Strengthening Student Aid in New Jersey: How Can New Jersey Increase Transparency in TAG Award Amounts across Colleges?

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New Jersey uses a proprietary formula to calculate the New Jersey Eligibility Index (NJEI), which determines eligibility for need-based Tuition Aid Grant (TAG) awards. The NJEI formula differs from the federal expected family contribution (EFC) formula, and the amount of aid granted differs across institutions and sectors, as well as by ability to pay.

To students applying for aid, these distinctions may appear arbitrary. A student may be eligible for a grant at some colleges but not at others, and awards may differ substantially across institutions, even within the same sector. Students may also find that a small change in their financial situation yields a large change in grant aid if the change causes a move from one NJEI tier to another.

Recommendations

Assess alignment of NJEI and EFC assessments of ability to pay, especially for independent students. A student may have a $0 EFC, indicating lowest ability to pay in the federal formula, but may not be in the lowest tier for the NJEI (having an NJEI below 1,500).

The difference is most striking for independent students. We estimate that about 70 percent of dependent full-time students with $0 EFCs are also in the lowest category for TAG. But only about 30 percent of independent students with $0 EFCs are categorized as eligible for the maximum TAG award.

Because aid is allocated by NJEI categories instead of changing gradually, students may see sharp changes in aid when they have small changes in financial circumstances. The amount of aid lost between NJEI steps is also of irregular size. The recent revision of the TAG tables for 2021–22 appears to have increased the consistency of the steps. But even in these tables, an increase in NJEI from 7,499 to 7,500 would cause a state college student to lose $2,540 in TAG funding, whereas the steps at lower NJEI levels range from $924 to $1,180.

Increase the transparency of the NJEI calculation for prospective students. Although college financial aid officers may be familiar with the NJEI, students do not have access to the formula. The federal formula for calculating the EFC is complex, but students from low-income backgrounds who meet certain criteria can be sure they are eligible for an automatic $0 EFC. There are no similar assurances with the NJEI.

Students can access an interactive website to input their family's financial data and get a projected NJEI. The availability of an online tool for calculating TAG aid is a helpful but cumbersome step toward transparency for students in need of financial aid.

Without revealing the NJEI formula, policymakers are building predictability for low-income students in other ways. For example, students enrolled in county colleges who come from families earning less than $65,000 a year are guaranteed free tuition, with that guarantee now promised to cover another two years at a four-year public institution in the state. Steps that build predictability based on simple financial measures, such as household income, help students anticipate their eligibility for aid and encourage applications.

Publish all institution-level TAG award tables. Even with an NJEI, students may have difficulty knowing exactly how much their TAG award will cover. The TAG award tables list precise amounts for independent institutions, but for county colleges and state colleges, the award amount can still vary across institutions. For example, the most generous TAG award was $3,270 at Bergen Community College when it was just $2,464 at Ocean County College. These exact figures are hard for students to access. Differences in TAG levels across public institutions are apparently associated with historical differences in tuition prices, but the correlation is not consistent. It is unclear from the new table how the revision has affected variation across four-year public institutions.

Publishing clear award tables for all institutions would increase predictability for students.

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Acknowledgments

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