair of Zimmer Holdings  
Patricia Nachtigal, retired Senior Vice-President and General Counsel of  
Ingersoll-Rand, former Vice-Chair of the Board of Governors of Rutgers  
University  
Dr. Richard Wellbrock, retired President of Wellbrock, Inc., and former trustee,  
Chair of the Board of Trustees of Raritan Valley Community College  
New Jersey United Students (NJUS)  
Hanna Rothenberg, Vice-President, NJUS  
Juan Cinto, NJUS member

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## Appendix C

### Minority Report

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**Submitted by Dr. Tim Haresign**  
**Associate Professor, Stockton University**  
**President, Council of New Jersey State College Locals**

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## Minority Report

Submitted by Dr. Tim Haresign, Associate Professor Stockton University, President  
Council of New Jersey State College Locals

The report of the College Affordability Study Commission, contains a number of recommendations that, if followed, will help reduce the overall cost of a baccalaureate degree for some students. The recommendations included in the report are those that were agreed to by the majority of the members of the Commission. The commission was not a heterogeneous mix of higher education stakeholders, but rather consisted primarily of high level college/university administrators (six), one member of the legislative staff, one student, and one active college professor. It is not surprising that there would be some differences of opinion among the members of the commission, as would be true in any group. It is also not surprising that in cases of disagreement the viewpoint of the group with the largest representation prevailed. While I voted for, and agree with many of the recommendations, I disagree with one aspect of the report and believe that other recommendations should have been included.

The recommendation to allow associate degree granting institutions to teach the third year of courses towards a 4-year bachelor's degree is misguided. While this could potentially save students money by allowing them to take these courses at less expensive community colleges, the cost to students would be threefold: 1.) A loss in the quality and depth of instruction 2.) a loss in the integration of these courses into the carefully coordinated and quality-controlled curriculum designed and delivered by faculty at senior institutions, and 3.) the false promise that those courses would be widely transferable to 4-year baccalaureate degree granting institutions.

- 1.) Loss of Quality: Open-enrollment institutions (as most 2 year schools are) serve a much wider range of students than bachelor's degree granting institutions. As such, while they are able to maintain certain standards of achievement in their course work those standards will not generally be as high as those maintained at 4 year institutions with selective admissions. This is not a commentary on the prowess of the instructors, but rather an observation about the extent to which different groups of students can be moved forward. All professors understand that they need, to some extent, to tailor their instruction to the prior knowledge of their students. Any gaps in relevant prior knowledge necessarily must be addressed, generally resulting in less instructional space for advancement in the breadth or depth of the subject matter. It is in the third and fourth year where the deep exploration of the subject matter for specific majors intensifies. Students who are deprived of the chance to take upper level courses with a cohort of students in a more selective environment are generally going to be at a competitive disadvantage when they transfer to the more selective school.

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**Minority Report – Submitted by Dr. Tim Haresign – continued**

- 2.) Loss of integration: Faculty at 4-year institutions devote a significant portion of their time to crafting and continually refining a specific set of courses that will result in mastery of a subject matter sufficient to meet the requirements of a bachelor's degree. This is an ongoing process, subject to internal quality controls and continual discussion and collaboration between members of an academic department. It is unrealistic to expect this level of collaboration and coordination between independent institutions. Further, faculty at 4-year institutions do not have the time, inclination, or authority to impose and police standards on their colleagues at the community colleges. Thus, students taking third year courses at these schools will not be taking courses that have been carefully crafted to fit into a larger whole.
- 3.) The False Promise of Transferability: Because of the problems elucidated in points 1 and 2 above it is likely that many institutions will not accept upper level courses from two year institutions as counting towards a degree. The reputation of a college or university is built on the quality of the education it provides to its graduates. Many institutions are likely to require that their upper level courses are part of a well-integrated curriculum taught at a high level. If these course don't transfer, then the students will have wasted both time and money resulting in an increased cost of their education.

In short it would be a disservice to our students to allow upper level courses to be taught at two year institutions.

One area not addressed in the report is the question of cost efficiency and administrative bloat. Given the makeup of the committee it is not surprising that there was little enthusiasm for exploring this subject. Under New jersey's system of higher education, the public four year institutions operate as essentially independent fiefdoms with very little outside oversight. Often multiple layers of internal bureaucracy make transparency and accountability difficult. Recent examples of questionable spending such as the purchase of an unusable casino building by one institution, or the no-bid purchase of a \$250,000 conference table by another suggests that more outside oversight may be needed. Even more troubling is the fact that at some institutions the rate of growth in management positions exceeds the rate of growth in full-time faculty positions, which raises questions about the educational priorities of the institution. It may be possible to spend our limited resources more efficiently, devoting a greater percentage of resources into direct educational expenses. The state may want to consider creating greater oversight of the public institutions and using independent outside firms to examine the system and suggest areas where efficiency can be improved without reducing the quality of education.

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**Minority Report – Submitted by Dr. Tim Haresign – continued**

Finally, the introduction to the CASC report does an excellent job of documenting the correlation between the decline in state funding and the rise in the rate of tuition. In that same introduction we call for the cuts to be restored through some of the specific investments suggested later in the report. I support these goals but would like to see a strong recommendation that the Governor and legislature make a firm commitment to restoring the cuts by putting forward and endorsing a plan for restoring state funding to at least 2008 levels on an inflation adjusted per student level by the year 2022. This is a very modest goal, and an investment that will more than pay for itself in terms of the long term economic prosperity.

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