

State Must Help Colleges Keep Higher Education Affordable

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When voicing the need for responsible state investment in higher education, policy principles are at least as important as increased dollars. For the nine state colleges and universities, New Jersey's principal baccalaureate resource, these policy principles are paramount in considering the Fiscal Year 2008 state budget.

Fund state mandates. The state should fund the salary increases it negotiates with employee unions. The state colleges and universities greatly value their talented faculty and staff, but the state often passes the cost of their raises on to the institutions. Passing along this IOU helps drive college costs beyond the rate of inflation. We estimate that the prospective state-negotiated contracts could cost the state colleges and universities \$18 million to \$20 million in FY 2008 alone.

Likewise, to help keep college affordable, the state should fulfill promises of student aid that are yet to be adequately funded. A prominent example is the new NJ STARS II program to help high-achieving community college students transfer to four-year colleges. Under the current budget, STARS II leaves a gap of about \$1 million to be covered, somehow, but the state colleges. Such unfunded mandates play havoc with institutional budgets and hamper efforts to hold down cost increases to students.

Make basic support predictable. Up 4 percent one year, down 8 percent the next, and up 4 percent the year after, with no capital funding for facilities. This is no way to provide fiscal stability to institutions or to those who pay tuition. It also obscures the true pattern of state investment.

The promise of predictable long-range state investment in educational and facilities funding would make college more affordable and allow more certainty in projecting tuition increases.

Make student aid more rational. New Jersey student aid programs are a success story. Yet, the state should think carefully before investing in new programs, or curtailing existing ones. One example is the Outstanding Scholar Recruitment Program, designed to reverse the brain drain by keeping talented students in the state. The Institute for Higher Education Policy concluded in a 2004 study for the New Jersey Higher Education Student Assistance Authority that the program ought to be made statutory, expanded and better publicized. The current budget proposal phases it out.

Fund ongoing and long-term facilities needs. The state should answer the call to fund higher education facilities needs. With needs for all New Jersey institutions conservatively estimated at \$6 billion, and no state capital appropriations for years, New Jersey is losing its competitiveness.

One way to fund facilities is through a general obligation bond issue for higher education. There has not been one since 1988. Another helpful step would be a separate annual appropriation (typical in most states) to public institutions for facilities.

Don't penalize institutions for enrolling some out-of-state students. New Jersey has a new policy proposal that exacts a fiscal penalty on institutions that serve out-of-state students but do not charge them 100 percent of Trenton's estimate of per-student education cost. The policy does double-edged harm. It risks that public institutions in other states will treat New Jersey likewise, thus costing families more. It also makes our schools less attractive to students out-of-state.

As the budget for FY 2008 is shaped in Trenton over the coming weeks, we look forward to working with the governor, the Legislature and others on policy that will make college opportunity a reality for more New Jerseyans.