



NEW JERSEY

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NJASCU Raises Concerns about Free College Concept as Touted by the Governor's Budget Proposal

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To summarize:

- Governor Phil Murphy's first state budget proposal of **\$37.4 billion** calls for just what he promised he'd do — raise taxes; increase funding for education, pensions and mass transit; legalize marijuana; and make smaller adjustments that meet with his progressive agenda. He calls the budget "realistic and responsible" with a projected surplus of \$742 million. Other than taxing the "sharing economy," Uber, Lyft, and Airbnb, and restoring the 7 percent sales tax from 6.625 percent, the plan held few surprises. What may turn out to be surprising is what his fellow Democrats will do with the plan, as their initial response appeared to be lukewarm. And the Republican response has been one of vehement opposition.
- Gov. Murphy predicted the state could see a \$765 million boost from his proposed 10.75 percent millionaires tax. Other proposals include an estimated \$60 million in additional excise and sales tax revenue to be collected from the sale of legalized marijuana. The money would be used to help war veterans in the state.
- He also vowed that school districts will get \$283 million in new funding and reallocation of funds, with \$57 million for districts seeking to expand their pre-K programs.
- The governor reiterated his intent to make community colleges tuition free.

As far as the senior public higher education sector:

- The budget address was lacking, to say the least. There was no reference to capital bond initiatives, no reference to increased operational appropriations, no reference to restructuring TAG.
- The only outright positive was an increase in EOF funding by \$1.5 million.

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- The increase in TAG grants (3,500 additional grants costing \$7 million) was ambiguous and perhaps detrimental to four-year institutions of higher education.
- The TAG discrepancy is the proposal to create 3,500 new Tuition Aid Grant Awards for students at “four-year colleges and universities.” But the Budget in Brief document says otherwise. Using last year’s TAG amounts, the \$7 million increase in TAG funding buys 3,500 new grants ONLY IF the cost of the grant is priced at the community college level. *Budget in Brief* says. p. 10 (p. 14 of PDF file): <http://www.nj.gov/treasury/omb/publications/19bib/BIB.pdf>
- The most controversial element for the senior higher education colleges and universities was the total emphasis on community colleges: an increased investment in community colleges by \$50 million, which said the Governor, is “the first step in making community college tuition-free over the next three years.”

Advocacy Position:

- Free college tuition programs for public two-year institutions share common fiscal, political, and policy related shortcomings.
 - For example, even if tuition is free, students must still find a way to pay for living expenses, transportation, books, supplies and other ancillary expenses like childcare. These other fiscal challenges may thwart a student’s ability to achieve academic success.
 - Subsidizing all students may not be the most effective and efficient use of government funding. Providing free tuition for all students, regardless of ability to pay, may ultimately divert financial support from economically disadvantaged students to those who are capable of paying all or a portion of their tuition.
- Providing affordable, accessible, and high-quality education is the mission of all New Jersey’s public colleges and universities.
- We believe the key to achieving that mission is a student-centric approach by having the financial aid follow the student irrespective of where he or she chooses to attend college.
- We need to create a Student Financial Aid (SFA) program that features financial aid going directly to the student, instead of the current Tuition Aid Grant (TAG), which is based upon the institution and sector of New Jersey higher education the student attends.
- The New Jersey Educational Opportunity Fund (EOF) epitomizes this philosophy and has produced some of the New Jersey’s greatest government and business leaders in spite of coming from exceptionally challenging socio-economic circumstances. We are very supportive of the increase in the EOF.
- The math on the TAG Awards seems to have a discrepancy. In his speech (the written address), Governor Murphy refers to 3,500 additional awards for four-year colleges/universities. However, the Budget in Brief allocates a 7 million dollar increase in TAG (in general); and 3,500 awards amounts to 7 million

dollars only if one uses the average community college TAG grant award amount (using last year's figure).