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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## NEW JERSEY



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# NEW JERSEY

COLLEGE  
AFFORDABILITY  
RANKING

10

New Jersey's low-cost public two-year colleges drive the state's strong overall ranking on college affordability, with a high concentration of the state's college students attending these institutions. However, the financial burden for families at the state's public four-year colleges and universities put the state's future of affordable higher education at risk.

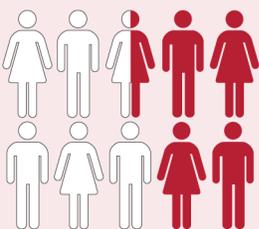
New Jersey enrolls 45 percent of its undergraduates in public community colleges. These two-year institutions would require 17 percent of family income, on average, to attend full time—making them some of the most affordable in the nation. Students would be required to work 23 hours a week, on average, to pay for the cost of attending these colleges full time.

The financial strain is much heavier for undergraduates seeking a degree from one of the state's public four-year nondoctoral colleges, which enroll 29 percent of undergraduates. Full-time attendance at these institutions would require 37 percent of family income, on average—making these colleges some of the most expensive in the nation. On average, students would be required to work more than 40 hours each week to pay the expenses of attending these colleges full time.

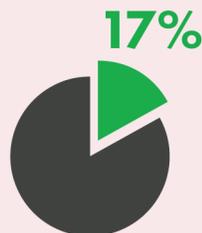
New Jersey has work to do to meet future demand for an educated workforce. By 2020, 68 percent of jobs in New Jersey will require a postsecondary credential. But as of 2014, just 49 percent of young adults (age 25–34) and 46 percent of working-age adults (age 35–64) had an associate's degree or higher.

- ▶ Since 2008, a larger percentage of family income would be required to attend the state's public two-year and public four-year nondoctoral colleges, which account for 74 percent of total undergraduate enrollment.
- ▶ For families earning \$30,000 or less per year, 76 percent of family income would be required to attend the state's public four-year nondoctoral institutions full time. For families earning \$110,000 or more per year, 11 percent of family income would be required to attend these institutions full time.
- ▶ The state contributes \$981 per student in need-based financial aid at public institutions, which account for 88 percent of total college enrollment in New Jersey. The national average is \$474.
- ▶ Higher educational attainment varies by race and ethnicity: 52 percent of Whites vs. 24 percent of Hispanics (the largest minority group in New Jersey) has earned an associate's degree or higher.

More New Jersey students attend **public two-year institutions** than any other kind of institution, with **45 percent enrolled**. Families would spend, on average, **17 percent of annual income** to pay for full-time attendance.



Percentage of students attending public two-year institutions



Percentage of family income required to pay for full-time attendance

On average, **46 percent** of working-age New Jersey state residents (age 25-64) have an associate's degree or higher.

By 2020, **68 percent of jobs will require an associate's degree or higher.**



**68%**

Jobs requiring associate's degree or higher by 2020

**46%**

Workforce with associate's degree or higher, as of 2014

# WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
<b>Public Two-Year</b> (45 percent of enrollment)**	<b>15</b>	<b>17</b>	<b>15</b>
<b>Public Four-Year Nondoctoral</b> (29 percent of enrollment)	<b>35</b>	<b>37</b>	<b>49</b>
<b>Public Research</b> (14 percent of enrollment)	<b>36</b>	<b>34</b>	<b>42</b>
<b>Private Four-Year Nondoctoral</b> (9 percent of enrollment)	<b>43</b>	<b>42</b>	<b>18</b>
<b>Private Research</b> (4 percent of enrollment)	<b>33</b>	<b>37</b>	<b>9</b>

\* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

\*\* Enrollment may not add up to 100% due to rounding.

**NOTE:** The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at [www2.gse.upenn.edu/irhe/affordability-diagnosis](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## STATE INCOME PROFILE

Income  
**\$0—30,000**  
Average Income in Group  
**\$16,957**  
Families in Group  
**16%**

Income  
**\$30,000 —48,000**  
Average Income in Group  
**\$39,252**  
Families in Group  
**12%**

Income  
**\$48,000—75,000**  
Average Income in Group  
**\$61,446**  
Families in Group  
**18%**

Income  
**\$75,000—110,000**  
Average Income in Group  
**\$92,198**  
Families in Group  
**19%**

Income  
**\$110,000 and above**  
Average Income in Group  
**\$203,906**  
Families in Group  
**36%**

# PERCENT OF FAMILY INCOME needed to attend full time:

## PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	5,799	<b>34</b>
\$30,000—48,000	6,865	<b>17</b>
\$48,000—75,000	8,853	<b>14</b>
\$75,000—110,000	10,457	<b>11</b>
\$110,000 and above	10,922	<b>5</b>

Students would have to work 23 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

## PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	12,937	<b>76</b>
\$30,000—48,000	15,807	<b>40</b>
\$48,000—75,000	20,179	<b>33</b>
\$75,000—110,000	23,149	<b>25</b>
\$110,000 and above	23,177	<b>11</b>

Students would have to work 48 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

## PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	11,271	<b>66</b>
\$30,000—48,000	13,389	<b>34</b>
\$48,000—75,000	19,681	<b>32</b>
\$75,000—110,000	24,814	<b>27</b>
\$110,000 and above	26,046	<b>13</b>

Students would have to work 47 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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## STATE INCOME PROFILE

Income

**\$0—30,000**

Average Income in Group

**\$16,957**

Families in Group

**16%**

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**\$61,446**

Families in Group

**18%**

Income

**\$75,000—110,000**

Average Income in Group

**\$92,198**

Families in Group

**19%**

Income

**\$110,000 and above**

Average Income in Group

**\$203,906**

Families in Group

**36%**

# PERCENT OF FAMILY INCOME needed to attend full time:

## PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	15,166	<b>89</b>
\$30,000—48,000	16,546	<b>42</b>
\$48,000—75,000	21,687	<b>35</b>
\$75,000—110,000	26,488	<b>29</b>
\$110,000 and above	28,351	<b>14</b>

Students would have to work 43 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

## PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	13,198	<b>78</b>
\$30,000—48,000	14,117	<b>36</b>
\$48,000—75,000	17,928	<b>29</b>
\$75,000—110,000	24,180	<b>26</b>
\$110,000 and above	29,404	<b>14</b>

Students would have to work 54 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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## WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	600	740	981	474
<b>Other Aid</b>	112	133	40	210

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	1678	1915	2542	644
<b>Other Aid</b>	71	52	11	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

## HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,620 annually.
- ▶ Students who enroll at private research institutions typically borrow \$2,650 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,738 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,568 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$799 annually.

Data Source: U.S. Department of Education.

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# WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

## Workforce Needs

- ▶ By 2020, 68 percent of jobs in New Jersey will require a postsecondary credential.
- ▶ New Jersey is 20th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 49 percent of young adults in New Jersey (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 46 percent of working age adults in New Jersey (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

## Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 46 percent of working age New Jersey state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 52 percent of Whites have an associate's degree or higher but the other three most populous racial groups (Hispanics, Blacks and Asians) have attainment of 24 percent, 31 percent and 76 percent respectively.

## Educational Pipeline in New Jersey

- ▶ In 2020, New Jersey's public high school graduates are projected to be 23 percent Hispanic, 14 percent Black, and 12 percent Asian.
- ▶ The total number of high school graduates at public institutions in New Jersey is projected to decline by 7 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Hispanic in New Jersey is projected to grow by 5 percent and the percent of graduates that are White is projected to decline by 6 percent while the percent of graduates that are Black is projected to remain constant over the same time period. The projected number of Asian graduates will increase by 3 percent between 2020 and 2028.
- ▶ While the decline in White graduates is similar but more pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028) the growth in Hispanics in New Jersey is above national patterns (Hispanics are only projected to increase by 2 percent of national high school graduates by 2028). The flat growth of Black graduates is slightly below national patterns (Blacks are projected to increase by 1 percent of national high school graduates by 2028) while the growth in Asian graduates is above national trends (nationally, Asian graduates are projected to increase by 1 percent).

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### Children in Poverty

- ▶ The percent of children living in poverty in New Jersey increased between 2005 and 2013, from 12 percent to 15 percent.
- ▶ In 2013 New Jersey was ranked 8th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

### Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In New Jersey, total student share of state and net tuition revenues per full time student was 21 percent in 1989, 32 percent in 2000, and 59 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.



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# POLICY QUESTIONS FOR STATE LEADERS

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- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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