



Survey Reveals Legislative Candidates' Views on Higher Education

ASCU, in its first-ever survey of legislative candidates, asked contenders questions about improving support for higher education and support for maintaining state college autonomy.

While not a scientific poll, the overall results offer a glimpse into the discussions and debates that may occur in Trenton in 2008. Some highlights follow:

Higher education as a priority.

Nearly one-half of the candidates agreed *unequivocally* with the idea of making higher education a higher priority. Another one-third gave conditional support, acknowledging serious state budget problems.

Facilities support. ASCU provided candidates with information about the lack of regular state support for facilities, and the absence of a facilities bond issue for higher education in recent times. Asked about support for a \$25 million annual appropriation for facilities and putting before voters a long-overdue \$2 billion bond issue for higher education facilities, *more than one-half* of the respondents *strongly supported both ideas*.

Autonomy support. A third and final question asked about preservation of trustee autonomy at the nine state colleges and universities as the best way to ensure college access, affordability and

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New Jersey College Promise Advisory Panel: Productivity Improvements Should Benefit Students, Opportunity and Affordability Goals

Two recent, animated, day-long meetings of national higher education experts and New Jersey business and community leaders are expected to result in a set of ideas and suggestions that ASCU hopes will put its member-institutions on a path to greater productivity and greater accountability while enhancing student affordability and college opportunity.

The panel meetings, held in September and October as part of the Association's New Jersey College Promise project, were facilitated by Richard Novak. Novak is Vice President for Public Sector Programs and Executive Director of the Richard T. Ingram Center for Trusteeship and Governance of the Washington, DC-based Association of Governing Boards of Universities and Colleges. Meetings included the panel members, several college presidents, ASCU staff and other resource persons and special guests. A list of panelists is on page 7.

Now that the panel's deliberations have been digested (look for the draft document at www.njcollegepromise.com), institutions will be encouraged to review and discuss locally their applicability to their particular situation. At the same time, there will be discussions among all state colleges and universities about what can be done collectively on the productivity, accountability and affordability fronts. Here are some highlights of the discussions:

Productivity should help with student affordability. Panel members advised that institution leaders must ensure that additional productivity gains are made to help students afford college. The ideas for increasing college productivity include examining ways that education can be delivered more economically and more effectively using technology and with innovative cooperation among institutions. Institutions are also encouraged to better understand per-student costs and explore the possibility of cost savings by expanding residential or program capacity.

Rigorous cost analysis and collaboration.

Panel members felt autonomy should be viewed as a table upon which to strengthen collaboration and seek economies of scale across the sector or across all of higher education. Group purchasing, for example, is already being done by institutions through various statewide consortia, however still more savings may be possible.

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ASCU: “SCI Report Misserves New Jersey Higher Education”

After over two years of intense scrutiny of several of the state colleges and universities, the State Commission of Investigation (SCI) issued a report that said the state’s public colleges and universities are “vulnerable” to political intrusion and misspending of public funds. Such relativistic statements, with little evidence and no comparative information, were used by the Commission report as justification for sweeping changes that would concentrate far more regulatory power in the hands of Trenton.

State college and university officials’ reaction to the report hours after its release was “swift and decisive,” according to NJN correspondent Marie Denoia Aronsohn. Leaders opposed some of SCI’s sweeping recommendations. In a news release (available online), ASCU said it found ample evidence in the report to illustrate that the current governance structure is working ~ and scant evidence of the need for more oversight in Trenton.

ASCU Executive Director/CEO Darryl G. Greer pronounced the SCI recommendations, as a whole, “unworkable” and said the report “misserves New Jersey higher education.” Finding it difficult to decipher the report’s connection between alleged problems and proposed solutions, he added, “There seems to be no references whatsoever as to what constitutes effective higher education policy and practice in other states.”

Others weigh in. Some university presidents faulted the report for failing to consult university leaders about the accuracy of overall findings, and others critiqued the Commission’s practice of relegating rebuttals of fact to the report’s appendix.

A *Times* (of Trenton) editorial acknowledged that the report found some “shortcomings” and “shenanigans” for which the colleges and universities should be held accountable, but concluded “... we don’t need a 500-lb. government gorilla [i.e., a return to a large department ~ ed.] to accomplish it.”

Similarly, a New Jersey Commission on Higher Education (CHE) task force on the SCI study, at the Commission’s November meeting, cited the strengths of the existing governance structure, while at the same time pointing out a need for improvement. “Restoring a bureaucracy is not the answer,” task force chair Kurt Landgraf told fellow Commission members, adding that there are opportunities to enhance the existing structures that should be seized.

The Association will offer a comprehensive plan for improving accountability, “within the context of the current New Jersey college governance structure, one which is based on strong, effective, nonpartisan citizen boards of trustees.

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accountability. Nearly two-thirds agreed with this proposition. About 30 percent conditionally supported autonomy, mentioning the need for a balance between state oversight and campus responsibility.

Public colleges and universities rely significantly on the support of elected officials to deliver higher education opportunity. The strength of that support is never fixed, which is why ASCU took the trouble to ask. ASCU Director of Government & Legal Affairs, Michael W. Klein, contributed to this article. ■

Error in last issue

The editor-in-chief acknowledges that an incorrect reference was made in the last issue to New York’s governor. His correct name is Eliot Spitzer. Apologies to New York and a former swimming champion. Thanks to those who told us of the error!

Survey: Departing Students Enroll Nearby

Roughly 30,000 of New Jersey's high school graduates leave the state *each year* to attend colleges or universities in another state.

ASCU has analyzed a list of New Jersey students *newly* enrolled out of state as of Fall 2005, with information drawn from these combined sources: NCHEMS, NCES and IPEDS.

Overall, and taken together with data on SAT test takers, the information seems to confirm that New Jersey students want

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to be close to home and do not necessarily leave to attend the most highly selective colleges and universities out-of-state. There is, however, a tendency to attend more comprehensive institutions and those with religious or ethnic affinities.

Among the top 35, all of which enrolled over 180 New Jersey students, and with one exception (a for-profit distance education university in Arizona), the institutions are in the mid-Atlantic or southern New England states. In other words, several hours away at most. The list does not include several very popular institutions, also in the region, that did not publish student data.

Out-migrating students attend a mixture of public and private institutions with many among the private institutions having a faith connection (e.g., University of Scranton, Loyola College in Maryland, and Yeshiva University.)

One popular out-of-state university is an historically African-American institution: Delaware State.

Destination schools include those which are moderately to highly selective: University of Delaware is the number one enroller; West Virginia University, Drexel, Muhlenberg, and Temple are also major enrollers. Among the highly selective institutions: Lehigh, Cornell and NYU.

The top 35 list includes some specialized schools that have fields where there are limited choices in New Jersey, for example: The Art Institute of Philadelphia, and Philadelphia University (formerly Philadelphia College of Textiles).

Data support the perspective that future investment in comprehensive state colleges and universities to expand capacity to serve more New Jersey residents is an appropriate policy direction if the Garden State seeks to keep more of its talented, well-educated students in state. ■

NJ STARS II Scholarship Program Requires Change

State colleges and universities cannot continue to subsidize NJ STARS II by millions of dollars each year unless the state changes its approach to funding the program. This situation was brought to light recently by *Atlantic City Press* reporter Diane D'Amico. NJ STARS II is a program that currently enables those students in the NJ STARS program at community colleges with an Associate's degree to continue their education at New Jersey's senior public colleges and universities, without having to pay tuition and fees.

Benefitting middle-income families. The crux of the fiscal challenge is a large gap between the actual amount of tuition and fees and state money available to fund the program. The funding gap is in excess of \$5,000 for many students. An assumption that federal aid would be available to cover the balance has proven to be untrue. This is related to another unsupported assumption: that the program will mainly help students from lower-income backgrounds. To the contrary: NJ STARS II enrollees seem to come from families near or above the state median income, depending on the ASCU institution they attend.

A fairness issue. Last year there were 274 students enrolled in NJ STARS II, the first year of the program. This year there are many more students enrolled and the funding gap will widen to several million dollars, according to state officials. ASCU officials do not believe it is equitable for highly deserving students starting at four-year colleges to continue to subsidize the program.

As an *Atlantic City Press* editorial (October 24, 2007) put it, NJ STARS II is a "nice idea" that's also becoming a "financial burden to the state and for state colleges, already suffering from years of aids cuts."

As the program becomes better known, it is expected there will be even more students in the pipeline.

Solutions available. As part of a broader college affordability agenda and its New Jersey College Promise project, ASCU is calling upon the state to fund the true cost of the program or, alternatively, limit the benefit to the grant amount, and reexamine academic eligibility standards.

To view the ASCU position paper on NJ STARS II, go to www.njascu.org. ■

New Era For Fiscal Accountability Began Years Ago at State Colleges

In November, newly arriving staff member Wendy A. Lang began to gather information from ASCU-member institutions regarding adoption of policies to enhance fiscal accountability. Initial findings are that ASCU schools are surpassing not only statutory and regulatory requirements, but in some areas, the recommendations of the State Commission of Investigation (SCI). Indeed, state statutory and regulatory mandates call only for institutions to “have prepared an annual independent financial audit which is deemed public” and provide “a copy of the audit” to the Higher Education Student Assistance Authority (HESAA).

ASCU institutions are also implementing best practices based on Sarbanes-Oxley (SOX), the federal accountability law for publicly traded companies. In 2003, the widely respected National Association of College and University Business Officials (NACUBO) made recommendations for SOX governance; these standards are acknowledged by the recent SCI report; although the agency report views them as insufficient. *Nevertheless, acceptance of NACUBO’s recommendations by college leaders years ago have helped put New Jersey state colleges and universities ahead of the curve in fiscal responsibility policy.*

The SCI report calls for “systemic reforms” that include: development of codes of conduct; policies to protect “whistleblowers;” the utilization of internal audits; certification of financial statements by the President and Chief Financial Officer; and assignment of certain matters related to the external audit to an auditing committee. The agency envisions delegating monitoring and enforcement of much of this to the CHE.

As it turns out, the majority of these “reforms” are being implemented at the state colleges. The vehicles for these efforts are not identical since the policies are adapted to each institution’s structure and objectives. Nevertheless, actions taken by the schools clearly reflect a willingness to improve accountability, transparency and monitoring of finances consistent with SOX principles and without the need for action by the CHE.

Certain policies are universal. There are a number of SOX-aligned fiscal responsibility policies common to all ASCU-member institutions. Minimally, they are:

- Employment of external auditors to assess financial operations, compliance, internal controls and issue annual financial statements;
- Adherence to Generally Accepted Accounting Principles (GAAP);
- Utilization of the Audit of Colleges and Universities guidelines published by the Committee on College and University Accounting and Auditing of the American Institute of Certified Public Accountants.

Other policies, not yet universal, are being put in place. For example, consistent with SOX recommendations, **Rowan University** retains an outside firm to perform an internal audit examining all business practices and recommend improvements that will enhance efficiency and accountability. The firm helps with internal risk assessment and audit planning and makes recommendations to management for improvement. Recently, state college vice presidents for administration and finance met to learn how the outside firm is helping Rowan watch its resources.

William Paterson University is among the majority of campuses with a policy for whistleblower protection. The University, since 1986, has an internal auditor reporting to the board. Also, there is in place an institutional debt policy that employs industry-standard financial ratios to ensure compliance.

Richard Stockton College of New Jersey has a separate Office of Internal Audit assisted annually by an outside review team. The office does risk assessment, audit planning and reports. Like other state colleges and universities, Stockton has implemented a whistleblower protection policy.

Consistent with SOX standards, **The College of New Jersey** has a separate Audit Committee of the board. The institution also employs a debt interest rate swap policy; best practices reporting; a compliance officer; and procedures for assessing and reviewing internal controls.

New Jersey City University is currently updating a variety of areas with SOX-inspired principles including an assessment of internal controls by auditors; development of compliance monitoring policies; and training to enhance the financial acumen of the University’s audit committee. A whistleblower policy was put in place this year.

While not an exhaustive list, these are examples of some of the things that have been done or which are underway to bolster transparency, accountability, and productivity at these complex, publicly supported institutions. ■

NJ College Promise Advisory Panel

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“Benchmarking” best practices within higher education and compared to industry to learn about cost control, referencing other institutions, was also viewed as worthwhile, yielding more savings over time.

The state has a role. Some state regulatory barriers to greater efficiency also need to be addressed, as well as unnecessary taxation of institutions and students for certain purchases. Institutions should continue to advocate legislation to allow “design-build” in construction, an approach which helps institutions complete projects more quickly and economically.

Tuition predictability is critical. Even in the most adverse budget situations, institutions need to do whatever they can to keep tuition reasonably predictable for families. Many advised that state college tuition and fee costs, already high by national standards, ought to be indexed, to some degree, to the rate of growth of disposable family income. Panel members were especially concerned about the extent to which low-income or even middle-income students, even with the mitigating effects of student financial aid, may be intimidated by the cost of attending these institutions and not even apply.

Shortening “time to degree” would be a major step toward increasing student affordability. Intentionally structuring academic programs to reduce students’ time to degree was seen as one promising strategy for affordability by decreasing the number of years students have to pay tuition and other attendance expenses. Programs might be a three-year bachelor’s degree or a five-year bachelor’s/master’s program. Pilot programs could be launched at one school or in one specific academic area related to urgent workforce needs. This has the potential of being a win-win-win, not just for enrolled students but for institutional capacity building (future students) and for producing urgently needed human resources for New Jersey’s public and private sectors. The panel also suggests that the state pursue opportunities for statewide strategies such as dual enrollment which will shorten time to degree.

Accountability must be tied to outcomes. Panel members tended to view accountability not as a goal in itself ~ as is often the case ~ but as something tied to whether the organization’s ends are being achieved. The yardstick for state college accountability must be educational service to students and responsiveness to other effectively articulated, emerging needs of the state. If the state continues to be vague about expectations, institutions should individually and collectively define their own goals, based on perceived needs, and set accountability expectations accordingly. For example, a goal in the public interest would be producing more science graduates.

Obstacles to using autonomy effectively must be identified. As a starting point, institutions need to identify each of the barriers they face in exercising more effective oversight. They also need to exercise the necessary leadership to overcome those barriers; failure to do so could imperil their treasured autonomy. Strong board leadership was viewed by the panel as more essential than ever, and this often hinges on the appointment of highly qualified trustees who will dedicate themselves to the institution they govern and the public they serve. The current appointment process works well, but there is room for improvement, including better identification of essential board member qualifications and greater flexibility in nomination of qualified, prospective board members. ■

Autonomy should be viewed as a table upon which to strengthen collaboration and seek economies of scale.

State Commission of Investigation Study

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Valid concerns noted. In an op-ed essay in *The Record* (November 13, 2007), ASCU's chief indicated that the Association will offer a comprehensive plan for improving accountability, "within the context of the current New Jersey college governance structure, one which is based on strong, effective, nonpartisan citizen boards of trustees and which is consistent with national best practices."

Greer said that the revision of board policy to become more compliant with federal Sarbanes-Oxley (SOX) standards ~ the law applying to publicly traded companies enacted in the wake of the Enron scandal ~ began a few years ago at ASCU-member institutions and is now underway at all of them. (*A similar discussion about the need for greater adherence to Sarbanes-Oxley standards took place at the November CHE meeting. ~ See also the page 4 article on this topic.*)

State has a role in more effective spending. Dr. Greer responded that while he expects ASCU institutions to bring about improvements in spending, in some areas they will need help from state government, including:

- Setting a clear public agenda for higher education;
- Helping colleges find resources to pay for urgently needed facilities;
- Removing legislative barriers to public-private partnerships; and
- Exempting institutions from taxes on utilities usage.

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The ultimate productivity and fiscal accountability standard, Greer contends, should be the degree to which educational service is provided to students.

Action planned. In a few weeks, the Association will make public a document that responds to legitimate concerns of citizens, and which is consistent with national higher education best practices and the SOX standards for effective fiscal stewardship. This document was strengthened by discussions among NJ College Promise panel members in September and October (*see cover story*).

The Association will also work closely with the CHE and members of the legislature to arrive at a set of expectations for institutions that will allay concerns and set a solid framework for accountability, transparency, and productivity going forward.

For more details about the Association's recommendations, see the cover story of this issue and visit the NJ College Promise website - www.njcollegepromise.com. ■

Don't Let 'Em Leave!

The effects of student migration out-of-state to attend college were carefully reviewed in a recent publication by Illinois State University Center for Education Policy, *Committing to Keep Illinois Students In-State*. The publication reports the following statistics, listed below verbatim:

- Over 80% of high school graduates who attend in-state college continue to reside in their home state after college graduation.
- By contrast, only 50% of high school graduates who attend an out-of-state college return to their home state after graduation.
- Nationally, most college student migrants fail to return to and reside in their home state after graduation.

Regarding the third point, the report cites a 2001 paper by Yolanda K. Kodrzycki of the Federal Reserve Bank of Boston which calculates that "someone who had gone out of state to attend college is 54 percent more likely to be out-of-state five years after graduation than someone who went to college in-state."

Editors Note: Those of us who went to high school in New Jersey know that quite a few of our college bound classmates are long gone. ■

NJ College Promise Advisory Panel

The Association acknowledges its gratitude to the following individuals who have actively participated in the meetings of the New Jersey College Promise Advisory Panel (see cover story). A final panel meeting will be held in Spring, 2008.

Steve Bolyai - Vice President, Administration & Finance, William Paterson University

David W. Breneman - University Professor and Director, Master's Program in Public Policy, Newton & Rita Meyers Professor in Economics of Education, Curry School of Education, University of Virginia

Patrick M. Callan - President, National Center for Public Policy & Higher Education

Peter Caporilli - President, Tidewater Workshop

Susan A. Cole - President, Montclair State University

Henry A. Coleman, Jr. - Professor of Public Policy, Bloustein School, Rutgers University

Gregg Edwards - President, Center for Public Policy Research of New Jersey

R. Barbara Gitenstein - President, The College of New Jersey

Alexander Habib - Student Trustee, Rowan University

Mitchell Hersh - President/CEO, Mack-Cali Realty Corporation

David Hespe - Associate Director/Chair - Department of Educational Leadership, Rowan University

David Jones - Lead Client Service Partner, Deloitte & Touche

Dennis Jones - President, National Center for Higher Education Management Systems

Richard F. Keevey - Director, Policy Research Institute for the Region at the Woodrow Wilson School, Princeton University

Douglas L. Kennedy - President, North Fork Bank

Clifford F. Lindholm, III - President, Falstrom Company

Jane Oates - Executive Director, NJ Commission on Higher Education

Patrick L. Ryan - Chairman, Hopewell Valley Community Bank

Herman J. Saatkamp, Jr. - President, Richard Stockton College of New Jersey

Rev. Danny Thomas - Pastor, New Covenant United Methodist Church

Jane Wellman - Executive Director, Delta Project on Postsecondary Costs

New Jersey College Promise Experts in the News

Two New Jersey College Promise panel members were recently featured in articles in the national, electronic publication, *Inside Higher Education*, November 2, 2007 edition. The themes were productivity and affordability.

Jane V. Wellman, of the Delta Project on Postsecondary Costs, explained at a hearing of the House Education and Labor Committee that the federal government needs to do better collecting information about college expenditures so that it can be "more readily benchmarked and put in the hands of trustees."

In the same issue, Patrick M. Callan, of the National Center for Public Policy and Higher Education, published an essay decrying the fact that "the willingness of families to reach deeper into their pockets is reaching a breaking point." He calls upon institutional leaders to "look under the hood of higher education expenditures" rather than give excuses for inaction on cost containment. ■



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Policy Outlook

COMMITTED TO COLLEGE
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Kean University
Montclair State University
New Jersey City University
Ramapo College of New Jersey
Richard Stockton College of New Jersey
Rowan University
Thomas Edison State College
William Paterson University

Report Details Benefits of Higher Education

Anyone looking for a comprehensive list of both the individual and societal benefits of higher education need only consult the recently updated College Board publication: *Education Pays 2007*, by Sandy Baum and Jennifer Ma.

The benefits to the individual include not just higher earnings but more likelihood of having good health and employer-paid health insurance. Societal benefits include greater civic and volunteer work participation by college graduates and reduced unemployment and poverty rates among this population.

As times get rockier in New Jersey, fiscally speaking, advocates will need to stress all the positive economic and non-economic results of investing in public colleges that do so much good for all. ■