



Higher Education Priorities in New Jersey

WHAT'S AT STAKE IN HIGHER EDUCATION?

Every year, nearly [half a million students](#) attend a college in New Jersey, including in workforce training, community colleges, and four-year degrees. In other words, about 1 out of every 20 New Jerseyans will take a college course this year. Those who complete a college credential can generally expect to earn higher wages. These higher-paying jobs form the backbone of New Jersey's economy, fueling job creation, promoting a competitive workforce, and supporting a robust tax base.

Yet **too few college students will complete** their studies: six years after they start their programs, 58% of students at a New Jersey community college will not have graduated. Roughly a quarter of New Jerseyans at a senior public institution will not have graduated after six years.

For those who do manage to graduate, **many find themselves in college programs that do not pay off** – costing them time and money with little to show for it. Moreover, [state resources](#) like the Tuition Aid Grant and the Governor's Urban Scholarship might be wasted paying for low-performing programs, rather than investing in quality educational programs that serve students well. Strong leadership in New Jersey requires close attention to the benefits of higher education -- and to its shortcomings.

INVESTING IN EVIDENCE-BASED COLLEGE COMPLETION EFFORTS

- **Outcomes-based funding:** Since 2019, New Jersey's Outcomes-Based Allocation (OBA) program has sought to reward high-performing institutions by providing additional appropriations to institutions that help more students graduate. OBA establishes clear financial incentives for institutions to invest in student success. Gubernatorial support is key to maintaining OBA in the budgeting process.
- **Aligning EOF with the ASAP model:** New Jersey's Educational Opportunity Fund provides comprehensive support in the form of financial aid, academic coaching, outreach and more to low-income students. Many of these services have been found to effectively increase college completion rates. In fact, EOF shares many features with the best-in-class [ASAP program](#) at the City University of New York. Expanding and enhancing EOF into an ASAP model would help more New Jerseyans complete college. By building on the EOF infrastructure already in place, the new governor can quickly adopt a high-profile, proven practice.

IMPROVING THE RETURN ON INVESTMENT FOR STUDENTS AND TAXPAYERS

- **Leveraging data to drive outcomes:** The [New Jersey Statewide Data System](#) combines K12, higher education and labor market datasets, allowing policymakers to assess how well colleges serve their students. Yet data and research are rarely translated into policy and action. For example, the NJSDS could be used to measure the wages of graduates, and to incorporate this information into colleges' Outcomes-Based Allocation. The data could also be used to pinpoint campus policies that work so that they can be scaled statewide.
- **Accountability for institutions:** In 2022, New Jersey lawmakers [established](#) first-in-the-nation performance standards for career-oriented education and training programs at colleges and universities. These standards will strengthen consumer protections and reduce the flow of tax dollars towards low-performing programs. The rules were finalized in September 2024 [for for-profit schools](#) but haven't yet been finalized for other schools. The next governor will have the opportunity to work with NJDOL and OSHE to implement and refine these rules. Arnold Ventures supports sector-neutral accountability efforts, and New Jersey's efforts may become a model for other states. Yet there is still room for improvement, and the new governor can pursue three main strategies to strengthen this effort.
 - The biggest gap in the current law is that it does not address – or attempt to address – variations in quality from program to program. While there is often considerable variation across colleges in the



labor market outcomes of their graduates, with some producing more employable graduates than others, the NJ standard simply identifies low-performing fields using statewide data that include workers of all ages and experience and educational background. Accounting for these variations would likely require a legislative amendment to require the use of program-level, rather than occupation-level, earnings data.

- Second, the state should raise the bar for programs to demonstrate return on investment, ensuring that low-value programs are more easily identified and required to improve or end. We anticipate that the vast majority of programs will easily clear these standards, even though about 8,700 NJ graduates each year will earn less than the typical high school graduate in that state. Consider medical assistants, who earn \$38,706 at the 25th percentile across the entire field in New Jersey (significantly higher than the \$24,137 median earnings nationally of medical assistant certificate-holders three years after graduation). Yet the ratio permits New Jersey medical assistant programs to charge more than \$38,000 for such a certificate (generally around 9 months) without failing the measure – roughly [six times the amount](#) that Camden County College, for example, charges for a medical assistant program and more than \$14,000 over what the typical graduate in that field can sustain using the same calculations for early-career, actual earnings.
- Finally, the state should give serious consideration to the best ways to wind down failing programs without overly disrupting students. [Research](#) shows that when for-profit colleges have been shuttered due to accountability in the past, the enrollment declines in that sector are largely offset as students instead enroll at more affordable, usually higher-value community colleges. But there can be significant disruptions: wasted time and lost credits, loss of momentum leading some students to drop out altogether, and money spent in pursuit of a credential no longer available. The state must ensure specific planning by the institutions and conduct robust enforcement to protect students' and taxpayers' interests.