



NJ STARS II Needs Fixing Now

The NJ STARS II program, designed to provide free tuition to high-achieving county college graduates at New Jersey senior public universities, needs significant restructuring if it is to be continued.

That is the position of ASCU Executive Director/CEO Darryl G. Greer, who in a recent op-ed essay pointed out problems with the program, including unexpectedly high costs which neither the state nor state colleges and universities are eager to bear, particularly in a dire fiscal climate.

ASCU's formal position on NJ STARS II, shared at budget committee meetings of both houses of the Legislature, and more recently at a May 5th meeting of the Assembly Higher Education Committee, is simple: limit the program to what the state can afford, and no more, not requiring the senior colleges to fund it and not taking money from other important, need-based student financial aid programs.

ASCU is also concerned that the program's advocates are creating overly high expectations about students being able to go to college for free, especially in the wake of a proposal by the governor as part of his spending plan for FY 2009, to set a family income cutoff at \$100,000 for STARS eligibility.

The cost of the program to state colleges and universities next year is expected to

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Unless New Jersey Changes Course, Expect More Poaching of Our High School Graduates

As the Garden State invests another \$500 million in the public schools next year, the New Jersey Legislature is also considering a proposal to reduce higher education funding 10%, the fifth cut in 12 years. Unless the state changes course, more colleges and universities in other states will be taking our high school graduates over the years ahead, says Paul Shelly, an ASCU staff member who keeps a close eye on demographic trends.

Shelly predicts these academic poachers will offer incentives to New Jersey high school seniors, and that both public and private colleges will be seeking them out. State government policy will play a role; many states realize that where students land academically, they often stay to start careers and contribute to the tax rolls and economy.

New Jersey is in a losing position. It ranks 50th in the nation in four-year public college seats per high school graduate. It is number one in the nation in net out-migration of college-bound high school graduates. Yet, at the elementary and secondary school levels, except for New York State, New Jersey spends more per student, on average, than any other state: \$14,630 a year based on 2006 data released recently by the U.S. Census Bureau.

New Jersey public high school graduates over the next decade or so will remain at a solid 100,000 students per year, roughly. In neighboring states there will be a decline, according to a recent report from the Western Interstate Commission on Higher Education (WICHE) called "Knocking at the College Door; Projections of High School Graduates by State and Race/Ethnicity, 1992-2022."

Shelly believes that at least two big factors will contribute to an even greater "brain drain," here:

- A ten-year decline by 5 or more percent in the number of annual public high school graduates at many nearby states, including Pennsylvania, West Virginia, New York, Massachusetts, Vermont and New Hampshire, motivating these states to do more hunting for prospective students on our turf; and

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AASCU Surveys Institutional Cost Containment Efforts

The American Association of State Colleges and Universities (AASCU), in April, released a survey of cost containment solutions being used by 114 of its member institutions. The report concluded that recent cost containment efforts "have chiefly focused on support functions and business operations," although it also found that the majority of those institutions surveyed were open to looking at other areas, including academic service delivery.

Recommendations generated by the report include: preserving core academic functions, while leveraging technology to achieve savings in instructional areas; reporting and quantifying cost containment outcomes; and, inviting ideas from students and employees, as well as outside sources.

In the report's foreword, Jane V. Wellman points to the anomaly that while cost containment appears to be an institutional priority, it remains "somewhat of a budgetary afterthought." Wellman, a national figure in the area of higher education opportunity, is a member of the New Jersey College Promise Advisory Council.

In an April 1, 2008 article on the survey in *Inside Higher Education*, journalist Elia Powers notes that the report points to the need to set aside resources, "funding, staff and time ... to identify and carry out these measures." In other words, sometimes saving money first requires spending. Copies of the report can be found at www.aascu.org. ■

New Jersey Mulls Budget Cuts to Higher Education as Other States Invest

New Jersey is considering a 10 percent cut in direct state support to higher education as several other states are looking at how they can invest more to jump-start their regional economies and to have more local brainpower and wealth. The cut would take New Jersey's direct dollar support for the institutions back to the 1999 level—not adjusted for inflation.

New Jersey, however, is not the only state feeling the need to cut as the economy worsens: Alabama, for example, is also looking at cuts to public universities as well. Rhode Island's governor is also proposing cuts to higher education, including student aid.

Many states' leaders see this as a time to invest. Connecticut's governor and legislature, with bipartisan support, recently approved a \$950 million plan for facilities and infrastructure improvements in the Connecticut State University System. West Virginia's governor is also proposing multi-million dollar higher education increases. In Michigan, the governor's proposal for higher education includes new incentives to schools that improve degree productivity, help low-income students, and have commercially successful research.

"Some policy makers too often view higher education as a place to tighten belts rather than a place to make a strategic investment in the future," says Darryl G. Greer. "Others are more forward-looking."

Lately, higher education in New Jersey has taken a thrashing: New Jersey was the only state to invest less money in higher education over the FY 2006 to FY 2008 biennium, according to the most recent report of Illinois State University's *Grapevine*, an annual trend analysis. If the proposed budget is unchanged, this would be the fifth budget cut in the past dozen years.

Association officials — when considering this coming year's cuts, combined with other recent years' cuts — believe New Jersey's disinvestment in higher education could be one of the most significant retreats from state investment in colleges in the history of American higher education.

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2008 NJ State College/University Accountability Sourcebook now available on line!

ASCU Urges Law Allowing Colleges to Handle Workers' Compensation -- A Money Saver

In the wake of a *Star Ledger* series that found major failings in the state workers' compensation system and a call from that newspaper to overhaul the century-old system, ASCU has asked the state to allow its member institutions to assume this risk management responsibility. Currently, the Attorney General represents the institutions before the workers' compensation court, and the State Treasury Department charges each institution for administering these claims. The state colleges and universities also pay into the Sick Leave Injury fund to pay employees injured in the course of their employment. ASCU recently testified that, combined, these two payments (workers' compensation and sick leave) have become "increasingly unwieldy financial responsibilities made even more so by ineffective state management."

The New Jersey workers' compensation system "has not been seriously amended since 1979," *Star Ledger* reporter Dunstan McNichol wrote in an April 19th story. At least one state legislator has expressed the need for a complete overhaul.

State colleges and universities, as a group, are well positioned to handle additional risk management responsibility. Since the 1990's, the nine schools have collaborated on the purchase of insurance, and, in doing so, have saved hundreds of thousands of dollars annually ~ a factor which has helped restrain increases in tuition. College leaders believe that they could reap similar savings by assuming responsibility for workers' compensation. They also believe there would be benefits to employees: fewer delays in settlements. The *Star Ledger* investigation concluded that long delays in settlements are routine under the current system, caused by inadequate technology and staffing.

In testimony shared with staff members and members of the Senate and Assembly Budget Committees in April, ASCU urged the Legislature to help provide relief in this "area of burdensome state control." ASCU requested passage of legislation that would transfer the management of workers' compensation to the state colleges and universities. The institutions would create their own risk management fund modeled on that which was established by the county colleges 20 years ago. ASCU has shared draft legislation with potential sponsors to accomplish this reform. ■

NJ College Promise Advisory Council Update

The New Jersey College Promise Advisory Council met for a third and final time in Trenton on April 21st, reviewing a set of goals on affordability, access and accountability; ways to achieve them; and ways to measure progress.

Council members' ideas regarding the implementation of New Jersey College Promise center around four key goals:

- Send more New Jerseyans to colleges and make college more affordable.
- Increase overall institutional academic, administrative, and campus operations productivity; use savings not only to improve services but to reduce increases in tuition.
- Strengthen public trust by demonstrating effective governance.
- Use New Jersey College Promise to build a constituency and elevate the state colleges and universities to a higher priority on the state's public policy agenda.

These ideas will form the foundation to move forward on an advocacy agenda and reform efforts. First, Advisory Council members will review a final document of recommendations drafted by the Council's facilitator, Richard Novak, who is Vice President for Public Sector Programs and Executive Director, Center for Public Trusteeship and Governance at the Association of Governing Boards of Universities and Colleges. Based on Council members' comments, ASCU staff will draft final recommendations for implementation of New Jersey College Promise for review by its Board. ■

More Poaching of High School Graduates

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■ The fact that New Jersey high school students tend to be well prepared for, and oriented toward, college and, very often, are from affluent families who can pay for college.

New Jersey may very well see policy changes in other states designed to lure the Garden State's students. Meanwhile, ASCU has been critical of current New Jersey budget policy, which penalizes state colleges and universities for not charging their small (5-10%) share of out-of-state students what the state deems "full costs."

Other states' public universities are already moving toward tuition incentives for students from out of state, in some cases only for those who meet certain academic standards. Examples include South Dakota, Nebraska, Tennessee, Wisconsin, Kentucky, Arkansas, and Missouri. It is likely that nearby New York and Pennsylvania, facing declines in the number of high school graduates, will consider tuition breaks for Jersey students.

Rather than erecting barriers for out-of-state students, many states have "reciprocity" agreements with their neighbor states regarding giving tuition breaks to their students. Minnesota is a prime example; that state has agreements with Wisconsin, North Dakota and South Dakota.

The WICHE report is a call to action for New Jersey to ensure that students of all racial/ethnic groups are headed toward college. The share of Latino/Latina students will increase from 14 percent to 19 percent of the public high school graduate population between 2004-2005 and 2014-2015; Black, non-Hispanic students will compose 15 or 16 percent of future cohorts; and the Asian Pacific Islander student share will grow from 7 percent to 10 percent over the decade.

ASCU is voicing the need for a 21st century policy correction to address the capacity challenge and the brain drain. Through its New Jersey College Promise project, the association is seeking ways to address the state's college capacity shortcomings, which in turn affect college opportunity and economic development. Meanwhile, New Jersey students will continue to knock on the doors of affordable colleges and universities ~ both here and, for many, elsewhere. ■

Multimillion Dollar Savings Ongoing Through VALE Consortium

Among the cost savings strategies employed by New Jersey colleges and universities is the leveraging of database license subscriptions to achieve lower costs. A recent (2007) commissioned study of the VALE consortium, for which William Paterson University serves as the fiscal agent, found that cost savings achieved collectively, and by each institution, amounted to just under \$3.5 million in FY 2007. This is a savings of 46% over individual list price purchases. The consortium, whose name is an acronym for Virtual Academic Library Environment, has 53 member institutions. It was created in 1998 as a grassroots organization to develop interinstitutional connectivity and collaborative projects among New Jersey academic libraries.

For more information about the consortium, go to www.valenj.org. ■

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be about \$5 million, as enrollment in the program jumps over 50%.

Other evidence of the program's unintended consequences include the lack of college preparation of many of the program's beneficiaries; 30% of NJ STARS students need remediation before they can take college credit courses. Also, many of the students who enroll at state colleges and universities with NJ STARS II scholarships come from families with higher than average incomes. The program was promoted as a college opportunity program, presumably for students with high academic merit, but low income, who might need student financial aid.

Greer says, "New Jersey should not create major new student aid programs without taking a close look at how such programs can be funded to assist their intended beneficiaries." ■

Colleges Advancing Along Continuum Toward Privatization

An article in the November/December 2007 issue of *Trusteeship* magazine points to the trend toward privatization among both public and private higher education institutions in a changing economy. Outsourcing is only one of several kinds of privatization that can help contain costs or improve accountability, say authors Robert C. Dickeson and David J. Figuli. In the current, exigent environment academic institutions are finding useful what the authors call tactical alliances and strategical alliances. Tactical alliances would be exemplified by a consortium to leverage institutional buying power for economies of scale (e.g., the VALE consortium mentioned in this issue). Strategic alliances, the authors say, are broader in scope than tactical alliances and could include partnership ventures with for-profit firms. An example of this would include an institutional agreement with a nonprofit developer to provide student housing. ASCU is currently advocating for more flexibility for its member institutions to engage in such ventures with the goals of student affordability and service.

The authors stress that privatization is a continuum with plenty of room for possibilities between the poles of operation as fully self-contained institutions and as fully privatized ones. ■

Closing the Gap Between Graduation Rates of Black and White Students

Peter Schmidt of the *Chronicle of Higher Education*, in its May 2, 2008 issue, had an article on the report of Washington, DC-based research group Education Sector. The report, he said, concluded that "Colleges already know how to close the gap between the graduation rates of black and white students, but too few have been willing to take the steps needed to do it."

Ways institutions can close the gap mentioned in Schmidt's article include beefing up student services; actively following up students' progress (rather than waiting for problems to arise); and creating learning support communities in which about two dozen students take courses together. The report also suggests some state policy solutions, such as incentives for graduating more minority students.

Some of the suggested approaches parallel steps New Jersey state colleges have taken to improve graduation rates. Kean University, for example, has, over the past few years, beefed up and unified in a single building many student service functions.

A table in the report prominently features Richard Stockton College as an institution which has both high graduation rates and a zero gap.

Copies of the report are available at www.educationsector.org. ■

NJ Mulls Cuts to Higher Education

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Request for less severe cuts. State college and university leaders, recognizing the state's fiscal jam, are asking that some of the proposed cuts be restored. That action would help institutions avoid layoffs, not have to defer critical faculty and staff hires, and address focused building maintenance to avoid costly future repairs and become more energy efficient.

Students and college leaders have been vocal about the detrimental effects of reduced support for institutions. And, so far, at least one group from beyond higher education has spoken against the severe cuts; during the first week of May, the Legislative Black Caucus held a press conference urging restoration of funds. ■



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Policy Outlook

COMMITTED TO COLLEGE OPPORTUNITY FOR NJ CITIZENS

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ASCU MEMBER INSTITUTIONS:

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

State College Credit Strength Persists Despite High Debt and Low Support

The New Jersey Educational Facilities Authority's (NJEFA) December 2007 newsletter *Building Futures* featured a significant interview between the Authority's communications director, Sheryl A. Stitt, and John C. Nelson, Managing Director of Public Finance with Moody's Investors Service. In it, Nelson had this to say about New Jersey's public colleges and universities, "While they are rated somewhat lower than similar sized institutions in other states because of lack of state capital support and weak balance sheets, *they are still rated in the middle of the investment grade scale, which says a great deal about their credit strength, which is largely derived from their ability to generate consistent student demand.*" [Emphasis added.] ■