

NJ STARS

New Jersey Student Tuition Assistance Reward Scholarship Program

*A Report by the Higher Education Student Assistance
Authority (HESAA)*

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EXECUTIVE SUMMARY

- Pursuant to N.J.S.A.18A:71B-86, the Higher Education Student Assistance Authority prepared the following report for the Governor and Legislature on the New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS). In addition to data required by the statute, such as the statistics and analysis of student participation in the program, the amount of funding provided by the program, the amount of funding made available to participating students from State sources other than the NJ STARS Program and from federal and institutional sources, the study also analyzes the effect of the program on the enrollment and academic performance of NJ STARS scholars attending county colleges. The analysis is based on data extracted from the Higher Education Student Assistance Authority and the New Jersey Commission on Higher Education databases as well as U.S. Census data.
- Between the first and second year of the program, the participation rate of high school graduates increased by 50 percent. This is in part the result of the collaborative marketing efforts of HESAA, the county colleges, and the New Jersey Council of County Colleges. As these outreach activities regarding the NJ STARS Program expand, and as more students become aware of the program, we can anticipate its continued growth.
- The findings of this report reveal that NJ STARS scholars experienced a decrease in need-based aid eligibility in academic year 2005-06 compared to academic year 2004-05. As a result, the portion of tuition and fees covered by NJ STARS increased between these two years, while the portion covered by other State and federal aid decreased. The average value of the awards also increased between academic years 2004-05 and 2005-06. These findings demonstrate that, by design, NJ STARS scholars are not affected by tuition increases or decreases in their need-based aid eligibility.

- NJ STARS scholars (funded and non-funded) were more likely to be female, dependent students, with a median family income of \$71,005. The median family income of NJ STARS scholars is lower than New Jersey's \$73,973 median family income. While this is a relatively high income, given the higher cost of living in New Jersey than nationally, one-third of the NJ STARS scholars (1,007 scholars out of 3,033) were still eligible to receive State need-based financial assistance. In addition, nearly one-sixth of NJ STARS scholars reside in Abbott school districts and 8 percent are from families whose incomes are below the federal poverty line. A recent report by the Economic Policy Institute indicates that, given their income levels, between 30 to 37 percent of NJ STARS scholars cannot meet the basic living costs in New Jersey, compared to 23 percent statewide.
- The academic performance of NJ STARS scholars, as measured by the grade point average (GPA) and the average number of degree credits earned in any semester, as well as the retention rates, are significantly higher than for other first-year, full-time county college students. On average, NJ STARS scholars' GPAs were 1.2 points higher and they earned 3.2 credits more per semester than other first-year, full-time county college students. Their retention rates were also 15 percent higher than their county college peers. If this trend continues, the NJ STARS Program will provide an incentive for high achievement, which will have a positive impact on academic outcomes at all educational levels.
- While all county colleges appear to have benefited from the NJ STARS Program by an increase in enrollment of NJ STARS scholars, some have enrolled more scholars than others. Cumberland, Gloucester, Warren, Ocean, and Salem have reported the largest percentage of NJ STARS scholars enrolled. Camden County College, Ocean County College and Burlington County College enrolled the highest number of scholars in absolute numbers. There appears to be an inverse relationship between enrollment patterns of NJ STARS scholars and economic prosperity indicators, including median

household income and the percentage of individuals below the poverty line, which is to say less prosperous counties are more likely to have greater numbers of students participating in the program. While more time may be required to conclusively assess the merits of this finding, the consistency of the finding across the two academic years examined, as well as different measures of economic prosperity and enrollment patterns, suggest that less prosperous counties are likely to benefit more from this scholarship program. The program, if supplemented by appropriate outreach activities that inform economically disadvantaged high school students of this program and its extension to a baccalaureate degree through the NJ STARS II Program, will ensure that the scholarship provides “a chance to excel where before there was none,” as the Legislature intended.

- The NJ STARS Program was created to recognize the increasing demand for, and importance of, higher education and the relatively higher tuition costs at four-year public colleges and universities. County colleges are especially adept at providing technical, vocational and occupational training needed to succeed in the 21st century. While there is strong evidence to suggest an increasing demand for a county college education in New Jersey and nationwide, attempting to estimate the impact of the program on county college enrollment is speculative at this time. Future studies are required to determine if the NJ STARS Program impacts county college enrollment.
- The NJ STARS Program requires, in most instances, that students attend their county college of residence. This, in the long-term, may have a positive effect on a county’s overall prosperity as students strengthen their attachment to their communities and are more likely to continue residing in their communities and use their education and training to improve the quality of the local workforce. Studies have demonstrated that county colleges have a strong, positive impact on a county’s economic development. The effects are evident given their contribution to overall expenditures, job creation, and increased earning potential for county college graduates.

Given these findings, and based on our analysis, the following recommendations are made:

Recommendation 1. *Continue fully funding the NJ STARS Program*

The NJ STARS Program has created opportunities for needier students from all New Jersey counties. NJ STARS is also serving as an incentive for high-achieving high school students to continue to perform well academically once enrolled at New Jersey county colleges. The program's renewal criteria require students to maintain their high academic performance in college, which may favorably affect the overall performance of county college students. Moreover, if higher enrollment rates at county colleges are achieved through this program, the economic impacts of county colleges will be further realized and enhanced.

Recommendation 2. *Enhance the marketing of the program to increase its participation rates*

Through the collaborative efforts of HESAA, the county colleges and the New Jersey Council of County Colleges, the NJ STARS Program was marketed to a wide segment of New Jersey's constituents. To further enhance the program's participation rates at urban high schools, targeted outreach activities are recommended to ensure that all New Jersey residents who can benefit from the program are encouraged to do so. In particular, HESAA should continue focusing on its collaborative efforts with programs like Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), the Federal TRIO Programs and the Upward Bound Program.

Recommendation 3. *Conduct a study of the NJ STARS Program during the 2009-10 academic year to identify trends and patterns in higher education in general and county college education in particular*

The future study should combine qualitative and quantitative methods to address the following issues:

- The impact of the NJ STARS Program on county college enrollment
- The effect of the NJ STARS Program on academic outcomes, including performance, retention and graduation rates, at county colleges
- The persistence rates of NJ STARS scholars beyond an associate degree
- Academic program participation
- Post associate degree educational and non-educational activities
- The relationship between the NJ STARS and NJ STARS II Programs

FOREWORD

The Higher Education Student Assistance Authority (HESAA) is a comprehensive financial aid entity that was established in 1959. HESAA provides over \$1.5 billion in student financial aid annually to help New Jersey students achieve their educational dreams. HESAA administers all New Jersey student grant, scholarship and loan programs as well as the NJBEST 529 college savings plan, and provides students and their families with financial aid information. HESAA serves as one of 35 governmental and nonprofit federal student loan guaranty agencies in the nation and administers a \$4.4 billion federal student loan portfolio for the U.S. Department of Education (USDE). Notably, New Jersey is ranked second in the nation in need-based grant dollars per undergraduate enrollment and is ranked among the top ten states in the nation in the total value of grants and scholarships awarded to its residents. HESAA's recent achievements include awarding approximately 64,000 full-time and part-time Tuition Aid Grants (TAG) to New Jersey residents, nearly 7,400 Distinguished and Urban Scholar awards and approximately 5,400 Outstanding Scholar Recruitment Scholarships; annually providing more than 11,000 students with over \$142 million in NJCLASS loans, annually assisting over 1 million students, families and educators; during peak months, receiving over 150,000 phone calls from students and their families, and over 300,000 daily website hits; presenting to approximately 40,000 students, parents and educators this past year, and training over 2,000 high school counselors on financial aid.

The following is a legislatively mandated report to evaluate the New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS). Pursuant to New Jersey Statute, Title 18A, Chapter 71B-86, this report analyzes the implementation of the NJ STARS Program in its first two years at all New Jersey county colleges. Among the areas covered in this report are:

- (1) student participation in the program at each county college;
- (2) the funding provided under the program to students enrolled compared to funding from other State, federal and institutional sources;
- (3) characteristics of the typical NJ STARS scholar;
- (4) the academic performance of NJ STARS scholars; and
- (5) any such other factors as HESAA deems necessary or useful to the evaluation of the program.

INTRODUCTION

The value of a college education to the individual and society at large is an indisputable fact today. However, affording a college education has become one of the greatest challenges facing many American families. Between 1983-84 and 2003-04, the cost of in-state tuition and fees at public higher education institutions in the United States increased by more than 93 percent, after adjusting for inflation (USDE, 2005). The median household income, however, only increased by 15 percent (adjusted for inflation) during the same period of time¹ (U.S. Bureau of the Census, 2004a). Therefore, the increase in tuition and required fees at public institutions was six times greater than the increase in the median household income. The impact of the increase in tuition and fees was particularly dramatic for low-income families². The mean household income for the lowest quintile increased by 9 percent between 1984 and 2004 and the percentage of the cost of tuition from income for this low-income group increased from 18 percent in 1984 to 33 percent in 2004 (U.S. Bureau of the Census, 2004b; ED, 2004).

The picture is similar in New Jersey. Between 1990-91 and 2004-05³, the average in-state tuition and required fees in constant dollars for state colleges increased by 138 percent (IPEDS, 2005)⁴. New Jersey's median household income, on the other hand, only increased by 6 percent during this period (adjusted for inflation). These data underscore the importance of federal and State financial aid, without which many students would not have access to a higher education. The following section illustrates New Jersey's efforts to make higher education affordable for its residents.

¹ Income is for the calendar year; tuition and fees are for the academic year.

² Low income is defined as the bottom 20 percent of all household incomes.

³ State tuition data are only available beginning with the 1989-90 academic year.

⁴ New Jersey tuition prices were adjusted using the CPI for the Northeast urban region. CPI data was obtained from the Bureau of Labor Statistics Website (<http://data.bls.gov/pdq/servlet/SurveyOutputServlet>)

FINANCIAL AID IN NEW JERSEY

New Jersey has a long-standing commitment to maintaining access to and affordability of higher education for its residents, as evidenced by the variety of need-based and merit-based student financial aid programs funded through direct State appropriations. Accordingly, the availability of New Jersey State student assistance has mitigated the impact of escalating tuition costs. In academic year 2004-05, New Jersey ranked near the top in several national comparisons that reflect the state's commitment to making higher education affordable. According to the 2006 National Association of State Scholarship and Grant Aid Programs 36th Annual Survey Report, New Jersey ranked:

- second in need-based grant dollars per undergraduate enrollment;
- eighth in total dollar aid awarded; and
- eighth in grant dollars per resident college-age population.

The following section provides an overview of the different types of financial aid programs (other than the NJ STARS Program) available to New Jersey residents.

Overview of Financial Aid Programs Available to New Jersey Residents

Need-Based Financial Aid

Full-Time Tuition Aid Grant. The Tuition Aid Grant (TAG) Program is the foundation of New Jersey's undergraduate student financial aid programs. The program was established by statute in 1978 to eliminate or reduce the tuition component of the cost of attending New Jersey colleges and universities for financially needy state residents. Historically, the program has attempted to:

- (1) provide the neediest students with awards up to full tuition at public institutions or up to 50 percent of the average tuition at independent higher education institutions; and
- (2) provide other needy students who are eligible for partial awards with annual award increases designed to help offset the impact of rising tuition.

The TAG Program assists about one-third of eligible, full-time undergraduates in New Jersey. In academic year 2005-06, nearly \$195 million were awarded to more than 58,000 qualified applicants. Funding is provided through the State appropriation process, and is supplemented by available matching funds from the Federal Leveraging Education Assistance Partnership (LEAP) Program. Award amounts vary depending on the applicant's degree of financial need, cost of attendance, available program funding, and projected total number of eligible applicants.

Part-Time Tuition Aid Grant. The Part-Time Tuition Aid Grant Program for County Colleges was established during the 2003-04 academic year to assist students in meeting the cost of tuition. Within the limits of available funding, this program provides pro-rated awards to New Jersey county college students taking 6 to 11 credits per term, who are otherwise eligible for a TAG award. The maximum 2005-06 award for students enrolled half-time (6-8 credits) was \$381 per term. Students enrolled three-quarter time (9-11 credits) received a maximum award of \$571 per term.

Merit-Based Programs

Edward J. Bloustein Distinguished Scholar. The Edward J. Bloustein Distinguished Scholar Program was established in FY 1989-90 as part of the Garden State Scholarship (GSS) Program. The program recognizes outstanding high school achievement regardless of students' financial need and ensures that awards are available to the top three students from every New Jersey high school who rank in the top 10 percent of their class. To qualify, students must rank in the top 10 percent of their high school class and have a minimum combined Scholastic Assessment Test (SAT) score (Mathematics and Critical Reading sections) of 1260, or rank first, second, or third and rank in the top 10 percent of their class at the end of their junior year. For the 2005-06 academic year, approximately 5,200 students received \$1,000 annual awards.

Urban Scholar. Created in FY 1989-90, this program, which is also part of the GSS Program, recognizes high-achieving students attending public secondary schools in the

state's urban and economically distressed areas (Type A & B school districts as defined by the New Jersey Department of Education). Students who rank in the top 10 percent of their class and have a GPA of at least 3.0 (on a 4.0 or equivalent scale) at the end of their junior year may be selected as Distinguished Scholars through funding provided for the Urban Scholar Program. An Academic Index (AI) for each of these students is computed based on class rank and GPA, and offers are made to candidates with the highest AIs. Each participating school receives a share of the total awards available based on class size. Scholarships under this program are offered without regard to financial need. In 2005-06, approximately 2,200 students received \$1,000 annual awards through this program.

The Outstanding Scholar Recruitment Program. The Outstanding Scholar Recruitment Program (OSRP) was initiated in FY 1998-99 as a pilot project designed to increase enrollment and retention, through State appropriations, of the highest achieving secondary school graduates by providing merit-based scholarships. All New Jersey public and private four-year institutions are eligible to participate in this campus-administered program, provided they meet the following criteria:

- (1) enter into a participation agreement with HESAA;
- (2) participate in the Commission on Higher Education's (CHE) Student Unit Record Enrollment (SURE) System;
- (3) agree to provide award data for each recipient through SURE; and
- (4) agree to a matching funds requirement for all OSRP-eligible students.

Students who meet the eligibility criteria and enroll at a participating New Jersey institution as first-time, full-time freshmen receive annual scholarship awards ranging from \$2,500 to \$7,500. OSRP awards are given without regard to financial need. Award amounts vary according to the level of academic achievement, based upon a combination of SAT scores and high school rank.

The major financial aid programs in New Jersey vary in terms of goals, eligibility criteria, award amounts, and priority when aid is packaged. For example, the eligibility criteria for

the three major merit-based programs overlap. However, there are notable differences. The OSRP Program is available to students enrolled at participating four-year institutions to recruit a wide range of high-achieving students. The Distinguished Scholar Program ensures that awards are available to the top three students at each high school who also rank in the top 10 percent of their graduating class, as well as those students who rank within the top 10 percent with a combined SAT score (Mathematics and Critical Reading sections) of 1,260 or above. Additionally, the Urban Scholar Program provides scholarships to students in State-defined Type A & B school districts who rank in the top 10 percent of their class with a GPA of at least 3.0. These two merit-based programs may be used at all eligible New Jersey colleges and universities.

THE NEW JERSEY STUDENT TUITION ASSISTANCE REWARD SCHOLARSHIP PROGRAM

The New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS) is a unique state-supported program established in June 2004. The program guarantees a college education to every student who graduates in the top 20 percent of his or her high school class. The Governor and the Legislature created NJ STARS to recognize the importance of acquiring an education beyond the secondary level in the 21st century, the need to produce and retain a well-trained and educated populace, to address the increasing cost of higher education, and to recognize the ability of county colleges to strengthen the State's economy and their effectiveness in providing the critical skills to succeed. The full cost of tuition and approved fees for eligible NJ STARS scholars, subject to the prior application of other grants and scholarships for which the student is eligible, is funded through a State appropriation.

Why NJ STARS? Why County Colleges?

The creation of the NJ STARS program takes on added significance when viewed within the context of the development of county colleges in New Jersey. The county college system was established through the County College Act of 1962. The creation of two-year colleges was an important step in addressing the exponential increase in demand for higher education in the postwar baby boom generation. County colleges also provide technical, occupational and vocational programs, for which demand increased significantly because of economic shifts and technological advancements that New Jersey experienced in the 1960s and 1970s (Nespoli and Gilroy, 1999; Evelyn, 2002). Furthermore, county colleges contribute to producing the skilled workforce necessary for New Jersey's economic well-being. The NJ STARS requirement that students enroll at their home county college may contribute to reducing the rate of out-migration of large numbers of New Jersey's high-achieving students, which, according to the Commission on Higher Education, is a continuing concern in New Jersey (New Jersey Commission on Higher Education, 1998). Studies reveal that a high proportion of students participating in accredited academic programs at New Jersey county colleges remain in their counties or state and contribute to the local workforce. For example, a study conducted by CCBenefits, Inc. concluded that 95 percent of New Jersey county college students remain in New Jersey in the first year

after graduation and 80 percent are expected to continue to be a part of New Jersey's workforce 30 years from graduation (Robinson and Christophersen, 2003). Accordingly, NJ STARS scholars, as future graduates of county colleges, are more likely to join the workforce of their county of residence or another within the State.

Several studies analyzed the economic impact of county colleges on the counties they serve. A study by CCBenefits, Inc. of the statewide economic impact of New Jersey's 19 county colleges revealed that "every dollar of tax monies spent on community college education will generate a total of \$18.36 worth of social benefits." The study also found that the total additional earnings in the state that are attributable to student spending, college operations and former students' effects on economic development amount to \$227.7 billion (Robinson and Christophersen, 2003). A New York study of the impact of The State University of New York (SUNY) community colleges found that every dollar of state tax revenue invested in SUNY community colleges will produce benefits of 5.5 dollars to the state (DuBois, 1999). Another study of North Carolina county colleges revealed that community colleges have positive impacts on the overall economic climate and economic development in a county. In fact, the authors found that the presence of a county college is associated with 8 to 11 percent of the economic development within a county (Pennington et al., 2001). These studies confirm the importance of the NJ STARS Program in promoting New Jersey's economic development.

Program Design

NJ STARS is an innovative merit-based program that requires students to graduate from high school in the top 20 percent of their graduating class. Students are required to file a Free Application for Federal Student Aid (FAFSA) to determine their eligibility for all sources of federal and State student assistance. Pursuant to statute, the NJ STARS award amount cannot be determined until all federal and State need-based and merit-based aid is applied to tuition and approved fees. An NJ STARS award is, therefore, not a fixed amount but varies depending upon tuition and approved fee charges and the other aid a

student is eligible to receive. An NJ STARS award is not intended to replace other awards; rather its purpose is to fund any unpaid portion of tuition and approved fees. For students demonstrating the highest need, the amount of the NJ STARS awards may be minimal since other federal and State awards meet the costs of full-time tuition at a county college. For students who only have a portion of their full-time tuition and approved fees covered by other sources of aid, an NJ STARS award fills that gap. Students not eligible for any other need-based awards receive an NJ STARS award covering the full cost of tuition and approved fees.

The unique program design holds students harmless with regard to any future tuition increases by setting award values at the level required to ensure that the cost of a higher education is not a concern for high-achieving New Jersey high school graduates.

Eligibility Criteria

New Jersey Statute, Title 18A, Chapter 71B-85 provides that in order to be eligible to receive a scholarship under the NJ STARS Program, a student shall:

- (1) be a state resident;
- (2) have applied for all other available forms of State and federal need-based grants and merit-based scholarships;
- (3) be enrolled in a full-time course of study at the New Jersey county college serving the student's county of residence, unless the student demonstrates that the county college of residence does not offer the curriculum that the student chooses to study;
- (4) have graduated in the top 20 percent of his or her high school graduating class in 2004 or later; and
- (5) maintain continuous enrollment in a full-time course of study. A student shall be eligible for a scholarship under the NJ STARS Program for up to five semesters.

It should be noted that NJ STARS recipients who do not attain a GPA of at least 3.0 by the start of the second semester of their first year of enrollment are required to participate in an enrichment program designed by the county college during the second semester of that first year.

Renewal Criteria

An NJ STARS scholarship may be renewed upon the student's filing of a FAFSA within established deadlines and certification by the institution that the student has a cumulative grade point average (GPA) of 3.0 or higher prior to the third semester of enrollment.

THE EVALUATION

This report seeks to answer the following research questions:

1. What were the participation rates in the program during its first two years?
2. What is the relationship of NJ STARS to other State and federal financial aid programs?
3. What is the distribution of NJ STARS awards across county colleges?
4. What are the socio-economic and demographic characteristics of NJ STARS scholars?
5. How do NJ STARS scholars perform academically?
6. Has the program achieved the legislative intent?

The report begins with an overview of participation rates and award values for the 2004-05 and 2005-06 academic years. The relationship between NJ STARS funding and other State, federal and institutional funding sources is then examined. Various demographic, economic and academic indicators were used to identify the characteristics of NJ STARS scholars. Any differences in performance and retention rates between NJ STARS scholars and other county college students are also identified.

Methodology

The data used to conduct this analysis were obtained from HESAA's NJ STARS and Grants databases and CHE's Student Unit Record Enrollment (SURE) data system. Univariate analysis was used to determine participation rates and award amounts. In addition, bivariate analysis was used to:

- determine enrollment patterns;
- determine the impact of the NJ STARS Program on enrollment;
- identify the socio-economic and demographic characteristics of NJ STARS scholars compared to other FAFSA filers; and
- assess academic performance and retention of NJ STARS scholars compared to other county college students.

This report endeavors to answer questions related to the NJ STARS Program as required by the statute. It should be noted that while conducting the report, several limitations were encountered. Many of the research questions required extracting data elements from more than one data source, which at times resulted in some inconsistencies.

The small number of observations, or program participants, and the short time period since the program's inception caused another limitation. In addition, the establishment of the NJ STARS II Program⁵ effective the 2006-07 academic year is an important factor that will affect future NJ STARS participation rates. Consequently, the data from academic year 2004-05 are not quite comparable to those from 2005-06. Given these limitations, it is inappropriate to make any extrapolations regarding future trends. Notwithstanding, the available data have enabled HESAA to accurately assess the program's implementation and initial effectiveness.

Various terms used in the report are defined as follows:

Definitions

NJ STARS Scholars: Funded

An NJ STARS scholar is a student who graduated in the top 20 percent of his or her high school class, has filed a FAFSA, attends a county college full-time, and meets all other eligibility requirements and received NJ STARS funding.

NJ STARS Scholars: Non-Funded

NJ STARS scholars are considered non-funded under the following conditions:

- Tuition and approved fees were fully covered by other State and/or federal need-based grants or merit-based scholarships. As a result, the student did not receive NJ STARS funding;
- Enrolled full-time but taking less than 12 college-level credits; or
- Attended an out-of-county college although the desired course of study was available at their county college of residence.

⁵ The NJ STARS II Program enables successful NJ STARS scholars who receive an associate degree and attain a cumulative GPA of 3.0 or higher to pursue a baccalaureate degree at a New Jersey four-year public college or university without incurring tuition and approved fee costs.

NJ STARS Scholars: Award Cancelled

These NJ STARS scholars' awards were cancelled for one of the following reasons:

- Not enrolled;
- Not enrolled full-time;
- Not making satisfactory academic progress;
- Declined award; or
- Was determined to be ineligible - did not meet all program eligibility requirements.

New NJ STARS Scholars

An NJ STARS eligible high school student who enrolls in a full-time course of study in a degree program at their home county college and who has filed a FAFSA and completed the verification process within established deadlines.

Renewal NJ STARS Scholars

An NJ STARS scholar who has completed the first academic year of study with a GPA of 3.0 or higher, filed a FAFSA and completed the verification process within established deadlines.

Approved Fees

An NJ STARS award covers fees such as general fees, student service/activity fees, technology fees and required course fees and equipment.

New Jersey Eligibility Index (NJEI)

The NJEI is calculated by HESAA to assess financial eligibility for the TAG Program. The index represents the dollar amount a family is expected to contribute to a student's

educational costs. The NJEI is derived by formula and is calculated from information the student provides. Students with an NJEI less than 1500 are eligible for the maximum TAG award at their institution.

NJ Grant System

This is a mainframe computer system maintained by HESAA that is used to administer New Jersey grant and scholarship programs, including NJ STARS. This system permits authorized individuals to view student records and electronically exchange information with HESAA and the Educational Opportunity Fund (EOF) Office within the CHE.

Student Unit Record Enrollment System (SURE)

The SURE system is a comprehensive collection, storage and retrieval system for computer-readable data for each student enrolled and each graduate from the 31 New Jersey public colleges and universities and 6 independent institutions that currently participate in the system. Institutions submit their SURE files to the CHE/Office of Research and Policy Analysis, which processes and analyzes the data. Each student record bears a unique identifier as well as various student-specific demographic, academic and education data. The use of a standard, unique identifier permits the tracking of students, as well as the merging of SURE data with other national, HESAA and CHE databases.

RESULTS

Question 1. What were the participation rates and award values during the first two years?

During the 2004-05 academic year, the initial year of the program, 1,228 students were potentially eligible for NJ STARS awards. This is a sizable cohort, given the short time frame from the effective date of the statute (July 1, 2004) to the start of the fall semester in September. In the second year of the program, the total number of potential NJ STARS scholars increased to 2,655, of which 69 percent (n=1,826) were new NJ STARS scholars. The NJ STARS Program experienced nearly a 50 percent growth rate in new students and more than a 100 percent increase in the total number of students (new and renewal) from its first year to the second. Similarly, the value of the awards received by new NJ STARS scholars in the 2004-05 cohort (\$1,675,057) increased by more than 50 percent in academic year 2005-06 (\$2,713,184) and the total value of the awards for new and renewal students (\$4,047,589) grew by nearly 150 percent.

The significant increase in the participation rate may be the result of the many outreach activities conducted by HESAA, the county colleges and the New Jersey Council of County Colleges. Informational materials provided to New Jersey high school counselors, who are a primary source of information for college-bound students regarding student financial assistance, played a pivotal role in bringing about this significant program growth rate. Additional outreach activities included:

- secondary school guidance counselor workshops conducted at various locations throughout New Jersey;
- training workshops for financial aid professionals conducted at various locations throughout New Jersey;
- distribution of over 10,000 informational brochures to students throughout New Jersey;
- presentations at NJ STARS functions held at New Jersey county colleges;
- open houses and welcome receptions hosted by the county colleges;

- public service announcements introducing the NJ STARS Program to New Jersey residents; and
- radio, newspaper and billboard advertisements.

An evaluation of participation rates should also include an examination of award values. As illustrated in Figure 1, the average annual award value for new students increased by 5.9 percent from \$2,526 in academic year 2004-05 to \$2,674 in academic year 2005-06. The 8.2 percent increase in the average annual award for NJ STARS renewal students (from \$2,526 to \$2,734) is greater than that for new NJ STARS students. Renewal NJ STARS students experienced a nearly 7 percent decrease in award values from other need-based State and federal financial aid programs that the NJ STARS Program, by design, covered.

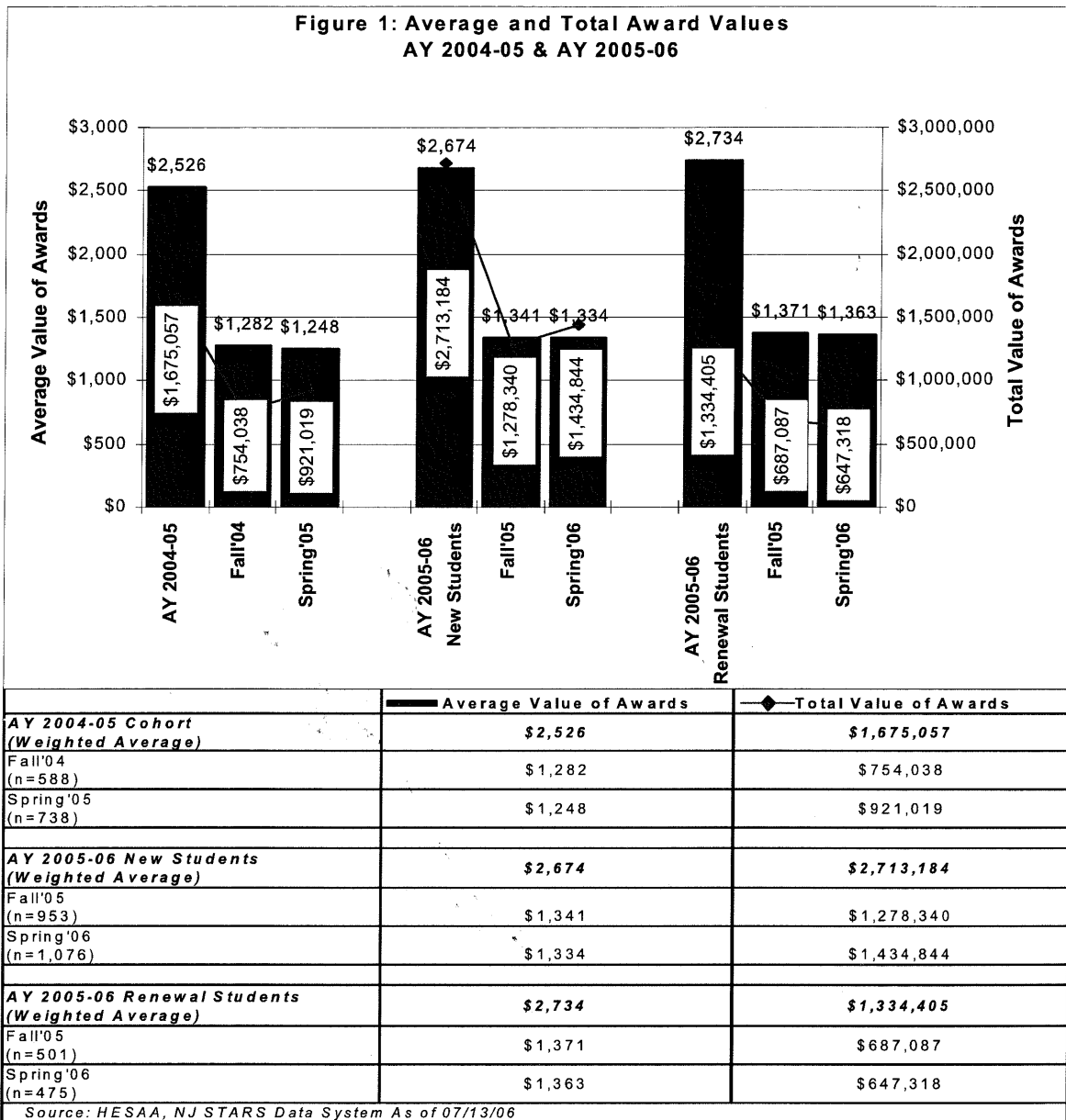
It is important to note that the increase in the average annual NJ STARS award value for both new and renewal students exceeded the average 4.9 percent tuition increase at the county colleges from academic year 2004-05 to academic year 2005-06 (IPEDS, 2005). Therefore, NJ STARS awards not only covered the annual tuition increase, but they also offset any decreases students may have experienced in eligibility for other sources of funding, as will be discussed later.⁶

It should also be noted that the average award values are reflective of the varying tuition and fee charges set by each county college. In addition, county colleges that offer specialized programs, such as culinary arts and aviation, typically include additional fees for these programs, which are reflected in the NJ STARS award values displayed in Figure 2. Since the NJ STARS Program, by design, covers tuition and approved fees, these higher costs are not a deterrent to enrollment in a student's program of choice.

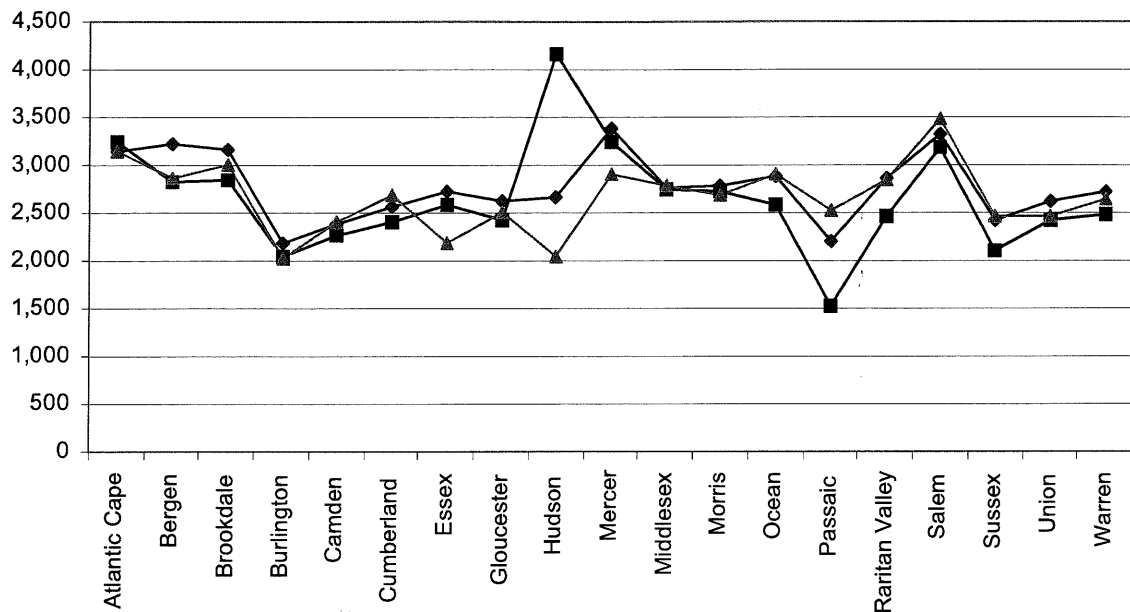
For most county colleges, the average award value increased for both new and renewal students. The variations in the average award value at some colleges, such as Hudson and

⁶ Changes in eligibility for renewal students resulted in decreases in need-based award values. Also, increases in the value of need-based and merit based State and federal awards were lower than tuition increases.

Passaic, may be attributed to the small number of NJ STARS scholars enrolled at these colleges and is, therefore, not predictive of future trends.



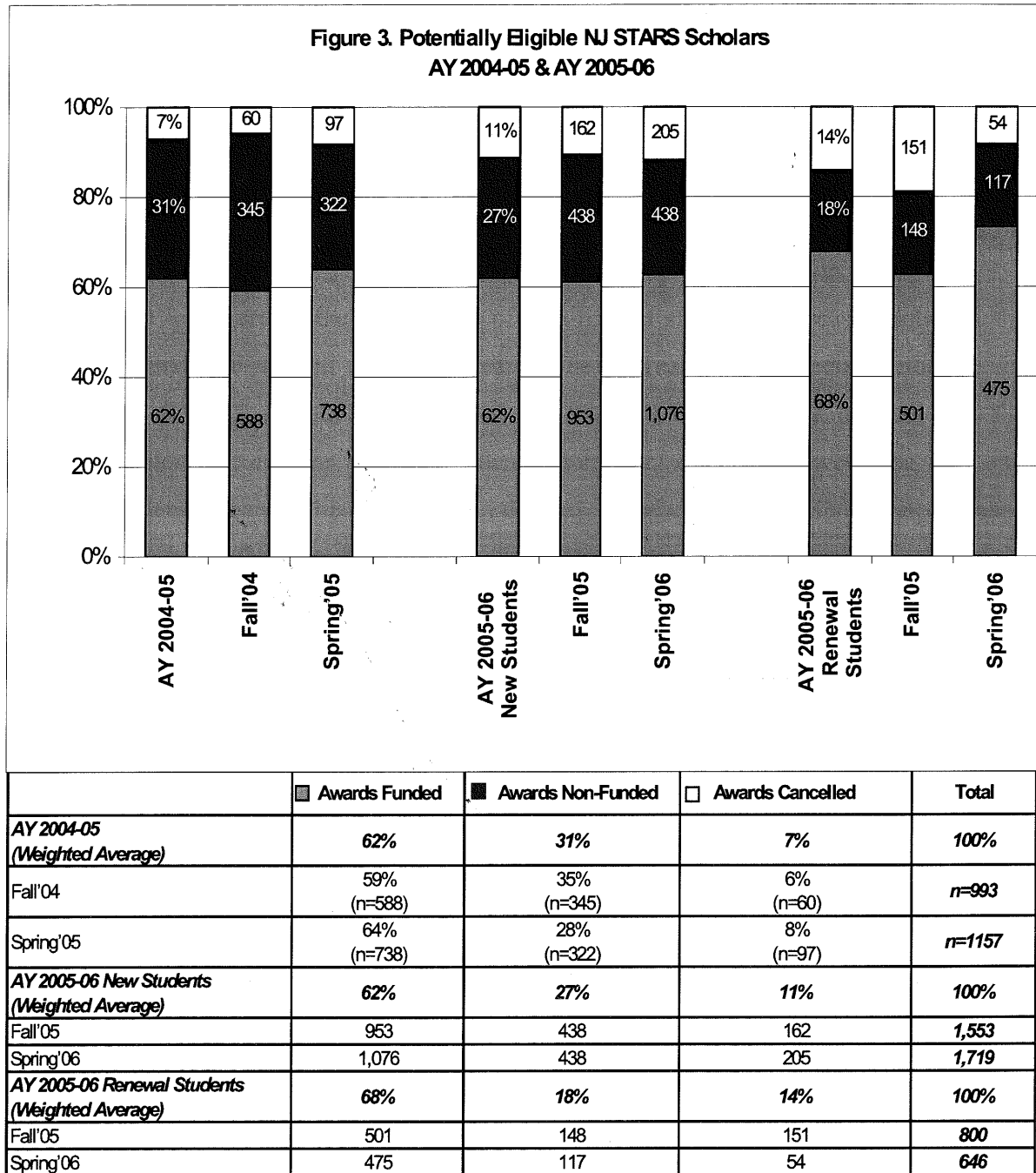
**Figure 2: Average Award Values by Institution
AY 2004-05 & AY 2005-06**



College	<div> <div></div> Average Annual NJ STARS Award Value 2004-05 </div>	<div> <div></div> Average Annual NJ STARS Award Value for New Students 2005-06 </div>	<div> <div></div> Average Annual NJ STARS Award Value for Renewal Students 2005-06 </div>
Atlantic Cape	\$3,234	\$3,147	\$3,133
Bergen	\$2,811	\$3,228	\$2,863
Brookdale	\$2,843	\$3,154	\$3,001
Burlington	\$2,041	\$2,188	\$2,015
Camden	\$2,253	\$2,385	\$2,408
Cumberland	\$2,403	\$2,558	\$2,682
Essex	\$2,582	\$2,719	\$2,186
Gloucester	\$2,415	\$2,622	\$2,491
Hudson	\$4,169	\$2,653	\$2,041
Mercer	\$3,244	\$3,386	\$2,892
Middlesex	\$2,743	\$2,770	\$2,775
Morris	\$2,717	\$2,772	\$2,671
Ocean	\$2,574	\$2,885	\$2,901
Passaic	\$1,524	\$2,200	\$2,521
Raritan Valley	\$2,451	\$2,859	\$2,849
Salem	\$3,180	\$3,330	\$3,481
Sussex	\$2,104	\$2,417	\$2,460
Union	\$2,428	\$2,625	\$2,457
Warren	\$2,478	\$2,716	\$2,637
Average Annual Award Value in AY 2004-05			\$2,526
Average Annual Award Value for New Students in AY 2004-05			\$2,674
Average Annual Award Value for Renewal Students in AY 2005-06			\$2,734
Source: HESAA, NJ STARS Data System as of 07/13/06			

Funded, Non-Funded and Cancellations

The following figure displays the number of students who were funded, non-funded or cancelled in academic years 2004-05 and 2005-06.



Funded NJ STARS Scholars

The proportion of funded new NJ STARS scholars remained constant at 62 percent in the first two years of the program. However, the percentage of funded renewal NJ STARS scholars increased by 6 percent in academic year 2005-06. Therefore, renewal students who received funding from other State and federal sources of financial aid in academic year 2004-05 experienced a decrease in funding in academic year 2005-06, which demonstrates the importance of the NJ STARS Program in filling gaps in students' award packages.

Non-Funded NJ STARS Scholars

As depicted in Figure 3, the percentage of non-funded students decreased between the program's first and second academic year. The decrease was especially notable for renewal NJ STARS students (13 percent) and may be explained by the fact that the average student income for renewal students more than doubled between the first and second academic years. This resulted in a decrease in other State and federal need-based aid. Since NJ STARS awards are designed to cover tuition and approved fees that other State and federal need-based and merit-based financial aid programs do not fully cover, this program successfully filled the gaps that occurred in students' financial aid packages. In other words, the NJ STARS Program design holds students harmless from increases in tuition and fees as well as any changes in their need-based aid eligibility.

The proportion of non-funded students who registered for less than 12 college-level credits decreased by 6 percent on average between the first and second year of the program (see Figure 4 for a breakdown of this type of cancellation by renewal status). While a decrease in the number of renewal students taking remedial/developmental courses during the second year of enrollment is to be expected, new students in the 2005-06 cohort were also less likely to register for less than 12 college-level credits. Over time, this may become a significant indicator of the program's success in encouraging students to attain their degrees in a timely manner. It may also be indicative of more academically prepared students enrolling at the county colleges.

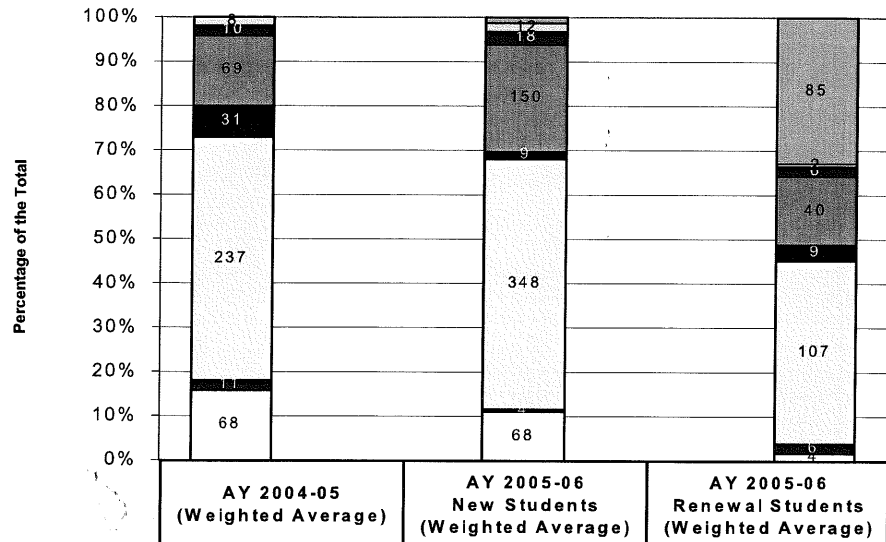
The proportion of students who were non-funded as a result of attending an out-of-county college when the desired course of study was available at their county college of residence also decreased by 4 percent on average. Only 1.5 percent of new students chose to attend an out-of-county college. This highlights the increased awareness of the program's eligibility criteria.

Cancellations

Between the first two academic years of the program, the percentage of cancellations for all students (new and renewal) increased from 7 percent to 12 percent (Figure 3). This increase is due to the following factors:

- Renewal NJ STARS students did not attain the required cumulative grade point average (GPA) of 3.0 or higher (Figure 4).
- There was an increase in the number of new NJ STARS students who registered part-time or did not enroll (Figure 4). In fact, three-quarters of part-time and non-enrollment cancellations were for new students.

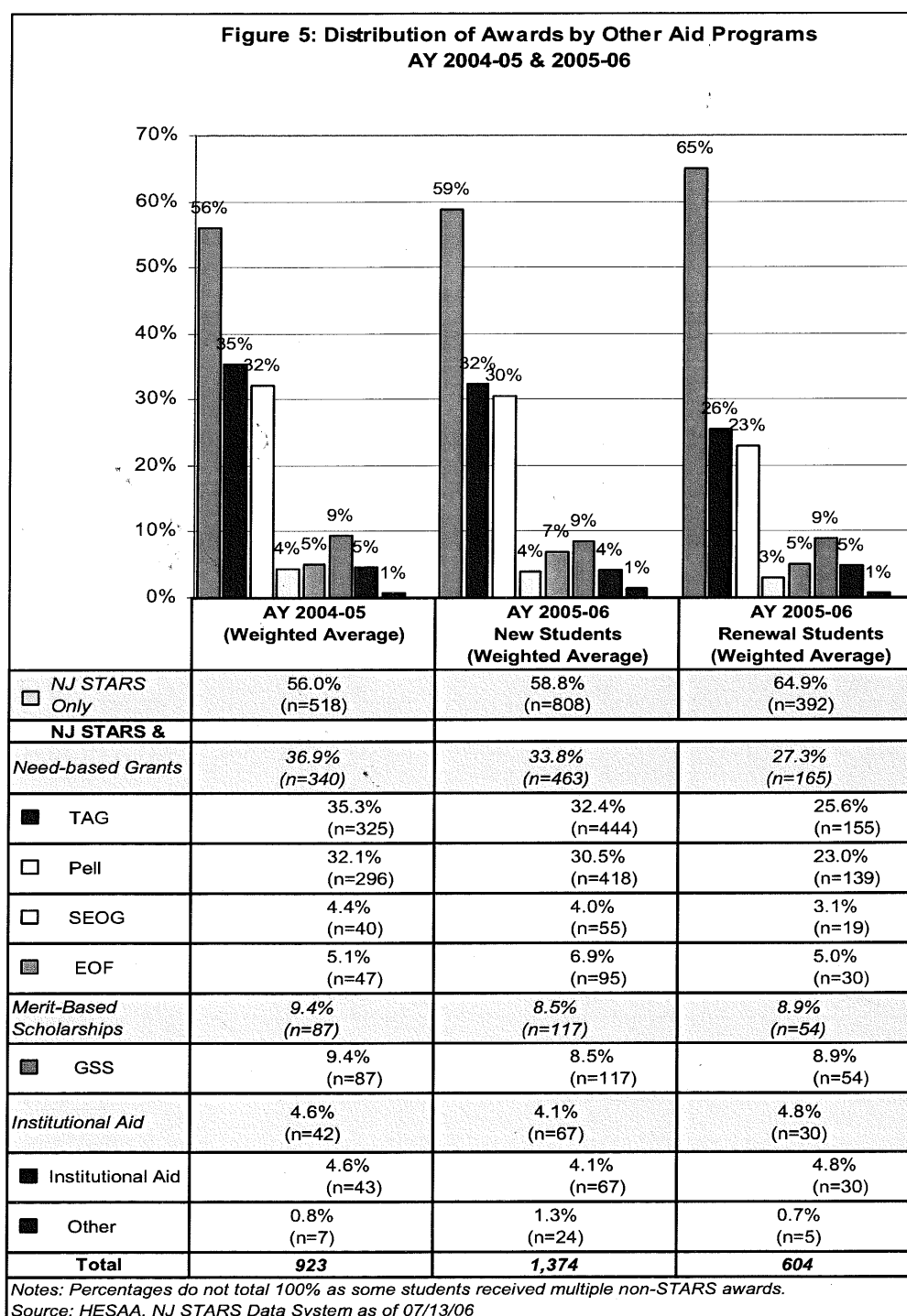
**Figure 4. Non-Funded & Cancelled Awards
AY 2004-05 & AY 2005-06**



Source: HESAA, NJ STARS Data System as of 07/13/06

Question 2. What is the relationship of the NJ STARS award to other state and federal financial aid programs?

Figure 5 represents the other sources of financial aid received by NJ STARS scholars who met all program eligibility requirements. More than half of the scholars included in this group received no State or federal aid other than NJ STARS.



Need-Based Financial Aid

Between academic years 2004-05 and 2005-06, the percentage of NJ STARS scholars who received State and federal need-based awards decreased from 37 percent to 32 percent. While both new and renewal NJ STARS scholars in academic year 2005-06 experienced a decrease in their need-based financial aid, the decrease was significantly greater for renewal NJ STARS scholars (27 percent for renewal students compared to 34 percent for new students in academic year 2005-06). This difference may be explained by the fact that many students reported higher incomes in their first year of college than in their senior year of high school.

Merit-Based Financial Aid

The percentage of NJ STARS scholars who received State merit-based aid through the Garden State Scholarship Program (GSS) was almost the same in both years of the program. There were no notable differences between new and renewal NJ STARS scholars in terms of the decrease in merit-based aid. This indicates that the academic performance that NJ STARS scholars demonstrated in high school continued into their collegiate experience.

Institutional Aid

The proportion of eligible new NJ STARS scholars who received institutional aid also declined during this two-year period from 4.6 percent in academic year 2004-05 to 4.1 percent in academic year 2005-06. Most renewal students maintained the institutional aid they received in their first year in college.

In summary, the eligibility for various other types of financial aid for both funded and non-funded NJ STARS scholars declined by over 5 percent between academic years 2004-05 and 2005-06. Specifically, renewal students experienced a total decrease of 9 percent in aid from State, federal and institutional sources between their first and second years (see

Figure 5). While this would likely have a negative impact on non-NJ STARS students' college enrollment, NJ STARS scholars were not impacted by these decreases.

Figures 6 and 7 depict what aid programs covered tuition and approved fees for NJ STARS scholars. As shown in Figure 6, more than half of NJ STARS scholars had their tuition fully covered by NJ STARS only. In fact, this ratio increased from 56 percent in academic year 2004-05 to 61 percent (for new and renewal students combined) in academic year 2005-06. Tuition and approved fee costs were covered by NJ STARS only for 65 percent of renewal NJ STARS. It appears that students who do not qualify for need-based or merit-based aid now have the opportunity to pursue a college education, which may not have been possible before NJ STARS.

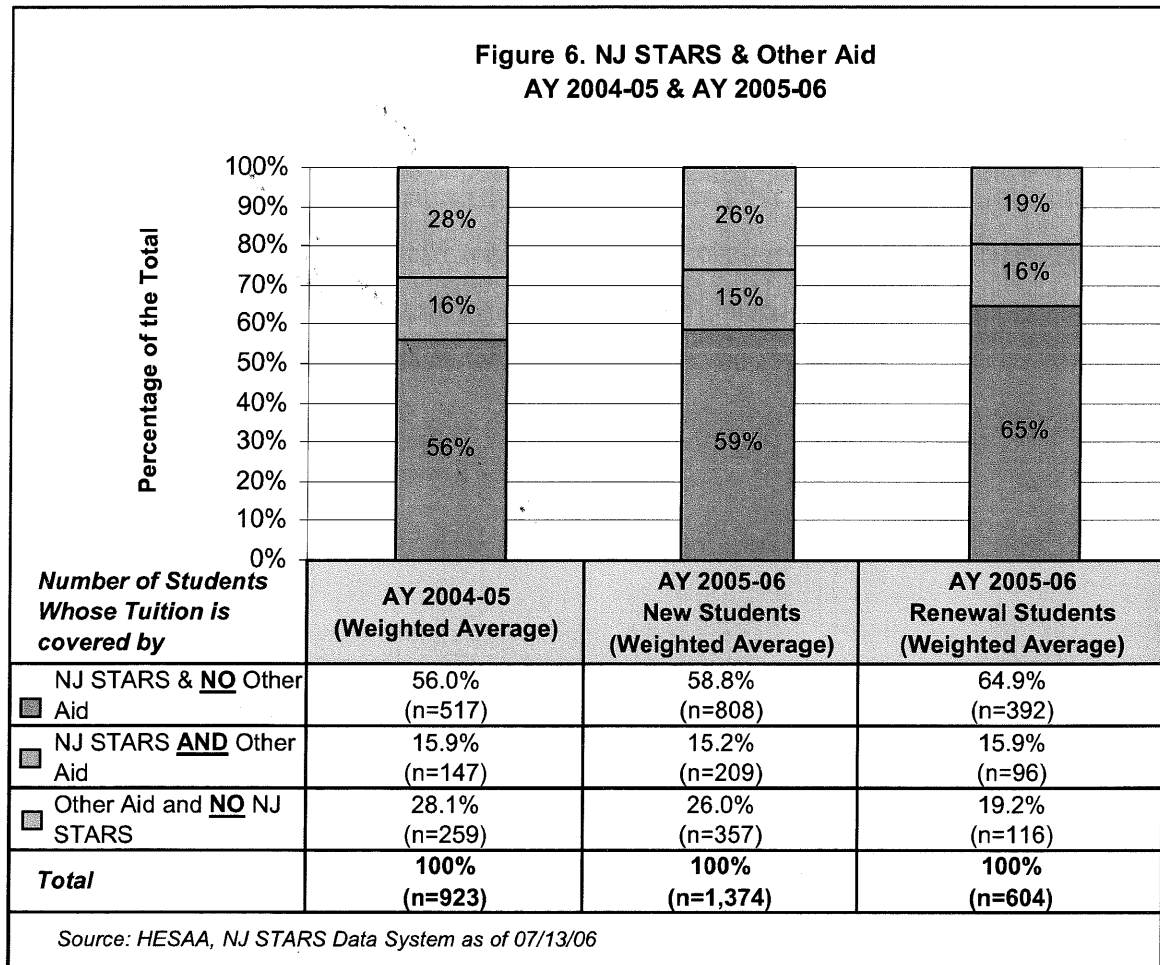


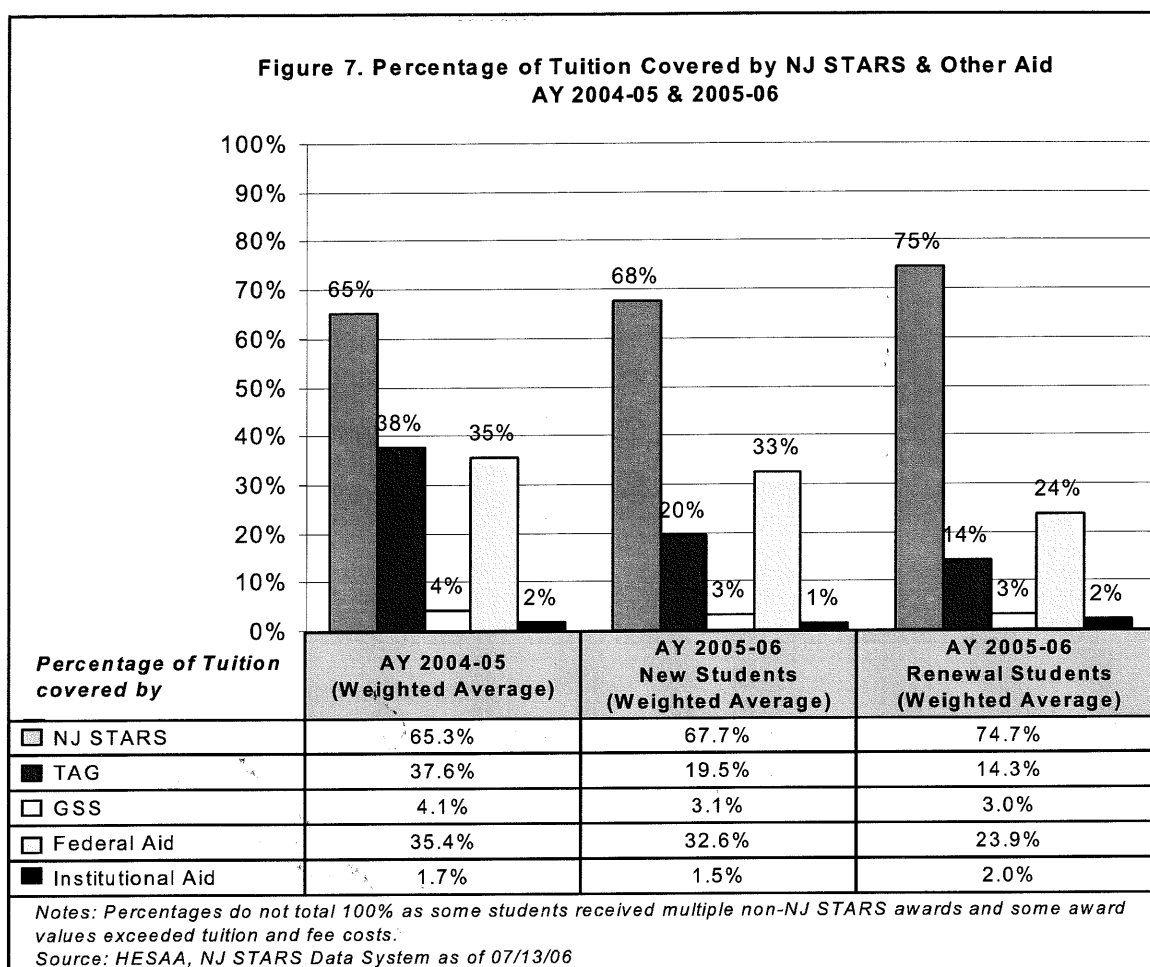
Figure 7 illustrates the percentage of tuition and approved fees covered by the Tuition Aid Grant (TAG), Educational Opportunity Fund Grant (EOF), Federal Pell, Federal Supplemental Educational Opportunity Grant (SEOG) and merit-based programs.

The following findings were noted:

- The portion of tuition covered by State and federal need-based aid decreased by over 8 percent (from 58 percent to 50 percent) between academic years 2004-05 and 2005-06.⁷ The decrease was most significant for renewal NJ STARS scholars whose average tuition coverage by need-based State and federal aid decreased by 18 percent.
- The portion of tuition covered by merit-based programs decreased by 1 percent. This is most likely due to the fact that there were tuition increases in academic year 2005-06 and merit-based awards remained constant.
- The percentage of tuition and fees covered by institutional aid remained almost constant.

In summary, NJ STARS scholars will continue to have their tuition and approved fee costs covered by an NJ STARS award regardless of any changes in their eligibility for need-based aid or the inability of other types of aid (merit-based or institutional) to keep pace with tuition increases.

⁷ This figure was obtained by totaling all need-based State and federal aid that the student received and dividing the result by the student's tuition and required fees.



Question 3. What is the distribution of NJ STARS awards across county colleges during the first two years?

The percentage of NJ STARS scholars enrolled at each county college in academic years 2004-05 and 2005-06 is depicted in Figure 8. More students have become aware of the program through word of mouth and the many outreach activities of HESAA, the county colleges, and the New Jersey Council of County Colleges. The data demonstrate that the percentage of new NJ STARS scholars enrolled at all New Jersey county colleges increased from 0.7 percent to 1.1 percent of total enrollment between academic years 2004-05 and 2005-06. The percentage of new and renewal NJ STARS scholars enrolled compared to total county college enrollment more than doubled between the first and second years of the program (from 0.7 percent to 1.6 percent). Data reveal that while the

number of NJ STARS scholars increased by more than 50 percent, the number of high school graduates increased by only 3.3 percent (DOE, 2005 and 2006).

As Figures 8 and 9 illustrate, the distribution of NJ STARS scholars is not proportional across all 19 county colleges. The colleges that had the highest enrollment rates of NJ STARS scholars in comparison to the total number of students enrolled in academic year 2004-05 (blue lines) were:

- Cumberland County College 2.46 percent
- Gloucester County College 1.73 percent
- Burlington County College 1.72 percent
- Warren County College 1.42 percent

The top four enrollment rates of NJ STARS scholars (new and renewal) in 2005-06 (red lines) were at the following colleges:

- Cumberland County College 3.50 percent
- Ocean County College 3.40 percent
- Warren County College 3.36 percent
- Gloucester County College 3.30 percent

While enrollment shifts occurred, it is too soon to determine why or to predict if the trend will continue.

Raritan Valley Community College, Middlesex County College and Atlantic Cape Community College experienced the largest enrollment increases in the number of NJ STARS scholars as a percentage of total enrollment between academic years 2004-05 and 2005-06; the rate of enrollment of new scholars in these three colleges more than doubled.

In terms of the total number of NJ STARS scholars enrolled statewide, Camden County College had the highest number of NJ STARS scholars enrolled (n=158) in 2004-05 (blue line) followed by Burlington County College (n=139), Ocean County College (n=128), and

Gloucester County College (n=108) (Figure 9). An enrollment shift occurred in academic year 2005-06 (red line) that resulted in Brookdale Community College enrolling a larger number of NJ STARS scholars (n=223) than Gloucester County College (n=208).

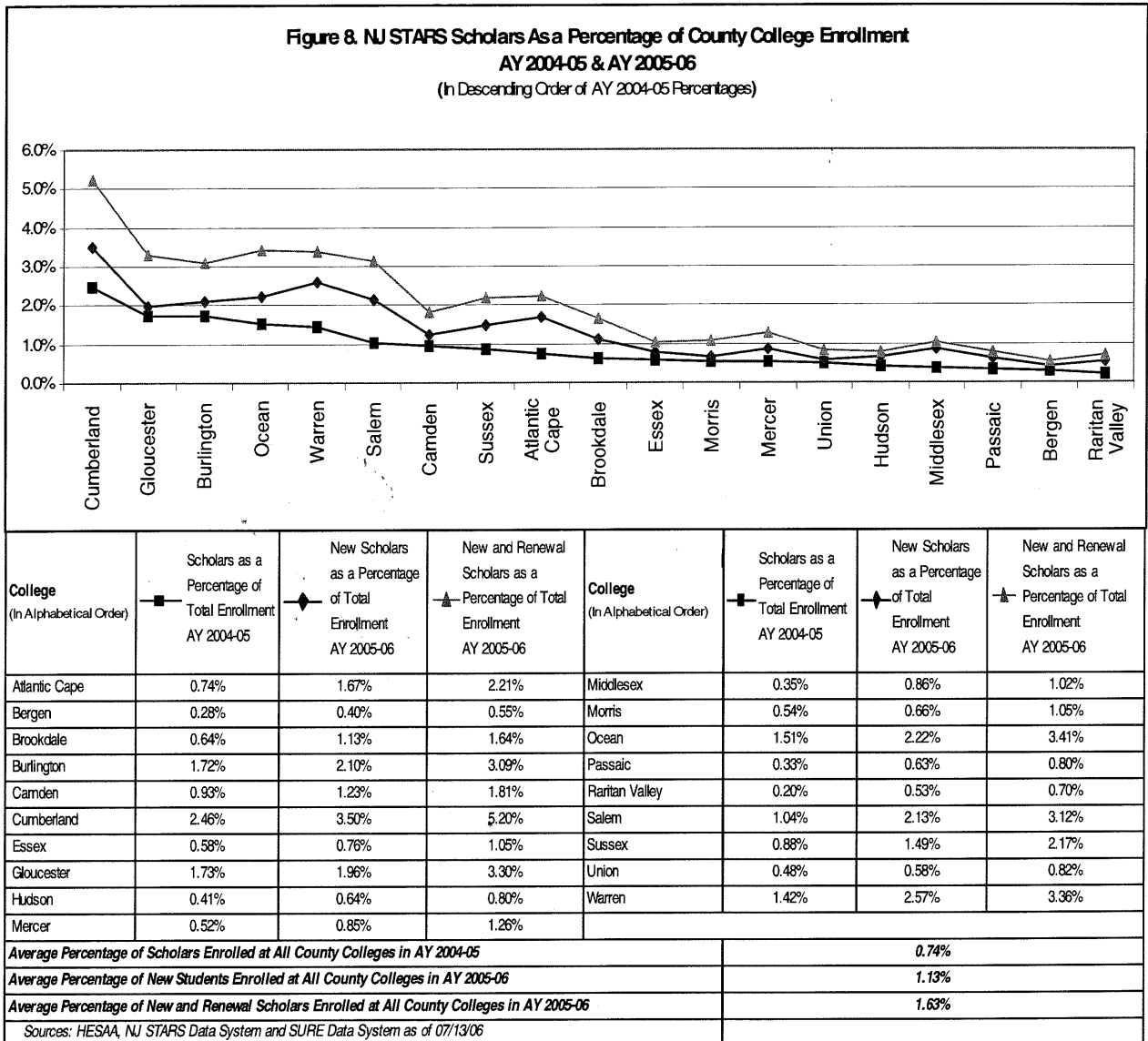
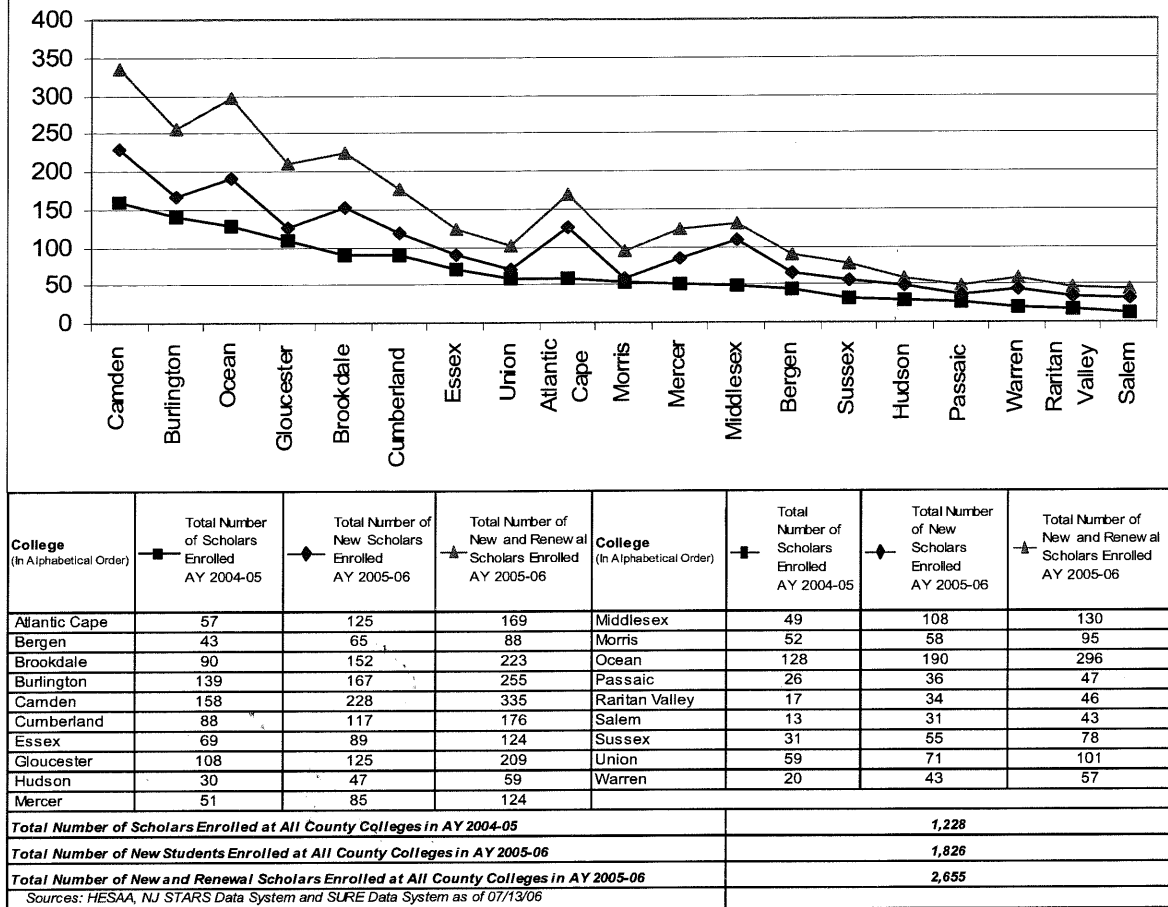


Figure 9. Total Number of NJ STARS Scholars Enrolled by County College
AY 2004-05 & AY 2005-06
(In Descending Order of AY 2004-05 Total Enrollment)



It should be noted that during the 2004-05 academic year, 7.3 percent of NJ STARS scholars did not attend their county college of residence. This percentage decreased to 4.8 percent for the program's second year cohort. The decrease in the percentage of NJ STARS scholars attending out-of-county colleges can be attributed to increased familiarity with the NJ STARS eligibility criteria, most likely as a result of outreach activities.

Several factors were evaluated to determine if a relationship exists between the socio-economic standards of a county and the participation rates in the NJ STARS Program. Enrollment data were extracted from the SURE and HESAA's NJ STARS data system for academic years 2004-05 and 2005-06, merged with county-level census data on income and poverty levels in New Jersey and tested (U.S. Bureau of the Census, 2004c). Data from the 2004-05 and 2005-06 academic years were pooled and correlated with household income and the percentage of individuals below the poverty line in 2003 (Table 1).

Table 1. Relationship between Income Indicators and NJ STARS Participation Rates by County			
County	Median Household Income, 2003 (In Ascending Order)	County Participation Rate In NJ STARS Program (Average, 2004-05 and 2005-06 Academic Years)	Percentage of Individuals below Poverty, 2003
Cumberland	\$37,909	6.6%	14.9%
Hudson	\$38,781	2.4%	15.0%
Cape May	\$42,029	0.7%	9.6%
Essex	\$42,705	5.3%	14.4%
Atlantic	\$43,153	5.1%	10.8%
Passaic	\$46,093	3.0%	12.6%
Salem	\$46,894	2.0%	9.3%
Camden	\$47,558	11.6%	10.9%
Ocean	\$48,253	11.4%	8.1%
Union	\$53,919	4.3%	9.9%
Mercer	\$55,555	4.2%	8.1%
Gloucester	\$56,979	8.4%	6.7%
Warren	\$58,939	2.1%	6.1%
Middlesex	\$59,352	4.5%	7.4%
Burlington	\$61,420	10.7%	5.8%
Bergen	\$63,982	2.9%	6.1%
Monmouth	\$68,813	7.8%	6.5%
Sussex	\$69,270	3.3%	4.8%
Somerset	\$77,988	0.9%	4.7%
Morris	\$79,977	2.3%	4.2%
Hunterdon	\$84,016	0.6%	3.5%

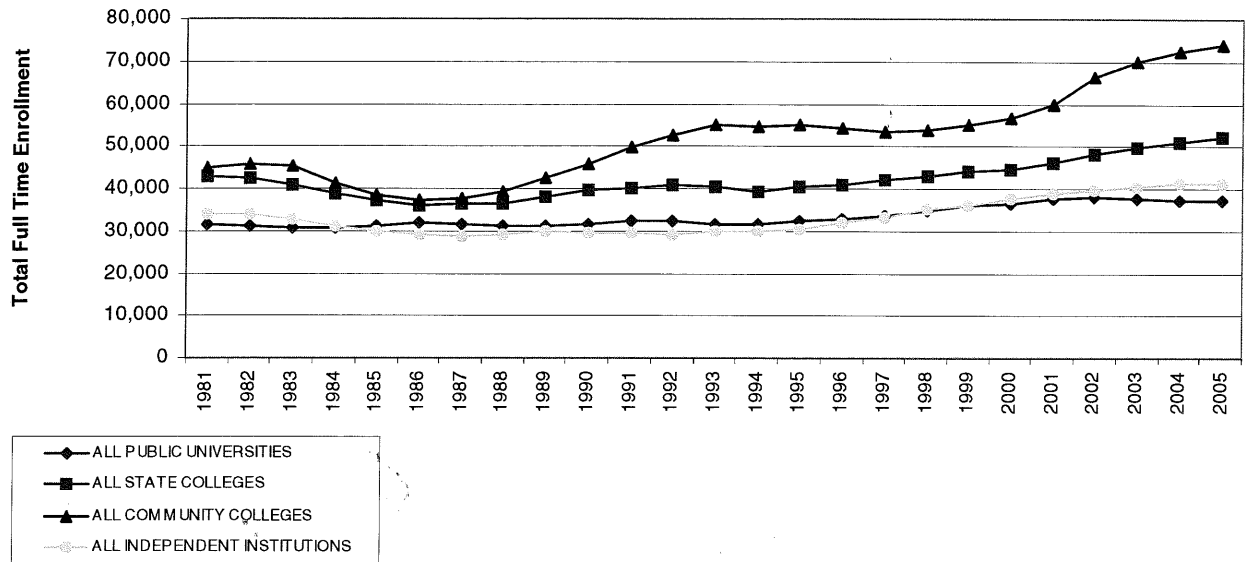
The following findings were noted:

- As a county's household income increases, the number of NJ STARS scholars enrolled at the county college serving that county decreases.
- As a county's household income increases, the percentage of scholars enrolled at the county college serving that county decreases.
- As the percentage of individuals below the poverty line increases, the number of NJ STARS scholars enrolled at the county college serving that county increases.
- As the percentage of individuals below the poverty line in a county increases, the percentage of NJ STARS scholars enrolled in the county college serving that county increases.

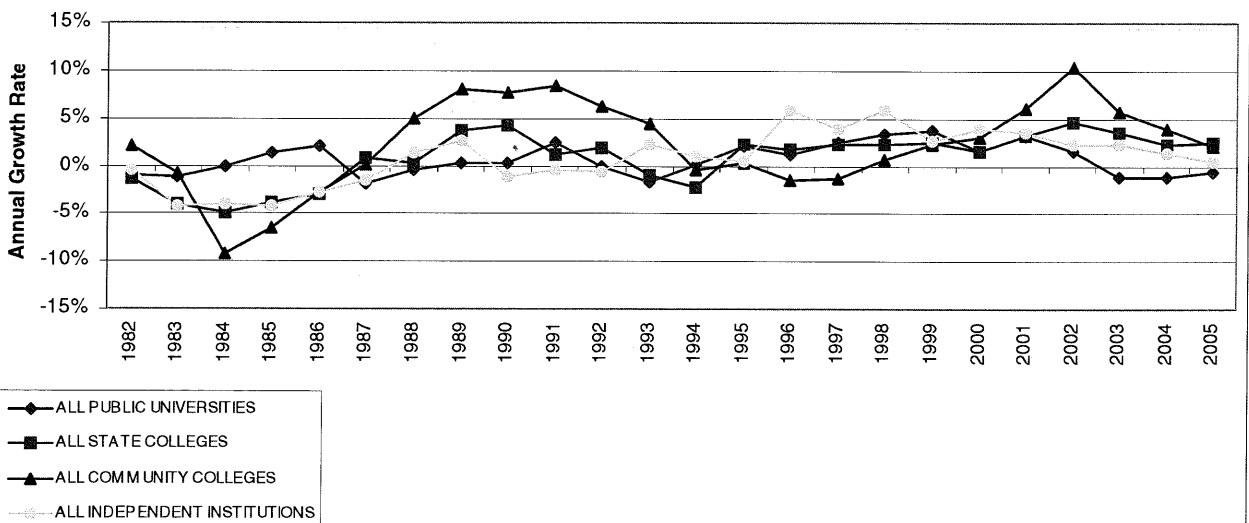
Due to the extremely small sample size (n-19 county colleges), the only marginally significant correlation was found between the rate of enrollment of NJ STARS scholars at a county college and the median income of households in that county (P-value=0.098). Overall, statistical analyses point to an important trend that may be developing, one that indicates that NJ STARS scholars are more likely to enroll at colleges serving counties with lower median household incomes and higher poverty rates. Over time, it may be demonstrated that one of the major goals of the program, which is to ensure that finances are not a deterrent to college enrollment, has been achieved.

While it is premature to gauge the likely effects of the NJ STARS Program on future enrollment patterns at county colleges, the importance of this program could be further emphasized by examining long-term trends of full-time undergraduate enrollment at different types of educational institutions in New Jersey. As Figures 10 and 11 demonstrate, since the year 2000, enrollment at county colleges increased at higher rates than at New Jersey four-year colleges and universities. Between 1981-2005, the average annual full-time undergraduate enrollment growth rate at county colleges was 2.2 percent compared to 0.69 percent for public universities, 0.84 percent for state colleges and 0.84 percent for independent institutions. New Jersey residents are already aware of the numerous advantages of attending a New Jersey county college (lower costs, proximity to family, small class size, etc.). These advantages may be further enhanced by the NJ STARS Program, which fully covers tuition and approved fees, thereby eliminating cost as the primary deterrent to a college education.

**Figure 10. Long-Term Full-Time New Jersey Undergraduate Enrollment Trends by Type of Institution
1981-2005**



**Figure 11. Long Term Full-Time New Jersey Undergraduate Enrollment Growth Rates by Type of Institution
1982-2005**



Question 4. What are the demographic and socio-economic characteristics of NJ STARS scholars?

The following section compares the demographic and socio-economic characteristics of NJ STARS to other first-year New Jersey county college FAFSA filers (Table 2). The analysis reveals a significant gender differential between NJ STARS scholars and other first-year county college FAFSA filers. The ratio of females to males is significantly higher in the NJ STARS group.

There was also a significant difference between NJ STARS scholars and other first-year county college FAFSA filers in terms of their dependency status. Almost all NJ STARS scholars (98.6 percent) were dependent, compared to less than two-thirds of other first-year county college FAFSA filers. Because the NJ STARS Program requires high school graduates to begin county college enrollment within two years of high school graduation, these students are far more likely to be dependent for financial aid purposes than other county college students.

NJ STARS scholars reported a lower median family income compared to the state's median family income (\$71,005 vs. \$73,973). When compared to other FAFSA filers, NJ STARS scholars reported a significantly higher family income and family savings.⁸ The difference in median family incomes is, however, substantially smaller when independent students are excluded from both groups (\$71,005 for dependent NJ STARS scholars, compared to \$39,997 for other first-year dependent FAFSA filers enrolled at county colleges). The median family income of both groups is below the median New Jersey family income of \$73,973 (U.S. Bureau of the Census, 2004c). According to a 2005 report published by the Economic Policy Institute, a two-parent/two-child family in New Jersey needs from \$45,924 to \$53,820 a year to cover its basic cost of living, depending on where in the state they reside (Allegretto, 2005). The data reveal that between 30 to 37 percent of NJ STARS scholars cannot cover their basic living costs, compared to New Jersey's 23 percent statewide average.⁹

⁸ Parent and student incomes reported on the FAFSA were used in this analysis.

⁹ This statistic on the percentage of individuals living below the family budget line could be calculated at http://www.epi.org/content.cfm/datazone_fambud_budget.

Looking at NJ STARS scholars' student income alone, we find that this group earned less than other first-year, full-time county college FAFSA filers. This may be due, in part, to:

- The NJ STARS Program requiring continued academic achievement in order to renew eligibility.
- The NJ STARS Program mitigating concerns about covering the cost of education, thus permitting NJ STARS scholars to work less.

In terms of overall need indicators, NJ STARS scholars had higher NJEIs than other county college FAFSA filers, which means that they are relatively less needy. NJ STARS scholars, who are almost exclusively dependent students, are therefore more likely to have higher family incomes than independent working students. Nevertheless, a significant portion of NJ STARS scholars, one-third, were eligible to receive State-need based awards. Also, nearly one-sixth (15 percent) came from Type A & B school districts, which serve the most economically distressed areas in New Jersey. Notably, the ratio of students coming from Type A & B districts is significantly higher for NJ STARS scholars than other county college FAFSA filers. In addition, the family incomes of 8 percent of NJ STARS scholars fell below the federal poverty line.¹⁰

¹⁰ It should be noted that the percentage of NJ STARS scholars whose family incomes fell below the federal poverty line (incomes below \$19,350) is greater than New Jersey's 6.8 percent family poverty rate (U.S. Bureau of the Census, 2005).

Table 2. Demographic and Socio-Economic Characteristics of NJ STARS Scholars Compared to Other First-Year, Full-Time County College FAFSA Filers			
	NJ STARS Scholars (N=2,771)	Non-NJ STARS Scholars (N=78,251)	Is The Difference Statistically Significant? (Yes/No)
Gender			
Male	33.2%	39.4%	Yes
Female	66.8%	60.6%	
	(n=2,742)	(n=77,525)	
Dependency Status			
Dependent	98.6%	60.3%	Yes
Independent	1.4%	39.7%	
	(n=2,617)	(n=65,417)	
Type of High School District			
Abbott School District	15.2%	9.1%	Yes
Non-Abbott School District	84.8%	90.9%	
	(n=2,377)	(n=64,619)	
Income and Savings			
<i>Family Income</i>			
Mean Family Income	\$71,005	\$33,809	Yes
Median Family Income	\$64,763	\$18,650	
	(n=2,771)	(n=74,561)	
<i>Student Income</i>			
Mean Student Income	\$3,707	\$11,941	Yes
Median Student Income	\$2,500	\$6,003	
	(n=2,771)	(n=74,561)	
<i>Family Savings</i>			
Mean Family Savings	\$9,821	\$6,004	Yes
Median Family Savings	\$2,076	\$945	
	(n=2,698)	(n=49,738)	
NJEI			
<i>Percentage of Students Whose NJEI is:</i>			
Less than 1500	12.50%	29.30%	Yes
Between 1500 and 5,499	20.10%	28.00%	
Greater than or equal 5500	67.40%	42.70%	
Mean	15,097	10,518	Yes
Median	10,282	5,674	
	(n=2,771)	(n=78,251)	
<i>Source: HESAA, NJ STARS Data System as of 07/13/06 and NJ Grants Data System for academic years 2004-05 and 2005-06</i>			

Question 5. How do NJ STARS scholars perform academically?

The academic performance of NJ STARS scholars was compared to other full-time, degree-seeking county college students who graduated from high school in 2004 or later (Table 3). The following findings were noted:

- *Scholastic Assessment Test (SAT)*

For those who took the SAT, NJ STARS scholars scored significantly higher (56 points on the SAT Mathematics and 46 points on SAT Critical Reading) than other county college students. While overall the number of county college students who took the SAT is small, NJ STARS scholars are more likely to have taken the exam.

- *Grade Point Average (GPA)*

As of Fall 2005, the GPA of the 2004-05 NJ STARS scholars was 1.2 points higher (on a 4.0 scale) than other full-time, degree-seeking county college students.

- *Credits Earned*

NJ STARS scholars were more likely to earn 12 college-level credits in a semester than other county college students. On average, each semester, NJ STARS scholars earned 3.2 credits more than non-NJ STARS scholars at county colleges.

- *Retention Rate*

NJ STARS scholars had a higher retention rate than other county college students (81.4 percent compared to 66.5 percent for non-NJ STARS scholars at county colleges).

In the initial two years of the program, students who were high achievers in high school and who enrolled at county colleges as NJ STARS scholars continued to perform well academically. Overall, NJ STARS scholars outperformed their peers on standard academic indicators. They also appear to be on a faster track toward degree attainment. The higher academic performance and retention rates of NJ STARS scholars may be attributed to the program's ability to minimize concerns about financing their educational expenses.

Notably, inadequate finances are often cited as a prime reason for dropping out of college. (See Whitbourne, 2002 and Yoshino, 1958).

Studies reveal that the enrollment of high-achieving students at an educational institution “can favorably impact the quality of colleges and universities” (New Jersey Commission on Higher Education, 1998). The higher retention rates and higher average number of credits earned by NJ STARS scholars may lead to an increase in degree attainment. Ultimately, a more educated populace will contribute to New Jersey’s economic growth, which is a major objective of the NJ STARS Program.

Table 3. Performance And Retention of NJ STARS Scholars Compared to Other County College Degree-Seeking, Full-Time Students¹¹ Who Graduated From High School In 2004 or Later			
	NJ STARS Scholars (N=3,033)	Other County College Students (N=41,420)	Is Difference Statistically Significant? (Yes/No)
SAT Scores¹²			
Mean SAT Mathematics Score	532.8	476.9	Yes
Median SAT Mathematics Score	540.0 (n=511)	480.0 (n=4,127)	
Mean SAT Critical Reading Score	519.2	472.7	Yes
Median SAT Critical Reading Score	520.0 (n=503)	480.0 (n=4,108)	
Percentage Missing, Zero or Unreported	83.1% (n=2,521)	90.0% (n=11,804)	Yes
Performance			
Cumulative Grade Point Average (GPA)			
Mean GPA at the Start of Spring 2006	3.2	2.4	Yes
Median	3.4 (n=2,370)	2.6 (n=26,314)	
Percentage with GPA Greater Than or Equal to 3.0 at the Start of Spring 2006	64.1% (n=1,246)	24.1% (n=18,415)	Yes
Degree Credits Earned			
Average Degree Credits Earned Per Semester	12.2 (n=2,565)	9.0 (n=28,886)	Yes
Average Degree Credits Earned in 1 year (2 semesters and a summer)	25.3 (n=1,190)	19.9 (n=11,495)	Yes
Retention			
Percentage of Fall’04 full-time cohort who remained registered full-time during Spring’05 and Fall’05	80.4% (n=1,076)	63.5% (n=15,707)	Yes
<i>Source: SURE Data System for Fall 2004, Spring 2005, Fall 2005 and Spring 2006 Enrollment Data</i>			

¹¹ Includes students who graduated from high school in 2004 or later who were registered as full-time, degree-seeking students in fall 2004, spring 2005, fall 2005 or spring 2006.

¹² Zero SAT scores were recoded into missing.

Question 6: Has the program achieved the legislative intent?

According to statute, the legislative intent of the program is:

- to recognize the importance of acquiring an education beyond the secondary level in the 21st century in New Jersey;
- the need to produce and retain a well-trained and educated populace in New Jersey;
- to address the increasing cost of higher education in New Jersey; and
- to recognize the ability of New Jersey county colleges to strengthen the State's economy.

This report demonstrates, through various measures, that the NJ STARS Program is achieving the legislative intent. In particular, the increasing participation rate in the program confirms the public's awareness of the need for a higher education as well as the ability of county colleges to fulfill their educational missions. While it is too early to predict the graduation and retention rates of NJ STARS scholars, the available academic outcome measures uniformly suggest that NJ STARS scholars will become part of a well-trained and educated populace. Moreover, building on findings from other studies that suggest that graduates from county colleges are more likely to join their local workforce (Robinson and Christophersen, 2003; CCBenefits, Inc. 2002), one may expect that NJ STARS scholars will remain in their counties and play an important role in the county's economic development.

NJ STARS is serving as both a gateway to higher education for those who had limited sources of funding as well as an essential supplement for those who had partial funding but not enough to cover the ever-increasing cost of education. Even for students who obtained funding from other sources, the increases in the value of other State and federal awards did not keep pace with the increases in tuition and fees, which were covered by NJ STARS. For those who could afford to meet these costs, the program served as an incentive for high-achieving graduates to enroll at county colleges. Once enrolled, the program requires these students to continue to achieve at this high level, thus raising the overall performance of county college students.

Furthermore, by requiring NJ STARS scholars to attend their home county college, the NJ STARS Program enhances the attachment of NJ STARS scholars to their home counties. In the long term, the existence of the program may decrease the rate of out-migration of high-achieving New Jersey students, which in turn will positively impact the economic prosperity of the State of New Jersey.

SUMMARY OF FINDINGS

Purpose of the Study

The purpose of this analysis is to assess the implementation of the NJ STARS Program since its inception. The report addresses several questions, including the participation rate of students and county colleges in the program, the interplay with other financial aid programs in New Jersey, and the effect of the program on the enrollment and academic performance of NJ STARS scholars attending county colleges. The analysis was based on data extracted from the New Jersey Commission on Higher Education and the Higher Education Student Assistance Authority databases.

Program Participation Rates

Between the first and second year of the program, the participation rate of high school graduates increased by 50 percent. This is in part the result of the collaborative marketing efforts of HESAA, the county colleges and the New Jersey Council of County Colleges. As NJ STARS outreach activities expand, and as more students become aware of the program, we can anticipate its continued growth.

The Relationship of the NJ STARS Program to Other Financial Aid Programs

The findings of this study reveal that the NJ STARS scholars experienced a decrease in need-based aid eligibility in academic year 2005-06 compared to academic year 2004-05. As a result, the portion of tuition and fees covered by NJ STARS increased between these two years, while the portion covered by other State and federal aid decreased. The average value of the awards also increased between academic years 2004-05 and 2005-06. These findings demonstrate that, by design, NJ STARS scholars are not affected by tuition increases or decreases in eligibility for need-based aid.

Profile of NJ STARS Scholars

NJ STARS scholars (funded and non-funded) were more likely to be female, dependent students, with a median family income of \$71,005. The median family income of NJ

STARS scholars is lower than New Jersey's \$73,973 median family income. While this is a relatively high income, given the higher cost of living in New Jersey than nationally, one-third of the NJ STARS scholars (1,007 scholars out of 3,033) were still eligible to receive State need-based financial assistance. In addition, nearly one-sixth of NJ STARS scholars resided in Type A & B school districts and 8 percent are from families whose incomes are below the federal poverty line. A recent report by the Economic Policy Institute indicates that, given their income level, between 30 to 37 percent of NJ STARS scholars cannot meet the basic living costs in New Jersey, compared to 23 percent statewide.

Academic Outcomes of NJ STARS Scholars

The academic performance of NJ STARS scholars, as measured by the GPA and the average number of degree credits earned in any semester, as well as retention rates, is significantly higher than for other first-year, full-time county college students. On average, NJ STARS scholars' GPAs were 1.2 points higher and they earned 3.2 more credits per semester than other first-year, full-time county college students. Their retention rates were also 15 percent higher than their peers. If this trend continues, the NJ STARS Program will provide an incentive for high achievement, which will have a positive impact on academic outcomes at all educational levels.

NJ STARS Scholars Enrollment at New Jersey County Colleges

While all county colleges appear to have benefited from the NJ STARS Program by an increase in enrollment, some have enrolled more scholars than others. Cumberland County College, Gloucester County College, Warren County Community College, Ocean County College, and Salem Community College have reported the largest percentage of NJ STARS scholars enrolled. Camden County College, Ocean County College and Burlington County College enrolled the highest number of scholars in absolute numbers. There appears to be an inverse relationship between enrollment patterns of NJ STARS scholars and economic prosperity indicators, including median household income and the percentage of individuals below the poverty line, which is to say less prosperous counties

are more likely to have greater numbers of students participating in the program. While more time may be required to conclusively assess the merits of this finding, the consistency of the finding across the two academic years examined, as well as different measures of economic prosperity and enrollment, suggest that less prosperous counties are likely to benefit more from this program. The program, if supplemented by appropriate outreach activities that inform economically disadvantaged high school students of this program and its extension to a baccalaureate degree through the NJ STARS II Program, will ensure that the scholarship provides “a chance to excel where before there was none,” as the Legislature intended.

Demand for Community College Education

The NJ STARS Program was created to recognize the increasing demand for, and importance of, higher education and the relatively higher tuition costs at four-year public colleges and universities. County colleges are especially adept at providing technical, vocational and occupational training needed to succeed in the 21st century. While there is strong evidence to suggest an increasing demand for a county college education in New Jersey and nationwide, attempting to estimate the impact of the program on county college enrollment is speculative at this time. Future studies are required to determine if the NJ STARS Program impacts county college enrollment.

Economic Impact of the program

The NJ STARS Program requires, in most instances, that students attend their county college of residence. This, in the long-term, may have a positive effect on a county's overall prosperity as students strengthen their attachment to their communities and are more likely to continue to reside in their communities and use their education and training to improve the quality of the local workforce. Studies have demonstrated that county colleges have a strong, positive impact on a county's economic development. The effects are evident given their contribution to overall expenditures, job creation, and increased earnings potential for county college graduates.

Given these findings, and based on our analysis, the following recommendations are made.

RECOMMENDATIONS

Recommendation 1. Continue fully funding the NJ STARS Program.

The NJ STARS Program has created opportunities for needier students from all New Jersey counties. NJ STARS is also serving as an incentive for high-achieving high school students to continue to perform well academically once enrolled at New Jersey county colleges. The program's renewal criteria require students to maintain their high academic performance in college, which may favorably affect the overall performance of county college students. Moreover, if higher enrollment rates at county colleges are achieved through this program, the economic impacts of county colleges will be further realized and enhanced.

Recommendation 2. Enhance the marketing of the program to increase its participation rates.

Through the collaborative efforts of HESAA, the county colleges and the New Jersey Council of County Colleges, the NJ STARS Program was marketed to a wide segment of New Jersey's constituents. To further enhance the program's participation rates at urban high schools, targeted outreach activities are recommended to ensure that all New Jersey residents who can benefit from the program are encouraged to do so. In particular, HESAA should continue focusing on its collaborative efforts with programs like Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), the Federal TRIO Programs and the Upward Bound Program.

Recommendation 3. Conduct a study during the 2009-10 academic year to identify trends and patterns in higher education in general and county college education in particular.

The future study should combine qualitative and quantitative methods to address the following issues:

- The impact of the NJ STARS Program on county college enrollment;
- The effect of the NJ STARS Program on academic outcomes, including performance, retention and graduation rates, at county colleges;
- The persistence rates of NJ STARS scholars beyond an associate degree;
- Academic program participation;
- Post associate degree educational and non-educational activities; and
- The relationship between the NJ STARS and NJ STARS II Programs.

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