

# ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2001 - 2002 BUDGET



## HIGHER EDUCATIONAL SERVICES

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2001

## NEW JERSEY STATE LEGISLATURE

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# HIGHER EDUCATIONAL SERVICES

Budget Pages..... D-379 to D-421; D-460 to D-463;  
D-523

## Fiscal Summary (\$000)

	Expended FY 2000	Adjusted. Appropriation FY 2001	Recommended FY 2002	Percent Change 2001-02
State Budgeted	\$1,277,336	\$1,424,235	\$1,534,990	7.8%
Federal Funds	14,502	18,586	20,252	9.0%
<u>Other</u>	<u>4,923</u>	<u>2,952</u>	<u>3,252</u>	<u>10.2%</u>
Grand Total	\$1,296,761	\$1,445,773	\$1,558,494	7.8%

## Personnel Summary - Positions By Funding Source

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change 2001-02
State	49	53	53	0.0%
Federal	152	158	188	19.0%
Other	14	13	19	46.2%
<u>Colleges &amp; Univ's.*</u>	<u>19,653</u>	<u>19,653</u>	<u>19,653</u>	<u>0.0%</u>
Total Positions	19,868	19,877	19,913	0.2%

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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 to 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 Aid Grants (TAG). The enabling legislation

## Introduction (Cont'd)

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 \$101.6 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 \$34.4 million or 51.2 percent over the FY 2001 adjusted appropriation of \$67.2 million. The following initiatives account for the increase.
- ! New funding of \$10 million is recommended to help colleges and universities improve and expand teacher preparation programs. This program focuses on four primary goals: moving the education of teachers to the top of institutional agendas with a focus on the role of arts and science faculty; increasing the State's capacity to produce highly effective teachers; improving teacher preparation and professional development; and expanding collaborative efforts with preschool through grade 12 schools in areas such as curriculum development, mentoring and professional development.
- ! To further the objective of increasing the number of teachers in this State, the Governor recommends new funding of \$5 million to implement a teacher recruitment initiative. This program will help disadvantaged school districts recruit high-achieving teachers in critical disciplines, including pre-school education, mathematics, science, special education and world languages. Stipend amounts of \$5,000 per year for up to five years of teaching service will be paid to each teacher employed through the program at the completion of each full year of satisfactory performance.
- ! New funding of \$10 million is recommended for the Higher Education/Business and Industry Partnership Fund to foster partnerships between the business community and higher education institutions. This program will provide a pool of funds to senior public colleges and universities and independent research universities to match private sector research grants in science and technology obtained by the college or university.
- ! New funding of \$15 million is recommended for the New Jersey Fund for Technology Innovation Program. The program would build on the prior efforts of the Biomedical and Other Technology Research Program to encourage research "capacity building" at New Jersey's research universities by providing funds to acquire and upgrade research equipment and to recruit top research faculty.
- ! In FY 2002, recommended funding for the Excellence in High Technology Workforce is \$20 million, a \$5 million increase from the \$15 million adjusted appropriation in FY 2001. This program provides competitive grants for higher education institutions moving toward excellence in areas related to targeted priorities. In FY 2001, the Commission on Higher Education received 45 proposals but only 9 awards were granted. Due to the strong response to the program, a \$5 million increase is recommended.

## Key Points (Cont'd)

- ! Funding for the Biomedical and Other Technology Research Program is recommended to decrease by 50 percent to \$5 million from the FY 2001 adjusted appropriation of \$10 million. The FY 2001 appropriation assisted the State's six research universities in competing for federal grants in two ways: a matching grant fund for federal grants totaling \$3.5 million and grants to increase research capacity totaling \$6.5 million. In FY 2002, the matching component of this program is increased to \$5 million and the research capacity building component is being shifted to the New Jersey Fund for Technology Innovation. Although the matching fund program was limited to the research universities in FY 2001, all senior public institutions and independent research universities will be eligible in FY 2002.
- ! The Governor recommends FY 2002 funding of \$563,000 for the maintenance of the online articulation system known as ARTSYS, a 51.2 percent decrease over the FY 2001 adjusted appropriation of \$1.2 million due to the elimination of one-time costs. ARTSYS, which was developed and implemented in FY 2001, is 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 agreements, online course catalog, electronic exchange of transcripts and electronic transcript evaluation.
- ! Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by approximately \$6.4 million (4.1 percent) from \$157.8 million to \$164.3 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 and independent colleges and universities. These award increases effectively close the gap between TAG award levels and prior year tuition for the neediest students. TAG will provide approximately 48,195 awards to lower and middle income students, an increase of almost 1,000 grants over the estimate for FY 2001.
- ! Direct operating aid for senior public institutions is recommended at \$893 million, a \$19.2 million net increase over the FY 2001 adjusted appropriation of \$873.8 million. Included in the increase is a 1.5 percent base appropriation adjustment and a 1 percent reserve for performance-based incentive funding. Also included in the increase is a \$500,000 grant for the New Jersey Institute of Technology to create and organize a Sustainable State consortium bringing the total increase in the State appropriation to \$22.3 million. The increases are offset by the elimination of legislative initiatives totaling \$3 million that were not continued in the FY 2002 budget recommendations.
- ! The Governor's Budget also recommends \$10.5 million to support the construction of a new genetics/biomaterials building, a new bioengineering building and athletic facilities at Rutgers, the State University. The Governor recommended the elimination of \$7 million in one-time legislative initiatives.
- ! The State will also provide supplementary salary funding (in the Interdepartmental accounts) amounting to \$29.5 million to support negotiated cost-of-living adjustments bringing the State's total for employee fringe benefits and the salary program to \$335.3 million for the senior institutions.

## Higher Educational Services- - Department of the Treasury

- ! Aid to County Colleges is recommended to increase \$12.8 million from \$191.2 million to \$203.9 million. Within that overall total, operational aid to the county colleges is

## Key Points (Cont'd)

recommended to increase \$12 million, from \$143.9 to \$155.9 million. FY 2002 marks the fourth year of a four-year plan to increase direct State operating aid by \$12 million. The remaining \$763,000 of the increase (3.5 percent) will provide funding for State support of fringe benefits.

- ! Continued funding of \$27.2 million from the Property Tax Relief Fund has been recommended for debt service payments for capital projects under P.L. 1971, c.12.
- ! The FY 2002 budget proposal would increase aid to independent colleges and universities from \$25.2 million in FY 2001 to \$26.2 million in FY 2002, a \$1 million or 4 percent increase.
- ! The Governor recommends a \$24.7 million increase, from \$8.2 million in FY 2001 to \$32.9 million in FY 2002, for debt service payments required under the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217. That law authorized the New Jersey Educational Facilities Authority to issue bonds in a total outstanding principal amount of \$550 million to provide grants to four-year public and private institutions of higher education to finance renovation, expansion and construction of facilities and technology infrastructure. Under the law, the State pays two-thirds of the debt service on bonds issued to finance projects at the senior public institutions and one-half of the debt service on bonds issued to finance projects at the independent institutions.
- ! The FY 2002 budget includes \$9.1 million for debt service payments under the "Dormitory Safety Trust Fund Act," P.L. 2000, c.56. That law authorized the New Jersey Educational Facilities Authority to issue \$90 million in bonds to finance loans to eligible public and private secondary schools, military schools and boarding schools and public and independent institutions of higher education to install fire suppression systems in dormitories located at the school or institution.
- ! Debt service payments for bonds issued under the "Higher Education Equipment Leasing Fund Act," P.L. 1993, c.136, are recommended to decrease by 7.3 percent to \$17.9 million in FY 2002 from \$19.3 million in FY 2001 due to a reduction in projected debt service payments. The original law authorized the New Jersey Educational Facilities Authority (EFA) to issue bonds in an outstanding principal amount of \$100 million to support the purchase of scientific, engineering, technical, computer, communication and institutional equipment at higher education institutions. The State pays 75 percent of the debt service costs and the institution pays 25 percent. According to the Budget-In-Brief, the Equipment Leasing Fund will be renewed in FY 2002. The original \$100 million in bonds have been issued and retired and therefore the EFA will re-issue \$100 million in bonds.

## Background Papers

- ! Prepaid Tuition Plans p. 32
- ! Part-Time Tuition Aid Grant Program p. 35

## 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, loan, savings 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 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 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. In FY 2002, recommended Direct State Services funding for the Commission on Higher Education is \$1.57 million, a 1.3 percent or \$20,000 increase over the FY 2001 adjusted appropriation of \$1.55 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 continued for the Educational Opportunity Fund Program (EOF) in FY 2002.

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 2002, funding of \$893.0 million is recommended in general operating support for the four-year public college and university system, an increase of \$19.2 million over the FY 2001 adjusted appropriation of approximately \$873.8 million. Included in the increase is a 1.5 percent base appropriation adjustment and 1 percent performance-based incentive funding. 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. Also included in the increase is a \$500,000 grant for the New Jersey Institute of Technology to create a Sustainable State Consortium. The Governor recommends that the consortium, originally formed in 1990, re-convene to bring together researchers, business people and environmentalists for the development of goals, indicators and targets of sustainable State development in areas such as economic vitality, housing, health and the environment. The overall increase is offset by the elimination of \$3 million for appropriations that were added by the Legislature in FY 2001. In addition, the State will also provide supplementary salary funding (in the Interdepartmental Accounts) amounting to \$29.5 million to support 80 percent of negotiated cost-of-living adjustments bringing the State's total for employee fringe benefits and the salary program to \$335.3 million for the senior institutions in FY 2002.

Pay-as-you-go capital funding of \$10.5 million is recommended for Rutgers University in FY 2002 for the construction of a bioengineering building, a human genetics biomaterial building and athletic facilities.

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 \$32.9 million is included in the FY 2002 recommended budget for this program.

## Program Description and Overview (Cont'd)

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, required or useful for the instruction of students 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 original \$100 million in bonds have been issued and retired; therefore, the EPA will issue \$100 million in new bonds in FY 2002.

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.

In summary, a total of \$370 million has been provided to higher education institutions over the past six 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 \$45.3 million is recommended in Grants-In-Aid for these initiatives in the Department of the 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, \$32.9 million is included in the FY 2002 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. That act authorized the EFA to issue bonds pursuant to P.L.1971, c.12. The FY 2002 budget recommendation for P.L.1971, c.12 debt service remains level at \$27.2 million and will be funded through the Property Tax Relief Fund.

## Program Description and Overview (Cont'd)

### Summary of FY 2002 Recommended Budget

The total FY 2002 recommended appropriation from all sources of approximately \$1.56 billion for higher education institutions and programs represents a net increase of \$112.7 million or 7.8 percent when compared to the FY 2001 adjusted appropriation of \$1.45 billion.

Appropriations from State sources are recommended to increase by \$110.8 million from \$1.42 billion to \$1.53 billion or 7.8 percent.

A net increase of \$34.4 million is recommended for the Commission on Higher Education, from \$67.2 million in FY 2001 to \$101.6 million in FY 2002. The recommended increase includes new funding of:

- ! \$10 million to help colleges and universities improve and expand teacher preparation programs;
- ! \$10 million for the Higher Education/Business and Industry Partnership Fund to foster partnerships between the business community and higher education institutions; and
- ! \$15 million for the New Jersey Fund for Technology Innovation Program which would provide funds to acquire and upgrade research equipment and recruit top research faculty.

The budget recommendation includes \$5 million in new funding to implement a teacher recruitment initiative which will award stipends of \$5,000 per year for up to five years of teaching service.

Total State aid for the 19 county colleges is recommended to increase from \$191.2 million in FY 2001 to \$203.9 million in FY 2002, a \$12.8 million increase. The aid for operational costs is recommended to increase from \$143.9 million in FY 2001 to \$155.9 million in FY 2002. FY 2002 marks the fourth year of the four-year plan in which direct State operating aid will increase by \$12 million annually. Of the direct State operating aid, one percent of the prior year's operating aid, or \$1.3 million is recommended for performance-based funding.

Direct operating aid for senior public institutions is recommended at \$893.0 million, a \$19.2 million increase over the FY 2001 adjusted appropriation of \$873.8 million. Included in the increase is a 1.5 percent base appropriation adjustment and a 1 percent reserve for performance-based incentive funding that totals \$21.8 million. Also included in the increase is a \$500,000 grant for the New Jersey Institute of Technology to create and organize a Sustainable State Consortium bringing the total increase in the State appropriation to \$22.3 million. The increases are offset by the elimination of legislative initiatives totaling \$3 million that were not continued in the FY 2002 budget recommendations.

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

- ! A \$6.4 million increase for the Tuition Aid Grant Program from \$157.8 million in FY 2001 to \$164.3 million in FY 2002. Over 48,000 students participate in this program. The

## Program Description and Overview (Cont'd)

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;

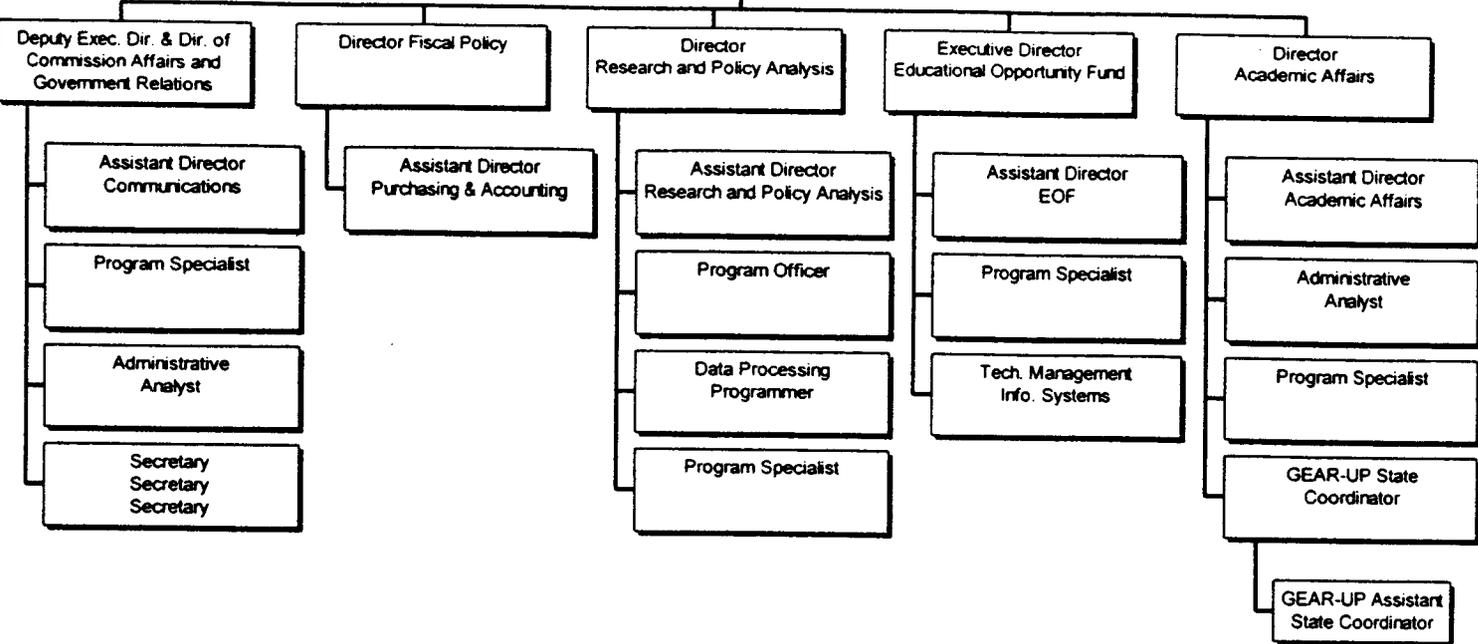
- ! A net decrease of \$3 million for the Statewide Program-Support to Independent Institutions from \$31.1 million to \$28.1 million. The net decrease is attributable to increased funding of \$1.0 million in formula aid to the independent college sector and the elimination of \$4 million added by the Legislature in FY 2001; and
- ! A net increase of \$35.9 million for Miscellaneous Higher Education Programs, including the elimination of \$1.6 million added by the Legislature in FY 2001, and additional funding of \$30.8 million for the State's share of debt service payments for bonds issued to finance the Higher Education Capital Improvement Fund, Higher Education Technology Bond Fund and the Dormitory Safety Trust Fund. Funding for the Equipment Leasing Fund is recommended to decrease by \$1.4 million due to lower projected payments on the bonds. An appropriation of \$10 million is recommended for debt service payments for renovation and construction projects at the Cancer Institute of New Jersey. In FY 2001, a \$5 million appropriation for the Institute was funded off-budget from the Tobacco Settlement Fund.

Federal funding is recommended to increase in FY 2002 by 9 percent to \$20.3 million from \$18.6 million in FY 2001. 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

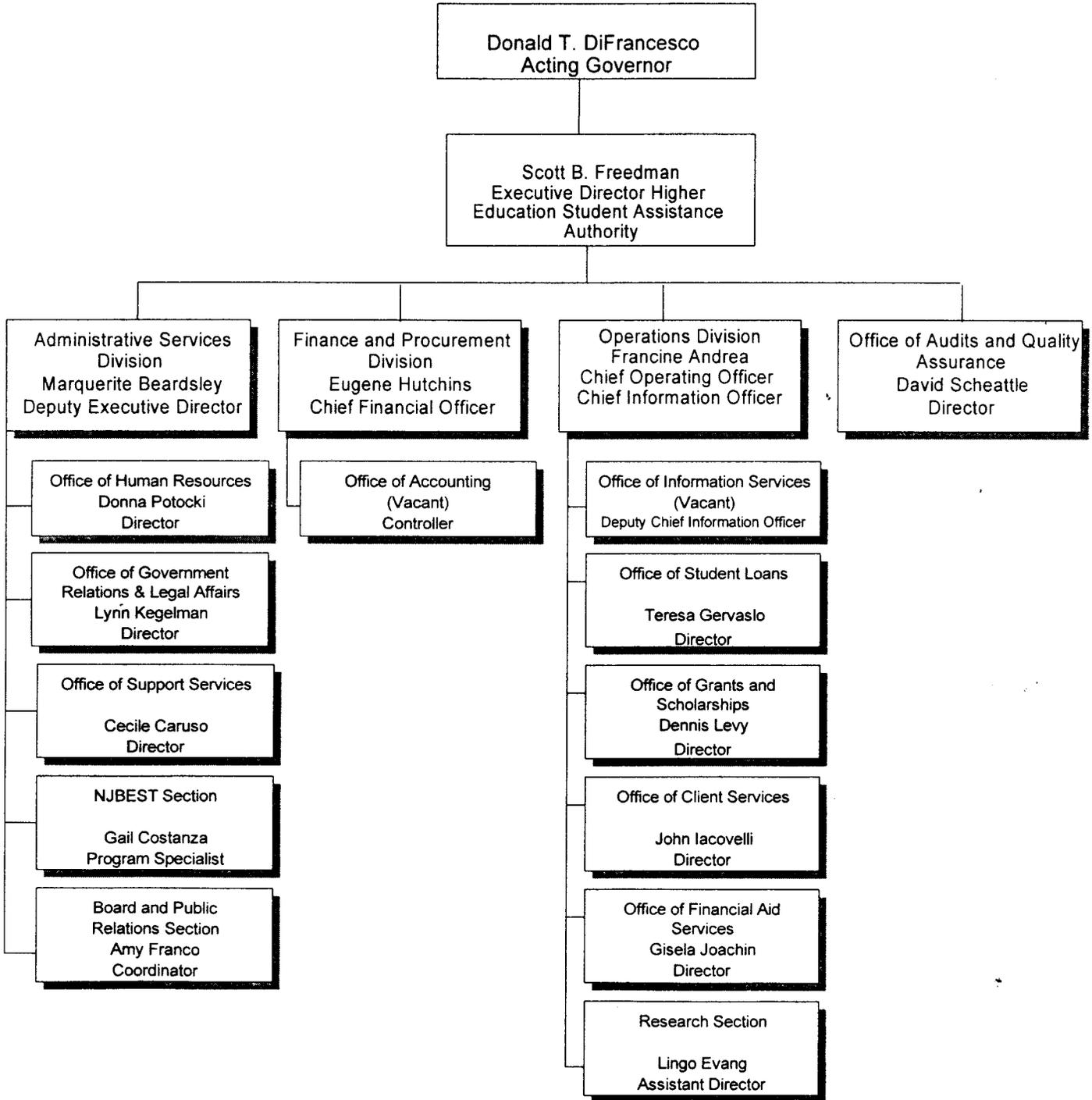
## Commission on Higher Education Organizational Chart

Executive Director



# Organization Chart

## HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY



## Fiscal and Personnel Summary

### AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2000	Adj. Approp. FY 2001	Recom. FY 2002	Percent Change	
				2000-02	2001-02
<b>General Fund</b>					
Direct State Services	\$4,174	\$4,637	\$4,657	11.6%	0.4%
Grants-In-Aid	1,103,245	1,217,943	1,315,915	19.3%	8.0%
State Aid	166,740	163,950	176,713	6.0%	7.8%
Capital Construction	3,177	10,500	10,500	230.5%	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$1,277,336</b>	<b>\$1,397,030</b>	<b>\$1,507,785</b>	<b>18.0%</b>	<b>7.9%</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	27,205	27,205	----	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$27,205</b>	<b>\$27,205</b>	<b>----</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$1,277,336</b>	<b>\$1,424,235</b>	<b>\$1,534,990</b>	<b>20.2%</b>	<b>7.8%</b>
<b>Federal Funds</b>	<b>\$14,502</b>	<b>\$18,586</b>	<b>\$20,252</b>	<b>39.7%</b>	<b>9.0%</b>
<b>Other Funds</b>	<b>\$4,923</b>	<b>\$2,952</b>	<b>\$3,252</b>	<b>(33.9)%</b>	<b>10.2%</b>
<b>Grand Total</b>	<b>\$1,296,761</b>	<b>\$1,445,773</b>	<b>\$1,558,494</b>	<b>20.2%</b>	<b>7.8%</b>

### PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2000	Revised FY 2001	Funded FY 2002	Percent Change	
				2000-02	2001-02
State	49	53	53	8.2%	0.0%
Federal	152	158	188	23.7%	19.0%
All Other	14	13	19	35.7%	46.2%
Colleges and Universities*	19,653	19,653	19,653	0.0%	0.0%
<b>Total Positions</b>	<b>19,868</b>	<b>19,877</b>	<b>19,913</b>	<b>0.2%</b>	<b>0.2%</b>

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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	36.0%	36.0%	36.0%	----	----
Higher Ed. Student Assistance	28.6%	27.5%	27.2%	----	----

**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2001</u>	<u>Recomm.</u> <u>FY 2002</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**

	\$1,163	\$563	(\$600)	(51.6)%	D-381
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In FY 2002, the Governor recommends \$563,000 for the maintenance of the online articulation system known as ARTSYS. This decrease reflects the elimination of one-time costs for acquiring hardware and software as well as staff support. The system is 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.

**Higher  
Education/Business and  
Industry Partnership  
Fund**

	\$0	\$10,000	\$10,000	—	D-381
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New funding of \$10 million is recommended for the Higher Education/Business and Industry Partnership Fund to foster partnerships between the business community and higher education institutions. This program will provide a pool of funds to senior public colleges and universities and private research universities to match private sector research grants in science and technology obtained by the college or university.

**New Jersey Fund for  
Technology Innovation**

	\$0	\$15,000	\$15,000	—	D-381
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New funding of \$15 million is recommended for the New Jersey Fund for Technology Innovation Program. The program would build on the prior efforts of the Biomedical and Other Technology Research Program to encourage research "capacity building" at New Jersey's research universities by providing funds to acquire and upgrade research equipment and to recruit top research faculty.

**Excellence in High  
Technology Workforce**

	\$15,000	\$20,000	\$5,000	33.3%	D-381
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In FY 2002, recommended funding for the Excellence in High Technology Workforce is \$20 million, a \$5 million increase from the \$15 million adjusted appropriation in FY 2001. This program provides competitive grants for public and independent higher education institutions moving toward excellence in technology areas related to targeted priorities. In FY 2001, the Commission on Higher Education received 45 proposals but only 9 awards were granted. Due to the strong response to the program, a \$5 million increase is recommended.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2001</u>	<u>Recomm.</u> <u>FY 2002</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<b>Biomedical and Other Technology Research</b>	<b>\$10,000</b>	<b>\$5,000</b>	<b>(\$5,000)</b>	<b>(50.0)%</b>	<b>D-381</b>

Funding for the Biomedical and Other Technology Research Program is recommended to decrease by 50 percent to \$5 million from the FY 2001 adjusted appropriation of \$10 million. The FY 2001 appropriation assisted the State's six research universities in competing for federal grants in two ways: a matching grant fund for federal grants totaling \$3.5 million and grants to increase research capacity totaling \$6.5 million. In FY 2002, the matching component of this program is increased to \$5 million and the research capacity building component is being shifted to the New Jersey Fund for Technology Innovation. Although the matching fund program was limited to the research universities in FY 2001, all senior public institutions and independent research universities will be eligible in FY 2002.

<b>Teacher Preparation</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>—</b>	<b>D-381</b>
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New funding of \$10 million is recommended to help colleges and universities improve and expand teacher preparation programs. This program focuses on four primary goals: moving the education of teachers to the top of institutional agendas with a focus on the role of arts and science faculty; increasing the State's capacity to produce highly effective teachers; improving teacher preparation and professional development; and expanding collaborative efforts with preschool through grade 12 schools in areas such as curriculum development, mentoring and professional development.

**Student Assistance  
Programs:**

<b>Tuition Aid Grants</b>	<b>\$157,844</b>	<b>\$164,257</b>	<b>\$6,413</b>	<b>4.1%</b>	<b>D-386</b>
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Funding for the Tuition Aid Grant Program (TAG) is recommended to increase by \$6.4 million (4.1 percent) from \$157.8 million to \$164.3 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 and independent colleges and universities. These award increases effectively close the gap between TAG award levels and the prior year tuition for the neediest students. TAG will provide 48,195 awards to lower and middle income students, an increase of almost 1,000 grants over the estimate for FY 2001.

<b>Teacher Recruitment</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>—</b>	<b>D-386</b>
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To further the objective of increasing the number of teachers in this State, the Governor recommends new funding of \$5 million to implement a teacher recruitment initiative. This program will help disadvantaged school districts recruit high-achieving teachers in critical disciplines, including pre-school education, mathematics, science, special education and world languages. Stipend amounts of \$5,000 per year for up to five years of teaching service will be paid to each teacher employed through the program at the completion of each full year of satisfactory performance.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2001</u>	<u>Recomm. FY 2002</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
The Dana Christmas Scholarship for Heroism	\$0	\$50	\$50	—	D-386

The Dana Christmas Scholarship for Heroism will fund up to five one-time scholarships of up to \$10,000. The scholarship will be awarded to recipients to recognize their acts of heroism that occurred prior to reaching their 22nd birthday. The scholarship must be used for education expenses at an institution eligible to participate in programs such as the Federal Pell Grant Program and the Supplemental EOF Grant Program as established under Title IV of the federal Higher Education Act, as amended (20 U.S.C. 1088).

Overall State Support for Four-Year State Colleges and Universities	<u>\$884,249</u>	<u>\$903,488</u>	<u>\$19,239</u>	<u>2.2%</u>	D-388 to D-421
Grants-In-Aid-Operational Support	\$873,749	\$892,988	\$19,239	2.2%	D-388 to D-421
Capital Construction	\$10,500	\$10,500	\$0	0.0%	D-388 to D-421

Direct operating aid for senior public institutions is recommended at \$893.0 million, a \$19.2 million net increase over the FY 2001 adjusted appropriation of \$873.8 million. Included in the increase is a 1.5 percent base appropriation adjustment and a 1 percent reserve for performance-based incentive funding that totals \$21.8 million. That increase, along with \$500,000 for a Sustainable State Consortium at the New Jersey Institute of Technology, is offset by the elimination of legislative initiatives totaling \$3.0 million that were not continued in the FY 2002 budget recommendations. In addition, \$335.3 million is recommended for salary increases and fringe benefits for these institutions.

In FY 2002, capital funding of \$6.5 million at Montclair State University for land acquisition is eliminated. That funding was added by the Legislature. Capital funding of \$10.5 million is recommended in FY 2002 for Rutgers University for the construction of a bioengineering building, a human genetics biomaterial building and also includes a \$1.5 million increase for athletic facilities.

The following is a listing of the total recommended appropriation for the support of the individual senior public institutions.

Rutgers, The State University	\$314,958	\$328,197	\$13,239	4.2%	D-388 to D-391
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## Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2001</u>	<u>Recomm. FY 2002</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Agricultural Experiment Station	\$26,170	\$26,824	\$654	2.5%	D-392 to D-393
University of Medicine and Dentistry of New Jersey	\$195,254	\$198,434	\$3,180	1.6%	D-393 to D-396
New Jersey Institute of Technology	\$52,872	\$54,694	\$1,822	3.4%	D-396 to D-399
Thomas Edison State College	\$6,116	\$6,269	\$153	2.5%	D-399 to D-401
Rowan University	\$39,146	\$40,063	\$917	2.3%	D-401 to D-403
New Jersey City University	\$32,751	\$33,570	\$819	2.5%	D-404 to D-406
Kean University	\$39,315	\$40,195	\$880	2.2%	D-406 to D-409
William Paterson University of New Jersey	\$41,507	\$42,545	\$1,038	2.5%	D-409 to D-411
Montclair State University	\$53,374	\$48,046	(\$5,328)	(10.0)%	D-411 to D-414
The College of New Jersey	\$38,527	\$39,285	\$758	2.0%	D-414 to D-416
Ramapo College of New Jersey	\$20,558	\$21,072	\$514	2.5%	D-416 to D-418
Richard Stockton College of New Jersey	\$23,701	\$24,294	\$593	2.5%	D-419 to D-421

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2001</u>	<u>Recomm. FY 2002</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Aid to Independent Colleges and Universities	\$25,245	\$26,245	\$1,000	4.0%	D-460
Aid to Independent Colleges and University is recommended at \$26.2 million, a \$1 million increase over the FY 2001 adjusted appropriation of \$25.2 million. 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.					
Multi-Purpose Regional Activity Center-Monmouth University	\$3,500	\$0	(\$3,500)	(100.0)%	D-460
Institute of Law and Mental Health-Seton Hall University	\$190	\$0	(\$190)	(100.0)%	D-461
Acceleration in Computer Science for Minority Students-Monmouth University	\$5	\$0	(\$5)	(100.0)%	D-461
Discrete Mathematics and Computer Science Center-Institute for Advanced Study	\$150	\$100	(\$50)	(33.3)%	D-461
Institute for Advanced Study - Park City Mathematics Institute	\$150	\$100	(\$50)	(33.3)%	D-461
Research Under Contract with the Institute of Medical Research, Camden	\$1,000	\$787	(\$213)	(21.3)%	D-461

Total funding of \$4.0 million was added by the Legislature in FY 2001 for the above purposes and is not recommended for continuation in FY 2002.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2001</u>	<u>Recomm.</u> <u>FY 2002</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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**Miscellaneous Higher Education Programs:****Higher Education****Capital Improvement**

<b>Program-Debt Service</b>	<b>\$8,161</b>	<b>\$32,866</b>	<b>\$24,705</b>	<b>302.7%</b>	<b>D-461</b>
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An appropriation of \$32.9 million is recommended to fund the State's share of the estimated third 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 projects at independent institutions.

**Equipment Leasing**

<b>Fund-Debt Service</b>	<b>\$19,267</b>	<b>\$17,868</b>	<b>(\$1,399)</b>	<b>(7.3)%</b>	<b>D-461</b>
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The appropriation to fund the State's share of debt service costs for bonds issued under the "Higher Education Equipment Leasing Fund Act," P.L. 1993, c.136, is recommended to decrease by 7.3 percent due to a reduction in projected debt service payments. The original law authorized the New Jersey Educational Facilities Authority (EFA) to issue bonds in an outstanding principal amount of \$100 million to support the purchase of scientific, engineering, technical, computer, communication and institutional equipment at higher education institutions. The State pays 75 percent of the debt service costs and the institution pays 25 percent. According to the Budget-In-Brief, the Equipment Leasing Fund will be renewed in FY 2002. The original \$100 million in bonds have been issued and retired and therefore the EFA will re-issue \$100 million in bonds. The FY 2002 recommended appropriation of \$17.9 million will fund debt service payments associated with the bonds.

**Higher Education****Technology Bond-Debt**

<b>Service</b>	<b>\$6,373</b>	<b>\$6,400</b>	<b>\$27</b>	<b>0.4%</b>	<b>D-461</b>
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The recommended appropriation for debt service payments on the \$55 million Higher Education Technology Infrastructure Bond Program established pursuant to P.L. 1997, c.238 is \$6.4 million. This amount represents the scheduled principal and interest payments for FY 2002. Under the program, the EFA is authorized to issue bonds totaling \$55 million, \$50 million of which will 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. The higher education 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.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2001</u>	<u>Recomm. FY 2002</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Dormitory Safety Trust Fund-Debt Service	\$3,000	\$9,095	\$6,095	203.2%	D-462

The FY 2002 budget includes \$9.1 million for debt service payments under the "Dormitory Safety Trust Fund Act," P.L. 2000, c.56. That law authorized the New Jersey Educational Facilities Authority to issue \$90 million in bonds to finance loans to eligible public and private secondary schools, military schools and boarding schools and public and independent institutions of higher education to install fire suppression systems in dormitories located at the school or institution.

The Walter Rand Institute for Public Affairs at Rutgers University	\$75	\$0	(\$75)	(100.0)%	D-462
Gloucester County College-Road to Success	\$250	\$0	(\$250)	(100.0)%	D-462
Cumberland Community College- Aquaculture Technology Center	\$150	\$0	(\$150)	(100.0)%	D-462
Chair in Educational Leadership -Rowan University	\$100	\$0	(\$100)	(100.0)%	D-462
Centenary College- Educational Technology Center	\$1,000	\$0	(\$1,000)	(100.0)%	D-462
Ocean County Community College- Camp Viking	\$50	\$0	(\$50)	(100.0)%	D-462

Total funding of \$1.6 million for the above purposes was added by the Legislature in FY 2001 and is not recommended for continuation in FY 2002.

Community Athletic Complex-Rutgers University	\$2,000	\$0	(\$2,000)	(100.0)%	D-462
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Rutgers University received a \$2 million appropriation for the construction of a 6,000 seat baseball stadium and community park along the Camden Waterfront. Under the proposal, the Cooper's Ferry Development Association would own the facility during the construction before turning it over to Rutgers University. The stadium's baseball team (the Riversharks) would lease it back for 40

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2001</u>	<u>Recomm.</u> <u>FY 2002</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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years and pay the City of Camden 50 cents for each fan in attendance in lieu of taxes. The stadium's first game is scheduled for May 11, 2001.

<b>Cancer Institute of New Jersey</b>	\$0	\$10,000	\$10,000	—	D-462
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Although no dollar amount is shown in the budget document for FY 2001, the Cancer Institute of New Jersey, which is affiliated with the University of Medicine and Dentistry of New Jersey, received \$5 million in FY 2001 for debt service payments incurred for renovation and construction at its three locations. The debt service payments were funded through an "off budget" account supported by tobacco settlement revenue. In FY 2002, the Governor recommends a 100 percent increase to \$10 million for the debt service payments.

<b>Henry John Raimondo Chair in Urban Public Policy Research at New Jersey City University</b>	\$0	\$75	\$75	—	D-462
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The Henry John Raimondo Chair in Urban Public Policy Research was established pursuant to P.L. 2000, c.41 at New Jersey City University to support research, teaching, lectures and policy analysis on public policy issues of critical importance to the economic revitalization of urban New Jersey. This appropriation continues the level of funding that was included in the enabling legislation.

**State Aid:**

<b>County College Operational Costs</b>	\$143,884	\$155,884	\$12,000	8.3%	D-463
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State aid for the operational costs of the county colleges is recommended to increase by \$12 million from \$143.9 million in FY 2001 to \$155.9 million in FY 2002. The recommended appropriation represents the fourth 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 2001 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.

<b>Additional Health Benefits</b>	\$3,259	\$4,285	\$1,026	31.5%	D-463
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The Governor proposes a 31.5 percent, or \$1 million increase from \$3.3 million in FY 2001 to \$4.3 million in FY 2002, 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 2001</u>	<u>Recomm. FY 2002</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Federal Funds:</b>					
<b>Statewide Planning and Coordination for Higher Education</b>	<b>\$1,653</b>	<b>\$1,978</b>	<b>\$325</b>	<b>19.7%</b>	<b>D-382</b>

Federal funds are anticipated to increase by \$325,000 from \$1.7 million in FY 2001 to \$2 million in FY 2002. The increase represents funding for additional scholarships under the New Jersey's GEAR UP State Project. GEAR UP focuses on ten middle and seven high schools in four of the State's most distressed urban cities by providing students with encouragement, academic and support services and funding to pursue undergraduate education. The scholarship component provides participants with a \$3,000 NJ GEAR UP award for completion of the program and enrollment in a New Jersey college or university.

<b>Student Assistance Programs</b>	<b>\$16,933</b>	<b>\$18,274</b>	<b>\$1,341</b>	<b>7.9%</b>	<b>D-386</b>
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Federal funds for Student Assistance Programs are anticipated to increase by \$1.3 million or 8 percent from \$16.9 million in FY 2001 to \$18.3 million in FY 2002. Of that increase, \$1 million is recommended for increased administrative costs for the oversight of federal loan programs and \$341,000 is recommended for the Leveraging Educational Assistance Partnership. This program provides federal matching funds to supplement the Tuition Aid Grant Program.

<b>Other Funds</b>	<b>\$2,952</b>	<b>\$3,252</b>	<b>\$300</b>	<b>10.2%</b>	<b>D-386</b>
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Special revenue funds are anticipated to increase by \$300,000 from \$2.95 million in FY 2001 to \$3.25 million in FY 2002. The increase will fund additional operating costs incurred by the Higher Education Student Assistance Authority to administer the New Jersey Loans to Assist State Students (NJCLASS) Program's growing portfolio, which is made up of approximately 38,800 borrowers.

## Language Provisions

### 2001 Appropriations Handbook

B-172

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

### 2002 Budget Recommendations

D-382

An amount not to exceed \$30,000 of the Excellence in High Technology Workforce account is available for the administrative expenses of this program.

#### Explanation

This language increases the amount the Commission on Higher Education may use for the administrative expenses of the Excellence in High Technology Workplace Program to \$30,000. The increased appropriation would provide for the administrative expenses associated with reviewing proposals, overseeing the grants and other related activities.

### 2001 Appropriations Handbook

No comparable language.

### 2002 Budget Recommendations

D-382

The unexpended balances as of June 30, 2001 in the Biomedical and Other Technology Research account is appropriated for the same purpose.

#### Explanation

This language provision authorizes the reappropriation of any unspent monies remaining in the Biomedical and Other Technology Research account at the end of FY 2001. According to the Commission of Higher Education, there can be a significant delay between the time a grant application is submitted to the federal government and the time an award is announced. In the event an institution is unsuccessful, the proposed language will enable the commission to redirect State funds to match other grant applications.

### 2001 Appropriations Handbook

No comparable language.

### 2002 Budget Recommendations

D-382

An amount not to exceed \$45,000 of the Biomedical and Other Technology Research account is available for transfer to Direct State Services for the administrative expenses of this program, as determined by the Director of the Division of Budget and Accounting.

## Language Provisions (Cont'd)

### Explanation

This language provides up to \$45,000 for the administrative expenses associated with the review of proposals, oversight of grants and other necessary activities under the Biomedical and Other Technology Research Program. The program assists the State's six research universities in competing for federal grants by providing either a matching grant fund for federal funds or grants to increase research capacity.

#### 2001 Appropriations Handbook

No comparable language.

#### 2002 Budget Recommendations

D-382

An amount not to exceed \$20,000 of the Teacher Preparation account is available for transfer to Direct State Services for the administrative expenses of this program, as determined by the Director of the Division of Budget and Accounting.

### Explanation

This language provides up to \$20,000 for the administrative expenses associated with reviewing proposals and other related activities under the Teacher Preparation Program. The program will assist colleges and universities in improving and expanding teacher education programs.

#### 2001 Appropriations Handbook

B-173

Notwithstanding the provisions of any law to the contrary, the Higher Education Student Assistance Authority 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

#### 2002 Budget Recommendations

D-387

Notwithstanding the provisions of any law to the contrary, the Higher Education Student Assistance Authority shall provide to all qualified applicants for full-time Tuition Aid Grants 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

## Language Provisions (Cont'd)

2001 Appropriations Handbook

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.

2002 Budget Recommendations

Partnership funds. Reappropriated balances shall be held as a contingency for unanticipated increases in the number of applicants qualifying for full-time Tuition Aid Grant awards or to fund shifts in the distribution of awards that result in an increase in total program costs.

Explanation

The FY 2001 and 2002 budget language authorizes the increases which are made annually in Tuition Aid Grant (TAG) award amounts. This language was modified to restrict its applicability to Tuition Aid Grants for full-time students in anticipation of the establishment of the Part-Time Tuition Aid Grant program.

2001 Appropriations Handbook

No comparable language

2002 Budget Recommendations

## D-387

The amount appropriated hereinabove for the Teacher Recruitment program shall be paid as stipends to new teachers in accordance with provisions established by the Higher Education Student Assistance Authority (HESAA) in consultation with the Commissioner of Education. The stipends may only be provided to new provisionally certified teachers who have graduated with at least a 3.0 G.P.A. from an approved teacher education program or with a baccalaureate degree from an approved institution with a least a 3.0 G.P.A., and who agree to teach preschool in a district defined as an Abbott district under section 3 of P.L. 1996,c. 138 (C.18A:7F-3), or for a community provider under contract with an Abbott district to provide preschool programs to 3 and 4 -year-old children, or to teach mathematics, science, special education with a teacher of the handicapped endorsement, or world languages, in a district eligible for funding pursuant to section 16 of P.L. 1996, c.138 (C.18A:7F-16). Stipends of \$5,000 per year for up to five years of teaching service may be provided to qualified eligible recipients. For teachers to be

## Language Provisions (Cont'd)

### 2001 Appropriations Handbook

### 2002 Budget Recommendations

eligible, the school districts in which they are working or in which they are employed by a community provider under contract with the district must enter into a participation agreement with HESAA and the district must provide, in a manner specified by HESAA, information regarding the teachers qualified for stipends working in said district and certifications of completion of each full year of teaching service. Stipends, in general, may only be paid upon satisfactory completion of each full year of teaching service and will be contingent upon the teacher's completion of all applicable professional development requirements and other conditions of employment, such as satisfactory evaluations by supervisors. Of the amount appropriated hereinabove, up to \$175,000 is available for transfer to the Direct State Services accounts of HESAA for the administrative expenses of this program, subject to the approval of the Director of Budget and Accounting.

### Explanation

The recommended FY 2002 appropriation for the Teacher Recruitment program is \$5 million. The Teacher Recruitment program awards stipends of \$5,000 per year for up to five years of teaching service through the program. The recommended FY 2002 budget language provides the program guidelines. This language also provides up to \$175,000 for the administrative expenses associated with the Teacher Recruitment Program.



### 2001 Appropriations Handbook

### 2002 Budget Recommendations

#### D-387

No comparable language.

The amount appropriated hereinabove for the Dana Christmas Scholarship for Heroism shall be awarded in accordance with policies and procedures established by the Higher Education Student Assistance Authority. In general, recipients must have performed the act of heroism for which they are being recognized prior to reaching their twenty-second birthday, awards are for a one time

## Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

only scholarship of up to \$10,000 and awards must be used for educational expenses related to attendance at a postsecondary institution that participates in the federal student assistance programs authorized under Title IV of the Higher Education Act of 1965, as amended. (20 U.S.C. 1088).

Explanation

The recommended FY 2002 appropriation for the Dana Christmas Scholarship for Heroism is \$50,000. The recommended appropriation will fund up to five one-time scholarships of up to \$10,000. The scholarship, which must be used for education expenses, will be awarded to recipients to recognize their acts of heroism that occurred prior to reaching their 22nd birthday. The recommended FY 2002 budget language provides the program guidelines.

2001 Appropriations Handbook2002 Budget Recommendations

B-174

D-393

Of the sums hereinabove appropriated for the New Jersey Agricultural Experiment Station, there is \$900,000 for Pari-Mutuel programs, \$243,000 for Blueberry and Cranberry Research, \$695,000 for the Snyder Farm Planning and Operation, and \$500,000 for Fruit Research. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

Of the sums hereinabove appropriated for the New Jersey Agricultural Experiment Station, there is \$900,000 for Pari-Mutuel programs, \$250,000 for Blueberry and Cranberry Research, \$691,000 for the Snyder Farm Planning and Operation, and \$500,000 for Fruit Research. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

Explanation

The FY 2002 budget language increases the recommended appropriation for the Blueberry and Cranberry Research from \$243,000 in FY 2001 to \$250,000 in FY 2002 to fund equipment and facility improvements. These funds would also partially support high priority research and outreach programs. This budget language also reduces the appropriation for the Snyder Farm from \$695,000 in FY 2001 to \$691,000 in FY 2002. These funds will support a research station at the Snyder Farm.

## Language Provisions (Cont'd)

2001 Appropriations Handbook

B-174

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 benefit costs equal to enhanced Medicaid inpatient hospital payments for a nominal charge hospital.

2002 Budget Recommendations

D-396

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 benefit costs equal to enhanced Medicaid inpatient hospital payments for a hospital that has been recognized as a nominal charge hospital for the three years prior to June 30, 2000.

Explanation

Until July 1, 2000, UMDNJ was classified as the only "nominal charge provider" in the State. As a nominal charge provider, UMDNJ's charges for outpatient care were below its cost for providing those services. For each year that UMDNJ was a nominal charge provider, Medicaid would make a final payment to UMDNJ that would bring its reimbursement for medical services up to the cost of providing those services. In FY 2001, the disproportionate share hospital (DSH) costs eligible for reimbursement were over the federal limit. In order to maximize federal DSH, the State will make enhanced Medicaid payments to UMDNJ up to \$52 million and increase by the same amount the fringe benefit costs UMDNJ reimburses to the State. The recommended budget language continues the above arrangement even though UMDNJ, as of July 1, 2000, is no longer classified as a nominal charge provider.

2001 Appropriations Handbook

No comparable language.

2002 Budget Recommendations

D-399

Of the amount appropriated hereinabove for the Sustainable State project, funding for this program will be released subject to the execution of a memorandum of understanding between NJIT and the Department of Treasury.

Explanation

In FY 2002, the budget recommends a \$500,000 grant for the New Jersey Institute of Technology (NJIT) to create and organize a Sustainable State Consortium. The Governor recommends that the consortium, originally created in 1990, re-convene to bring together researchers, business people and environmentalists for the development of goals, indicators and targets of sustainable State development. The purpose of this program is to make New Jersey a sustainable State by focusing on twelve goals: economic vitality, equity, strong community, culture and recreation, quality education, good government, decent housing, healthy people, efficient transportation and land use, natural and ecological integrity, protected natural resources and minimal pollution and waste. This language prohibits the distribution of the grant until a memorandum of understanding is reached between NJIT and the Department of Treasury.

## Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

B-175

The unexpended balance as of June 30, 2000 in the Smart Gun Technology Development account is appropriated for the same purpose. No comparable language.

Explanation

The funding for Smart Gun Technology Development and corresponding carryforward language are not recommended for FY 2002. In FY 2000, the State provided the New Jersey Institute of Technology with a \$1 million grant to analyze the scientific feasibility of personalized weapons technologies and to estimate time frames for implementation of such technology.

2001 Appropriations Handbook2002 Budget Recommendations

B-177

In addition to the amount appropriated hereinabove for Montclair State University - Land Acquisition, there is appropriated a sum not to exceed \$3,500,000 to provide a zero interest loan to Montclair State University for the same purpose. No comparable language.

Explanation

The budget language for Land Acquisition at Montclair State University is not recommended for FY 2002. Funding for this purpose was added by the Legislature in FY 2001. Montclair University, which is the State's second largest university, received a \$6.5 million FY 2001 capital appropriation to purchase land adjacent to its campus (\$3 million in capital funding and \$3.5 million in budget language). The university plans to build a student housing complex and other essential facilities on the site.

## Discussion Points

1. In FY 2001, Rutgers University received a \$2 million appropriation 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 was expected to be completed by the Spring of 2001. Continued funding was not recommended in the FY 2002 budget.

- **Question:** Please provide an update on the status of this project.

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 scholarship offered under the program to beneficiaries who attend a college or university located in New Jersey was increased from \$500 up to a maximum of \$1,500. Other program revisions included 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 enrolled in the program. According to evaluation data, enrollees are projected to increase from 5000 to 7500 in FY 2002.

- **Question:** Please evaluate the program's success as a result of the changes implemented in FY 2001. On what information is the projected increase in program participants based? What other changes, if any, are being considered for the NJBEST program? How does the program compare to plans in other states since the changes have been adopted?

3. In FY 2001, the Excellence in High Technology Workforce and the Biomedical and Other Technology Research programs were established. In FY 2002, funding of \$20 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, mathematics and sciences. The Governor is also recommending \$5 million 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 identify FY 2001 grant recipients for each program and for what specific purpose the grants were awarded.

4. For FY 2002, a total of \$10.0 million is recommended for performance funding for the senior institutions (\$8.7 million) and the county colleges (\$1.3 million). In FY 2001, a total of \$9.6 million was appropriated for this purpose. 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 is not 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. Of the \$7.5 million allocated to the senior institutions in FY 2000, \$402,000 lapsed to the General Fund.

## Discussion Points (Cont'd)

- **Question:** Please provide data for FY 2000, and if available for FY 2001, indicating how each institution of higher education that received performance funding measured up against the established benchmarks. If a benchmark was partially or not met, indicate the institution, the benchmark and the corrective action that has been taken.

5. According to the New Jersey Association of State Colleges and Universities, New Jersey will have the nation's fifth largest percentage increase in the annual number of high school graduates over the next decade. As a result of this growing demand, the senior institutions are expecting to enroll between 15,000 and 20,000 new students per year. In anticipation of the surge in enrollment, Montclair University, which is the State's second largest university, received a \$6.5 million FY 2001 capital appropriation to purchase land adjacent to its campus (\$3 million in capital funding and \$3.5 million in budget language). The university plans to build a student housing complex and other essential facilities on the site. No additional funding was recommended for this purpose in the FY 2002 budget.

- **Question:** Please specify the types of facilities planned for construction at Montclair University and the cost of each. What is the anticipated completion date of the project? What steps are being considered at the State and institutional levels to accommodate the growing enrollment at this and other institutions of higher education?

6. In FY 2001, the Cancer Institute of New Jersey, which is affiliated with the University of Medicine and Dentistry of New Jersey, received \$5 million for debt service payments incurred for renovation and construction at its three locations. The debt service payments were funded through an "off budget" account supported by tobacco settlement revenue. In FY 2002, the Governor recommends a 100 percent increase to \$10 million for the debt service payments.

- **Question:** Please describe the renovation and construction projects taking place at the Cancer Institute of New Jersey. What is the current status of those projects and what are the expected completion dates?

7. The Dana Christmas Scholarship for Heroism will annually fund up to five one-time scholarships of up to \$10,000 to individuals recognized for acts of heroism. The recipients must have performed their act of heroism prior to reaching their 22nd birthday and the scholarship must be used for education expenses at an institution eligible to participate in programs established under Title IV of the federal Higher Education Act.

- **Question:** How will individuals eligible to receive a scholarship be identified and what entity will be responsible for identifying scholarship recipients?

8. In FY 2001, the "Dormitory Safety Trust Fund Act," P.L. 2000, c.56, was enacted requiring the installation of fire sprinklers in all public and private high school dormitories and college and university dormitories in New Jersey within three years. The law authorized the New Jersey Educational Facilities Authority to issue up to \$90 million in bonds to finance the retrofitting of dormitories with sprinkler systems. Under the law, the State pays two-thirds of the cost of the debt service on the bonds issued to finance retrofitting at the public high schools and public institutions of higher education, and one-half of the debt service for bonds issued for projects at the private high schools and independent colleges. Many of the institutions began the retrofitting work when the issuance of the bonds was delayed by the filing of a lawsuit (recently dismissed by a Superior Court judge in Hackensack) challenging the legality of these bonds.

## Discussion Points (Cont'd)

- **Question:** Please provide an update of the progress to date and the costs incurred by each institution for retrofitting of dormitories. How will the reimbursements to the institutions for work that has been performed to date be administered? What impact has the retrofitting of dormitories had on fees charged to residents?
9. The Outstanding Scholar Recruitment Program (OSRP) provides public and independent institutions of higher education with campus-based funding to recruit high achieving New Jersey students as measured by class rank and SAT scores. The maximum OSRP award is \$7,500 for students with SAT scores above 1,500 and a class rank in the top 5 percent. The award amount decreases to \$2,500 for students with SAT scores between 1,350 and 1,390 and class ranks between the 85th and 89th percentiles. In FY 2001, 4,256 students received merit scholarships under the program which includes three cohorts of students. The FY 2002 budget recommendation of \$11,400,000 will fund a total of four student cohorts and an estimated 4,576 awards including 1,462 freshman awards. Over \$442,000 from the program lapsed at the close of FY 2000.
- **Question:** Please provide the number of the students who received full scholarships and students who received partial scholarships in FY 2001 and what institutions they attended? Please describe the reason why over \$442,000 lapsed at the close of FY 2000 and what, if any, is the projected lapse for FY 2001.

## Background Paper: Prepaid Tuition Plans

Pending legislation would establish the New Jersey Prepaid Higher Education Expense Program. This program would provide a mechanism through which the cost of tuition may be paid in advance of enrollment in an institution of higher education at a rate lower than the cost at the time of actual enrollment. The legislation was introduced to address the concerns of parents about the continually escalating costs of higher education and the lack of effective savings strategies.

According to the National Commission on the Cost of Higher Education, between 1976 and 1996, the average tuition at a public four-year college or university increased 390 percent; during the same period, the median household income rose only 82 percent. Given this trend, families must begin saving for college expenses when their children are young. Although college savings plans, including NJBEST, have become a popular State-sponsored mechanism for college savings, parents are uncertain of the amount of money they will need when their children reach college age. In response to this concern, a number of states have established prepaid tuition programs.

In 1997, New Jersey established the New Jersey Better Educational Savings Trust Program (NJBEST). NJBEST provides residents with a mechanism to plan for the costs of college attendance by making regular contributions on behalf of a designated beneficiary to an account established through the New Jersey Higher Education Student Assistance Authority. Funds in the trust account are then invested by the New Jersey Department of Treasury-Division of Investment with the principal and investment income to be used to fund the future higher education expenses of the designated beneficiary. The New Jersey Prepaid Higher Education Expense Program will provide another college savings mechanism for parents.

Under a prepaid tuition program, a purchaser enters into a contract for the purchase of a specified number of credit hours. Moneys received under advance payment contracts are combined and invested in a manner that is intended to yield sufficient interest to generate the difference between the prepaid amount and the required tuition at the time of the beneficiary's enrollment in an institution of higher education.

The pending legislation establishes a NJBEST and Prepaid Higher Education Expense Board. The board will be responsible for the operation of the New Jersey Prepaid Higher Education Expense Program as well as NJBEST, whose administration is transferred to the board. Funds remitted in accordance with advance payment contracts will be deposited into the Prepaid Higher Education Expense Trust Fund which is also established under the bill.

The New Jersey Prepaid Higher Education Expense Program includes the following provisions:

- ! The program offers two independent plans, a county college plan and a university plan. Under the county college plan, the advance payment contract will provide prepaid tuition for a specified number of undergraduate credit hours not to exceed the maximum number of hours required to receive an associate degree. Under the university plan, the advance payment contract will provide prepaid tuition for a specified number of undergraduate credit hours not to exceed the maximum number of hours required to receive a baccalaureate degree.
- ! The legislation permits a county college plan or a university plan to be applied toward any in-state public or independent institution of higher education or eligible out-of-state institution. If the student enrolls in an independent or eligible out-of-state institution of

## Background Paper: Prepaid Tuition Plans (Cont'd)

higher education, the board will transfer to these institutions an amount not to exceed the weighted average tuition purchased under the advance payment contract. If the costs of attendance are less than the weighted average tuition purchased under the advance payment contract, then the amount transferred may not exceed the actual cost of tuition.

- ! The legislation guarantees admission into a public college or university to a program beneficiary who graduates from high school with at least a B cumulative grade point average or who graduates in the top 15 percent of his high school graduating class provided the student meets all of the institution's requirements for admittance.
- ! The legislation amends the State gross income tax code to include the New Jersey Prepaid Higher Education Expense Program as a qualified State tuition program under which the earnings are not included in gross income until they are distributed from the account.
- ! The legislation guarantees that if the moneys in the Prepaid Higher Education Expense Trust Fund are insufficient to offset the obligations of the board, then the State would meet those obligations. However, the State Treasurer may discontinue the program if it is determined that the program is financially infeasible.
- ! If the program is discontinued, a qualified beneficiary who has been accepted by and is enrolled, or is within five years of enrollment, in an institution of higher education will be entitled to exercise the benefits for which the beneficiary has contracted. All other contract holders will receive a refund of the amount paid into the fund.

Section 529 of the federal Internal Revenue Code provides that under a prepaid tuition program, the federal tax obligation is deferred until the beneficiary enrolls in college and then the tax is levied on the student who benefits from the plan, not the parents. This offers additional tax savings, since the student's tax bracket will most likely be lower than the parents' tax bracket. The annual increase in a prepaid tuition contract's value is not subject to annual capital gains tax and contributions to a beneficiary's plan are not subject to gift taxes. Prepaid tuition plan benefits are only afforded favorable tax status so long as the funds are used at non-profit public or independent institutions of higher education.

There are many considerations to be weighed when deciding to invest in a prepaid tuition plan. Many plans may be used only at public colleges and universities, with only a few states extending the plans to selected in-state independent or out-of-state colleges and universities. If the student attends a non-participating or out-of-state school or decides not to go to college, the family will get back what it originally contributed, with (depending on the state) a reduction or elimination of compounded interest and sometimes even a cancellation penalty. As indicated above, funds invested in the New Jersey Prepaid Higher Education Expense Program could be used at independent or out-of-state institutions of higher education.

In addition to possible restrictions on choice of college, a key consideration in making a determination to enroll in a prepaid tuition program is that of risk versus return. Proponents of prepaid tuition plans argue that such plans represent a low risk when compared with stocks and bonds. Critics of prepaid tuition plans counter that such plans encourage parents to save for their children's education and offer them peace of mind in regard to future college costs but are not necessarily the best way to save for college and that other investments can offer a greater rate of return.

There is concern that existing prepaid tuition programs underestimate future tuition costs,

## Background Paper: Prepaid Tuition Plans (Cont'd)

which could make the trust fund insolvent or force the state to spend additional funds to keep it sound. In New Jersey, tuition rates are set by the individual institutions. If the rate of increase outpaces program assumptions and the return on investments cannot meet those increases, then the price of future contracts will have to rise at a rate which may make the program unattractive to future investors. As indicated above, under the pending legislation, the State Treasurer may discontinue the program if he determines it to be financially infeasible.

Another issue associated with prepaid tuition plans is a negative impact on eligibility for federal student aid. According to "The Smart Student Guide to Financial Aid," any investment is likely to impact a student's eligibility for need-based financial aid. The Guide indicates that, in effect, every dollar saved in a prepaid tuition plan reduces eligibility for federal student financial aid by a dollar. This is in contrast with assets saved in a parents' name, which reduces eligibility by, at most, 5.6 percent, and assets saved in the student's name, which reduces aid eligibility by 35 percent. However, the impact of prepaid tuition plans on eligibility for state aid is often much more favorable. Several states have provisions that shelter the savings from the state need analysis process. For instance, in New Jersey, funds up to \$25,000 would not be considered in evaluating the financial needs of a program participant enrolled in a New Jersey college or university. Those funds also would not be considered a financial resource or a form of financial aid in determining a student's eligibility for a scholarship, grant or monetary assistance awarded by the State.

Despite the criticism of prepaid tuition programs, supporters contend that these programs provide an investment vehicle for parents, grandparents and others that guarantee a return on their investment sufficient to pay for a specific amount of tuition in years to come. By pooling investor funds and gaining a certain market leverage, a well-run prepaid tuition fund can get a better return on the money than individual investors. Proponents of prepaid tuition programs contend that if well run, these programs can anticipate future tuition levels and predict with relative certainty how much has to be paid out at a certain time in the future so that a state's prepaid tuition program should be self-funding and require no state appropriation to operate.

Helping families save for higher education is a crucial issue facing policy makers and higher education officials. Supporters of prepaid tuition programs feel that despite any limitation associated with such programs, they serve to focus a family's attention on the need to save for college. If parents can be encouraged to create "new" savings for future college expenses, both students and higher education institutions will benefit.

## Background Paper: Part-Time Tuition Aid Grant Program

The State's primary need-based student aid is provided through the Tuition Aid Grant Program (TAG), which reduces tuition costs for nearly one-third of all New Jersey undergraduates attending public and independent colleges and universities in New Jersey. TAG participants currently include over 48,000 full-time students and 750 part-time students participating in the State's Educational Opportunity Fund Program. Grant awards are based on several factors: an applicant's financial need, the institution's tuition charge, the number of eligible applicants and the total funds available.

The FY 2002 recommended appropriation for the TAG Program is \$164,257,000 which will fund maximum academic year 2001-2002 TAG awards at FY 2000-2001 tuition levels at public institutions, and the first 3 percent of FY 2001-2002 tuition increases with comparable increases at independent institutions. These award increases effectively close the gap between TAG award levels and prior year tuition for the neediest students. TAG will provide 48,195 awards to lower and middle income students, an increase of almost 1,000 grants over the estimate for FY 2001.

In recent years, there has been increased interest to extend the TAG Program to the most economically disadvantaged part-time students, without limiting funds for those who attend college full-time. In FY 2000, a California-based consultant, Samuel Kipp, worked with Rutgers University's Eagleton Institute in conducting a study of the needs of the State's part-time student population. The study found that New Jersey is one of the few states in the nation that excludes part-time college students from state tuition aid grants. The study also revealed that the majority of part-time students who apply for help received assistance through non-state sources such as federal Pell Grants, federal campus-based aid such as work study, federal student loans and institutional grants and scholarships. According to the report, one in five students who chose not to enroll in college indicated that a lack of funds was a major factor in the decision not to attend. The study also indicated that more than 60 percent of part-time students do not apply for financial aid and, while students report borrowing, they generally do not take advantage of the favorable terms offered through State and federal student loan programs.

Based on the study's findings, the Higher Education Student Assistance Authority (HESAA), which administers the TAG Program, adopted a recommendation to extend eligibility under the TAG Program to part-time students. This program would be funded separately from the existing TAG Program to ensure that funding for this program would not lead to a reduction in the funding for the full-time tuition aid grants. Legislation has been introduced to expand the TAG Program to part-time students. The legislation requires HESAA to annually compile information on the number of part-time students that apply for a grant, the amount of the awards provided to these students and any other information necessary to evaluate the adequacy of the funding for the part-time TAG Program.

Part-time grant awards would be prorated against the full-time grant awards as follows: an eligible student enrolled on a half-time basis would receive a part-time tuition aid grant award equal to one-half of the value of the student's full-time award and an eligible student enrolled on a three-quarter time basis would receive a part-time tuition aid grant award equal to three-quarters of the student's full-time award. In academic year 2000-2001, the maximum grants awarded to full-time students ranged from \$1,834 for the neediest students at county colleges to \$7,074 for the neediest students at independent institutions of higher education. Estimates by HESAA place the potential costs of a part-time TAG Program between \$9.8 million and \$11 million to fund an estimated 8,172 first year part-time awards at 50 percent of the value of full-time awards.

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Individuals wishing information and committee schedules on the FY 2002 budget are encouraged to contact:

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