

NEW JERSEY

Association of State Colleges and Universities

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Assembly Higher Education Committee September 18, 2014 Assembly Bill No. 2807

The state colleges and universities oppose this bill in the absence of strong, consistent state financial support.

The nine members of our Association are cutting costs and implementing innovations that are minimizing tuition increases as significantly as possible. Increases in the current academic year range between 0% and 3%.

Our Association members have contained costs in a number of ways:

- They all participate in a library consortium that enables cost sharing.
- They have significantly cut energy costs by, in some cases, building cogeneration plants; installing automated systems that conserve energy; and conducting energy audits.
- Some institutions eliminated or consolidated administrative departments.
- Some institutions use web-based data storage to reduce hardware costs.

Our institutions are also more entrepreneurial than ever in finding alternative revenue sources. For example:

- Public-private partnerships with developers are enabling construction of mixed-use projects that benefit campuses and their neighboring communities.
- Institutions are renting out athletic facilities and meeting rooms during off-season, off-peak times.
- Continuing education programs bring in revenue while providing certificates and other credentials for adults to help advance their careers.

It is important to understand why, despite these efforts, tuition can still increase. Principally, our institutions are serving thousands of more students with little extra support from the State.

Enrollment is at an all-time high: last fall, our nine institutions enrolled 94,562 undergraduates, up from 73,072 in 2003, an increase of over 29%. Including graduate students, our nine institutions enrolled 108,627 students last year, up from 88,076 in 2003, an increase of over 23%. Reflecting strong student demand, the number of applications from first-time freshmen to the nine members of NJASCU increased 49% between 2002 and 2012, from 41,062 to 61,081.

State appropriations have not kept pace with student demand. Institutional appropriations have been cut about 20% in the past 10 years.

www.njascu.org

*The College of New Jersey
Kean University
Montclair State University*

*New Jersey City University
Ramapo College of New Jersey
Richard Stockton College of New Jersey*

*Rowan University
Thomas Edison State College
William Paterson University*

Moreover, until recently, the State provided little support for the cost of constructing academic facilities on our campuses. The \$750 million Building Our Future Bond Act of 2012 was the first significant facilities funding our institutions received since 1988. The institutions are now building high-tech classrooms, labs, and libraries without taking on large amounts of new debt.

The correlation among state appropriations, tuition levels, and enrollment can be seen in the State Higher Education Executive Officers' (SHEEO) State Higher Education Finance analyses. Over 25 years (1988-2013) in New Jersey:

- educational appropriations per full-time equivalent student (adjusted for inflation) decreased from \$11,413 to \$6,380
- net tuition revenue per full-time equivalent student (adjust for inflation) increased from \$2,860 to \$8,165
- public FTE enrollment increased from 156,634 to 276,053. The data can be found on the attached chart and also at this link:

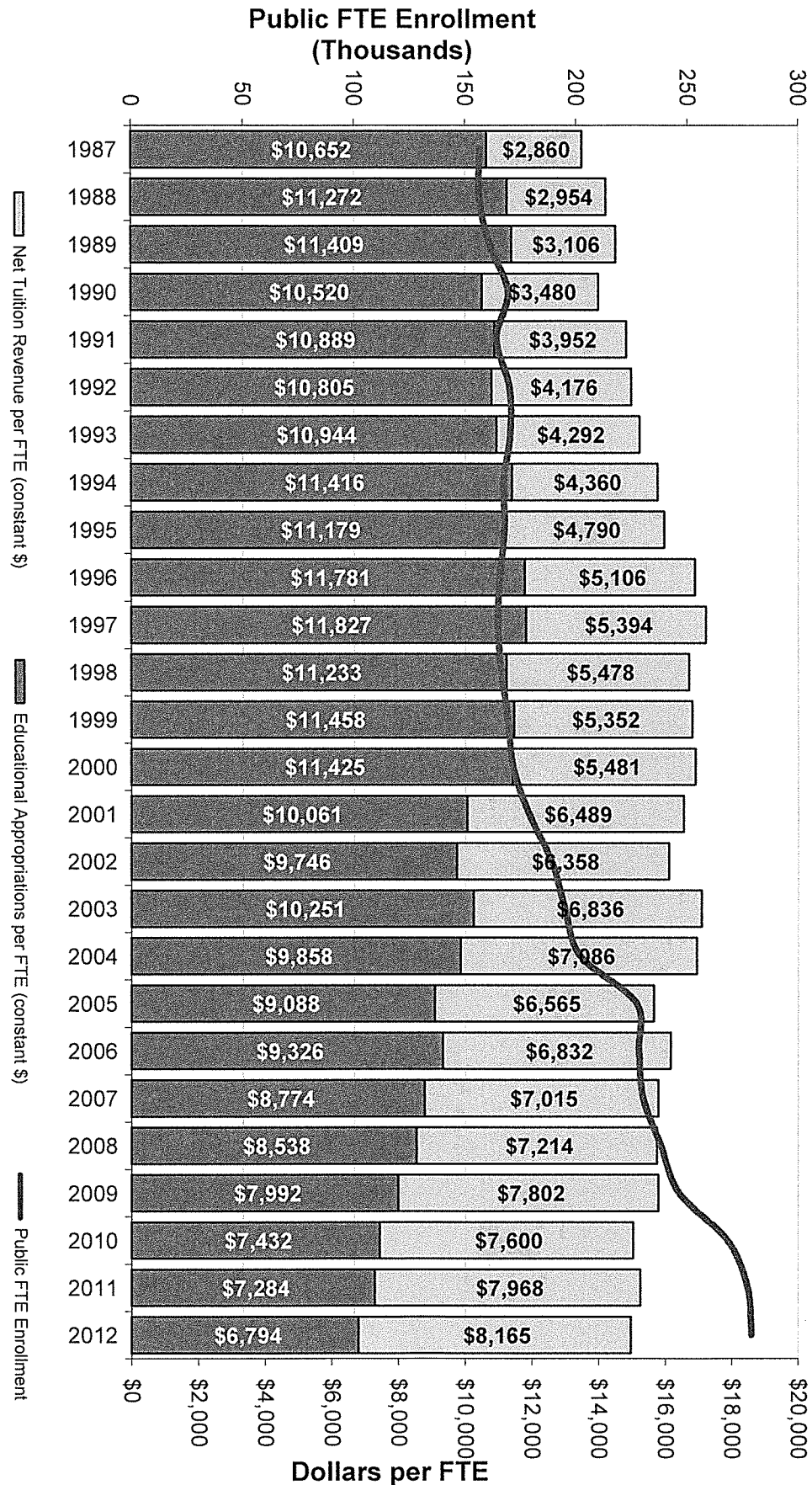
<http://www.sheeo.org/sites/default/files/publications/All%20States%20Wavechart%202013.pdf>

We have other long-range concerns about the bill. If this bill were enacted, the credit-rating agencies would likely downgrade institutions' bond ratings, thus increasing borrowing costs. The credit-rating agencies have indicated that maintaining control over tuition is important in the evaluation of an institution's credit worthiness.

Institutions still need to pay for State-negotiated salary increases, which have not been covered by State appropriations for several years.

Finally, as a matter of governance, this bill would roll back the autonomy granted to the senior public colleges and universities 20 years ago to determine their tuition levels. Since boards of trustees and institutional presidents at the senior public colleges and universities have been free from layers for bureaucratic red tape, their institutions have served more students, strengthened their academic programs, and burnished their national reputations more than ever before.

**Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE,
New Jersey -- Fiscal 1987-2012**



Note: Constant 2012 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA). Educational Appropriations include ARRA funds.
Source: SHEEO