NJASCU Background
Materials for

NJ Commission on Government
Efficiency and Reform
Meeting

October 25, 2006
October 25, 2006

To the Higher Education Task Force on
NJ Commission on Government Efficiency & Reform:

I am pleased to present to you a selected set of background materials that I hope will help to inform your deliberations. Much of these data will be updated early next year in our 2007 Sourcebook.

The nine state colleges and universities proudly serve about 90,000 individuals with high quality higher education each year. Well over 90% are New Jersey residents. The institutions are the major provider of undergraduate education in New Jersey, annually graduating 45% of all baccalaureate degree students, and national leaders in productivity and accountability.

A critical element of productivity is mission distinctiveness and the high degree of autonomy that the state has provided since 1985. Governance by independent, nonpartisan, lay trustee boards has protected the colleges and universities from political interference while providing for openness, transparency and direct public accountability.

The Association is committed to serving the state colleges and universities as a public trust, and the citizens of New Jersey. The presidents, trustees, and I look forward to assisting the Task Force and Commission in its important work.

Sincerely yours,

Darryl G. Greer
Executive Director/CEO
Overview of New Jersey
State Colleges & Universities:

Mission Distinctiveness, Service,
Accountability and Productivity
# STATE COLLEGE/UNIVERSITY ACCOUNTABILITY FACTS AND TRENDS

## STUDENTS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>1995</th>
<th>Difference</th>
<th>Percentage Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>88,782</td>
<td>77,549</td>
<td>+11,233</td>
<td>+14.5</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>74,412</td>
<td>66,214</td>
<td>+8,198</td>
<td>+12.4</td>
</tr>
<tr>
<td>Full-Time</td>
<td>52,097</td>
<td>40,265</td>
<td>+11,832</td>
<td>+29.4</td>
</tr>
<tr>
<td>Part-Time</td>
<td>22,315</td>
<td>25,949</td>
<td>-3,634</td>
<td>-14.0</td>
</tr>
<tr>
<td>Graduate</td>
<td>14,370</td>
<td>11,335</td>
<td>+3,035</td>
<td>+26.8</td>
</tr>
</tbody>
</table>

## DEGREES AWARDED ANNUALLY

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>1995</th>
<th>Difference</th>
<th>Percentage Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baccalaureate</td>
<td>14,192</td>
<td>10,665</td>
<td>+3,527</td>
<td>+33.1</td>
</tr>
<tr>
<td>Master’s</td>
<td>3,293</td>
<td>2,012</td>
<td>+1,281</td>
<td>+63.7</td>
</tr>
</tbody>
</table>

## RESIDENTIAL STUDENTS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>1995</th>
<th>Difference</th>
<th>Percentage Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>18,172</td>
<td>13,000</td>
<td>+5,172</td>
<td>+39.8</td>
</tr>
</tbody>
</table>

## FUNDING

<table>
<thead>
<tr>
<th></th>
<th>FTE</th>
<th>State Appropriation Per FTE (Inflation Adj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 1995</td>
<td>48,828</td>
<td>$4,517</td>
</tr>
<tr>
<td>Fall 2005</td>
<td>59,461</td>
<td>$3,751</td>
</tr>
<tr>
<td>Change</td>
<td>+10,633</td>
<td>-17%</td>
</tr>
</tbody>
</table>

## CAPACITY

<table>
<thead>
<tr>
<th></th>
<th>National Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net out-migration</td>
<td>1st</td>
</tr>
<tr>
<td>Public enrollment</td>
<td>45th</td>
</tr>
</tbody>
</table>

### Public four-year college/university enrollment in states with populations similar in size to New Jersey

<table>
<thead>
<tr>
<th>Population</th>
<th>Enrollment</th>
<th>Enrollment per 1,000 pop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>6,237,569</td>
<td>197,439</td>
</tr>
<tr>
<td>Michigan</td>
<td>10,112,620</td>
<td>287,864</td>
</tr>
<tr>
<td>Virginia</td>
<td>7,459,827</td>
<td>185,981</td>
</tr>
<tr>
<td>Georgia</td>
<td>8,829,383</td>
<td>186,539</td>
</tr>
<tr>
<td>North Carolina</td>
<td>8,541,221</td>
<td>176,967</td>
</tr>
<tr>
<td>New Jersey</td>
<td>8,698,879</td>
<td>150,351</td>
</tr>
</tbody>
</table>

Source: 2005-2006 Chronicle of Higher Education
MIGRATION
Annual migration patterns of college bound high school graduates in states with populations similar to New Jersey.

<table>
<thead>
<tr>
<th>Net Migration (Fall 2004) (-) loss / (+) gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina</td>
</tr>
<tr>
<td>Indiana</td>
</tr>
<tr>
<td>Virginia</td>
</tr>
<tr>
<td>Georgia</td>
</tr>
<tr>
<td>Michigan</td>
</tr>
<tr>
<td>New Jersey</td>
</tr>
</tbody>
</table>

Source: US Department of Education National Center for Education Statistics, Spring 2005

GRADUATION RATES
Data compiled by the NJ Commission on Higher Education, based on a 1998-2004 cohort of students, show that state colleges and universities have an average six-year graduation rate of 57%. For public institutions in other states with similar missions and student compositions, over the same time period, six-year graduation rates averaged 50%.

PRODUCTIVITY
New Jersey state colleges and universities are ranked among the top five states for productivity relative to resources at public baccalaureate and master’s institutions (see National Center on Higher Education Management Systems 2005 report).

NATIONAL RANKINGS ON SPENDING
Higher education spending per capita……………………………………..38th
Higher education spending as percentage of general spending………………..42nd
Higher education spending per $1,000 personal income……………………………41st

OPERATING BUDGETS

<table>
<thead>
<tr>
<th></th>
<th>Direct State Adjusted Appropriations (excluding fringe benefits)</th>
<th>Direct State Adjusted Appropriations (adjusted for inflation)</th>
<th>Direct State Adjusted Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 1996: $245,328,000</td>
<td>FY 2006: $300,352,000</td>
<td>$300,352,000</td>
</tr>
<tr>
<td>FY 2006: $300,352,000</td>
<td>$221,427,000</td>
<td>FY 2007: $276,717,000</td>
<td>$232,762,000</td>
</tr>
<tr>
<td>96-06 $ Δ</td>
<td>+$55,024,000</td>
<td>+$11,335,000</td>
<td>-$23,635,000</td>
</tr>
<tr>
<td>96-06 % Δ</td>
<td>+22.4%</td>
<td>+5.1%</td>
<td>% Δ -8%</td>
</tr>
</tbody>
</table>

State Appropriations for Higher Education as Percentage of Total State Budget

<table>
<thead>
<tr>
<th></th>
<th>New Jersey</th>
<th>National Average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>7.5%</td>
<td>11.1%</td>
</tr>
<tr>
<td>1994</td>
<td>5.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2004</td>
<td>7.6%</td>
<td>10.9%</td>
</tr>
<tr>
<td>2007</td>
<td>7.0% est.</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

* National data derived from NASBO state expenditure reports, except that FY07 data derived from the Chronicle of Higher Education.
### CAPITAL BUDGETS

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual State Capital Appropriations</th>
<th>Annual State-Supported Debt Service</th>
<th>Annual Value of Institution-Supported Construction in Progress</th>
<th>Institutions’ Cumulative Long-term Bond Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY97</td>
<td>$1,600,000</td>
<td>$28,445,000</td>
<td>$89,826,000</td>
<td>$459,980,000</td>
</tr>
<tr>
<td>FY98</td>
<td>$5,850,000</td>
<td>$27,534,000</td>
<td>$78,828,000</td>
<td>$504,028,000</td>
</tr>
<tr>
<td>FY99</td>
<td>$6,000,000</td>
<td>$24,235,000</td>
<td>$130,832,000</td>
<td>$753,435,000</td>
</tr>
<tr>
<td>FY00</td>
<td>$0</td>
<td>$85,070,000</td>
<td>$110,324,000</td>
<td>$579,604,000</td>
</tr>
<tr>
<td>FY01</td>
<td>$6,500,000</td>
<td>$80,114,000</td>
<td>$135,139,000</td>
<td>$696,382,000</td>
</tr>
<tr>
<td>FY02</td>
<td>$0</td>
<td>$84,659,000</td>
<td>$228,438,000</td>
<td>$899,598,000</td>
</tr>
<tr>
<td>FY03</td>
<td>$0</td>
<td>$78,553,000</td>
<td>$245,632,000</td>
<td>$1,149,880,000</td>
</tr>
<tr>
<td>FY04</td>
<td>$0</td>
<td>$82,413,000</td>
<td>$416,587,000</td>
<td>$1,421,481,000</td>
</tr>
<tr>
<td>FY05</td>
<td>$0</td>
<td>$91,049,000</td>
<td>$546,828,000</td>
<td>$1,548,018,000</td>
</tr>
<tr>
<td>FY06</td>
<td>$0</td>
<td>$72,763,000</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>FY07</td>
<td>$0</td>
<td>$91,809,000</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,650,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Audited data not currently available.

Sources: State budget books/college, university audits.

Unlike most states, New Jersey state colleges and universities receive no regular appropriation for facilities renovation and renewal. In effect, the state has, in recent decades, transferred the cost of facilities construction and renewal from the state to the institutions.

For this reason, according to Moody’s, New Jersey public institutions are among the most highly leveraged in the nation and students and families contribute a growing share of operations and facilities.

### STATE-NEGOTIATED LABOR CONTRACT SALARY OBLIGATIONS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Required</th>
<th>State Funded</th>
<th>Percent Funded</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$7,500,000</td>
<td>$0</td>
<td>0%</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>1998</td>
<td>$13,500,000</td>
<td>$0</td>
<td>0%</td>
<td>$13,500,000</td>
</tr>
<tr>
<td>1999</td>
<td>$14,700,000</td>
<td>$0</td>
<td>0%</td>
<td>$14,700,000</td>
</tr>
<tr>
<td>2000</td>
<td>$12,082,000</td>
<td>$6,354,000</td>
<td>53%</td>
<td>$5,728,000</td>
</tr>
<tr>
<td>2001</td>
<td>$16,270,000</td>
<td>$7,630,000</td>
<td>47%</td>
<td>$8,640,000</td>
</tr>
<tr>
<td>2002</td>
<td>$19,841,000</td>
<td>$4,817,500</td>
<td>24%</td>
<td>$15,023,500</td>
</tr>
<tr>
<td>2003</td>
<td>$23,088,951</td>
<td>$0</td>
<td>0%</td>
<td>$23,088,951</td>
</tr>
<tr>
<td>2004</td>
<td>$4,318,000</td>
<td>$0</td>
<td>0%</td>
<td>$4,318,000</td>
</tr>
<tr>
<td>2005</td>
<td>$19,570,108</td>
<td>$9,665,000</td>
<td>49%</td>
<td>$9,905,108</td>
</tr>
<tr>
<td>2006</td>
<td>$23,142,165</td>
<td>$10,884,000</td>
<td>47%</td>
<td>$12,258,165</td>
</tr>
<tr>
<td>2007</td>
<td>$30,829,836</td>
<td>$0</td>
<td>0%</td>
<td>$30,829,836</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$184,842,000</strong></td>
<td><strong>$39,351,000</strong></td>
<td><strong>21%</strong></td>
<td><strong>$145,492,000</strong></td>
</tr>
</tbody>
</table>

- Over the past 10 years, the nine institutions have lost, cumulatively, approximately $145.5 million due to under- or non-funding of salary obligations.
- Average tuition increase when salary program was funded at least 50%: **5.62%**
- Average tuition increase when salary program **not** funded at all: **9.2%**

The above two examples are based on the past 15 years; typically the salary mandate was not funded in years also characterized by lower appropriations.
Primary Role

For 150 years, today’s state colleges and universities have been educating New Jersey residents to be informed citizens and responsible professionals.

With over 74,000 undergraduate students enrolled, the nine state colleges and universities graduate more students at the baccalaureate level (about 44%) than any other segment of the state’s system of higher education. The institutions are also a major source of graduate and professional education, enrolling 14,370 students at these levels.

Fulfilling diversified missions, the nine institutions are an integral part of the state’s economic and professional workforce development strategy. While each of their missions has some distinctive elements, all share the common goal of making affordable, quality, higher education available to all who are academically prepared. In addition, the institutions are committed to making higher education accessible to all, through partnerships with New Jersey’s research universities, two-year colleges, the public schools, the military, the corporate sector, and local communities.

Students

State college/university students hail from all parts of New Jersey and beyond. They are of all ages, races and ethnic groups. About 96% of undergraduates at the eight traditional institutions are residents of New Jersey. Approximately 70% of all undergraduate students are full-time; many work and attend college. State college/university students tend to stay in New Jersey after graduation; roughly three out of four of all alumni currently reside in the Garden State.

Distinctiveness as Public Institutions

Most people know that public colleges and universities typically receive a significant share of their budgets from government sources. However, it is much more than type and degree of funding that make public institutions of higher education stand apart.

- Public colleges are part of the history and foundation of American democracy — which requires broad dissemination of the kinds of knowledge necessary for lay citizens to make informed decisions about how they govern themselves.
- These colleges and universities serve the public good — by definition — and are not likely to change their missions to do otherwise. This means that state colleges must, in general, serve well the needs of the students as well as the emerging needs of the entire state.
- They must provide broad access and uphold, in practice, sacred American constitutional rights such as freedom of speech and freedom of association.
- The state colleges and universities are directly accountable to the public.

Some Shared Characteristics

- The vast majority of their students are taking courses toward the attainment of a degree (a major area of difference from most community colleges).
- Their students experience top-notch teaching and mentoring. Typically, this involves small classes and close interaction with highly credentialed scholars.
Their student bodies are composed mainly of New Jersey residents - typically over 90% - and include those from many different parts of the state and some from other states and nations.

Their students have demonstrated that they are well-prepared for college work, typically through a selective admissions process.

The institutions offer degrees that are well-respected among peer institutions, at competitive graduate schools, and in the professional world.

Eight of the nine institutions have residential facilities and an active student life program.

Each institution has strengths in particular academic areas which make it an information/knowledge leader in, within, and beyond New Jersey.

The colleges and universities are affordable and offer great value.

The institutions are committed to having adequate financial aid available to their students.

The institutions have strong links with other institutions, including those in and beyond New Jersey offering advanced degrees in highly specialized areas including medicine and dentistry; with the business sector; with community groups; and with government agencies and authorities throughout the state.

The institutions have long been deeply committed to equal opportunity and affirmative action, to freedom of expression, and to the development of thoughtful, contributing citizens.

Public Accountability

The state colleges and universities are directly accountable to the public and elected officials. This “multi-faceted” accountability includes:

- Governance by lay trustees, who are appointed representatives of the State.
- Statutory responsibilities to release many types of information to the public.
- Reporting responsibilities to municipal, county, state and federal authorities.
- Periodic reviews by the State.
- Requirements concerning board meetings, which must be announced and open to the public — including meetings during which proposed tuition increases are considered.
- Visitation and review by various national accrediting bodies.
- Requirements to submit annually to audits by independent, professional accounting firms.

Accountability Facts

- A 2005 NCHEMS study found that New Jersey’s state colleges and universities (public baccalaureate and master's institutions) rank among the top 5 states when it comes to “productivity relative to their resources.”

- 74% of New Jersey likely voters interviewed in July 2005 believe that a nonpartisan trustee board at state colleges and universities best ensures that each institution is well-run and publicly accountable.*

- By a 4:1 margin, New Jerseyans believe that nonpartisan trustee boards are more likely than State government to be accountable for successful investment in higher education.*

How New Jersey Measures Up

College Participation
- College participation of students from low-income families1 ................................................................. 1st
- Percent of ninth-graders graduating from high school within four years2 ........................................ 1st
- Percent of ninth-graders immediately entering college after graduation2 ........................................ 1st
- Percent of those who started college returning after their freshman year2 ........................................ 1st
- Percent who finished college with “150%” time (B.A. in 6 years; A.A. in 3 years)2 .......................... 8th

Demand and Capacity to Serve College-Bound Students
- Net out-migration (loss) of high school graduates attending college3 .................................................. 1st
- Public four-year college/university enrollment (capacity) per capita (1,000 residents)4 ................... 45th
- Number of institutions of higher education (58)5 .................................................................................. 29th
- Total population of the State5 ................................................................................................................ 10th
- Projected change 2002-2017 in number of all high school graduates:2 ................................................ N.J. ...... 13.7%  
  U.S. ........ 8%

Admissions Data for Eight Traditional Institutions* (Fall 2005):6
* 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 and William Paterson University (combined). Thomas Edison State College students are all part-time.
- Number of applications for first-time, full-time freshman enrollment........ 43,600
- Estimated number of applicants (first-time, full-time freshman class) ...... 19,000
- Estimated number of openings (first-time, full-time freshman class)........ 9,800
- Estimated ratio of applicants to available slots ................................................. 1.9:1

State and Local Spending on Education
- K-12 spending per capita7 ...................................................................................................................... 5th
- K-12 spending per pupil7 .......................................................................................................................... 3rd
- Higher education spending per capita7 ................................................................................................. 38th
- Higher education spending as percent of general spending7 ............................................................ 42nd
- Higher education spending per $1,000 personal income8 ............................................................... 41st

Tuition, Fees and Student Aid
- Tuition and fees charged to state residents attending public colleges and universities as full-time undergraduates ($8,180 on average)9 ................................................................. 2nd
- Dollars expended on need-based student financial aid10 ................................................................. 5th

Productivity among public baccalaureate and master’s institutions11 ................................................. Among top 5

Top five are: Washington, Iowa, New Jersey, Virginia, Wisconsin.
Facilities:
Moody’s Investors Service gave New Jersey the following descriptions in its August 2004 Special Comment report on New Jersey public colleges and universities:

- Facilities renovation needs ................................................................. “Intense”
- Institutional debt level .............................................................. “Highly leveraged balanced sheets”
- State operating and capital support ...................................................... “Weak”

National Report Card:
The following grades were given to New Jersey in higher education-related areas by the National Center for Public Policy and Higher Education in its survey, Measuring Up 2004:

- Student Preparation .................................................. A
- Benefits/Educational Achievement ...................... A
- College Participation .................................................. A-
- Degree Completion/Persistence ......................... B
- College Affordability Trendline ......................... D*

* Only 3 states received a grade above D

Index of Sources (in order of reference):
8. Illinois State University: Grapevine data.
   Note: In other state-by-state analyses that are not enrollment weighted,
   New Jersey’s average tuition and fees are listed as 4th highest.
College Cost Control

Here are some of the cost-savings steps undertaken by the state colleges and universities in an effort to keep tuition affordable to students and make sure the taxpayer share of college costs is wisely spent.

The College of New Jersey

- The College of New Jersey, during the period of 2002-2005, undertook a position vacancy review process, using vacancies as an opportunity to rethink how the College functions and work in new ways across divisional lines. Reorganizations have resulted in savings of $750,000 over that period.
- Over 10 years ago, The College of New Jersey built a cogeneration plant that has produced approximately $3 million per year in savings. By purchasing energy futures when market conditions were more favorable, it saved an additional $300,000 over the past three years. New construction underway will feature fuel cell technology for future energy savings, and is expected to result in $2.21 million in federal and state rebates.
- Administrators are vigilant when it comes to finding ways to reduce services contracting and maintenance costs while increasing vendor commissions to the college. Recent steps are yielding several hundred thousand dollars (FY06 compared to FY05) in savings or increased revenues.

Kean University

- Kean University is saving about $500,000 per year as a result of newly installed heating, ventilation and air conditioning systems serving 11 of its buildings.
- Newly installed solar panels and geothermal systems for three buildings are estimated to save the university about $250,000 annually.

Montclair State University

- One of Montclair's Procurement Services Office's major systems improvement strategies is to implement an e-procurement solution to be the primary purchasing system. Estimated savings is 5% or up to $100,000 per year.
- The University has reduced the cost of lighting in many of its buildings by upgrading the ballasts and lamps in fluorescent fixtures, and converting incandescent fixtures to low wattage fluorescent fixtures. This energy-wise move is projected to save $94,000 annually.
- The number of data connections for the University's ISP service was reduced as a result of a decline in the use of dial-up service, saving $65,000 annually.
- The purchase of equipment to self-mail and pressure-seal bulk mail items, including tax forms, is expected to save $60,000 annually.
- Montclair changed its voice calling services to a plan offering NJEDge.Net consortium discounts. This initiative will save approximately $100,000 per year.

New Jersey City University

- New Jersey City University installed a fiber-optic network that allowed elimination of voice and data T1 lines, as well as leased lines to remote campus buildings, for a savings of $55,000 a year.
- The installation of new "stackable" switches reduced legacy data infrastructure costs for a savings of about $70,000 annually.
- A new cogeneration plant that will be on line this year (2006) will save $700,000 annually.
- Installation of new energy control systems has reduced utility costs by $150,000 per year.
- A newly established University-wide leasing program for copiers will save NJCU $100,000 annually.
Ramapo College of New Jersey

- Desert-style landscaping has allowed Ramapo to save untold dollars that would otherwise have gone for irrigation and lawn/shrubbery maintenance.
- Ramapo also set up an on-campus fueling station to reduce the expense of traveling off-campus to get fuel.
- Low-flow water dispensers, variable volume air handlers, automatic light sensors, and fuel cells have all been installed to save on utility costs.
- Ramapo has joined many of the nation's colleges and universities in out-sourcing credit card processing to a third party, and expects an annual savings of $300,000 or more.

The Richard Stockton College of New Jersey

- Richard Stockton College has established an Energy Alert Program through which employees cooperate to cut down on power use during the more expensive peak periods, saving thousands of dollars per year.
- Through debt repackaging, the college expects to lower interest rates while keeping down higher interest rate risk.
- A paperless student billing system is saving the college significant amounts of money, as is the use of criminal justice student interns to do police work at the college.
- In 1994, the College activated what was then the world's largest closed-loop geothermal heating and cooling system. The $1.2 million system consists of 400 wells, each 425 feet deep, located beneath a four-acre parking lot. The 40,000 square-foot Arts & Sciences Building was added to the system in 1996. The geothermal system, in its initial years, saved the college $330,000 annually in energy costs, paying for itself by 1997. It is expected to continue to save millions of dollars over the decades ahead.

Rowan University

- This past year, Rowan University augmented its income by contracting separately - rather than jointly - for food service, snack vending and drink vending. Commissions from vendors for sales of food and beverages on campus provide hundreds of thousands of dollars in additional revenue.
- One-year and two-year gas and electricity contracts have cushioned Rowan's budget against skyrocketing utility costs in 2004-2005.
- Recent savings have resulted at Rowan's Camden campus through sharing a building with Camden County College, as well as sharing the use of Rutgers' shuttle services, library and recreation center.
- Rowan is investing in an upgrade of its cogeneration plant, expecting to save $1.2 million per year while reducing greenhouse gas emissions. Rowan's energy efficiency initiatives, which include wind energy, will also result in rebates totaling $1.6 million.

Poll Responses Regarding Efficiency/Effectiveness

| Poll Question: How well-run are New Jersey’s state colleges and universities? | 61% Well Run |
| Poll Question: Do students get an excellent, good, fair or poor education at New Jersey’s state colleges and universities? | 72% Excellent/Good |

Source: Interviews with 810 NJ likely voters, conducted by Penn, Schoen & Berland, July 2005.

For further details, visit the polls on our website: [www.njascu.org/public_opinion_polls.htm](http://www.njascu.org/public_opinion_polls.htm).
Thomas Edison State College

- Thomas Edison State College is saving an estimated $25,000 annually as the result of a new, campus-wide, integrated telephone system that requires fewer lines.
- TESC has also saved nearly $70,000 on mailing expenses last year through new technology and improved mail management processes.
- Thomas Edison State College's "Smart Buy" program generated $210,000 in purchasing savings in FY 2005, including the engaging of a travel agency to serve the college on a full-service basis with much lower fees.
- The college installed technology upgrades to provide e-business applications including an online Web registration system that provides 24/7 student access and allows students to make payments by credit cards or e-checks, an Internet time and attendance system, and a web based check-imaging system to view, store, and print accounts payable checks. These changes will save the institution thousands of dollars over the years ahead, but more importantly, provide students with quicker and better service.

William Paterson University

- William Paterson University has partnered with New Jersey Transit to route their buses through the campus, thus reducing the University's shuttle system costs.
- William Paterson University is saving thousands of dollars each month through ongoing, progressive installation of more energy-efficient equipment, fixtures and systems (including those with sensor-activated controls). Multi-year contracts with its energy providers have helped cushion the institution from spikes in energy costs. The University also installed 98% energy efficient boilers in several buildings to save energy.
- By investing in - and installing - artificial turf, the University will save thousands of dollars per month in grounds maintenance costs.
- By participating in the state's data transmission cooperative (NJEDge.Net), William Paterson University has realized major savings in telephone service costs.
- William Paterson has an automated web-based procurement process directly linked with its office supplies vendor that reduces the time to purchase items and paperwork. Other recent cost savings steps include web-based attendance reporting, collaborative purchasing (e.g., residence hall mattresses), and making employee supervisory skills certification an in-house activity.
Collaboration for Savings, Improved Quality:
Examples of State College University Initiatives

Years of flat and reduced state revenue have made public institutions in this state especially vigilant about ways that allow us to do more with less money. These institutions, functioning in a very competitive market, also have learned well how to stretch their resources.

Some examples follow:

♦ The schools participate in NJEdge.net, the cooperative allows public and private institutions economics of scale as they participate in the information superhighway and achieve new levels of technology-enabled inter-institutional collaboration.

♦ Public colleges and universities have banded together to purchase cooperatively several different kinds of insurance they require, including accident and property, and in doing so have saved the institutions hundreds of thousands of dollars annually.

♦ State colleges and universities have found a very wide array of methods to save millions on water and energy costs including through geothermal and solar panel installations, cogeneration plants, high efficiency lighting, low-flow water dispensers, automated utility control systems, low-maintenance landscaping, and long-term energy contracts.

♦ Several of the institutions, including New Jersey City University and Richard Stockton College of New Jersey, are working in cooperation with the New Jersey Educational Facilities Authority on debt restructuring opportunities that leverage trends in the bond market (swap contracts), potentially saving institutions hundreds of thousands of dollars.
State isn't doing enough to keep college costs in check

BY DARRYL G. GREER

Making higher education more affordable is chief among the concerns addressed in a report of the U.S. Commission on the Future of Higher Education. The report, released last month, calls upon states to provide incentives to institutions to help keep costs down through increased efficiency and use of technology. A great many of its suggestions make good sense, but they need to be understood in a local and historical context.

Back in the 1970s, some New Jersey college graduates may recall, the state paid the vast majority of educational costs at state colleges. Tuition was nominal.

By the 1980s, the state, as a policy matter, decided it would make sense to require parents and students to bear a fixed share of the costs of state college education. The vision was that if students could be a more significant funding partner, state colleges could grow, diversity and improve quality, better serving all. This decision echoed similar policy created in other states.

The state Department of Higher Education settled on a 70 percent state/30 percent tuition-and-fees guideline. Under this model, student tuition and fees would only grow incrementally in proportion to the state’s ability to add more dollars for educational operations.

In the early 1990s, the state was starting to face budget difficulties and could not afford to sustain the increasing investment in higher education needed to keep up with its 70 percent of the bargain. As educational costs rose, tuition had to be increased out of necessity; the state failed to match increased spending and, more often than not, it failed to fulfill ever-increasing state obligations for employee salaries negotiated by the state. The state also stopped funding capital improvements at public colleges, placing even more pressure on fund facilities through student fee increases.

State budget problems and the pattern of erratic support continued throughout the decade. State colleges and universities learned to live on leaner educational and facilities funding from the state. They increased efficiencies and creatively reduced tuition and fees more than they would have otherwise preferred.

By Fiscal Year 2005, the share of costs borne by state and student got to be, roughly, a 50/50 proposition. All this history explains how we got to where we stand now. As of the 2006 and 2007 fiscal years, the lead role that the state once had in funding educational costs at state colleges, and the supporting role that students and parents played, has inverted. Students now pay about 65 cents on the educational expense dollar and the state pays 45 cents. This comes at a time, unfortunately, when enrollments and demand are at record highs, and New Jersey shows signs of slipping in the competition with other states for knowledge-based jobs.

In effect, the state is gradually reneging on its responsibility to provide broad access to a four-year public college education. New Jersey's inability to invest is far out of step with the rest of the nation.

For documentation, one need look no further than a 2006 report for New Jersey Policy Perspective by Anastasia Mann and Mary Porzberg called "Thinking Out: New Jersey's Support for Higher Education Falls Short." The report cites a steady drop in support for higher education from 9.8 percent of the state budget in 1981 to about 3.3 percent currently.

What's more, a just-released report of the National Conference on State Legislatures singles out the Garden State, with a 2.5 percent drop in appropriations, and Texas, with a 0.7 percent drop, as glaring departures from the average 3.3 percent growth nationally in general fund support for higher education between FY 2006 and FY 2007.

With this year's budget cuts, it won't be enough to continue to find more efficiency. Already, these institutions are recognized by the National Center on Higher Education Management Systems in a 2006 report, as being among the least efficient of their kind in the nation.

Institutions have raised tuition, once again, more than they would have if the state was increasing, rather than decreasing, its investment. Programs will also be cut at some schools, including one that, if not essential, does benefit New Jersey residents.

The worst thing four-year public higher education advocates can do is keep silent and pretend this major shift has not happened.

New Jersey is not living up to its obligation to share the costs of funding quality state colleges and universities. We now have among the highest four-year public college/university tuition rates in the nation. We are cutting back at a time when other states are investing in higher education. It is time for the state and colleges and universities to work together more closely. Here is what needs to be done:

Policymakers must link more closely college opportunity to emerging economic development and workforce policy.

Academic leaders need to help the state build a stronger rationale for budgeting for higher education, one that provides greater predictability for students and families.

Senior colleges and universities must expand partnerships with schools, community colleges, business, labor and others to ensure college access for New Jerseys.

State leaders must help create innovative means, beyond a higher educational facilities bond, to finance new and improved facilities to educate and keep more talented New Jerseyans here.

Academic leaders and policymakers must work to strengthen student financial aid programs to help low- and middle-income students attend college in New Jersey.

Collectively, we need to find a way to keep student costs from further escalation, while preserving the quality that keeps tens of thousands of New Jersey students regularly knocking at our doors. This ensures that our citizens and the state will compete and prosper.

Darryl G. Greer is executive director of the New Jersey Association of State Colleges and Universities, a policy advocate for the state colleges and higher education.
Drastic budget cuts hit higher education hard

BY DARRYL G. GREER

It's 1997. The Whitman administration is facing some serious budget challenges not caused by higher education. Administration officials call a press conference and assert that the state colleges and universities are not operating at peak efficiency and could easily save the state $100 million. Reporters ask for details but get none. Later that year, state auditors are dispatched to select state colleges to identify efficiencies. After some study, they conclude the institutions are well-run. The alleged $100 million "savings" is forgotten.

Years of erratic state funding for higher education pass. New Jersey, as predicted by economists, suffers from having one of the nation's largest structural budget deficits. Adjusting to new economic realities, state colleges and universities continue to find ways to economize, saving hundreds of thousands of dollars each year and serving more students, including more full-time and residential students, with about the same funds.

Fast-forward to 2006. The state faces continuing, serious budget challenges. State officials assert that state colleges and universities may not be spending money as wisely as they should and that institutions may be able to withstand big cuts without dire consequences for students or state economic competitiveness.

The budget deficit creates a pattern of challenges for public colleges and universities and future college opportunity for New Jerseyans. Decisions to cut should not be based on the false assumption that colleges can weather any economic storm that comes along without consequence. One reason for this belief: Colleges have managed well despite pretty hard times. Here are some facts as illustration:

The state's missing investment in higher education has been well documented, most recently in the New Jersey Policy Perspective report "Flunking Out: New Jersey's Support for Higher Education Falls Short," which points out slippage in spending in higher education as a percentage of the total state budget: to 5.3 percent in 2005 from 9.8 percent in 1983.

The same report shows state support as a share of state college/university educational budgets at 24 percent in 2004, down from 58 percent in 1990.

Demand for college is at an all-time high. Last year, there were over 43,000 applications for about 10,000 first-time freshman slots at state colleges and universities. Meanwhile, the number of annual high school graduates in New Jersey continues to go up.

State colleges have seen huge increases in enrollment as well as demand. Overall enrollment is up 14.5 percent over the past 10 years (1995-2005) and full-time undergraduate enrollment is up 29.4 percent.

The National Center for Higher Education Management Systems issued a report in 2005 that listed New Jersey as among the top five states in the nation for efficiency at public baccalaureate/master's institutions.

Our association members have documented dozens of ways that state colleges and universities have creatively stretched and saved millions of dollars over the past decade through innovations such as energy conservation and changes in the way they do purchasing, contracting, mailing, billing and property maintenance.

Moody's Investors Service reported earlier this year that, because of New Jersey's weak public investment in higher education facilities, several of our state colleges and universities are among the nation's most financially leveraged, yet pointed out that these institutions are well managed.

The FY 2007 state budget proposes cuts to higher education of an unprecedented magnitude. The total effect of the proposal would result in an $89 million shortfall at the nine state colleges and universities, $300 million for all higher education institutions. These reductions will have serious consequences for current students, college personnel, employers and regional economic activity.

The public should realize that if the cuts go through, there will be pain. Programs and classes will be cut, as will student services. Tuition will go up, more than would have been the case with better funding. Positions will be left vacant or eliminated. And if there is no restoration and no major reinvestment in FY 2008, higher education will be unable to deliver promised opportunity and economic development at the level it otherwise could. Our residents will suffer, our state's competitiveness will be hurt.

The state's budget problems are real, and the public colleges and universities must do their part to help with spending reductions, keeping well in mind their accountability for quality educational and public service. The current proposal, though, cuts far too deeply and threatens future college opportunity for middle-income New Jerseyans who look upon these institutions as their pathway to the American Dream.

As the budget process unfolds during June, the state colleges and universities, together with all segments of the New Jersey academic community, look forward to working with the governor and Legislature on the means for prudent investment in New Jersey's future through higher education. New Jersey Association of State Colleges and Universities was created by the state in 1983 as a policy advocate for the state colleges and higher education. Its nine institutional members are: The College of New Jersey, Kean University, Montclair State University, New Jersey City University, Ramapo College of New Jersey, The Richard Stockton College of New Jersey, Rowan University, Thomas Edison State College and William Paterson University.

Darryl G. Greer is executive director, New Jersey Association of State Colleges and Universities (www.njascu.org).
Evolution of the
State Colleges & Universities:

Benefits of Trustee Autonomy, and
What Needs to Be Fixed
### Evolution of Major Policy and Governance Decisions Affecting New Jersey State Colleges & Universities 1855-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>1855</td>
<td>Three normal schools created, one each by the City of Paterson, the City of Newark, and the State of New Jersey.</td>
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<tr>
<td>1855-1929</td>
<td>Three additional normal schools created.</td>
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<tr>
<td>1927</td>
<td>All teachers colleges placed under state control.</td>
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<tr>
<td>1947</td>
<td>National vision to expand postsecondary education established under the Truman Administration.</td>
</tr>
<tr>
<td>1958</td>
<td>Broader vision for the teachers colleges established by the State of New Jersey, which are under the control of the New Jersey State Department of Education (DOE).</td>
</tr>
<tr>
<td>1966</td>
<td>Creation of the New Jersey State Department of Higher Education (DHE), with transfer of authority for operating the colleges from DOE to DHE.</td>
</tr>
<tr>
<td>1968</td>
<td>Boards of trustees for each of the six state colleges are established, but given limited authority.</td>
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<tr>
<td>1969</td>
<td>Law is enacted declaring autonomy for state colleges, without transferring authority from state agencies.</td>
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<tr>
<td>1969-1972</td>
<td>Three new state colleges are established in the midst of unprecedented baby-boom demand.</td>
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<tr>
<td>1984</td>
<td>Study on the future of state colleges examines the relative merits of central state vs. local trustee control, recommending the need for mission differentiation and enhancing education quality by broadening trustee autonomy.</td>
</tr>
<tr>
<td>1985</td>
<td>Creation of a policy advocate for the nine state colleges with advisory responsibilities to the governor and legislature, originally called New Jersey State College Governing Boards Association.</td>
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<tr>
<td>1986-1990</td>
<td>Enactment and implementation of state college autonomy laws granting greater operational autonomy and more direct public accountability.</td>
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<tr>
<td>1994</td>
<td>Higher Education Restructuring Act changes state-level coordination, eliminates DHE, reduces state regulatory control over the nine state colleges and adds to trustee board policymaking responsibilities.</td>
</tr>
<tr>
<td>1996-2000</td>
<td>Enactment of legislation granting greater flexibility in policy authority for institutional trustee boards in areas including personnel, labor relations, contracting, and trustee appointments as a means of increasing efficiency in face of severe state budget problems.</td>
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<tr>
<td>2000-2006</td>
<td>Emphasis on expanding college and university capacity to broaden opportunity for New Jerseyans; focus on rebuilding a budget rationale regarding shared responsibilities for investing in college opportunity, and significant research regarding the need for a facilities bond and long-term capital investment.</td>
</tr>
</tbody>
</table>
About 20 years ago, New Jersey made a momentous policy decision. The Governor and Legislature, with strong bipartisan support, passed a law transferring important responsibilities from Trenton to the nine state colleges.

Institutions that had been regulated as state agencies were soon controlling their own missions, academic programs, finances and facilities, albeit within state guidelines.

Some worried that the institutions might fail at self-governance. Some thought it would be better to create a state college “system” run by a single, multi-campus CEO and a consolidated board. The prevailing view, though, was that the nine state colleges would become more diverse, more distinctive, and better able to serve the state under the direction of their own trustees and administrators.

Thus, state college autonomy was a policy decision made with the educational good of the state in mind. It perfectly complemented the state’s excellence incentives program, a competitive grant program that rewarded public colleges for further developing academic specialties and strengths.

Accountability for policy regarding educational and public service was brought closer to where service is being delivered: on college campuses. It was a decision consistent with American higher education’s global advantage: academic diversity, innovative spirit, freedom from political intrusion, and broad opportunity.

Freed from bureaucratic regulation by the 1986 “autonomy laws,” followed by subsequent deregulation under the 1994 higher education “restructuring” act, the nine state colleges and universities have accomplished the extraordinary. Collectively, they serve far more students than ever before, including:

- 76,000 undergraduate students (compared to 63,000 in 1986)
- 53,000 full-time students (compared to 36,000 in 1986)
- 13,000 graduate students (compared to 10,000 in 1986)

The institutions now award 14,200 baccalaureate degrees annually, compared to about 8,700 in 1986, about 45% of all such degrees conferred in New Jersey.

Deregulation paved the way for state colleges to achieve the following hallmarks of accountability and achievement:
♦ Attainment of top ratings for value, student racial/ethnic diversity and academic quality in many national publications and surveys;
♦ Acquisition of hundreds of millions of dollars in gifts from highly successful entrepreneurs, alumni, charitable foundations and others; and
♦ Placement among the top five states in productivity (results compared to spending).

This has been achieved at a time when state support per full-time student has declined and institutions such as ours have had to shoulder the costs of new academic buildings and urgently needed renovations. This has left campuses with far more debt than peer institutions nationally and less capacity to meet growing demand than citizens deserve.

College trustees and presidents understand well the role of state colleges to meet the affordability, capacity and workforce preparation challenges ahead. However, they need to make decisions among competing priorities in the current climate of reduced government support. This challenge should not be underestimated.

State colleges and universities should, indeed, be made accountable for even greater levels of service. However, the state must first produce realistic and well-defined goals and expectations of the colleges, complete with a commitment to fund reasonable expenses to meet them.

More state regulation, with the attendant risks of political intrusion and diminishing direct citizen oversight through trustee boards, is a double-edge sword, capable of undoing progress that has been made over two decades.

However, under the current structure, citizens can make sure that state colleges and universities keep the public trust. They can follow decisions made at open public meetings; they can urge the governor and legislature to keep trustee board appointments non-partisan; and they can call upon the state to set clear goals for institutions of higher education and commit to a rational investment plan to achieve them.
Testimony on 1994 Higher Education Restructuring Act
Senate Education Committee
September 26, 2005

Madam Chair and members of the committee, thank you for inviting me and the presidents to appear before you today. I am Darryl Greer, the executive director and CEO of the New Jersey Association of State Colleges and Universities. Presidents joining you include: Barbara Gitenstein, Presidents’ Chair (The College of New Jersey), George Pruitt (Thomas Edison), Arnold Speert (William Paterson), Carlos Hernandez (New Jersey City), Donald Farish (Rowan), and Susan Cole (Montclair).

You created the Association in 1985 to provide policy advice and to promote the value of the state colleges and universities in meeting the needs of the state. We are pleased to have served this mission, in the interest of the public good, for 20 years.

The nine state colleges and universities are the state’s primary undergraduate resource and a major source of graduate education, educating 90,000 students. Roughly 45% of all baccalaureates earned annually are granted at one of these institutions; 94% of our students are New Jerseyans.

It would be a critical mistake, to the detriment of college opportunity and public accountability, to return to an era of big bureaucracy and regulation that stifled innovation and change in public higher education. The purpose of restructuring was to free colleges and universities to increase quality, diversity and accountability. This has been accomplished. For a decade, the nine state colleges and universities have flourished under the restructured system of higher education in New Jersey.

Even though the 1994 Higher Education Restructuring Act appeared to be a dramatic change, it was actually more evolutionary than revolutionary in granting greater policy autonomy and trustee accountability (attached).

The state colleges, treated too long as state agencies, sought greater freedom from bureaucratic control since the 1960s following this path:
- Boards of trustees were created in 1966;
- The first broad “Autonomy Law” was enacted in 1969;
- In 1986, a second set of Autonomy Laws was passed granting more administrative freedom;
- The 1994 Restructuring Act helped to complete the transfer of most authorities from state agencies, including the Department of Higher Education (DHE), to the institutions.

The old structure, by the 1990s, had become a state higher education bureaucracy larger than any built elsewhere in America. Characterized by bureaucratic regulation and maintenance of the status quo, the DHE retarded the development of public colleges and universities into comprehensive institutions.
Ten years ago, these institutions were among the most regulated in the nation. Today, they are among the most diverse, respected, and accountable colleges and universities in the country, governed by boards of trustees appointed by the governor and confirmed by the Senate.

The reforms of 1994 have provided many benefits to our students, to our institutions, and to the state overall. Students, the focus of reform, have benefited in several ways:

♦ Between 1994-1995 and 2004-2005, 11,000 more students are enrolled at state colleges and universities, a 15% increase;
♦ Full-time enrollment is up 26%;
♦ African-American and Latino students together make up 25% of the undergraduate student body, up from 19% in 1995;
♦ Diversity of academic program offerings has increased significantly, with over 80% of concentrations in fields other than education, yet the state colleges/universities still produce 70% of New Jersey’s teaching graduates;
♦ Retention and graduation rates have increased, and in most cases exceed national peers;
♦ County college students can more easily transfer their credits to public four-year institutions; and
♦ Many more students benefit from state financial aid, supplemented by institutional, as well as federal aid.

The institutions, unfettered by a highly regulatory Department of Higher Education, have responded to the needs of the community and New Jersey’s workforce by promptly developing new programs and building new partnerships.

Mindful of the need to operate efficiently, the institutions, since the 1994 Restructuring Act, have creatively collaborated with their sister campuses on joint purchasing agreements and other cost-saving measures such as cooperative risk management.

The institutions have also stepped up their fundraising efforts through foundations and partnerships with the private sector. The state colleges and universities regularly receive gifts and grants of $1 million, and some have received much more than that.

With more responsibility comes more accountability, and the state colleges and universities are proud of their record. Our boards of trustees are protective stewards of the public interest and welcome interested citizens to attend their meetings. The boards of trustees hold annual public meetings, in accordance with law, to discuss tuition before new rates are adopted. Annual independent audits, in addition to state audits, are a matter of public record.

We recognize that New Jersey’s families are concerned over recent increases in tuition at New Jersey’s public colleges and universities, and we share that concern, realizing that families are spending a larger portion of family income to meet college costs. I hasten to point out, however, that Restructuring is not the cause of those increases.

We understand the state’s challenging economic environment and the difficult choices the legislature and governor must make to fund the many needs of our citizens. However, the state’s inability to fully support operating expenses, salaries, and capital needs at four-year public colleges and universities over the past ten years has caused institutions to turn to other sources of revenue, including campus-issued bonds, private donations, and tuition. Tables appended.
illustrate the direct effect of unfunded salary mandates on tuition. The greater state support for salary funding, the lower are tuition increases.

Even with these factors, boards of trustees have been prudent about tuition increases. For example, the average increase in state college/university tuition in 2004 and 2005 was 7%, contrasted nationally, to many state’s tuition increases exceeding double digits. As the state’s economy improves and higher education receives greater investment, so too will tuition rates moderate.

We appreciate the support that you have provided in other ways, including this committee’s release of Senate Bill No. 1543, which would modernize the State College Contracts Law and allow for more efficient, cost-saving purchase agreements.

We also applaud the legislature’s commitment to student aid and the hard work of the Higher Education Student Assistance Authority. An unsung aspect of Restructuring was the separation of New Jersey’s student assistance office from a cabinet-level agency, as is the case in other states with significant student aid programs. As an independent authority, HESAA provides expert advice and support to New Jersey’s students with financial needs.

New Jersey is a national leader in higher education opportunity. The key to our success has been public accountability through the appointment of strong, nonpartisan boards of trustees. Other states are emulating the New Jersey model. Virginia, Florida, California, West Virginia, and Hawaii are all looking to increase institutional flexibility and local accountability through deregulation.

With all our success, we can make our higher education system even better in the following ways:

♦ As a means of reducing the tuition burden, provide predictable funding, especially for state-mandated salary contract obligations;
♦ Devise a more coherent state rationale for higher-education budgeting, taking into account mission, program development matched to strategic state needs, enrollment and facilities;
♦ Ensure that the state honors special obligations, such as fully funding the National Guard tuition-waiver program and the Higher Education Incentive Endowment Fund;
♦ Continue to strengthen merit and need-based student aid programs;
♦ Provide, through an annual capital budget, predictable support needed to maintain and expand our facilities to meet the unprecedented demand for higher education in New Jersey; and
♦ Place a senior policy advisor in the governor’s office, responsible for higher education, to work cooperatively with the Presidents’ Council and Commission, based on the successful examples under Governors Kean, Florio, and Whitman.

Thank you again for the opportunity to meet with you today. The presidents and I look forward to answering any questions you might have.

DGG:crp
2006-2007 Priorities for the State Colleges and Universities

Legislation

Support

• $2.705 billion general obligation bond issue for construction and renovation of higher education facilities
  o S-1477 (Bryant)/A-2786 (Greenwald)
  o S-1560 (Doria)

• Construction flexibility under State College Contracts Law for design-build contracts
  o Legislation enacted in January 2006 to amend the State College Contracts Law (P.L. 2005, c. 369, S-1543/A-2641) originally included a provision to allow the state colleges and universities to enter design-build contracts. Because of objections from the Building Contractors Association of New Jersey, the provision was deleted.

• Public/private partnerships to provide innovative funding opportunities
  o Example: A-3140 (Whelan), which would provide a corporation business tax credit for contributions to support facilities construction, expansion, renovation and upgrade at New Jersey public and independent institutions of higher education.

• Reauthorization of bond funds for campus infrastructure needs, which are intended to be revolving funds
  o 1993 Equipment Leasing Fund (ELF) of $100 million for scientific, technical, computer, communications, and instructional equipment;
  o 1994 Higher Education Facilities Trust Fund (HEFT) of $220 million to finance construction, reconstruction, development, extension, and improvement projects for instructional, laboratory, communications, and research facilities.
  o See Senate Bill No. 1928 (2004-05 Session, sponsored by Senator Bryant), which would increase the amount of HEFT funds.

• Workers compensation reform
  o Allow state colleges/universities to remove themselves from under Treasury’s Bureau of Risk Management and form own risk-management group (see attached background material)

Oppose

• Adding employees to the boards of trustees of the state colleges and universities
  o S-1563 (Asselta)/A-2750 (Diegnan, Mayer, Moriarty)

• Collective bargaining for subcontracts
  o S-1543 (Asselta)/S-1706 (Ciesla)/A-2439 (Oliver)

Executive Branch Priorities

• Ethics reform
  o The ethics liaison officers at the senior public institutions are working with the State Ethics Commission to explore exceptions for academic employees from strict interpretations of the Conflicts of Interest Law that prohibit State employees from accepting honoraria, attending
conferences, and publishing. The Association had a successful meeting on October 18 with the Commission, and we look forward to our continuing dialogue.

- Tort claims reform
  - Improve representation from Attorney General (see below for details)

The Attorney General represents the state colleges and universities in cases involving tort claims. The employees of the state colleges and universities have defense and indemnification protection under the New Jersey Tort Claims Act. Under the Tort Claims Act, the Attorney General shall, upon a request of an employee or former employee of the State, provide for the defense of any action brought against the State employee or former State employee on account of an act or omission in the scope of his or her employment (N.J.S.A. 59:10A-1). If the Attorney General provides for the defense of a State employee or former State employee, the State shall provide indemnification for the State employee (N.J.S.A. 59:10-1).

Some concerns have been raised over the increasing costs associated with tort claims cases. The state colleges and universities pay for the Attorney General’s representation, and they want to ensure that they receive sound counsel and continued indemnification.

**Needed: Workers’ Compensation Reform**

A proposal to make state colleges/universities independent of Treasury’s Bureau of Risk Management

Treasury’s Bureau of Risk Management administers the state colleges’ and universities’ workers’ compensation claims, and the Attorney General represents the institutions before the workers’ compensation court. The Bureau charges the institutions quarterly for money paid by the State to administer their workers’ compensation claims. In addition, the state colleges and universities make additional payments under Sick Leave Injury (SLI), a legislated salary-continuation program for State employees who are injured in the course of their employment. These payments have continuously escalated and have become a serious financial concern.

The state colleges and universities have little control over this system. Moreover, the institutions believe they often receive insufficient information about their workers’ compensation claims, hindering their ability to plan and control their finances and workforce needs.

Consistent with the autonomy granted in 1986 and 1994 over fiscal and personnel matters, the state colleges and universities propose to manage their own workers’ compensation program. The institutions would obtain necessary services while minimizing their expenses, and the State would no longer need to administer the state colleges’ and universities’ claims.
Needed: Flexibility to Enhance Efficiency and Cut Costs of State College/University Construction

Public/Private Partnerships to Provide Innovative Funding Opportunities

Example: Assembly Bill No. 3140 (Whelan), which would provide a corporate business tax credit for contributions to support facilities construction, expansion, renovation and upgrade at New Jersey public and independent institutions of higher education.

Design-Build Contracts

“Design-build” is a method of contracting under which one entity – a designer-builder – enters a single contract with a property owner to provide architectural/engineering design services and construction services.

Under the traditional contracting method under the State College Contracts Law, the institution typically commissions an architect or engineer to prepare drawings and specifications under a design contract. The institution then selects a construction contractor to build the facility. Costs often get inflated due to change orders derived from errors and omissions.

The design-build method would provide several advantages to the state colleges and universities. It would:

♦ Allow institutions to have one point of contact for the entire project, saving time and money;
♦ Assign risk and responsibility to a general contractor;
♦ Clearly delineate responsibility in performance terms;
♦ Permit projects with a guaranteed not-to-exceed price;
♦ Streamline and save costs on specialized projects, such as science labs and cogeneration facilities.

Design-build would not eliminate the need for competitive bidding. The state colleges and universities would select design-build firms from a list of pre-qualified businesses, who would submit proposals. The state colleges and universities would award a design-build contract to the bidder whose proposal, conforming to the bid specifications, would be the most advantageous to the institution.

Over the past decade, the federal government and many states and local governments have used design-build contracts.
New Jersey Needs a
Higher Education Facilities Bond

What is the problem?
♦ New Jersey’s four-year public college campuses are the most highly leveraged in the nation and have one of the highest debt levels per student of any state.
♦ There has been no general obligation bond issue for higher education’s capital needs since 1988.
♦ The state has no regular annual appropriation to support higher education facilities expansion and renewal, starving institutions’ ability to serve more New Jerseyans.
♦ Students and families carry an unfair burden, paying for state-owned academic facilities through tuition and fees.
♦ New Jersey’s institutions of higher education have identified six billion dollars’ worth of capital needs. (Precisely $5.8 billion based on a capital needs analysis conducted by a NJ CHE in 2003.)
♦ The states’ four-year public institutions need to expand by 70,000 students to reach the national mean (25th) in students served on a per capita basis. New Jersey now ranks 45th.
♦ New Jersey has one of the greatest numbers and percentages of high school graduates bound for college. The state is wholly unprepared to meet this decade’s record-high demand.
♦ Thousands of capable students are turned away from New Jersey colleges and universities each year, making New Jersey #1 in the nation in net loss of college-bound students.

What is the solution?
♦ A $2-3 billion, voter-approved bond for higher education in 2006 will enable institutions to upgrade or build their highest-priority facilities to expand college opportunity, to keep more New Jerseyans here, and to grow the workforce and economy. These facilities would include technology-friendly classrooms, laboratories, study areas, libraries, faculty offices, and studio/performance space.

Will voters support the bond?
♦ Yes. Polls since 2003, and as recent as September 2005, show that a $2-3 billion bond issue for higher education will be supported by 60-70% of likely voters, and that voters are ready to help pay for it.
What are the benefits of a higher education facilities bond?

♦ 15,000-20,000 additional qualified students would be able to attend college in New Jersey, annually, expanding college opportunity and affordability, highly valued by New Jerseyans.

♦ The increase in student spending, locally, would be $1-2 billion per year.

♦ The employers of the Garden State would have a more robust supply of college-educated potential employees. Students studying high-demand fields in science and technology will be more likely to find their first job in New Jersey, adding to the state’s economy.

♦ New, up-to-date facilities will stimulate research, public service, community partnerships and educational quality.

♦ Short-term and long-term employment opportunities will be created, adding to the state’s economy.

What are the costs of not addressing the problem?

♦ Fewer qualified New Jerseyans will get into a New Jersey college or university of their choosing. State colleges and universities will turn away thousands more students each year.

♦ Higher tuition and fees to build facilities will further stress college affordability.

♦ Many more high-achieving students will choose to attend colleges and universities out of state, costing families more and sapping dollars from New Jersey.

♦ New Jersey employers will have a less robust supply of New Jersey college-educated potential employees, stressing business expansion and adding to the cost of recruiting a skilled workforce.

♦ New Jersey will forfeit, annually, billions of dollars’ worth of economic benefits associated with a competitive system of higher education. The state will not achieve its potential regarding workforce development, research and regional economic development, and public service.

What are New Jersey’s competitor states doing?

♦ Many other states make regular appropriations for higher education facilities, and many have passed billions of dollars in bonds (e.g., North Carolina, California).

♦ States ahead of New Jersey in building new facilities capacity are now making new investments in academic programs, partnerships and regional economic development, gaining on New Jersey in competitiveness.

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9-16-05
What Really Needs to Be Fixed in the Public Higher Education System

BY SUSAN A. COLE, PH.D.

On October 14, 2002, the gubernatorially appointed New Jersey Commission on Health Science, Education, and Training, led by Dr. P. Roy Vagelos, produced its Report calling for the restructuring of Rutgers University, the University of Medicine and Dentistry of New Jersey, and the New Jersey Institute of Technology. The consideration of the Report has now moved to the province of large implementation committees, paid consultants, and, of course, the political arena.

There can be no question that Governor McGreevey is absolutely right to be focusing his attention on the state's public higher education infrastructure. The membership of the Vagelos Commission was exceedingly distinguished in fields related to the health sciences, and their Report points most directly to the desirability of enabling New Jersey to mount a research university that will be ranked, especially in these fields, among the nation's top institutions. What was beyond the scope of the Commission's charge and, consequently, not addressed at all in its Report, and what has not yet received any substantive consideration is the relation of the state's public research universities to the rest of the state's public higher education institutions and to the broad economic and societal needs of the state.

However the work of the implementation committees and the legislative debate develops, one thing, at least, is eminently clear. It will be impossible to come to sound conclusions about the disposition of the state's public research universities without understanding the overall context of public higher education in the state. New Jersey needs to understand not only how to organize to do the best research in the health and life sciences, it also needs to know, among other things, how best to provide sufficient access to a broad range of higher education opportunities for New Jerseyans, how to assure academic excellence, and how to meet the workforce needs of the state in a wide range of fields, how to keep talented students in state and how to attract talented students to New Jersey from other states, and how major higher education institutions can and should relate to the economic development of the state's urban centers. The Commission on Higher Education (CHE) has been given a mandate by the Governor to develop a long-range plan for higher education in the state and hopefully the plan that emerges from that process will address these important issues. This broader planning effort initiated its work on a separate track from the work of the Vagelos Commission, and genuine intersection of the two will certainly be necessary if New Jersey is to emerge with a rational statewide plan.

Why does the state need a plan? What, after all, is wrong with public higher education in New Jersey, and what needs to be fixed? The Vagelos Commission identified one problem: New Jersey's flagship research universities and health sciences university have not reached high national standing or reputation and do not attract as much federal funding to the state as they should. That problem has a significant impact on the economic development potential of the state, particularly in regard to the extremely important New Jersey investment in pharmaceutical and health-related industries, and it is not a problem that has just been discovered. During her second term, Governor Whitman expressed a similar concern, pointing to the fact that New Jersey ranks 46th out of the 50 states and the District of Columbia in federal funding of university-based research and development as a ratio of gross state product. The only states with a lower ranking are Idaho, Kentucky, Arkansas, South Dakota, and Maine.

But there is something else that is also very wrong with New Jersey public higher education, that is at least as, if not more, important, that currently
affects tens of thousands of New Jerseyans, and that will affect many thousands more in the decade to come. New Jersey has been sailing against the national tide and has, over many years, declined to build or provide support for adequately sized and adequately resourced public colleges and universities. Again, this problem is not one that has just been discovered. In 2001, the Task force on Building a World-Class Economy in New Jersey, established by then Acting Governor DiFrancesco, stated:

While education is the driver of a high-tech economy, New Jersey lacks the higher education infrastructure to compete effectively in the future with other emerging high-tech states including Massachusetts, Virginia, North Carolina, Georgia, Pennsylvania and Michigan. New Jersey lacks both the higher education capacity to meet its needs as well as the quality of high-end university research educators and centers of excellence.... There is a significant capacity problem at New Jersey’s public colleges and universities estimated at up to 60,000 seats if the state were to meet the national mean in seats per 1,000 population.

This year, in the face of an undeniable state budgetary crisis, higher education once again failed to emerge at the top of the state’s priority list, and Governor McGreevey announced a proposed fiscal year 2004 state budget that contained, for the second year in a row, devastating cuts for public higher education. Between fiscal year 2003 and what is projected for fiscal year 2004, the state’s 12 senior public colleges and universities will lose $165.5 million, approximately 20 percent of their direct state appropriation. Over two decades, the state of New Jersey will have gone from supporting over 70 percent of the operations of these 12 institutions to less than 55 percent, with no end to the inexorable decline in sight.

THE UNDER-BUILDING OF NEW JERSEY PUBLIC COLLEGES AND UNIVERSITIES

The under-building of New Jersey’s public colleges and universities is not marginal; it is dramatic. New Jersey ranks 44th out of 50 states in its public four-year enrollment per capita. Just to reach the national mean, New Jersey would need to serve 68,000 more students. This dramatic shortfall in capacity coincides with current projections of the fifth-highest growth rate in the nation in the number of high school graduates in the decade between 2001 and 2011. Within a few years, New Jersey will be producing more than 20,000 more high school graduates each year. The Interim Report of the Higher Education Long-Range Planning Committee, produced in November 2002 by the Commission on Higher Education, notes: “If the percentage of high school graduates who attend college in New Jersey within 12 months of graduation continues to grow, the cumulative effect over a four-year period would be significantly higher, reaching 36,800 additional students seeking enrollment in 2008.” This report further notes that “many of these students will want a residential experience.” In addition to the state’s startling lack of capacity in baccalaureate enrollment, New Jersey is also behind all other states of comparable populations in doctoral degree production.

The under-building of New Jersey public higher education becomes quickly apparent as soon as one looks at comparable states. New Jersey quite simply has fewer students in public four-year institutions than states of comparable size: 20,000 fewer than North Carolina; 25,000 fewer than Georgia; 35,000 fewer than Virginia; 47,000 fewer than Indiana; and a startling 130,000 fewer than Michigan. The cause of this deficit becomes clear when one realizes that New Jersey, with a population of 8.4 million, has only one large public university, Rutgers University with 49,000 students. After Rutgers, the second largest university in the state is Montclair State University, with 14,600 students. In comparison, Indiana, with a population of 6.1 million, has four large public doctoral universities, including two major public research universities. Virginia, with a population of 7 million, has six large public doctoral universities, including four research universities. North Carolina, with a population of 8 million, has four large public doctoral universities, including two research universities. Georgia, with a population of 8.1 million, has chosen to build a large number of highly dispersed smaller institutions, in fact, 21 public colleges and universities. However, even Georgia has three sizable research universities. Michigan, with a population of 9.9 million, has eight large public universities, including four research universities and eight doctoral institutions. The contrast to New Jersey could not be more dramatic, and the number of large institutions has an impact on considerably more than just enrollment capacity and flexibility. Large institutions, because they can support more fields of study and high cost instructional and research equipment, add significantly to a state’s capacity to attract federal funding and to mount programs in response to strategic state needs.

New Jersey came later than other states to a fully developed sense of the importance of public higher education,
both in supporting the economic development of the state and in assuring that economic and other societal obstacles do not limit educational opportunity for all who have the ability to benefit from it. Once the state did develop a serious interest in public higher education, it focused most of its attention on Rutgers, which was to be its flagship institution. Focusing attention on Rutgers was a very good thing, but there was, underlying that attention, the mistaken assumption that Rutgers, essentially single-handedly, could provide the state with all that it needed. Over time, Rutgers was burdened with the task of educating more students than its infrastructure could adequately support, serving the urban centers, producing graduates in the applied and professional fields needed by the state, conducting the research, implementing the land grant mission and supporting the state’s agricultural community and marine industries, developing innovative knowledge applications and high tech spin-offs and incubators, addressing the state’s diversity needs, and providing a nurturing undergraduate environment. While it was doing all this, it was supposed to become one of the nation’s top research universities. And now, Rutgers is being asked to take on all bio-medical and health sciences education and research as well, nor has there been, in the current restructuring discussion, any suggestion that Rutgers may need to narrow its mission a bit if it is to succeed in achieving an ambitious research agenda.

Historically, the burden of this extraordinarily extensive mission has been assumed rather willingly by Rutgers. In an environment characterized by inadequate funding by the state of its public higher education institutions, Rutgers understandably sought to retain a significant portion of the available resources by maintaining a monopoly on the state’s higher education mission in the mind of the public, and even more important, in the mind of the legislature. But only a glance at the great flagship research universities in the nation will demonstrate that one of the secrets of their success is that they do not do it all, nor can Rutgers do it all, nor should it have to appear to be doing it all in order to acquire appropriate state funding.

The states with arguably the top four public research universities in the nation, California, Illinois and Michigan, clearly demonstrate the pyramidal structure that most typically enables great flagship institutions to emerge. California, which has the top two public research universities in the nation (Berkeley and UCLA), has buttressed these two with seven other doctoral/research institutions, several of them very highly ranked institutions, as well. Further, these 180,000-student
University of California campuses stand on the shoulders of the state's enormous investment in the California State University campuses that serve more than 373,000 students. Those Cal State campuses educate more than two-thirds of California's public university students, provide a variety of high-quality educational options and academic programs on campuses that range in size from a few thousand students to 37,000 students, and, in addition to a strong liberal arts core, offer professional and applied programs relevant to the state's economic and social needs. The California State universities and several of the University of California campuses lift from the backs of the state's flagship institutions the lion's share of the burden of meeting the state's broad higher education needs.

Similarly, the 37,000-student University of Illinois at Urbana-Champaign is set on the shoulders of eleven other public universities, three of which are also research institutions, five of which offer doctoral degrees, and all of which together serve more than 154,000 students. The same pattern can be found in Michigan. The 38,000-student University of Michigan at Ann Arbor is flanked by 14 other public universities, three of which are research universities, seven of which offer doctoral degrees, and all of which together serve more than 238,000 students. The key point is that great public research universities do not exist in a vacuum. Most often, they emerge at the pinnacle of a large and a solid pyramidal foundation of public colleges and universities that are endowed with the mission and the resources to serve the broad educational needs of a state. New Jersey has attempted to raise its tower of excellence on an under-sized and under-resourced foundation.

While New Jersey has permitted the 35,000-student New Brunswick campus of Rutgers to grow to the size of the nation's larger research universities (the top ranked public research universities average a little under 36,000 students), it has quite successfully stifled both the growth and the development of the rest of its public higher education institutions, including the Rutgers campuses at Newark and Camden and the state's other public universities, Montclair State University, Kean University, Rowan University, William Paterson University, the New Jersey Institute of Technology, and New Jersey City University, and its colleges, The College of New Jersey, Richard Stockton College, Ramapo College, and Thomas Edison State College. Both Rutgers and New Jersey have suffered as a result.

At the heart of the problem is the fact that New Jersey's appropriations model provides no recognition to institutions that grow enrollments, develop new academic programs, or improve their facilities. As a consequence, those institutions that do grow to meet enrollment demand or that seek to improve the scope and quality of their programs are forced to spread the same state appropriation over a larger number of students and academic initiatives. As their only recourse, public colleges and universities in New Jersey have been forced to rely on tuition increases to meet at least a modicum of the demands of growth and development. Since 1988, the proportion of the operating budgets of these institutions that is supported by tuition and fees has grown from 29.5% to 44%, and the current cuts in state appropriation will, without doubt, push that percentage even higher in the 2004 fiscal year.

In the area of programmatic growth, New Jersey's higher education bureaucracies and the legislature have traditionally discouraged the academic development of the state's public colleges and universities. While the comprehensive public colleges and universities in our competitor states
have been encouraged and funded to grow and develop, to offer advanced degrees, to assist with the state’s research agenda, to offer professional programs, to grow both undergraduate and graduate enrollments, and to engage in economic development initiatives, the culture in New Jersey has favored keeping the state’s colleges and universities small and as they were in the past and has viewed institutional efforts to respond to the changing needs of the state as, at best, a low priority, and, at worst, as a bad thing, to be greeted with suspicion and denigrated as “mission creep.”

Added to these disincentives to growth and development, New Jersey, unlike the majority of other states, does not regularly invest in the capital facilities of its public colleges and universities. The capital facilities and major equipment needs of the state’s campuses has been documented by the Commission on Higher Education in a December 2001 report, as well as by independent facilities condition audits conducted by the campuses. The CHE identified unmet capital needs of more than $3.4 billion for New Jersey’s 12 public colleges and universities. The state’s institutions have been left to make the choice between inadequate facilities, on the one hand, and bonding to build, on the other hand, laying off the obligations of debt service on an operating budget that increasingly must rely on tuition increases to sustain the quality of the campus environment. The CHE report notes that the state’s public colleges and universities which are among the most leveraged public institutions in the nation are already carrying more than $1.2 billion in debt and are expending close to $200 million annually in repair and maintenance. A number of New Jersey’s institutions are approaching the limits of what the bond-rating agencies assess as responsible debt, and debt service obligations are an increasing portion of underfunded operating budgets. One of the more visible results of the lack of state support for its college and university facilities is the inadequacy of the science and other specialized facilities usually found on the nation’s public campuses, as well as the amenities, such as, adequate residence halls, and athletic and recreational facilities.

**THE OUT-MIGRATION OF NEW JERSEY STUDENTS**

Beyond the burdens it has placed on Rutgers, the under-building of New Jersey colleges and universities has resulted in the state having the highest net out-migration of baccalaureate-seeking students in the nation. New Jersey exports 55 percent of all students seeking a four-year degree, and it imports only a very small number from other states. The net loss to New Jersey is approximately 20,000 students a year, a brain drain of enormous proportions that is not balanced by a comparable in-migration of talented students. When out-of-state students apply to most of New Jersey’s public colleges and universities, they often discover that, like so many of our own in-state students, they cannot be promised a dormitory room or guaranteed a place in a high-demand program of their choice. On the other hand, when New Jersey students pay higher tuitions to attend institutions in Pennsylvania, Maryland, and Delaware, they do so, not because the education is superior, but because the campuses in those states have the facilities that their home institutions lack. Popular myth has it that the out-migration of New Jersey students is based on their desire to “go away” to college. In fact, young New Jerseyans, like their elders, are quite passionate about their state. They are not leaving because they want to leave New Jersey; they are leaving only because they do want to “go away” to college, that is, to a college where they can live, go to a campus that looks and feels like a college. That is why New Jersey’s public colleges and universities have students tripled up in dormitory rooms, with long waiting lists of students seeking a residence opportunity. That is why students at New Jersey’s public institutions have been willing to pay extra fees to fund the construction of recreational and other facilities on their campuses.

A state such as Massachusetts, the only state of a size comparable to New Jersey that has as under-built a public higher education infrastructure, compensates for it with one of the nation’s strongest rosters of private institutions. Massachusetts benefits from the presence of Harvard University, the Massachusetts Institute of Technology, Tufts University, Boston University, and Brandeis University, not to mention Boston, Amherst, Smith, Mount Holyoke, and Wellesley Colleges, all of which have established national reputations and draw substantial numbers of the nation’s most talented students from all over the country. In fact, close to 40 percent of Massachusetts college students are attracted from other states, compared to under 10 percent in New Jersey. The first four of the institutions mentioned above alone were responsible for $787 million in federal research-and-development expenditures in Massachusetts in 2000. New Jersey has, in Princeton University, only one, relatively small nationally recognized private institution. New Jersey’s other private institutions are regional in reputation and service, are comparatively small, and the privates as a group serve less than the national average proportion of students in the state, despite the fact that New Jersey is one of only a very few states in the nation that provide direct state appro-

| Net Migration of College Students |
| Massachusetts | 10,282 |
| North Carolina | 8,794 |
| Pennsylvania | 7,592 |
| Mississippi | 2,604 |
| California | 2,352 |
| Delaware | 1,852 |
| New York | 264 |
| Connecticut | -4,477 |
| New Jersey | -20,128 |
pittance to private colleges and despite the fact that the state’s private institutions are allocated the largest share of the state’s generous financial aid dollars.

New Jersey ranks first in the nation in spending per student for public K-12 education, but drops precipitously to a ranking of forty-first in the nation per $1,000 of personal income in spending for higher education operating support. In effect, New Jersey has put itself in the anomalous position of making the highest per student investment in K-12 education in the nation, and then, after investing so substantially in the education of its youth, it sends more than 55 percent of its most academically prepared college-bound students to other states. Why would a state that depends so heavily on the quality and education of its available workforce for its economic competitiveness do such a thing as a matter of public policy? Is it possible that New Jersey has cleverly assumed that it need not undertake the financial burden of providing higher education for its citizens? Does New Jersey assume that it can pass that obligation off to other states and to affluent New Jersey parents who can and will pay to send their children to higher cost public and private institutions out of the state? The underlying assumption of such a policy would be that New Jersey need not grow its own workforce, that the state will always be able to import and to attract back to the state all the talented and skilled workers it will need. That assumption is a dangerous one in today’s competitive economy. Further, such a policy does not take into account the growing need for education among those segments of the population, including the growing number of new immigrants to the state, who may not have the financial means or the family flexibility to send their children out of state. New Jersey cannot sustain the societal consequences and costs of a large and young population in the state without adequate access to the education they need to be productive contributors to the economy.

While the state’s 19 community colleges, serving approximately 125,000 students, are close in size and resources to a number of competitor states of comparable populations, they, too, may be under-built to serve the state’s needs.

### Average Tuition for Public 4-Year Colleges

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### Average Tuition for Public 2-Year Colleges

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<tr>
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THE UNIVERSITY AND THE CITY

From time to time, a state will determine to make a major investment in public higher education as an economic engine for a particular region. While it is true that, especially in low population and relatively underdeveloped regions, universities can be important, even critical, components of a local economy, it is less true that a university, even a large research university, can drive major economic development where little currently exists. What is true, though, is that it would be hard to point to any of the principal cities in the nation and find one that does not have at least one, and often more than one, large, public or private nationally recognized university. Universities, when combined with corporate and business centers, major cultural institutions, and adequate housing stock can anchor an urban center and contribute to the economic viability, the livability, and attractiveness of a city. In and of themselves, they cannot build a viable city, as distinct from a college town, but, as noted above, almost by definition, there is no such thing as a major American city without a major university.

New Jersey deserves to have at least one important American city, and clearly it should be Newark, the state’s most populous city. Newark has a corporate and business base that is capable of growth, it contains what is arguably the state’s most important cultural institution, the New Jersey Performing Arts Center, a small remaining core of historical architecture, and a waterfront capable of development. The city’s needs are great, and, among them is the need for a nationally recognized university.

The branch campus model of
Rutgers has not worked for Newark. Both the Rutgers - Newark campus and NJIT are, like the rest of the state’s colleges and universities, under-developed. The leadership and the faculties at these institutions have been strong and committed, and, under the circumstances, their achievements have been exemplary, but neither institution was given either the mandate or the resources to create a major institution. Neither Rutgers-Newark nor NJIT has grown to an appropriate size and neither meets the national Carnegie criteria for categorization as a doctoral/research-extensive university. For all intents and purposes, the great majority of what constitutes the research university within Rutgers is the New Brunswick campus, and it is that campus that is recognized nationally as the research institution.

However, the state’s several academic investments in the Newark region, taken together, have the potential to form the core of a major American research university and a nationally recognized university center in Newark. To achieve that vision, the experience of American higher education would suggest that the university center in Newark needs to separate its identity from Rutgers University, it needs planned new investments, strong and independent leadership, a distinguished governing board, and its own prestigious name. It is very difficult to find examples of second campuses of flagship universities in America that have been able to achieve any level of national distinction. It is, however, as noted above, relatively easy to find great research universities in states that also have two, three, four, or even more other strong research and doctoral institutions. A strong and independent university center in Newark would be an important asset to the state.

There are other urban areas in New Jersey that could benefit from a well-developed public university presence, although not necessarily a research university. The most obvious candidate is Jersey City, the state’s second largest and rapidly developing city. Jersey City and its surrounding communities along the Hudson would be well-served by state investment in the continued appropriate growth and development of New Jersey City University as a high quality urban, commuter university. There are a number of very successful models of such institutions, including Hunter College just across the river in New York City.

The Vagelos Report addresses the Camden campus of Rutgers in a rather summary manner. The Camden campus is quite small. With just a little over 5,000 students, it is actually the smallest of all the public colleges and universities in New Jersey, and, with the excep-
tion of housing one of the state's two public law schools, it is predominantly an undergraduate campus. Nearby Rowan University actually provides South Jersey with its largest and most comprehensive public university, and it is the more obvious candidate for additional state investment if one is judging by the size, scope, and quality of the already available educational resource. Although Camden only ranks as New Jersey's tenth largest city, its strategic location across the river from Philadelphia and its chronic economic depression certainly suggest that a thoughtful higher education solution should be part of any long-range plan for the city. How that solution would fit into the overall context of the higher education needs of South Jersey warrants more consideration than the Vagelos Commission was able to provide within the limited scope of its mandate. Certainly, restricting consideration to the Rutgers-Camden campus would be a significant error.

WHAT DOES NEW JERSEY NEED?

It would be difficult to argue that New Jersey, with its knowledge-based industries, should not have a national reputation for its higher education resources. What then will it take to give New Jersey a public higher education infrastructure that is a fit with its long-term economic and social objectives? Clearly, the Governor and the Vagelos Commission are correct in their assessment that New Jersey's university-based research and development efforts need to be brought to the level of excellence that will achieve high national rankings, will yield a greater flow of federal and corporate research investments, and will enhance the reputation of the state as a place where high-technology industry has a reason to locate. However, those objectives cannot be achieved in a vacuum, and the major imbalances and deficits in the state's public college and university assets will have to be addressed as an integrated part of any solution.

For starters, New Jersey must right-size its public colleges and universities. Two states with strong national reputations for their public higher education, one very large, California, and one close to New Jersey's size, Michigan, have in common that the average size of their public colleges and universities is in the range of 18,000 to 19,000 students. In New Jersey the average size of its public colleges and universities is approximately 12,000, if one counts the three campuses of Rutgers as a single institution, or approximately 10,000, a more accurate reflection, counting the three campuses of Rutgers separately. The effect of this difference is actually quite significant. If the New Jersey aver-

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<th>Percentage of High School Students Going On to College</th>
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age were similar to that in California or Michigan it would provide the additional approximately 70,000 places that would bring New Jersey to the national mean in the provision of public baccalaureate places per capita. Virginia, a smaller state than New Jersey, with a number of well-known and distinctive small campuses, such as the Virginia Military Institute and William and Mary, still averages approximately 15,000 students for all its public colleges and universities. If New Jersey just reached the Virginia average, it would be able to serve approximately 40,000 additional students, enough to handle the increase in high school graduates that the state will experience and to reverse at least a portion of the out-migration.

New Jersey must have a plan to expand some, but not necessarily all, of its existing public institutions. Every state can benefit from having several smaller, high quality, liberal arts or specialized colleges to provide one attractive option to in-state students and to attract talented out-of-state students who are seeking a small campus setting in the public sector. In The College of New Jersey, the state has a strong example of that model. But small institutions need to be balanced with several large universities, and there are a number of public institutions in New Jersey that would be excellent candidates for growth, the most obvious being Montclair State University, already the second largest university in the state, the one experiencing the most rapid growth, and the state university with the largest graduate programs. Rowan University in South Jersey is another very strong candidate for growth, and so may be Kean, New Jersey City, and William Paterson Universities.

From time to time, the suggestion is voiced that New Jersey should build one or more additional public colleges. However, national standards would suggest that is not the case. In fact, New Jersey has one college or university for every 700 square miles, while in Georgia, Indiana, North Carolina, and Virginia, states with populations of similar size to New Jersey, there is one public college or university for approximately every 3,000 square miles, and in Michigan, the figure is one for every 6,400 square miles. The problem in New Jersey is not the number of institutions, or even the location of institutions, it is that the state has not developed the full and distinctive potential resident in each of its institutions. For example, relatively modest investments in increased technological resources at Thomas Edison State College could yield significantly increased educational access for non-traditional, working adult students throughout the state.
New Jersey has the core higher educational assets that it needs, but many of the state's institutions are just too small, most of them lack adequate facilities, and they all are forced to work against significant disincentives to develop their programs and services to serve the growing needs of the state.

New Jersey must encourage the academic growth and development of all of its colleges and universities in ways that are appropriate to the creation of a broad array of educational opportunities for the state. Institutions such as Montclair State University and Rowan University that are ready to expand their contributions to the state's research agenda and to increase their provision of advanced degrees should be encouraged and supported in those efforts. A strong university research center should be developed in Newark. It will not harm Rutgers to permit these and other long overdue investments in the state's other public higher education assets. The University of Michigan at Ann Arbor is one of the nation's top four public research universities, not despite, but in part because of, the very extensive contributions that Michigan State University, Wayne State University, and Western Michigan University make in meeting many of the important research, professional, and undergraduate and graduate educational needs of the state.

And, finally, New Jersey must invest in public higher education, even though these are difficult times in which to contemplate investments of any kind. There is simply no way around the fact that, if New Jersey wants first class institutions of higher education, appropriately sized to meet the needs of both the state's workforce and the state's growing population, it will have to pay for them. There are a number of reasons why the California public universities are so good, but the most important reason is that California has built outstanding facilities on its campuses and provides funding to support high quality faculty and programs. If one considers the two key measures of state support for institutions, sustained and reasonably predictable operating support and capital facilities investment, any objective assessment will reveal that New Jersey has traditionally and consistently underfunded all of its public institutions, a point confirmed by the Vagelos Commission. If New Jersey's public colleges and universities were to receive the state operating appropria-

**THE CHALLENGE**

The challenge facing New Jersey is whether or not the political will can be created to address the state's benign neglect of its public colleges and universities and whether or not a truly comprehensive and far-sighted plan for meeting the state's broad higher education needs can emerge from the current deliberations.

It would be an error to think that New Jersey does not have to educate its own workforce. It would be an error to think that New Jersey can continue to off-load the costs of higher education onto individual families. It would be an error to think that New Jerseyans will accept a situation in which an increasing number of young people will be turned away from state colleges and universities because there simply is no room for them. It would be an error to forget the needs that New Jersey has for professionals and highly skilled workers in a very wide range of fields. And it would be an extraordinary error to forget the obligation that New Jersey has to prepare citizens for the new century, citizens who will come to the table with widely differing economic means, citizens reflective of the growing diversity of the state. The long-term economic and social costs of not acknowledging the state's failure, to date, to develop comprehensive public policy in respect to public higher education will be great indeed.

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The power of wishful thinking: Dispelling higher-education myth

BY PAUL R. SHELLY

Did you ever hear of Piltdown Man? About a century ago, someone had the idea of attaching the jawbone of an ape to a human cranium with the hope of leading the world to believe that there was a new "missing link" in man's evolution. The "discovery" was made around 1912, at an archaeological dig in Piltdown, England, by two brothers. Until the early 1950s, and even a while after the hoax was uncovered, Piltdown Man had a life of his own in textbooks and in plaster busts on dusty shelves of museums.

In New Jersey, the aura of the old Department of Higher Education is our very own Piltdown Man. Ilogically, this defunct department is viewed by some as the missing link to effective higher education policy. A surprising number of well-informed individuals are transfixed by a belief that the department that strays as far from the truth as Piltdown Man himself did from the human evolutionary path.

Some pundits, who may be very well-meaning but unaware of key facts, assert that there is a cause-and-effect connection among:

- the 1994 elimination of the state department of higher education with its cabinet-level chancellor;
- the lack of state investment in higher education, which has resulted in larger tuition increases over the past decade and a half; and
- the situation that has come to light at the University of Medicine and Dentistry of New Jersey (UMDNJ).

This is fallacious thinking. It is time to put the myth to rest permanently. For the record:

- The underfunding of state colleges and universities, resulting in larger tuition increases and families paying a larger share of costs, began in 1980, not in the wake of restructuring.
- In New Jersey and elsewhere, cabinet members work first and foremost for the administration that appointed them, and are not well-positioned to be advocates for constituencies or sectors they regulate.

- No states have, and very few had, such a large higher education bureaucracy as the one that existed here in the late '80s and early '90s. Neither are any national experts on higher education finance calling for re-creation of such beasts in other states.

- The chancellor and department, in the structure that existed prior to 1994, did not possess the authority that would have enabled them to foresee or prevent the faulty decision-making now troubling UMDNJ.

- The underinvestment in higher education at the state level is part of a national phenomenon, not something unique to the Garden State. It hit New Jersey harder for two major reasons: under-funding the salary mandates negotiated under labor contracts and the lack of regular state support for facilities renewal. These things were true long before the department, an ineffective advocate, was dissolved.

In fact, restructuring helped facilitate subsequent, innovative steps by public colleges and universities to control costs such as collaborating on purchases and reaping the benefits of new energy technology. As a result, when state appropriations were cut or funding commitments fell short, institutions didn't have to rely solely on tuition and fees to bridge the gap. Without the benefits of cost control, tuition increases could have been double what they were.

More state regulation in years past would have also spelled trouble. Just last month, in a report to the New Jersey Educational Facilities Authority, John Nelson of Moody's Investors Service said that with the national trend toward weaker state support of higher education, the fiscal health of public institutions of higher education in America will hinge on their ability to be very much unlike typical government agencies: Instead, they must be market-savvy and nimble enough to seize opportunities, build on strengths and reprioritize resources to meet their goals (e.g., affordability, access, educational quality, public service).

thrive in today's times. Mr. Nelson recommends less state regulation of public higher education and greater dependence on non-partisan, expert trustees, the very antithesis of a big bureaucracy approach.

New Jersey needs to be on the road to smarter investment in the state colleges and universities. Gov. Corzine's higher education transition group, with wide representation from many sectors, did not recommend a return to a bureaucracy. Instead, it called for appointment of a knowledgeable policy advisor who thoroughly understands higher education as well as the governor's overall agenda for the state. The governor listened. He recently appointed to his administration Jane Oates, Sen. Ted Kennedy's former education advisor. Oates was named last month to head the New Jersey Commission on Higher Education, as well. The governor is also committed to first-rate trustee appointments.

We also have scientific polls that show that, when it comes to important decisions about higher education investment, residents of New Jersey are four times more likely to say that they rely on college/university trustee boards to spend new funding wisely compared to reliance on state government.

The famous anthropology hoax of Piltdown Man was exposed only after four decades. By then, it was unclear whether his discoverers were responsible for the hoax or only victims of a prankster. Similarly, I wonder whether those who call for a return to a department are misinformed or mischievous.

According to authors Ashley Montagu and Stephen Jay Gould, the Piltdown affair is a cautionary tale for human truth seekers about the hazards of wishful thinking.

Wishing for an easy bureaucratic fix for complex trends in public higher education is all too human. The reality: A return to old ways would be a huge setback.

Paul R. Shelly is director of communications for the New Jersey Association of State Colleges and Universities.
This time next year is right time for higher education bond issue

By Darryl G. Greer

In an opinion poll of 770 likely voters conducted for our association by Penn, Schoen & Berland Associates, we offered choices among four worthy investments for New Jersey's future: schools, college and university facilities, transportation infrastructure and stem cell research. Such investments are being considered in the closing legislative session running after the election and into January.

Putting dollars into public school facilities received the strongest support, followed by investment in higher education facilities, then transportation, then stem cell research.

From my perspective, there is an especially urgent need for funds to expand higher education's capacity to serve the state. Investment in new academic facilities will increase college opportunity and affordability, keep more talented New Jerseyans in state, create jobs and new research partnerships and expand the state's economy.

A higher education bond referendum in New Jersey is a rarity, although other states have approved many in recent years. The last statewide bond referendum benefiting higher education was on the November 1988 ballot. That proposal passed with 69 percent of voters in support of it.

A bond issue in the neighborhood of $2 billion to $3 billion would provide the state's colleges and universities with the resources to grow to serve more students, without further burdening students with higher tuition and fees tied to construction costs.

It is, once again, time to ask the voters to register their resolve on the side of educational opportunity and economic prosperity.

Rather than viewing the prospect of a referendum as some sort of hurdle, many of us in higher education see the voter approval hurdle as the perfect opportunity to educate the public about all that we offer, what our facilities plans and needs are, and how we expect to be able to better serve the state.

A referendum also is an opportune time to revisit the trust that the public has in New Jersey institutions of higher education. Higher education leaders must answer the people's questions and remain accountable to keep that trust.

We have evidence that a bond referendum for higher education would be approved at the polls next November, with the approval of the governor and Legislature to put the issue on the ballot.

Our recent polls revealed that most likely voters are favorable toward the idea (between 56 percent and 75 percent, depending on how the question is asked) and that 60 percent to 70 percent are ready to vote "yes" on such a measure, even though no proposal is yet pending.

Besides supporting increased funds to expand facilities on our college campuses, New Jersey's voters trust college leaders to spend the money wisely. Our poll found that nearly two out of three likely voters want college trustee boards, rather than state government entities, to guide decisions concerning new spending for improvements.

A campaign for a higher education bond could soon be under way. Fortunately, both Jon Corzine and Doug Forrester acknowledged the need for increased funds for higher education facilities, as have many members of the Legislature on both sides of the aisle.

The need simply cannot be ignored if New Jersey is to secure a brighter future. There are swelling enrollments in many elementary and secondary schools. A 10,000-student-per-year increase in high school graduates is just around the corner. Thousands of applicants to state colleges and universities are already being turned away because of dwindling space.

The voter deserves to be given the opportunity to consider a higher education bond.

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