The Report of the Governor’s Task Force on Higher Education

Prepared by:
The New Jersey Higher Education Task Force
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Transmittal Letter

December 1, 2010

The Honorable Christopher Christie
Governor
State of New Jersey
State House
125 West State Street
Trenton, New Jersey 08625-0001

Dear Governor Christie:

On behalf of my colleagues on the New Jersey Higher Education Task Force, I am pleased to present you with our report.

Since you convened us in May, we have worked hard to examine the many issues you charged us to review regarding higher education in New Jersey. We took our responsibilities seriously, meeting regularly and consulting with experts in such areas as governance, financing, mission, student aid, and workforce development. National experts helped us put our deliberations into a broader context.

All of these leaders of higher education provided their best thoughts on how to improve New Jersey’s colleges and universities, and their relationship with the State. Access to a high-quality college education that ultimately supports New Jersey’s economic development quickly emerged as the overriding themes of the remarks we received.

While closely considering the recommendations we collected, we remained mindful of the fiscal crisis facing New Jersey. The effects of the recent recession continue to jeopardize the State budget, making it difficult to make a significant investment in higher education in the short term. But the time to make at least a deposit on our future is now.

As soon as possible, New Jersey must re-prioritize State resources toward the benefit of New Jersey’s college students. We cannot continue down a path paved over the past 20 years that bypasses higher education. Our families, our economy, and our future depend on rebuilding and strengthening the State’s support for our colleges and universities.

Thank you for the opportunity to advise you on these important matters. We remain at your service as you consider our recommendations and begin crafting new policies for the future of higher education in New Jersey.

Sincerely,

Tom Kean
The New Jersey
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Acknowledgements

We are grateful to the more than 150 people who met with us, responded to our questionnaire, and shared their expertise and insights into how to improve higher education in New Jersey. Without their cooperation and ideas, our work would not have been possible.

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Finally, we thank our own staff members—Betty Bruno, Karen Buyofsky, Nicole Costanza, and Linda Vasbinder—for juggling our calendars and taking on additional tasks to assist us.
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Executive Summary

Higher education in New Jersey has arrived at a decisive moment. After twenty years of declining State funding and increased tuition, the fortunes of citizens and our state hang in the balance. Student access to an affordable college education and the economic prosperity of our state are at stake. New Jersey must decide to change course and provide greater support for higher education.

If we increase investment in New Jersey’s colleges and universities, we must be confident they are guided by wise, independent trustees. Trustees must be held accountable for success, and the State must have an effective governance structure.

As the Executive Order establishing this Task Force notes, New Jersey’s institutions of higher education have not met their full potential. They have been held back by regulations that drive up costs. They have not received adequate support to provide the programs and build the facilities they need to serve record numbers of students. Too many of our best and brightest students leave New Jersey to go to college in another state.

Let there be no doubt that New Jersey today has dynamic colleges and universities that are centers of educational excellence. They educate thousands of students, conduct groundbreaking research, and perform valuable public service. They are treasured assets of this state.

It is time to renew the state’s commitment to sustain its colleges and universities and to help them achieve greater success. A long period of inadequate State investment must now be stopped and reversed. Our recommendations, summarized below and listed in detail in the next section, seek to improve the relationship between New Jersey and its institutions of higher education. This in turn will help propel the state’s economic prosperity.

Throughout these recommendations runs our recognition of New Jersey’s existing fiscal crisis. The State probably cannot afford, at this time, to fully increase funding for higher education at the levels that are needed. Higher education’s funding trench was dug across two decades and cannot be filled in a year or two. But we must stop digging now and begin building up higher education’s resources as soon as possible.

Serving New Jersey’s Students

A college education in New Jersey must remain affordable. No capable student should be denied a college education because of his or her financial circumstances. Once in school, students should have access to excellent faculty members and facilities.

For the good of all students, the State must, as soon as possible, provide greater financial support—both operating and capital—for New Jersey’s colleges and universities. While fully recognizing the State’s immediate budgetary concerns, the erosion of funding over the past twenty years has weakened the foundation of New Jersey’s economy and has caused a crisis. Appropriate support for New Jersey’s colleges and universities will help ensure that a college education is accessible to our students.

To address the critical capital needs at the state’s colleges and universities, New Jersey should, as soon as possible and practical, issue general-obligation bonds. One bond, targeted in scope, should support a permanent revolving fund for Rutgers, the other senior public colleges and universities, and the independent institutions. A larger bond, issued as soon as the State’s finances can support it, should
provide all institutions with much-needed funds that have not been available since the Jobs, Education and Competitiveness Bond Act of 1988. The State should also increase bond proceeds available to the county colleges under their Chapter 12 program. In addition to these bond programs, the State should establish a dedicated revenue stream to provide annual capital funding for institutions of higher education. After years of neglect, New Jersey must build academic facilities for a 21st-century education at our colleges and universities, protect the resources we already have, and take the burden for financing these projects off the backs of students.

To support students in need, the State should maintain current policies regarding Tuition Aid Grant (TAG) funding for students at all eligible institutions of higher education in New Jersey. Students and institutions alike rely on this funding. Significant changes in policy that reduce aid can cause some students to no longer be able to afford their college education, and jeopardize the financial strength of the institutions themselves.

**Protecting the Public Trust**

New Jersey must reform its statewide coordinating structure for higher education. The Commission on Higher Education should be eliminated and replaced with a Secretary of Higher Education and a new Governor’s Higher Education Council.

The Secretary of Higher Education should be appointed by and report directly to the governor, with Senate confirmation. The Secretary of Higher Education should not be a formal member of the governor’s cabinet, but should have cabinet rank.

The Secretary should staff a five-member Governor’s Higher Education Council, which would provide advice and counsel to the governor. The duties of the Secretary and the Governor’s Higher Education Council must be more targeted than the many responsibilities currently performed by the Commission on Higher Education.

All colleges and universities should have strong, independent boards of trustees composed of distinguished citizens. New Jersey should value these volunteer trustees, who must be knowledgeable, experienced stewards for our colleges and universities. Toward that end, trustees should have the qualifications necessary to ensure their ability to oversee effectively the institutions they serve. The governing boards of the senior public colleges and universities—except for Rutgers, which is governed by separate laws—should initiate the trustee nomination process by reviewing candidates and presenting them to the governor.

The State should recognize and respect the unique relationship it has with Rutgers and the other senior public colleges and universities by continuing to give these institutions a high degree of autonomy. The governance and conduct of the institutions must be free of partisanship.

The State should not place caps on tuition and fees at Rutgers and the other senior public colleges and universities. Caps on tuition and fees infringe on institutional autonomy. Institutional leaders, attuned to the needs of their campuses, must be trusted to set the level of tuition appropriate to raise the funds needed to support their operations and maintain educational excellence.
Ensuring and Expanding Quality

A broad effort should be made to examine the quality of higher education institutions in New Jersey. All institutions should be challenged to identify peer and aspirational peer institutions, and then select and compare relevant metrics. Institutions should provide these “dashboard indicators” to their boards of trustees regularly and publish them on their Web sites annually.

New Jersey should reestablish a Challenge Grant program, which boosted the quality of our colleges and universities in the 1980s. Rutgers and the other senior public colleges and universities, the independent institutions, and the county colleges would compete for grants to help them achieve important public purposes identified by the State.

To retain New Jersey's best and brightest students more effectively, the State’s merit-based scholarship programs should be transformed into a broader-based, more comprehensive program. NJ STARS, NJ STARS II, and the Coordinated Garden State Scholarship Initiative should be amended into a single, less costly program that provides a scholarship to top students that can help pay tuition at any accredited two–year or four–year, public or private institution of higher education in the state.

We need to protect those students who have the talent and desire for a college degree but who cannot afford one. The State should provide a sufficient investment in the Educational Opportunity Fund, including an increase in funding as soon as possible. The Educational Opportunity Fund is a resounding success, helping thousands of low-income students get a college education.

Propelling Rutgers from Good to Great

New Jersey is proud of Rutgers University, its only comprehensive public research university. Rutgers is a well-respected university. For New Jersey’s students to receive the quality of higher education they deserve, and for all our citizens to have the economic future we want, Rutgers must become a great university. Rutgers provides many valuable services to the state, but it is first and foremost the state’s public research university, and it needs to establish itself among the nation’s top ten public research institutions.

Leaders from the university and the State must develop a bold vision for Rutgers. The university should make strategic decisions to allocate resources that eliminate redundancy across the campuses and to focus on areas of excellence. Rutgers should focus its energy, attention, and resources on ways to become a national center of excellence in its research capacity, professional schools, and doctoral programs.

If the State demands more from Rutgers, it is only right that Rutgers demand more from the State. State appropriations to Rutgers must stabilize, and then be increased, in both operating appropriations and capital support. The best researchers and students demand the best facilities and equipment, and the State should help Rutgers build and buy what it needs to attract the best talent.

Few great research universities do not have a medical school. Having a medical school would help Rutgers attract top-flight researchers, increase federal research grants, and create exciting interdisciplinary opportunities among Rutgers' distinguished academic departments.
Transforming Medical Education in New Jersey

The University of Medicine and Dentistry of New Jersey should be fundamentally transformed while sustaining the integrity of medical education and healthcare delivery in the city of Newark. Although this issue is enormously complex, a combination of evidence received by the Task Force, past studies on this issue, and developments over the past five years point toward the need to initiate transformational change at UMDNJ immediately.

The need to reform medical education in New Jersey, and the institutions that serve it, is an important public policy and educational issue that has been discussed for years and left unresolved. As presently configured, the central administration of UMDNJ is seen by many as organizationally cumbersome and adversely affected by a bureaucratic approach, political intervention, and expedient financial decisions.

To establish a first-class comprehensive university-based health science center in New Jersey, Robert Wood Johnson Medical School and the School of Public Health should be merged with Rutgers University’s New Brunswick-Piscataway campuses. When Robert Wood Johnson Medical School merges with Rutgers, concurrent steps must be taken to address the other important operations of UMDNJ, including University Hospital, New Jersey Medical School, the future of medical education in Newark, and medical education in South Jersey.

University Hospital’s mission to the city of Newark and to its citizens must be maintained and strengthened. University Hospital is an important facility. It provides healthcare services to the citizens of Newark and the surrounding area, while also helping train medical students attending New Jersey Medical School. Its mission to Newark and its people must remain its central focus.

New Jersey, the home of some of the world’s best pharmaceutical and biomedical companies, should have institutions of higher education that lead the nation in attracting federal research funding. Moreover, New Jersey needs a clear vision of medical training and research for the 21st century. Educating doctors and other medical professionals, conducting cutting-edge research, and serving the healthcare needs of New Jersey’s residents need to be balanced. They need to be placed in the hands of institutional leaders who will protect the human and structural assets behind all these operations.

An expert panel should be convened as soon as possible to implement these recommendations. It will have to consider the many complex issues regarding UMDNJ’s other important functions and services. This new panel should also resolve other undecided issues outlined in this report, including a proposal from the Vagelos Commission to merge senior public higher education institutions in Newark, and a proposal to merge senior public higher education institutions in South Jersey. Immediate resolution is imperative for the public good.
Expanding an Educated Workforce and a Vibrant Economy

New Jersey’s workforce in 2018 will require more bachelor’s degrees than the workforce of any other state but Massachusetts. To make sure New Jersey has the educated workers our economy will demand, we must make progress in two critical areas: preparing students for college and keeping more New Jersey students here to attend college.

A surprising number of students entering New Jersey’s institutions of higher education require remedial instruction, particularly in English and math. The cost of courses that repeat material that should have been learned in high school is in the tens of millions of dollars, diverting resources from higher education. For example, at the community colleges, approximately 70% of the first-time, full-time students enrolled in the fall 2008 semester took at least one course in developmental reading, writing, math computation, or basic algebra, costing $70 million annually in instruction. Our K-12 school districts must do a better job educating our students and preparing them for college-level work.

Colleges and universities themselves should reach out to their local school districts and provide opportunities for college-level learning and experiences on campus. Some of our institutions are applauded for already providing programs like this and inspiring high school students to go to college.

The state should sharpen its focus on key transition points in the educational system where students might lose momentum toward developing postsecondary skills and aspirations. Representatives from State government, the business community, civic organizations, school districts, and institutions of higher education should meet on a systematic and ongoing basis to explore ways to plug these leaks in the education pipeline.

New Jersey must stem the tide of its brightest high school graduates who leave the state to attend college. New Jersey leads the nation in net outmigration of college-bound students, losing about 30,000 first-year students a year and taking in only about 4,000 students from other states. New Jersey must increase the capacity of its colleges and universities to accommodate the able students who leave because they cannot find space in our college classrooms. On the other side of this equation, New Jersey’s colleges and universities should attract more talented students from other states. A diverse student body provides benefits in and beyond the classroom, and could entice students from other states to work in New Jersey after they graduate here.

New Jersey must develop a structure to foster better collaboration between its businesses and its institutions of higher education. With better cross-pollination between public and private research, New Jersey’s economy could launch more creative entrepreneurship and more beneficial commercialization.

Reestablishing the Commission on Science and Technology could create a focal point for collaboration between university and private research. A revitalized Commission could help establish best practices for all institutions of higher education for partnering with private collaborators. These best practices would help open these institutions to investment and innovations available in the private sector throughout the state.
Conclusion

During his campaign for a seat as a representative in the Illinois General Assembly in 1832, Abraham Lincoln said he had a “desire to see the time when education ... shall become much more general than at present, and should be gratified to have it in my power to contribute something to the advancement of any measure which might have a tendency to accelerate that happy period.” The reading, writing, and ciphering needed to succeed in Lincoln’s day have been eclipsed by the advanced education needed to succeed in the modern world. It is time for New Jersey to accelerate a period of greater and better attainment of higher education in our state.

Students must have access to a high-quality college education in New Jersey. The State must provide the resources for students who have the intellectual ability to go to college but cannot afford to attend. Institutions must be accountable for successfully fulfilling their distinctive missions. New Jersey’s economic development depends on their success.

Higher education is indispensable to a thriving economy and an inclusive society. In addition to a well-trained workforce, New Jersey needs an educated citizenry to participate fully in our civic and artistic activities. College graduates are more likely to vote, participate in community groups, and sustain the environment than residents without a college degree. New Jersey’s future depends on expanding educational opportunity.

New Jersey’s liberty and prosperity, our very motto, depend on the teaching, research, and creativity at our institutions of higher education. The State must reverse decades of underfunding and neglect and instead invest in and embrace our colleges and universities. The recommendations in this report, implemented as soon as fiscal prudence permits, will strengthen higher education in New Jersey, allowing us to grasp the opportunities of the 21st century and to help ensure economic vitality and civic engagement throughout the state in the years ahead.
Recommendations

Governance

Statewide Coordination

1. The Commission on Higher Education should be eliminated and replaced with a new structure empowered to succeed.
2. A Secretary of Higher Education and a new advisory Governor’s Higher Education Council should stand at the center of the new structure.
3. The Secretary should staff the Governor’s Higher Education Council.
4. The Presidents’ Council should be retained substantially in its current form.

State Intervention

1. The Secretary of Higher Education should have the authority to demand the board of trustees of a college or university in New Jersey to take immediate corrective action when an institution either fails or is at risk of failing because of such serious situations as financial difficulty, fraud, or gross mismanagement.

Institutional Governance

1. Trustees should have qualifications to ensure their ability to oversee the institutions in their charge.
2. The State should recognize and respect the unique relationship it has with Rutgers and the other senior public colleges and universities by continuing to give these institutions a high degree of self-governance, and ensuring that the governance and conduct of the institutions shall be free of partisanship.
3. Except for Rutgers, which is governed by the 1956 Compact, the governing boards of the senior public colleges and universities should initiate the trustee nomination process by reviewing candidates and presenting them to the governor.
4. All boards of trustees not covered under P.L. 2009, c. 308 should, if they have not already done so, take the following actions to ensure the transparency and accountability of their actions: establish an audit committee, appoint an internal auditor, and conduct an annual audit by an outside auditor.

Regulations and Unfunded Mandates

1. To increase the efficient operation of all of New Jersey’s colleges and universities and to help them achieve their missions, the bipartisan Red Tape Review Commission should act favorably on the New Jersey Presidents’ Council’s “Regulatory Relief and Unfunded Mandates” report.
2. To make rules regarding personnel consistent among Rutgers and the other public colleges and universities, the legislature should pass Governor Christie’s tool-kit bills that would reform workers compensation, collective bargaining, and civil service at the state colleges and universities.
3. Going forward, the State should pay for any mandates imposed on New Jersey’s colleges and universities.
Ethics Compliance

1. Trustee nominees for Rutgers and the other public institutions of higher education should be required to complete only one set of application forms that is acceptable to the Executive and Legislative branches.

2. Trustees, once confirmed, should be required to file only Conflicts of Interest forms as currently required, not the Financial Disclosure Statements required of State officials.

Quality

1. All institutions should be challenged to identify peer and aspirational peer institutions, select relevant metrics regarding missions for comparison, and publish the results annually on their Web sites.

2. The State should dedicate more resources toward the collection and analysis of higher education data, and the proposed Secretary of Higher Education should oversee this task.

Competitiveness

1. Policies hindering the competitiveness of New Jersey’s colleges and universities should be eliminated, such as those affecting salaries and benefits at Rutgers and the other senior public colleges and universities.

Mission

Mission Differentiation

1. New Jersey should revise its legal definition of “mission”.

2. New Jersey should eliminate the legal bifurcation of the 12 senior public institutions into “public research universities” and “state colleges and universities”.

3. All institutions should undertake an immediate review of their missions to ensure the mission is apt for their operations.

4. The current regulation that limits the number of teacher-education credits that can be transferred from county colleges should be retained.

5. Princeton University should enhance its role in researching and recommending solutions to New Jersey’s public policy and educational issues.

6. New Jersey’s proprietary institutions of higher education deserve the attention of policymakers.

7. The legislature should refrain from trying to micromanage New Jersey’s colleges and universities, and the governor should oppose, and ultimately veto, such measures.

8. New Jersey should charge a fee on out-of-state institutions seeking licensure.
Teacher Education

1. New Jersey should transparently report rankings and results of the state’s teacher preparation programs and institutions.

2. Colleges and universities should track the performance of their teacher education graduates through quantitative data and qualitative feedback from employers (schools and districts) and the alumni themselves.

3. New Jersey should consider incentives to support teachers taking on differentiated roles (e.g., coaching or mentoring other teachers, particularly in hard-to-staff subjects or schools) that have potential for closing achievement gaps related to poverty, race, immigration status, and the need for English as a second language.

Financing/Affordability

Capital Financing

1. New Jersey should address the critical capital needs at the state’s colleges and universities with proceeds from general-obligation bonds, one issued as soon as possible to support a revolving fund, and one issued as soon as practical to provide a significant infusion of financial resources.

2. Institutions should receive annual capital support.

3. The statutory ceiling on the total principal amount of the county colleges’ Chapter 12 bonds for which the State pays debt service, last raised in 2004, should be raised above the current limit of $265 million.

4. New Jersey should restore appropriations for the Higher Education Incentive Funding Program (P.L. 1999, c. 226) to help institutions attract private endowment contributions and other donations they would not otherwise receive.

Operating Support

1. While fully recognizing the State’s immediate budgetary concerns, we recommend that the State must, as soon as possible, provide greater financial support for the operating budgets of New Jersey’s colleges and universities.

2. Current policies for providing funding to the county colleges and to the independent colleges and universities should be maintained.

3. New Jersey should develop and implement a more rational approach to allocating State aid among Rutgers and the other senior public institutions of higher education. We recommend, as soon as fiscal realities permit, both the additional operating funding called for throughout this report to place New Jersey where it should be to build its economic future, and separate, additional funding to help correct existing disparities in operating funding.

4. New Jersey should reinstitute Challenge Grants.

5. The Secretary of Higher Education should review annual budget requests from institutions, and after consultation with the Governor’s Higher Education Council, make recommendations to the governor for distributing any new funds based on criteria for Challenge Grants and other new grant programs.
Institutional Reserves

1. New Jersey’s colleges and universities should maintain adequate reserves, which should not be viewed by State budget analysts as a cushion against appropriations cuts.

2. The Secretary of Higher Education should recommend minimum required levels of institutional reserves as part of maintaining the fiscal health of each institution of higher education.

Tuition

1. The governor and legislature should not impose tuition caps on Rutgers and the other senior public colleges and universities.

2. To help mitigate tuition increases, the State should fund increases in salaries negotiated at the 12 senior public colleges and universities at least at the same level as any increases in salaries negotiated with State employees.

3. Institutions should not increase tuition in one-year increments that are unreasonably large compared to past years’ increases.

Student Assistance

1. The State should maintain current policies regarding TAG funding for students at all eligible institutions of higher education in New Jersey.

2. The State should provide a sufficient investment in the Educational Opportunity Fund, including an increase in funding as soon as possible.

3. The NJ STARS programs and the Coordinated Garden State Scholarship Initiative should be transformed into a broader-based, more comprehensive program to achieve the important objective of retaining New Jersey’s best and brightest students more effectively, and to maximize the value from the State’s $26.49 million investment in merit-based scholarships.

4. New Jersey must improve the application process for student assistance.

Student Debt

1. The State and our colleges and universities must be mindful of the debt burden carried by students and their families to afford a college education by putting policies in place to help mitigate unreasonable annual increases in tuition or to spread increases over time.
Rutgers—The State University of New Jersey

1. Rutgers should strategically choose to invest in areas of excellence, and eliminate redundancy across its campuses.

2. The State should stabilize, and enhance when fiscally possible, its financial support to Rutgers. Specific steps toward increased appropriations and capital support are discussed in more detail in the section on Financing/Affordability.

3. Rutgers should prepare to merge with the University of Medicine and Dentistry’s Robert Wood Johnson Medical School and School of Public Health to establish a first-class comprehensive university-based health science center.

4. Rutgers must place undergraduate education in the context of its other important responsibilities.

5. The president of Rutgers should at times act as the spokesperson for higher education in New Jersey.

6. As New Jersey’s land-grant institution, with a tradition of contributing to the state’s economic development, Rutgers must work more closely with the state’s business community.

7. Rutgers should increase the resources it provides to Rutgers-Newark.

8. Rutgers-Camden must receive appropriate support to contribute to Rutgers’ statewide mission.

9. Rutgers must continue to have strong, independent institutional governance. Its complicated governing structure, however, should be reviewed and streamlined if possible, with due respect to the principles of the 1956 Compact.

UMDNJ and Medical Education in New Jersey

1. The University of Medicine and Dentistry of New Jersey should be fundamentally transformed while sustaining the integrity of medical education and healthcare delivery in Newark.

2. Robert Wood Johnson Medical School and the School of Public Health should be merged with Rutgers University’s New Brunswick-Piscataway campuses to establish a first-class comprehensive university-based health science center.

3. When Robert Wood Johnson Medical School merges with Rutgers, concurrent steps must be taken to address the other operations of UMDNJ, including University Hospital, New Jersey Medical School, the future of medical education in Newark, and medical education in South Jersey.

4. An expert panel should be convened as soon as possible to implement these recommendations from concept to action, and to consider possible next steps or options expressed to the Task Force. These include a proposal from the Vagelos Commission to merge senior public higher education institutions in Newark, and a proposal to merge senior public higher education institutions in South Jersey. Immediate resolution is imperative.
Workforce Development and Economic Development

College Readiness

1. The State should sharpen its focus on key transition points in the educational system where students might lose momentum toward developing postsecondary skills and aspirations.
2. The State should accelerate its development of an accessible, comprehensive, longitudinal data system to track meaningful indicators of college readiness for all the state’s students.
3. New Jersey should examine best practices that focus attention on the college readiness and college support needs of low income and minority students.
4. More New Jersey colleges and universities should reach out to their local school systems with opportunities to increase students’ “college knowledge” about what is required to apply to and succeed in college.

Remediation

1. New Jersey should conduct a study to understand the extent of the cost of remediation at its colleges and universities, and should adopt a plan to address the issue.

Higher Education Capacity and Outmigration

1. New Jersey should make its best effort to increase the capacity of the state’s colleges and universities to enroll capable students who want to remain in New Jersey.
2. New Jersey’s colleges and universities should consider implementing the recommendations from the National Center for Academic Transformation regarding the use of information technology to make the delivery of instruction more flexible and affordable.

In-Migration

1. Each institution’s board of trustees should evaluate how to increase the number of students they enroll from out of state.

Better Collaboration to Spur Innovation

1. New Jersey should reestablish the Commission on Science and Technology to provide much-needed leadership to promote and commercialize joint research between universities and the private sector.
2. A reconstituted Commission on Science and Technology should establish a database of university research that would benefit institutions of higher education, industry, and the state’s economy.
3. New Jersey should better utilize NJIT’s expertise in technology and innovation.

Public-Private Partnerships

1. The statutory sunset of the public-private partnership provision of the New Jersey Economic Development Act of 2009 should be eliminated.
Introduction

Higher education in New Jersey has arrived at a decisive moment. After twenty years of declining State funding and increased tuitions, the fortunes of citizens and our state hang in the balance. Student access to an affordable college education and the economic prosperity of our state are at stake. Increased funding is essential, but so too are sensible regulation, appropriate structure for State oversight, efficient management of our educational assets, and wise educational policies.

Today, over 400,000 students attended college in New Jersey. This morning, some undergraduates trudged out of their residence halls and walked across campus to class. In the afternoon, some students drove from home and fought for a spot in a crowded parking lot. Tonight, some students—after a long day’s work and then tucking their children into bed—opened laptops and logged on to Web-based courses.

In some ways, these students might look familiar. But take a closer look. You might not recognize them. Only 66% of undergraduates attend full time. Among full-time undergraduates, over 30% are between 22 and 64 years old. Part-time undergraduates look and live differently than their full-time classmates. Chances are these students work full time and have children, and 58% are between the ages of 25 and 64. They are all hard-working New Jerseyans, trying to get ahead, and their numbers are increasing.

New Jersey needs the talent and skills of all these students to continue our tradition as the Invention State. In Menlo Park, Thomas Edison lit the world with his light bulb, and his labs in West Orange gave us the phonograph and motion pictures, creating millions of jobs around the world. Bell Labs in Murray Hill generated more than 28,000 patented inventions, including the transistor, the laser, and the first communications satellite. For over 100 years, pharmaceutical and medical-device companies have made New Jersey their home, inventing new ways to alleviate human suffering. Today, 15 of the nation’s 20 largest of these manufacturers have operations in New Jersey. Nobel laureate Selman Waksman invented several antibiotics in his lab at Rutgers, including streptomycin, the first drug to treat tuberculosis effectively. As New Jersey’s flagship public research university, Rutgers carries on the spirit of Waksman’s work today. Innovations still pour out of New Jersey laboratories and companies. Our higher education must keep pace.

New Jersey’s economy will continue to be driven by college graduates. By 2018, New Jersey will be second only to Massachusetts in the proportion of its jobs that require a bachelor’s degree. Most of these jobs will be in areas like healthcare, computer technology, business management, and education.

A college education has clear personal as well as public benefits. Average annual earnings in 2008 for those with a bachelor’s degree totaled $58,613, compared to average earnings of $31,283 for people with only a high school diploma. Those with an advanced degree had average earnings of $83,144. And it’s not only about money: we need citizens who think clearly, who are curious and creative, and who thoughtfully hold our public officials accountable. Scientists and business managers are key, but so too are poets, historians and nurses. Education opens minds, and thereby expands the spirit and strengthens the fabric of our state.

While the demands of the economy and the desire for personal advancement will drive more students to college in New Jersey, finding room for them will not be easy. Our institutions are already bursting at the seams. Enrollment at New Jersey’s colleges and universities is at an all-time high, with 368,568 undergraduates and 63,599 graduate students attending our 12 senior public colleges and universities, 14 independent colleges and universities, 19 county colleges, five proprietary schools, and 11 religious institutions.
At the public institutions alone, full-time equivalent enrollment increased 22% between Fiscal Years 2004 and 2009, the third-highest percentage increase in the country. This increase is even more impressive considering New Jersey’s dubious distinction of leading the nation in net outmigration of college-bound students. In the fall of 2008, over 31,500 first-year students – many of them among our best-left New Jersey to attend college somewhere else in the U.S.

The diversity of public and private postsecondary institutions in New Jersey is a point of statewide pride, with excellence across the spectrum. Students can choose among institutions with classic-style campuses that serve traditional-age undergraduates, urban-based institutions that are close to their jobs, community colleges in or close to everyone’s home county, and institutions geared for adults who want to take courses online and have other flexible learning opportunities.

New Jersey is proud of its only comprehensive public research university, Rutgers University. Rutgers does a good job teaching thousands of students, conducting important research in its labs, and serving the state and the nation through its intellectual and economic activities. Every great state has a great state university, and Rutgers must strive for and achieve excellence. To go from good to great, Rutgers must have a strong partner in the State of New Jersey, which has provided uneven support over the years to the state university.

All New Jersey’s institutions of higher education have done an excellent job of maximizing their limited resources as the State has—over many years—significantly cut their financial support, both operating and capital. The last general-obligation bond issue for higher education was in 1988, and the State has not provided a separate capital budget for higher education since Fiscal Year 1999.

Operating support, which began to decline slowly 20 years ago, snowballed downhill over the past five years, placing New Jersey at the bottom of national comparisons. Between Fiscal Years 1991 and 2004, New Jersey decreased state and local support for public higher education operations per full-time equivalent student, adjusted for inflation, by 10.8%. Between Fiscal Years 2004 and 2009, New Jersey cut this support by 18.7%, the third-largest cut by any state in the country. State and local support for higher education includes State tax appropriations, local tax support, and non-tax funds like lottery revenue that support higher education, including significant financial aid, and fringe benefits for many employees.

The cost of these fringe benefits should not be overlooked. Driven by statutory formulas, it now exceeds the dwindling amount of operating support provided by the State to the public institutions. The overall appropriations for higher education are 7% of the entire Fiscal Year 2011 budget (see Appendix C). However, when all the bookkeeping is done, a stark truth remains: New Jersey’s colleges and universities have suffered a long and steady starvation of State aid, under both political parties, even as costs and student demand have grown.

New Jersey does invest directly in its students. Our financial-aid programs are among the most generous in the country. In 2008-09, New Jersey awarded 4.8% of all need-based aid given out nationally, and ranked first in the nation in need-based undergraduate grant aid per full-time undergraduate enrollment, providing $1,022 per student. Awards could be even higher, but budget constraints have caused most need-based aid to lag behind actual tuition levels by two years, and in some cases up to four years.

Even if fully funded, New Jersey’ student aid would not go as far as it used to, as tuitions have greatly increased in response to State budget cuts. The average in-state tuition at the four-year public institutions stands at $11,056, second highest in the country behind Vermont. Tuition at New Jersey’s county colleges is also higher than the national average, and tuition at New Jersey’s private institutions stands at 13th
nationally. With State aid down, costs up, and enrollments increased, university trustees have had little choice but to increase tuition.

Adding tuition together with fees and other expenses, the share of family income needed to attend a public four-year college in New Jersey is sixth-highest in the country. The high sticker price of tuition, and the weight of attending college on a family’s finances, threatens access to a college education for many New Jersey students. Our students walk off the graduation podium proud of their diploma, but too often worried about their debt, making programs like the Educational Opportunity Fund more important than ever.

Greater funding for New Jersey’s colleges and universities is critical to expand college opportunity, decrease student costs, and ensure the prosperity of the state’s economy. Yet, we have unsustainable State budgets, pressure from cost increases, and the lingering effects of the recent recession. Realistically, these all combine to make significant solutions to higher education’s financial imperatives difficult to achieve in the short term.

But make no mistake. As soon as possible, as soon as the State’s finances will allow, the governor and the legislature must immediately increase investment in higher education, and re-prioritize the State’s resources toward the benefit of New Jersey’s college students. The time is now to build that financial plan. Continuing down a path that bypasses higher education will lead New Jersey to a fragile economy, fewer good jobs, and a vulnerable future.

Managing the finances of New Jersey’s colleges and universities is not an easy task. It should rest in the hands of independent boards of trustees, who have the ultimate public responsibility to operate their institutions efficiently and well. New Jerseyans should appreciate the value added by the citizen volunteers who serve on these boards. They give their time, their talent, and their financial support to help create centers of learning that benefit students and the institutions’ surrounding communities. We must ensure that trustees of the highest quality continue to be attracted to these positions.

The ties between the boards of trustees and the State of New Jersey have twisted, and perhaps frayed, from the tug and pull of change over almost 45 years. A bureaucratic, centralized Department and Chancellor of Higher Education, established in 1967, gave way to a less intrusive, coordinating Commission on Higher Education and Presidents’ Council in 1994. While the senior public colleges and universities matured and established centers of excellence under their newfound autonomy, the Commission has struggled to meet its mandate. Statewide planning for the higher-education needs of New Jersey’s citizens seems unfocused. The Commission is also statutorily burdened with a long list of policy and ministerial tasks that it has limited capacity to achieve. As a practical matter, the Commission has never been fully empowered or resourced to do its job. It is time to improve New Jersey’s higher education governance structure.

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The recommendations in this report address the major issues facing higher education in New Jersey today. They fall under the broad themes of governance, financing, affordability, access, mission, and quality. But do not let the impersonal or academic sound of those themes distract from the clarion call of this report.

New Jersey has no choice. Its colleges and universities, the students they serve, and the economy they propel can no longer be back-bench policy priorities. The doors to college classrooms must open for more students. Institutions must be able to protect and enhance their quality to fulfill their mission. New Jersey’s businesses must be able to recruit the best and brightest workers from each year’s graduating class. To ensure a future with a vibrant economy, an array of innovative businesses, an educated workforce, and an engaged citizenry prepared to solve the challenges of the 21st century, New Jersey simply must increase its investment in higher education.
Governance

**Statewide Coordination**

New Jersey is one of 14 states that combine a statewide coordinating body with strong autonomous institutional governing boards. Created in 1994, the New Jersey Commission on Higher Education (the “Commission”) consists of 15 members, 10 of whom are appointed by the governor. An executive director administers the operations of the Commission. Under recently enacted P.L. 2009, c. 308, the executive director of the Commission was to become the Secretary of Higher Education, but there has not been a permanent executive director of the Commission since the effective date of the new law.

The Commission replaced a centralized bureaucracy created in 1967 that consisted of the Department of Higher Education and the Board of Higher Education. The Chancellor of higher education headed the department and served as a member of the governor’s cabinet.

The Commission was originally designed to play a central role in planning and program approval. The Commission is by statute responsible for, among many other duties:

- statewide planning for higher education, including developing a comprehensive master plan;
- making recommendations to the governor and legislature on higher education initiatives and incentive programs of statewide significance;
- making final administrative decisions over institutional licensure and university status; and
- making final administrative decisions over new academic programs that go beyond the programmatic mission of the institution, and final administrative decisions over a change in the programmatic mission of an institution. In addition, within 60 days of referral of a proposed new program determined to be unduly expensive or duplicative by the Presidents’ Council (described below), the Commission may deny approval of programs that do not exceed the programmatic mission of the institution, but are determined by the Presidents’ Council to be unduly duplicative or expensive.

Along with the Commission, the New Jersey’s Presidents’ Council was also created in 1994. It includes each president of a public institution of higher education in New Jersey, and each president of an independent institution that receives direct state aid, plus the heads of proprietary and religious-training schools.

The Presidents’ Council plays a significant role in the review and approval of new programs at New Jersey’s institutions of higher education. The Presidents’ Council has two major responsibilities in this regard:

1. review and make recommendations to the Commission concerning proposals for new programs that exceed the programmatic mission of an institution or that change the programmatic mission of an institution; and
2. review and comment on proposals for new programs that demand significant added resources or raise significant issues of duplication, but do not exceed the programmatic mission of the institution or require a change in the programmatic mission. If the Presidents’ Council determines that a proposed new program is unduly expensive or unduly duplicative, it refers that proposal to the Commission for review. Unless the Commission disapproves of that program within 60 days of its referral, the program is deemed approved.
The Presidents’ Council performs other duties as well. These include responsibilities to:

- advise and assist the Commission in developing and updating a statewide plan for higher education;
- provide policy recommendations on statewide higher education issues;
- transmit to the governor, legislature and Commission a general budget policy statement regarding overall State funding levels; and
- upon referral from the Commission, provide recommendations concerning institutional licensure and university status.

There is an important and fine equilibrium between highly desirable autonomy in the hands of strong boards of trustees, and adequate State oversight and protection of taxpayer investment. Strong autonomous institutions managing their own affairs is of paramount importance, but appropriate oversight and coordination are also essential.

The Commission on Higher Education, however well intended, has not worked well for many reasons. The Commission consists of a staff of 14 State employees, down from 20 in Fiscal Year 2002, and has an operating budget of $813,000 in Fiscal Year 2011, down from $1.2 million in Fiscal Year 2002. The Commission administers $1.9 million in State-funded grants (College Bound, Governor’s School, and the Minority Faculty Advancement Program), down from $36.3 million in State grants in Fiscal Year 2002. The Commission also administers $5.7 million in various federal grant programs in Fiscal Year 2011.

Over the years, the legislature and governor have imposed many policy and ministerial tasks on the Commission, which after the cuts in staff and funding, has limited capacity to complete these additional responsibilities. Moreover, many suggested the lack of cabinet status has hampered the effectiveness of the executive director of the Commission. Many also advocated to more closely connect the Commission to the governor. A copy of a questionnaire the Task Force used appears in Appendix B.

Many voices spoke strongly in favor of the Presidents’ Council. The Presidents’ Council plays an important role in reviewing institutional requests to expand programs and changes in mission. The Presidents’ Council’s Academic Committee appears to have been rigorous in reviewing these issues. While some respondents, primarily elected officials, suggested that the Presidents’ Council has failed to prevent inappropriately duplicative programs, little evidence was presented to support this claim. The Presidents’ Council also helps foster increased institutional collaboration. Overall, the Presidents’ Council appears to have performed its functions and served the state well.
Recommendations

1. The Commission on Higher Education should be eliminated and replaced with a new structure empowered to succeed.
   - Evidence is overwhelming that New Jersey needs to reform its statewide coordinating structure for higher education.

2. A Secretary of Higher Education and a new advisory Governor’s Higher Education Council should stand at the center of the new structure.
   - The Secretary should be appointed by and report directly to the governor, with Senate confirmation. The Secretary of Higher Education should not be a formal member of the governor’s cabinet, but should have cabinet rank.
   - Similar to other cabinet members, the Secretary will be recognized as a spokesperson for and leader of policies and initiatives under his or her charge. The critically important status of higher education in New Jersey, however, requires a more immediate relationship with the governor. The Secretary should be a member of the governor’s staff who has direct access and regularly scheduled meetings with the governor, which we recommend to occur quarterly at a minimum.

3. The Secretary should staff the Governor’s Higher Education Council.
   - The Council should be composed of five citizen members of high distinction and great experience, non-partisan and independent, and with no more than three members being registered voters from any one political party. The governor should appoint its members to five-year terms, which should be staggered. The governor should designate the chair and vice chair. The Council should meet not less than quarterly.
   - The recommended duties of the Secretary and the Governor’s Higher Education Council are delineated in Appendix D. The list of duties is shorter than the current responsibilities for the Commission on Higher Education. Many respondents pointed to the Commission’s long list of statutory responsibilities as a major reason for its ineffectiveness. A leaner, more targeted structure will better serve statewide higher education coordination.

4. The Presidents’ Council should be retained substantially in its current form.
   - Because it is good practice to have some check and balance on decisions made by the very institutions that might be affected by its decisions, we recommend that the Governor’s Higher Education Council have limited power of review, including veto authority, over actions by the Presidents’ Council.

State Intervention

Historically, the State has had “visitation powers” over public institutions of higher education to examine how they are conducting their affairs, and to enforce the laws of the State. This power has resided in the Chancellor, then in the executive director of the Commission on Higher Education, and, under current law, in the Secretary of Higher Education.

In just the past five years, the government has intervened at two New Jersey institutions of higher education. In 2005, significant legal actions involving UMDNJ led to the implementation of a series of financial, management, and personnel reforms. A federal monitor was appointed to enforce compliance with an agreed-upon deferred prosecution agreement. In 2009, the New Jersey Attorney General brought action against Stevens Institute of Technology over the high level of the president’s salary and financial
management practices. In 2010, a consent judgment resulted in the president’s resignation, enhanced responsibilities of the board’s audit committee, and appointment of a special counsel to ensure compliance with the judgment.

Recommendation

1. The Secretary of Higher Education should have the authority to demand the board of trustees of a college or university in New Jersey to take immediate corrective action when an institution either fails or is at risk of failing because of such serious situations as financial difficulty, fraud, or gross mismanagement.

   • This authority should be used sparingly and when authorized by the governor. The Secretary shall have additional authority to investigate, audit, or remediate the situation.

Institutional Governance

The governing boards of New Jersey’s colleges and universities follow different rules in different sectors. Rutgers has a board of governors and a board of trustees, under the terms of the 1956 Rutgers Compact. The state colleges and universities have between seven and 15 trustees, all appointed by the governor and confirmed by the Senate for six-year terms. Each county college is governed by an 11-member board, consisting of eight appointees named by the county board of freeholders, two appointees named by the governor, and the county superintendent of schools ex officio. County colleges established by more than one county have two additional members from each county, for a total of 15 trustees. The trustees of the independent colleges and universities must follow the rules of fiduciary responsibility of any nonprofit organization in New Jersey. Applicable laws include the New Jersey Nonprofit Corporation Act and the Uniform Management of Institutional Funds Act.

New Jersey has a 25-year history of expanding the autonomy of its state colleges and universities, and this autonomy has reaped rewards for the state. Since 1986, the boards of trustees have had the power and duty to, among other provisions:

   • determine the educational curriculum and program of the college;
   • prepare and present the annual budget to the governor and state treasurer;
   • appoint and fix the compensation of the president of the college;
   • determine tuition rates and other fees to be paid by students, including room and board; and
   • authorize any new program, educational department, or school consistent with the institution’s programmatic mission or approved by the State.

Since the Higher Education Restructuring Act of 1994, the state college and university boards of trustees have had even greater responsibilities. These include the duty to:

   • develop an institutional plan and determine the programs and degree levels to be offered by the institution;
   • have authority over all matters concerning the supervision and operations of the institution including fiscal affairs, the employment and compensation of unclassified staff, and capital improvements;
• establish admission standards and requirements and standards for granting diplomas, certificates, and degrees;
• recommend trustee appointments to the governor, made with regard to the mission of the institution and the diversity of the community to be served; and
• have final authority to determine controversies and disputes concerning tenure and personnel matters of unclassified employees.

Institutional autonomy is now a bedrock public policy in New Jersey that has demonstrated its benefits for the institutions and the students they serve. As autonomous institutions, New Jersey’s public colleges and universities today are increasingly entrepreneurial and recognized in national rankings. Autonomy provides institutions with the ability not only to strengthen themselves, but also to work collaboratively with colleague institutions. Such collaboration leads to increased efficiencies and productivity. Examples of collaboration in New Jersey include Kean University at Ocean Community College, where students can earn a bachelor’s degree, and the VALE virtual library purchasing consortium.

The Task Force looked at the way trustees are nominated and confirmed for the important task of governing New Jersey’s 12 senior public colleges and universities. New Jersey’s law allowing the senior public institutions to suggest their own nominees for trustees to the governor is unique nationally.

Though many institutions already had such measures in place, the Task Force applauds the recent statutory requirement for boards of trustees to have a Governance and Nominations Committee, charged with:

1. overseeing matters directly affecting the governance of the institution;
2. reviewing and updating board bylaws periodically;
3. identifying and screening candidates for membership on the governing board; and
4. referring candidates to the governing board for the consideration of the board in making its recommendations to the governor on potential new members.

A diversified board of trustees provides many benefits. Diverse sets of skills complement the efforts of institutions’ administrators to make thoughtful decisions. Having some trustees who are financial experts is particularly important, given the millions of dollars transacted by colleges and universities, and the complexity of the contracts and financial agreements entered into by the institutions.

The process for appointing trustees to the senior public colleges and universities is vulnerable to politicization. Political pressure comes from many angles and from several sources. There are unfortunate examples of trustees who do not meet institutions’ expectations for qualifications. Some trustees have been appointed without understanding basic expectations like regular attendance at meetings.

**Recommendations**

1. Trustees should have qualifications to ensure their ability to oversee the institutions in their charge.
   • All colleges and universities should have strong, independent boards of trustees. Trustees should be distinguished citizens. New Jersey should value its volunteers, and our volunteers need to be knowledgeable, experienced stewards for our colleges and universities.
   • The boards of trustees and the governor should consider the list of qualifications
recommended by the Association of Governing Boards of Universities and Colleges, along with
the Securities and Exchange Commission’s definition of “financial expert” (see Appendix E).

2. The State should recognize and respect the unique relationship it has with Rutgers and the other
senior public colleges and universities by continuing to give these institutions a high degree of
self-governance, and ensuring that the governance and conduct of the institutions shall be free of
partisanship.

3. Except for Rutgers, which is governed by the 1956 Compact, the governing boards of the senior
public colleges and universities should initiate the trustee nomination process by reviewing
candidates and presenting them to the governor.
  • The governor should be required to nominate or reject nominees recommended by the
governing boards. If the nominee is rejected, the board should be allowed to submit another
nominee. Ultimately, the governor should have the prerogative to appoint a nominee of his or
her choice, but in all cases should give the board of trustees notice of such an appointment,
allowing the board to advise and consult with the governor about the proposed nominee.
Cooperative consultation between the governor and his or her designees on the one hand and
the governing boards on the other is critical to the success of the trustee appointment process
and ensuring the steady stewardship of New Jersey’s public colleges and universities.

4. All boards of trustees not covered under P.L. 2009, c. 308 should, if they have not already done so,
take the following actions to ensure the transparency and accountability of their actions:
  • establish an audit committee;
  • appoint an internal auditor; and
  • conduct an annual audit by an outside auditor.

Regulations and Unfunded Mandates

Despite the expansion of autonomy, some regulations still limit the flexibility of colleges and universities in
New Jersey. For example, the State College Contracts Law and the County College Contracts Law control
procurement and construction procedures at these institutions.

Moreover, unfunded mandates place financial difficulties on all the institutions. These unfunded mandates
include the tuition-waiver programs for the unemployed, senior citizens, and the National Guard. Rutgers
and the other senior public colleges and universities also pay half the cost of NJ STARS II scholarships
(explained in more detail under the Financing/Affordability section of this report) While the policy behind
each of these programs is laudable, the costs have been imposed on the institutions and increasingly borne
by tuition-paying students. In Fiscal Year 2009, the cost of these unfunded mandates at Rutgers and the
other senior public colleges and universities totaled $27.2 million.

Among the nine state colleges and universities, vestiges of centralized control have kept autonomy from
being fully realized. For example, the governor is the employer of record of the state colleges’ employees,
meaning the governor—not the institutions themselves—conducts negotiations with collective bargaining
units. A significant proportion of the state college workforce is also covered by civil service, in contrast to
the public research institutions and the county colleges, where there is no civil service. New Jersey’s state
colleges and universities are national anomalies by having both collective bargaining and civil service rules
regulating their workforce.
Regulation and unfunded mandates hamper creativity and stifle savings within New Jersey’s colleges and universities. For example, the State College Contracts Law and the County College Contracts Law restrict the ability of these institutions to enter long-range contracts, slow the pace of construction, and increase procurement and construction costs.

Following a conversation among representatives of the New Jersey Presidents’ Council and incoming Governor Chris Christie in December 2009, the Presidents’ Council collected a list of unfunded mandates and areas of over-regulation across all sectors of higher education in New Jersey. The list highlighted the most critical areas of concern for the state’s higher education community, and was adopted by the Presidents’ Council in February 2010. The list is included under Appendix F.

Some of the concerns listed by the Presidents’ Council are addressed by Governor Christie’s “tool kit” for higher education. The tool kit would:

1. authorize the state colleges and universities to purchase workers compensation insurance (S-1998/S-2067; A-2965, A-3358);
2. eliminate civil service at the state colleges and universities (S-2026/A-2963; S-2388/A-3220);
3. authorize the state colleges and universities to conduct collective bargaining (S-2026/A-2963; S-2337/A-3219);
4. extend probationary tenure under the State and County College Tenure Act from five years to seven years (S-2172/A-2964; A-3357); and
5. require fact-finders retained by the Public Employment Relations Commission to institute impasse procedures for collective negotiations involving public institutions of higher education to consider the following factors in formulating their opinions and recommendations for settlement: the impact of any reductions in State or county funding; the potential and likely impact of a recommended settlement on tuition rates; and the cost of benefits provided to affected State employees (S-2027/A-2962).

Recommendations

1. To increase the efficient operation of all of New Jersey’s colleges and universities and to help them achieve their missions, the bipartisan Red Tape Review Commission, established by Executive Order No. 41, should act favorably on the New Jersey Presidents’ Council’s “Regulatory Relief and Unfunded Mandates” report submitted to the governor in February 2010, attached in Appendix F.

2. To make rules regarding personnel consistent among Rutgers and the other public colleges and universities, the legislature should pass Governor Christie’s tool-kit bills that would reform workers compensation, collective bargaining, and civil service at the state colleges and universities.
   • All these initiatives would remove anachronisms and provide the same authority and responsibilities to the state colleges and universities that Rutgers, NJIT, UMDNJ, and the county colleges already have.

3. Going forward, the State should pay for any mandates imposed on New Jersey’s colleges and universities.
   • The current mandates cost tens of millions of dollars each year, burdening students with higher tuition costs and diverting scarce resources from the educational missions of the institutions.
Ethics Compliance

Preventing conflicts of interest between trustees and the institutions they hold in the public’s interest is of paramount importance. Under current requirements, trustees at Rutgers and the other senior public colleges and universities must annually file a form designed to identify and avoid conflicts of interest with their institutions. Institutions must complete a list of the vendors and companies with which they do business or from which they receive services. Trustees and the New Jersey State Ethics Commission review these lists quarterly to prevent and identify conflicts of interest.

These requirements to file a Conflicts of Interest form were put in place in 2006 to replace the obligation that trustees file extensive Financial Disclosure Statements, which are required of all public officials. State law requires the State Ethics Commission to post Financial Disclosure Statements on its Web site, and the Governor’s Advisory Group on Ethics Issues reviewed concerns raised by trustees at Rutgers and the other senior public colleges and universities. Public college and university trustees often have extensive financial and business interests, and their privacy concerns are particularly acute. Requiring them to file Financial Disclosure Statements that were subsequently posted on the Web would have likely caused many of these volunteer leaders to decline serving in this capacity, thereby depriving Rutgers and the other senior public colleges and universities—and the State—of an extremely valuable resource.

Trustees and presidents from the four-year public institutions expressed concerns over the separate, duplicative application forms required by each the Executive Branch and Legislative Branch from trustee nominees. Nominees and institutional presidents indicated that confusion over the information requested and the time to complete the various forms can discourage strong candidates from wanting to be considered for these important public-service positions.

Upon confirmation, trustees at Rutgers and the other senior public colleges and universities must be held to high ethical standards, but their privacy must be protected as well. The Financial Disclosure Statement required from public officers does not directly address the core concern within higher education governance: conflicts of interest. An annual certification disclosing potential conflicts of interest—specifically, financial interests by a trustee in entities transacting business with his or her institution—is both more effective in preventing inappropriate activities and less intrusive toward the unrelated financial interests of a trustee. Moreover, experts in college governance consider a “conflicts-based” approach to required disclosures for colleges and university board members—as opposed to a “financial holdings” approach—a best practice in the governance of both public and private educational institutions.

A requirement to file Financial Disclosure Statements may have a chilling effect on the willingness of individuals to serve as governing board members of New Jersey’s public colleges and universities. Given the valuable contributions in time, talent, and financial support made by individuals serving as trustees of public colleges and universities, New Jersey should continue to protect the privacy interests of volunteers willing to help direct its public institutions of higher education.
Recommendations

1. Trustee nominees for Rutgers and the other public institutions of higher education should be required to complete only one set of application forms that is acceptable to the Executive and Legislative branches.
   - Red tape in the nominations process can discourage good candidates from considering these important positions of public trust.

2. Trustees, once confirmed, should be required to file only Conflicts of Interest forms as currently required, not the Financial Disclosure Statements required of State officials.
   - Intrusive Financial Disclosure Statements that are posted on State Web sites have a chilling effect on attracting the best possible candidates to serve as trustees of New Jersey’s public colleges and universities.

Quality

New Jersey’s students should be able to know when they can reasonably expect to graduate from a particular institution, and what the quality of their experience will be. For the benefit of these students and their parents, it is important for the State to evaluate the quality of its colleges and universities.

A State can evaluate its institutions of higher education in many ways, and apply these measures in a different manner to individual institutions. Appropriate measures of quality spanning a student’s experience include the participation rate of eligible 18–24 year-olds, retention rates, graduation rates, the percentage of adults holding a higher education degree, and job placement after graduation. The quality of the teaching and research can be gauged in faculty productivity, research activity supported by federal grants, accreditation standards, and student satisfaction measures.

New Jersey receives mixed reviews on traditional performance indicators. The estimated rate of New Jersey high school graduates going to college is 70.2%, the seventh-highest rate in the country. The full-time freshman-to-sophomore retention rate at public four-year institutions is 84.7%, fourth-highest in the country.

Graduation rates at New Jersey’s colleges and universities, however, are a source of concern. The three-year graduation rate of associate degree-seeking students is 13.9%, 49th in the country. The six-year graduation rate of bachelor degree-seeking students is 61.2%, 13th best in the country but not nearly good enough for the state with the second highest average median income in the country. The numbers at Rutgers University deserve close attention. Of the full-time, first-time undergraduates who started in the fall of 2003 at Rutgers-New Brunswick, 52% graduated in four years, and 77% graduated in six years. These rates are on par with the University of Washington and the University of Wisconsin, but significantly behind the University of California at Berkeley (66% in four years, 90% in six years), the University of Michigan (73% in four years, 89% in six years), and the University of Virginia (84% in four years, 93% in six years). Our state university simply must do better.

The tables in Appendix G include data on enrollment, tuition, graduation rates and other matters. While some of these numbers are straightforward, graduation rates are more complicated. Students might not graduate for several reasons. For example, they might get a job, transfer to another institution, or need remedial courses before taking courses for credit.
A broad effort should be made to examine the quality of higher education institutions in New Jersey. The State should improve data systems to more accurately measure completion rates, and the annual public reporting of those rates should be made a priority. The responsibility lies with each institution to determine appropriate measures of quality in light of its mission, to make a commitment to improve its performance in those areas, and to make the results public.

While the performance of higher education institutions and measuring their quality is the primary responsibility of institutional boards of trustees, New Jersey needs strong leadership from policymakers and the governor to issue a clear call to action regarding the wasted opportunity that exists in New Jersey where so many students intend to complete their education, invest in the intention, and yet do not find their way to an earned certificate or diploma. Institutions must be held accountable for some measure of the quality of the education they provide that leads to a higher number of certificate and diploma earners, at all levels.

Recommendations

1. All institutions should be challenged to identify peer and aspirational peer institutions, select relevant metrics regarding missions for comparison, and publish the results annually on their Web sites.
   - Institutions should aspire to be among the best among their peers. They should annually compile dashboard indicators covering such outcomes as student learning, retention, and graduation rates, and benchmark them against peer and aspirational peer institutions. Institutions should provide these reports to their boards of trustees and make the report public. This disclosure would help to hold trustees accountable for their institutions’ performance, increase transparency, and help evaluate whether an institution is fulfilling its mission.

2. The State should dedicate more resources toward the collection and analysis of higher education data, and the proposed Secretary of Higher Education should oversee this task.
   - Under current data collection efforts, it is difficult to gain a comprehensive perspective on the performance of higher education in New Jersey. Creating a single source of data collection would improve governance efforts, policymaking, and statewide performance. The Secretary would determine statewide quality performance preferences, especially outcomes linked to preparation for professions (such as national teacher exam pass rates and nursing board pass rates) and workforce development initiatives.

Competitiveness

To fulfill their missions and maintain the quality of higher education in New Jersey, colleges and universities must be able to attract talented students and faculty. The marketplace for this talent is national, and increasingly global.

Several State policies hinder the ability of New Jersey’s colleges and universities to compete with institutions in other states and in other countries for the best students and faculty. Other policies keep the institutions from operating as efficiently as possible. These policies include:

1. capping the State’s employer contributions to the Alternate Benefit Program (ABP), the defined contribution pension system whose members are the faculty of New Jersey public institutions of higher education. Under the cap, the State makes no contributions based on any portion of salary
that exceeds the statutory maximum salary of State cabinet officers, which is currently $141,000. In place since July 1, 2010, the cap has already dissuaded strong candidates for important faculty and administrative positions from joining public colleges and universities in New Jersey. The cap is also causing current employees to consider moving to out-of-state institutions;

2. establishing a five-year period within which to achieve tenure under the State and County College Tenure Act. This short timeframe can make it difficult for emerging faculty members to establish the credentials needed to achieve tenure at the state colleges and at the county colleges. The statutory five-year time period is two years shorter than the national standard of seven years. Rutgers, NJIT, and UMDNJ, which are not subject to this law, have policies that grant tenure within seven years;

3. penalizing Rutgers and the other senior public colleges and universities for not charging out-of-state undergraduate students higher tuition, in place between Fiscal Years 2007 and 2009. Over those three years, appropriations for Rutgers and the other senior public colleges and universities were reduced based on their number of out-of-state undergraduates and the difference between out-of-state tuition and the full cost of an undergraduate education at the institution. The cumulative effect of this three-year penalty has lasting effects on the appropriations for these 12 institutions. For example, the three-year cut to Rutgers was $8.5 million, which is a permanent cut to its base budget; and

4. requiring independent colleges and universities to seek local approvals for construction projects. Public institutions are exempt from these approvals as long as they obey local zoning regulations. Private institutions should be on similar footing. The need for such approvals discourages construction, drives up costs, and delays students and faculty from having access to up-to-date facilities.

**Recommendations**

1. Policies hindering the competitiveness of New Jersey’s colleges and universities should be eliminated, such as those affecting salaries and benefits at Rutgers and the other senior public colleges and universities.

   • The Secretary of Higher Education should coordinate efforts with the Lieutenant Governor and the Red Tape Review Commission to review and revise policies such as the cap on the State’s employer contribution to the Alternate Benefit Program and the requirement for independent colleges and universities to seek local approvals for construction projects.
Mission

Public Research Institutions

New Jersey has three public research institutions: Rutgers University, the New Jersey Institute of Technology, and the University of Medicine and Dentistry of New Jersey. Each has its own distinct history and operates under separate sets of statutes.

The unique histories of Rutgers and UMDNJ are detailed later in this report. The New Jersey Institute of Technology opened in 1884 as the Newark Technical School. It grew to become the Newark College of Engineering in 1919, and expanded to a full-fledged technological university in 1975, when it was renamed the New Jersey Institute of Technology. It is New Jersey's only public institution devoted primarily to advanced instruction and research in the applied sciences and technology. NJIT enrolls approximately 6,000 undergraduates, and about 3,000 graduate students.

State Colleges and Universities

New Jersey's nine state colleges and universities were established over a 120-year period. The six older institutions were founded as two-year normal schools, supported either by the State or a municipality to train teachers. They are The College of New Jersey, Kean University, and William Paterson University, all established in 1855; Montclair State University (1908), Rowan University (1923), and New Jersey City University (1929). Through the 1920s and 1930s, they became four-year teachers' colleges offering baccalaureate and master's degree programs in education. The Higher Education Act of 1966 gave them the broader mission to provide liberal arts and sciences, and professional training in the science of education and the art of teaching, which has expanded since then to include many master's and a handful of doctoral programs. In response to the Baby Boom enrollment in the late 1960s and early 1970s, New Jersey created two liberal arts colleges—Ramapo College and Richard Stockton College. At the same time, the State acknowledged the needs of nontraditional students and established Thomas Edison State College, which provides flexible, high-quality, collegiate learning opportunities for self-directed adults.

County Colleges

New Jersey has 19 community colleges serving the state’s 21 counties. The New Jersey Legislature created the system of county colleges by statute in 1962 (P.L. 1962, c. 41). The first four county colleges began operating in 1966, and 10 more opened by the end of the 1960s. Three were established during the 1970s, and the last two began in 1982.

The community colleges are designed to be low-tuition, open-access institutions. They provide academic programs leading to an associate’s degree and preparing undergraduates to transfer to a four-year institution, occupational and vocational programs, continuing education courses, business support services, and community service programs.

In September 2007, New Jersey established a statewide transfer agreement. The agreement guarantees that an associate of arts degree or an associate of science degree awarded by a county college in New Jersey is fully transferable and credited as the first two years of a baccalaureate degree program at the four-year public institution of higher education in New Jersey to which a student is admitted.
Independent Colleges and Universities

New Jersey has 14 independent colleges and universities. They include highly selective institutions, small residential liberal arts colleges, large multipurpose universities with professional schools, and specialized institutions concentrating on a few disciplines. Overall, the independent colleges and universities expand the diversity and choice afforded to New Jersey’s college students, and they have done so for a long time. Six of the institutions were chartered before April 1, 1887.

Between 65-70% of the students at the independent institutions are New Jersey residents. Six of the independent colleges and universities enroll over 90% of their students from New Jersey. Many of these students are from low-income families who apply for financial aid in greater numbers than students at New Jersey’s public institutions.

New Jersey’s independent colleges and universities serve an important public purpose. They annually award almost as many baccalaureate degrees and advanced degrees—master’s, professional, and doctorate—as New Jersey’s three public research institutions.

Princeton University is a jewel in the crown of New Jersey higher education, and one of the great universities of the world. Many of its faculty are the leading experts in their fields, including Nobel laureates in economics, literature, physics, and physiology and medicine. Woodrow Wilson, as a professor at Princeton, exhorted the university to be “in the nation’s service,” an idea later expanded to include “and in the service of all nations.” In its service to New Jersey, Princeton could be more engaged, in ways that would be useful both to the state and to Princeton. For example, it is disappointing that Princeton’s Policy Research Institute for the Region, which addressed local and regional policy issues such as fair housing, school financing, and economic development, closed on July 1, 2010 in a realignment prompted in part by budgetary considerations.

Proprietary Institutions

New Jersey has five accredited, proprietary, degree-granting colleges and universities licensed in New Jersey. Proprietary institutions are a growing and significant presence on the state’s higher education landscape. Their total enrollment in New Jersey of undergraduate and graduate students, both full-time and part-time, increased from 5,970 students to 7,226 students, or 21%, between 2004 and 2009.

Religious Institutions

New Jersey is served by 13 religious, rabbinical, and theological institutions of higher education. Their primary mission is to educate religious professionals. They enroll students from throughout New Jersey and in some cases from around the world.

Career Institutes

An important but often overlooked segment of postsecondary education in New Jersey is its career colleges. They offer our students — often those with modest financial means — training and a start to fulfilling careers. There are 68 career colleges and other vocational-training institutions in New Jersey, including schools for beauticians, hair stylists, nurses, massage therapists, auto mechanics, and acupuncturists. They enroll almost 34,000 full-time and part-time students throughout New Jersey. These institutions are licensed by the State.
Mission Differentiation

There is great value in the differentiation of the missions of New Jersey’s higher education sectors. But how the institutions understand and articulate their missions is unclear. Public research institutions do not compete well nationally for research support. New Jersey is next to last, behind New Hampshire, in academic research and development per $1,000 of gross domestic product.

New Jersey stands out more positively in educating students. New Jersey’s nine state colleges and universities comprise one of the most productive set of state colleges and universities in the country. Relative to their resources, they are one of the three best-performing public baccalaureate and master’s sectors for six-year graduation rates of bachelor’s students; and given their resources, they are in the top four states in producing bachelor’s degrees relative to their student populations.

State law bifurcates the 12 senior public institutions into two groups: “public research universities”—Rutgers, UMDNJ, and NJIT—and the “state colleges and universities” (C. 18A:3B-3). This differentiation has lost its meaning and is anachronistic. All 12 institutions teach students, perform research, and provide public service. Each institution’s mission is broader than the simple difference between research and teaching.

New Jersey’s legal definition of “mission” lacks contemporary relevance. By law, an institution’s “programmatic mission” is the same as the levels of academic degrees or certificates it is authorized to grant. The mission of an institution of higher education is more than its degree programs. Institutional mission should not be confused with institutional type. Traditional classifications, developed by the Carnegie Foundation for the Advancement of Teaching, group institutions by the level of degrees they offer and the breadth of their curricula. Mission is, more accurately, a characteristic of institutional identity, focus, accountability, and competence. Fidelity to mission provides direction, informs choices, and aligns priorities.

Geographically, New Jersey is a small state. Therein lies the opportunity to focus resources into institutions that are differentiated, high quality, diverse, yet complementary. When taken together, they offer our citizens a broad range of valuable educational choices and opportunities.

Institutional missions evolve over time. For example, the development of the state’s teachers colleges into distinctive, yet complementary, high-quality public colleges and universities should be a source of pride and encouragement. At the independent institutions, master’s programs that spur doctoral programs in the same subject, like in nursing, should not require State approval as a change in mission. The progression of all the colleges and universities in New Jersey over the years has served its citizens with degrees and programs demanded in the marketplace. This boom should be celebrated, not straight jacketed.

There is a persistent myth asserting that New Jersey’s colleges and universities are needlessly duplicating programs. The Task Force looked for evidence proving these accusations, but uncovered little evidence to support this claim.

Closer scrutiny reveals that the institutions are behaving rationally and responsibly, and are often reacting to student needs and market forces. For example, Rutgers University has a business school in Newark, and it is constructing a new $85 million business school on the Livingston Campus in Piscataway. This new facility will anchor the redevelopment and future academic growth of the Livingston Campus. Plans for a new building will accommodate the large demand for the school’s newly offered four-year undergraduate program for Rutgers-New Brunswick students. For fall 2008, 11,000 applications were
received for 300 seats from prospective first-year students—the first time admission was open to that
group in New Brunswick. Over the next five years, the school plans to grow to an enrollment of about 3,200
undergraduates on the New Brunswick campus.

The Task Force was informed of concerns among the public and independent colleges and universities
over legislation that would increase the number of credits that could be transferred from a county college
toward a teacher-education program. An unlimited number of transferred credits raised concerns over
accreditation of the four-year institutions’ teacher-education programs, and the overall quality of teachers.

The teacher-education credit transfer legislation is a good example of attempts by the legislature to over-
regulate higher education in New Jersey. Other examples include a bill—now law—that requires public
institutions to include specific information with paper applications for admission; and a resolution that
urged the Board of Governors of Rutgers to redesign its block “R” logo to include “NJ”. The legislature
should be encouraged not to attempt to micromanage, and such measures should be vetoed if they reach
the governor’s desk.

Proprietary institutions expressed concerns to the Task Force about their ability to expand and serve more
New Jerseyans in the face of restrictions in State aid to their students. Students attending a postsecondary,
proprietary institution in New Jersey receive TAG awards that cannot exceed the corresponding average
award amount for students at the state colleges and universities.

While noting this concern, the Task Force also found that the proprietary institutions in New Jersey charge
significant tuition and fees. Students at these institutions often accumulate considerable debt that they find
difficult to repay. A federal study released last year found that about 23% of students at New Jersey’s for-
profit institutions defaulted on their federal student loans, compared to 11.3% of all New Jersey students.

The Task Force also followed with interest a recent discussion over proposed federal regulations on
proprietary colleges and universities. As part of these discussions, new regulations will measure rates of
student-loan defaults over a period of three years after a student graduates or leaves school, instead of the
previous standard of two years.

Finally, the Task Force observed a significant increase in the number of applications from out-of-state
institutions seeking to be licensed in New Jersey. With a small staff and limited resources, the State’s review
of these applications is becoming an increasing administrative burden. Other states like Maryland and
Massachusetts have imposed fees on out-of-state institutions seeking to be licensed. The fees help cover the
time and cost of reviewing increased number of applications, while also raising much-needed revenue.

Recommendations

1. New Jersey should revise its legal definition of “mission”.
   • Mission should not solely be defined by degree level offered. The definition should include
     such criteria as identity, focus, and centers for excellence.

2. New Jersey should eliminate the legal bifurcation of the 12 senior public institutions into “public
   research universities” and “state colleges and universities.”
   • This differentiation is anachronistic. All the senior public colleges and universities teach,
     conduct research, and provide public service.
3. All institutions should undertake an immediate review of their missions to ensure the mission is apt for their operations.
   • If a mission is out of date, it should be revised. Updated mission statements and a revised legal definition of “mission” will improve the review and approval process for programs that exceed or change an institution’s mission.
   • The Secretary of Higher Education should review these mission statements and, with the Presidents’ Council and Governor’s Higher Education Council, keep a check on inappropriate expansion. Furthermore, funding allocations used by the Secretary of Higher Education—described in more detail in the Financing/Affordability section—should also include mission, or performance against mission, as a criterion.
4. The current regulation that limits the number of teacher-education credits that can be transferred from county colleges should be retained.
5. Princeton University should enhance its role in researching and recommending solutions to New Jersey’s public policy and educational issues.
   • Princeton should become more engaged, with its considerable financial and intellectual resources, in the important issues facing New Jersey. Faculty experts in many fields should be more available to advise the governor and the legislature on matters of public policy broadly, including issues facing higher education. We recommend that representatives of the State and of Princeton University meet soon to map out specific plans for greater engagement.
6. New Jersey’s proprietary institutions of higher education deserve the attention of policymakers.
   • The Secretary of Higher Education should closely follow the federal government’s inquiries into students’ graduation rates and expensive loans from for-profit institutions of higher education.
7. The legislature should refrain from trying to micromanage New Jersey’s colleges and universities, and the governor should oppose, and ultimately veto, such measures.
8. New Jersey should charge a fee on out-of-state institutions seeking licensure.
   • The time and cost of reviewing growing numbers of applications have increased dramatically in recent years. Fees help raise much needed revenue to support staff operations.

**Teacher Education**

Teacher education is intricately linked with the mission of New Jersey’s institutions of higher education. Six of the state colleges and universities began as teachers colleges, and Education is one of the most popular majors at all of New Jersey’s colleges and universities. In 2009, New Jersey’s institutions of higher education awarded close to 7,000 degrees and certificates in Education, behind only Health Professions; Liberal Arts and Sciences; and Business, Management, and Marketing.

The relationship between teacher education in New Jersey and the quality students entering our colleges and universities must be recognized. The better our teachers, the better our students are prepared for a college education. As detailed later in this report, a shocking number of New Jersey high school graduates need remedial English and math courses upon entering college. They spend tuition and time developing skills they should have already learned, costing them money and delaying their degrees.

New Jersey’s ability to produce the teachers who will effectively prepare the state’s 90,000 high school graduates each year is a paramount policy concern. New Jersey has some superior quality teacher
preparation programs. Most of our colleges and universities adhere to the standards of one of the two major voluntary professional accreditation organizations. While about one-third of new teachers entering New Jersey classrooms now come through alternate route certification, the rest of the teacher workforce receives college and university-based professional training. For example, The College of New Jersey, Montclair State University, and Rowan University are broadly recognized as high-quality programs. Montclair State, in fact, has several programs ranked in the top 20 nationally. It cannot be said, however, that teacher education in New Jersey is of uniformly high quality. This suggests a need for standard setting and metric-driven evaluation designed to provide transparency and to facilitate incenting of the best teacher education programs.

It is imperative that colleges and universities be held to high standards of accountability for the content and relevance of their programs, as well as for reporting on the performance of their graduates. The State should ensure that appropriate data regarding teacher education programs, across schools, are collected, made public, and made available for use in evaluation.

The State should encourage adoption of innovative and effective practices related to enhanced clinical components of teacher preparation, as well as encouraging effective use of teacher performance assessments for initial licensing, professional licensing (tenure), and advanced certification. Toward that end, a national panel of education experts recently called for teacher education to be “turned upside down” by revamping programs to place clinical practice at the center of teacher preparation. The state has an interest in assuring its teaching force is prepared to teach 21st century skills and knowledge, ranging from global awareness as an interdisciplinary focus to competencies such as collaboration and innovation, particularly to disadvantaged students on the wrong end of the achievement gap.

Finally, the importance of subject-matter knowledge must be noted. While teaching will always balance art and craft, significant data indicate the skills and knowledge that bring success in the classroom. One of those skills is subject-matter knowledge. It is significant that the New Jersey Professional Standards for Teachers includes a standard for Subject Matter Knowledge. Teachers must know and understand, in depth, the subject matter they plan to teach and the relationship of that discipline to other content areas, and the evolving nature of the subject matter knowledge and the need to keep up to date on new ideas and understanding of the discipline. These skills, whether in science or singing, are key to helping students to learn.
Recommendations

1. New Jersey should transparently report rankings and results of the state’s teacher preparation programs and institutions.

2. Colleges and universities should track the performance of their teacher education graduates through quantitative data and qualitative feedback from employers (schools and districts) and the alumni themselves.
   - Institutions should assure that programs maintain high standards while incorporating the growing knowledge base about the importance of clinical experiences beyond one semester of student teaching. Institutions should also consider performance-based assessment, and the need for all teachers to obtain some skills to teach students in inclusive settings who may have a range of needs including special needs (disabilities) and lack of English proficiency.

3. New Jersey should consider incentives to support teachers taking on differentiated roles (e.g., coaching or mentoring other teachers, particularly in hard-to-staff subjects or schools) that have potential for closing achievement gaps related to poverty, race, immigration status, and the need for English as a second language.
Financing/Affordability

Capital Financing

Institutions in New Jersey fund capital expenses principally in five ways: through general obligation bonds; through direct State capital appropriations; through bond programs administered by the Educational Facilities Authority; through campus-backed debt; and through private fundraising and philanthropy.

The latest general-obligation bond issue approved by the voters—the Jobs, Education and Competitiveness Bond Act of 1988—provided $350 million for all four sectors of higher education in New Jersey. In addition to these bond proceeds, direct state appropriations for capital maintenance and renewal amounted to about $1.47 million between 1980 and 1999, but the State has not provided a separate capital budget for higher education since Fiscal Year 1999.

For the four-year public and independent institutions, the bulk of State capital support has been one-time-only, debt-financed programs dating at least to the mid-1980s. The Educational Facilities Authority usually administers these programs.

The Educational Facilities Authority is New Jersey’s primary issuer of tax-exempt municipal bonds to finance campus construction, renovation projects, and capital purchases for the states’ public and private colleges and universities. The Educational Facilities Authority has completed over 440 transactions with a total value of over $12 billion, and a 44-year record of zero faults. Under its enabling legislation, the Educational Facilities Authority is “in, but not of” the Department of the Treasury.

Beginning in 1993, New Jersey developed a series of renewable debt-capacity programs for the four-year colleges and universities, and which sometimes included the county colleges. These programs, under which new bonds can be issued as old ones are retired, included funding to construct facilities, lease equipment, address deferred maintenance, and install sprinklers in residence halls.

Public institutions have received between 89% and 94% of these funds, with the remainder going to the 14 independent institutions. All institutions have assumed a share of the cost of the debt on many of the State bond programs.

New Jersey’s county colleges benefit from a 1971 statute, known as Chapter 12 (P.L. 1971, c. 12; N.J.S.A. §§ 18A:64A-22.1 to 18A:64A-22.8). Chapter 12 provides county colleges with a debt-financed revolving fund for construction and maintenance, with debt service shared equally by the State and the county. The New Jersey Council of County Colleges recommends new construction and renovation projects to the State Treasurer according to institutional priorities, but does not undertake comprehensive planning for the sector. Upon the Treasurer’s approval, counties issue the bonds, and the State then reimburses the counties for half of the annual debt service on the bonds.

This has been a very successful program. Between 1995 and 2005, about $500 million had been allocated for capital projects at the county colleges. In 2004, the legislature increased the ceiling on the total principal amount of State-supported Chapter 12 bonds from $165 million to $265 million (P.L. 2004, c. 100; N.J.S.A. § 18A:64A-22.1). Under the Fiscal Year 2011 budget, the State is still paying $34 million on Chapter 12 debt service, but the State did not authorize any new issuances.
The Higher Education Incentive Funding Act (P.L. 1999, c. 226), established in 1999, provided State funds to match private endowment contributions or donations made to public and independent institutions of higher education. The amount of matching funds depended on whether the gifts were endowment contributions or donations, and on the type of institution—public or independent—receiving the gifts.

The program succeeded while the State money lasted. Rutgers, the other public research institutions, state colleges and universities, independent institutions, and county colleges all received matching funds. Appendix H displays the matching funds distributed from Fiscal Years 2000 to Fiscal Year 2006. In Fiscal Year 2007, the program was discontinued because the State had seldom met its obligation to match endowment contributions.

New Jersey's 12 senior public colleges and universities are legally required to submit a long-range facilities plan to the Commission on Higher Education for its review and recommendations. The plan must detail the institution's facilities needs and the plans to address those needs over the ensuing five years. Institutions must update their plans every five years. In its response to the plan, the Commission must consider the overall facilities needs of the institution, long-term fiscal implications of the plan including the debt burden of the institution, the relation of the facilities plan to the academic and student service programs of the institution, and the extent and cost of any deferred maintenance of the institution.

Credit-rating agencies indicated to the Task Force that they consider an institution's flexibility to handle financial stress when determining a bond rating. The worst-case scenario that can lead to low bond ratings is cuts in State appropriations, legislated caps on tuition, and an absence of State capital funds. New Jersey's public colleges and universities now face this worst case.

One of the nation's major bond-rating agencies indicated that New Jersey's capital support is relatively weak compared to other states. Data on the capital funding per state indicate that some other states have provided significant and consistent capital support for their institutions of higher education. For example, North Carolina and Connecticut have recently issued billion-dollar general-obligation bond issues for their public universities for capital projects. Indiana and Texas pay the debt service for a large share of their public university debt issues, even though the states are not legally obligated to do so. Maryland has periodically provided capital funding for projects for its public universities. Washington provides funds from its operating budget for building maintenance and operations at its institutions of higher education.

New Jersey's colleges and universities identified $5.8 billion in facilities needs in 2005, an amount that has grown over the past five years. To address these long-term capital construction needs but with an eye toward fiscal reality, the Presidents' Council developed a $2.705 billion Proposal for Capital Bond Projects, designed to expand college opportunity for New Jersey's students, enhance economic prosperity, and build a more robust New Jersey workforce. The presidents agreed on an appropriate allocation of the funds, and the agreement formed the basis for legislation that has been introduced, but has not moved, for the past five years. During the current legislative session, the bill is Assembly Bill No. 1655.

Some states have a dedicated source of revenue for capital needs at colleges and universities. For example, Florida's Public Education Capital Outlay (PECO) and Debt Service Trust Fund provides appropriations for higher education projects. PECO funds are derived from gross receipts taxes, bond sales, and interest earnings. In Fiscal Year 2006, for example, PECO provided 57% of funding for new construction for research and instruction at public colleges and universities in Florida. Florida also has an Education Enhancement Trust Fund, supported by the Florida Lottery. In Fiscal Year 2009, the Educational Enhancement Trust Fund provided over $219 million to state universities and almost $125 million to
community colleges in Florida.

_Institutional Indebtedness_

With little capital support from the State, many of New Jersey’s colleges and universities have increasingly relied on their own debt to finance facilities. New Jersey’s public colleges and universities are more highly leveraged with debt than most public institutions in the country. They pay this debt in part through tuition and fees, depending on future growth of tuition revenues. Using a debt-to-revenue ratio, rating agencies indicate that almost all of New Jersey’s senior public colleges and universities exceeded the national median of 0.5 in Fiscal Year 2009. Several institutions, in fact, had a ratio more than double the national median (see Appendix I).

The trustees of New Jersey’s public colleges and universities have implemented logical strategies and exercised reasonable stewardship when issuing institutional debt. Still, metrics and oversight over institutional debt need to be in place. New Jersey has no clear mechanism for the State to intervene in case of a financial crisis, and no clear standards to indicate that trustees are responsibly managing the financial resources of their institutions.

Bond-rating agencies assign ratings assigned to state and local governments, non-profit organizations and related entities that issue debt in the U.S. tax-exempt bond market. Moody’s ratings, for example, are opinions of the investment quality of issuers and issues in the U.S. market. As such, the ratings incorporate Moody’s assessment of the default probability and loss severity of these issuers and issues.

Almost all New Jersey’s public colleges and universities have received a high credit rating from Moody’s, indicated by the table in Appendix J. The rating agencies may factor into their ratings a consideration that state governments will assume the debt obligations of an institution if it appears the institution would otherwise default on a campus-based bond issue, even if the state has no such legal obligation. The long-term fiscal health of UMDNJ is unsustainable. UMDNJ is one of the two lowest-rated public institutions in the country rated by Moody’s, with a rating of Baar. This bond rating is influenced by the responsibility of running a large urban hospital that serves many indigent patients. The economic weight of operating University Hospital must be considered in evaluating the mission and future of UMDNJ as New Jersey’s premier medical education institution.

Most of New Jersey’s independent colleges and universities are rated by the bond-rating agencies. Their ratings as of November 2010 are listed in Appendix J.

Maintaining the ability of New Jersey’s colleges and universities to borrow in the marketplace requires a strong partnership with the State. Greater capital support would reduce the debt burdens carried by the institutions, shoring up their finances and strengthening their position in the bond markets when they do need to borrow to build facilities.

_New Jersey Public Institutions’ Physical Plant and Capacity_

The physical condition of facilities at New Jersey’s colleges and universities needs to be improved. While campus administrators have done the best they can to preserve and maintain their infrastructure, they need help. Unmet requests for funding annually reported to the New Jersey Commission on Capital Budgeting and Planning include fire-safety compliance projects, security upgrades, critical HVAC repairs, roof and window replacements, electrical system repairs, energy improvements, upgrades to information technology infrastructure, asbestos and hazardous substance abatements, and repairs to roads, parking lots, and
sidewalks. The longer these maintenance projects remain deferred, the more expensive they become to address.

The condition of our institutions’ campuses cannot be ignored, because demand for a traditional residential experience will continue. New Jersey has the lowest change in the number of public high school graduates of any state through 2018, holding steady around 90,000 students.

Beyond the traditional 18-22 year-old college cohort, New Jersey needs to be prepared for growing demand from adult learners, who often prefer the flexibility offered by online education. This mode of delivering courses, however, has its own expenses.

**Recommendations**

1. New Jersey should address the critical capital needs at the state’s colleges and universities with proceeds from general-obligation bonds, one issued as soon as possible to support a revolving fund, and one issued as soon as practical to provide a significant infusion of financial resources.

   - After years of neglect, New Jersey needs to help build academic facilities for a 21st-century education at our colleges and universities, protect existing resources, and take the burden for financing these projects off the backs of students. New Jersey’s colleges and universities identified $5.8 billion in facilities needs in 2005, an amount that has grown over the past five years. Issuing general-obligation bonds is an appropriate solution for our colleges’ and universities’ serious infrastructure needs, including both new construction and deferred maintenance of existing facilities.

   - One bond, targeted in scope and issued as soon as possible, should support a permanent revolving fund for Rutgers, the other senior public colleges and universities, and the independent institutions. Modeled after the county colleges’ Chapter 12 program, this proposed initiative would require the institutions to match 100% of the State commitment. The principal amounts that mature in any year would be available to be issued in any subsequent year, allowing the program to recycle.

   - A larger bond, issued as soon as the State’s finances can support it, should provide all institutions with much-needed funds that have not been available since the Jobs, Education and Competitiveness Bond Act of 1988. Toward that end, Assembly Bill No. 1655 would authorize the issuance of $2.705 billion in general obligation bonds to finance the construction and renovation of higher education facilities across all sectors. Importantly, the Presidents’ Council devised the allocation of funds included in the bill, reflecting the strong support and cooperation among New Jersey’s colleges and universities for this initiative.

   - A bond referendum of any magnitude would bring the issue of our colleges’ and universities’ capital needs to the voters. The electorate would decide, through a referendum, whether the State should issue the bonds, in light of the state’s overall level of indebtedness, which is among the highest in the nation. The governor, legislature, and college leaders themselves can make the case directly to the people.

   - If New Jersey is serious about having world-class institutions of higher education that produce the next generation of leaders and workers for businesses that increasingly demand higher learning and increased skills, the state can no longer neglect the buildings and infrastructure at our colleges and universities. The foundations of our workforce are, in many cases, literally crumbling beneath our feet and must be fixed.
2. Institutions should receive annual capital support.
   - This recommendation, like the one above, recognizes the very serious budget challenges now facing New Jersey. Nonetheless, as soon as possible, New Jersey must immediately begin reinvesting in higher education. New Jersey cannot allow its colleges and universities to fail to compete for students and faculty with institutions of higher education in states like North Carolina and Maryland that provide them with more capital support.
   - New Jersey should consider establishing a dedicated source of funding for annual higher education capital needs. The Florida Lottery, for example, provides hundreds of millions of dollars for construction at Florida’s state universities and community colleges.

3. The statutory ceiling on the total principal amount of the county colleges’ Chapter 12 bonds for which the State pays debt service, last raised in 2004, should be raised above the current limit of $265 million.
   - The timing of the increase, however, must be evaluated within the context of the Fiscal Year 2012 and subsequent budgets. Any increase in Chapter 12 funds should be factored into future allocations of capital funds—either bond proceeds or annual appropriations—provided to New Jersey’s institutions of higher education.

4. New Jersey should restore appropriations for the Higher Education Incentive Funding Program (P.L. 1999, c. 226) to help institutions attract private endowment contributions and other donations they would not otherwise receive.
   - By leveraging private donations with State resources, this program helped all sectors of higher education help themselves to grow their endowments, expand scholarship programs, and build much-needed facilities.

Operating Support

New Jersey has changed the way it funds its senior public colleges and universities over the past 30 years. Through 1980, a funding formula for the state colleges was driven by enrollment. Then, mission replaced enrollment as the focus for funding. Institutions faced no penalty for decreasing enrollment. A key principle of mission differentiation is differential funding, which the institutions understand.

Today, there is no appropriate rationale for the allocation of annual appropriations provided to Rutgers and other senior public colleges and universities. If there once was one decades ago, it is now obsolete. Each senior public institution annually requests an amount of public funds it needs to support its operations and development, but the legislature and governor make the final decision on appropriations.

The county colleges have a statutory formula to determine their level of State operating support. The statute calls for the State to support 43% to 50% of community college operating costs, but the State instead has aimed to split costs one-third each among the State, county, and student. In light of the funding shortfalls, the Commission on Higher Education has endorsed the one-third, one-third, one-third approach.

Like the county colleges, the independent colleges and universities in New Jersey have a funding formula that is not completely honored by the State. The Independent College and University Assistance Act, passed in 1972 and amended in 1979, provides State support to independent colleges and universities that “provide a level of education which is equivalent to the education provided by the State’s public institutions of higher education” (§ 18A:72B-17.a). The funding is tied to the number of full-time-equivalent New Jersey
undergraduates enrolled during the previous year at eligible independent institutions, multiplied by 25% of direct per-student support in the state colleges and universities during the same period. The actual level of funding has fluctuated, with the highest level achieved at 95.5%, in 1988. The Fiscal Year 2011 budget eliminated the funding of general operating support for independent colleges and universities under this aid program.

Operating support to New Jersey’s colleges and universities has been declining for 20 years (see Appendix K). The size of the cuts has increased alarmingly over the past five years. Between Fiscal Years 1991 and 2004, New Jersey decreased state and local support for general higher education operations per full-time equivalent (FTE) student about 5%. Between Fiscal Years 2004 and 2009, New Jersey experienced an 18.7% decline in appropriations per FTE student, exceeded only by Rhode Island and South Dakota (see Appendix L and Appendix M).

One of the more pernicious trends is the absence of funding for salary increases negotiated by the State itself at the nine state colleges and universities. During most of the 1990s and this decade, the State provided only a fraction of negotiated salary funds to the state colleges and universities. To meet salary obligations in full, the institutions had to divert their limited operating dollars. As the table below indicates, the percentage of salary obligations funded by the State directly correlates with tuition increases. The more the State funds the salary obligations, the slower tuition rises.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Required</th>
<th>State Funded</th>
<th>Percent Funded</th>
<th>Shortfall</th>
<th>Avg. Tuition Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$13,500,000</td>
<td>$0</td>
<td>0%</td>
<td>$13,500,000</td>
<td>10.0%</td>
</tr>
<tr>
<td>1999</td>
<td>$14,700,000</td>
<td>$0</td>
<td>0%</td>
<td>$14,700,000</td>
<td>7.2%</td>
</tr>
<tr>
<td>2000</td>
<td>$12,082,000</td>
<td>$6,354,000</td>
<td>53%</td>
<td>$5,728,000</td>
<td>3.7%</td>
</tr>
<tr>
<td>2001</td>
<td>$16,270,000</td>
<td>$7,630,000</td>
<td>47%</td>
<td>$8,640,000</td>
<td>4.9%</td>
</tr>
<tr>
<td>2002</td>
<td>$19,841,000</td>
<td>$4,817,500</td>
<td>24%</td>
<td>$15,023,500</td>
<td>5.2%</td>
</tr>
<tr>
<td>2003</td>
<td>$23,088,951</td>
<td>$0</td>
<td>0%</td>
<td>$23,088,951</td>
<td>9.0%</td>
</tr>
<tr>
<td>2004</td>
<td>$4,318,000</td>
<td>$0</td>
<td>0%</td>
<td>$4,318,000</td>
<td>10.2%</td>
</tr>
<tr>
<td>2005</td>
<td>$19,570,108</td>
<td>$9,665,000</td>
<td>49%</td>
<td>$9,905,108</td>
<td>9.3%</td>
</tr>
<tr>
<td>2006</td>
<td>$23,142,165</td>
<td>$10,884,000</td>
<td>47%</td>
<td>$12,258,165</td>
<td>7.1%</td>
</tr>
<tr>
<td>2007</td>
<td>$30,829,836</td>
<td>$0</td>
<td>0%</td>
<td>$30,829,836</td>
<td>6.9%</td>
</tr>
<tr>
<td>2008</td>
<td>$26,312,446</td>
<td>$3,590,000</td>
<td>14%</td>
<td>$22,722,446</td>
<td>8.0%</td>
</tr>
<tr>
<td>2009</td>
<td>$22,454,000</td>
<td>$7,779,000</td>
<td>35%</td>
<td>$14,675,000</td>
<td>7.3%</td>
</tr>
<tr>
<td>Total (98–00)</td>
<td>$226,108,506</td>
<td>$50,719,500</td>
<td>22%</td>
<td>$175,389,006</td>
<td></td>
</tr>
</tbody>
</table>

*decimals rounded

We credit the presidents and boards of trustees of all New Jersey’s colleges and universities for steering their institutions through this period of budget cuts, compounded by the effect of the recent recession. They have creatively found resources to replace State appropriations while serving record numbers of students, but we have reached a state of crisis.
One of the experts interviewed by the Task Force encouraged New Jersey to “challenge its presidents” to be bold and address statewide concerns, including improving retention, graduation rates, and enrollment of low-income students. The concept of “challenge grants” is not new to New Jersey, and their success should be reviewed and considered for replication.

In the 1980s, the governor’s office challenged presidents at Rutgers and the other senior public colleges and universities to target increased funds not for general operations, but toward specific purposes that could help the institutions achieve national prominence in distinctive areas. For example, one of the first challenge grants was a $5 million grant to NJIT to establish the Center for Information Age Technology. Since it was established in 1983, the Center has helped New Jersey government, schools, nonprofit organizations, and manufacturers with technology assessment, records management, software selection, and systems integration.

The success of the Center for Information Age Technology indicates how challenge grants can send a valuable message to New Jersey’s policymakers. Increased investment in higher education can bring tangible results for New Jersey’s students, communities, and businesses.

Balancing State support and institutional freedom is the key to excellence. Challenging New Jersey’s college leaders to secure greater funding by defining their missions more distinctly and devising strategies to execute them deserves a second look.

**Recommendations**

1. While fully recognizing the State’s immediate budgetary concerns, we recommend that the State must, as soon as possible, provide greater financial support for the operating budgets of New Jersey’s colleges and universities.
   - Erosion of operating support over the past 20 years has weakened the foundation of New Jersey’s economy and has caused a crisis. It must be addressed.

2. Current policies for providing funding to the county colleges and to the independent colleges and universities should be maintained.
   - In the case of the independent institutions, public support recognizes the significant contributions these institutions make to the cultural life and educational needs of New Jersey, including helping to provide much-needed classroom capacity for our college students.

3. New Jersey should develop and implement a more rational approach to allocating State aid among Rutgers and the other senior public institutions of higher education.
   - The allocation of the State’s operating support among Rutgers and the other senior public colleges and universities has had no basis in reason for at least the last two decades. As a consequence, there continue to be very substantial and unjustified differences in the levels of support provided by the State for the education of students from one institution to the next. Given the facts that support for all the institutions is too low and that all the institutions have experienced over the last decades significant cuts in what was already modest support, the allocation problem cannot be solved by a redistribution of the existing and inadequate funding without causing additional damage. However, given the severity of the disparities, a rational correction to the situation should not be delayed any longer. Therefore, we recommend that a correction to the existing disparities be implemented immediately and that funds for that specific purpose be appropriated by the State.
Thus, we recommend, as soon as fiscal realities permit, both the additional operating funding called for throughout this report to place New Jersey where it should be to build its economic future, and separate, additional funding to help correct existing disparities in operating funding.

Allocation—Allocation of increased appropriations as described above for the senior public colleges and universities should be evaluated and recommended in accordance with the following criteria:

A. Base Budget Adjustments:

Under this category, Rutgers and the other senior public institutions would request funding to support general institutional operations, including adjustments for increased enrollment, increases in personnel, inflationary adjustments, and funding to cover fixed cost increases imposed on the institution by State government, i.e., negotiated salary increases and State mandates, as well as educational success, mission accomplishment, graduation rates (as appropriate for the individual institution), institutional expenses, and alignment with state higher education goals.

B. Priority Packages for Institutional Needs:

Under this category, Rutgers and the other senior public colleges and universities would request funding for new initiatives, like new academic programs, enhanced research capacity, and specialized academic experiences for students. The funding would help institutions fulfill their specific missions. Mission differentiation suggests differential funding.

C. Incentive Funding:

Incentive funding should be provided to Rutgers and the other senior public institutions to align institutional behavior with state priorities and needs. These incentive grants may be directed by the State to individual institutions to enhance existing centers of expertise or may be made generally available to public institutions for the purpose of achieving state defined outcomes in the public interest.

4. New Jersey should reinstitute Challenge Grants.

- The State should periodically create a Challenge Grant program that would be competitive among the senior public colleges and universities, independent institutions, and county colleges to achieve some important public purpose identified by the State. These grants should be substantial in their amount, evaluated upon objective criteria by external experts and produce measurable and identifiable outcomes.

- The Governor’s Higher Education Council would review the categorical and institutional requests and make recommendations to the governor as to the Council’s best judgment about the relevancy, desirability, and funding priorities for these institutional requests. Of course, the final authority for recommending funds to the legislature resides with the governor. As in the past, over time, this approach will result in differential funding among the senior public institutions. This is reasonable and appropriate so long as there has been a fair and rational basis for the differentiated funding.

5. The Secretary of Higher Education should review annual budget requests from institutions, and after consultation with the Governor’s Higher Education Council, make recommendations to the governor for distributing any new funds based on the aforementioned criteria.
Institutional Reserves

Maintaining adequate reserves is integral to an institution’s financial stability. Reserves provide a cushion for operating demands that can occur from unexpected events, economic uncertainties, or lean funding periods. According to the National Association of College and University Budget Officers, reserves are affected by factors such as mission, debt structure, workforce demographics, funding sources, and long-term plans.

Prudent management demands that New Jersey’s colleges and universities maintain adequate reserves. Providing the educational needs of New Jersey’s college students requires long-range planning and careful financial stewardship. Institutional reserves are an important part of that planning and stewardship.

Recommendations

1. New Jersey’s colleges and universities should maintain adequate reserves, which should not be viewed by State budget analysts as a cushion against appropriations cuts.
   - The state’s public colleges and universities should not be viewed like State agencies, which are expected to spend down their annual budget appropriations. Maintaining adequate reserves is a responsible management practice. Prudence should be rewarded, not punished.

2. The Secretary of Higher Education should recommend minimum required levels of institutional reserves as part of maintaining the fiscal health of each institution of higher education.

Tuition

Attending college in New Jersey is more expensive than in most other states. The share of family income needed to attend college in New Jersey is fifth-highest in the country. The average in-state tuition at the four-year public institutions stands at $11,056, second to Vermont. In 2009-2010, Rutgers University had the fourth-highest in-state tuition and required fees among all the public members of the Association of American Universities.

Tuition and required fees at New Jersey’s county colleges are also higher than the national average. In 2009-2010, resident tuition and required fees ranged from $3,330 to $8,040 at New Jersey’s county colleges, all above the national average of $2,544.

Tuition at New Jersey’s private institutions stands at 13th nationally. The average tuition at New Jersey’s private four-year institutions was $29,170 in 2009, compared to the national average of $23,535. The change in tuition at private, four-year institutions in New Jersey between 2008-2009 and 2009-2010 was 3%, among the lowest (37th) in the country.

Tuition at New Jersey’s colleges and universities is exceeding the ability of New Jersey’s families to pay. The State has imposed a cap on tuition increases at Rutgers and the other senior public colleges and universities in six of the last eight years.

Almost every year since Fiscal Year 2002, the State has pressured Rutgers and the other senior public colleges and universities to limit their tuition increases. In 2002, the 12 senior public institutions were warned that they would face an audit by the Commission on Higher Education if they raised tuition more than 10%. Between Fiscal Years 2004 and 2011, the 12 senior public institutions faced the following caps on tuition written into the State budget:
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Tuition Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>9%</td>
</tr>
<tr>
<td>2005</td>
<td>8%</td>
</tr>
<tr>
<td>2006</td>
<td>8%</td>
</tr>
<tr>
<td>2007</td>
<td>8%</td>
</tr>
<tr>
<td>2008</td>
<td>0%</td>
</tr>
<tr>
<td>2009</td>
<td>0%</td>
</tr>
<tr>
<td>2010</td>
<td>3%</td>
</tr>
<tr>
<td>2011</td>
<td>4%</td>
</tr>
</tbody>
</table>

These caps on tuition and fees infringe on institutional autonomy. Excellence in educational quality depends on local control, not political calculations from Trenton. Institutional leaders, attuned to the needs of their campuses, must be trusted to set the level of tuition appropriate for raising the funds needed to support their operations. A combination of tuition caps, appropriations cuts, and the absence of capital support threaten the ability of these leaders to maintain the quality of their institutions.

Before adopting tuition and fee schedules or an overall institutional budget, governing boards of public colleges and universities must conduct a public hearing to provide members of the college community an opportunity to be heard on these matters. These hearings help make tuition and fee decisions transparent, and hold the trustees and administrators accountable.

Some tuition and fee increases have still caught students and their parents by surprise. In 2009, some institutions imposed new capital-improvement fees to repair buildings, upgrade facilities, and pay debt service on capital bonds. In 2010, UMDNJ, in response to a large cut in State appropriations, raised medical-school tuition for New Jersey students 18%, and 21% for out-of-state students.

As noted in more detail in the section of this report on Rutgers, reasonably increasing the number of students from others states at New Jersey’s public colleges and universities would provide several benefits. Students from other states help expand diversity. Higher admission standards increase the quality of intellectual discussion in classrooms and labs. In terms of tuition, out-of-state students pay higher rates, helping to strengthen the finances of the institutions and, in effect, subsidizing the cost of educating New Jersey residents.

**Recommendations**

1. The governor and legislature should not impose tuition caps on Rutgers and the other senior public colleges and universities.
   - These caps infringe on institutional autonomy. Institutional leaders, not officials in Trenton, know the needs of their campuses, and they are best positioned to set the level of tuition appropriate for raising the funds needed to support their institutional operations.

2. To help mitigate tuition increases, the State should fund increases in salaries negotiated at the 12 senior public colleges and universities at least at the same level as any increases in salaries negotiated with State employees.
3. Institutions should not increase tuition in one-year increments that are unreasonably large compared to past years’ increases.
   • Such increases are unfair to students and their families, and they violate the reasonable expectations between students and the college or university.

Student Assistance

New Jersey’s award programs fall into three distinct areas: need, disadvantage, and academics. New Jersey is consistently among the leaders in the nation in providing need-based student assistance. New Jersey ranks first in the nation in the estimated need-based undergraduate dollars per full-time undergraduate student, providing $1,022. New Jersey is fourth nationally in the estimated undergraduate grant dollars per full-time-equivalent undergraduate ($1,128), and 8th in total grant expenditures as a percentage of State fiscal support for higher education operating expenses, at 16%. In 2008-2009, New Jersey awarded 4.8% of all need-based aid given out nationally, behind California, New York, Texas, Illinois, Pennsylvania, and North Carolina.

The Higher Education Student Assistance Authority (HESAA), an independent state authority, coordinates student-aid programs, leverages State and federal resources, and provides direct services to students. HESAA administers four types of student assistance: savings programs, merit-based grants, need-based grants, and student loans.

The most significant need-based program is the Tuition Aid Grant (TAG) program. Established in 1978, TAG—when it is fully funded by the annual State budget—provides eligible full-time undergraduates up to 100% of the cost of tuition at public institutions, and up to 50% of the average tuition at independent institutions in New Jersey. Award amounts vary depending on the institution attended and a family’s ability to pay. Ability to pay is determined by a national need analysis system adjusted to meet New Jersey needs. Almost 63,000 students receive these grants totaling $312.5 million in Fiscal Year 2010 across Rutgers, NJIT, UMDNJ, the state colleges and universities, county colleges, and the proprietary institutions.

Language within the Fiscal Year 2004 budget, and in each budget thereafter, has authorized TAG awards for part-time students at county colleges, though not at institutions within other sectors of higher education. The Fiscal Year 2010 budget provided $7.1 million for 13,794 students.

New Jersey’s budget crisis is affecting its ability to help students afford their college education. Budget cuts over the years have caused a lag between actual tuition levels and the amount of TAG awards provided to students. The financial crisis limits the funding available in the near term, but the State’s commitment to helping students afford a college education must be addressed.

The New Jersey Educational Opportunity Fund was created in 1968 to help students from economically and educationally disadvantaged backgrounds obtain a college education. The Educational Opportunity Fund provides supplemental financial aid to help cover college costs—such as books, fees, room and board—that are not covered by the state’s TAG program. In Fiscal Year 2010, the Educational Opportunity Fund program distributed grants totaling $41.2 million to support over 19,130 students. The Educational Opportunity Fund undergraduate programs were cut $2.1 million in Fiscal Year 2011.

Overall funding for the Educational Opportunity Fund has grown over the past 20 years, but increases are sporadic, and they have been outpaced by increases in tuition. In non-inflation adjusted dollars, between Fiscal Year 1990 and Fiscal Year 2011, funding for student grants and summer programs increased 56.7%,
and funding for program support services increased 39.7%. In nine of those years, however, there was no increase for student grants, summer programs, or for program support services. Over this same period, tuition at Rutgers and the other senior public colleges and universities increased 140%, significantly diluting the benefits provided by the Educational Opportunity Fund.

Some Educational Opportunity Fund recipients are finding it impossible this year to meet their college expenses, and have had to drop out of school. Many students took out loans, but that is not a viable option for students who cannot find a cosigner or who have credit concerns. Other students took part-time jobs to make ends meet and moved to off-campus housing, spending more time away from their studies and jeopardizing graduating on time. Many students are hanging by a financial thread. Hundreds, if not thousands, of New Jersey students might be denied a college education simply because they are poor, a situation the State must help prevent for their sake and the future prosperity of this state.

National experts have advised that policymakers can most effectively improve college affordability by better targeting scarce financial aid resources toward students from lower- and lower-middle-income families. Specifically, state governments are advised to maximize the availability of need-based grants for low- and lower-middle-income families. Enhancing New Jersey’s already successful Educational Opportunity Fund program is one way to achieve that goal.

In 2004, New Jersey launched a merit-based scholarship for full-time county college students, called the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS). NJ STARS offers five semesters of county college tuition to students who graduate in the top 15% of their high school class and then maintain a 3.25 GPA in county college. Students must first apply for all other available federal and state grant aid and have a family income lower than $250,000.

Starting in the fall of 2006, NJ STARS students who complete their associate’s degree within five semesters are eligible for an NJ STARS II scholarship at a public four-year college or university in New Jersey. The amount of the NJ STARS II scholarship depends on the student’s GPA. Students with a cumulative GPA of at least 3.25 are eligible for a scholarship between $3,000 and $3,500 per semester. The costs of NJ STARS II scholarships are paid 50% by the State and 50% by the public institution of higher education.

Eligibility for an NJ STARS II scholarship does not guarantee admission at a public four-year institution. Public four-year institutions, however, must use the same admissions standards for NJ STARS students as they do for all transfer students.

New Jersey provides renewable scholarships of up to $1,000 for four years under the Coordinated Garden State Scholarship Initiative. This initiative includes the Edward J. Bloustein Distinguished Scholars program and the Urban Scholars program. The scholarships are awarded to academically meritorious students at New Jersey institutions of higher education. The total funding for Fiscal Year 2011 was $5.4 million for 5,754 scholarships. The funding level did not allow any new recipients over the previous year.

A larger merit-aid program for students at four-year institutions was phased out beginning in Fiscal Year 2006. The Outstanding Scholar Recruitment Program (OSRP) provided annual scholarships ranging from $2,500 to $7,500 to students who achieved certain SAT and class-rank criteria. For example, the top award of $7,500 went to students who scored between 1500-1600 on the SAT and were in the top 5% of their class. To retain the scholarship, students had to maintain a B average. In 2004, nearly 4,900 students received scholarships in this program worth over $13.1 million.
Merit-aid programs achieve a legitimate goal of retaining a state’s best and brightest students. In Fiscal Year 2010, 3,188 county college students received NJ STARS scholarships worth $11,677,395. Also in Fiscal Year 2010, 1,848 NJ STARS II students attended one of New Jersey’s four-year public institutions with scholarships totaling $7,006,605.

To help achieve the twin goals of keeping the best students in state while helping lower-income students go to college, however, state policymakers are advised to consider modifications to merit-based programs, such as changing eligibility criteria to include financial need. This expert advice can be applied to the NJ STARS program. The income ceiling of $250,000 is too high. New Jersey should entice the best and brightest students to stay here for college, but it should not be subsidizing families who can afford a college education.

The NJ STARS II program has created an expensive unfunded mandate for Rutgers and the other senior public colleges and universities. Leaders from the four-year public institutions consistently raised this issue in their responses to the Task Force’s questionnaire. In Fiscal Year 2009, the cost to Rutgers and the other four-year public colleges and universities was almost $6.4 million.

The stated objective of the NJ STARS programs is to encourage the state’s highest achieving students to stay in New Jersey for their college education. The current eligibility of the top 15% of each high school graduating class, however, is too broad. Moreover, the requirement that NJ STARS recipients must first attend a community college is not appropriate for many top students. Research has shown that high school seniors who want to earn a bachelor’s degree are less likely to do so if they start at a community college than if they enroll at a four-year institution.

Finally, experts advise that there is a need to increase the transparency of student financial aid processes and awards. Confusing forms and application requirements can discourage some students from applying for aid, which could shut the door completely on their college aspirations.

This year, HESAA—for the first time—required students to submit a specific form to be eligible for State-based financial aid, even after they filed the Free Application for Federal Student Aid (FAFSA). This new requirement, while needed to collect information used to calculate State aid, was confusing for students and their families, and resulted in delays in much-needed financial assistance to attend college in New Jersey.

HESAA, through hard work with the U.S. Department of Education, has developed a likely solution for next year’s student aid applicants. The Department of Education aims to add a link to the online FAFSA that would allow New Jersey students to complete the additional financial aid information. The link should be in place by next year, eliminating the need for students to file the additional financial aid form with the State.

**Recommendations**

1. The State should maintain current policies regarding Tuition Aid Grant funding for students at all eligible institutions of higher education in New Jersey.
   - Students and institutions alike rely on this funding. Significant changes in policy that reduce aid can cause some students to no longer be able to afford their college education, and can jeopardize the financial strength of the institutions themselves.
2. The State should provide a sufficient investment in the Educational Opportunity Fund, including an increase in funding as soon as possible.
   • The Educational Opportunity Fund is a resounding success, helping low-income students obtain a college degree.

3. The NJ STARS programs and the Coordinated Garden State Scholarship Initiative should be transformed into a broader-based, more comprehensive program to achieve the important objective of retaining New Jersey’s best and brightest students more effectively, and to maximize the value from the State’s $26.49 million investment in merit-based scholarships.
   • This more comprehensive merit-based scholarship program should provide a grant to students in the top 5% of their high school’s graduating class or in the 95th percentile of SAT or ACT scores. Students could use the grant toward tuition at any accredited two–year or four–year, public or private institution of higher education in the state, similar to the former Outstanding Scholar Recruitment Program. This recommendation takes into consideration the exclusive financial aid provided to county college students through part-time TAG awards.

4. New Jersey must improve the application process for student assistance.
   • New Jersey must keep pace with the welcome reforms made by the federal government in the process of applying for financial aid. HESAA is applauded for its hard work to coordinate with the U.S. Department of Education to allow students to submit only a Free Application for Federal Student Aid, and through an online link on that form, provide additional information needed to be apply for TAG, the Educational Opportunity Fund, and New Jersey’s other student-aid programs.

**Student Debt**

Federal student loan programs are either subsidized by the federal government or are unsubsidized. Subsidized Stafford Loans and Perkins Loans provide the greatest benefit for students because the government pays the interest while the students are enrolled in school. Unsubsidized Stafford Loans and PLUS Loans for parents of undergraduate students and for graduate students are also covered by the federal guarantee, and have interest rates limited by law. Nonfederal education loans from banks and other lending institutions are not subsidized by the government, meaning the interest accrues while the student is in school.

In New Jersey, HESAA is the guarantor of Federal Family Education Loans and is lender and servicer of the State’s NJCLASS Supplemental Student Loan Program. NJCLASS is one of the nation’s leading and lowest-cost fixed-rate supplemental student loan programs. Between Fiscal Years 2008 and 2009, HESAA provided almost 55,000 NJCLASS loans exceeding approximately $691 million.

According to The Project on Student Debt, the average debt carried by graduates from a four-year public or a four-year private institution in New Jersey in 2009 was $22,731, the 19th highest in the country. Sixty-two percent of the graduates from New Jersey’s four-year public and four-year private institutions graduated with debt in 2009.

One researcher (Price, 2004) found that bachelor’s degree recipients from lower-income families and who were African-American or Latino were more likely than other bachelor’s degree recipients to have excessive debt burdens four years after receiving their degrees. “Excessive debt burden” is defined as a ratio of monthly loan payments to gross monthly income that exceeds 8%.
Debt is also a concern for students in New Jersey’s graduate and professional schools. At the Robert Wood Johnson Medical School, for example, increasing tuition is building greater debt for our medical-school graduates, dissuading them from entering lower-paying primary-care fields, and from staying in New Jersey (see Appendix N).

**Recommendations**

1. The State and our colleges and universities must be mindful of the debt burden carried by students and their families to afford a college education by putting policies in place to help mitigate unreasonable annual increases in tuition or to spread increases over time.
Rutgers–The State University Of New Jersey

For a state to be great, it must have a great state university. New Jersey is rightfully proud of the history and accomplishments of Rutgers, its only comprehensive public research university. Rutgers is the only institution of higher education in the nation to include in its history the heritage of a colonial college, the designation as a land-grant institution, and development into a modern state university. This heterogeneous heritage, while a proud one, has sometimes contributed to a diffused mission over almost 250 years.

Rutgers is a well-respected university. However, for New Jersey's students to receive the quality of higher education they deserve, and for all our citizens to have the economic future we want, Rutgers must become a great university.

Founded in 1766 as Queen's College in New Brunswick, Rutgers was the eighth college established in the colonies. Named after Revolutionary War veteran Colonel Henry Rutgers in 1825, Rutgers was designated as the site of New Jersey's land-grant institution under the Morrill Act of 1862 and established Rutgers Scientific School in 1864, which has since become the agricultural school named Cook College. Rutgers was designated the state university in 1945, but only in 1956, under a series of statutes called the Rutgers Compact, did the State assume full control. In 1989, Rutgers became the 58th member of the Association of American Universities, the group of leading public and private research universities distinguished by their excellence in their education and research programs.

Rutgers became a three-campus system when it absorbed the University of Newark in 1946 and the College of South Jersey in Camden in 1950. Across the three campuses, Rutgers enrolled 36,684 full-time undergraduates and 14,125 full-time and part-time graduate students in the fall of 2009.

Due to the history of Rutgers' transformation from a private institution to a public one, the university has both a board of governors and a board of trustees. The board of trustees was the governing body of the institution from its founding until it became New Jersey's state university in 1956. The “Rutgers, the State University Act of 1956” created a board of governors as the governing body of the university. The law modified the board of trustees to have certain fiduciary responsibilities over university assets that existed before 1956, including land and the school's name.

The board of governors is composed of 11 voting members, six appointed by the governor with confirmation by the State Senate, and five elected by and from the board of trustees. Members of the board of governors serve six-year terms and may succeed themselves for one additional term.

The board of trustees comprises 59 voting members, chosen as follows:

- 28 charter members elected by the Board of Trustees, three of whom must be women and three of whom must be initially elected as undergraduate students entering their junior year;
- 20 alumni or alumnae members nominated by the board of trustees;
- five public members appointed by the governor and confirmed by the State Senate; and
- the six members of the board of governors appointed by New Jersey's governor.

Like the board of governors, the trustees serve six-year terms and may succeed themselves for no more than one additional term.
Rutgers’ governing bodies oversee a large and diverse institution that is a distinctive gateway for college opportunity. Rutgers enrolls over 43,000 full-time students, more than the average at all the members of the Association of American Universities. More than half of Rutgers’ undergraduates — 52% — identify themselves as a race other than white, compared to the average of 33% at the public AAU members. About one-third of Rutgers’ students are the first in their family to go to college, and 80% of the university’s first-year students receive financial aid, compared to an average of 70% at the public AAU institutions.

While Rutgers is New Jersey’s largest university, size is not necessarily an attribute of excellence. The University of California at Berkeley, the University of Michigan at Ann Arbor, the University of North Carolina at Chapel Hill, and the University of Virginia at Charlottesville have well deserved reputations as outstanding public research universities, yet not one of them is the largest public university in its state.

In addition to being large, Rutgers is an enormously complex institution. Its research capacity, professional schools, and doctoral programs give Rutgers a unique role among New Jersey’s colleges and universities, and help it make important contributions to the state’s economy.

Appropriately, as New Jersey’s land-grant institution, Rutgers has significantly contributed to the agricultural development of the Garden State. Scientists at Rutgers developed the first Kentucky bluegrass hybrid, a major breakthrough for groundcover needs in cool-weather states. Rutgers physicists are critical members of the team working on the Large Hadron Collider in Switzerland, a multinational experimental device designed to understand the most fundamental processes of atomic and subatomic transformation. The Rutgers University Cell and DNA Repository is a global leader in supporting genetic research to cure complex diseases and addictions. It provides resources to hundreds of research laboratories around the world and has created hundreds of jobs in New Jersey.

Rutgers’ researchers also make important contributions to public service. For example, scientists at Rutgers’ Environmental and Occupational Health Sciences Institute wrote the defining report on dust from the World Trade Center after the 9/11 attacks.

Rutgers can boast having some of the highest-ranking academic departments in the country. The Department of Philosophy is ranked second in the U.S., and third in the English-speaking world. The National Research Council recently ranked Rutgers’ departments in Food Science, Biochemistry and Microbiology, Communication, History, English, Linguistics, Sociology, Physics, and Mathematics among the best in the nation.

The faculty members in these highly regarded disciplines are the heart of the undergraduate education at Rutgers. For example, star scholars and scientists at the School of Arts and Sciences use innovative teaching styles and techniques in Signature Courses, which engage students in big-picture topics like Global East Asia, and Energy and Climate Change. Students learn how to think through a problem from many perspectives, helping them become better educated citizens.

Rutgers is primarily a research university, and it needs to establish itself among the nation’s top ten public research institutions. Rutgers falls behind its national peers in some important measures. Rutgers ranked 64th in federally financed research and development expenditures in 2009. This ranking is influenced by the absence of a medical school, which could help attract top-flight researchers and research grants to Rutgers. Federal research support at Rutgers increased over 27% between 2008 and 2009, and increased almost 23% between 2009 and 2010. Taking medical-school research out of other schools’ totals would place Rutgers higher in the national rankings.
The absence of a medical school at Rutgers undercuts its performance in the study conducted by the Center for Measuring University Performance. The Center determines the top American research universities by their rank on nine measures: total research, federal research, endowment assets, annual giving, National Academy members, faculty awards, doctorates granted, postdoctoral appointees, and SAT/ACT range. Rutgers has no measures in the top 25 nationally, and only three measures in the top 26–50 nationally. Compared to only public institutions, Rutgers has three measures in the top 25, and six measures in the top 26–50, as detailed below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Measure</th>
<th>Overall Rank</th>
<th>Rank Among Public Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Total Research</td>
<td>$281,186,000</td>
<td>60</td>
<td>39</td>
</tr>
<tr>
<td>2007 Federal Research</td>
<td>$125,364,000</td>
<td>74</td>
<td>46</td>
</tr>
<tr>
<td>2008 Endowment Assets</td>
<td>$588,558,000</td>
<td>120</td>
<td>40</td>
</tr>
<tr>
<td>2008 Annual Giving</td>
<td>$84,067,000</td>
<td>80</td>
<td>47</td>
</tr>
<tr>
<td>2008 National Academy Members</td>
<td>35</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>2008 Faculty Awards</td>
<td>21</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>2008 Doctorates Granted</td>
<td>431</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>2007 Postdocs</td>
<td>185</td>
<td>78</td>
<td>49</td>
</tr>
<tr>
<td>SAT Median between 25th and 75th Percentiles</td>
<td>520-630 550-670</td>
<td>205</td>
<td>46</td>
</tr>
</tbody>
</table>

Exactly 100 years ago, a book called Great American Universities identified 14 universities as the best in the U.S. What distinguished all 14 of these great universities—including the five public universities on the list—was their exceptional funding. With strong financial support, they built settings of academic and research excellence, giving them the ability to recruit and retain the best students and faculties. The greater the investment, the greater the university will be.

The same is true today. The Center for Measuring University Performance has written that “the revenue imperative is a constant for all institutions” (2009, p. 2). Institutional wealth indicates a university’s ability “to compete in a marketplace where the critical and scarce elements of high performing faculty, staff, and student talent, and the support structures required to ensure their effectiveness, must all be purchased” (p. 2).

Compared to many of its national peers, Rutgers is financially disadvantaged. State appropriations to Rutgers have fallen rapidly, battering the institution’s budget. In Fiscal Year 2011, the university received direct appropriations of $262.5 million, a 26.3% cut from just five years ago, and the lowest amount since Fiscal Year 1994. These figures are not adjusted for inflation, meaning New Jersey is spending much less on Rutgers than just about ever before. As one consequence, Rutgers canceled pay increases and froze salaries for all university employees this year, at a time when faculty and staff are serving over 10,000 more full-time equivalent students than in 1994.

Most of Rutgers’ students are from New Jersey, which fulfills an important part of the university’s mission, but increasing the number of out-of-state students can help diversify the student body. Moreover, out-of-state students must meet higher admissions criteria, thereby boosting the intellectual capacity of the student body. Only 8% of Rutgers’ undergraduates came from outside New Jersey in the fall of 2009, compared to 35% out-of-state undergraduates at the University of Wisconsin at Madison, 29% at the
University of Michigan in Ann Arbor, 27% at the University of Virginia in Charlottesville, and 16% at the University of North Carolina at Chapel Hill.

In addition to helping expand diversity and increase academic quality, out-of-state students contribute much-needed revenue. Public colleges and universities typically charge nonresident students higher tuition than in-state students to cover more fully the cost of their education, which for resident students is subsidized by the State. In 2009-2010, Rutgers charged New Jersey undergraduates $11,886 in tuition and fees, compared to $23,058 for out-of-state students, a differential of almost 94%. Rutgers could charge even more, compared to its aspirant peers as shown in the chart below:

<table>
<thead>
<tr>
<th>Institution</th>
<th>2009-2010 In-State Tuition &amp; Fees</th>
<th>2009-2010 Out-of-State Tuition &amp; Fees</th>
<th>Price Differential</th>
<th>Percentage Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of California at Berkeley</td>
<td>$8,353</td>
<td>$31,022</td>
<td>$22,669</td>
<td>271%</td>
</tr>
<tr>
<td>University of Illinois</td>
<td>$12,528</td>
<td>$26,670</td>
<td>$14,142</td>
<td>113%</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>$11,659</td>
<td>$34,937</td>
<td>$23,278</td>
<td>200%</td>
</tr>
<tr>
<td>Univ. of North Carolina</td>
<td>$5,625</td>
<td>$23,513</td>
<td>$17,888</td>
<td>318%</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>$9,872</td>
<td>$31,872</td>
<td>$22,000</td>
<td>223%</td>
</tr>
<tr>
<td>University of Washington</td>
<td>$7,692</td>
<td>$24,367</td>
<td>$16,675</td>
<td>217%</td>
</tr>
<tr>
<td>University of Wisconsin</td>
<td>$8,310</td>
<td>$23,059</td>
<td>$14,749</td>
<td>177%</td>
</tr>
</tbody>
</table>

We applaud Rutgers and the other 24 institutions of higher education in New Jersey that recently partnered with the U.S. Department of Commerce to launch a Web site called Study New Jersey. The site aims to attract more foreign students to attend college in New Jersey.

New Jersey has neglected the buildings and physical infrastructure of its colleges and universities, none more so than at Rutgers. Rutgers has over 800 buildings on its three campuses and throughout the state, many built between 1953 and 1972. For the current fiscal year, the university estimated over $256 million of capital needs, ranging from fire safety compliance, electrical upgrades, energy conservation, information technology infrastructure upgrades and maintenance, and road repairs.

Modern, well-maintained facilities are critically important tools to recruit faculty and students, particularly in the physical and life sciences. Obsolete facilities like the Chemistry building on the Busch campus hold Rutgers back. Built in the mid-1950s, the Chemistry building needs extensive, costly upgrades. Recent renovations to just one laboratory covering less than 3,000 square feet cost over $3 million.

The best researchers and students demand the best equipment. A state-of-the-art Chemistry building should have modern labs with equipment like nuclear magnetic resonance spectrometers, electron microscopes, and lasers. Placing such equipment in the current Chemistry facilities would be irresponsible. The temperature, humidity and power fluctuations would cause unreliable data and irreproducible results, and they can damage the equipment.

Building new space would be much more cost-effective than renovating existing space on a piecemeal basis. Capital support from the State—from general-obligation bond proceeds or annual capital appropriations—has been missing for years, leaving Rutgers on its own to maintain and modernize its facilities.
Rutgers is doing more to help itself secure the funding it needs, and the university is applauded for recently initiating a capital campaign to raise $1 billion. “Our Rutgers, Our Future” is an apt title for the capital campaign. The future of New Jersey’s prosperity rests in large measure on the success of its state university.

Rutgers needs to have a strong endowment to provide a permanent source of income to support teaching and research. Based on 2009 figures, Rutgers’ endowment stood at $545 million, ranking 106th among public and private colleges and universities in the U.S. The $1-billion campaign will help fund scholarships, endowed faculty chairs, new buildings, and other important projects. The campaign is a strong step in the right direction, but it needs to be combined with other measures to lead Rutgers ahead.

**A Call to Action**

Together, university and State leaders need to develop and achieve a bold vision to make Rutgers University among the best of American universities. New Jersey should have the Rutgers of its dreams, ranking among the best research universities in the country, indeed in the world. This is a call to action to achieve that vision for Rutgers.

Rutgers should be integrally linked with the state. The research in professors’ labs should be partnered with our pharmaceutical and biomedical industries. The work of Rutgers’ history professors should document the achievements of the transformative figures and important events in New Jersey’s past. The ideas developed at the Bloustein School of Planning and Public Policy, the Heldrich Center for Workforce Development, and the Eagleton Institute of Politics should inform our government’s policies.

If the State demands more from Rutgers, it is only fair that Rutgers demand more from the State. State appropriations to Rutgers must stabilize and then increase. A greater, long-term investment from the State will help moderate tuition increases, build and improve much-needed facilities and long-ignored projects, and improve the morale of faculty and staff, who have faced salary freezes and uncertain futures.

Rutgers’ leaders need to be able to plan the institution’s budget, and a stronger partnership with Trenton that provides predictable and stable funding would greatly help that effort. A far-reaching budgeting horizon will help improve strategic planning and academic programming. Midyear budget cuts, like the one imposed in February 2010, cause slapdash solutions that postpone progress.

New Brunswick and Piscataway are recognized as the heart of Rutgers. Teaching and research are the driving forces behind high national rankings, and most of the university’s teaching and research occur in the Arts and Sciences at the main campus in New Brunswick. These important activities are what distinguish Rutgers from the rest of public higher education in New Jersey.

The university’s campuses in Camden and Newark must also be part of any long-term vision of Rutgers. Camden’s law school, unique doctoral program in childhood studies, and comprehensive four-year undergraduate business curriculum help that campus contribute to the corporate, legal, and family needs of the city of Camden and the region.

Rutgers-Newark is deeply connected to New Jersey’s largest city and its surrounding communities. Despite limited resources and an infrastructure that is not kept up to date, the institution’s students and faculty work closely with some of the state’s largest employers and most important civic organizations that are headquartered in Newark. Rutgers-Newark is nationally recognized for its ability to collaborate with the
community and apply institutional resources for the benefit of both the campus and its neighbors. Rutgers needs to continue to expand not only its academic programming in Newark, but must commit to enhancing an ongoing residential and community presence in the city.

Rutgers-Newark reflects the many faces of Newark. It is recognized nationally as the most diverse national university in the U.S. This rich diversity offers an extraordinary educational opportunity for students. Professors use the diversity within their classroom as a teaching tool. After they graduate, Rutgers-Newark alumni report that the experiences they gained in school, working with people from so many different backgrounds, give them a competitive advantage in their careers, since diversity contributes significantly to business creativity in the global marketplace.

**Recommendations**

Rutgers is a good university. It should be great. To rise in national stature and become a great institution, it must take the following steps, in concert with an increasingly supportive State partner.

1. Rutgers should strategically choose to invest in areas of excellence, and eliminate redundancy across its campuses.
   - Rutgers must strive to achieve excellence. The university should focus its energy, attention, and resources on becoming a national center of excellence in its research capacity, professional schools, and doctoral programs. With this new strategic focus, Rutgers should consider areas in which it should not be involved.
   - One area of emphasis should be the university’s research capacity in supporting the pharmaceutical industry, medical device industries, and their allied professions in New Jersey.

2. The State should stabilize, and enhance when fiscally possible, its financial support to Rutgers. Specific steps toward increased appropriations and capital support are discussed in more detail in the section of this report on Financing/Affordability.

3. Rutgers should prepare to merge with the University of Medicine and Dentistry’s Robert Wood Johnson Medical School and School of Public Health to establish a first-class comprehensive university-based health science center.
   - The discussion and recommendations in the next section of this report detail the need to fundamentally transform the University of Medicine and Dentistry of New Jersey. Merging Robert Wood Johnson Medical School and the School of Public Health with Rutgers University is essential to the future educational, economic, and healthcare needs of New Jersey.

4. Rutgers must place undergraduate education in the context of its other important responsibilities.
   - A nationally prominent research university is buttressed by a robust and selective undergraduate program. Teaching and research come together in the classrooms and labs of Rutgers’ professors, and more selective enrollment would enhance those experiences for students and faculty alike.

5. The president of Rutgers should at times act as the spokesperson for higher education in New Jersey.
   - The president’s office of the state university is a powerful bully pulpit. The best state university presidents act as a spokesperson for higher education in their states.
6. As New Jersey’s land-grant institution, with a tradition of contributing to the state’s economic development, Rutgers must work more closely with the state’s business community.
   • Rutgers and New Jersey’s corporate community can grow together. Greater contributions from Rutgers to the research and innovation occurring in New Jersey's businesses will improve the state’s business climate and help prepare Rutgers’ students for the workforce.

7. Rutgers should increase the resources it provides to Rutgers-Newark.
   • Rutgers-Newark must remain a vibrant component of Rutgers University and should become even more integrated into the fabric of the city of Newark. The recommendation to merge components of UMDNJ based in New Brunswick and Piscataway with Rutgers could divert resources from UMDNJ’s Newark-based facilities. By more strongly supporting its campus in Newark, Rutgers can solidify its commitment to New Jersey's largest city through educational, research, and public service opportunities, all contributing to the local community.

8. Rutgers-Camden must receive appropriate support to contribute to Rutgers' statewide mission.
   • Recommendation in the next section in this report should create opportunities for Rutgers-Camden to collaborate with other institutions of higher education and expand its research and instructional missions.

9. Rutgers must continue to have strong, independent institutional governance. Its complicated governing structure, however, should be reviewed and streamlined if possible, with due respect to the principles of the 1956 Compact.
   • Two governing boards—a board of governors and a board of trustees—is not a good management model under modern principles of governance. Reexamining this governance architecture more than 50 years since its design under the 1956 Compact is prudent.
UMDNJ and Medical Education In New Jersey

Medical education in New Jersey is uniquely organized relative to other states. The University of Medicine and Dentistry of New Jersey is a free-standing institution, rather than being affiliated with a research university. The history of UMDNJ explains the reason for this atypical arrangement.

Medical education in New Jersey developed along private and public tracks that converged in 1970. The Seton Hall College of Medicine and Dentistry opened in 1954 in Jersey City, and was purchased by the State in 1965. Renamed the New Jersey College of Medicine and Dentistry (NJCMD), it moved to Newark in 1967 after the riots. Meanwhile, Rutgers started Rutgers Medical School in 1966 as a two-year basic-science institution offering a master’s degree in medical science. The Medical and Dental Education Act of 1970 merged NJCMD with Rutgers Medical School, creating the College of Medicine and Dentistry of New Jersey. The institution was renamed the University of Medicine and Dentistry of New Jersey in 1981, and today it is the nation’s largest public university for health sciences. It has a three-part mission of teaching, research, and patient care.

In 2003, the New Jersey Commission on Health Science, Education, and Training, chaired by Roy Vagelos, the former chairman and CEO of Merck, recommended the creation of a single New Jersey research university system combining UMDNJ’s eight schools, Rutgers University, and NJIT. The system would have encompassed three universities: one based in Newark, one in New Brunswick/Piscataway, and one in Stratford/Camden.

The Vagelos Commission recommended a new governance structure for this new university. It would have consisted of a Board of Regents, a system chancellor, university presidents, and university advisory boards.

The Vagelos Commission took a close look at the options available on this important issue. While its recommendations remain unimplemented, the in-depth analysis of the Commission and its comprehensive report provided important background for our work.

Since the release of the Vagelos Commission report, significant legal actions involving UMDNJ led to the implementation of a series of financial, management, and personnel reforms. A federal monitor was appointed to enforce compliance with an agreed-upon deferred prosecution agreement.

UMDNJ can take pride in its wide-ranging responsibilities. It provides for the education and training of physicians and many other healthcare professionals. It cares for patients at sites throughout New Jersey. It provides important community service. Its employees are dedicated, and many are prominent in their fields. As a relatively young institution, it has accomplished much.

Throughout the work of this Task Force, however, the need to reform medical education in New Jersey, and the institutions that serve it, was a loud, recurring refrain. Many people, including representatives from the public research institutions, expressed frustration over years of discussion and the lack of resolution of this important public policy and educational issue. As presently configured, the central administration is seen by many as organizationally cumbersome and adversely affected by a bureaucratic approach, political intervention, and expedient financial decisions.

New Jersey, the home of some of the world’s best pharmaceutical and biomedical companies, should have institutions of higher education that lead the nation in attracting federal research funding. Our colleges
and universities, however, fall woefully short compared to other states’ institutions. Three New Jersey institutions rank in the top 100 institutions nationally in federally financed research and development expenditures in 2009: Rutgers (64th), Princeton (80th), and UMDNJ (92nd) (see Appendix O). Based on data from the National Science Foundation, UMDNJ fell 20 places in the national rankings between 2004 and 2009.

University Hospital in Newark is a significant component of UMDNJ, but sustaining the financial operation of this acute-care facility in New Jersey's largest city is a major challenge that influences any recommendations regarding medical education in northern New Jersey. University Hospital is New Jersey's leading provider of charity care to the uninsured and the underinsured, delivering over $130 million in charity care services annually. University Hospital carries a significant debt load of about $125 million.

The Cancer Institute of New Jersey is the state's only cancer institute designated by the National Cancer Institute (NCI), and it is one of only 40 NCI-designated comprehensive cancer institutes in the country. New Jersey should take greater advantage of the Cancer Institute's unique position and capacity when defining statewide strategies in the treatment, research, education, and prevention of cancer.

The Foundation of UMDNJ is an independent not-for-profit corporation that raises and administers private contributions to all campuses of the University of Medicine and Dentistry of New Jersey. It has raised hundreds of millions of dollars in support of UMDNJ initiatives. The Foundation of UMDNJ must remain independent to assure that the intended purposes of donors' gifts are met.

In South Jersey, Cooper Medical School of Rowan University was created in 2009 to provide an allopathic medical school for that fast-growing part of the state. In October 2010, construction began on a 200,000-square-foot, six-story facility in Camden for the medical school. Classes are slated to begin in 2012.

Although the review of medical education was not included in the Executive Order that established the Task Force, the issue is of vital importance to the future educational, economic, and healthcare needs of New Jersey. The issue is also enormously complex. Evidence received by the Task Force, coupled with past studies on this issue and developments over the past five years, all point toward the need to initiate immediately transformational change at the University of Medicine and Dentistry of New Jersey.

This urgent need for change is for the public good. New Jersey needs a clear vision of medical training and research for the 21st century. Educating physicians and other medical professionals, conducting cutting-edge research, and serving the healthcare needs of New Jersey’s residents need to be balanced. They need to be placed in the hands of institutional leaders who will protect the human and structural assets behind all these operations.

The Task Force appreciates the many and complex interrelationships among UMDNJ’s entities and other State institutions. It is recognized that complicated personnel, logistic, accreditation, and financial issues exist. These should not be reasons, however, to ignore the need for change. Resolution of this serious matter for New Jersey is imperative. The question is not whether to act, but when. The answer is now. The recommendations below can guide New Jersey toward decisive action. These are first steps only, with more work to be done.

The following are the Task Force’s specific recommendations, along with a discussion of other issues requiring resolution.
Recommendations

1. The University of Medicine and Dentistry of New Jersey should be fundamentally transformed while sustaining the integrity of medical education and healthcare delivery in Newark.

2. Robert Wood Johnson Medical School and the School of Public Health should be merged with Rutgers University’s New Brunswick-Piscataway campuses to establish a first-class comprehensive university-based health science center.

3. When Robert Wood Johnson Medical School merges with Rutgers, concurrent steps must be taken to address the other operations of UMDNJ, including University Hospital, New Jersey Medical School, the future of medical education in Newark, and medical education in South Jersey.

4. An expert panel should be convened as soon as possible to implement these recommendations from concept to action and consider the issues referenced in the following section. Immediate resolution is imperative.

Range of Comments

The Task Force received considerable input from many sources throughout the state, who expressed their opinions as to what change should take place at UMDNJ, including retaining UMDNJ as a free-standing institution. The Task Force’s limited time and resources prevented our ability to respond specifically to these suggestions. In appreciation of the information we received, we present the following list of some of the possible next steps or options expressed to us, which should be considered by the expert panel recommended above.

NEWARK

Options regarding medical education range from establishing a broad-based comprehensive university that encompasses Rutgers-Newark, NJIT, New Jersey Medical School, and University Hospital, to keeping the institutions separate, with New Jersey Medical School as free standing, or as an auxiliary campus of Robert Wood Johnson Medical School. Other thoughts were expressed regarding the incorporation of UMDNJ’s other schools within applicable institutions. A summary of a proposal from the Vagelos Commission appears in Appendix P.

University Hospital is an important facility, important to the city of Newark and its people. It provides significant healthcare services to the citizens of Newark and the surrounding area, while also helping train medical students attending New Jersey Medical School. A central mission to Newark and its people must remain its focus.

University Hospital’s finances, however, are very unstable. Options to help make the hospital more viable include:

• transferring ownership to a state-owned hospital corporation;
• selling it to a non-profit or for-profit system; or
• having a university own and operate the medical school and hospital.

Other UMDNJ components requiring action are New Jersey Dental School, Graduate School of Biomedical Sciences, School of Health Related Professionals, School of Nursing, and University Behavioral Health Care.
As New Jersey’s largest city, Newark is integral to educating our college students, healthcare providers, and other professionals. Significant educational and economic benefits would flow from a focused effort to restructure and revitalize the components of UMDNJ in Newark. New Jersey’s public research institutions—Rutgers University and NJIT—must step up and provide the leadership needed to provide the resources and knowledge to achieve this essential vision.

CAMDEN

Cooper Medical School of Rowan University
Establishment of a four-year medical school in Camden—Cooper Medical School at Rowan University—has already set a course independent from UMDNJ and is underway. Broader plans and concepts expressed to the Task Force regarding the future of Cooper Medical School and its relationship with other institutions of higher education in New Jersey should be included as part of the follow-up study recommended in this report. A summary of a proposal received by the Task Force appears in Appendix Q.

School of Osteopathic Medicine (SOM)
One commenter indicated that “SOM is a gem.” It is ranked in the top three osteopathic schools in the country, and it is a leader in providing primary care physicians in Southern New Jersey. It has had a long-term, successful relationship with the Kennedy Health System, an arrangement that is important to both partners.

Some options expressed include establishing SOM as an independent institution that is focused on osteopathic medicine, or merging into Cooper Medical School of Rowan University. Ramifications of these options on SOM’s mission and its relationships require closer study.
Workforce Development and Economic Development

New Jersey's institutions of higher education link the development of the state's workforce and the future of the state's economic prosperity. Job projections indicate New Jersey must increase the number of its college-educated workers. Two significant obstacles stand in the way: too many New Jersey high school graduates who are not prepared for college-level work, and the significant number of well-prepared high school graduates who leave New Jersey to attend college.

The Future Workforce of New Jersey

According to the national census, 44.6% of working-age adults in New Jersey (25-64 year olds) hold a two- or four-year college degree, compared to the national average of 38%. College attainment is increasing, and projections indicate that in 2025, 55.9% of working-age New Jerseyans will have a college degree. Despite New Jersey's relative high national standing, it is not good enough.

Job projections by Georgetown University's Center on Education and the Workforce signal New Jersey's imperative to create more college graduates. Among all jobs in New Jersey in 2018, 64%—2.7 million jobs—will require some postsecondary training beyond high school, placing New Jersey behind 14 other states and the District of Columbia.

New Jersey ranks behind Massachusetts in the proportion of its 2018 jobs that will require a bachelor's degree. These jobs in New Jersey will principally be in education, sales, office and administrative support, management, healthcare practitioners, and computer and mathematical science.

Most new jobs in New Jersey will require a college degree or at least some training after high school. Between 2008 and 2018, New Jersey will create 191,000 new jobs, and almost 75% of these positions—148,000—will require postsecondary education and training. Between 2008 and 2018, New Jersey will create 1.3 million job vacancies, both from new jobs and from job openings due to retirement. Of those job vacancies, 61%—794,000 jobs—will require postsecondary credentials, with only 376,000 positions for high school graduates and 118,000 for high school dropouts.

The implications of this shift represent a sea change in American society. In the past, a college education was seen as the best way to achieve a steady job and secure income. Now, however, a college education "is no longer the preferred pathway to middle-class jobs—it is, increasingly, the only pathway" (Carnevale, Smith, & Strohl, 2010, p. 13).

College Readiness

Many states, including New Jersey, are facing the daunting challenge of college preparedness. The concept of "college and career ready" is increasingly heard among nonprofit leaders, policymakers, and youth and education advocates. While no single institution is solely responsible for this issue, all educational institutions should be collectively accountable and look for solutions.

There are three key attributes of college-ready students. They are academically prepared, with content and skills along with demonstrated proficiency on benchmark assessments. They have academic tenacity, with the beliefs and behaviors that drive the pursuit of academic challenge and achievement. And they have "college knowledge", knowing about the college application and selection process.
New Jersey is a member of the American Diploma Project Network, which is dedicated to ensuring that every high school graduate is prepared for college or a career. Members of the Network are raising the rigor of their states’ high school curricula, assessments, and graduation requirements. They are also better aligning high school expectations with the demands of college and the workplace. So far, New Jersey has aligned its high school standards with expectations for college and career readiness, but still needs to raise its requirements for high school graduation.

States also need meaningful assessments to determine whether standards are being met in practice. Accountability and reporting requirements must make available a transparent set of indicators that can identify which students are prepared for post-high school success and who will need additional support before leaving high school and upon entering college. Finally, both assuring accountability and driving improvement require a robust longitudinal data system that links student-level data from K-12 systems with those of higher education institutions. New Jersey already has unique student identifiers and has made strides in this direction, but more must be done.

National organizations are developing best practices that focus on the college readiness and college support needs of low-income and minority students. For example, the Access to Success (A2S) initiative of the Education Trust and the National Association of System Heads involves 24 public higher education systems that aim to reduce gaps in college attendance and graduation for disadvantage and minority students by 2015. The participating institutions address issues of system capacity, and they mobilize resources around critical issues, such as the redesign of developmental curricula in English and math.

Some colleges and universities in New Jersey are applauded for reaching out to their local school districts to work with students and help ensure they are ready for college. For example, the Princeton University Preparatory Program (PUPP) provides high-achieving, low-income high school students from the university’s local districts with three consecutive summers of intensive six-and-a-half week institutes on the Princeton campus, and school-year programming. Five institutions—Mercer County Community College, New Jersey City University, New Jersey Institute of Technology, Passaic County Community College, and Rowan University—won federal GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) grants to help increase the number of low-income students prepared for college through initiatives like after-school and Saturday tutoring, summer programs, mentoring, counseling, and test preparation.

**Recommendations**

1. The State should sharpen its focus on key transition points in the educational system where students might lose momentum toward developing postsecondary skills and aspirations.
   - Representatives from State government, the business community, civic organizations, school districts, and institutions of higher education should meet on a systematic and ongoing basis to explore ways to plug these leaks in the education pipeline.

2. The State should accelerate its development of an accessible, comprehensive, longitudinal data system to track meaningful indicators of college readiness for all the state’s students.
   - Such indicator systems are not only for accounting and accountability, but for linking student needs with supports and interventions for postsecondary success.
3. New Jersey should examine best practices that focus attention on the college readiness and college support needs of low income and minority students.
   - Institutions of higher education should consider joining or adapting existing models developed by the Access to Success (A2S) initiative of the Education Trust and the National Association of System Heads.

4. More New Jersey colleges and universities should reach out to their local school districts with opportunities to increase students’ “college knowledge” about what is required to apply to and succeed in college.
   - Institutions should consider campus-based summer and weekend academic support programs that target skills and needs identified by “early warning” indicators as early as 9th grade. For older high school students, colleges and universities should offer dual enrollment programs for both underperforming and accelerated students.

Remediation

A surprising number of students entering New Jersey’s institutions of higher education require remedial instruction, particularly in English and math. The cost of these courses that repeat material that should have been learned in high school is tens of millions of dollars, diverting resources from higher education.

At the community colleges, for example, approximately 70% of the first-time, full-time students enrolled in the fall 2008 semester took at least one course in developmental reading, writing, math computation, or basic algebra. This percentage varied between 55% and 75% among the 19 community colleges, but was still as high as 70% at the County College of Morris, located in the wealthiest county in New Jersey based on median household income. The direct cost of instruction for remedial courses at all the county colleges is estimated to be about $70 million annually.

Examples from the state and independent colleges and universities are equally startling. Each of the nine state colleges offers courses to improve basic skills in reading, writing, and mathematics. Institutions reported the cost for such courses in the fall of 2010 ranged from $180,000 to $430,000. At the independent colleges and universities, between 10% and 15% of entering students require remediation, at a cost of about $21.6 million annually. Bloomfield College, for example, spends approximately $482,000 toward remedial instruction and academic support.

Recommendation

1. New Jersey should conduct a study to understand the extent of the cost of remediation at its colleges and universities, and should adopt a plan to address the issue.
   - Collecting information about remediation is difficult because each institution defines its developmental classes differently and calculates the costs in its own way. The Secretary of Higher Education can help collect more accurate data on this important issue and share the results with school and college leaders to help formulate policies to deliver basic skills better in New Jersey.
Higher Education Capacity and Outmigration

Ensuring that the State does its best to provide all capable high school graduates with a seat in a college classroom is an important factor in meeting a state’s workforce development needs. New Jersey will have a steady stream of high school graduates through 2018, holding steady around 90,000 students. Through 2018, New Jersey is projected to have the lowest change in the number of public high school graduates of any state.

New Jersey is not ready for this steady wave of high school graduates. New Jersey’s colleges and universities are at capacity. New Jersey ranks 47th in public four-year college/university enrollment per capita (1,000 residents). Even worse, New Jersey ranks 49th in public four-year college/university capacity per 100 high school completers (see Appendices R, S, and T).

New Jersey is so far behind in providing college capacity because we started too late. It was not until the 1960s that the state teachers colleges expanded their missions, most of the county colleges were built, and three new state colleges were planned. It is unrealistic to expect New Jersey to build sufficient space for every college-bound student graduating from a New Jersey high school, but we must do better at keeping our most talented students.

In part because of a lack of college capacity, New Jersey has a too-long history of losing more college-bound students than attend in-state. In fact, New Jersey has the dubious distinction of leading the nation in net outmigration of college-bound students, earning New Jersey the nickname of the “cuckoo bird” state, since the cuckoo bird lays its eggs in other birds’ nests.

Students decide to leave their home state for college for many reasons. These include the space availability in their home state’s colleges and universities, a good fit between academic interests and degree programs offered, and the cost of attendance. Many students leave New Jersey to attend college because they have the desire and necessary financial support. This is entirely understandable. The future of the state, however, depends on retaining good students who wish to stay in New Jersey but who are squeezed out by New Jersey’s lack of capacity.

In the fall of 2008, 31,510 first-year students in four-year degree-granting institutions who graduated in the previous 12 months migrated from New Jersey. Only 4,167 first-year students came from another state to attend a four-year college in New Jersey, meaning there was a net outmigration of 27,343 students. This is a loss of resources and talent New Jersey can no longer ignore.

Among those students who leave New Jersey, most do not go far. In the fall of 2008, based on information received from the National Center on Higher Education Management Systems, the 10 traditional out-of-state institutions that enrolled the most New Jersey first-time undergraduates were:
In addition to losing talent, New Jersey is closing its eyes to the effects of the current recession on the needs of its low- and middle-income students. With the cost of a college education rising faster than inflation, leaving the state is now a less viable option for low- and middle-income students who seek a college degree. These students are turning increasingly to in-state, public institutions. The high cost of going to college is especially difficult for New Jersey’s minority and immigrant students.

To build more capacity, experts point toward the benefits of increasing the use of technology in the classroom as a valuable tool. The National Center for Academic Transformation advocates the use of information technology to redesign lectures and courses to produce better learning outcomes for students at a reduced cost to the institution. With the right students, the appropriate application of the technology, and a well-thought-through purpose behind the use of technology, such programs can succeed.

**Recommendations**

1. New Jersey should make its best effort to increase the capacity of the state’s colleges and universities to enroll capable students who want to remain in New Jersey.
   - Through a general-obligation bond or a dedicated source of revenue, as discussed in the Financing/Affordability section of this report, New Jersey can help its colleges and universities expand and modernize their campus infrastructure.

2. New Jersey’s colleges and universities should consider implementing the recommendations from the National Center for Academic Transformation regarding the use information technology to make the delivery of instruction more flexible and affordable.
   - Delivery models and the latest technology for hybrid and online degree offerings can help expand capacity and reduce the cost of instruction. Such programs can succeed with the right students, the appropriate application of the technology, and a well-thought-through purpose behind the use of technology.
**In-Migration**

New Jersey's colleges and universities can do more to attract out-of-state students. They can learn valuable lessons from nearby states that are providing incentives to attract New Jersey's best students. For example, over the past year, the University of Massachusetts at Amherst attracted more than 350 additional out-of-state freshmen—mostly from New Jersey and New York—through aggressive recruiting and merit scholarships. The university estimates that the new students will bring in at least $4 million this school year. The chancellor of UMass Amherst asked faculty to call nonresident students and tout the university, and the most successful academic departments were rewarded with some of the extra tuition dollars paid by these students.

New Jersey does well in attracting college graduates educated in other states. New Jersey ranks third among the states in this distinction. Many of these graduates are originally from New Jersey and are coming back to live at home as they begin their careers.

**Recommendation**

1. Each institution's board of trustees should evaluate how to increase the number of students they enroll from out of state.
   - An explicit commitment from each institution with an action plan should be sent to the Secretary of Higher Education with an aim to increase statewide in-migration rates through the concerted efforts of individual institutions.

**Nontraditional Training for the Workforce**

Training and development occur outside the traditional college classroom. New Jersey's community colleges work with over 500 businesses each year to help train the state's workforce. The county colleges are the State's designated preferred provider for its customized training program, which provides about $30 million in grants each year to upgrade workers' skills.

The New Jersey Community College Consortium for Workforce and Economic Development provides New Jersey's workers with access to the community colleges' resources. Through the Consortium, companies can access, develop and receive workforce education and training for current and future employees. The Consortium also helps businesses to apply for New Jersey customized training grants. The Consortium has trained over 10,000 employees at over 600 companies throughout New Jersey.

The New Jersey Community College Compact is a major agreement between the county colleges and the State to help the institutions support State priorities, including several goals for job growth, education, and economic development. Under the Compact, the New Jersey Council of County Colleges recommended ways in which the county colleges could support statewide workforce development initiatives administered by the Department of Labor and Workforce Development, as well as statewide education initiatives administered by the Department of Education. The Department of Labor’s initiatives included customized training programs through the Workforce Development Partnership Program; workforce literacy programs; and the Self-Employment Assistance Program. The Department of Education's initiatives included teacher education programs to address projected teacher shortages in the state, and career academies throughout the State.
As part of the Compact, the county colleges partnered with the Department of Labor and Workforce Development and union leaders to develop New Jersey Pathways Leading Apprentices to a College Education (NJ PLACE), which awards college credits for registered apprenticeships in the building and construction trades. To address New Jersey’s teacher shortage, the New Pathways to Teaching in New Jersey program, started in 2002, provides professionals changing careers with an alternate route to earn a teacher’s certificate. These students start at a county college and complete the certification process with the Department of Education.

Better Collaboration to Spur Innovation

New Jersey needs a strategic partnership between institutions of higher education and the state’s businesses and industries to stimulate economic growth. Leaders from higher education, business, finance, government, and nongovernmental organizations can work more closely to create a long-range vision for economic development in New Jersey. Two keys to realizing this vision are establishing a structure to help cross-pollinate campus-based and private research, and implementing best practices to shed light on research opportunities and technologies at colleges and universities that are available for licensing.

Collaborations between university and corporate researchers are difficult for several reasons. Universities must spend considerable effort identifying and marketing campus-based research to prospective partner companies. At the same time, corporations are often unaware of universities’ research efforts. All researchers, whether in a university or corporate lab, must obey intellectual property laws. These laws determine when patents and trade secrets are no longer able to protect research that has been made public through publication or some other means. Achieving greater collaboration in research must be balanced with respect for the laws of intellectual property.

The New Jersey Commission on Science and Technology, established in 1985, developed policies and programs that promoted research and entrepreneurship in New Jersey. The Commission helped to establish ties between industry and universities to accelerate commercialization of technology, provide grants to entrepreneurial technology businesses in areas of strategic importance to the state, and strengthen research collaborations among universities to create new potential for increased federal funding and private investment. The severe budget constraints of the past year led to the elimination of the Commission.

Reestablishing the Commission on Science and Technology could create a focal point for collaboration between university and private research. A revitalized Commission could help institutions of higher education and private industry to adopt best practices for collaborative research opportunities. These best practices include investing in long-term relationships, establishing strong communication links, and building broad awareness of projects.

A reestablished Commission could also build and maintain a central database of current university research, intellectual assets, scientific capabilities, and equipment. Such a database would assist private corporations and universities. Companies within New Jersey and outside the state could search the database to find an academic partner. Institutions could use the database to see research efforts at other universities that might parallel or complement their own, leading to collaborative cross-school initiatives.

Presenting an idea similar to reviving the Commission on Science and Technology, current legislation would expand the responsibilities of the New Jersey Economic Development Authority’s Division of
Business Assistance, Marketing, and International Trade. Senate Bill No. 543 would require the Division to prepare a comprehensive economic development policy in coordination with institutions of higher education, along with public economic development entities, local governments, and private economic development corporations. Together, they would identify the needs of existing businesses, new businesses, and businesses that may newly locate facilities or operations in the State. The legislation would also require the Division to maintain a network of outside resources, including, independent consultants, institutions of higher education, and Small Business Development Centers, to provide technical, educational, and other assistance to businesses within the state.

NJIT is New Jersey’s public technological research university. Research funding exceeded $92 million last year. Research at NJIT is focused in four key areas: applied life sciences and bio-engineering, information and communication technology, materials and material process engineering, and sustainable systems and infrastructure. Interacting with industry, NJIT’s researchers create new products and generate new businesses. NJIT researchers have patented, among many inventions, facial recognition technology, semiconductor fabrication technologies, and a process to speed production of a cancer drug.

**Recommendations**

1. New Jersey should reestablish the Commission on Science and Technology to provide much-needed leadership to promote and commercialize joint research between universities and the private sector.

2. A reconstituted Commission on Science and Technology should establish a database of university research that would benefit institutions of higher education, industry, and the state’s economy.

3. New Jersey should better utilize NJIT’s expertise in technology and innovation.
   - The institution, using its home in Newark as its hub, can help align the next generation of the State’s workforce with New Jersey’s high-tech companies.

**Public-Private Partnerships**

The public-private partnership provision of the New Jersey Economic Development Act of 2009 (P.L. 2009, c. 90) briefly suspends the statutory restrictions on construction by the state colleges and county colleges. Under this provision, state colleges and county colleges can enter contracts with private entities under which a private entity assumes full financial responsibility for a construction project, as long as the State or the institution retains ownership of the land where the project is built. The public-private project is not subject to the state colleges’ or county colleges’ contracts law, allowing the facility to be built more quickly and efficiently.

This public-private partnership provision was originally scheduled to expire January 28, 2011. Under an extension signed by Governor Christie (P.L. 2010, c. 10), the provision will expire February 1, 2012.

The public-private partnership law has been success. Montclair State University has partnered with Capstone Development of Birmingham, Alabama to build The Heights. This student housing and dining facility will provide living space for 2,000 students and approximately 25,000 square feet of dining space. Rowan University is considering a public-private partnership for a 1,400-bed freshman student housing project. At Ramapo College, a private company will bear the cost of replacing the roof on the main academic building, and in return, will have the right to install solar panels on the campus and sell the electricity back to the college at competitive rates.
**Recommendation**

1. The statutory sunset of the public-private partnership provision of the New Jersey Economic Development Act of 2009 should be eliminated.

    • The suspension of the State College Contract Law and the County College Contract Law, which has been a boon to public-private partnerships, is due to expire February 1, 2012. To continue the success of these partnerships, the sunset should be eliminated.
Conclusion

During his campaign for a seat as a representative in the Illinois General Assembly in 1832, Abraham Lincoln said he had a “desire to see the time when education ... shall become much more general than at present, and should be gratified to have it in my power to contribute something to the advancement of any measure which might have a tendency to accelerate that happy period.” The reading, writing, and ciphering needed to succeed in Lincoln's day have been eclipsed by the advanced education needed to succeed in the modern world. It is time for New Jersey to advance measures to accelerate a period of greater and better attainment of higher education in our state.

Students in New Jersey must have access to a high-quality college education. The State must provide the resources for students who have the intellectual ability to go to college but cannot afford it. Institutions must be accountable for successfully fulfilling their distinctive missions. New Jersey's economic development depends on their success.

Higher education is indispensable to a thriving economy and an inclusive society. In addition to a well-trained workforce, New Jersey needs an educated citizenry to participate fully in our civic and artistic activities. College graduates are more likely to vote, participate in community groups, and sustain the environment than residents without a college degree. New Jersey's future depends on expanding educational opportunity.

New Jersey's liberty and prosperity, our very motto, depend on the teaching, research, and creativity at our institutions of higher education. The State must reverse decades of underfunding and neglect and instead invest in and embrace our colleges and universities. The recommendations in this report, implemented as soon as fiscal prudence permits, will strengthen higher education in New Jersey, allowing us to grasp the opportunities of the 21st century and to help ensure economic vitality and civic engagement throughout the state in the years ahead.
Bibliography


Appendices
Office Of The Governor

Executive Order No. 26

WHEREAS, the State of New Jersey (“State”) enjoys the benefits of 31 public and 32 independent institutions of higher education throughout the State providing a broad array of undergraduate and graduate programs to over 429,000 students; and

WHEREAS, although many of the State’s higher education institutions and their administrators, educators, and students have distinguished themselves through their achievements, the State’s higher education system has not met its full potential or kept pace with the higher education systems in some other states; and

WHEREAS, the State’s higher education institutions have been saddled with numerous regulations, many of which are regarded by education experts as outmoded, which have hampered the ability of the State’s higher education institutions to serve the State’s full education needs and have driven up both administrative costs and the cost of tuition; and

WHEREAS, the State’s higher education institutions have been further challenged by the lack of State capital investment over the past twenty (20) years, which has caused the State’s higher education institutions to borrow funds to meet their capital investment needs, making them among the most heavily debt-burdened education institutions in the nation; and

WHEREAS, as a result of these trends and practices over the past two decades, New Jersey’s higher education institutions have failed to attract many of the State’s best and brightest students as evidenced by the fact that New Jersey loses more of its students to out-of-state colleges and universities than any other state in the nation; and

WHEREAS, this administration believes that New Jersey’s long-term economic prosperity is tied to a robust system of higher education, which requires, among other things, a plan for capital investment to support the institutions’ ability to keep pace with the demands of the modern world and to attract external funding to the State; and

WHEREAS, this administration is committed to ensuring that New Jersey’s institutions of higher education are operating at their maximum potential, making the most effective and efficient use of available resources; and

WHEREAS, in light of the current fiscal emergency, the challenges confronting the system of higher education in New Jersey, and the recently enacted statute creating the new position of Secretary of Higher Education, a Task Force on Higher Education is necessary to assist in identifying challenges faced by these institutions, as well as to offer recommendations to further the quality and success of these institutions and the overall system of higher education in this State; and
WHEREAS, at the same time the Task Force is studying the important issues facing the higher education system in the State, the administration will be seeking to bring immediate relief through legislation to empower the higher education institutions to better control their costs through collective bargaining, risk management and civil service reforms, which will ultimately drive down the cost of tuition;

NOW, THEREFORE, I, CHRIS CHRISTIE, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. There is hereby created a New Jersey Higher Education Task Force, hereinafter referred to as the “Task Force.”

2. The Task Force shall consist of up to seven (7) members appointed by the Governor who shall serve at his pleasure. The Governor shall select a chairperson from among the members of the Task Force. The Task Force shall consist of individuals from both inside and outside government who have knowledge or expertise in the areas of higher education policy or administration, economic development, and related areas. All members of the Task Force shall serve without compensation. The Task Force shall organize as soon as practicable after the appointment of its members.

3. The Task Force is charged with developing recommendations for the Governor concerning the State’s higher education system. In particular, the Task Force shall consider and make recommendations to improve the overall quality and effectiveness of the State’s higher education system. In developing its recommendations, the Task Force shall specifically consider the following issues: (a) the appropriate governance structure of the State’s higher education institutions and the inter-relationship between these institutions and the State government; (b) the effective use of “public-private partnerships” among the institutions; (c) the need for capital investment in the institutions, and mechanisms for securing capital; (d) the current mission statements of the State’s higher education institutions, and whether the resources of the State’s higher education institutions are being effectively utilized and promoted; (e) the relationship between the county colleges and other institutions of higher education; (f) the relationship between the higher education institutions and the State’s workforce needs; (g) the accessibility and affordability of the State’s institutions of higher education, including the availability of tuition assistance; (h) the methods for distributing direct State aid and other financial support for higher education; (i) the effects of State-imposed regulations and mandates on the State’s institutions of higher education; (j) the methods currently utilized for training teachers in this State and the role of higher education institutions in this process; and (k) such other matters as may be referred to the Task Force by the Governor.

4. The Task Force shall also review the current bifurcated financial disclosure requirements in the higher education community wherein Presidents of the State Colleges and Universities file financial disclosure statements, while the members of the governing boards of the State Colleges and Universities file separate conflict of interest forms. The Task Force shall provide recommendations about the appropriate level and content of financial disclosure. Given the Task Force’s consideration of this issue, members of the governing boards of the State Colleges and Universities shall not be required to file financial disclosure statements pursuant Executive Order No. 24 in the 2010 calendar year, but still shall be required to file the conflict of interest forms with the State Ethics Commission.
5. The Governor’s office shall provide staff support to the Task Force. The Task Force shall be authorized to call upon any department, office, division, or agency of this State to supply it with any information, personnel, or other assistance available as the Task Force deems necessary to discharge its duties under this Order. Each department, office, division, and agency of this State is hereby required, to the extent not inconsistent with law, to cooperate fully with the Task Force within the limits of its statutory authority and to furnish the Task Force with such assistance on as timely a basis as is necessary to accomplish the purposes of this Order. The Task Force may consult with experts or other knowledgeable individuals in the public or private sector on any aspect of its mission, including but not limited to the Commission on Higher Education, the Committee Chairs and Members of the Senate and Assembly Education Committees of the State Legislature, and the leaders of the higher education institutions.

6. In formulating its recommendations pursuant to this Order, the Task Force may elicit public input from individuals, members of institutions of higher education, organizations, community groups, and other interested parties.

7. The Task Force may report to the Governor from time to time and shall issue a final report to the Governor setting forth the Task Force’s recommendations pursuant to this Order no later than December 1, 2010. The Task Force shall expire upon the issuance of its final report.

8. The final report of the Task Force shall be provided to the legislature and shall be made available to the public.

9. This Order shall take effect immediately.

GIVEN, under my hand and seal this 7th day of May, Two Thousand and Ten, and of the Independence of the United States, the Two Hundred and Thirty-Fourth.

/s/ Chris Christie
Governor

Attest:

/s/ Jeffrey S. Chiesa
Chief Counsel to the Governor
B: Task Force Letter and Questionnaire

Dear __________:

On May 7th, Governor Christie signed Executive Order 26 (see attached), establishing the New Jersey Higher Education Task Force. Our charge is to examine the overall quality and effectiveness of our state’s system of higher education and to suggest how it might be improved. This is a broad mandate for five part-time commissioners with a limited staff, so your support and input is essential.

Our reporting date is December 1st, so we do not have much time. However, we do recognize that a report written without the views of leaders such as yourself in the Higher Education Community would be useless. Therefore, we devised this questionnaire. Your response will be confidential as we are not subject to the Open Meeting Act. So that we can give thoughtful consideration to your views, we ask that you return this questionnaire by August 11, 2010.

Please send e-mail responses to david.weinstein@gov.state.nj.us or by mail;

NJ Higher Education Task Force  
C/O David Weinstein  
PO Box 001  
Trenton, NJ 08625-0001

Thank you for your consideration; we will remain grateful for any assistance that you can provide us.

Respectfully,

The New Jersey Higher Education Task Force

Governor Tom Kean, Chairman  
Robert Campbell  
Dr. Margaret Howard  
John McGoldrick  
Dr. George Pruitt
We greatly appreciate your responses. Unfortunately, due to the vast scope of our work and close deadline, we request that you limit your response for each question you choose to answer to one page or less.

1. How would you change or improve the governance structure of higher education in New Jersey? How would you improve the inter-relationship between these institutions and State government? What is the effect of current State-imposed regulations and mandates on higher education?

2. How would you suggest improving access to higher education in New Jersey? What funding changes might you suggest? How might the distribution of state aid and other financial support be improved?

3. What measures would you take to improve the overall quality of higher education in New Jersey? What areas are most in need of quality improvement?

4. What can the State do to help facilitate these outcomes?

5. What are the top 3-5 major challenges facing higher education in New Jersey?

6. On your list of priorities, what would be the top three actions you would like to see in regard to higher education in New Jersey?

7. What would you deem to be the critical success factors most necessary to higher education’s performance of its mission?

8. (If applicable) What is the main issue facing your institution?

9. In general, what advice would you give to the Task Force and/or the State? Do you have any other concerns regarding higher education of which we should be aware?
C: Higher Education as a Percentage of the State Budget

NJ FY 2011 Appropriations Act

- Department of Ed: 35%
- Human Services: 15%
- Health and Senior Services: 4%
- Transportation: 4%
- Law and Public Safety: 2%
- Environmental Protection: 1%
- Higher Ed: 7%
- Children and Families: 4%
- Corrections: 4%
- Other: 24%

Total: $29,397,554,000
1. The Secretary will be the primary advisor to the governor on higher education matters.

2. The Secretary will be the chief administrative officer overseeing State functions relating to higher education.

3. The Secretary would relate with institutional governing boards, presidents, and the Presidents’ Council, as appropriate and as assigned by law.

4. The Secretary would be a primary public voice on matters of higher education, acting as both advocate for and overseer of higher education activities in the state.

5. The Secretary will interact with the legislature on higher education matters.

6. The Secretary will act in consultation with and on the advice of the Governor’s Higher Education Council in carrying out his or her duties.

7. The Secretary will staff the Governor’s Higher Education Council to help it fulfill its duties.

8. The Secretary of Higher Education should review annual budget requests from institutions, and make recommendations to the governor for distributing any new funds for base budget adjustments, priority packages for institutional needs, incentive funding, and challenge grants described in the Financing/Affordability section of this report.

9. The Secretary of Higher Education should review substantially large tuition increases, compared to prior years, adopted by boards of trustees to ensure they are reasonable.

10. The Governor’s Higher Education Council, with the Secretary and the Presidents’ Council, will prepare every six years a New Jersey Strategic Plan for Higher Education. After consultation with the governor and the legislature, the Governor’s Higher Education Council will promulgate the report to provide guidance to the State and to the colleges and universities in fulfilling their institutional missions.

11. The Secretary of Higher Education should recommend minimum required levels of institutional reserves as part of maintaining the fiscal health of each institution of higher education.

12. The Secretary of Higher Education should have the authority, to be used sparingly and when authorized by the governor, to demand the board of trustees of a college or university in New Jersey to take immediate corrective action when an institution either fails or is at risk of failing because of such serious situations as financial difficulty, fraud, or gross mismanagement. The Secretary shall have additional authority to investigate, audit, or remediate the situation.

13. The Secretary of Higher Education should oversee the collection and analysis of higher education data, including the cost of remediation at New Jersey colleges and universities.

14. The Secretary of Higher Education should review institutions’ mission statements and, with the Presidents’ Council and Governor’s Higher Education Council, keep a check on inappropriate expansion.
15. The Governor’s Higher Education Council, in consultation with the Secretary, should make final administrative decisions over:
   • new academic programs that go beyond the programmatic mission of an institution;
   • final administrative decisions over a change in the programmatic mission of an institution; and
   • within 60 days of action by the Presidents’ Council, a proposed new program that does not exceed the programmatic mission of an institution, whether or not the Presidents’ Council determined the program to be unduly expensive or duplicative.

16. The Governor’s Higher Education Council should have limited power of review, including veto authority, over actions by the Presidents’ Council.

17. In consultation with the governor, the Secretary of Higher Education should focus on a statewide public agenda. The Secretary should call for:
   • Regular statewide progress reports on higher education goals
   • Regular institutional progress reports
   • An annual meeting of New Jersey’s higher education community to discuss issues such as:
     A. Conflicts of interest
     B. Institutional debt
     C. K-12 collaboration

18. The Secretary must have sufficient staff and resources to perform his or her duties.
   • New Jersey must not create a new and large bureaucracy to coordinate statewide higher education. Consistent with this report’s themes of preserving the critical autonomy of institutional governing boards to manage and set strategies for their institutions to fulfill their missions, and providing appropriate State oversight to protect taxpayers’ investment and giving strategic direction to State economic and educational goals, the offices of the Secretary of Higher Education and the Governor’s Higher Education Council must be lean and responsive.
   • The various statutory duties of the Commission on Higher Education must be reviewed and, where appropriate and feasible, assigned to the Secretary of Higher Education and/or the Governor’s Higher Education Council.
E: Qualifications to Be Sought in Outstanding Trustees

1. Experience with large, complex organizations and an understanding of how to interpret the financial condition of such organizations.

2. An ability to recognize the sometimes ambiguous distinction between management and governance.

3. A record of particular interest in higher education that presumes a deep understanding of its place in our diverse society, particularly some connection with the institution they may serve as a board member, for example, as an alumnus or member of the institution’s affiliated foundation.

4. Intelligence, wisdom, breadth of vision, and a record of independent judgment.

5. An inquiring mind and an ability to speak articulately and succinctly.

6. A capacity to function within a collegial group as a team member; to be a good follower as well as a leader.

7. A record of accomplishment in his or her life and career or profession.

8. A record of understanding of the importance of advocacy and philanthropy in ensuring institutional vitality, responsiveness, and progress in meeting private and public needs.

9. The time and energy required to be a conscientious and attentive board member.

10. Willingness to forego partisan political activity in trustee service that could prove detrimental to the institution’s and the board’s reputation as fundamentally nonpartisan enterprises.

11. An ability to consistently sustain a total institutional perspective in his or her and the board’s work, without allegiance or commitment to anything except the broad public good.

12. Each board should have at least one financial expert.
   • A financial expert should have the following attributes:
     A. An understanding of generally accepted accounting principles and financial statements;
     B. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
     C. Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the institution’s financial statements, or experience actively supervising one or more persons engaged in such activities;
     D. An understanding of internal control over financial reporting; and
     E. An understanding of audit committee functions.
   • A person can acquired such attributes through:
     A. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
     B. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
     C. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
     D. Other relevant experience.
Following up on a conversation among representatives of the New Jersey Presidents’ Council and incoming Governor Chris Christie, the Council has collected the following list of unfunded mandates and areas of over-regulation across all sectors of higher education in New Jersey. The list below is not intended to be comprehensive, but rather seeks to highlight the most critical areas of concern for the state’s higher education community. Some items listed below apply only to a subset of the state’s public institutions of higher education, as not all institutions are subject to the same legal provisions on every issue.

State Budget and Appropriations

1. Eliminate caps on tuition and fees in the annual State budget. New Jersey’s public colleges and universities have been especially hard hit by recent cuts in State support. These reductions have been made more difficult by successive years of legislatively imposed tuition and fee caps. These caps are too often political responses rather than a reasonable recognition of the pressures on the colleges to provide needed services to increasing numbers of students at a time of diminishing state support. Tuition and fee levels should be set by the boards of the colleges and universities, which are better positioned to weigh the balance between access, affordability and the needs of students for programs and services. For example, institutions that have raised tuition have also allocated funds for need-based aid to ensure that access is not compromised.

2. Provide State funding for mandated tuition-waiver programs. New Jersey requires its public colleges and universities to waive tuition to many constituencies, including the unemployed, senior citizens, members of the National Guard, children or surviving spouses of certain public-safety workers, children under DYFS care, and New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) II recipients who do not qualify for need-based aid. Unlike many states, New Jersey does not reimburse the institutions for the cost of these programs. The growing number of students in these programs translates into real unfunded costs to the campuses—costs that tuition-paying students in effect must subsidize. For example, in FY 2009, the combined cost of the unemployed and National Guard tuition waiver programs was $2.4 million at Rutgers, and the cost of NJ STARS II was over $1.6 million at Rowan.

3. Revise requirements for submitting institutional budgets. The 12 senior public colleges and universities must submit to the State Treasurer and to the Commission on Higher Education annual operating budget requests in a format that is burdensome and time consuming (N.J.S.A. 18A:3B-6 (k)). Despite this effort, the Executive and Legislative branches do not consider these budget requests when drafting and deliberating appropriations to the institutions. The governor and legislature should reconsider, streamline, and reconfigure the budget process to provide meaningful interchange between the institutions and policymakers regarding annual appropriations.

4. Revise requirement for submitting capital budgets. The 12 senior public colleges and universities have not received capital funding for over a decade, and yet they are required to submit a burdensome annual capital report and request to the New Jersey Commission on Capital Budgeting and Planning (N.J.S.A. 52:95-2). The Capital Commission should be required to announce in advance the amount of funding it has to provide and its priorities for funding, and it should promulgate guidelines for capital budget requests that are purposeful and not burdensome. Institutions that choose to submit a capital request should be entitled to a hearing on that request.
Health Insurance

1. Require local government employees to contribute to the cost of their health insurance at the same rate as their counterparts in State government. This change would benefit the county colleges.

2. Control escalating health-care costs by (a) revising the State Health Benefit Plans to make them more affordable; and (b) opening up competition by permitting management to substitute health or dental carriers if the primary coverage limits are substantially equal to the existing coverage. Currently, management must negotiate a change in the health insurance carrier if the union asserts that any coverage element or claims processing procedure is not the same or better than the existing plan.

Pensions and Benefits

1. Eliminate employer pension contributions for part-time employees—including adjunct faculty—and define part-time employees to mean less than 25 hours per week. These employees currently must self-fund the cost of health benefits and should self-fund their pensions. Many may already be covered by pension plans through another employer.

2. Limit public employees at all levels of government to no more than 15 paid sick days per year, and limit payment at retirement for unused sick leave to no more than 50% of the unused sick leave up to a maximum of $15,000. These limits mirror recent statutory changes for State employees. We further support enactment of A-1613, which would lower the maximum sick leave payout at retirement to $10,000 for all public employees.

3. Eliminate terminal paid leave for all public employees by prohibiting use of six or more days of accumulated sick leave in the 12 months prior to retirement without verifying medical necessity. Enactment of S-77/A-1612 would achieve this goal.

Collective Bargaining, Grievances, and Arbitration

1. Amend the Public Employment Relations Act to provide that compensation rates in effect upon expiration of the bargaining unit contract shall not be increased, nor salary increments implemented, in the absence of a successor bargaining unit agreement. Given current funding challenges, a public employer may not be able to automatically implement salary increments (including longevity, promotional, and educational credit increments) beyond the expiration of the current contract, as required by current law. Continuance of these salary increases should not be automatic but rather negotiated. This amendment would motivate timely contract settlements.

2. Mandate that fact-finder decisions for employees of public school districts and public institutions of higher education address (a) the impact of reductions in state and county funding, (b) the impact of the settlement on tuition rates, and (c) the benefit standards provided for State employees.

3. Designate the state colleges and universities as the employer of record of their employees for the purpose of collective bargaining (N.J.S.A. 18A:64-21.1). This proposed change would make the collective-bargaining laws for public higher education in New Jersey consistent. The other senior public institutions—Rutgers University, the New Jersey Institute of Technology, and the University of Medicine and Dentistry—all conduct their own negotiations. Each county college conducts its own negotiations as well.
• Amend the powers and duties of the state college boards of trustees to include language that as a “public employer” under the New Jersey Employer-Employee Relations Act, boards of trustees shall have the power to conduct all negotiations with represented employees at the college/university (N.J.S.A. 18A:64-6).

• Authorize the state colleges and universities to function as a “public employer” under the New Jersey Public Employer-Employee Relations Act to conduct all labor negotiations with the institutions’ bargaining-unit employees, and authorize the state colleges and universities to act as the “chief spokesperson” with respect to all matters under negotiation (N.J.S.A. 18A:64-21.1).

4. Authorize the state colleges and universities to establish a probationary period for faculty consistent with the needs of the institution and national practice. This can be accomplished by amending the provisions of the State and County College Tenure Act (N.J.S.A. 18A:60-8 through 18A:60-15) regarding tenure and career development, and expanding the authority of the institutions’ boards of trustees (N.J.S.A. 18A:64-6) to cover these matters under appropriate personnel policies.

**Civil Service Reform**

Remove classified employees of the state colleges and universities from Civil Service status and include them within each institution’s personnel system (N.J.S.A. 18A:64-6(h) and (i)). The powers and duties of the state college boards of trustees should be amended to delete references to Civil Service so that upon recommendation by the president, the board has the power to appoint, remove, promote and transfer all employees as shall be required to carry out the purposes of the college/university and assign their duties, determine their salaries and prescribe qualifications for all positions in accordance with policies adopted by the board of trustees. Moreover, the statutory authority of the state colleges’ and universities’ boards of trustees to determine policies for the organization, administration and development of the college/university should be amended to include “personnel” (N.J.S.A. 18A:64-6.c).

Between 25% and 45% of the employees at each state college and university are in Civil Service status, and each institution’s board of trustees is required to assign duties, determine salaries, and prescribe qualifications for positions “in accordance with the provisions of Title 11, Civil Service, of the revised Statutes” (N.J.S.A. 18:64-6.i.), even though the State is not the employer of record for these employees and does not pay the salaries of these employees. Moreover, these employees work in an environment that is wholly different than the usual State agency, and one that is little understood by State personnel regulators.

**Sick Leave Injury**

Eliminate the Sick Leave Injury (SLI) program, established under the Civil Service Laws. Between FY 2000 and FY 2005, the state colleges’ and universities’ Sick Leave Injury payments increased 146%, from $500,000 to $1.3 million. In 2003, the State Auditor recommended eliminating New Jersey’s Sick Leave Injury program and making more efficient use of the workers’ compensation system. We agree with this recommendation.
Workers’ Compensation

Authorize the state colleges and universities to obtain the services and insurance coverage required to manage their own workers’ compensation program. Currently, the State’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 of Risk Management bills the institutions quarterly for money paid by the state on behalf of the institutions for administering their workers’ compensation claims, with little or no input from the institutions. Over the past five years, the state colleges’ and universities’ workers’ compensation payments have increased over 100%.

The State and its colleges would equally benefit by allowing the state colleges to maintain their own worker’s compensation program. The colleges would benefit from substantial savings from more efficient operations and greater scrutiny over claims, and the State would no longer need to administer the institutions’ claims, and it could devote more resources to agencies with greater risk profiles. New Jersey’s county colleges have administered their own workers’ compensation program for over 20 years. Other states have successfully implemented such programs for their public colleges, and these programs have successfully controlled costs and met workers’ needs.

Labor Laws and Regulations

Prevailing Wage

1. Amend N.J.S.A. 34:11-56.26(4) to clarify that the prevailing-wage threshold in this statute applies to all public institutions of higher education, including county colleges. Without this clarification, the Department of Labor and Workforce Development takes the position that community colleges are governed by the lower $2,000 prevailing-wage threshold applicable to school districts.

2. Prevent the expansion of prevailing wage to more services.

Boiler, Pressure-Vessel, and Refrigeration-Plant Regulations

1. Amend the Department of Labor and Workforce Development rule that requires a licensed boiler operator to inspect all low-pressure boilers over 100 HP every two hours (N.J.A.C. 12:90-3.10(d)). This rule is extremely burdensome and unrealistic in larger universities, which may have 50 or more of these small boilers. These boilers are all equipped with numerous safety devices, such as low water cutoffs and over-pressure relief valves. Checking them every two hours has no appreciable effect on their safe operation. Checking the operation of these boilers on a less frequent basis (such as once daily) sufficiently ensures their safe operation.

2. Amend compliance deadlines for new rules to register and inspect pressure vessels (i.e., high temperature hot-water systems such as boilers and heat exchangers) (N.J.A.C. 12:90). This regulation requires registration and yearly inspection of pressure vessels. While inspecting this equipment annually will ensure public safety, the required registration process is cumbersome and expensive. Initial registration will require collecting data for each pressure vessel, possible engineering services to obtain this data, and in some instances hazardous-waste abatement (e.g., asbestos removal). At Rutgers University alone, the estimated cost to register this equipment is $4 million and must be completed by 2011. It is recommended that the Department of Labor and Workforce Development reconsider deadlines for compliance. This would allow colleges and universities to spread the implementation costs over a more reasonable timeframe.
3. Amend compliance with rules to maintain refrigeration plants. Any facility that houses a refrigeration plant with a 24-ton or greater cooling capacity and does not operate in accordance with recent standards adopted by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) must have an adequate number of licensed engineers on site who can directly maintain the equipment. If this is not feasible, the Department of Labor and Workforce Development, under N.J.A.C. 12:90-3.10(b), allows the licensed engineer to be stationed in a nearby control room. To comply with these regulations, colleges and universities must retrofit many refrigeration plants, at a cost of millions of dollars. Much of this equipment has been operating without incident for 25 years. Colleges and universities need relief from compliance with this regulation.

**Public Employees Occupational Safety & Health (PEOSH) Program’s Hazard Communication**

Amend the PEOSH Hazard Communication Standard (N.J.A.C. 12.100-7). To protect worker safety, public employers must follow the Department of Health and Senior Services’ New Jersey Worker and Community Right to Know Act (RTK Act), and the U.S. Department of Labor’s Occupational Safety and Health Administration’s (OSHA) Hazardous Communication Act (HazCom). The Public Employees Occupational Safety and Health (PEOSH) Program merged these two requirements into PEOSH Hazard Communication Standard (N.J.A.C. 12.100-7).

While the regulations of these acts are somewhat similar, the RTK Act has labeling requirements that differ from that of HazCom, especially since OSHA is changing its classification of chemical hazards and revising its labeling provisions to conform to the United Nations’ Globally Harmonized System of Classification and Labeling of Chemicals. Based on this proposed labeling classification, the need to include the additional labeling requirements of the NJ PEOSH HCS will provide no additional benefits.

**State Mandated Reports for Projects**

Reduce the requirement to accept and maintain State-mandated forms such as project manning reports and certified payrolls that a contractor sends to the State. Colleges and universities incur costs to administer and maintain these forms as well as to respond to any OPRA requests and DOL reviews. The State needs to lessen the burden placed on institutions for this requirement, and hold the contractors responsible for administration and maintenance.

**Environmental Regulations**

1. Improve communication between institutions of higher education and regulators such as the Department of Environmental Protection. More open dialogue would lead to better collaboration, creativity, and flexibility to solve problems more quickly with better and efficient solutions.

2. Revise deadlines for compliance with nitrogen oxide (NOx) emissions requirements (N.J.A.C. 7:27-10.5). New DEP rules require a 50% reduction of NOx levels for large boilers over two years. The new rule significantly affects institutions with old heating plants, where required retrofitting will cost millions of dollars. While we do not question the goal of reducing NOx emissions, the high cost of compliance in this period of extreme fiscal stress presents real challenges. It is recommended that the deadlines for compliance be reconsidered to spread the cost over a more reasonable period.

3. Revise recycling rules to allow colleges and universities to recycle computer parts. All consumer electronics, like computers, are defined as Class D recyclable material (N.J.A.C. 7:26A-1.3). Most
colleges and universities, because they are defined as “large quantity handlers of universal waste” under DEP rules (N.J.A.C. 7:26A-1.3), must obtain special approval to recycle consumer electronics (N.J.A.C. 7:26A-2.1, Class D Recycling Center permit).

- The cost of obtaining the proper permit to recycle computers is significant. The application fee is $5,233, the annual renewal fee is $7,106, and the annual compliance monitoring fee is $12,175. DEP can facilitate the recycling of computer parts—which can be hazardous to the environment—by exempting institutions of higher education from the requirement to obtain Class D recycling center permits. Colleges and universities could then sell the component parts to recyclers, instead of paying to waste haulers to remove obsolete computers.

4. Revise the permitting rules for boilers and emergency generators. DEP requires permits for acquiring and installing boilers and emergency generators (N.J.A.C. 7:27-8.8). These requirements cause project delays and added costs to campuses in addition to the costs of permitting. Given that the emergency generators are regularly tested annually, and both boilers and emergency generators are manufactured to ASHRAE and EPA Standards, these mandated requirements should be eliminated to save both time and expense. The permitting thresholds in N.J.A.C. 7:27-8 and N.J.A.C. 7:27-22 for combustion equipment (i.e., 1 MMBtu/hr) are too low when compared to other states and requires DEP approvals for equipment that result in very little environmental impact. A more reasonable permitting threshold would be 10 MMBtu/hr for boilers and 500 KW for emergency generators.

5. Revise Stormwater Management requirements (N.J.A.C. 7:8). DEP enacted new stormwater regulations in 2004 that, in part, require projects to reduce the amount of stormwater runoff and to increase the quality of water. These regulations establish a three-tier project permitting process that has evolved to address: 1) stormwater regulations; 2) soil erosion and sediment control standards (SESC – SCD); and 3) request for authorization (RFA) for projects over one acre. The approval and permit-authorization process is costly and time consuming. Reviews by the SCD and DEP are often redundant. Streamlining this permitting process would help campuses save valuable resources and time on projects.

6. Allow universities to apply for grants to repair historic facilities. Historic buildings are common at New Jersey’s older colleges and universities. Rutgers, for instance, maintains 54 buildings statewide that are on the Historic Register, maintained by DEP. The New Jersey Historic Trust (NJHT), in the Department of Community Affairs, requires these buildings to be protected. The NJHT, however, will not allow universities to apply for grants to fund repairs of their historic facilities. The Federal Antiquities Act of 1966 establishes standards of preservation for registered public buildings, which are administered by the New Jersey State Preservation Office (NJSPO) in DEP. As a result, public universities must comply with a higher standard of preservation than private entities. A costly and lengthy permitting approval process, including the need to submit Environmental Impact Statements for any desired projects involving the university’s historic buildings, is required. Hazardous waste removal is often involved when the project requires mandated fire-code retrofits, and when facilities cannot be maintained because of lack of funds. Without proper funding to address the special maintenance needs of these buildings, public colleges and universities often can only complete emergency work to keep the facilities stable and functioning. The State of New Jersey, through NJHT, needs to allocate ample resources to campuses to address the on-going needs of these structures and simplify the approval process for projects.

7. Move cautiously when adopting regulations that are more stringent than federal regulations. Many times New Jersey facilities are at a disadvantage with respect to other states because New Jersey regulations are more stringent and require more time to permit.
8. Consider revising air-pollution nonattainment permitting procedures in N.J.A.C 7:27-18 to correspond to the federal permitting procedures in 40 CFR 51 Appendix S, which the majority of the states incorporate by reference. DEP should incorporate this rule by reference also. The current DEP non-attainment program results in overly burdensome requirements that can lead to additional expensive control technologies, unpredictable permitting outcomes due to non-uniform implementation from DEP, and lengthy permitting reviews.

9. Revise Title V Operating permits process to control air pollution. Such permits are often laden with excessive monitoring, recordkeeping and reporting requirements. One such requirement is to perform stack testing every five years. N.J.A.C. 7:27-22.18 requires that facilities conduct monitoring to determine compliance with permit limits. The regulations, however, do not specify how to conduct compliance determination. A more reasonable stack testing schedule would be every 10 years. Alternatively, the annual combustion adjustment required in N.J.A.C. 7:27-19.16 could be used in lieu of conducting stack testing for NOx and CO emissions.

10. Allow temporary emergency equipment such as emergency generators or boilers to be used without first having to obtain a Title V Operating permit approval. Current permit approvals can take weeks or months, which is unreasonable and dangerous during a true emergency. This could be accomplished by some notification system to DEP, possible online, which informs the department when the equipment would be brought onsite and when removed.

**Department of Community Affairs Regulations**

1. Revise testing and inspection of fire safety equipment. The State has mandated increased testing and inspection of fire safety equipment for construction projects over the past 10 years, imposing increasing costs on colleges and universities. Testing, which used to be required monthly, is now required weekly. Newer equipment can often be tested automatically, and it can run system diagnostics. Given the safer nature of this equipment, the State should increase the time interval of manual testing for older systems, thereby reducing the financial burden on institutions without compromising safety.

2. Revise the process for public records requests to prevent abuse. Requests for open public records are regularly submitted to public institutions of higher education by the public, labor unions, the media, and government officials. The institutions usually must produce the records within three days, using valuable resources. Many times, the same requests are submitted multiple times in different formats. The State should prohibit multiple requests for the same reason by the same entity.

3. Review and improve Division of Codes and Standards’ plan review and field inspections. The waiting time for approval under these processes can take up to six months, and delivery of service is erratic and unpredictable. As a result, projects are significantly delayed, creating excessive additional costs for the campuses and the inability to plan when a project will be completed for use by students and faculty. In order to provide an urgently needed fix to this critical situation, DCA should be: (a) required by statute, regulation or executive order, as appropriate, to accomplish plan reviews and process documents, including outbound transmittals to the originating applicant, within 20 business days of receipt, and to provide field inspections within 72 hours of a request for such inspection; (b) authorized and required to outsource these responsibilities to non-governmental private firms that possess the requisite DCA licenses to perform such work within those specified timeframes if DCA cannot, with any costs caused by DCA’s failure to meet the timeframes recoverable by the institution.
from DCA; and (c) required to improve the Division of Codes and Standards’ plan review and field inspections procedures. When the DCA approves a plan and then a DCA field inspector reviewing a site built in accordance with that plan concludes that a non-code compliant issue exists, DCA should be responsible for resolving the difference so that the institution need not delay construction or incur additional costs.

4. Exempt public and private institutions of higher education from Commission on Affordable Housing (COAH) obligations for their respective townships.

Construction

1. Exempt independent colleges and universities from local board approvals. Public institutions are exempt from these approvals as long as they respect local zoning regulations. Private institutions need similar relief. The need for such approvals discourages construction, drags out the process, drives up costs, and delays construction jobs that are sorely needed in the current economic climate.

2. Eliminate public works reporting requirements. Treasury’s Division of Contract Compliance and Equal Employment Opportunity in Public Contracts requires contractors to complete Form AA 20 to track the number of minority workers employed in public contracts. The State should eliminate this requirement. Contractors must submit the form to the institutions and the State, but the information is not used.

3. Amend the following construction provisions of the State Colleges Contract Law (N.J.S.A. 18A:64-52 et seq.):
   • Allow institutions to contract for faster and less costly design/build construction, preferably as a public bid exemption category. In addition, request the ability to do guaranteed maximum price and construction management at risk contracts for complex, schedule driven projects.
   • Eliminate the current requirement for multiple bids to five prime contract types. Institutions should be allowed to accept and to award an unlimited number of multiple bids for construction projects when it is determined to be in the institution’s best financial interest.

4. Transfer title of real property on which the state colleges and universities are located from the State to the institutions. Depending largely on the date of each institution’s founding, a portion of the state colleges’ and universities’ real property that is designated for the established purpose of the institution of higher education is held in the name of the State of New Jersey. The State takes no responsibility and provides no support for investments in or maintenance of these lands. The institutions themselves make all such investments and bear all such costs. When, however, an institution undertakes a project involving such property, it faces intrusion from state regulations and decision-making. All such property, which is properly and without equivocation intended for the purposes of the institution, should be transferred to the respective institutions’ boards of trustees so that institutions can enter lease and other agreements to advance the capital and facilities needs of the institutions without undue delays, complications, and intrusions from the State.

5. Require the Educational Facilities Authority (EFA) to turn over to the institutions the deed to bond-financed properties once the debt has been retired. When the colleges and universities finance capital debt through EFA, the deed for the property concerned is transferred to EFA as part of the bond transaction. When the institution retires all outstanding debt on that property, the EFA should be required to turn over the deed to the board of trustees of the institution.
6. Strengthen the sovereignty of the State of New Jersey, as it resides in the state’s public institutions of higher education, to assure that these institutions are unencumbered by county and/or municipality authority in matters related to developing and operating the state entity. These matters include zoning, road and sewer connections, traffic signalization, user fees, and tax exemption for public-private partnerships when real property belonging to the institution is developed. Legislation progressing through both Houses (S-920/A-1897, A-2059) would exempt public-private partnership projects from property tax.

**PROCUREMENT**

1. Moderate the authority of the State Comptroller to audit public colleges and universities (N.J.S.A. 52:15C-7) and review their contracts (N.J.S.A. 52:15C-10). Public institutions of higher education must provide notice to the State Comptroller no later than 20 business days after awarding a contract worth more than $2 million but less than $10 million, and must inform the State Comptroller in writing within 30 days of commencing a procurement process worth $10 million or more. These reviews have cost many additional hours of staff time, have threatened to delay and increase the cost of time-sensitive projects, and in some instances undermine or contradict other long-established state legal authority.
   - The State Comptroller’s auditing and monitoring authority should be limited to the expenditure of State funds. When state funds are involved, the State Comptroller’s review process should be greatly simplified.

2. Revise the State Business Registration Certificate (BRC) requirements, which are costly, time-consuming, confusing, and unmanageable (N.J.S.A. 52:32-44).
   - Require the State to maintain a BRC database to which the colleges can have access to determine the eligibility of vendors. Since the BRC process governs whether a vendor can bid or do business with a state agency or a senior public college, the State should maintain a centralized database. Failure to have access to such a database adds significant delays and costs to the colleges’ business processes.
   - Increase the dollar threshold for requiring a State Business Registration Certificate from the current level of $4,515 to at least the public bid threshold (currently, $30,100 for the state colleges and universities).
   - Eliminate the BRC requirement for sole source and personal service contracts, e.g. performing artists, guest lecturers, and distinguished academicians, who are typical in a college environment, but not typical in State agencies. Such individuals, often from out-of-state or even from foreign countries, are understandably reluctant to comply with reporting requirements regarding political contributions and business registry in New Jersey with which they have no association. The BRC is intended to facilitate tax collection in New Jersey, and sole source/personal service contracts are not subject to use taxes. The BRC should also exempt sole-source suppliers of academic services to programs and libraries, many of which are based out-of-state or out of the country, as well as the many shared programs and services that the colleges have with foreign universities.

3. Maintain, and provide public colleges and universities with online access to, a vendor database identifying those vendors that have completed all mandated State forms.
4. Revise the following procurement provisions of the State College Contracts Law (N.J.S.A. 18A:64-52 et seq.):

a. Increase the public bid threshold from $30,100 to at least $50,000.

b. Expand public bid waiver categories to include banking, financial, and travel services.

c. Allow institutions to issue addenda to RFPs/RFQs only to vendors who picked up bid documents, eliminating the currently required 10-day newspaper advertisement period for each addenda issued.

d. Change the current bond requirement for bidders from 10% of bid amount to “10% of bid amount up to a maximum of $20,000,” in order to increase the number of small businesses able to bid on RFPs/RFQs.

e. Allow institutions to advertise RFPs/RFQs on a State-maintained statewide Web site and other commercial Web sites rather than only in newspapers, which are the costliest medium and the least efficient in reaching potential bidders.

f. Extend contract terms from 5 years to 30 years for:

   i. the purchase, lease, and maintenance of information technology. Current law restricting the term to 5 years prohibits negotiating pricing for maintenance and support for software systems (ERP systems) that take many years to implement and are expected to remain in place for two or three decades. Extension of the term for this type of contract will enable institutions to negotiate much better pricing (for example, 10% of licensing costs vs. 20-22% of licensing costs).

   ii. Insurance

   iii. Banking and financial services

   iv. Facilities maintenance.

g. Amend the current “lowest responsible bid” requirement for construction contracts to permit an award based on “price and other factors.” Furthermore, amend the current requirement to award goods and services contracts to the “responsible bidder whose bid...will be most advantageous to the State college, price and other factors considered” to define “responsible” and “advantageous.”

Under the current law, state colleges and universities can do little when faced with a “responsible” low bid from a contractor with a bad record of performance or one not truly capable of performing at a high degree of quality. Under the current system, a contractor of marginal quality can low-bid a contract and then issue many requests for change orders, thereby delaying the job and getting additional payments to increase the ultimate job price.

h. Allow institutions to pre-qualify vendors and contractors and to maintain on-call contracts for professional and consulting services, maintenance, renovation and repairs of facilities, information technology and telecommunications infrastructure. This change would permit institutions to respond to emergency situations and to complete routine repairs in a timely way.

i. Clarify the law so institutionally disbursed funds held on behalf of other organizations or entities, i.e., funds not owned by the State or the disbursing institution, are not subject to provisions of the State College Contracts Law. One example of such funds—generally called “agency funds”—is funds held for student organizations.
5. Exempt the senior public colleges and universities from the pay-to-play laws (N.J.S.A. 19:44A-20.13 to 19:44A-20.25). These laws are aimed at contractors who receive business awarded by elected officials to whom they contribute. The trustees and administrators of the senior public colleges are not elected and are not participants in the state’s electoral processes. Nevertheless, currently, any vendor who has made a political contribution of $300 or more must submit documentation to the institution’s procurement department. The institution must send these documents to the Department of the Treasury. If the Treasury denies the contract, the institution must find an alternate vendor, often delaying the award of a contract by up to a month, adding costs and delays to projects.

   - If the senior public colleges and universities must comply with the law, then the dollar threshold for requesting Political Contribution Disclosure forms from bidders should be increased from the current $17,500 threshold to the public bid threshold (currently, $30,100 for the state colleges and universities). The State should post and regularly update the status of each vendor on a public Web site so individual institutions need not review each vendor’s status and submit forms back and forth to Treasury each time the vendor bids on a project.

6. Review and revise P.L. 2009, c. 335, which codified Governor Corzine’s Executive Order Nos. 34 and 151. The new law requires the senior public colleges and universities to designate a liaison, track the share of contracting dollars paid to minority and women-owned businesses, develop plans and goals, and provide burdensome quarterly reports to the Division of Minority and Women Business Development. The new law also includes the colleges among the “Reporting Agencies” that are monitored by the Division of Public Contracts Equal Employment Opportunity Compliance in the Department of the Treasury.

   • The senior public colleges and universities are committed to using minority and women-owned businesses. The requirements under P.L. 2009, c. 335, however, do not contribute to that effort; they simply increase red tape and administrative reporting burdens.

7. Allow public colleges and universities to enter contracts for off-shore services related to information technology, specifically in the areas of programming and software development, application service provider (hosting) services and remote data storage. The State should eliminate these restrictions because the corporations providing the services are often multinational entities such as IBM, Oracle and Google, their facilities are distributed throughout the world, and the desired services are obtained using the World Wide Web. There are great cost savings to be realized from taking advantage of the world-wide network access to such resources.

Tax Reform

1. Eliminate sales tax on parking fees paid by commuter students to park on campus (N.J.S.A. 54:32B-3(i)). University employees and resident students are exempt from sales tax on parking services. This tax should be eliminated so that commuting students are treated the same as resident students.

2. Eliminate the requirement that colleges and universities pay sales tax on natural gas purchases (N.J.S.A. 54:32B-9(c)(3)).


G: New Jersey Higher Education Statistics

Insert Excel Spreadsheet
## Total State Disbursements for Endowments and Grants

<table>
<thead>
<tr>
<th>Four-Year Publics</th>
<th>FY2000–2006 State Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montclair State University</td>
<td>$669,017</td>
</tr>
<tr>
<td>NJIT</td>
<td>$534,574</td>
</tr>
<tr>
<td>Rowan University</td>
<td>$7,224,315</td>
</tr>
<tr>
<td>Rutgers University</td>
<td>$10,607,965</td>
</tr>
<tr>
<td>Thomas Edison State College</td>
<td>$91,403</td>
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<tr>
<td>UMDNJ</td>
<td>$6,343,532</td>
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<tr>
<td>William Paterson University</td>
<td>$391,454</td>
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</table>

<table>
<thead>
<tr>
<th>Four-Year Independents</th>
<th>FY2000–2006 State Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caldwell College</td>
<td>$79,052</td>
</tr>
<tr>
<td>College of St. Elizabeth</td>
<td>$77,515</td>
</tr>
<tr>
<td>Drew University</td>
<td>$1,462,173</td>
</tr>
<tr>
<td>Georgian Court University</td>
<td>$79,052</td>
</tr>
<tr>
<td>St. Peter's College</td>
<td>$500,000</td>
</tr>
<tr>
<td>Seton Hall University</td>
<td>$472,872</td>
</tr>
<tr>
<td>Stevens Institute of Technology</td>
<td>$1,077,071</td>
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</table>

<table>
<thead>
<tr>
<th>Community Colleges</th>
<th>FY2000–2006 State Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bergen Community College</td>
<td>$70,945</td>
</tr>
<tr>
<td>Camden County College</td>
<td>$194,162</td>
</tr>
<tr>
<td>Cumberland County College</td>
<td>$19,184</td>
</tr>
<tr>
<td>Essex County College</td>
<td>$198,813</td>
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<tr>
<td>Middlesex County College</td>
<td>$97,831</td>
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<tr>
<td>Salem Community College</td>
<td>$48,964</td>
</tr>
<tr>
<td>Union County College</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$30,409,394</strong></td>
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Debt to Operating Revenues (FY 2009)

- College of New Jersey
- Kean University
- Montclair State University
- New Jersey City University
- Ramapo College
- Richard Stockton College
- Rowan University
- Rutgers University
- University of Medicine and Dentistry
- William Paterson University
- Ohio Median
- Michigan Median

*Source: Moody's MFRA Database*
### Senior Public Colleges and Universities as of November 22, 2010

<table>
<thead>
<tr>
<th>Institution</th>
<th>Moody's Credit Rating</th>
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</thead>
<tbody>
<tr>
<td>The College of New Jersey</td>
<td>A2</td>
</tr>
<tr>
<td>Kean University</td>
<td>A2</td>
</tr>
<tr>
<td>Montclair State University</td>
<td>A1</td>
</tr>
<tr>
<td>New Jersey City University</td>
<td>A2</td>
</tr>
<tr>
<td>New Jersey Institute of Technology</td>
<td>A1</td>
</tr>
<tr>
<td>Ramapo College</td>
<td>A2</td>
</tr>
<tr>
<td>Richard Stockton College</td>
<td>A2</td>
</tr>
<tr>
<td>Rowan University</td>
<td>A2</td>
</tr>
<tr>
<td>Rutgers University</td>
<td>Aa2</td>
</tr>
<tr>
<td>UMDNJ</td>
<td>Baa1</td>
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<tr>
<td>William Paterson University</td>
<td>A1</td>
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</table>

### Independent Colleges & Universities as of November 22, 2010

<table>
<thead>
<tr>
<th>Institution</th>
<th>Standard &amp; Poor’s Rating</th>
<th>Moody’s Credit Rating</th>
<th>Fitch’s Credit Rating</th>
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<tbody>
<tr>
<td>Drew University</td>
<td>Not Rated</td>
<td>A3</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Fairleigh Dickinson University</td>
<td>Not Rated</td>
<td>Not Rated</td>
<td>BBB-</td>
</tr>
<tr>
<td>Georgian Court University</td>
<td>BBB+</td>
<td>Baa1</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Monmouth University</td>
<td>BBB+</td>
<td>A3</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Princeton University</td>
<td>AAA</td>
<td>Aaa</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Rider University</td>
<td>BBB+</td>
<td>Baa1</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Seton Hall University</td>
<td>A</td>
<td>A3</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Stevens Institute</td>
<td>BBB+</td>
<td>Baa2</td>
<td>Not Rated</td>
</tr>
</tbody>
</table>
Moody’s Long-Term Corporate Obligation Ratings

- **Aaa** Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
- **Aa** Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
- **A** Obligations rated A are considered upper-medium grade and are subject to low credit risk.
- **Baa** Obligations rated Baa are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.
- **Ba** Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
- **B** Obligations rated B are considered speculative and are subject to high credit risk.
- **Caa** Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
- **Ca** Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
- **C** Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

**Note:** Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.
## History of Senior Publics Operating Funding, FY1990-2011
(Expended FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s)

<table>
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<tbody>
<tr>
<td><strong>Overall - All Senior Publics</strong></td>
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</tr>
<tr>
<td>Total Institutional Expenditures</td>
<td>1,653,920</td>
<td>1,867,480</td>
<td>2,029,778</td>
<td>2,117,666</td>
<td>2,298,282</td>
<td>2,488,345</td>
<td>2,625,866</td>
<td>2,589,388</td>
<td>2,765,632</td>
<td>2,896,031</td>
<td>3,111,380</td>
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<tr>
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<td>1,156,730</td>
<td>1,265,105</td>
<td>1,278,132</td>
<td>1,399,239</td>
<td>1,448,293</td>
<td>1,510,258</td>
<td>1,474,734</td>
<td>1,589,876</td>
<td>1,674,557</td>
<td>1,772,423</td>
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<td>State Direct Operating Appropriation</td>
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<td>633,879</td>
<td>693,789</td>
<td>664,993</td>
<td>696,065</td>
<td>751,801</td>
<td>773,241</td>
<td>697,516</td>
<td>747,012</td>
<td>779,838</td>
<td>823,476</td>
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<tr>
<td>Total State Operating Support</td>
<td>872,125</td>
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<td>916,184</td>
<td>908,450</td>
<td>1,005,045</td>
<td>1,025,980</td>
<td>1,060,094</td>
<td>982,324</td>
<td>1,039,855</td>
<td>1,074,144</td>
<td>1,129,143</td>
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<tr>
<td>Total State as % of Total Expenditures</td>
<td>52.7%</td>
<td>44.4%</td>
<td>45.1%</td>
<td>42.9%</td>
<td>43.7%</td>
<td>41.2%</td>
<td>40.4%</td>
<td>37.9%</td>
<td>37.6%</td>
<td>37.1%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Total State as % of Total E&amp;G Expenditures</td>
<td>76.3%</td>
<td>71.7%</td>
<td>72.4%</td>
<td>71.1%</td>
<td>71.8%</td>
<td>70.2%</td>
<td>66.6%</td>
<td>65.4%</td>
<td>64.1%</td>
<td>63.7%</td>
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</tr>
<tr>
<td><strong>Rutgers, The State University</strong></td>
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<td></td>
</tr>
<tr>
<td>Total Institutional Expenditures</td>
<td>622,984</td>
<td>685,712</td>
<td>757,276</td>
<td>786,070</td>
<td>856,124</td>
<td>967,249</td>
<td>1,018,061</td>
<td>1,038,109</td>
<td>1,103,889</td>
<td>1,155,655</td>
<td>1,236,214</td>
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<tr>
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<td>438,541</td>
<td>446,944</td>
<td>488,874</td>
<td>492,815</td>
<td>533,990</td>
<td>543,396</td>
<td>562,256</td>
<td>572,642</td>
<td>603,679</td>
<td>625,885</td>
<td>669,280</td>
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<td>State Direct Operating Appropriation</td>
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<td>236,930</td>
<td>226,832</td>
<td>238,054</td>
<td>255,584</td>
<td>262,788</td>
<td>263,218</td>
<td>271,627</td>
<td>278,618</td>
<td>296,884</td>
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<tr>
<td>State Fringe Benefits Expenditures</td>
<td>63,445</td>
<td>66,050</td>
<td>76,135</td>
<td>83,416</td>
<td>103,583</td>
<td>84,859</td>
<td>89,062</td>
<td>86,662</td>
<td>93,440</td>
<td>89,490</td>
<td>94,680</td>
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<td>282,919</td>
<td>313,065</td>
<td>310,248</td>
<td>341,637</td>
<td>340,443</td>
<td>351,850</td>
<td>349,880</td>
<td>365,067</td>
<td>368,108</td>
<td>391,564</td>
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<tr>
<td>Total State as % of Total Expenditures</td>
<td>47.8%</td>
<td>41.3%</td>
<td>41.3%</td>
<td>39.5%</td>
<td>39.9%</td>
<td>35.2%</td>
<td>34.6%</td>
<td>33.7%</td>
<td>33.1%</td>
<td>31.9%</td>
<td>31.7%</td>
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<tr>
<td>Total State as % of Total E&amp;G Expenditures</td>
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<td>63.3%</td>
<td>64.0%</td>
<td>63.0%</td>
<td>64.0%</td>
<td>62.7%</td>
<td>62.6%</td>
<td>61.1%</td>
<td>60.5%</td>
<td>58.8%</td>
<td>58.5%</td>
</tr>
<tr>
<td><strong>Agricultural Experiment Station</strong></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Total Institutional Expenditures</td>
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<td>46,082</td>
<td>45,022</td>
<td>45,913</td>
<td>48,745</td>
<td>52,896</td>
<td>53,942</td>
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<td>50,673</td>
<td>55,730</td>
<td>66,970</td>
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<td>24,691</td>
<td>25,044</td>
<td>25,731</td>
<td>26,963</td>
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<td>26,918</td>
<td>28,210</td>
<td>28,938</td>
<td>30,065</td>
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<tr>
<td>State Direct Operating Appropriation</td>
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<td>20,010</td>
<td>20,537</td>
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<td>22,942</td>
<td>22,364</td>
<td>23,273</td>
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<td>25,082</td>
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<td>4,493</td>
<td>4,880</td>
<td>4,554</td>
<td>4,937</td>
<td>4,728</td>
<td>4,983</td>
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<td>Total State Operating Support</td>
<td>23,995</td>
<td>23,540</td>
<td>24,691</td>
<td>25,044</td>
<td>25,731</td>
<td>26,963</td>
<td>27,622</td>
<td>26,918</td>
<td>28,210</td>
<td>28,938</td>
<td>30,065</td>
</tr>
<tr>
<td>Total State as % of Total Expenditures</td>
<td>53.9%</td>
<td>51.1%</td>
<td>54.8%</td>
<td>54.5%</td>
<td>52.8%</td>
<td>51.0%</td>
<td>51.2%</td>
<td>48.0%</td>
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<tr>
<td>Total State as % of Total E&amp;G Expenditures</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
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<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
**History of Senior Publics Operating Funding, FY1990-2011**

Expend FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s

<table>
<thead>
<tr>
<th>Overall - All Senior Publics</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Institutional Expenditures</td>
<td>3,376,804</td>
<td>3,459,901</td>
</tr>
<tr>
<td>Medical Educational/General Expenditures</td>
<td>1,844,025</td>
<td>1,888,740</td>
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<td>State Direct Operating Appropriation</td>
<td>821,227</td>
<td>785,066</td>
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<td>State Fringe Benefits Expenditures</td>
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<td>State Operating Support</td>
<td>1,143,901</td>
<td>1,122,324</td>
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<table>
<thead>
<tr>
<th>Rutgers, The State University</th>
<th>FY2010</th>
<th>FY2011</th>
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<tbody>
<tr>
<td>Medical Institutional Expenditures</td>
<td>1,314,962</td>
<td>1,259,811</td>
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<td>705,655</td>
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<td>State Operating Support</td>
<td>410,502</td>
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<table>
<thead>
<tr>
<th>Agricultural Experiment Station</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Institutional Expenditures</td>
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<td>State Fringe Benefits Expenditures</td>
<td>5,572</td>
<td>5,632</td>
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<tr>
<td>State Operating Support</td>
<td>31,742</td>
<td>31,871</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State as % of Total Expenditures</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Institutional Expenditures</td>
<td>33.9%</td>
<td>32.4%</td>
</tr>
<tr>
<td>Medical Educational/General Expenditures</td>
<td>62.0%</td>
<td>59.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State as % of Total E&amp;G Expenditures</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Institutional Expenditures</td>
<td>31.2%</td>
<td>32.3%</td>
</tr>
<tr>
<td>Medical Educational/General Expenditures</td>
<td>58.2%</td>
<td>56.5%</td>
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</tbody>
</table>
## History of Senior Publics Operating Funding, FY1990-2011

(Expended FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s)

### UMDNJ

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</tr>
</thead>
<tbody>
<tr>
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<td>618,896</td>
<td>651,016</td>
<td>714,994</td>
<td>737,808</td>
<td>768,556</td>
<td>673,271</td>
<td>723,394</td>
<td>747,066</td>
<td>813,635</td>
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<td>State Direct Operating Appropriation</td>
<td>164,968</td>
<td>150,643</td>
<td>173,089</td>
<td>165,111</td>
<td>173,350</td>
<td>190,757</td>
<td>196,047</td>
<td>127,769</td>
<td>155,205</td>
<td>172,776</td>
<td>176,732</td>
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### New Jersey Institute of Technology

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### Thomas A. Edison State College

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</table>
History of Senior Publics Operating Funding, FY1990-2011
Expend FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s

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## History of Senior Publics Operating Funding, FY1990-2011
(Expend FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s)

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<td>33,228</td>
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<td>57.7%</td>
<td>55.6%</td>
<td>54.6%</td>
</tr>
</tbody>
</table>

| **New Jersey City University (Jersey City State College until 1998)** |         |         |         |         |        |        |        |        |        |        |        |
| Total Institutional Expenditures | 49,611 | 51,482 | 54,869 | 57,011 | 61,499 | 65,194 | 69,028 | 71,853 | 77,481 | 80,494 | 84,832 |
| Total Educational/General Expenditures | 41,619 | 41,549 | 44,740 | 44,626 | 48,538 | 51,631 | 54,585 | 55,848 | 59,444 | 61,335 | 67,440 |
| State Direct Operating Appropriation | 27,266 | 25,143 | 26,397 | 25,239 | 26,152 | 27,633 | 28,330 | 27,681 | 28,791 | 29,511 | 31,173 |
| State Fringe Benefits Expenditures | 6,193 | 6,278 | 6,804 | 6,999 | 9,237 | 9,653 | 10,190 | 10,305 | 9,321 | 9,420 | 10,075 |
| Total State Operating Support | 33,459 | 31,421 | 33,201 | 32,238 | 35,389 | 37,286 | 38,520 | 37,986 | 38,112 | 38,931 | 41,248 |
| Total State as % of Total Expenditures | 67.4% | 61.0% | 60.5% | 56.5% | 57.5% | 57.2% | 55.8% | 52.9% | 49.2% | 48.4% | 48.6% |
| Total State as % of Total E&G Expenditures | 80.4% | 75.6% | 74.2% | 72.2% | 72.9% | 72.2% | 70.6% | 68.0% | 64.1% | 63.5% | 61.2% |

| **Kean University** |         |         |         |         |        |        |        |        |        |        |        |
| Total Institutional Expenditures | 56,763 | 62,213 | 67,907 | 71,078 | 77,124 | 79,564 | 87,491 | 86,610 | 90,597 | 97,009 | 102,692 |
| Total Educational/General Expenditures | 49,828 | 50,136 | 53,886 | 54,828 | 58,712 | 60,594 | 64,782 | 65,273 | 68,841 | 73,062 | 77,584 |
| State Direct Operating Appropriation | 30,224 | 27,464 | 29,057 | 27,724 | 29,386 | 31,318 | 32,044 | 30,833 | 32,694 | 33,636 | 37,203 |
| State Fringe Benefits Expenditures | 7,835 | 8,203 | 9,435 | 10,275 | 11,104 | 10,695 | 11,499 | 11,767 | 11,191 | 11,635 | 11,970 |
| Total State Operating Support | 38,059 | 35,667 | 38,492 | 37,999 | 40,490 | 42,013 | 43,543 | 42,650 | 43,885 | 45,271 | 49,173 |
| Total State as % of Total Expenditures | 67.0% | 57.3% | 56.7% | 53.5% | 52.5% | 52.8% | 49.8% | 49.2% | 48.4% | 46.7% | 47.9% |
| Total State as % of Total E&G Expenditures | 76.4% | 71.1% | 71.4% | 69.3% | 69.0% | 69.3% | 67.2% | 65.3% | 63.7% | 62.0% | 63.4% |
History of Senior Publics Operating Funding, FY1990-2011

Expended FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s

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<td>28,547</td>
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<td>State as % of Total &amp;G Expenditures</td>
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<td>44.3%</td>
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### History of Senior Publics Operating Funding, FY1990-2011

(Expended FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s)

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### History of Senior Publics Operating Funding, FY1990-2011

**Expanded FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s**

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<td>131,806</td>
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<td>State as % of Total Expenditures</td>
<td>50.0%</td>
<td>46.7%</td>
<td>42.7%</td>
<td>40.7%</td>
<td>39.9%</td>
<td>39.4%</td>
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<td>34.2%</td>
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<tr>
<td>State as % of Total E&amp;G Expenditures</td>
<td>64.4%</td>
<td>61.6%</td>
<td>58.5%</td>
<td>55.6%</td>
<td>54.9%</td>
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<td>53.0%</td>
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<tr>
<td>State Educational/General Expenditures</td>
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<td>134,283</td>
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<td>191,714</td>
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<td>48,573</td>
<td>45,014</td>
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<td>38,613</td>
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<td>25,916</td>
<td>27,447</td>
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<td>73,361</td>
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<td>33.0%</td>
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<td>28.8%</td>
<td>26.3%</td>
<td>25.7%</td>
<td>24.3%</td>
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<tr>
<td>State as % of Total E&amp;G Expenditures</td>
<td>55.3%</td>
<td>51.2%</td>
<td>48.1%</td>
<td>43.5%</td>
<td>42.2%</td>
<td>40.6%</td>
<td>38.3%</td>
<td>42.7%</td>
<td>39.2%</td>
<td>38.2%</td>
<td>36.6%</td>
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<tr>
<td><strong>The College of New Jersey (Formerly Trenton State College until 1996)</strong></td>
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<td>37,977</td>
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<td>37,040</td>
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<td>58,843</td>
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<td>56,211</td>
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<td>31.8%</td>
<td>28.8%</td>
<td>28.3%</td>
<td>27.8%</td>
</tr>
<tr>
<td>State as % of Total E&amp;G Expenditures</td>
<td>58.3%</td>
<td>57.1%</td>
<td>54.9%</td>
<td>53.0%</td>
<td>52.6%</td>
<td>51.7%</td>
<td>49.9%</td>
<td>49.1%</td>
<td>45.9%</td>
<td>45.5%</td>
<td>44.6%</td>
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## History of Senior Publics Operating Funding, FY1990-2011
(Expended FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
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<td>38,644</td>
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<td>40,667</td>
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<td>56,301</td>
<td>54,324</td>
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<td>28,469</td>
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<td>37,718</td>
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<td>17,097</td>
<td>17,961</td>
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<td>4,754</td>
<td>6,013</td>
<td>5,990</td>
<td>5,825</td>
<td>5,868</td>
<td>6,094</td>
<td>6,229</td>
<td>6,762</td>
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<td>19,993</td>
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<td>23,099</td>
<td>23,315</td>
<td>22,965</td>
<td>24,010</td>
<td>24,639</td>
<td>26,448</td>
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<td>Total State as % of Total Expenditures</td>
<td>56.4%</td>
<td>51.3%</td>
<td>52.0%</td>
<td>49.3%</td>
<td>54.1%</td>
<td>53.2%</td>
<td>51.4%</td>
<td>43.9%</td>
<td>42.6%</td>
<td>45.4%</td>
<td>44.3%</td>
</tr>
<tr>
<td>Total State as % of Total E&amp;G Expenditures</td>
<td>78.5%</td>
<td>73.8%</td>
<td>70.0%</td>
<td>70.2%</td>
<td>71.0%</td>
<td>68.4%</td>
<td>67.4%</td>
<td>64.9%</td>
<td>63.7%</td>
<td>62.5%</td>
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</tbody>
</table>

|                                |         |         |         |         |        |        |        |        |        |        |        |
| **The Richard Stockton College of New Jersey** |         |         |         |         |        |        |        |        |        |        |        |
| Total Educational/General Expenditures | 28,385  | 27,944  | 31,052  | 31,421  | 35,040 | 36,773 | 38,788 | 40,655 | 42,881 | 48,305 | 52,233 |
| State Direct Operating Appropriation | 17,147  | 16,055  | 17,163  | 16,518  | 17,271 | 19,094 | 19,321 | 18,884 | 19,598 | 20,088 | 21,754 |
| State Fringe Benefits Expenditures | 4,380   | 4,395   | 5,338   | 5,680   | 6,947  | 6,605  | 6,737  | 6,780  | 6,960  | 7,227  | 7,381  |
| Total State Operating Support | 21,527  | 20,450  | 22,501  | 22,198  | 24,218 | 25,699 | 26,058 | 25,664 | 26,558 | 27,315 | 29,135 |
| Total State as % of Total Expenditures | 59.3%   | 56.8%   | 56.2%   | 54.9%   | 52.9%  | 53.8%  | 52.6%  | 48.1%  | 47.6%  | 43.5%  | 42.4%  |
| Total State as % of Total E&G Expenditures | 75.8%   | 73.2%   | 72.5%   | 70.6%   | 69.1%  | 69.9%  | 67.2%  | 63.1%  | 61.9%  | 56.5%  | 55.8%  |
### History of Senior Publics Operating Funding, FY1990-2011

Expend FY1990-2009; Adjusted FY2010; Appropriated FY2011. Amounts in $000s.

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Rutgers University</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Institutional Expenditures</td>
<td>69,678</td>
<td>74,715</td>
<td>82,673</td>
<td>90,030</td>
<td>100,343</td>
<td>106,338</td>
<td>113,973</td>
<td>125,277</td>
<td>132,442</td>
<td>139,851</td>
<td>140,092</td>
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<tr>
<td>Educational/General Expenditures</td>
<td>47,172</td>
<td>49,430</td>
<td>56,526</td>
<td>61,894</td>
<td>68,530</td>
<td>72,633</td>
<td>76,558</td>
<td>84,262</td>
<td>87,025</td>
<td>92,456</td>
<td>90,596</td>
</tr>
<tr>
<td>State Direct Operating Appropriation</td>
<td>20,534</td>
<td>20,266</td>
<td>19,421</td>
<td>18,979</td>
<td>20,556</td>
<td>21,417</td>
<td>19,579</td>
<td>20,468</td>
<td>18,804</td>
<td>18,040</td>
<td>16,130</td>
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<td>Fringe Benefits Expenditures</td>
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<td>7,652</td>
<td>9,014</td>
<td>10,018</td>
<td>11,857</td>
<td>12,174</td>
<td>13,774</td>
<td>14,581</td>
<td>14,139</td>
<td>15,403</td>
<td>16,311</td>
</tr>
<tr>
<td>State Operating Support</td>
<td>27,710</td>
<td>27,918</td>
<td>28,435</td>
<td>28,997</td>
<td>32,413</td>
<td>33,591</td>
<td>33,353</td>
<td>35,049</td>
<td>32,943</td>
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<td>32,441</td>
</tr>
<tr>
<td>State as % of Total Expenditures</td>
<td>39.8%</td>
<td>37.4%</td>
<td>34.4%</td>
<td>32.2%</td>
<td>32.3%</td>
<td>31.6%</td>
<td>29.3%</td>
<td>28.0%</td>
<td>24.9%</td>
<td>23.9%</td>
<td>23.2%</td>
</tr>
<tr>
<td>State as % of Total E&amp;G Expenditures</td>
<td>58.7%</td>
<td>56.5%</td>
<td>50.3%</td>
<td>46.8%</td>
<td>47.3%</td>
<td>46.2%</td>
<td>43.6%</td>
<td>41.6%</td>
<td>37.9%</td>
<td>36.2%</td>
<td>35.8%</td>
</tr>
</tbody>
</table>

| **New Jersey Institute of Technology** |        |        |        |        |        |        |        |        |        |                 |               |
| Institutional Expenditures | 75,411 | 79,521 | 83,387 | 106,091 | 108,467 | 125,204 | 137,915 | 148,222 | 156,581 | 160,068          | 159,000       |
| Educational/General Expenditures | 56,690 | 60,577 | 61,767 | 68,195  | 67,646  | 84,289  | 94,985  | 100,740 | 103,019 | 108,391          | 107,323       |
| State Direct Operating Appropriation | 23,701 | 24,559 | 23,619 | 23,133  | 24,480  | 25,665  | 23,703  | 25,120  | 23,272  | 22,332          | 19,839        |
| Fringe Benefits Expenditures | 8,002  | 8,499  | 9,969  | 11,504  | 13,077  | 14,419  | 16,273  | 17,820  | 17,891  | 19,566          | 20,891        |
| State Operating Support | 31,703 | 33,058 | 33,588 | 34,637  | 37,557  | 40,084  | 39,976  | 42,940  | 41,163  | 41,898          | 40,830        |
| State as % of Total Expenditures | 42.0%  | 41.6%  | 40.3%  | 32.6%  | 34.6%  | 32.0%  | 29.0%  | 29.0%  | 26.3%  | 26.2%           | 25.7%         |
| State as % of Total E&G Expenditures | 55.9%  | 54.6%  | 54.4%  | 50.8%  | 55.5%  | 47.6%  | 42.1%  | 42.6%  | 40.0%  | 38.7%           | 38.0%         |
Notes:
In FY1990-FY1993, fringe benefits were not included in institutional support or in income deduction calculations. Therefore, fringe benefit totals for FY1990-1993 are estimates based on appropriated salaries and fringe rates for each fiscal year.

Because of the addition of fringe benefit data, Institutional Support, Total Income Deductions, and Total State Appropriation numbers on this worksheet do not match budget figures.

In Fiscal Year 1997, Expended fringe benefits were not included in the 1998-1999 budget. The 1997 amounts are the 1997 Adjusted Appropriation and not the Expended amount.

In FY2011, the state support for Thomas Edison State College is somewhat different. Edison occupies state owned and maintained space. For the first time, the value of that is being reflected in the budget. Therefore, the direct state support has been decreased by $3.4 million with a corresponding increase in the “fringe” line.
New Jersey Ranks 47th Nationally in Higher Education Appropriations

Educational Appropriations per FTE
Percent Change by State, Fiscal 2004-2009

Note: Dollars adjusted by 2009 HECA, Cost of Living Adjustment, and Enrollment Mix.

Source: State Higher Education Executive Officers, 2010
State Higher Education Finance Report, FY 2009
M: Changes in State Appropriations in Higher Education 2005-06 to 2007-08

Between 2005-06 and 2007-08, New Jersey appropriation for higher education decreased by 0.3 percent as compared to a national average increase of 16.2 percent. This decline places New Jersey last among the 50 states in changes to higher education appropriations over the two-year period and makes the state the only one in the nation to see an actual reduction in monies allocated to colleges and universities.

Change from 2005–06 to 2007–08

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<thead>
<tr>
<th>State</th>
<th>Percentage</th>
<th>Rank</th>
<th>State</th>
<th>Percentage</th>
<th>Rank</th>
</tr>
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<td>18</td>
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<tr>
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<td>13.7%</td>
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<tr>
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<td>15</td>
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<tr>
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<tr>
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<tr>
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<td>National Average</td>
<td>16.1%</td>
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</table>

SOURCE: The two-year appropriations map and chart were created by Rutgers Institutional Research based on data from the Center for the Study of Education Policy at Illinois State University and published in the January 18, 2008 issue of the Chronicle of Higher Education.
N: Robert Wood Johnson Medical School Students Leaving New Jersey and Primary Care

RWJMS Students Leaving New Jersey and Primary Care

- Doing Residencies in New Jersey
- Entering Primary Care
- Linear (Doing Residencies in New Jersey)
- Linear (Entering Primary Care)
The Top 100 Institutions in Federally Financed R&D Expenditures, 2009

By Jeffrey Brainard

Institutions are highlighted if they rose or declined by 10 or more places from the 2004 to the 2009 fiscal years. Those rising are in **boldface**; those declining are in *italics*.

<table>
<thead>
<tr>
<th>Rank, 2009</th>
<th>Institution</th>
<th>Dollars (in thousands), 2009</th>
<th>Rank, 2004</th>
<th>5-year change in rank</th>
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<td>5-year change in rank</td>
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### O: Top 100 Institutions in Federal Research & Development Funding (cont’d)

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<th>Institution</th>
<th>Dollars (in thousands), 2009</th>
<th>Rank, 2004</th>
<th>5-year change in rank</th>
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<td>Medical U. of South Carolina</td>
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**Note:** The amount for the Johns Hopkins University includes $920.7-million spent by the Applied Physics Laboratory. Years shown are fiscal years.

**Source:** National Science Foundation


The selections below from the Vagelos Commission report are ideas brought to our attention to address the future of UMDNJ and medical education in New Jersey. Without the time or staff to review these recommendations fully, we present them here to continue the dialogue started by the Vagelos Commission.

University of New Jersey-North (Newark)

Description

- Total campus enrollment (combining UMDNJ, Rutgers, and NJIT) would be 21,442 students with 8,681 undergraduates and 12,761 graduate students.
- The campus would be 145 acres and consist of 69 buildings; former UMDNJ, Rutgers, and NJIT campuses are located in close proximity in Newark.
- Schools may include Architecture, the Faculty of Arts and Sciences, Business, Computing Science, Criminal Justice, Dentistry, Engineering, the Graduate School, Law, Medicine, Nursing, and Health Related Professions.
- The Commission sees UNJ-North as building on and enhancing the historic Newark agreements by giving the Newark community a larger and more robust autonomous campus comprising the current UMDNJ, Rutgers, and NJIT.

Impact of NJIT. At UNJ-North, UNJ will greatly benefit from strong synergies with NJIT. NJIT is an important partner due to increasing interactions between the fields of biology, engineering and computer science. As well, there are several existing academic partnerships between UMDNJ, Rutgers, and NJIT. The following brief profile of NJIT highlights some of the many contributions NJIT will make to UNJ-North.

- NJIT, a state research institution, would bring a diverse array of programs in engineering and applied sciences and a competitive pool of students; its 8,862 students include 3,164 graduate students in engineering and applied sciences. NJIT’s organizational structure is outlined in Appendix 3.
- NJIT currently offers a number of joint programs with Rutgers (in biology, history, applied physics, and mathematical sciences) and UMDNJ (in nursing and biomedical informatics) and with both institutions (in public health).
- NJIT would add about 200 graduate students in health-related science programs (e.g., bioengineering, chemical engineering, public policy).
- Undergraduate student quality appears roughly comparable to Rutgers: acceptance rates of 57 percent for undergraduates and average SAT score of 1145 (versus an average SAT score of 1180 for Rutgers).
- NJIT would contribute $191 million total revenues (FY2001) to UNJ including $67 million in state appropriations and $48 million in grants and contracts.
Implications and issues for health sciences.

- The key strength of this university in the near term would be science, technology and health with an emphasis on urban studies (e.g., from health to urban studies in law to criminal justice).

- Program synergies between UMDNJ, Rutgers, and NJIT: Schools and programs with similar offerings could capitalize on academic synergies, could build on existing collaborations and would have a single administrative and operational umbrella under the unified structure. Potential school and program implications are discussed below:
  - Biomedical sciences: Graduate programs and departments with research synergies could develop closer and more frequent collaborations. These could potentially be re-organized within the health affairs enterprise (under the relevant health science school) rather than being in a separate school.
    - The Integrated Neurosciences graduate program that is currently jointly administered between UMDNJ and Rutgers could be fully integrated under UNJ.
    - The Federal Department of Biological Sciences between Rutgers and NJIT could be fully integrated under UNJ.
    - Non-joint programs could initially be kept separate, and later would likely merge organically. For instance, the research interests of faculty and students in the Department of Biological Sciences at Rutgers-Newark partially overlap with the basic science departments at New Jersey Medical School (e.g., neural modeling).
    - Given the growing ties between the fields of health sciences and computer sciences and engineering (e.g., informatics and bioengineering), joint initiatives between UMDNJ, Rutgers, and NJIT in these areas could be brought together under UNJ.
    - The single administrative umbrella could also promote research collaborations and the sharing of resource and equipment between UMDNJ and Rutgers health science departments.
  - Nursing: University leaders should consider merging the UMDNJ and Rutgers Schools of Nursing in Newark, and the programs of NJIT should evaluate duplicate program offerings and courses. Currently some programs are offered by both institutions:
    - The master's program for advanced practice nurses in specialties such as family care, women's health and psychiatric/mental health nursing.
  - School of Health Related Professions: Allied health programs at Newark should be evaluated by university and school leadership. Some SHRP programs may be judged as too small to permit high quality education (e.g., fewer than 10 students).
  - School of Public Health: The current administrative center for the school is located in New Brunswick. UMDNJ, Rutgers and NJIT offer a joint Master's in Public Health program in Newark. While the Review and Implementation Task Force should make the final determination on whether the State of New Jersey needs two (or three, counting the small program in Stratford) schools of public health, the Commission reiterates its belief that to create excellence, it is essential to build critical mass and a full breadth of program offerings in one location before considering new schools.
University Hospital

The Commission recommends that UMDNJ (and later UNJ) retain ownership of UH for the time being and monitor how UH’s performance is affected by the new university and the change in reporting.

This recommendation reflects the key findings in our assessment of the current situation facing UH and UMDNJ:

- The proposed new university, with an autonomous university in Newark, will invigorate the University Hospital and the community.
- Nine of the 10 top medical schools' principal teaching hospitals are owned by a university system.
- Recent operational changes instituted by UH and UMDNJ leadership have improved the hospital’s financial performance and it is currently profitable.
- Based on the national trend toward giving one person authority over the medical schools and its affiliated hospital, we would expect the new reporting arrangement at UH (CEO reports to Dean of New Jersey Medical School) to enhance clinical and academic performance of the hospital.

Importantly, the Commission recognizes that medical costs are rising and threatening hospital margins nationwide. We are therefore concerned about how the University of New Jersey-North would be affected by any future financial downturn at UH. We believe the state’s commitment to the university must be steadfast; were losses at UH to mount, the university and the state should consider a separate ownership structure.

Under current ownership, the Commission further recommends the following:

- Formalize the reporting of CEO of University Hospital to the Dean of the New Jersey Medical School within the university structure for the time being. This will ensure consistency in the academic, community service, and fiscal missions of the hospital and the medical school. The leadership of the Newark university of the University of New Jersey should periodically review this reporting structure to ensure its effectiveness.
- Implement the best practices detailed above to improve medical school-hospital mission alignment, to distinguish University Hospital from community hospitals, and to increase accountability and transparency of decision making.
- Make the required capital investments to upgrade plant and invest selectively in specialty equipment to build on areas of clinical strength.
- Reassess ownership options should the fiscal situation at UH change or should the new state university request a reevaluation of the status quo.

If in the future, separating the hospital from the university emerges as the favored option, the following steps would need to be taken to ensure a robust solution:

- Create a dedicated group of experts to fully assess the options and impact on stakeholders.

- Ensure that best practices for medical school-hospital relationship are incorporated into the new structure through contractual arrangements (e.g., establish the NJMS educational mission at the forefront of UH’s care delivery).
Q: University of South Jersey

The concept below reflects many ideas we received regarding the future of Cooper Medical School of Rowan University and its relationship with other institutions of higher education in southern New Jersey. We present it here to contribute to the discussion we encourage to continue on this important matter.

The South Jersey region is grossly lacking in higher education resources to meet current needs, let alone future growth.

To address this issue, the existing higher education institutions in South Jersey could be combined to create a credible research university in South Jersey as a new platform on which to build for the future.

The essential ingredients of this university would be the merger of Rowan University and Rutgers-Camden into a single university. A possible addition to this new entity would be the School of Osteopathic Medicine in Stratford, now part of UMDNJ.

Rowan is a comprehensive state university that is poised to become a leading research university. Rowan offers 80 undergraduate majors, 55 master’s degree programs and a doctorate program in educational leadership. Rowan is partnering with Cooper University Hospital to create a new four year allopathic medical school, the first in New Jersey in 30 years, in Camden.

The new medical school building, a six-story, 200,000 square foot, state-of-the-art medical school, broke ground in October, and will be completed in June of 2012, in time for the arrival of the first class in September 2012.

Cooper Hospital is South Jersey’s tertiary care hospital. It is the largest employer in Camden City and Camden County (5,400 employees, 10% of whom are Camden residents). Cooper is one of three Level I Trauma Centers in New Jersey.

Rutgers Camden has 6,100 undergraduate and graduate students but only 600 live on campus. Rutgers Camden has three academic divisions: Arts and Sciences, Business and University College, 35 majors and 21 master’s and doctoral degree programs, including an excellent School of Law. Its doctoral program in Computational Biology would provide great synergy as part of a South Jersey Research University.

Combining Rowan University and Rutgers Camden to create a significant new Research University in South Jersey would be the most important step the State could take toward providing adequate higher education for this region. Bringing the School of Osteopathic Medicine under this regional umbrella would further enhance the credibility of this new entity. Should this happen, Rowan would become only the second full purpose university in the country, after Michigan State, to have both an allopathic and osteopathic medical school.
### College Participation
- Percent of ninth-graders graduating from high school within four years\(^1\)
- Percent of ninth-graders immediately entering college after graduation\(^1\)
- Percent of those who started college returning after their freshman year\(^1\)
- Percent who finished college with "150%" time (B.A. in 6 years; A.A. in 3 years)\(^1\)

### National Ranking
- 1st
- 1st
- 1st
- 8th

### Demand and Capacity to Serve College Bound Students
- Net out-migration (loss) of high school graduates attending college\(^2\)
- Public four-year college/university enrollment (capacity) per capita (1,000 residents)\(^3\)
- Public four-year college/university capacity per 100 public high school graduates\(^4\)
- Number of institutions of higher education (59)\(^3\)
- Increase in FTE Enrollment FY 2004—FY 2009\(^6\)
- Projected change AY 2005-2018 in number of all high school graduates: NJ...........8.9% U.S........7.9%

### Admissions Data for Eight Traditional Institutions\(^7\)
- The eight are: 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 is excluded because all of its students are part time.

- Number of applications for first-time, full-time freshman enrollment .................57,219
- Estimated number of applicants for first-time, full-time freshman enrollment........25,000
- Estimated number of openings for first-time, full-time freshman enrollment........11,000

### State and Local Spending on Education
- K-12 spending per pupil\(^8\)..........................................................4th
- Higher education spending per capita\(^9\)...........................................34th
- Higher education spending as percent of general spending\(^10\)..................39th
- Higher education spending per $1,000 personal income\(^6\).........................44th
- Percentage increases in appropriations for higher education, FY 2004-FY 2009\(^11\)....................................................47th

### Tuition, Fees and Student Aid
- Magnitude of tuition and fees charged to state residents attending public colleges and universities as full-time undergraduates\(^12\)..............................................2nd
- Dollars expended on need-based student financial aid\(^13\).................................7th

### Productivity among public baccalaureate and master’s institutions\(^14\)..................3rd
*Defined as graduation rate/degrees attained, adjusted for enrollment and funding.*

- Six-year state college/university graduation rates\(^15\)
  - NJ ..................59%
  - US ..................55%
Index of Sources (in order of reference):

9. Illinois State University: Grapevine data for FY 2009 (Center for the Study of Education Policy) and State Higher Education Executive Officers SHEEO Analysis, February 2010. Published Fall 2009. Mean percentage for 50 states=10.2%, NJ=7.3%.

Source: ASCU 2010 Sourcebook
## Capacity—New Jersey Trails States with Similar Populations

<table>
<thead>
<tr>
<th>State</th>
<th>Population</th>
<th>Four-Year Public Enrollment</th>
<th>Enrollment Per 1,000 pop.</th>
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<tr>
<td>Indiana</td>
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<tr>
<td>Michigan</td>
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<td>Virginia</td>
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<tr>
<td>New Jersey</td>
<td>8,685,920</td>
<td>154,289</td>
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</tr>
</tbody>
</table>

Number of seats in public postsecondary institutions per 100 high school completers – public 4-year

The Report of the Governor’s Task Force on Higher Education

Prepared by:
The New Jersey Higher Education Task Force
The Hon. Thomas H. Kean, Chair