

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2000 - 2001 BUDGET



HIGHER EDUCATIONAL SERVICES

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MAY 2000

NEW JERSEY STATE LEGISLATURE

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HIGHER EDUCATIONAL SERVICES

Budget Pages..... D-337 to D-376; D-412 to D-414;
D-470

Fiscal Summary (\$000)

	Expended FY 1999	Adjusted. Appropriation FY 2000	Recommended FY 2001	Percent Change 2000-01
State Budgeted	\$1,199,772	\$1,315,836	\$1,381,955	5.0%
Federal Funds	13,987	17,224	18,581	7.9%
<u>Other</u>	<u>2,596</u>	<u>2,946</u>	<u>2,952</u>	<u>0.2%</u>
Grand Total	\$1,216,355	\$1,336,006	\$1,403,488	5.1%

Personnel Summary - Positions By Funding Source

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change 2000-01
State	51	53	53	0.0%
Federal	148	150	182	21.3%
Other	15	15	17	13.3%
<u>Colleges & Univ's.*</u>	<u>19,628</u>	<u>19,653</u>	<u>19,653</u>	<u>0.0%</u>
Total Positions	19,842	19,871	19,905	0.2%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.*

*Position data is displayed as "State-funded" positions for the three years.

Introduction

Under the "Higher Education Restructuring Act of 1994," PL. 1994, c.48, the Department and the Board of Higher Education were abolished and replaced by the Commission on Higher Education. As a result, the programs previously administered by the department were transferred among other executive departments; mainly the Departments of State and Treasury. The Commission was placed in, but not of, the Department of State to plan for, coordinate, and serve as the principal advocate of the State's higher education system. The higher educational services portion of the Department of State's budget includes funding for the commission, the operation of four-year public colleges and universities and the Educational Opportunity Fund Program. The Higher Education Student Assistance Authority (HESAA) was established pursuant to P.L. 1999, c.46 and is responsible for the coordination of various student financial aid programs, including Tuition

Introduction (Cont'd)

Aid Grants (TAG). The enabling legislation consolidated three former entities, the Higher Education Assistance Authority, the Office of Student Assistance and the Student Assistance Board which were all formerly in, but not of, the Department of Treasury. Funding for the independent colleges and universities as well as State aid for the county colleges is allocated to the Department of Treasury.

Key Points

Higher Educational Services - Department of State

- ! The total recommended State appropriation of \$67.1 million for the Commission on Higher Education, which includes the operational costs of the commission, funding for the Educational Opportunity Fund and other grant programs, is an increase of \$27.4 million or 69 percent over the FY 2000 adjusted appropriation of \$39.7 million. The following initiatives account for the increase.
- ! New funding of \$25 million is recommended as part of the New Jersey Jobs For the New Economy Program. Specifically, funding of \$15 million has been proposed for the Excellence in High Technology Workforce. The Budget-In-Brief indicates that this will enable New Jersey's colleges and universities to develop nationally recognized programs of technology excellence to strengthen programs ranging from entry-level certificates to advanced degrees. The Governor's Budget also recommends \$10 million, funded from the Tobacco Settlement Fund, to public and private research universities for Biomedical and Technology Research to provide State matching funds offered by the Federal Government.
- ! New funding of \$1.2 million Grants-in-Aid is being recommended for the development and implementation of an online articulation system known as ARTSYS, a coordination effort between New Jersey county colleges and 4-year public higher education institutions to provide a web-based database of course equivalencies and specific articulation agreements, online course catalogs, electronic exchange of transcripts and electronic transcript evaluation.
- ! Other grant programs include a \$100,000 increase (40 percent) over FY 2000's appropriation of \$250,000 to support the Statewide Network. A \$350,000 increase (46.7 percent), from \$750,000 to \$1.1 million, is included for the Higher Education for Special Needs Students program to address growing demands for services. Also recommended is a \$600,000 appropriation, a 50 percent or \$200,000 increase from \$400,000, for the Education of Language Minority Students program which is designed to integrate increasing numbers of students with limited English proficiency into the State's higher education system.
- ! The Governor did not recommend continued funding \$450,000 for the Urban Revitalization Incentive Grants and \$500,000 for the New Jersey Virtual University.
- ! Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by approximately \$8.4 million (5.6 percent) from \$149.5 million to \$157.8 million. The recommendation will fund a TAG award increase up to 100 percent of the tuition charges in the prior academic year for students attending New Jersey's public colleges and universities.

Key Points (Cont'd)

- ! Funding for the Educational Opportunity Fund (EOF), which would afford almost 13,000 disadvantaged students the opportunity to attend postsecondary institutions, would increase by \$1.5 million to \$34.1 million, a 4.6 percent increase.
- ! Grants-in-Aid funding for the Outstanding Scholar Recruitment Program is recommended to increase by \$2.2 million for a total of \$11.4 million, a 24 percent increase over the \$9.2 million in FY 2000. The additional funding supports the fourth year of the pilot program which awards college scholarships to New Jersey's highest achievers in high school based on a combination of SAT scores and class rank.
- ! Direct State Services funding totaling \$750,000, a \$400,000 increase over the FY 2000 appropriation of \$350,000, is recommended to implement enhancements to New Jersey Better Educational Savings Trust (NJBest) which include a reduction in maintenance and investment fees and an increase in a one-time scholarship award from \$500 to up to \$1,500.
- ! No pay-as-you go capital funding is recommended.
- ! Direct operating aid for senior public institutions is recommended at \$846.8 million, a 2.1 percent or \$17.4 million increase over the FY 2000 adjusted appropriation of \$829.3 million. Included in the increase is a 1.5 percent base appropriation adjustment (\$12.4 million) and 1 percent reserve for performance funding (\$8.3 million). FY 2001 will be the second year for Performance Incentive Funding which allows higher education institutions to be measured against their own performance in order to receive a 100 percent allotment for performance-based funding. Also, some \$3.2 million in special purpose funding is not continued.
- ! The State will also provide supplementary salary funding (in the Interdepartmental accounts) amounting to \$23.4 million to support negotiated cost-of-living adjustments at the senior institutions. In addition, the Governor has recommended \$336 million for the employee fringe benefits, also in the Interdepartmental accounts.

Higher Educational Services- - Department of the Treasury

- ! The Aid to County College program is recommended to increase \$17.3 million (9.9 percent) from \$174.2 million to \$191.5 million. Within that overall total, operational aid to the county colleges is recommended to increase \$12 million, from \$132.2 to \$144.2 million. FY 2001 marks the third year of a four year plan to increase direct State operating aid by \$12 million each year. The balance of the \$17.3 million increase is \$4.1 million (17.9 percent) for debt service costs, and \$1.1 million (6.1 percent) for the cost of fringe benefits for the county colleges.
- ! The FY 2001 budget proposal would increase aid to independent colleges and universities from \$25 million in FY 2000 to \$26 million in FY 2001, a \$1 million or 4 percent increase. However, the proposed budget includes language that prohibits any institution of higher education having a total endowment of more than \$1 billion from receiving a share of this funding.
- ! Also, a new \$2 million grant-in-aid appropriation is recommended for Rutgers University to assist in the development of a new 6,000 seat baseball stadium and community park along the Camden waterfront as part of the revitalization effort in that city.

Program Description and Overview

Under the "Higher Education Restructuring Act of 1994," P.L. 1994, c.48, the Department and the Board of Higher Education were abolished and replaced by the Commission on Higher Education. The commission was placed in, but not of, the Department of State to plan for, coordinate, and serve as the principal advocate of the State's higher education system. The higher educational services portion of the Department of State's budget includes funding for the commission, the operation of four-year public colleges and universities, miscellaneous programs, and the Educational Opportunity Fund Program (EOF).

The "Higher Education Student Assistance Authority Law," P.L. 1999, c. 46, consolidated the functions of the Office of Student Assistance (OSA), the Student Assistance Board (SAB), and the Higher Education Assistance Authority (HEAA) into a new authority, the Higher Education Student Assistance Authority and also placed it in, but not of, the Department of State. This new authority is responsible for the administration of various State and federal student assistance grant and scholarship programs. These programs are also budgeted in the Department of State under Higher Educational Services.

The New Jersey Educational Facilities Authority (EFA) is allocated in, but not of, the Department of Treasury. Funding for the independent colleges and universities as well as State aid to the county colleges is also allocated to the Department of Treasury.

As a result of the recent amendments contained in the "Higher Education Student Assistance Authority Law," P.L. 1999, c. 46, the membership of the Commission on Higher Education was increased from nine to 11 members as follows: six public members appointed by the Governor with the advice and consent of the Senate, including two public members to be appointed by the Governor, one based upon the recommendation of the President of the Senate, and one based upon the recommendation of the Speaker of the General Assembly; the chairperson of the New Jersey Presidents' Council; and two new members, the chairperson of the Board of the Higher Education Student Assistance Authority and a faculty member. In addition the Governor appoints two voting student members from a public or independent institution of higher education in the State who serve for a one-year term as voting members.

The commission is responsible for the licensing of all degree granting institutions in the State and is responsible for the administration of the Educational Opportunity Fund, the Minority Faculty Advancement Program, and various other program grant funds. The commission is the main approval authority for higher education capital projects funded under the "Jobs, Education and Competitiveness Bond Act of 1988," P.L.1988, c. 78, the "Higher Education Equipment Leasing Fund Act," P.L. 1993, c.136, and the "Higher Education Facilities Trust Fund Act," P.L. 1993, c.375. For FY 2001, the recommended Direct State Services funding level for the Commission on Higher Education is \$1.43 million, a 2.1 percent or \$30,000 increase over the FY 2000 adjusted appropriation of \$1.40 million.

The Educational Opportunity Fund Program (EOF) provides grants to educationally and economically disadvantaged students for undergraduate and graduate study at public and independent institutions of higher education in the State. EOF consists of four program components: Opportunity Program Grants (Article III) which provide grant awards for the non-tuition expenses of college attendance such as fees, books, and room and board; Supplementary Education Program Grants (Article IV) which are provided to institutions of higher education to fund tutoring, counseling and remedial services for EOF students; the Martin Luther King Physician-Dentist Scholarship Program which provides grants up to the cost of tuition to New Jersey resident medical and dental students enrolled at UMDNJ from disadvantaged or minority backgrounds; and the C. Clyde Ferguson Law Scholarship Program which provides grants up to the cost of tuition to

Program Description and Overview (Cont'd)

New Jersey resident law students from disadvantaged or minority backgrounds. The latter grant is limited to students attending Rutgers School of Law in Newark and Camden, and Seton Hall University School of Law. Administrative and grant funding of \$34.5 million is recommended for the Educational Opportunity Fund Program (EOF) in FY 2001, a 4.5 percent or \$1.5 million increase over the FY 2000 adjusted appropriation of \$33.0 million.

The Higher Education Student Assistance Authority is the lead State agency, in coordination with the commission, for determining policy on student assistance issues and is responsible for furthering access to postsecondary education through the administration of all State and federal student assistance grant, loan, savings and scholarship programs. Under the "Higher Education Student Assistance Authority Law," P.L. 1999, c. 46, the Office of Student Assistance, the Student Assistance Board, and the Higher Education Assistance Authority were abolished and the functions, powers and duties of these entities were transferred to the newly created Higher Education Student Assistance Authority. The authority is governed by an 18 member board consisting of the State Treasurer; the chairperson of the Commission on Higher Education; the chairperson of the Board of Directors of the Educational Opportunity Fund Program; five representatives from eligible institutions including one from Rutgers, the State University, one from either the New Jersey Institute of Technology or the University of Medicine and Dentistry of New Jersey, one from the county colleges, one from the State colleges, and one from the independent institutions; two students from different collegiate institutional sectors; seven public members, including one who represents a lender party to a participation agreement with the authority; and the executive director of the authority who shall be a non-voting member of the board.

For FY 2001, funding of \$846.8 million is recommended in general operating support for the four-year public college and university system, an increase of \$17.4 million or 2.1 percent over the FY 2000 adjusted appropriation of approximately \$829.3 million. Of the recommended increase, \$12.4 million represents a 1.5 percent base adjustment and \$8.3 million represents a 1 percent reserve funding for increased accountability through the Performance Incentive Funding Program. This program, initiated in FY 1999, rewards public institutions of higher education for meeting certain State policy goals through the attainment of key performance levels. That increase is offset by the elimination of \$3.2 million for appropriations that were added by the Legislature in FY 2000. In addition, \$359.4 million will be provided in the Interdepartmental Accounts for fringe benefits (\$336 million) and salary programs (\$23.4 million) for State funded employees of these institutions.

No pay-as-you-go capital funding is recommended for the colleges and universities in FY 2001. Under the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217, the Higher Education Capital Improvement Fund was established within the New Jersey Educational Facilities Authority (EFA) to provide grants for deferred maintenance projects at the institutions to renovate and repair existing instructional, laboratory, communication, research and administrative facilities. The public institutions are responsible for the payment of one-third of the debt service on bonds sold for their benefit and the independent colleges and universities are required to pay one-half of the debt service on bonds sold for their benefit. Debt service funding of \$13 million is included in the FY 2001 recommended budget for this program.

The EFA was established to provide a means for New Jersey public and independent colleges and universities to construct additional facilities through the financial resources of a public authority empowered to sell bonds, notes and other obligations. The EFA finances various types of projects for the institutions including the construction of academic and auxiliary service facilities, renovation and rehabilitation of existing facilities, and capital equipment and utilities related projects and other structures or facilities related or required or useful for the instruction of students

Program Description and Overview (Cont'd)

or the conducting of research or the operation of a higher education institution.

In addition, the EFA is authorized to enter into lease agreements with public and independent institutions to finance the purchase of higher education equipment. The Higher Education Equipment Leasing Fund established within the EFA pursuant to the "Higher Education Equipment Leasing Fund Act," P.L. 1993, c. 136, finances the purchase of equipment through the sale of bonds issued by the authority in an amount not to exceed \$100 million. Institutions are required to pay 25 percent of the debt service to finance the purchase of equipment at that institution. Authorized purchases include scientific, technical, computer, communications, laboratory and instructional equipment.

The EFA is also authorized to issue bonds in the amount of \$220 million to provide grants to public and independent institutions of higher education for the cost of the construction, reconstruction, development, extension, and improvement of instructional, laboratory, communication, and research facilities pursuant to the "Higher Educational Facilities Trust Fund Act," P.L. 1993, c. 375. The trust fund established under that act is financed by moneys received from the bond issuances plus an annual appropriation from the net proceeds of the State Lottery in an amount sufficient to pay the principal and interest on the bonds or notes.

The EFA is also authorized to issue bonds pursuant to the "Higher Education Technology Infrastructure Fund Act," P.L. 1997, c. 238. That act authorized the EFA to issue bonds totaling \$55 million, \$50 million of which would be allocated to allow public and independent institutions of higher education to develop technology infrastructure within and among the State's higher education institutions in order to provide access to information, educational opportunities, and workforce training effectively and efficiently. Institutions are required to provide a matching amount equivalent to the amount of funds provided. The remaining \$5 million of the total \$55 million authorization is for non-matching public library grants for Statewide library technology initiatives through the New Jersey State Library.

A total of \$370 million has been provided to higher education institutions over the past five years for the upgrade of facilities and equipment. This amount includes \$50 million from the Higher Education Technology Infrastructure Fund, the \$100 million Higher Education Equipment Leasing Fund, and the \$220 million Higher Education Facilities Trust Fund. Debt service funding of \$46.7 million is recommended in Grants-In-Aid for these initiatives under the Department of Treasury. In addition, \$550 million has been made available through the Higher Education Capital Improvement Fund for deferred maintenance projects at public and independent institutions of higher education and, as indicated above, \$13 million is included in the FY 2001 recommended budget for debt service funding.

The EFA is also authorized to issue bonds for facilities construction and renovations to fund the State and county share of county college capital projects pursuant to the provisions of the "County College Capital Projects Fund Act," P.L. 1997, c. 360.

Summary of FY 2001 Recommended Budget

The total FY 2001 recommended appropriation from all sources of approximately \$1.4 billion for higher education institutions and programs represents a net increase of approximately \$67.5 million or 5.1 percent when compared to the FY 2000 adjusted appropriation of \$1.3 billion.

General Fund appropriations are recommended to increase by approximately \$66.1 million from \$1.32 billion to \$1.38 billion or 5 percent.

Program Description and Overview (Cont'd)

A net increase of \$27.4 million is recommended for the Commission on Higher Education, from \$39.7 million in FY 2000 to \$67.1 million in FY 2001. The recommended increase includes \$25 million for the New Jobs for the New Economy Program, which includes \$15 million for the Excellence in High Technology Workforce and \$10 million for the Biomedical and Other Technology Research. Other increases include \$1.2 million for the Commission on Higher Education to implement a new program, ARTSYS, an on-line articulation system assigned to provide a web-based database of course equivalencies, electronic exchange of transcript and online course catalogs.

Total State aid for the 19 county colleges is recommended to increase from \$174.2 million in FY 2000 to \$191.5 million in FY 2001, a 9.9 percent increase. The aid for operational costs is recommended to increase from \$132.2 million in FY 2000 to \$144.2 million in FY 2001. FY 2001 marks the third year of the four year plan in which direct State operating aid will increase by \$12 million annually. Of the direct State operating aid, 1 percent of the prior year's operating aid, or \$1.3 million is recommended for performance based funding.

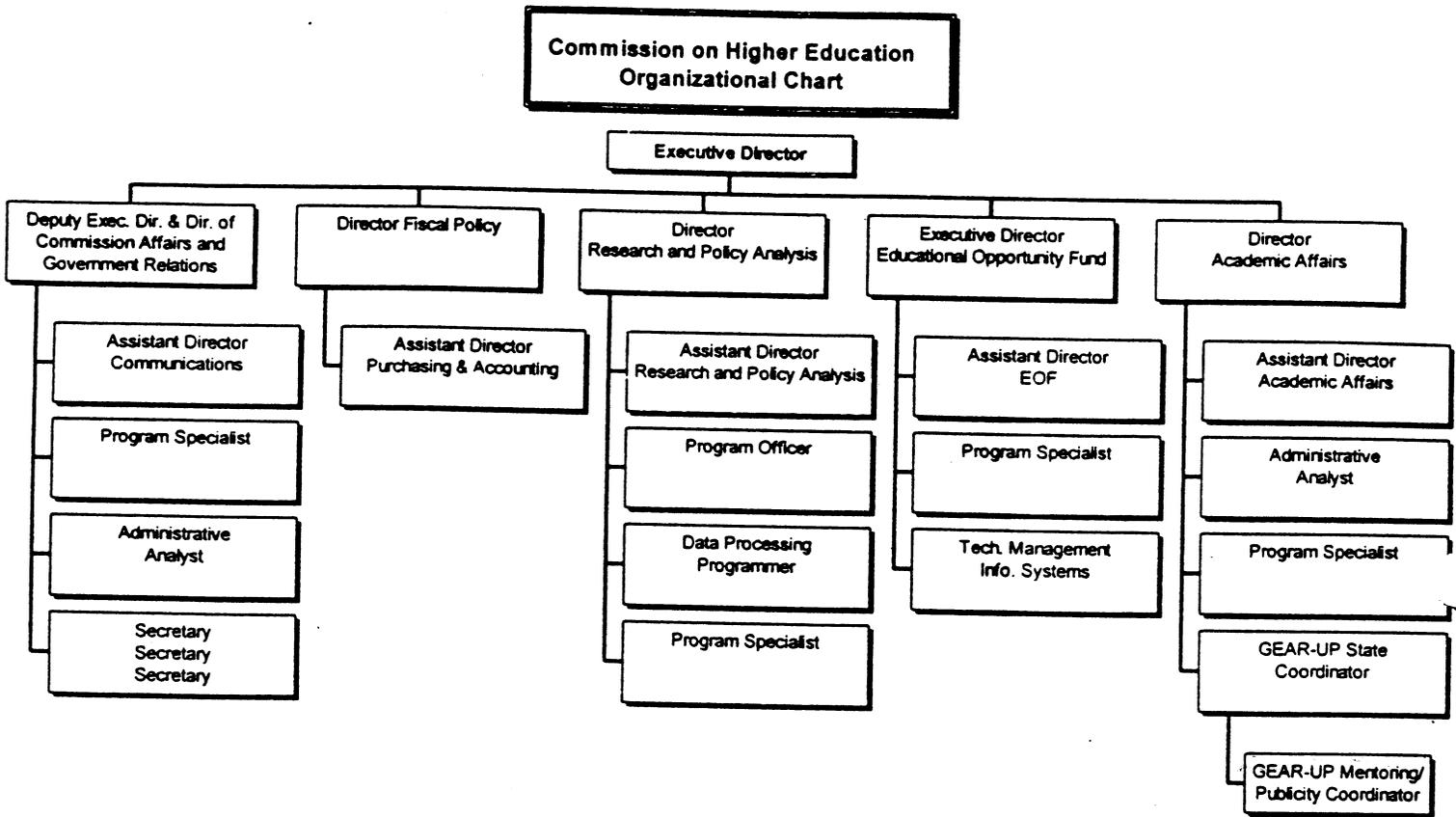
Total State funding for the four-year colleges and universities is recommended to increase by \$12.9 million from \$833.8 million in FY 2000 to \$846.8 million in FY 2001. Operational aid would increase \$17.4 million which would be offset by no recommended funding for pay-as-you-go capital funding, a \$4.5 million reduction.

Other Grants-In-Aid funding (excluding the senior public institutions) is recommended as follows:

- ! \$8.4 million for the Tuition Aid Grant Program from \$149.5 million in FY 2000 to \$157.8 million in FY 2001. Nearly 48,000 students participate in this program. The recommended funding increase would allow for a TAG award increase up to 100 percent of the tuition charges in the prior academic year for students attending New Jersey's public institutions of higher education. These award increases effectively close the gap between TAG award levels and prior year tuition for the neediest students.
- ! an increase of \$2.2 million for the Outstanding Scholar Recruitment Program to fund a fourth cohort of students.
- ! a net increase of \$995,000 for the Statewide Program-Support to Independent Institutions attributable to increased funding of \$1.0 million in formula aid to the independent college sector and the elimination of \$5,000 added by the Legislature in FY 2000;
- ! a net decrease of \$3.5 million for Miscellaneous Higher Education Programs, including the elimination of \$6.2 million added by the Legislature in FY 2000, and new or additional funding of: \$2 million to Rutgers University for the Community Athletic Complex; \$621,000 additional funding representing the State share of debt service funding for bonds issued to finance the Higher Education Capital Improvement Fund; and an additional \$150,000 for the Marine Science Consortium.

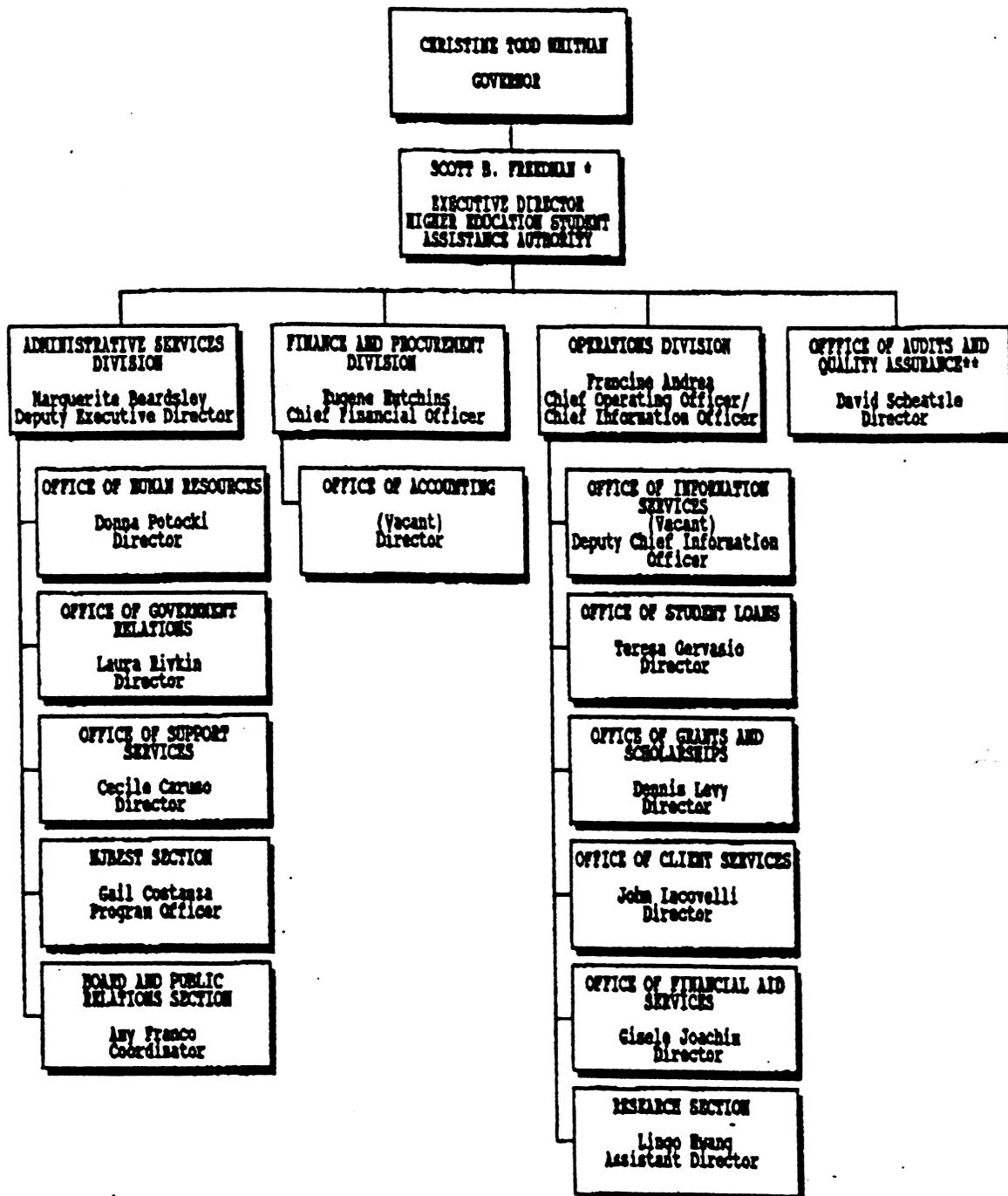
Federal funding is recommended to increase in FY 2001 by 7.9 percent or \$1.4 million to \$18.6 million from \$17.2 million in FY 2000. The additional funding will pay for salary and operational costs associated with the administration of federal programs such as New Jersey Gear Up and the Leveraging Education Assistance Partnership.

Organization Chart



Organization Chart

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (HESAA)



*Appointed by Governor.

**Provides direct reports to the Audit Committee of the Authority Board.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1999	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change	
				1999-01	2000-01
General Fund					
Direct State Services	\$4,079	\$3,976	\$4,406	8.0%	10.8%
Grants - In - Aid	1,035,626	1,133,140	1,186,071	14.5%	4.7%
State Aid	151,247	174,220	191,478	26.6%	9.9%
Capital Construction	8,820	4,500	0	-100.0%	-100.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,199,772	\$1,315,836	\$1,381,955	15.2%	5.0%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,199,772	\$1,315,836	\$1,381,955	15.2%	5.0%
Federal Funds	\$13,987	\$17,224	\$18,581	32.8%	7.9%
Other Funds	\$2,596	\$2,946	\$2,952	13.7%	0.2%
Grand Total	\$1,216,355	\$1,336,006	\$1,403,488	15.4%	5.1%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change	
				1999-01	2000-01
State	51	53	53	3.9%	0.0%
Federal	148	150	182	23.0%	21.3%
All Other	15	15	17	13.3%	13.3%
Colleges and Universities*	19,628	19,653	19,653	0.1%	0.0%
Total Positions	19,842	19,871	19,905	0.3%	0.2%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years.

AFFIRMATIVE ACTION DATA

Total Minority Percent					
Commission on Higher Education	27.0%	32.0%	32.0%	----	----
Higher Ed. Student Assistance Auth.	27.0%	26.6%	26.6%	----	----

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2000</u>	<u>Recomm.</u> <u>FY 2001</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Higher Educational Services:**Statewide Implementation of ARTSYS**

	\$0	\$1,163	\$1,163	—	D-339
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In FY 2001, the Governor recommends \$1.2 million in new funding to implement ARTSYS, which will allow for an online articulation system designed to provide students with a smooth transition between New Jersey's community colleges and senior public colleges and universities. ARTSYS provides a web-based database of course equivalencies and specific articulation agreements as well as online course catalogs, electronic exchange of transcripts and electronic transcript evaluation.

Support For Statewide Network

	\$250	\$350	\$100	40.0%	D-339
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As stated in the Budget-In-Brief, the Statewide Network is a broadband data and video network. The network significantly raises the technology standard and level of applications of participating institutions. The funds are requested for State assistance to maintain and provide management oversight and application services for the network.

Excellence in High Technology Workforce

	\$0	\$15,000	\$15,000	—	D-339
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New funding of \$15 million is recommended in FY 2001 for the Excellence in High Technology Workforce Program, which is part of the Governor's New Jersey Jobs for the New Economy Program. According to the Budget-In-Brief, this program is designed to make New Jersey more competitive by creating high technology jobs. The proposed appropriation of \$15 million will provide public and independent institutions of higher education with the opportunity to develop nationally recognized programs of technology excellence to strengthen programs ranging from entry level certificates to advanced degrees in the following areas: computer science and information technology; physical, life and health sciences; engineering and engineering technology; and science and mathematics teacher education.

Biomedical and Other Technology Research

	\$0	\$10,000	\$10,000	—	D-339
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The Governor is proposing \$10 million in new funding in FY 2001 to implement Biomedical and Other Technology Research at New Jersey's public and independent research institutions. This program, which will be funded through the Tobacco Settlement Fund, is also a part of the Governor's New Jersey Jobs for the New Economy initiative and would provide matching funds to the State's research universities for new federal research grants in science and technology.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2000</u>	<u>Recomm.</u> <u>FY 2001</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Higher Education for Special Needs Students	\$750	\$1,100	\$350	46.7%	D-339

The budget recommends an increase of \$350,000 from \$750,000 in FY 2000 to \$1.1 million in FY 2001 to meet the growing demands of visually impaired, deaf and mentally disabled students at New Jersey's senior public colleges and universities. The program currently subsidizes eight regional centers that provide comprehensive support services, such as orientation, academic advisement, counseling and tutoring to approximately 800 students. According to the Budget -In-Brief, the increased funding will provide greater subsidies to the centers, allow for more diagnostic assessments and outreach about where the program may be expanded.

Program for the Education of Language Minority Students	\$400	\$600	\$200	50.0%	D-339
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The budget proposes a \$200,000 increase, or 50 percent, from \$400,000 in FY 2000 to \$600,000 in FY 2001 for the Program for the Education of Language Minority Students (ELMS). ELMS was established to provide grants to New Jersey's public colleges and universities to strengthen academic and support programs that help integrate language minority students into the State's higher education system. The additional funds would enable the Commission on Higher Education to increase the number and funding levels of the grants awarded under this program. The annual appropriation of \$400,000 has not been increased since FY 1991.

New Jersey Virtual University	\$500	\$0	(\$500)	(100.0)%	D-339
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In FY 2000, the Commission on Higher Education received a one-time appropriation of \$500,000 to establish the New Jersey Virtual University. The program, which is administered by New Jersey Institute of Technology, provides an online catalogue that allows individuals to access distance learning opportunities offered by New Jersey's colleges and universities through an index of credit and non-credit course offerings. The appropriated funds were used for faculty training and training to school facilitators in converting courses to distance learning. The funds will also provide continuing support to institutions for at least one year through a Computer-Assisted Instructional Specialist. No continuation funding is recommended.

Urban Revitalization Incentive Grants	\$450	\$0	(\$450)	(100.0)%	D-339
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In FY 1999 and FY 2000, the Governor recommended \$450,000 to provide Urban Revitalization Incentive Grants. The grant program awarded seed monies to various higher education institutions to increase their involvement in urban revitalization projects. In January, the commission awarded a total of \$553,000 to Passaic County Community College, New Jersey City University and Thomas Edison State College. The funding was a combination of the FY 2000 appropriation and funds reappropriated from FY 1999. No continuation funding is recommended in FY 2001.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Opportunity Program Grants	\$20,410	\$21,910	\$1,500	7.3%	D-339

Funding for the Opportunity Program Grants is recommended to increase by \$1.5 million, or 7.3 percent in FY 2001. This program is the only comprehensive State-supported initiative that targets and prepares individuals from educationally and economically disadvantaged backgrounds to earn associate, baccalaureate, graduate and professional degrees. The additional funds would enable the Commission on Higher Education to increase grant awards and pay for increased costs associated with summer program activities and direct services for EOF students.

**Student Assistance
Programs:**

Tuition Aid Grants	\$149,456	\$157,844	\$8,388	5.6%	D-343
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Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by approximately \$8.4 million from \$149.5 million in FY 2000 to \$157.8 million in FY 2001. Nearly 48,000 students participate in this program. The recommended funding increase would allow for a TAG award increase up to 100 percent of the tuition charges in the prior academic year for students attending New Jersey's public institutions of higher education. These award increases effectively close the gap between TAG award levels and the prior year tuition for the neediest students. The total expenditures for the TAG Program is estimated at \$159.6 million for FY 2001, including appropriations of \$620,000 for Part-time TAG and \$1.1 million in federal funds received under the Leveraging Education Assistance Partnership (LEAP) which provides funds to supplement the TAG program.

Outstanding Scholar Recruitment Program	\$9,200	\$11,400	\$2,200	23.9%	D-343
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Grants-in-Aid funding for the Outstanding Scholar Recruitment Program is recommended to increase in FY 2001 by \$2.2 million for a total appropriation of \$11.4 million, a 24 percent increase over the \$9.2 million FY 2000 adjusted appropriation. The Outstanding Scholar Recruitment Program provides public and private institutions of higher education with campus-based funding to recruit high achieving New Jersey students as measured by class rank and SAT scores. In FY 2000, over 3000 students received merit scholarships under the program. The FY 2001 appropriation will fund an additional cohort of students for a total of four student cohorts and an estimated 4,296 awards. An estimated \$950,000 will lapse to the General Fund at the close of FY 2000.

College Savings Program Administration	\$350	\$750	\$400	114.3%	D-343
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Total funding of \$750,000 is recommended in FY 2001 for the New Jersey Better Educational Savings Trust Program (NJBEST) to implement and advertise changes to the program which include: a reduction from 1 percent of earnings to 0.5 percent for the investment management fee charged

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Overall State Support for Four-Year State Colleges and Universities	<u>\$833,827</u>	<u>\$846,771</u>	<u>\$12,944</u>	<u>1.6%</u>	D-337 to D-376
Grants-In-Aid - Operational Support	<u>\$829,327</u>	<u>\$846,771</u>	<u>\$17,444</u>	<u>2.1%</u>	D-337 to D-376
Capital Construction	<u>\$4,500</u>	<u>\$0</u>	<u>(\$4,500)</u>	<u>(100.0)%</u>	D-337 to D-376

Total funding of \$846.8 million is recommended in FY 2001 for support of the four-year public college and university system, an increase of \$12.9 million or 1.6 percent over the FY 2000 adjusted appropriation. Of the recommended \$17.4 increase for operational support, \$12.4 million represents a 1.5 percent base appropriation adjustment and \$8.3 million represents a 1 percent reserve funding for increased accountability through the Performance Incentive Funding Program. This program, initiated in FY 1999, would reward public institutions of higher education for meeting certain State policy goals through the attainment of key performance levels. In FY 2000, \$7.5 million was provided for this purpose of which \$1.4 million is estimated to lapse at the end of the fiscal year. In addition, the overall operational support for the four-year state colleges and universities was reduced by \$3.2 million due to the elimination of legislative initiatives that were added to the FY 2000 budget as follows:

!	\$100,000	Rutgers School of Business, Program in Hospitality, Tourism & Entertainment
!	\$160,000	University of Medicine & Dentistry of New Jersey, New Jersey Area Health Education Program
!	\$200,000	Governor William T. Cahill Center for Experiential Learning and Career Services, Ramapo College
!	\$250,000	The Richard Stockton College of New Jersey, Institute for the Study of College Teaching
!	\$1 million	New Jersey Institute of Technology, Smart Gun Technology Development
!	\$1.5 million	Rutgers, The State University, High Performance Computing Initiative

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Rutgers, The State University	\$296,384	\$302,154	\$5,770	1.9%	D-345 to D-347
Agricultural Experiment Station	\$25,082	\$25,709	\$627	2.5%	D-348 to D-349
University of Medicine and Dentistry of New Jersey	\$182,831	\$187,238	\$4,407	2.4%	D-349 to D-352
New Jersey Institute of Technology	\$51,655	\$51,922	\$267	0.5%	D-352 to D-354
Thomas Edison State College	\$5,856	\$6,003	\$147	2.5%	D-355 to D-356
Rowan University	\$37,127	\$38,055	\$928	2.5%	D-356 to D-359
New Jersey City University	\$31,222	\$32,002	\$780	2.5%	D-359 to D-361
Kean University	\$37,203	\$38,133	\$930	2.5%	D-361 to D-363
William Paterson University of New Jersey	\$39,413	\$40,398	\$985	2.5%	D-364 to D-366
Montclair State University	\$44,715	\$45,833	\$1,118	2.5%	D-366 to D-368

In FY 2001, capital funding of \$4.5 million for projects at Rutgers University and New Jersey Institute of Technology is eliminated.

The following is a listing of the total recommended appropriation levels for the operational support of the individual senior public institutions. Included in the FY 2000 adjusted appropriations of the senior public institutions is a total of \$19.7* million of supplemental appropriations for salary contract adjustments, which have not yet been enacted. In FY 2001, \$23.4 million is budgeted for salary increases in the Interdepartmental Accounts.

*Revised 5/5/00

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
The College of New Jersey	\$36,484	\$37,396	\$912	2.5%	D-369 to D-371
Ramapo College of New Jersey	\$19,751	\$20,040	\$289	1.5%	D-371 to D-373
Richard Stockton College of New Jersey	\$21,604	\$21,888	\$284	1.3%	D-374 to D-376

Department of Treasury--Higher Educational Services**Aid to Independent Colleges and Universities**

	\$23,245	\$24,245	\$1,000	4.3%	D-412
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There are 14 independent institutions in New Jersey that are receiving funds under this program based on the number of New Jersey students attending the particular institution. However, language is recommended that would eliminate Princeton University from receiving any funds under this program in FY 2001, which would be redistributed among the remaining eligible independent institutions.

Acceleration in Computer Science for Minority Students - Monmouth University

	\$5	\$0	(\$5)	(100.0)%	D-413
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Total funding of \$5,000 for the above purpose was added by the Legislature in FY 2000 and is not recommended for continuation in FY 2001.

Miscellaneous Higher Education Programs:**Higher Education Capital Improvement Program-Debt Service**

	\$12,379	\$13,000	\$621	5.0%	D-413
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An appropriation of \$13 million is recommended to fund the State's share of the estimated second year debt service cost of bonds issued pursuant to the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217. That act authorized the New Jersey Educational Facilities Authority (EFA) to issue bonds in the amount of \$550 million to fund deferred maintenance projects at the four-year public and independent institutions of higher education and to renovate and repair existing facilities. Under the program, the State pays two-thirds of the debt service costs on bonds issued by EFA to fund projects at public colleges, and one-half of the debt service on bonds issued to fund

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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projects at independent institutions. The entire \$12.3 million FY 2000 appropriation is currently in reserve and will probably lapse at the close of FY 2000.

Marine Sciences Consortium	\$376	\$526	\$150	39.9%	D-413
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The FY 2001 recommendation for the New Jersey Marine Sciences Consortium (NJMSC) includes a 40 percent or \$150,000 increase from \$376,000 in FY 2000 to \$526,000 in FY 2001. NJMSC, a group of 28 colleges and universities in New Jersey, southern New York and eastern Pennsylvania, conducts joint research, education and outreach services in marine sciences. The additional funding will provide the State match for the federally funded New Jersey Sea Grant College Program.

The Walter Rand Institute for Public Affairs at Rutgers University	\$75	\$0	(\$75)	(100.0)%	D-413
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Brookdale Community College/Rutgers University Educational Partnership Project	\$100	\$0	(\$100)	(100.0)%	D-413
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Gloucester County College-Center for People in Transition	\$262	\$0	(\$262)	(100.0)%	D-413
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Center for Sustainable Growth-Stevens Institute of Technology	\$450	\$0	(\$450)	(100.0)%	D-413
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Centenary College-Building Restoration	\$250	\$0	(\$250)	(100.0)%	D-413
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College Leadership of New Jersey	\$50	\$0	(\$50)	(100.0)%	D-413
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Ocean County Community College--Camp Viking	\$45	\$0	(\$45)	(100.0)%	D-414
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Stevens Institute of Technology--Capital Project	\$5,000	\$0	(\$5,000)	(100.0)%	D-414
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Total funding of \$6.2 million for the above purposes was added by the Legislature in FY 2000 and is not recommended for continuation in FY 2001.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2000</u>	<u>Recomm.</u> <u>FY 2001</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Community Athletic Complex - Rutgers University	\$0	\$2,000	\$2,000	—	D-414

The Governor has recommended a \$2 million appropriation to Rutgers University for a contribution toward the development of a new 6,000 seat baseball stadium and community park to be built along the Camden Waterfront. Under the proposal, the Cooper's Ferry Development Association will own the facility during construction before turning it over to Rutgers University. The university would enter into a 40-year lease to help run the stadium. Construction is expected to be completed by the Spring of 2001.

State Aid:

County College Operational Costs	\$132,186	\$144,186	\$12,000	9.1%	D-414
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State aid for the operational costs of the county colleges is recommended to increase by \$12.0 million from \$132.2 million in FY 2000 to \$144.1 million in FY 2001. The recommended appropriation represents the third installment of the program to increase support for the operational funding of the county colleges by \$12 million per year for a four-year period. A portion of the increase in operating aid, equal to one percent (\$1.3 million) of FY 2000 county college operational costs, will be earmarked for the implementation of the Performance Incentive Funding Program which rewards institutions of higher education for achieving certain State policy goals through the attainment of key performance levels. A sum of \$250,000 is estimated to lapse from the FY 2000 \$1.2 million appropriation that was included for performance funding.

County College Debt Service	\$23,070	\$27,205	\$4,135	17.9%	D-414
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The State's recommended matching share for debt service payments under the Chapter 12 county college construction bond program is recommended to increase by approximately \$4.1 million from \$23.1 million in FY 2000 to \$27.2 million in FY 2001 to cover an increase in county college facilities construction and renovation. A sum of \$1.5 million is estimated to lapse from the FY 2000 appropriation.

Additional Health Benefits	\$2,342	\$3,259	\$917	39.2%	D-414
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The Governor proposes a 39.2 percent, or \$917,000 increase from \$2.3 million in FY 2000 to \$3.3 million in FY 2001 for additional health benefits for employees at New Jersey's county colleges.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Federal Funds:**Statewide Planning and
Coordination for Higher
Education**

	\$1,416	\$1,648	\$232	16.4%	D-339
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Federal funds are anticipated to increase by \$232,000 from \$1.4 million in FY 2000 to \$1.6 million in FY 2001. The increase represents additional funding for increased administrative expenses of the New Jersey Gear Up Program which was established in 1998 to address educational needs of at-risk students in urban school districts.

**Student Assistance
Programs**

	\$15,808	\$16,933	\$1,125	7.1%	D-343
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Federal funds are anticipated to increase by \$1.1 million or 7 percent from \$15.8 million in FY 2000 to \$16.9 million in FY 2001. The increase represents additional funding for increased administrative expenses for the Leveraging Education Assistance Partnership which provides federal matching funds to supplement the TAG Program.

Language Provisions

2000 Appropriations Handbook

p. C-38

Notwithstanding the provisions of any law to the contrary, the Student Assistance Board shall provide to all qualified applicants increases to maximum award values that fund, at a minimum, an equal percentage of tuition up to the maximum allowable under the Tuition Aid Grant statute. All other award increases at each institution shall not exceed the percentage increase provided for the maximum award at that institution. All awards provided must be fundable within the amount hereinabove provided for Tuition Aid Grants plus funding from the Part-time Tuition Aid Grants-EOF Students program and available federal State Student Incentive Grant funds. Reappropriated balances shall be held as a contingency for unanticipated increases in the number of applicants qualifying for Student Assistance Programs awards or to fund shifts in the distribution of awards that result in an increase in total program costs.

2001 Budget Recommendations

p. D-344

Notwithstanding the provisions of any law to the contrary, the Student Assistance Board shall provide to all qualified applicants increases to maximum award values that fund, at a minimum, an equal percentage of tuition up to the maximum allowable under the Tuition Aid Grant statute. All other award increases at each institution shall not exceed the percentage increase provided for the maximum award at that institution. All awards provided must be fundable within the amount hereinabove provided for Tuition Aid Grants plus funding from the Part-time Tuition Aid Grants-EOF Students program and available federal Leveraging Educational Assistance Partnership funds. Reappropriated balances shall be held as a contingency for unanticipated increases in the number of applicants qualifying for Student Assistance Programs awards or to fund shifts in the distribution of awards that result in an increase in total program costs.

Explanation

The FY 2000 and FY 2001 budget language authorizes the increases which are made annually in Tuition Aid Grant (TAG) award amounts. The change to the FY 2001 language reflects the provision of 20 U.S.C.A. §1070 et seq. in which the federal State Student Incentive Grant Program was renamed the Leveraging Educational Assistance Partnership Program. This program provides federal matching funds to supplement the TAG Program.

2000 Appropriations Handbook

No comparable language.

2001 Budget Recommendations

p. D-340

The unexpended balances as of June 30, 2000 for the Minority Faculty Advancement Program are appropriated.

Language Provisions (Cont'd)

Explanation

This language provision authorizes the reappropriation of any unspent monies remaining in the Minority Faculty Advancement Program account at the end of FY 2000. The Minority Faculty Advancement Program was designed to increase the number of under represented minority faculty at institutions of higher education. This language will allow the unspent funds to be carried forward into the same account in FY 2001 rather than be lapsed into the General Fund. As of this writing, \$430,000 is unexpended.



2000 Appropriations Handbook

No comparable language.

2001 Budget Recommendations

p. D-340

An amount not to exceed \$25,000 of the Excellence in High Technology Workforce account is available for the administrative expenses of this program.

Explanation

This language allows the Commission on Higher Education to use an amount up to \$25,000 of the appropriation to the Excellence in High Technology Workforce Program for the administrative expenses of the program. The Excellence in High Technology Workforce is a new program recommended for funding of \$15 million in FY 2001. The program will provide funding for New Jersey's colleges and universities to develop nationally recognized programs of technology excellence to strengthen programs ranging from entry-level certificates to advanced degrees.



Language Provisions (Cont'd)

2000 Appropriations Handbook

p. C-38

From the sums provided hereinabove for Student Assistance Programs, such amounts as may be necessary to fund merit scholarship awards shall be available for transfer to the Coordinated Garden State Scholarship Programs and to the Miss New Jersey Educational Scholarship Program (N.J.S. 18A:71B-25 et seq.), subject to approval of the Director of the Division of Budget and Accounting.

2001 Budget Recommendations

p. D-344

From the sums provided hereinabove for Student Assistance Programs, such amounts as may be necessary to fund merit scholarship awards shall be available for transfer to the Coordinated Garden State Scholarship Programs, to the Outstanding Scholar Recruitment Program, and to the Miss New Jersey Educational Scholarship Program (N.J.S. 18A:71B-25 et seq.), subject to approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2001 recommended language adds a provision to authorize the transfer of funds as may be necessary from funds available for Student Assistant Programs to the Outstanding Scholar Recruitment Program (OSRP). The authorizing language provides a source of contingency funds as a safeguard against unanticipated increases in the number of students that qualify to participate in OSRP. The FY 2000 language provided such authorization for the Coordinated Garden State Scholarship Programs and the Miss New Jersey Educational Scholarship Program which are included again in the FY 2001 recommended language.

2000 Appropriations Handbook

p. C-38

An amount not to exceed 5% of the total of Higher Education for Special Needs Students, Program for the Education of Language Minority Students and the Urban Revitalization Incentive Grants accounts is available for the administrative expenses of these programs.

2001 Budget Recommendations

p. D-340

An amount not to exceed 5% of the total of Higher Education for Special Needs Students and the Program for the Education of Language Minority Students accounts is available for transfer to Direct State Services for the administrative expenses of these programs, as determined by the Director of the Division of Budget and Accounting.

Explanation

The FY 2000 budget language allowed the Commission on Higher Education to use up to 5 percent of the appropriation available for the Urban Revitalization Incentive Grants Program for related administrative costs. The language is no longer necessary because the program is not recommended for continuation in FY 2001. The recommended language also provides that the administrative funds must be transferred from the Grants-in-Aid section of the budget to the Direct State Services

Language Provisions (Cont'd)

section of the budget as these costs are accounted for in that section of the budget.

2000 Appropriations Handbook

p. C-40

Of the sums hereinabove appropriated for the University of Medicine and Dentistry of New Jersey, there is \$100,000 for the Inflammatory Bowel Disease Center, \$800,000 for Emergency Medical Service - Camden, \$975,000 for the Regional Health Education Center - Physical Plant, \$750,000 for the Violence Institute of N.J. at UMDNJ, \$525,000 for the Regional Health Education Center - Educational Units, \$450,000 for the New Jersey Area Health Education Program, and \$2,700,000 for Debt Service - School of Osteopathic Medicine Academic Center, Stratford. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

2001 Budget Recommendations

p. D-352

Of the sums hereinabove appropriated for the University of Medicine and Dentistry of New Jersey, there is \$100,000 for the Inflammatory Bowel Disease Center, \$800,000 for Emergency Medical Service - Camden, \$975,000 for the Regional Health Education Center - Physical Plant, \$750,000 for the Violence Institute of N.J. at UMDNJ, \$525,000 for the Regional Health Education Center - Educational Units, \$290,000 for the New Jersey Area Health Education Program and \$2,700,000 for Debt Service - School of Osteopathic Medicine Academic Center, Stratford. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

Explanation

The FY 2001 budget language reduces the recommended appropriation for the New Jersey Area Health Education Program to \$290,000 from the FY 2000 adjusted appropriation of \$450,000. In FY 2000, an additional \$160,000 was appropriated to UMDNJ by the Legislature. The New Jersey Area Health Education Program is a network of patient educational health centers.

2000 Appropriations Handbook

p. C-40

The appropriations for the University are made to Support Units, Educational Units and University Hospital.

2001 Budget Recommendations

No comparable language.

Explanation

Previously, UMDNJ received three separate appropriations to support central administration, operations and maintenance. In FY 2001, the budget recommended for the University includes

Language Provisions (Cont'd)

funds in the Institutional Support appropriation to support these functions and this is therefore not necessary.

2000 Appropriations Handbook

No comparable language.

2001 Budget Recommendations

p. D-352

From the amount hereinabove for the University of Medicine and Dentistry of New Jersey, the Director of the Division of Budget and Accounting may transfer such amounts related to hospital employee fringe benefits costs equal to enhanced Medicaid inpatient hospital payments for a nominal charge hospital.

Explanation

UMDNJ is the only higher education institution that is required to pay a share of its employee fringe benefits costs. In the FY 2001 recommended budget, UMDNJ would receive \$59.5 million for fringe benefits costs which represents a 43 percent decrease from the FY 2000 appropriation of \$104.5 million. UMDNJ plans to fund the balance of its fringe benefits costs through receipt of federal Medicaid reimbursements. The FY 2001 budget language will allow the University more flexibility in the use of State funds pending the receipt of the Medicaid reimbursements.

2000 Appropriations Handbook

p. C-41

Of the sums hereinabove appropriated for Thomas A. Edison State College, there is \$250,000 for the New Jersey Inter-Campus Network. This account shall be considered a special purpose appropriation for accounting and reporting purposes.

2001 Budget Recommendations

No comparable language.

Language Provisions (Cont'd)

Explanation

The FY 2000 budget language has been eliminated due to the fact that a line item was increased to \$350,000 to support the New Jersey Inter-Campus Network. The recommended appropriation is included in the recommended budget of the Commission on Higher Education under Support for Statewide Network (D-339).



2000 Appropriations Handbook

2001 Budget Recommendations

p. C-41

Of the amount hereinabove for Institutional Support, \$57,000 shall be transferred to the State Capitol Joint Management Commission to pay for security services at the college.

No comparable language.

Explanation

The Office of Management and Budget is no longer assessing Thomas A. Edison State College for the costs of providing security services as part of the college's regular operating budget because it has been included in the operating budget of State Capitol Joint Management Commission; therefore, this language is no longer necessary. The FY 2000 budget language required that the college transfer the designated amount for security services from its operating budget to the State Capitol Joint Management Commission.



Language Provisions (Cont'd)

2000 Appropriations Handbook2001 Budget Recommendations

p. C-41

Notwithstanding the provisions of any other law to the contrary, the monies appropriated above for the Employment Separation Incentive Program or otherwise made available, are for the University offering a pilot employment separation incentive program for eligible employees as set forth in this paragraph. The program shall be available to any employee with at least 20 years of service with the University, and provide an incentive of 90% of the annual salary of the employee to be paid in a lump sum or installments at the discretion of the University. The University shall pay the cost of any increased liability to the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) as a result of employees terminating employment under the program and retiring under PERS or TPAF as determined by the actuaries to the retirement systems pursuant to the memorandum of agreement between the State Treasurer and the President of Rowan University. The program shall take effect upon the execution of a memorandum of agreement, signed by the State Treasurer and the President of Rowan University.

No comparable language.

Explanation

The FY 2000 budget language for the Employment Separation Incentive Program at Rowan University is not recommended for FY 2001. Funding for this purpose was added by the Legislature in FY 2000.

Language Provisions (Cont'd)

2000 Appropriations Handbook

p. C-47

For the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c.132 (C.18A:72B-15 et seq.), the number of full-time equivalent students (FTE) at the eight State Colleges is 47,246 for fiscal year 1999.

2001 Budget Recommendations

p. D-414

For the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c.132 (C.18A:72B-15 et seq.), the number of full-time equivalent students (FTE) at the eight State Colleges is 48,764 for fiscal year 2000.

Explanation

This language sets the enrollment level by which the amount of State aid provided to the 14 independent colleges and universities is calculated. For FY 2001, the independent sector is recommended to receive \$24.2 million in direct aid which represents 79 percent of the amount needed to fully fund the "Independent College and University Assistance Act," P.L. 1979, c.132.



2000 Appropriations Handbook

No comparable language.

2001 Budget Recommendations

p. D-414

Notwithstanding any law or regulation to the contrary, any institution of higher education having a total endowment of more than \$1,000,000,000 shall be ineligible for funding under the "Independent College and University Assistance Act," P.L. 1979, c.132 (C.18A:72B-15 et seq.)

Explanation

The FY 2001 budget language prohibits any independent institution of higher education from receiving State aid if the institution's current endowment funds exceed \$1 billion. The funding that would otherwise be allocated to the institution would be redistributed among the remaining independent colleges and universities. Under the recommended language, Princeton University would not be eligible to receive State aid.



Discussion Points

1. The Governor has recommended a \$2 million appropriation to Rutgers University (Department of Treasury-Budget pg. D-414) for a contribution toward the development of a new 6,000 seat baseball stadium and community park to be built along the Camden Waterfront. Under the proposal, the Cooper's Ferry Development Association will own the facility during construction before turning it over to Rutgers University. The university would enter into a 40-year lease to help run the stadium. Construction is expected to be completed by the Spring of 2001.

! *Question:* Please identify all funding sources that are expected to finance the construction of the stadium and community park and what are the anticipated contributions of each entity? What will the role of each entity be in the daily management of the new facilities?

2. The New Jersey Better Educational Savings Trust Program (NJBEST), established pursuant to P.L. 1997, c.237, was created to assist families in financing the cost of a college education through the establishment of trust accounts into which an individual makes contributions on behalf of a designated beneficiary. In FY 2001, the program would be expanded to offer an increase in the scholarship, which is offered under the program to beneficiaries who attend a college or university located in New Jersey, from \$500 up to a maximum of \$1500. Other program revisions include an increased limit on the maximum value of the account from \$100,000 to \$150,000, a reduction in the maintenance fee by nearly 70 percent (from \$15 to \$5), and a reduction in the investment fee for the administrative expenses charged to contributors from 1 percent to .05 percent. These changes were made to stimulate an increase in the number of participants currently enrolled in the program. The Governor recommends a \$400,000 increase from \$350,000 in FY 2000 to \$750,000 in FY 2001 to cover administrative and advertising expenses.

! *Question:* Please provide a breakdown of how the recommended additional funds will be used to implement the Governor's recommended enhancements to NJBEST. Please explain how the State will increase public awareness of the program's planned enhancements. Because a portion of the increased funding is expected to pay for costs associated with advertising the planned enhancements, is the recommended appropriations level expected to decrease in subsequent years?

3. In FY 2001, the Governor is recommending \$25 million in new funding for the New Jersey Jobs for the New Economy Program. Specifically, funding of \$15 million has been proposed for the Excellence in High Technology Workforce which will provide competitive grants for higher education institutions in the areas of computer science; information technology; physical, life and health sciences; engineering; and mathematics and sciences. The Governor is also recommending \$10 million, which will be funded through the Tobacco Settlement Fund, for Biomedical and Other Technology Research. This program will provide matching funds to the State's research universities for new federal research grants in science and technology.

! *Question:* Please describe the standards that will be employed in determining the criteria for awarding grants and grant amounts for both programs. How many years of State funding per recipient does the current recommended appropriation envision?

With regard to the Biomedical and Other Technology Research appropriation, is the research conducted under this program in any way related to tobacco use and its effects? If not, what type of research will be funded with this appropriation?

Discussion Points (Cont'd)

4. In FY 2000, the Commission on Higher Education received \$450,000 for Urban Revitalization Incentive Grants. The purpose of this program was to promote college and university involvement in urban revitalization. Therefore, institutions of higher education located in an urban enterprise zone that includes a special needs school district were eligible to compete for a planning grant. In January 2000, three grant awards were presented to Passaic County Community College, New Jersey City University and Thomas Edison State College each in the amount of \$184,425 for projects in Paterson, Jersey City and Trenton.

! Question: Please describe how the grants were used to assist Paterson, Jersey City and Trenton. What has been the overall impact of the Urban Revitalization Grants in those communities? Given that State funding has been discontinued for this initiative, how will the work initiated by the grants be continued?

5. Funding for employee fringe benefits at the University of Medicine and Dentistry of New Jersey (UMDNJ) is recommended at \$59.5 million, a 43 percent decrease from the \$104.5 million appropriated in FY 2000. The fringe benefit recommendation is offset by a 17 percent increase in funds from the University's Hospital Services Income Account which rose from \$317.7 million to \$371.9 million.

! Question: Please explain how the fringe benefits account would be fully funded in light of the Governor's proposed 43 percent decrease to that account.

6. In FY 2000, the public two-year and four-year colleges and universities received an adjusted appropriation of \$8.7 million for the Performance Incentive Funding Program. This program rewards institutions of higher education for meeting certain State policy goals as evidenced by the attainment of key performance indicators. Each institution is to be measured by its own progress toward achieving performance objectives and not against that of its peers. The Governor outlined the Statewide goals upon which the funds would be allocated as improved graduation rates, improved transfer and articulation rates between the 2-year and 4-year sectors, improved institutional efficiency and effectiveness and development of more diversified revenues from non-student based sources. Although the funding is allocated to the base budget of the institutions, incentive funding will not be allocated until later in the fiscal year when data on the attainment of the performance indicators has been evaluated by the Commission on Higher Education.

! Question: Please provide data for FY 2000 on how each institution of higher education that received performance funding measured up against the established benchmarks.

7. Due to a recommended increase of \$12 million in operational support for the county college system, the county colleges have pledged that there will be no or only slight tuition increases in FY 2001. The State colleges and universities are recommended to receive an additional \$13 million for operational aid and \$8.3 million in performance funding in FY 2001. To date, the State colleges and universities have not indicated what tuition levels will be for the next academic year and typically wait until after the budget is approved before announcing proposed tuition levels.

! Question: Based on the FY 2001 recommendation for the State colleges and universities, can the institutions provide a preliminary estimate on how much tuition is likely to increase?

Discussion Points (Cont'd)

8. On January 19, 2000, a fire at a Seton Hall University dormitory killed three students and critically injured six others. As a result, legislation was introduced requiring the installation of fire sprinklers in all public and private high school dormitories and college and university dormitories in New Jersey by 2002. A separate bill would authorize the issuance by the New Jersey Educational Facilities Authority of up to \$90 million in bonds to finance the retrofitting of high school dormitories and college and university dormitories with sprinkler systems. Under the bill, the State would pay two-thirds of the cost of the debt service on the bonds issued to finance the retrofitting at the public high schools and public institutions of higher education, and one-half of the debt service for bonds issued for the projects at the private high schools and independent colleges.

! *Question:* Will the retrofitting of the dormitories at college and university campuses have an impact on tuition levels in the 2000-2001 academic year? What other steps have college officials taken to advance fire safety and safety awareness among students at institutions of higher education?

9. In FY 2000, the Tuition Aid Grant Program was funded to provide 49,307 grants. The revised number of grants for FY 2000 is 47,771 with 47,914 grants anticipated to be funded in FY 2001. In FY 2000, \$5.6 million was carried forward from FY 1999 for a total available of \$155 million. Evaluation data indicates program expenditures of \$151.5 million, \$670,000 of which represents federal Leveraging Educational Assistance Partnership funds. Based on the data, approximately \$4 million may be available for re-appropriation in FY 2001.

! *Question:* Please discuss the reason for the reduction of over 1000 TAG awards to students from the number originally estimated for FY 2000. As the FY 2001 recommended number is based on projected program expenditures, how would any unexpended balances from FY 2000 be used?

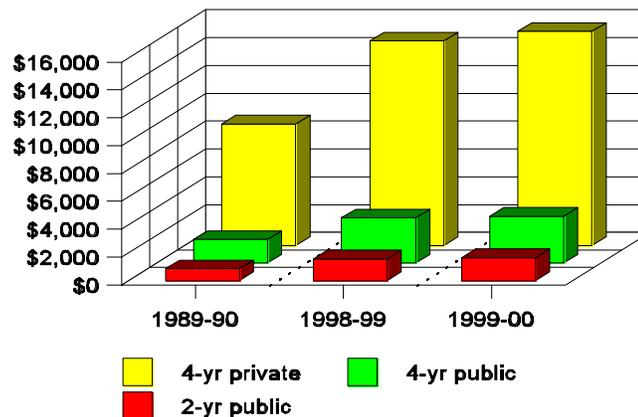
Background Paper: Tuition Rates at Higher Education Institutions

Budget Pages.... D-345 to D-376

As measured by the Consumer Price Index, tuition rate increases continue to outpace inflation, in the public and independent higher education sectors both on the national level and in New Jersey. As Figure 1 indicates, the cost to attend a college or university in the United States has risen significantly over the past ten years. However, national average tuition rates in each sector remained relatively stable between academic years 1998-99 and 1999-00 (ranging from 3 to 5 percent). According to the College Board, in the 1999-00 academic year, the national average tuition at public four-year colleges and universities is \$3,356, up from \$3,247 in 1998-99, an increase of 3.4 percent. Private four-year college tuition increased by 4.6 percent, from \$14,709 to \$15,380. Two-year public and private institutions are charging an average of \$1,627 and \$7,182 respectively in 1999-00, up 4.7 and 3.5 percent respectively for the same period.

National Tuition Averages for Undergraduates

Figure 1



Source: The College Board's
Trends in College Pricing

According to the Commission on Higher Education in the Fourth Annual Systemwide Accountability Report, January 2000, public and independent sector tuition costs (adjusted for inflation) charged by New Jersey institutions exceeded that of their national peers. The following information provides a snapshot of the disparities between tuition levels paid by students nationally versus tuition levels in New Jersey:

Tuition levels in the four-year public college and university sector rose 7 percent from \$3,347 in the 1998-99 academic year to \$3,586 in the 1999-00 academic year. Current tuition rates at State colleges and universities are also 7 percent above the national average of \$3,356. Ten years ago (1989-90), tuition costs to attend a four-year public institution of higher education in New Jersey was \$1,663, 116 percent below the current average;

Due to recent minimal increases, tuition levels at New Jersey's community colleges rose slightly from \$1,903 in the 1998-99 academic year to \$1,934 in the 1999-2000 academic year, a 1.6 percent increase. However, tuition rates at New Jersey's community colleges in the 1999-2000 academic year remain 19 percent higher than the national average of \$1,627.

Background Paper: Tuition Rates at Higher Education Institutions(Cont'd)

Ten years ago (1989-90), the average cost to attend an independent institution of higher education in New Jersey was \$8,926; today, that average has risen 74 percent to \$15,505. In the current academic year, the average tuition paid by students is five percent more than that paid in FY 1999 (\$14,786). When compared to the national average of \$15,380, New Jersey's average tuition rate for the independent sector is only slightly above the national average (.8 percent).

Figure 2 illustrates the tuition rates charged, by sector, for full-time resident undergraduates attending public and independent higher education institutions in New Jersey over a ten-year period. Fees are not included. The table also compares the percentage increases between the 1998-99 and 1999-00 academic years, and the increase over the past five and ten years. The tuition rates shown for the State colleges/universities, the county colleges, and the independent institutions represent the average for those sectors.

Figure 2

	Rutgers	NJIT	UMDNJ	State Colleges	County Colleges	Independs.
FY 1990	2,576	2,920	9,093	1,663	1,080	8,926
FY 1991	2,856	3,360	10,457	1,886	1,200	9,526
FY 1992	3,114	3,628	11,053	2,092	1,308	10,255
FY 1993	3,254	3,790	11,550	2,229	1,367	10,983
FY 1994	3,417	3,998	12,128	2,311	1,436	11,612
FY 1995	3,641	4,188	12,795	2,422	1,622	12,137
FY 1996	3,786	4,380	13,295	2,552	1,753	12,706
FY 1997	4,028	4,638	14,492	2,780	1,831	13,408
FY 1998	4,262	4,958	14,927	3,063	1,909	14,111
FY 1999	4,562	5,250	15,509	3,347	1,903	14,786
FY 2000	4,866	5,580	16,052	3,586	1,934	15,505
% chg. 99-00	7%	6%	4%	7%	2%	5%
5 yr. % chg.	34%	33%	26%	48%	19%	28%
10 yr. % chg.	89%	91%	77%	116%	79%	74%

*UMDNJ's tuition rate represents in-State tuition charges for residents attending its professional schools.
 SOURCES: New Jersey Commission on Higher Education, "Tuition by Institution"; The College Board, "Trends in College Pricing"

Background Paper: New Jersey's Better Educational Savings Trust (NJBEST)

Budget Pages.... D-340 to D343

According to the College Board, the national average undergraduate college tuition in the current academic year (1999-2000) is \$3,356 at a four-year public institutions of higher education and \$15,380 at four-year independent colleges and universities (does not include room and board, books, etc.). In New Jersey, tuition in the State college and university sector rose 6.3 percent, from \$3,347 in the 1998-99 academic year to \$3,586 in the 1999-00 academic year. The rising costs of a college education prompted the federal government to make a change in 1996 to the U.S. Tax Code authorizing federal income tax deferrals on earnings accrued in state-sponsored college savings plans. New Jersey took advantage of the federal change and in 1997 established the New Jersey Better Educational Savings Trust Program (NJBEST). The program provides New Jersey residents with a mechanism to plan for the costs of college attendance and to save funds to meet those costs through an affordable and convenient college savings program.

NJBEST is similar to an individual retirement account. Specifically, NJBEST allows a contributor to save for future college costs by establishing an account through the New Jersey Higher Education Student Assistance Authority (HESAA) on behalf of a designated beneficiary. Either the contributor or the beneficiary is required to be a New Jersey resident. Upon the establishment of an account, contributions ranging from an initial \$25 per month to \$1200 per year (up to a maximum of \$100,000) may be made to finance the qualified higher education expenses of the beneficiary. HESAA has designated the New Jersey Department of Treasury-Division of Investment as the program investment manager. The Division of Investment invests a minimum of 60% of the program's assets in high quality fixed income securities or in the New Jersey Cash Management Fund, which is a short-term money market fund. The balance of the fund's assets may be invested in common stocks. The New Jersey Cash Management Fund invests in U. S. Treasury bills, high grade commercial paper, certificates of deposit, repurchase agreements and other short-term investments. Investment allocations may change over time, depending upon market conditions.

NJBEST offers the following benefits to program participants:

- ! Investment earnings on contributions made for tuition, room and board, books and other qualified college expenses are not subject to State income tax and federal taxes are deferred until the savings are used to pay college costs. When amounts are distributed from the program for qualified educational expenses, the amount of earnings will be included in the taxable income of the beneficiary, which is usually at a lower rate.
- ! An amount up to \$25,000 saved through NJBEST will not be considered in evaluating a student's eligibility for State financial aid programs.
- ! A scholarship to attend a New Jersey institution of higher education when account contributions total at least \$1,200 and the contributor has participated in the program for at least four years. Under the enhanced scholarship recommended by the Governor in the FY 2001 budget, for every additional two years in which the minimum contribution is deposited, the \$500 scholarship amount will be increased by \$250, up to a maximum amount of \$1,500.
- ! The program includes a "moral obligation clause" in which the State promises (though does not legally guarantee) that investors will not lose any principal invested in the program.

Background Paper: New Jersey's Better Educational Savings Trust (NJBEST) (Cont'd)

When comparing NJBEST with other states' college savings plans, it has been noted that New Jersey has made rather conservative investments resulting in an initial low rate of return to investors (five percent at the end of 1998). Some New Jersey residents have invested in similar college savings programs in other states which have provided more attractive returns on investments (2,150 New Jersey residents are enrolled in New Hampshire's Unique College Plan). The NJBEST investment picture has improved somewhat, however, as by the end of 1999, the program's return on investments had increased to 12.6 percent. Other problems noted with NJBEST include high initial investment and annual account maintenance fees and a requirement that investors (or beneficiaries) be New Jersey residents which have had an adverse effect on the number of participants enrolled in NJBEST. Below is an overview of the 1998 performance of several college savings programs:

STATE	DATE STARTED	NUMBER OF ACCOUNTS*	ANNUAL RATE OF RETURN**
New York College Savings Program	9/98	68,459	5 - 12%
New Hampshire Unique College Investing Plan	7/98	31,000	7 - 28%
New Jersey Better Educational Savings Trust	8/98	1,734	5%
Delaware College Investment Plan	7/98	1,325	9 - 14%
North Carolina College Vision Fund	6/98	514	5%

*New Jersey and North Carolina limit their programs to state residents.

**New York, New Hampshire and Delaware offer a range of rates of return as accounts are invested based on the age of the child. Contributions for young children are put in more high-risk investments while older children's accounts are invested conservatively.

SOURCE: The College Savings Plan

Low enrollment, high fees and increasing criticism concerning low investment returns prompted the Governor to recommend changes to the NJBEST Program. During the 2001 budget address, the Governor announced that, beginning on July 1, 2000, the number of participants are expected to increase from an estimated 2,600 in FY 2000 to 4,100 in FY 2001 and the following program enhancements would be implemented:

- ! Allow State employees to contribute to NJBEST through payroll deductions;
- ! Reduce the investment fee from one percent to .5 percent of earnings;
- ! Decrease the annual account maintenance fee from \$15 to \$5;
- ! Increase the scholarship amount available to NJBEST participants attending New Jersey colleges and universities from \$500 to \$1500; and
- ! Adopt an age-sensitive investment strategy.

The FY 2001 budget proposes a \$400,000 increase from \$350,000 in FY 2000 to \$750,000 in FY 2001 to implement and advertise the planned enhancements to NJBEST.

Background Paper: The HOPE Scholarship Program

In 1993, the HOPE Scholarship Program (Helping Outstanding Pupils Educationally) was established in Georgia to address growing concerns among parents about the increasing costs of a college education. HOPE rewards Georgia high school students who attain at least a B average with a scholarship that pays the full cost of tuition at any public college or university in Georgia. A qualifying student who attends a private college would receive a flat \$3,000 award per academic year. The student must apply for federal student aid before receiving a HOPE award. If the student is awarded federal financial aid, the student will receive the difference between the federal aid and the tuition costs. Continued eligibility depends on the student maintaining a B average at the end of each academic year.

In order to fund the program, a voter-approved state lottery was created. When the program began in 1993, several restrictions such as a family income limit of \$100,000 for program eligibility and funding for only two years of college attendance, kept the number of participants low. As a result, the first year of HOPE cost \$21.4 million. But by academic year 1998-99, the income restrictions were lifted and tuition payments were expanded to four years; consequently, participation rose to 141,178 students at a cost of \$189.3 million. According to the Georgia Student Finance Commission, the program is estimated to cost over \$220 million in the 1999-2000 academic year.

Due to the success of the Georgia HOPE Program, versions of the Georgia HOPE Scholarship Program were established in other states. In Florida, the Bright Futures Program finances full tuition costs at a Florida public college or university for students who graduated high school with a B average and scored at least a 970 on the SATs. In Mississippi, legislation was passed to provide full tuition at State colleges and universities for high school graduates with a 2.5 GPA and a minimum ACT score of 20. The HOPE Scholarship Program also received attention on the federal level when President Clinton signed into law the Hope Tax Credit in 1999. This federal program provides eligible students or their parents with a \$1,000 federal tax credit for the first \$1,000 spent on tuition and fees, and 50 percent of the second \$1,000 spent during the first two years of college attendance.

In January 2000, legislation was re-introduced in New Jersey authorizing the establishment of a HOPE Scholarship Program funded by a multi-state lottery. Legislation establishing a HOPE Scholarship Study Commission has also been re-introduced. The commission would examine the program established in Georgia to determine whether such a program should be implemented in New Jersey. If the commission determines that a HOPE program would be beneficial to the State, the commission would determine specific parameters for the New Jersey HOPE Program and identify any possible funding sources.

According to published newspaper reports, some of the following issues were raised when legislation regarding the establishment of a NJ HOPE Scholarship Program was first introduced:

- ! The program might pressure high school teachers and professors at institutions of higher education to grant a B so that a student can acquire and maintain eligibility for the program. In 1994, 69 percent of HOPE award recipients in Georgia lost the scholarship because their grades fell below the required B grade point average.
- ! If a NJ HOPE Program significantly increases the number of students who wish to attend college in New Jersey, there is concern over the capacity of New Jersey higher education institutions to accommodate those students (available classroom and dormitory space, teaching personnel, etc.).

Background Paper: The HOPE Scholarship Program (Cont'd)

! Average tuition and fees at Georgia's research universities in the 1998-99 academic year was \$2,930 which is 50 percent lower than tuition costs at Rutgers University. The costs to fund a HOPE Program could be significantly higher in New Jersey.

While New Jersey colleges and universities have the second highest average for tuition and associated costs in the nation, the State's financial aid programs are among the most generous. New Jersey's largest needs-based program of student assistance is the Tuition Aid Grant Program (TAG). In FY 2000, TAG awarded financial aid packages to 47,771 students at a cost of \$151.4 million. The National Association of State Student Grant and Aid Program reports in their "29th Annual Survey Report" that New Jersey is ranked number one nationally in the percentage of students receiving needs-based aid (44.9 percent) and number two in the average needs-based aid provided per student (\$969). A second needs-based program, the Educational Opportunity Fund Program (EOF), provides grants to students from educationally and economically disadvantaged backgrounds. In FY 2000, 18,014 grants are being provided at a cost of \$32.6 million.

New Jersey also funds several merit-based scholarship programs. For example, the Outstanding Scholar Recruitment Program (OSRP) provides merit scholarships to New Jersey's high school graduates who are in the top 15 percent of their high school class and who score 1350 or higher on the SAT's (the student must enroll in a public or private institution of higher education in New Jersey). In FY 2000, 3,165 students participated in OSRP at a cost of \$8.3 million and in FY 2001, \$11.4 million is recommended to provide 4,296 awards. Information on need and merit-based scholarship programs awarded in the 1999-2000 academic year is contained in Figure 1:

Figure 1

SCHOLARSHIP	NO. OF PARTICIPANTS	ANNUAL COST	ELIGIBILITY CRITERIA
Tuition Aid Grants	47,771	\$151,477,000	Provide need-based grants to students
Educational Opportunity Grants	18,014	\$32,597,000	Provide grants to educationally and economically disadvantaged students
Coordinated Garden State Scholarships	6,916	\$6,816,000	Provides scholarships to students on the basis of indicators of academic merit defined by the HESAA without consideration of financial need
Miss New Jersey Scholarships	2	\$9,524	Provides scholarships to young leaders in civic, cultural or charitable endeavors
Outstanding Scholars Recruitment Program	3,165	\$8,265,121	Provides public and private colleges and universities with campus-based funding to recruit high-achieving New Jersey students
TOTAL	75,868	\$199,164,645	

In analyzing the potential costs of a NJ HOPE Program, one must consider its effect on existing programs. For instance, if a NJ HOPE Program was patterned after the Georgia model, it would provide an incentive for students to attend public institutions in New Jersey. As mentioned above, TAG pays for a portion of some student's tuition (based on need) whereas need would not be a factor in determining a student's eligibility for a HOPE award. For example, an eligible student

Background Paper: The HOPE Scholarship Program (Cont'd)

who attended a State college in the 1999-2000 academic year would have received a TAG award ranging from \$1,026 to \$3,296. However, that student, if HOPE eligible, would receive an average of \$3,586. On the other hand, a student who attends an independent college or university and is eligible for the highest TAG award (\$6,674) would receive a more attractive award under the TAG program because NJ HOPE would offer that student a flat \$3,000 award.

Furthermore, NJ HOPE would have an impact on current merit-based scholarship programs as a significant number of recipients of merit awards would probably meet the eligibility criteria for HOPE. And unlike current merit-based scholarships, a NJ HOPE Program patterned after the Georgia model would cover full tuition costs at any public college or university. On the other hand, NJ HOPE would have little effect on the EOF Program since that program's students would not likely meet the criteria for a NJ HOPE Scholarship.

Since New Jersey school districts do not report the number of high school students who graduate with a B average or better, it is difficult to estimate the number of high school students who might initially be eligible for a NJ HOPE Program. However, based on the number of B average students enrolled in New Jersey's colleges and universities during the 1998-99 academic year (about 66,000), HOPE could potentially cost \$250 million or more to fund a four-year cohort of students. That gross cost would be offset somewhat if existing student financial aid programs experienced a reduction in demand. Ultimately, the cost to support a NJ HOPE Program will be dependent on a number of factors that would include the tuition and fee structures at the New Jersey institutions and overall college enrollment figures.

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