Strengthening Student Aid in New Jersey: How Does the TAG Program Interact with Pell Grant Aid?
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September 2021

New Jersey’s Tuition Aid Grant (TAG) provides funds to help low-income residents cover tuition at the state’s public and private nonprofit colleges and universities, as well as a few for-profit institutions. Students eligible for TAG are often also eligible for federal Pell grants, although the rules and eligibility for the state and federal programs differ substantially. The state may choose to diverge from federal standards to improve program equity and allocate scarce resources more efficiently. But some of these program differences can lead to inconsistencies in total aid amounts for students in similar circumstances and can lead to confusion for students and families.

Eligibility Requirements Differ for TAG and Pell

The state’s restrictions on which students have access to grant funding, as well as when and for how long they can access TAG funds, create some of the most significant differences between New Jersey’s TAG program and the Federal Pell Grant Program. Students can receive federal Pell grants for up to 12 semesters of full-time study. Most TAG recipients are eligible for only 9 semesters. Part-time students receive Pell grants, with the amount prorated based on whether they are enrolled one-quarter time, half time, or three-quarters time. TAG recipients must be enrolled full time, although the part-time TAG program funds students at public two-year colleges who are enrolled at least half time.

Many students attend New Jersey public four-year institutions part time, and supporting these students could improve their chances of succeeding in college. Less than 10 percent of students at The College of New Jersey, Rutgers University–New Brunswick, and Stockton University are enrolled part time. But at the New Jersey Institute of Technology (NJIT), Rutgers University–Camden, William Paterson University, Kean University, and New Jersey City University, more than 15 percent of students are enrolled part time. Nationally, about two-thirds of dependent students at public four-year institutions are enrolled full time, compared with just over one-third of independent students. The restriction on part-time students in the TAG program likely explains some of the low funding levels of low-income independent students.

Students can receive additional Pell funding if they enroll over the summer in addition to enrolling full time over the academic year. New Jersey does not provide summer funding, potentially prolonging time to degree for some students.

But the TAG program is more generous than the federal program in other respects. New Jersey’s law was changed in January 2020 to restore eligibility for incarcerated individuals to receive state
financial aid awards, a year before similar federal legislation. Additionally, in contrast to federal financial aid, students with undocumented immigration status have been eligible since academic year 2018–19 for state financial aid, including TAG, if they have enrolled in a New Jersey high school for at least three years and either graduated from a New Jersey high school or received a high school equivalency diploma.¹

**Recommendations**

Consider expanding TAG eligibility for part-time students and for those enrolling over the summer. Pell grants are prorated for intensity of enrollment, with half-time students receiving half the funds for which they would be eligible if they enrolled full time. Part-time TAG awards for county college students are prorated at a less generous rate. At county colleges, students with a New Jersey Eligibility Index (NJEI) of less than 1,500 who used TAG for half-time study were eligible for an amount averaging $696 in 2020–21, roughly 25 percent of the average county college amount of $2,786 for full-time study. Policymakers could consider increasing the level of part-time TAG awards to better align with enrollment intensity. Loosening this restriction would both make state grants more consistent with federal grants and allow more students whose circumstances preclude full-time enrollment to pursue postsecondary education.

Pell grants may be used to cover the cost of summer classes, with the maximum annual award 50 percent higher for students studying year-round. TAG awards do not cover summer enrollment. Minnesota, Pennsylvania, and Texas are examples of states that fund summer study.² Covering summer study increases summer enrollment, reducing time to degree completion.³ Not providing extra funds for summer study—and not allowing summer study to count toward full-time enrollment for TAG eligibility—likely hinders on-time completion for some New Jersey students.

Finally, Pell covers more semesters of study than TAG does. Students are eligible for Pell grant funds for 12 semesters of full-time study, but TAG covers only 5 full semesters at county colleges and 9 full semesters at four-year institutions (although students may be eligible for additional semesters if they were enrolled in the Educational Opportunity Fund program or took remedial classes). At NJIT, 30 percent of the students who began their studies full time in fall 2013 completed their degrees within six years but not within four years. At William Paterson University, that share was 21 percent, and at

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Stockton University, it was 16 percent.\textsuperscript{4} In other words, many students likely face financial struggles that could be ameliorated with an extension of TAG eligibility.

**Assess the TAG tables to reduce the sharp differences in aid between students in similar financial circumstances at the same institution.** Regardless of the institution, the Pell grant award amount is the same for students with similar ability to pay, with low cost of attendance occasionally limiting award size. In contrast, differences in tuition prices across institutions in New Jersey, as well as other factors, have led to wide differences in TAG award amounts for students with similar NJEIs but enrolled at different institutions.

As a result, low-income students enrolling in county colleges and state colleges get a larger share of their aid from federal sources and a smaller share from state sources than low-income students attending public research universities and private institutions. For example, at NJIT and Rutgers University, where there are almost as many state grant recipients as Pell grant recipients among first-time full-time students, the average state grant is more than 1.5 times the average Pell grant. At county colleges, many fewer students receive state aid than receive federal aid, and the average state grant is only about half the size of the average Pell grant. State colleges fall in between, with average state grants about 10 to 20 percent larger than average federal grants.\textsuperscript{5} It is not necessarily a problem that two students might receive the same Pell grant but different TAG amounts. But policymakers should consider the rationale behind this allocation and ensure that it supports the state’s goals.

Further, the “slope” of aid as student ability to pay decreases (as measured by the NJEI) is not always consistent across institutions. Generally, Pell grant aid falls off faster for students than TAG aid, but sharp breaks between NJEI groups and a relatively high minimum award mean that students face potential cliffs in aid near certain eligibility cutoffs. For example, in 2021–22, a student would lose $2,008 in TAG aid when her NJEI changes from 1,499 to 1,500 at an independent four-year college and would lose $1,348 when it changes from 2,499 to 2,500. In contrast, Pell grants for dependent students decline smoothly as income increases, with aid falling by less than 50 cents when income rises by one dollar.

Reducing the steps in awards from category to category could involve either increasing the number of categories—which would complicate the published tables—or using a formula that declines gradually, while still publishing TAG tables with average awards within categories along with a note about the actual formula for calculating awards.

**Review the upcoming changes to Pell grants with an eye toward simplifying the system for students.** Upcoming changes to the federal financial aid process may prompt some adjustments for New Jersey’s TAG program. For students enrolled in fall 2023, the Free Application for Federal Student Aid (FAFSA) will be substantially shortened (from a maximum of 108 questions to 36). Because the TAG award need calculation is proprietary, it is unclear to what extent additional state-level questions may

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\textsuperscript{4} National Center for Education Statistics (NCES) College Navigator, https://nces.ed.gov/collegenavigator/.

\textsuperscript{5} NCES College Navigator.
be needed to fully calculate students’ NJEIs. A more complex state application form (and the potential need for additional verification of data provided to the state) could create problems for aid applicants.

Although the TAG program is laudable for its broad and inclusive eligibility criteria, it excludes men who have not registered with Selective Service, an exclusion that will no longer be a factor for federal financial aid eligibility. The FAFSA changes also introduce the Student Aid Index (in place of the expected family contribution) and simplify Pell eligibility (but not the precise grant received) to be based only on income and family size. These changes are accompanied by increases in the generosity of Pell awards, and policymakers will have to look at how these formula changes may interact with TAG award amounts, particularly for returning students.

Eliminating the Selective Service registration requirement would be an easy fix. The state recently eliminated additional requirements for New Jersey applicants to provide information. Adding any new questions should occur only if it is necessary because of FAFSA changes.

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**Acknowledgments**

This issue paper was supported by Arnold Ventures. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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