



State of New Jersey

COMMISSION ON HIGHER EDUCATION

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WRITTEN TESTIMONY SUBMITTED TO THE ASSEMBLY BUDGET COMMITTEE

Mr. Francis J. Mertz

On behalf of the

NEW JERSEY COMMISSION ON HIGHER EDUCATION

April 28, 2005

Given the extraordinary current state fiscal constraints, the Commission on Higher Education is pleased that the proposed state budget includes approximately \$2.05 billion for higher education -- an increase of \$49.4 million. The \$9.4 million increase for full- and part-time TAG students will maintain the state's longstanding commitment to financial aid programs that enable students from all backgrounds to have an opportunity to benefit from higher education. And a portion of the negotiated increases for state-supported personnel at the 12 senior public institutions, along with increased funds for fringe benefits and debt service, will assist public colleges and universities with increasing costs.

We acknowledge the difficulty you face in light of the rapidly escalating cost of state fringe benefits and other entitlements. As the portion of the state budget allocated for those programs grows annually, you are increasingly limited in providing additional state support for other areas. This is an issue that requires careful deliberations given its potential impact on the state budget in future years.

The proposed funding for base appropriations to colleges and universities will provide the same level of state support that was appropriated this year. We encourage you to maintain at least that level of support in order to help preserve access and quality at public and independent colleges and universities across the state during this difficult fiscal period.

The Commission on Higher Education's annual funding recommendations are guided by *A Blueprint for Excellence: New Jersey's Long-Range Plan for Higher Education*. The plan stresses the need to enhance higher education quality, capacity, collaboration, and resources on behalf of students and the state. In July, we will complete the first update of the plan, including an assessment of progress in achieving goals and objectives. And despite difficult fiscal constraints, we are pleased that notable progress has been made in some areas.

The *Blueprint* highlights the critical role of higher education in the knowledge-based economy and focuses on two major public agenda goals for higher education that are the overarching themes of the long-range plan:

- Improving access and outcomes for students from preschool to graduate school
- Enhancing the economy through research and workforce development

To achieve these public agenda goals, the *Blueprint* calls for a significant state investment between now and 2010 and a measurable return on that investment by the state's public and independent colleges and universities.

We know that higher education benefits both the individual and society in many ways. We know that New Jersey is fortunate to have a highly educated population. We know that New Jersey is the leading state in the nation in college participation rates for students from low-income families. And we know that relative to other states we do very well in overall college participation rates, need-based aid, and retention.

But we also know that changing circumstances mean dramatic increases in the demand for higher education. And as detailed in the Commission's budget policy statement, we know that skilled and knowledgeable citizens lead to wide-spread prosperity.

Census data demonstrate that areas with lower educational attainment levels generally have lower median family incomes, a greater percentage of people living in poverty, and higher crime and mortality rates. The cost of not having an educated populace and skilled workforce is too great to ignore.

Simply put, higher education has become a critical element for individuals seeking successful careers and a desirable quality of life – and must be a top priority for the state.

The Commission's budget policy statement for fiscal 2006 identified state support for institutions and for student assistance programs as the priorities for the coming year, because enhanced access to high-quality higher education opportunities is dependent on increases in both areas. While the amount of increased state support is limited by state fiscal realities, we appreciate the proposed increases to expand student assistance and to support some important institutional needs.

Looking to the future, however, there is a critical need for an increased state investment in higher education to maintain economic competitiveness and quality of life in New Jersey and the nation. As a result of the global, knowledge-based economy, other nations are surpassing what used to be the United State's unqualified leadership in higher education. Several nations have now overtaken the U.S. in college participation and degree completion rates – which suggests a growing economic vulnerability for the country.

As for New Jersey, the significant challenge for higher education and for the state as a whole is to continue increasing capacity to achieve widespread participation and widespread quality as well – and to do so at a reasonable cost. This will require higher education leaders to find additional ways to be more effective and productive – to expand their resource base beyond state support by increasing research funding, expanding private giving, accelerating internal efficiencies, and launching additional collaborative efforts. And it will surely require more state funding for institutional operating and capital needs and for student financial aid, particularly for programs like EOF, College Bound, and TAG.

Consistent with the long-range plan, two task forces will be at work over the next several months regarding resources for the future. One will recommend a funding policy to guide future state operating support for the 12 senior public colleges and universities, and the other will recommend a long-term plan to address capital needs at the public and independent colleges and universities across the state. We are very pleased that representatives from the Legislature and Administration will serve on these task forces.

And for the present, I thank all of you, on behalf of the state coordinating agency for higher education, for your dedication to the difficult task of developing a balanced budget with extraordinary competing demands. And I urge you to recognize higher education as a key element of New Jersey's competitive profile as you make final budget decisions.

On a final note, I want to emphasize the Commission's commitment to its statutory responsibilities, which range from licensing institutions, administering EOF and other state and federal academic grant programs, and maintaining New Jersey's federal data base for higher education --- to providing research and policy analysis and general coordination of higher education at the state level, including development and facilitation of a statewide plan for higher education.

Despite the fiscal realities of operating with 25 percent fewer employees than we had in 2001, our small, dedicated staff has reorganized and adopted a new tactical plan to carry out the Commission's responsibilities within the proposed funding level.

I look forward to participating in the Higher Education Roundtable Discussion with the Assembly Budget Committee.