

Testimony before the Senate Budget and Appropriations Committee
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Good afternoon Chairman Bryant and members of the committee. Thank you for providing the opportunity to talk with you today about higher education in New Jersey. Dr. George Pruitt, Chairman of the Presidents' Council, and I will provide testimony this afternoon, and Presidents Rosemary Jeffries, Richard McCormick, Bruce Vladeck, Robert Altenkirch, and Steven Rose, as well as Michael Angulo, Executive Director of HESAA, are also at the table to respond to questions you may have.

I am pleased to be speaking on behalf of the Commission on Higher Education. Commission Chairman Kevin Collins and our Executive Committee support the comments I will make today, which are consistent with the Commission's views.

Higher Education is facing challenging times across the nation on several fronts, with a great deal of attention focused on accountability in meeting state goals. Here in New Jersey efforts are underway to rebuild the public face of our medical school to better reflect the excellence within the university. In addition, Governor Corzine recently established the Commission on Efficiency in State Government, and we are happy that the first task force announced by Chairman Richard Leone is focused on ideas to strengthen higher education in New Jersey.

In the Commission's fiscal 2007 budget policy statement submitted last October, the Commission requested increases in a variety of programs that accurately reflect the needs in the state. In light of the state's current budget circumstances, however, we understand that implementation of those requests is not feasible. The proposed higher education budget reflects the seriousness of the state's financial situation.

We know that college presidents have engaged in painful discussions on their campuses about changes they will need to make to respond to the proposed cuts, and I am sure they will comment on their efforts today. The Governor has stressed the need to find efficiencies in campus budgets. And he also expressed his desire to restore funding to higher education if additional savings and revenues can be found. We encourage the Senate to pursue that goal as well. At the same time, we understand that in order to put the state on sound financial footing, decisions have to be made responsibly and with real dollars. No one is envious of your job.

The Governor's proposed higher education budget of nearly \$2 billion represents a 7.9% decrease from the fiscal 2006 budget of \$2.148. Certainly, these are times when every institution must examine its budget carefully, establish clear priorities that reflect the best interest of the students, and make tough choices, as the Governor has done. Like the institutions, we are examining our own budget at the Commission and making some hard decisions. At the same time, it is important that we come together in partnership to find a way to preserve a high quality, affordable system of higher education in this state.

For more than a decade, the Commission has spoken in unison with colleges and universities regarding the need for access, affordability, and excellence in higher education. We continue to stand with them in support of a reasonable budget for higher education, and we are eager to work with the Legislature and the Governor to achieve that.

What I will focus on today are broad recommendations made by the Commission regarding the budget. Our recommendations are consistent with the overarching goals of the long-range plan, *A Blueprint for Excellence*: (1) to enhance the quality of programs and services, (2) to tie institutional accountability to state goals, and (3) to continue efforts to make the cost of higher education affordable for New Jersey families.

Governor Corzine made a noteworthy effort in his higher education budget proposal to pay special attention to those who were the most vulnerable. Maintaining the fiscal 2006 funding levels for EOF and providing an increase of \$6.3 million for part-time and full-time TAG sent that message. At the same time the Governor's budget proposes that merit-based aid for new Outstanding Scholars Recruitment Program awards be assumed by the participating institutions; students already participating will not see a reduction in their aid.

Student affordability is also affected by institutional efficiencies and direct state support levels for institutions. As called for in the *Blueprint*, the Commission has initiated discussions to develop a new funding methodology for the senior public colleges and universities; there is currently no state policy to guide appropriations. In July 2005, The Senior Public Operating Aid Task Force began meeting, and we hope to reconstitute that group and have recommendations in the next few months that would guide budget decisions and provide reasonably predictable state operating support that is linked to the public's demand for quality and accountability. We are eager to work with state policymakers to complete the work of this task force, as well as the task force on long-term capital needs. These efforts, and others to follow, will provide a clear higher education policy and funding framework for New Jersey in the future.

Public expectations of accountability for higher education outcomes have increased over the past decade, as have expectations for fiscal accountability, which have spilled over to the nonprofit sector from the new federal requirements placed on the corporate world. Each college goes through periodic accreditation reviews by the regional and specialty accreditors who look at both program integrity and quality. Each of the colleges in every sector is already accountable to the students who attend their schools. They offer high-quality programs and courses, and if they are not meeting student needs, students often leave. But accountability measures are only effective if they respond to the concerns of the public and the elected officials who serve them.

Focusing on clear outcomes developed with the institutions could provide discreet paths for schools to get targeted funding while respecting their missions and their autonomy. Outcomes could include but not be limited to goals in the long-range plan such as increasing seats, offering course options that maximize campus usage, creating courses and schedules that facilitate non-traditional schedules, accelerating time to degree, or creating programs that directly respond to the needs of New Jersey business and industry.

Student transfer outcomes and their relation to accountability have become a national issue, and New Jersey is no exception. Students expect high-quality programs and coordination among two- and four-year colleges that will articulate a clear pathway for smooth transfer from associate to baccalaureate degree programs.

The NJ Transfer program has provided an efficient mechanism for obtaining information about transferring within the state. The operating funds to support this program will shift from the state to the participating institutions under the proposed budget, and the budget and operations of this program should be reviewed for efficiencies as well. Providing electronic information was an innovative first step. The Commission is currently engaged in efforts with the Presidents' Council to go beyond the information available through NJ Transfer to significantly increase coordination and articulation across institutional programs to avoid course duplication, increased expenses, and delay in degree completion.

In addition, the public is interested in faculty and administrative size and salary. They will be looking to make sure that the burden of any reduction in state support is not held just by students and their families through higher tuitions. New Jersey four-year public institutions, like so many across the country, have raised tuition every year over the last decade as state support per student has decreased in most states. Those tuition increases have come in good budget times and bad. New Jersey's average four-year public tuition and fees ranked second in the nation in 2004. The average state support per full-time student at all two- and four- year public institutions ranked 6th in the nation in 2004.

The Commission shares your concerns and those of college presidents, as support for public higher education is relying more heavily on the student and family each year. While New Jersey's commitment to need-based aid has supported public higher education on a high-tuition high-aid model, there is a point at which tuition becomes so high that the model is no longer practical. With the second highest four-year public tuition in the nation, the state must work with the institutions to do all that can be done to curb tuition increases. Changes at the campus level are essential, along with your efforts and those of the Governor to restore funding for higher education to the degree possible.

In closing, the members of the Commission understand that this year is different. The state is faced with extraordinary budget shortfalls, and higher education has been seriously cut to help address the budget problems that have been created and exacerbated over many years. We recognize that we did not get to this situation in one year, and it seems highly unlikely that we will resolve it in one year. Governor Corzine has said publicly that even if we enact all of the proposed savings in his budget, we will still have a \$1.5 billion deficit in fiscal 2008. Clearly, postponed payments and budget gimmicks helped cause this problem, so we cannot rely on them to solve it.

Recognizing that, the Commission would like to stress several key realities:

- Each campus should be focused on controlling spending by looking at every aspect of the budget and making decisions that reflect the seriousness of the fiscal situation. The problem can not be solved with business as usual.

- Tuition increases should always be a last resort. The presidents understand better than any of us that with each increase you are pricing some students out of your campus, so steps must be taken at the institution and state levels to minimize those increases to the greatest degree possible.
- Some level of restoration of state support by the Legislature and Governor is critical to preserving the quality of higher education programs and services. That restoration may provide the groundwork for an articulated set of priorities for a more comprehensive plan to meet the goals of a stronger system of higher education.
- We need to work together to attract federal, foundation, and business support for our campuses to provide high quality academic programs and cutting-edge research. Across the nation corporate America is building joint facilities on college campuses and providing opportunities for faculty and students to engage in collaborative teaching, learning, and research, and we need to encourage that here in New Jersey.
- We need to work together to identify potential legislative actions that may assist institutions in reducing their budgets and achieving state goals.
- And finally, as we reconcile this year's budget we should begin to work on long-term policy and financing solutions so that we are able to plan well into the future and address problems related to deferred maintenance, new construction, future enrollment growth, academic programs, and student outcomes.

Members of the Commission and the staff are ready to work together with the presidents and legislators to do whatever is possible to build a better system of higher education in New Jersey.

I look forward to the testimony of my colleague and to your questions, and I thank you again for the opportunity to participate today.