

**ANALYSIS OF THE NEW JERSEY BUDGET**

**HIGHER  
EDUCATIONAL  
SERVICES**

**FISCAL YEAR**

**2004 - 2005**

# NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Education Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Osomo A. Thomas.

Questions or comments may be directed to the OLS Education Section (609-984-6843) or the Legislative Budget and Finance Office (609-292-8030).

# HIGHER EDUCATIONAL SERVICES

Budget Pages..... D-315 to D-363; D-391 to D-399

## Fiscal Summary (\$000)

	Expended FY 2003	Adjusted. Appropriation FY 2004	Recommended FY 2005	Percent Change 2004-05
State Budgeted*	\$1,316,060	\$1,382,523	\$1,420,223	2.7%
Federal Funds	19,389	24,876	26,690	7.3%
<u>Other</u>	<u>6,173</u>	<u>4,531</u>	<u>4,933</u>	<u>8.9%</u>
Grand Total	\$1,341,622	\$1,411,930	\$1,451,846	2.8%

\*Data do not include funding for State College and University Employee Benefits from Interdepartmental Accounts.

## Personnel Summary - Positions By Funding Source

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change 2004-05
State	47	44	45	2.3%
Federal	157	162	182	12.3%
Other	13	12	18	50.0%
<u>Colleges &amp; Univ's. **</u>	<u>20,147</u>	<u>20,147</u>	<u>20,147</u>	<u>0.0%</u>
Total Positions	20,364	20,365	20,392	0.1%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 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," P.L. 1994, c.48, the Department and 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 N.J.S.18A:71A-1 et seq. and is responsible for the coordination

## Introduction (Cont'd)

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

## Key Points

- The overall FY 2005 budget recommendation for Higher Educational Services totals \$1.42 billion, a 2.7 percent increase over the FY 2004 adjusted appropriation of \$1.38 billion.

### Higher Educational Services - Department of State

- **Colleges and Universities:** Direct operating aid for senior public institutions of higher education is recommended at \$814.3 million, a \$5.5 million (.7 percent) decrease from the FY 2004 adjusted appropriation of \$819.7 million. The decrease is due to the elimination of one-time funding of \$5.3 million to Rutgers, The State University, \$100,000 to the New Jersey Institute of Technology, and \$100,000 to William Paterson University of New Jersey.
- In addition to operating aid, the FY 2005 recommended budget provides supplementary salary funding (in the Interdepartmental accounts) of \$31.2 million to support a portion of negotiated cost-of-living adjustments (COLAs) and \$496.1 million to cover fringe benefits for employees of the State colleges and universities. Funding for these COLAs has not been provided to the institutions since FY 2002. In aggregate, the FY 2005 recommended salary program and fringe benefit funding totals \$527.3 million, a 16.5 percent (\$73.8 million) increase over the FY 2004 adjusted appropriation.
- The overall level of funding support for State colleges and universities -- operating aid, fringe benefit costs, and salary program funding -- totals \$1.34 billion, an increase of \$68.3 million (5.1 percent) over the FY 2004 adjusted funding level of \$1.27 billion.
- As is the case in FY 2004, no pay-as-you-go capital funding is recommended in FY 2005.
- **Commission on Higher Education:** The total FY 2005 recommended State appropriation of \$42.4 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, continues the FY 2004 funding level.
- **Higher Education Student Assistance Authority (HESAA):** The budget recommends level funding of \$2.3 million for HESAA operations in FY 2005.
- The recommended appropriation for the Tuition Aid Grant Program (TAG) will increase by \$19.3 million (10.8 percent) from \$178.7 million in FY 2004 to \$198 million in FY 2005. The budget indicates that the increase will provide an additional 2,000 awards in the 2004-2005 academic year and will provide award increases above the FY 2004 award level for all TAG recipients. HESAA is directed to provide to students enrolled in public institutions, who are eligible for maximum awards under the TAG Program, an increase above the FY 2004 award amount equal to the difference between the in-state undergraduate 2002-2003 tuition rate for the institution and the institution's in-state undergraduate 2001-2002 tuition

## Key Points (Cont'd)

rate. The Governor's recommended budget also includes language (p.D-328) that requires the public institutions to provide the neediest TAG recipients (those receiving the maximum TAG award) with an institutional grant equal to the difference between the in-state undergraduate 2003-2004 tuition rate for that institution and the institution's actual in-state undergraduate 2002-2003 tuition rate. The language will maintain, for these students with the highest need, the existing one-year lag between award amounts and current year tuition. Although all TAG award recipients will see an increase in the size of their award, FY 2005 TAG award amounts, except for awards granted to public sector students eligible for the maximum award, will be based on 2001-2002 tuition rates, a three-year lag behind 2004-2005 tuition rates.

- The FY 2005 recommended funding for a pilot Part-Time Tuition Assistance Grant Program is \$4.2 million, a 20 percent or \$700,000 increase over the FY 2004 amount of \$3.5 million. The program, established pursuant to budget language in FY 2004, provides tuition assistance grants pro-rated against full-time grant awards to eligible part-time students enrolled at county colleges. Under the program, an eligible county college student enrolled with six to eight credits receives one-half of the value of a full-time award and an eligible county college student enrolled with nine to eleven credits receives three-quarters of a full-time award.
- The Governor's FY 2005 recommended budget includes \$10 million in funding for a new tuition assistance program, the New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS). According to the FY 2005 recommendation, NJ STARS will provide every New Jersey student who excels in high school the opportunity to succeed in college by guaranteeing that each student who graduates in the top 20 percent of the high school class and who enrolls in a New Jersey county college within two years of graduation, will have tuition and fees paid for two years. Information contained in the Governor's FY 2005 budget message indicates that the NJ STARS Program will benefit 9,000 students when implemented.

## Higher Educational Services - Department of Treasury

- New Jersey became the second state in the nation to legalize stem cell research under P.L. 2003, c.203. The Governor's FY 2005 budget recommends \$2.5 million to support the establishment of the New Jersey Stem Cell Research Institute, which will be jointly operated by the University of Medicine and Dentistry of New Jersey (UMDNJ) and Rutgers, The State University. The FY 2005 recommended budget also includes language which provides that the unexpended balances from the General Institutional Operations account of Rutgers, anticipated to be approximately \$4 million by the Office of Management and Budget, will also be used to fund the institute. In aggregate, FY 2005 State funding for the institute will be \$6.5 million, with an additional \$3.5 million in funding anticipated from the National Institutes of Health and private corporations.
- **Aid to Independents:** The FY 2005 budget proposal would increase aid to independent colleges and universities from \$22.8 million in FY 2004 to \$23.3 million in FY 2005, a \$500,000 or 2.2 percent increase. The FY 2005 recommended appropriation would provide 81 percent of the amount needed to fully fund the "Independent College and University Assistance Act," P.L.1979, c.132.
- **Aid to County Colleges:** The FY 2005 proposed budget recommends total funding of \$162.6 million in operational aid for the county colleges, with the General Fund providing

## Key Points (Cont'd)

\$154.6 million and the Supplemental Workforce Fund for Basic Skills (SWF) providing \$8 million. This funding level is an increase of \$2 million (1 percent) over the FY 2004 adjusted appropriation of \$160.5 million.

- The Governor recommends funding of \$11.8 million in FY 2005 for the post retirement medical benefits of certain county college employees. This represents a \$1.3 million (11.9 percent) increase over the FY 2004 adjusted appropriation of \$10.5 million.
- The budget recommends a \$3.2 million (12.8 percent) increase from \$24.9 million in FY 2004 to \$28 million in FY 2005 for projected debt service payments for capital projects under P.L. 1971, c.12, to be funded through the Property Tax Relief Fund. The Governor has stated his support for a \$100 million increase in the cap on State-backed chapter 12 borrowing, and legislation to implement that increase (A-2049) is under consideration by the Legislature.

## Miscellaneous Higher Education Programs

- The Higher Education Capital Improvement Fund provides grants to public and independent institutions of higher education for the renewal, renovation, improvement, expansion, construction and reconstruction of facilities and technology infrastructure. The fund was established under the "Higher Education Capital Improvement Fund Act," P.L.1999, c.217, and is financed through bonds issued by the New Jersey Educational Facilities Authority. The State pays two-thirds of the debt service for public institutions and one-half of the debt service for independent institutions. The FY 2005 recommended appropriation of \$26.9 million for debt service is a \$4 million(17.4 percent) increase over the \$22.9 million FY 2004 adjusted appropriation.
- The Higher Education Equipment Leasing Fund finances the purchase of equipment at public and independent institutions of higher education. The fund was established under the "Higher Education Equipment Leasing Fund Act," P.L.1993, c.136, and is financed through bonds issued by the New Jersey Educational Facilities Authority. The State pays 75 percent of the debt service on the bonds and the institution pays 25 percent. The FY 2005 budget recommends a 15.6 percent increase for debt service payments under the program, from \$16 million in FY 2004 to \$18.4 million in FY 2005.

## 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).

Furthermore, the "Higher Education Student Assistance Authority Law," N.J.S. 18A:71A-1 et seq., 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 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.

The Commission on Higher Education consists of 11 members as follows: six public members appointed by the Governor with the advice and consent of the Senate; 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; 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 of the commission.

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, the "Higher Education Facilities Trust Fund Act," P.L. 1993, c.375, the "Higher Education Technology Infrastructure Fund Act," P.L. 1997, c.238 and the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217.

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 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.

## Program Description and Overview (Cont'd)

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," N.J.S. 18A:71A-1 et seq., 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 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.

The Educational Facilities Authority (EFA) was established to provide a means for New Jersey public and independent colleges and universities to construct additional facilities through the financial resources of a public authority empowered to sell bonds, notes and other obligations. The EFA finances various types of projects for the institutions including the construction of academic and auxiliary service facilities, renovation and rehabilitation of existing facilities, and capital equipment and utilities related projects and other structures or facilities related or required or useful for the instruction of students 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 outstanding principal amount not to exceed \$100 million. Institutions are required to pay 25 percent of the debt service to finance the purchase of equipment at that institution. Authorized purchases include scientific, technical, computer, communications, laboratory and instructional equipment.

The EFA is also authorized to issue bonds in an outstanding principal 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 in an outstanding principal amount of \$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

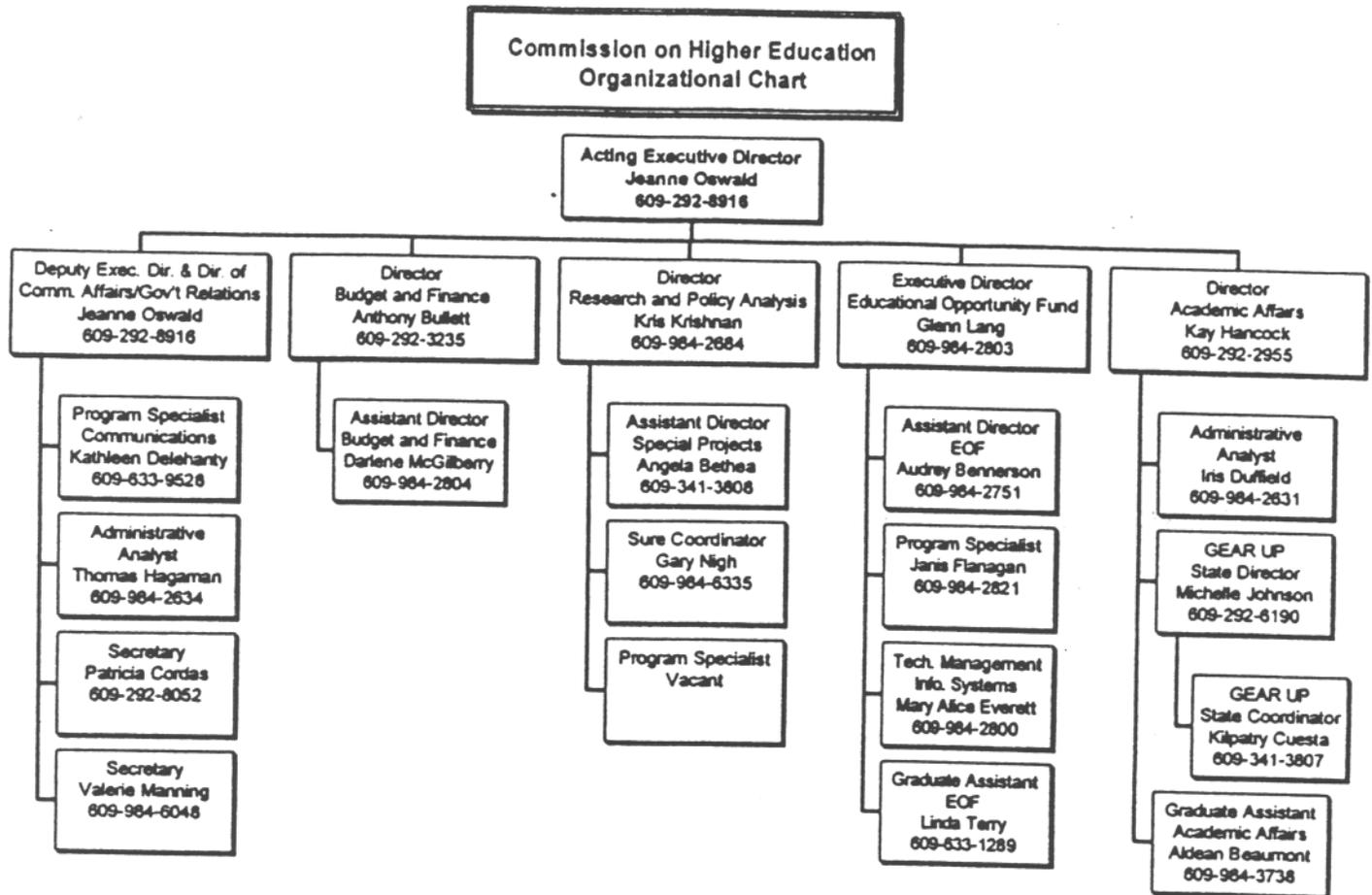
## Program Description and Overview (Cont'd)

\$5 million of the \$55 million authorization is for non-matching public library grants for Statewide library technology initiatives through the New Jersey State Library.

Under the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217, the Higher Education Capital Improvement Fund was established within the EFA to provide grants for deferred maintenance projects at the institutions to renovate and repair existing instructional, laboratory, communication, research and administrative facilities. The EFA is authorized to issue bonds in an outstanding principal amount of \$550 million for deposit into the fund. 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.

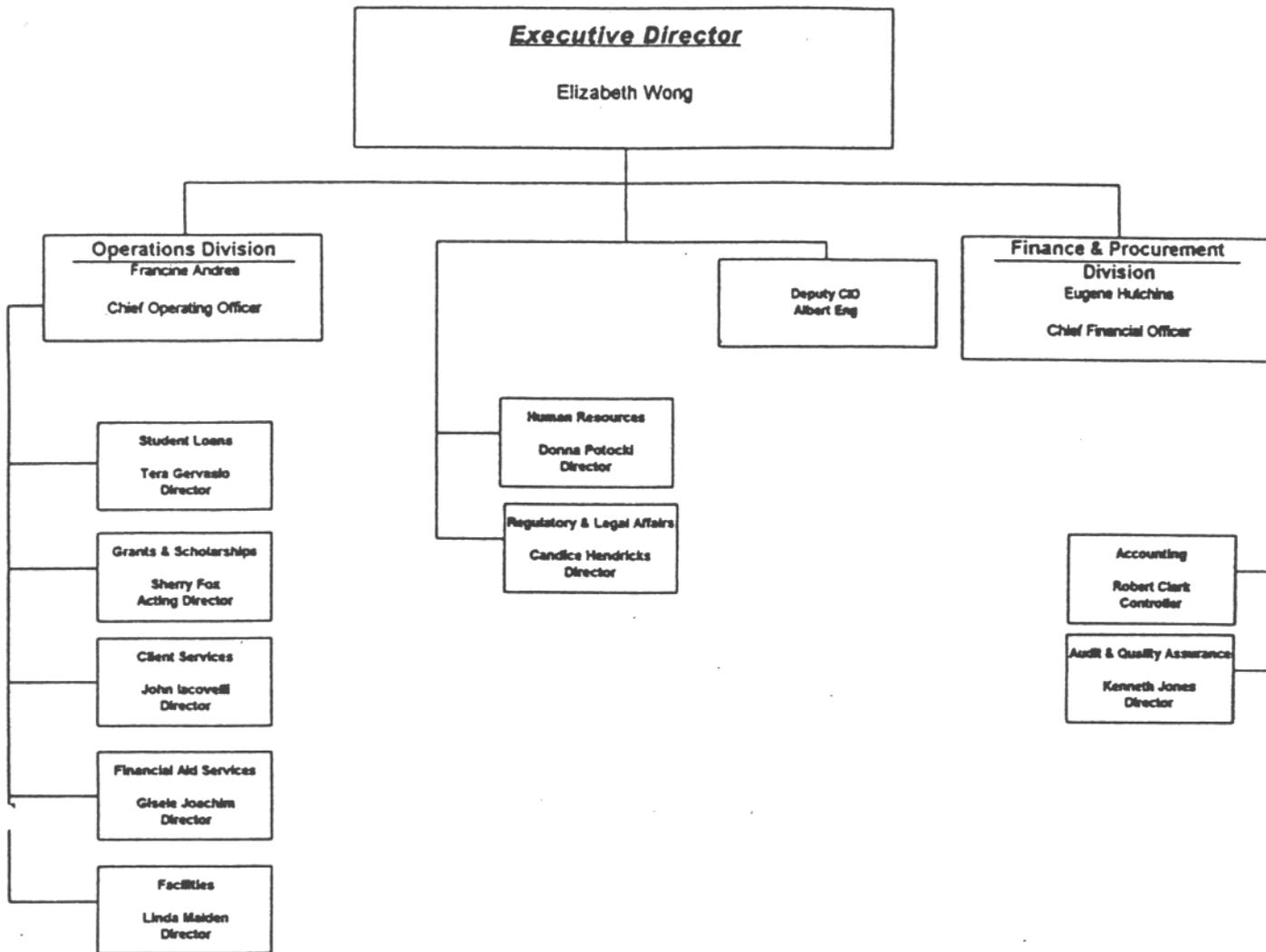
The EFA is also authorized to issue bonds for facilities construction and renovations to fund the State and county share of county college capital projects pursuant to the provisions of the "County College Capital Projects Fund Act," P.L. 1997, c. 360. That act authorized the EFA to issue bonds pursuant to P.L. 1971, c.12. The Governor has endorsed a \$100 million increase in the cap on chapter 12 borrowing, and legislation (A-2049) to implement that increase, from \$165 million to \$265 million, is under consideration by the Legislature.

# Organization Chart



# Organization Chart

## HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY



## Fiscal and Personnel Summary

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

	Expended FY 2003	Adj. Approp. FY 2004	Recom. FY 2005	Percent Change	
				2003-05	2004-05
<b>General Fund</b>					
Direct State Services	\$3,743	\$3,659	\$3,659	(2.2)%	0.0%
Grants-In-Aid	1,131,920	1,169,891	1,204,444	6.4%	3.0%
State Aid	157,595	184,111	184,075	16.8%	0.0%
Capital Construction	14	0	0	(100.0)%	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$1,293,272</b>	<b>\$1,357,661</b>	<b>\$1,392,178</b>	<b>7.6%</b>	<b>2.5%</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	22,788	24,862	28,045	23.1%	12.8%
<b>Sub-Total</b>	<b>\$22,788</b>	<b>\$24,862</b>	<b>\$28,045</b>	<b>23.1%</b>	<b>12.8%</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>\$1,316,060</b>	<b>\$1,382,523</b>	<b>\$1,420,223</b>	<b>7.9%</b>	<b>2.7%</b>
<b>Federal Funds</b>	<b>\$19,389</b>	<b>\$24,876</b>	<b>\$26,690</b>	<b>37.7%</b>	<b>7.3%</b>
<b>Other Funds</b>	<b>\$6,173</b>	<b>\$4,531</b>	<b>\$4,933</b>	<b>(20.1)%</b>	<b>8.9%</b>
<b>Grand Total</b>	<b>\$1,341,622</b>	<b>\$1,411,930</b>	<b>\$1,451,846</b>	<b>8.2%</b>	<b>2.8%</b>

\* Data does not include funding for State College and University Employee Benefits from Interdepartmental Accounts.

## PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change	
				2003-05	2004-05
State	47	44	45	(4.3)%	2.3%
Federal	157	162	182	15.9%	12.3%
All Other	13	12	18	38.5%	50.0%
Colleges and Universities**	20,147	20,147	20,147	0.0%	0.0%
<b>Total Positions</b>	<b>20,364</b>	<b>20,365</b>	<b>20,392</b>	<b>0.1%</b>	<b>0.1%</b>

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 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 Ed.	45.0%	63.0%	56.0%	----	----
Higher Ed. Student Assistance	31.0%	30.6%	32.4%	----	----

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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**Student Assistance Programs:**

<b>Tuition Aid Grants</b>	<b>\$178,657</b>	<b>\$197,974</b>	<b>\$19,317</b>	<b>10.8%</b>	<b>D-327</b>
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The FY 2005 funding for the Tuition Aid Grant Program (TAG) will increase by \$19.3 million (10.8 percent) from \$178.7 million in FY 2004 to \$198 million in FY 2005. The recommended budget indicates that the increase will provide an additional 2,000 awards in the 2004-2005 academic year and will provide award increases above the FY 2004 award level for all TAG recipients. The Governor's recommendation directs the Higher Education Student Assistance Authority (HESAA) to provide to students enrolled in public institutions, who are eligible for maximum awards under the TAG Program, an increase above the FY 2004 award amount equal to the difference between the in-state undergraduate 2002-2003 tuition rate for the institution and the institution's in-state undergraduate 2001-2002 tuition rate. The Governor's recommended budget also includes language that requires the public institutions to provide the neediest TAG recipients (those receiving the maximum TAG award) with an institutional grant equal to the difference between the in-state undergraduate 2003-2004 tuition rate for that institution and the institution's actual in-state undergraduate 2002-2003 tuition rate. The language will maintain, for these students with the highest need, the existing one-year lag between award amounts and current year tuition. Although all TAG award recipients will see an increase in the size of their award, FY 2005 TAG award amounts, except for awards granted to public sector students eligible for the maximum award, will be based on 2001-2002 tuition rates, a three-year lag behind 2004-2005 tuition rates.

**Part-Time Tuition Aid**

<b>Grants for County Colleges</b>	<b>\$3,500</b>	<b>\$4,200</b>	<b>\$700</b>	<b>20.0%</b>	<b>D-327</b>
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A pilot Part-Time Tuition Assistance Grant Program for eligible part-time students enrolled at county colleges was established in FY 2004. The program provides tuition assistance grant awards which are pro-rated against full-time grant awards to eligible part-time county college students. Under the program, an eligible county college student enrolled with six to eight credits receives one-half of the value of a full-time award and an eligible county college student enrolled with nine to eleven credits receives three-quarters of a full-time award. The FY 2005 recommended budget provides \$4.2 million for the program, a 20 percent or \$700,000 increase over the FY 2004 amount of \$3.5 million.

**Coordinated Garden  
State Scholarships**

<b>\$7,062</b>	<b>\$7,562</b>	<b>\$500</b>	<b>7.1%</b>	<b>D-327</b>
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The Coordinated Garden State Scholarship Program established under the "Garden State Scholarship Act of 1977," N.J.S.18A:71B-11 et seq., provides scholarships to high-achieving students at participating New Jersey institutions of higher education. The program, which includes the Garden State Scholarship, Edward J. Bloustein Distinguished Scholars, and the Urban Scholars, provides awards ranging up to \$1,000 and are renewable annually based on continued satisfactory academic standing. In FY 2004, awards were capped at \$950 as a result of a \$500,000 reduction in funding for the program. The FY 2005 recommended budget appropriates \$7.6 million for the program, a \$500,000 increase over the FY 2004 adjusted appropriation of \$7.1 million, and indicates that the

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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FY 2005 funding will provide \$1,000 renewable four-year scholarships to 7,562 students.

**New Jersey Student  
Tuition Assistance  
Reward Scholarship  
(NJ STARS)**

\$0	\$10,000	\$10,000	—	D-327
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The Governor's FY 2005 recommended budget includes \$10 million in funding for a new tuition assistance program, the New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS). According to the FY 2005 Budget in Brief, NJ STARS will provide every New Jersey student who excels in high school the opportunity to succeed in college, by guaranteeing that each student who graduates in the top 20 percent of the high school class and who enrolls in a New Jersey county college within two years of graduation will have tuition and fees paid for two years. Information contained in the Governor's FY 2005 budget message indicates that the NJ STARS Program will benefit 9,000 students when implemented.

**State Support for Four-  
Year State Colleges and  
Universities**

\$819,725	\$814,275	(\$5,450)	(0.7)%	D-329 to D-363
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Direct operating aid for senior public institutions of higher education is recommended at \$814.3 million, a \$5.5 million decrease from the FY 2004 adjusted appropriation of \$819.7 million. The reduction represents the elimination of one-time funding items in FY 2004. In addition, \$496.1 million is recommended for fringe benefits and \$31.2 million to support negotiated cost-of-living adjustments, bringing the total for employee fringe benefits and the salary program to \$527.3 million for the senior institutions.

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

<b>Rutgers, The State University</b>	\$292,853	\$287,603	(\$5,250)	(1.8)%	D-330 to D-332
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<b>Agricultural Experiment Station</b>	\$24,358	\$24,358	\$0	0.0%	D-333 to D-334
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<b>University of Medicine and Dentistry of New Jersey</b>	\$182,842	\$182,842	\$0	0.0%	D-334 to D-337
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## Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
New Jersey Institute of Technology	\$48,790	\$48,690	(\$100)	(0.2)%	D-338 to D-340
Thomas A. Edison State College	\$5,636	\$5,636	\$0	0.0%	D-340 to D-342
Rowan University	\$36,534	\$36,534	\$0	0.0%	D-342 to D-344
New Jersey City University	\$30,442	\$30,442	\$0	0.0%	D-344 to D-347
Kean University	\$38,450	\$38,450	\$0	0.0%	D-347 to D-349
William Paterson University of New Jersey	\$38,660	\$38,560	(\$100)	(0.3)%	D-350 to D-352
Montclair State University	\$43,429	\$43,429	\$0	0.0%	D-352 to D-354
The College of New Jersey	\$35,619	\$35,619	\$0	0.0%	D-355 to D-357
Ramapo College of New Jersey	\$18,979	\$18,979	\$0	0.0%	D-357 to D-359
The Richard Stockton College of New Jersey	\$23,133	\$23,133	\$0	0.0%	D-360 to D-362

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2004</u>	<u>Recomm.</u> <u>FY 2005</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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**Higher Education Administration:**

<b>Overall Support to Independent Institutions</b>	<b>\$24,159</b>	<b>\$24,659</b>	<b>\$500</b>	<b>2.1%</b>	<b>D-397</b>
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Direct operating aid to Independent Colleges and Universities is recommended at \$23.3 million in FY 2005, a \$500,000 increase over the FY 2004 adjusted appropriation of \$22.8 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. Other recommended assistance for independent institutions is equal to FY 2004 funding.

**Miscellaneous Higher Education Programs:**

<b>Higher Education Capital Improvement Program-Debt Service</b>	<b>\$22,878</b>	<b>\$26,855</b>	<b>\$3,977</b>	<b>17.4%</b>	<b>D-398</b>
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An appropriation of \$26.9 million is recommended to fund the State's share of the estimated debt service cost of bonds issued pursuant to the "Higher Education Capital Improvement Fund Act," P.L. 1999, c.217, a \$4 million or 17.4 percent increase over the FY 2004 appropriation of \$22.9 million. An additional \$2.5 million in debt service costs are to be funded directly by the New Jersey Educational Facilities Authority (EFA) from its reserves. The "Higher Education Capital Improvement Fund Act" authorized the 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 and technology infrastructure. 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.

<b>Equipment Leasing Fund-Debt Service</b>	<b>\$15,963</b>	<b>\$18,449</b>	<b>\$2,486</b>	<b>15.6%</b>	<b>D-398</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 increase by \$2.5 million to \$18.4 million in FY 2005 from \$16 million in FY 2004. The "Higher Education Equipment Leasing Fund Act" 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.

<b>New Jersey Stem Cell Research Institute</b>	<b>\$0</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>—</b>	<b>D-398</b>
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**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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New Jersey became the second state in the nation to legalize stem cell research under P.L. 2003, c.203. The Governor's FY 2005 budget recommends funding to support the establishment of the New Jersey Stem Cell Research Institute, which will be jointly operated by the University of Medicine and Dentistry of New Jersey (UMDNJ) and Rutgers, The State University. The FY 2005 recommended budget also includes language which provides that the unexpended balances from the General Institutional Operations account of Rutgers, anticipated to be approximately \$4 million by the Office of Management and Budget, will also be used to fund the institute. In aggregate, FY 2005 State funding for the institute will be \$6.5 million with an additional \$3.5 million in funding anticipated from the National Institutes of Health and private corporations.

**State Aid:**

<b>County College Operational Costs</b>	<b>\$160,562</b>	<b>\$162,562</b>	<b>\$2,000</b>	<b>1.2%</b>	<b>D-398</b>
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The FY 2005 recommended State aid appropriation for the operational costs of the county colleges is \$162.6 million, a \$2 million increase over the FY 2004 amount of \$160.6 million. This funding includes appropriations from the Supplemental Workforce Fund for Basic Skills, which provides \$5 million in FY 2004 and would provide \$8 million in FY 2005 under the recommended budget. The county college system is composed of 19 institutions that provide access to higher education for a broad range of New Jersey residents.

**County College Capital  
Projects (Chapter 12)**

<b>Debt Service</b>	<b>\$24,862</b>	<b>\$28,045</b>	<b>\$3,183</b>	<b>12.8%</b>	<b>D-398</b>
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Debt service payments for capital projects under P.L. 1971, c.12, to be funded through the Property Tax Relief Fund, are projected to increase by \$3.2 million in FY 2005.

**Teachers' Pension and  
Annuity Fund--Post**

<b>Retirement Medical</b>	<b>\$965</b>	<b>\$1,195</b>	<b>\$230</b>	<b>23.8%</b>	<b>D-398</b>
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**Post Retirement Medical**

<b>Other Than TPAF</b>	<b><u>\$9,538</u></b>	<b><u>\$10,560</u></b>	<b><u>\$1,022</u></b>	<b>10.7%</b>	<b>D-399</b>
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**Total Post Retirement**

<b>Medical Benefits</b>	<b>\$10,503</b>	<b>\$11,755</b>	<b>\$1,252</b>	<b>11.9%</b>	
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In aggregate, the Governor proposes an 11.9 percent or \$1.3 million increase for post retirement medical benefits to retired county college employees, from \$10.5 million in FY 2004 to \$11.8 million in FY 2005.

## Language Provisions

### 2004 Appropriations Handbook

#### p. B-149

Notwithstanding the provisions of any law to the contrary, the Higher Education Student Assistance Authority shall provide to students enrolled in public institutions of higher education who are eligible for maximum awards under the Tuition Aid Grant Program an increase above the FY 2003 award amount equal to the difference between the in-state undergraduate 2001-2002 tuition rate for the institution and the institution's in-state undergraduate 2000-2001 tuition rate. The award amounts for students eligible for maximum awards under the Tuition Aid Grant Program who are enrolled in independent institutions of higher education and all other award amounts provided under the Tuition Aid Grant Program shall not exceed those levels provided by the Higher Education Student Assistance Authority in fiscal year 2003. 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.

### 2005 Budget Recommendations

#### p. D-328

Notwithstanding the provisions of any law to the contrary, the Higher Education Student Assistance Authority shall provide to students enrolled in public institutions of higher education who are eligible for maximum awards under the Tuition Aid Grant program appropriated hereinabove an increase above the fiscal 2004 award amount equal to the difference between the in--state undergraduate 2002--2003 tuition rate for the institution and the institution's in--state undergraduate 2001--2002 tuition rate. The award amounts for students eligible for maximum awards under the Tuition Aid Grant program who are enrolled in independent institutions of higher education and all other award amounts provided under the Tuition Aid Grant program shall be based on the same parameters as used by the Higher Education Student Assistance Authority in fiscal year 2004. 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 2005 budget language directs the Higher Education Student Assistance Authority (HESAA) to provide to students enrolled in public institutions, who are eligible for maximum awards under the TAG Program, an increase above the FY 2004 award amount equal to the difference between the in-state undergraduate 2002-2003 tuition rate for the institution and the institution's in-state undergraduate 2001-2002 tuition rate. The language will provide, for these students with the highest need, TAG awards up to the 2002-2003 tuition rate, which represents a two-year lag behind 2004-2005 tuition rates. The language also provides that all other TAG awards will increase in FY 2005, however FY 2005 TAG award amounts, except for awards granted to public sector students eligible for the maximum award, will be based on 2001-2002 tuition rates, a three-year lag behind 2004-2005 tuition rates.

## Language Provisions (Cont'd)

2004 Appropriations Handbook

p. B-149

Each public institution of Higher Education participating in the Tuition Aid Grant program shall provide institutional grants to students eligible for the maximum Tuition Aid Grant (TAG) award for that institution in an amount not less than the difference between the maximum 2002-03 tuition rate for the institution and the institution's actual 2001-2002 tuition rate.

2005 Budget Recommendations

p. D-328

Each public institution of Higher Education participating in the Tuition Aid Grant program appropriated hereinabove shall provide institutional grants to students eligible for the maximum Tuition Aid Grant (TAG) award for that institution in an amount not less than the difference between the maximum 2003--04 tuition rate for the institution and the institution's actual 2002--2003 tuition rate.

Explanation

This FY 2005 budget language requires public institutions of higher education to provide the neediest TAG recipients (those receiving the maximum TAG award) with an institutional grant equal to the difference between the in-state undergraduate 2003-2004 tuition rate for that institution and the institution's actual in-state undergraduate 2002-2003 tuition rate. The language will maintain, for these students with the highest need, the existing one-year lag between award amounts and current year tuition.

2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

p. D-328

From the amounts appropriated hereinabove for the Outstanding Scholars Recruitment Program, so much thereof as is necessary shall be expended by the Higher Education Student Assistance Authority to perform a study of the outcomes of the Outstanding Scholars Recruitment Program and its effectiveness in increasing the enrollment and retention of high achieving New Jersey High School graduates at New Jersey colleges and universities. The Authority shall prepare a written report specifying the results of the study, including any recommendations for expansion or discontinuation of the program. This report shall be provided to the Governor no later than September 1, 2004.

## Language Provisions (Cont'd)

### Explanation

This language authorizes the Higher Education Student Assistance Authority (HESAA) to expend an unspecified amount to conduct a study of the outcomes of the Outstanding Scholars Recruitment Program (OSRP) and its effectiveness in increasing the enrollment and retention of high achieving New Jersey high school graduates. The recommended language also requires HESAA to provide to the Governor no later than September 1, 2004, a written report specifying the results of the study, including any recommendations for expansion or discontinuation of the program.

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### 2004 Appropriations Handbook

No comparable language.

### 2005 Budget Recommendations

p. D-328

Amounts from the unexpended balance as of June 30, 2004, including refunds recognized after July 31, 2004, in the Part-Time Tuition Aid Grants for County Colleges account are appropriated, subject to the approval of the Director of the Division of Budget and Accounting. Reappropriated balances shall be held as a contingency for unanticipated increases in the number of applicants qualifying for Part-Time Tuition Aid Grants for County Colleges awards or to fund shifts in the distribution of awards that result in an increase in total program costs.

### Explanation

This language provision authorizes the reappropriation of any unspent funds remaining in the Part-Time Tuition Aid Grants for County Colleges account at the end of FY 2004 subject to the approval of the Director of Budget and Accounting. The reappropriated balances will be used to fund unanticipated increases in the number of awards or shifts in the distribution of awards resulting in an increase in program costs. This language is consistent with budget language pertaining to the Tuition Aid Grant Program for full-time students.

## Language Provisions (Cont'd)

2004 Appropriations Handbook

## p. B-150

Of the sums hereinabove appropriated for Rutgers, The State University, there is \$180,000 for the Masters in Government Accounting Program, \$105,000 for the Tomato Technology Transfer Program, \$95,000 for the Haskin Shellfish Research Laboratory, \$200,000 for the Camden Law School Clinical Legal Programs for the Poor, \$200,000 for the Newark Law School Clinical Legal Programs for the Poor, \$740,000 for the Civic-Square Project - Debt Service, \$75,000 for the Walter Rand Institute for Public Affairs, \$700,000 for In Lieu of Taxes to New Brunswick, \$250,000 for the Hale Center, and \$300,000 for the New Jersey EcoComplex, Burlington County. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

2005 Budget Recommendations

## p. D-332

Of the sums hereinabove appropriated for Rutgers, The State University, there is \$180,000 for the Masters in Government Accounting Program, \$105,000 for the Tomato Technology Transfer Program, \$95,000 for the Haskin Shellfish Research Laboratory, \$200,000 for the Camden Law School Clinical Legal Programs for the Poor, \$200,000 for the Newark Law School Clinical Legal Programs for the Poor, \$740,000 for the Civic-Square Project -- Debt Service, \$75,000 for the Walter Rand Institute for Public Affairs, \$700,000 for In Lieu of Taxes to New Brunswick, and \$300,000 for the New Jersey EcoComplex, Burlington County. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

Explanation

The FY 2005 recommended budget language does not include funding for the Hale Center which was added by the Legislature in FY 2004. The Hale Center is a facility for Rutgers student athletes which houses a weight-room, football locker room, team meeting rooms, and the academic support services advisors for the Rutgers football team.

2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

## p. D-332

The unexpended balances as of June 30, 2004, in the General Institutional Operations account of Rutgers, The State University, is appropriated and shall be transferred to the New Jersey Stem Cell Research Institute account in the Department of Treasury, subject to the approval of the Director of the Division of Budget and Accounting.

## Language Provisions (Cont'd)

Explanation

Under P.L. 2003, c.203, New Jersey became the second state in the nation to legalize stem cell research. The Governor's FY 2005 budget recommends \$2.5 million to support the establishment of the New Jersey Stem Cell Research Institute, which will be jointly operated by the University of Medicine and Dentistry of New Jersey (UMDNJ) and Rutgers, The State University. This language provides that the unexpended balances from the General Institutional Operations account of Rutgers, which the Office of Management and Budget anticipates will be approximately \$4 million, will also be used to fund the institute in FY 2005. The FY 2005 Budget in Brief indicates that the institute will be housed in a facility to be built in New Brunswick and a public-private partnership will be created to oversee its development.

2004 Appropriations Handbook**p. B-151**

Of the sums hereinabove appropriated for the University of Medicine and Dentistry of New Jersey, there is \$100,000 for the Inflammatory Bowel Disease Center, \$800,000 for Emergency Medical Service - Camden, \$975,000 for the Regional Health Education Center - Physical Plant, \$750,000 for the Violence Institute of N.J. at UMDNJ, \$525,000 for the Regional Health Education Center - Educational Units, \$290,000 for the New Jersey Area Health Education Program, \$2,700,000 for Debt Service - School of Osteopathic Medicine Academic Center, Stratford. The University of Medicine and Dentistry of New Jersey shall provide no less than the level of funds from tuition revenues and from the sums hereinabove appropriated to the Robert Wood Johnson Medical School program in Camden and the School of Osteopathic Medicine than it did in Fiscal Year 2003. In addition to those funds, from the sums hereinabove appropriated, there is \$2,225,000 for the Robert Wood Johnson Medical School program in Camden and \$2,325,000 for the School of Osteopathic Medicine for the purpose of supporting costs associated with

2005 Budget Recommendations**p. D-337**

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

## Language Provisions (Cont'd)

### 2004 Appropriations Handbook

### 2005 Budget Recommendations

operating medical school programs, including medical school faculty. There are 105 students currently enrolled in the Robert Wood Johnson Medical School program at Camden and 329 students currently enrolled in the School of Osteopathic Medicine. These accounts shall be considered special purpose appropriations for accounting and reporting purposes.

#### Explanation

The FY 2005 recommended budget language eliminates funding for special purpose items added by the Legislature in FY 2004. The FY 2004 language which is eliminated directed UMDNJ to provide no less than the level of funds from tuition revenues and appropriations provided in FY 2003 to the Robert Wood Johnson Medical School program in Camden and the School of Osteopathic Medicine. The language also provided that in addition to those funds, \$2.2 million would be appropriated to the Robert Wood Johnson Medical School program in Camden and \$2.3 million would be appropriated to the School of Osteopathic Medicine to fund the operating expenses of these programs.



### 2004 Appropriations Handbook

### 2005 Budget Recommendations

#### **p. B-151**

Of the sums hereinabove appropriated for the New Jersey Institute of Technology, there is \$100,000 for the NJIT/Burlington County College Engineering Program. This account shall be considered a special purpose appropriation for accounting and reporting purposes.

No comparable language.

#### Explanation

The New Jersey Institute of Technology operates an engineering program on the campus of Burlington County College. According the Office of Management and Budget, NJIT has decided to discontinue the program.



## Language Provisions (Cont'd)

2004 Appropriations Handbook2005 Budget Recommendations

## p. B-154

Notwithstanding any provision of law to the contrary, no amount appropriated hereinabove for the Tuition Incentive Program for any Senior Public College or University shall be paid to any college or university that adopts an increase in its undergraduate 2003-2004 tuition rate of more than 9% above its undergraduate 2002-2003 tuition rate or shifts costs previously funded from other institutional sources to student fees during the 2003-2004 academic year, subject to the determination by the Director of the of the Division of Budget and Accounting based upon a report that shall be provided by the New Jersey Commission on Higher Education as to the tuition increase percentages and the shifting of any such costs to student fees.

No comparable language.

Explanation

The FY 2004 language provided that the \$48 million in Tuition Incentive Grant funding for senior public colleges and universities would not be paid to any institution that increased its undergraduate tuition for the 2003-2004 academic year by more than 9 percent or that shifted costs previously funded from other sources to student fees during the 2003-2004 academic year. The FY 2005 recommended budget indicates that the FY 2004 General Institutional Support amount for each senior public institution has been adjusted to include the Tuition Incentive Grant funding. With the FY 2004 language eliminated for FY 2005, no amount of funding appropriated to the senior public institutions is dependent on keeping tuition increases below a specified level.

2004 Appropriations Handbook2005 Budget Recommendations

## p. B-167

For the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c.132 (C.18A:72B-15 et seq.), the number of full-time equivalent students (FTE) at 9 the eight State Colleges is 52,523 for fiscal year 2003.

## p. D-399

For the purpose of implementing the "Independent College and University Assistance Act," P.L. 1979, c.132 (C.18A:72B--15 et seq.), the number of full-time equivalent students (FTE) at the eight State Colleges is 54,757 for fiscal year 2004.

## Language Provisions (Cont'd)

### Explanation

This language sets the enrollment level by which the amount of State aid provided to the 14 independent colleges and universities is calculated. If the independent sector is appropriated \$23.3 million in direct aid in FY 2005, as recommended by the Governor, that amount would represent 81 percent of the amount needed to fully fund the "Independent College and University Assistance Act," P.L. 1979, c.132.

#### 2004 Appropriations Handbook

##### p. B-168

In addition to the amount hereinabove for operational costs, there is appropriated \$5,000,000 from the Supplemental Workforce Fund for Basic Skills for the same purpose.

#### 2005 Budget Recommendations

##### p. D-399

In addition to the amount hereinabove for operational costs, there is appropriated \$8,000,000 from the Supplemental Workforce Fund for Basic Skills for the same purpose.

### Explanation

The New Jersey Supplemental Workforce Fund for Basic Skills (P.L. 2001, c.152) provides for the redirection of a portion of employer contributions that would have otherwise gone to the Unemployment Insurance Trust Fund. The primary goal of the Basic Skills Program is to promote adult literacy in the workplace by providing basic skills training for unemployed and employed workers. The language authorizes the use of \$8 million from the fund in FY 2005 to offset the cost of basic skills education at the State's 19 community colleges, an increase of \$3 million compared to FY 2004.

#### 2004 Appropriations Handbook

##### p. B-168

Notwithstanding any provision of law to the contrary, in addition to the amount appropriated hereinabove for the Teachers' Pension and Annuity Fund - Post Retirement Medical, \$70,000 from amounts in the Benefit Enhancement Fund established in N.J.S.18A:66-16, shall be applied to pay the normal cost contribution by the State for the Teachers' Pension and Annuity Fund.

#### 2005 Budget Recommendations

##### p. D-399

Notwithstanding any provision of law to the contrary, in addition to the amount hereinabove appropriated for the Teachers' Pension and Annuity Fund -- Post Retirement Medical, there is hereby appropriated an amount as determined by the State Treasurer to fund the pension cost contribution by the State to the Teachers' Pension and Annuity Fund, payment for which shall be credited against amounts on deposit in the Benefit Enhancement Fund created pursuant to P.L. 2001, c. 133, section 1.

## Language Provisions (Cont'd)

### Explanation

The FY 2005 budget does not appropriate a specific amount to fund the pension cost contribution by the State to the Teachers' Pension and Annuity Fund on behalf of the county colleges. Instead, the FY 2005 budget language appropriates the amount determined by the State Treasurer for that purpose and provides that this amount will be credited against amounts on deposit in the Benefit Enhancement Fund created pursuant to P.L.2001, c.133. No information is available on the amount on deposit in the Benefit Enhancement Fund. The FY 2004 budget language provided that \$70,000 was to be paid from the Benefit Enhancement Fund to fund the State's contribution for the Teachers' Pension and Annuity Fund.



## Discussion Points

1. The Outstanding Scholars 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. This program serves as a retention mechanism for New Jersey's brightest students. It is a matching grant program where the State pays up to 70% of the award at public institutions and 40% at independent institutions. According to the FY 2005 budget recommendation, the program is providing 5,159 scholarships in FY 2004 and will provide the same number of scholarships in FY 2005. The FY 2005 recommended budget also includes language which provides that from the amounts appropriated for OSRP, such amount as is necessary will be expended by the Higher Education Student Assistance Authority (HESAA) to conduct a study of the outcomes of the OSRP and its effectiveness in increasing the enrollment and retention of high achieving New Jersey high school graduates. This language does not place a cap on the amount that may be expended for the study.

- **Question:** Does HESAA have an estimate of the cost of the study? Since the FY 2004 revised number of awards is the same as the number estimated for FY 2005, will the cost of the study reduce the amount of the scholarship awarded to each recipient or the number of scholarships to be awarded in FY 2004 or FY 2005? Will scholarships awarded to the incoming freshman cohort be reduced to fund the study?
- **Question:** Does the authority consider it equitable to fully fund OSRP scholarships, which are merit-based, while constraints are placed on need-based TAG awards (see below)?

2. The FY 2005 funding for the Tuition Aid Grant Program (TAG) will increase by \$19.3 million (10.8 percent) from \$178.7 million in FY 2004 to \$198 million in FY 2005. The budget indicates that the increase will provide an additional 2,000 awards in the 2004-2005 academic year and will provide award increases above the FY 2004 award level for all TAG recipients. HESAA is directed to provide to students enrolled in public institutions, who are eligible for maximum awards under the TAG Program, an increase above the FY 2004 award amount equal to the difference between the in-state undergraduate 2002-2003 tuition rate for the institution and the institution's in-state undergraduate 2001-2002 tuition rate. The Governor's recommended budget also includes language (p.D-328) that requires the public institutions to provide the neediest TAG recipients (those receiving the maximum TAG award) with an institutional grant equal to the difference between the in-state undergraduate 2003-2004 tuition rate for that institution and the institution's actual in-state undergraduate 2002-2003 tuition rate. The language will maintain, for these students with the highest need, the existing one-year lag between award amounts and current year tuition. Although all TAG award recipients will see an increase in the size of their award, FY 2005 TAG award amounts, except for awards granted to public sector students eligible for the maximum award, will be based on 2001-2002 tuition rates, a three-year lag behind 2004-2005 tuition rates.

- **Question:** Please discuss the reasons why it was determined to provide TAG grants to an additional 2000 students if grant levels for students at public institutions who are eligible for the maximum award amount remain at a one-year lag behind current tuition rates and all other TAG grant recipients are funded based on 2001-2002 tuition rates (three-year lag). Has HESAA studied how the one and three year lags in Tuition Assistance Grant funding have impacted award recipients over the past several years?

## Discussion Points (Cont'd)

- **Question:** What is the average and total amount that TAG recipients will have to pay to offset the lack of adequate funding. What is the projected cost to HESAA of funding all TAG awards, including the amount funded by institutional grants, based on the projected tuition for the 2004-2005 academic year? What percentage of tuition has the TAG award funded for students receiving a maximum award and an average award (all other TAG recipients) in each sector for the past three fiscal years?
- **Question:** What was the estimated cost to institutions of higher education in FY 2004 to provide institutional grants to fund a one-year lag for the neediest TAG recipients in the FY 2004 budget? What is the estimated cost to the institutions to provide similar funding in FY 2005?

3. The FY 2004 budget includes funding for Tuition Incentive Grants which were appropriated to the senior public colleges and universities to keep tuition increases in the 2003-2004 academic year under 9 percent above the 2002-2003 tuition rate and to prevent shifting costs previously funded from other institutional sources to student fees. As a result, the tuition charges at the four-year public institutions increased by an average of 8.9 percent in the 2003-2004 academic year. Although the FY 2005 recommended budget includes information stating that the FY 2004 appropriation for General Institutional Operations has been adjusted to include the Tuition Incentive Grant, and the FY 2005 recommendation continues the FY 2004 funding level, there is no language which caps 2004-2005 tuition increases or prevents cost shifting to fees. Data on the Commission on Higher Education's (CHE) website indicates that tuition charges to in-state full-time students at the State colleges has increased by \$1,404 (39.2 percent) and by \$1,676 (32.6 percent) at Rutgers, The State University and the New Jersey Institute of Technology since the 1999-2000 academic year. Fees charged to in-state full-time students for the same period have increased by \$834 (74.8 percent) and \$297 (26.9 percent) respectively.

- **Question:** What is the average tuition increase anticipated for the 2004-2005 academic year at the senior public colleges and universities? CHE data suggests that there has been some significant disparity among the public institutions in the increase of required student fees. Please provide information specific to each public four-year institution on fees charged to students, the purpose of the fees, and the increase in fees for the past three fiscal years.

4. The Governor's FY 2005 recommended budget includes \$10 million in funding for the New Jersey Student Tuition Assistance Reward Scholarship Program (NJ STARS). According to the FY 2005 recommendation, NJ STARS will provide every New Jersey student who excels in high school the opportunity to succeed in college by guaranteeing that each student who graduates in the top 20 percent of the high school class and who enrolls in a New Jersey county college within two years of graduation, will have tuition and fees paid for two years. Information contained in the Governor's FY 2005 budget message indicates that the NJ STARS Program will benefit 9,000 students when implemented.

- **Question:** What is the expected date for implementation of the NJ STARS Program? How many NJ STARS Program participants does HESAA anticipate during the first year of program operation. How did HESAA calculate the number of students who will benefit from the scholarship program. If the estimate is correct and 9,000 students take advantage of the program, how will the enrollment increase affect county colleges that are already being impacted by unprecedented enrollment growth?

## Discussion Points (Cont'd)

5. According to the FY 2005 Budget in Brief, the Governor has recommended a \$31.2 million appropriation to fund a "significant portion" of the negotiated cost-of-living increases (COLAs) for senior public institutional personnel. The State has not funded the negotiated COLA increases since FY 2002.

- **Question:** What portion of the of the negotiated COLAs will the \$31.2 million fund? Please provide a breakdown of how much each institution will be allocated from this amount.

6. New Jersey became the second state in the nation to legalize stem cell research under P.L. 2003, c.203. The Governor's FY 2005 budget recommends funding to support the establishment of a New Jersey Stem Cell Research Institute to be jointly operated by the University of Medicine and Dentistry of New Jersey (UMDNJ) and Rutgers University. The institute will be housed in a facility to be built in New Brunswick. A public-private partnership will be created to oversee the development of the institute, which is expected to be a more than \$50 million (\$10 million per year) initiative over the next five years. The FY 2005 budget recommendation for the institute is \$6.5 million, including \$4 million from the unexpended funds allocated to Rutgers University in FY 2004 and a \$2.5 million Grants-in-Aid appropriation in the Department of Treasury. The executive branch anticipates that the remaining \$3.5 million will be funded through sources such as the National Institutes of Health and private grants from corporations. The FY 2005 appropriation will fund planning for the institute and recruitment of stem cell research experts.

- **Question:** Will \$50 million in funding for the New Jersey Stem Cell Institute over five years be adequate to provide financial incentives to attract experts in the field? Please provide specific information on what the FY 2005 recommended appropriation will fund. Please provide a breakdown of the anticipated use of the \$50 million over the next five years and the anticipated sources of funding to be provided after FY 2005. When is the institute expected to be fully operational?

7. The Coordinated Garden State Scholarship Program established under the "Garden State Scholarship Act of 1977", N.J.S.18A:71B-11 et seq., provides scholarships to high-achieving students at participating New Jersey institutions of higher education. The program, which includes the Garden State Scholarship, Edward J. Bloustein Distinguished Scholars, and the Urban Scholars, provides awards ranging up to \$1,000 and are renewable annually based on continued satisfactory academic standing. In FY 2004, awards are capped at \$950 as a result of a \$500,000 reduction in funding for the program. The FY 2005 recommended budget appropriates \$7.6 million for the program, a \$500,000 increase over the FY 2004 adjusted appropriation, and indicates that the FY 2005 funding will provide \$1,000 renewable four-year scholarships for 7,562 students. However, it has been reported that letters informing students of the award amount for the 2004-2005 academic year indicate that the award will remain at \$950.

- **Question:** Will the Coordinated Garden State Scholarships award amounts for the 2004-2005 academic year increase to \$1,000, as is stated in the FY 2005 recommended budget or remain at \$950? If the award amount will not increase, please provide information on how the \$500,000 increase will be used.

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Individuals wishing information and committee schedules on the FY 2005 budget are encouraged to contact:

**Legislative Budget and Finance Office  
State House Annex  
Room 140 PO Box 068  
Trenton, NJ 08625  
(609) 292-8030 • Fax (609) 777-2442**