

New Jersey's Great Cost Shift

How Higher Education Cuts Undermine the State's Future Middle Class

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In today's economy, a college education is essential for getting a good job and entering the middle class. Yet, despite this reality, college costs are rising beyond the reach of many New Jerseyans. State policy decisions have played a significant role in this rise by shifting costs onto students and families through declining state support. New Jersey's investment in higher education has decreased considerably over the past two decades, and its financial aid programs, though still some of the country's most expansive, fail to reach many students with financial need. Students and their families now pay—or borrow—much more than they can afford to get a higher education, a trend which will have grave consequences for New Jersey's future economy.

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The Great Cost Shift: How Higher Education Cuts Undermine The Future Middle Class.

This brief is based on the Dēmos report “[The Great Cost Shift](#),” which examines how nationwide disinvestment in public higher education over the past two decades has shifted costs to students and their families. The report outlines how such disinvestment is magnified by rapidly rising enrollments, and its effects are felt particularly acutely as student bodies become more economically, racially, and ethnically diverse. This fact sheet focuses on New Jersey, highlighting the trends in the state's higher education funding over the last twenty years.

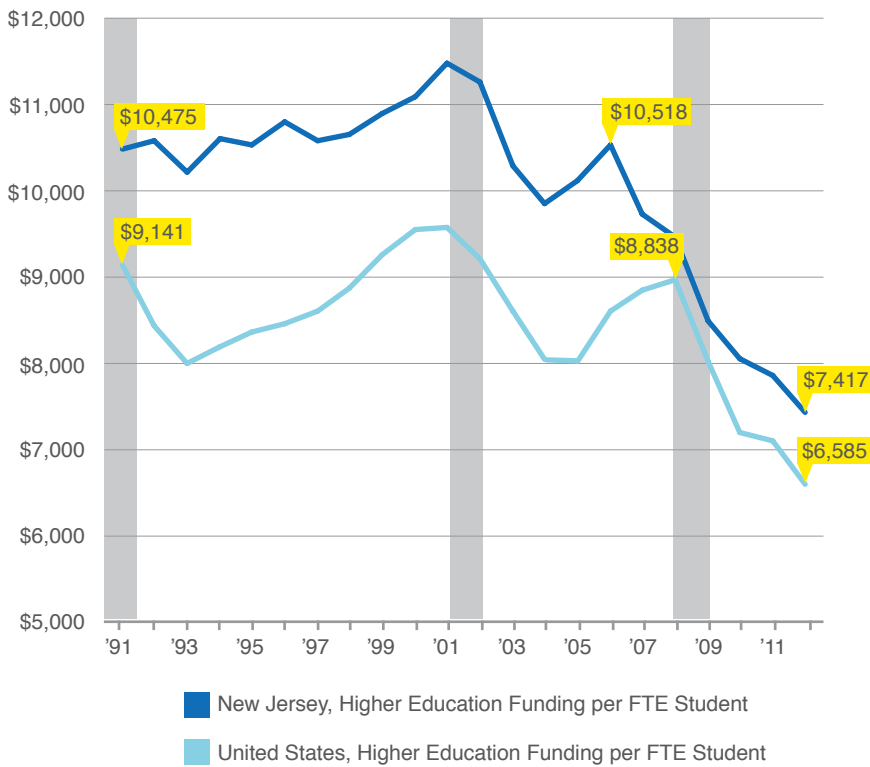
State Higher Education Funding Is Dramatically Declining

New Jersey's overall funding for higher education has declined precipitously since its pre-Great Recession peak in 2006.¹ Funding per student has fallen even more dramatically, since enrollments have risen significantly even as total funding fell. Though state funding for higher education has historically risen and fallen in tune with the business cycle, the post-Great Recession decline appears to be a worrisome departure from the historical pattern.

Overall, New Jersey's higher education funding fell from its peak of \$2.33 billion in 2006 to \$1.93 billion in 2013, a 17 percent decline.²

- Funding per full-time equivalent (FTE) student has fallen 29 percent since 2006.
- Despite this significant decline, New Jersey's funding per FTE student—\$7,417 in 2012—remains the 14th highest level in the nation.

Figure 1: New Jersey Has Disinvested in Higher Education in Step With the Nation



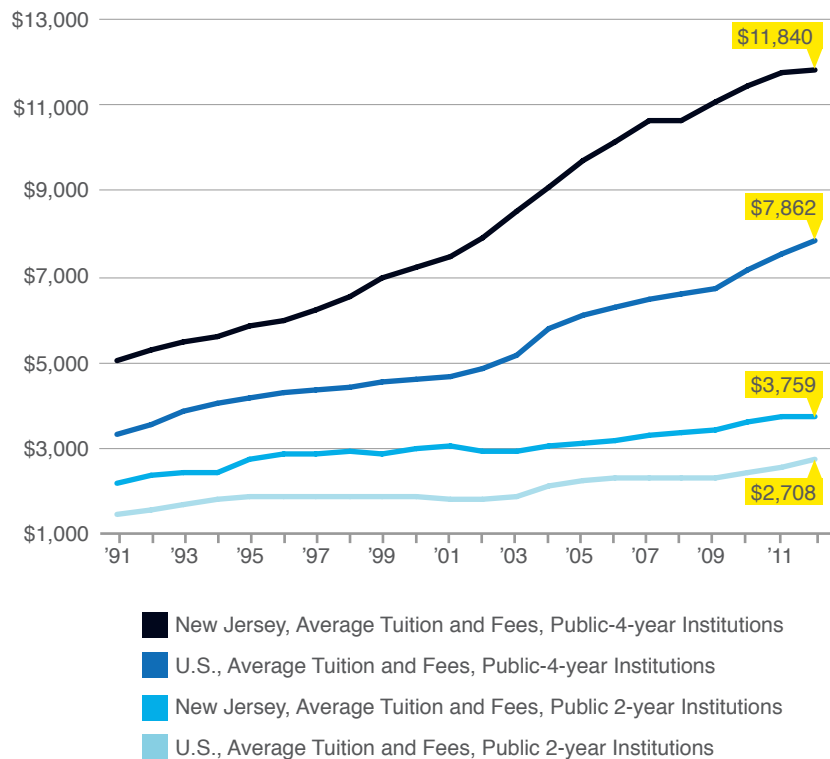
Source: Demos analysis of ExecuComp, BLS, and BEA data

Skyrocketing Tuitions

New Jersey's declining state financial support for its public colleges and universities has translated into higher tuition and fees, making college increasingly unaffordable for the state's students.

- Over the past two decades, average yearly tuition and fees at public four-year institutions in New Jersey have risen by \$6,814, a 136 percent increase.
- Tuition and fees have risen much more slowly, however, at two-year institutions, rising 73 percent, or \$1,589, over the same period.
- Tuition prices at both four- and two-year institutions have been higher than the national average for the past two decades, a gap which has widened significantly over the past decade in particular.

Figure 2: New Jersey State Tuition Has Risen Sharply Over the Past Two Decades

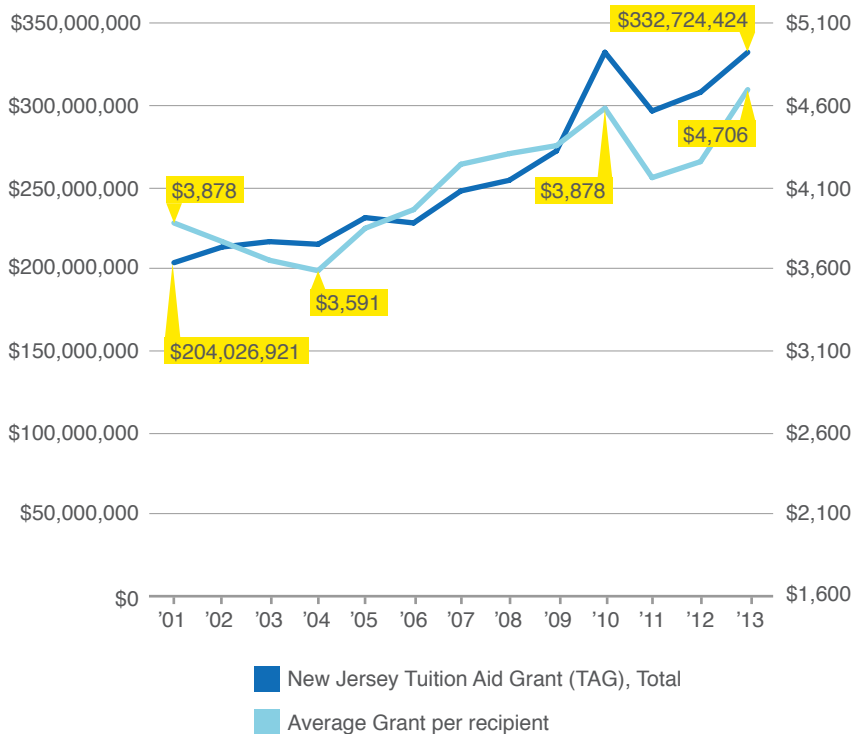


Grant Aid Has Become More Generous

Despite the decline in overall appropriations, funding for New Jersey's main grant financial aid program, the Tuition Assistance Grant program (TAG), has risen substantially since the Great Recession. The average grant awarded also rose, helping to offset the rise in tuition costs for the approximately 25 percent of New Jersey students who receive the grants.

- Total New Jersey TAG grant aid has risen by 63 percent since 2001, and by 31 percent since the Great Recession.³
- The average award rose to \$4,706 in 2013, 21 percent more than in 2001.
- However, despite this rise, the grants are paying for a sharply declining share of tuition costs: the average TAG award covered just 39 percent of average tuition at a four-year school in New Jersey in 2013, down from 52 percent in 2001.
- The TAG program benefits approximately 25 percent of all students, near its historical average.

Figure 3: New Jersey Tuition Aid Grants (TAGs) Have Risen Over the Past Decade

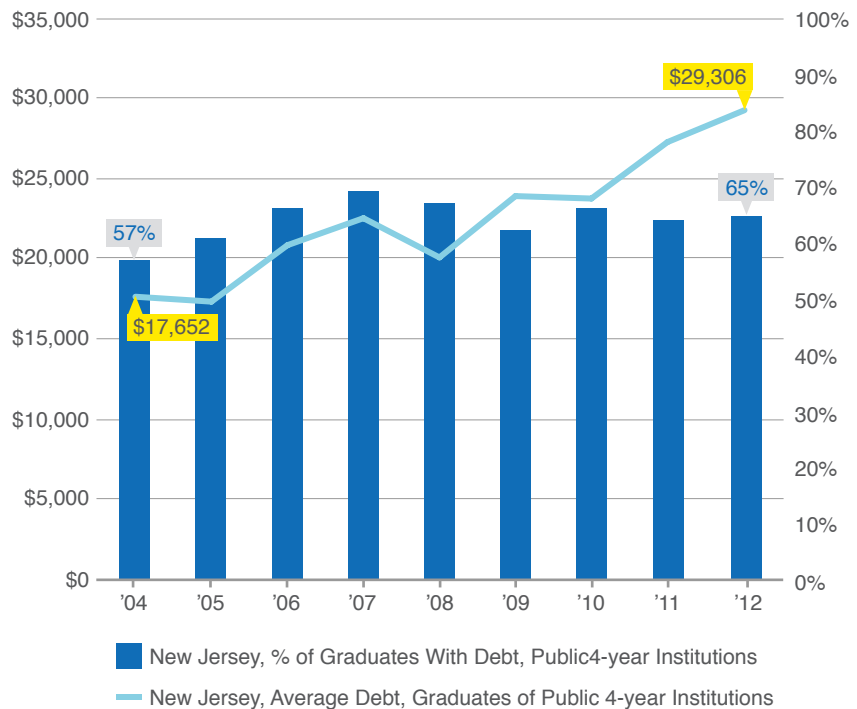


Shifting Costs To Students And Families

Tuitions have been rising far more rapidly than family incomes, causing the tuition costs to take an increasingly large bite out of family budgets. The increasing unaffordability of a college education in the state combined with the decreasing share of tuition covered by TAG awards have forced New Jersey's students to borrow more to pay for school.

- In 2000, average tuition and fees alone at the average public four-year institution in New Jersey cost 10 percent of a median household's income; by 2012 this share had reached 17 percent.
- Sixty-five percent of students graduating from public four-year colleges in New Jersey in 2012 left with some student debt, a rise from the 57 percent who left indebted in 2004.
- The average debt of indebted graduates has risen precipitously. Indebted students graduated with an average of \$29,306 in debt in 2012, a 66 percent rise since 2004.⁴

Figure 4: The Student Debt of New Jersey State Graduates Has Risen Over the Past Decade



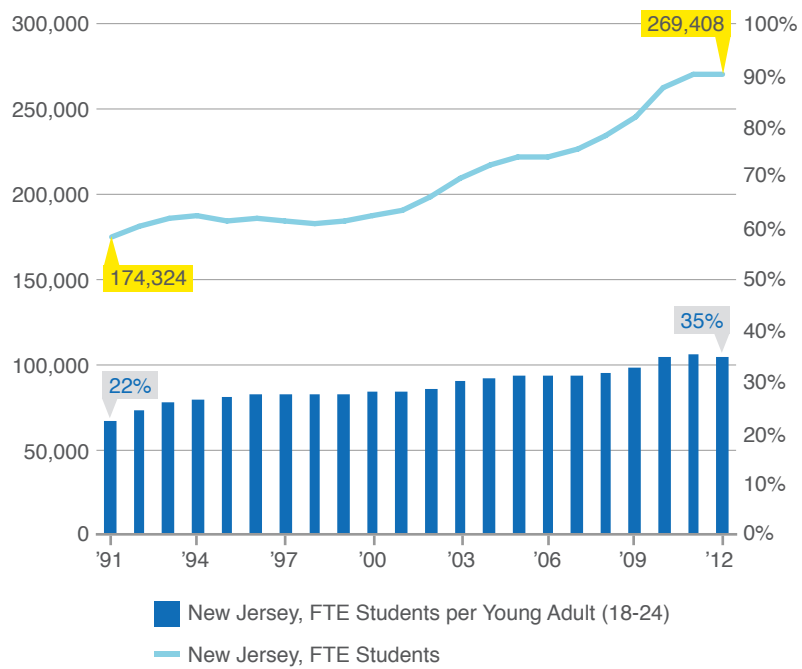
Increasing Enrollments, High Enrollment And Completion Rates

Despite the increasing cost of a higher education, enrollments at New Jersey's colleges and universities have risen steadily over the past two decades, in part due to the very high share of New Jersey high school graduates enrolling in college. However, one blot on New Jersey's higher education outcomes is its graduation rate from two-year institutions, which is below the national average. Graduation rates at the state's four-year schools, however, continue to outpace those of the country as a whole.

- Total FTE enrollments in New Jersey's colleges and universities have risen steadily, increasing 55 percent from 174,324 FTE students in 1991 to 269,408 in 2012.
- Enrollments as a share of the young adult population have also risen, from 22 percent of all young adults enrolled in higher education in 1991 to 35 percent in 2012.
- New Jersey also has a high enrollment rate: 68.6 percent of New Jersey's high school graduates enrolled in higher education in 2010. This is the ninth-highest share of any state in the country, and significantly above the national average of 63 percent.⁵

- The graduation rates at New Jersey’s four-year colleges and universities are also above the national average. As of 2010, 66.5 percent of students at public 4-year institutions graduated within 6 years, a rate 10 percentage points above the national average and the fifth highest in the nation.⁶
- However, the state’s graduation rate from two-year institutions was just 17.1 percent in 2010, which is 3 percentage points below the national average.

Figure 5: Enrollments at New Jersey Colleges and Universities Have Risen



What Needs To Happen?

Even though New Jersey's graduation rate from four-year schools is higher than the national average, it is still too low to meet the future demands of the state's labor market, which will increasingly require a postsecondary credential. Sixty-four percent of all jobs in the Garden State are projected to require some sort of postsecondary education by 2018,⁷ yet just 47 percent of young New Jerseyans (ages 25-34) currently have an associate's degree or higher.⁸ This share is not projected to improve much in the near future: by 2018, just 50 percent of New Jerseyans are projected to hold a two-year degree or higher, leaving the state with a significant skills gap in its labor market.⁹ Fortunately, New Jersey can still close this projected gap by taking advantage of the state's resources to invest in the current and future generations of New Jerseyans aspiring to realize the American Dream through postsecondary education.

With the recent cuts in higher education funding, New Jersey is endangering the quality of its institutions of higher learning, threatening the state's economic competitiveness and the future of its young people. To reverse course, the state will need to commit to bold solutions that can strengthen and stabilize funding for New Jersey's state universities and colleges and provide greater financial support to deserving students.

Endnotes

1. All years in this brief have been shortened to represent the fiscal year; thus, 2008 represents fiscal 2008, which covers the period between mid 2007 and mid 2008.
2. All dollar figures in this brief have been adjusted for inflation to allow a more accurate comparison between different years.
3. National Association of State Student Grant and Aid Programs, Annual Survey, <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>
4. The Institute for College Access and Success (TICAS), "College Insight" data, <http://college-insight.org/#explore/go&h=af0f0e9a70bf890cfe0d3350e3a0c4b>
5. National Center for Education Statistics, "Digest of Education Statistics, 2012," Table 238, http://nces.ed.gov/programs/digest/d12/tables/dt12_238.asp
6. National Center for Education Statistics, Integrated Postsecondary Education Data System, via The Chronicle of Higher Education: <http://collegecompletion.chronicle.com/state/>
7. The Georgetown University Center on Education and the Workforce, "Help Wanted: Projections of Jobs and Education Requirements Through 2018: New Jersey," 2010, <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/newjersey.pdf>
8. National Center for Higher Education Management Systems, "State Educational Attainment by Age Group and Degree Level," <http://www.higheredinfo.org/dbrowser/?level=nation&mode=map&state=0&submeasure=239>
9. The Lumina Foundation, "A Stronger Nation Through Higher Education: New Jersey," http://www.luminafoundation.org/state/new_jersey/

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