

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. In FY 2006, 5,390 students received merit scholarships under the program which includes four cohorts of students. The FY 2007 budget recommendation will decrease funding for the program by \$4.3 million (30.8 percent), from \$14.0 million in FY 2006 to \$9.7 million in FY 2007. The proposed reduction reflects the fact that scholarships will not be awarded to an incoming freshman cohort; however the FY 2007 recommendation will continue to provide support to those students already receiving a scholarship under the program.

- **Question:** Please provide the number of the students who received full scholarships and students who received partial scholarships under the OSRP in FY 2006 and what institutions they attended. Please also provide the number of students offered full and partial OSRP scholarships who declined enrollment.

Response: The total number of students receiving full and partial OSRP awards in FY 2006 is 5,388. The distribution of these scholarships by institution and OSRP award cell is displayed on Attachment 1-1. Of this total, 1,688 OSRP scholarships were awarded to freshman students. According to data reported by the participating institutions, a total of 5,627 awards were offered to potential freshmen students for the fall of 2005, of which 1,688 offers were accepted and 3,939 were declined, an acceptance rate of 30%. See Attachment 1-2 for the detailed display of OSRP scholarship offers, acceptances and declines.

- **Question:** How has the recommended elimination of OSRP funding for freshmen students affected recruiting efforts to attract eligible New Jersey high school graduates to public and independent institutions within the State?

Response: The institutions participating in the OSRP program have been directly recruiting prospective OSRP students since last fall, and have included OSRP awards in their preliminary financial aid award packages. It is not possible to assess at this time what impact the FY 2007 budget will have on the final admission acceptance rates of these students. As noted in the OLS analysis, Rutgers and TCNJ, where 79% of current OSRP recipients currently attend, have announced their intention to fund freshman OSRP awards for FY 2007 from institutional resources.

- **Question:** Recent news reports have indicated that Rutgers and The College of New Jersey have promised to fund freshmen OSRP scholarships for students who are eligible for, and would have been awarded a scholarship under, the OSRP in the 2006-2007 academic year. Will other public and independent institutions do the same? What other measures, if any, have institutions developed as a substitute for State OSRP funds?

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Response: None of the other institutions participating in the OSRP program have notified HESAA of definitive plans for funding freshman OSRP awards for FY 2007, or for providing substitutes for State OSRP funds.

2. State support for senior public colleges and universities is being decreased in FY 2007. The Governor's budget recommends \$807.6 million in direct operating aid for FY 2007, which is \$143.5 million less than the FY 2006 adjusted appropriation. In recent news reports, several institutions have suggested that if they sought to cover the Governor's FY 2007 recommended reductions in operating aid and other funding categories solely through tuition, senior public institutions would need to increase 2006-2007 tuition by at least 30 percent from 2005-2006 tuition levels. Several institutions have also indicated that the FY 2007 recommended funding level would mean significant layoffs, elimination of scheduled classes, and reduced student services.

In its analysis of the FY 2007 recommended budget, the New Jersey Association of State Colleges and Universities estimated that an additional \$31 million is necessary to cover employee salary increments and cost of living adjustments (COLAs) at the senior public institutions. However, the Governor's budget recommends no salary program funding for the colleges and universities in FY 2007, even though the State negotiates the contracts for certain State college employees. In FY 2006, \$35.4 million was appropriated for the salary program.

Additionally, the FY 2007 recommended budget provides \$545.7 million to cover fringe benefits for the employees of the State colleges and universities. The FY 2007 recommendation essentially represents flat-funding although it is estimated that in FY 2007 an additional \$80 million increase from the FY 2006 amount would be necessary for this purpose.

- **Question:** Please provide information regarding how the level of State aid will affect programs, services and enrollment at the public institutions of higher education in FY 2007.

Response: Proposed State aid levels for higher education will have a significant effect on each of the senior public colleges and universities. These 12 diverse institutions will have to make difficult decisions as they plan for expenditure reductions, increased efficiencies, and reallocation of funds while maintaining a focus on students. The effect across institutions will not be the same. Programs, services, campus activities, enrollments, and tuition will all likely be affected to varying degrees as administrative and budget decisions are made at individual institutions.

- **Question:** How is it anticipated that the institutions will meet employee fringe benefits and salary program costs? What effect will the discontinued aid for the salary program and the lack of funds to cover increased fringe benefits costs have on the four-year public colleges and universities?

Response: The lack of state support to cover increased fringe benefits costs and a portion of salary program increases at the 12 senior public colleges and universities is an added challenge for these institutions. Both of these costs are fixed and unavoidable, and the institutions are faced with finding a means to cover these

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obligations while trying to maintain quality and affordability for students. If additional State support is not restored, significant reductions and reallocation of funds within each institution's budget will be necessary to absorb these costs while limiting tuition and fee increases.

3. The FY 2006 appropriations act included language which provided that if an institution increased average in-state full-time undergraduate tuition in 2005-2006 by more than 8 percent above the prior year, including any shifts of costs previously funded from other institutional sources to student fees during the 2005-2006 academic year, the institution's FY 2006 appropriation would be reduced by 5 percent for each 1 percent that the tuition rate increased above 8 percent. As a result, the 2005-2006 academic year tuition charges at each of the senior public institutions increased by less than 8 percent, with an average of 7.4 percent. While the FY 2007 recommended budget indicates that all public institutions will experience a 10 percent across the board reduction in operating aid, no language is recommended to limit 2006-2007 tuition increases. Data on the Commission on Higher Education's website indicates that between the 1999-2000 and 2005-2006 academic years average tuition increases for in-state full-time undergraduate students at the State colleges were 8.2 percent annually, and the annual tuition increase for in-state full-time undergraduate students at Rutgers, The State University and the New Jersey Institute of Technology has averaged 7.5 percent at each institution.

- **Question:** Given the reduction in State support and the absence of language to limit 2006-2007 academic year tuition increases, what is the average tuition increase anticipated for the 2006-2007 academic year at the senior public colleges and universities?

Response: Each of the 12 senior public institutions independently establishes tuition and fee levels, and each must address the proposed funding shortfall based on the institution's unique circumstances. Tuition increases are likely to vary significantly, and there is no basis on which to anticipate an average increase for next year. The state did not impose a tuition cap in fiscal 2001, 2002, or 2003; increases averaged 10.1%, 7.3%, and 10.2% respectively, and increases ranged from 3.1% to 15.0%. With the significant proposed cuts for next year, every college and university will struggle to find the best means to maintain affordability without sacrificing quality.

4. The "Higher Education Incentive Funding Act," P.L. 1999, c.226, provides State funds to match private endowment contributions or donations made to New Jersey's public and independent institutions of higher education or other related foundations. The amount of matching funds payable depends on whether the gifts are endowment contributions or donations and on the type of institution (public vs. independent) to which the gifts are made. The law excludes institutions having a total endowment of more than \$1 billion from participation in the program. In FY 2006, \$3 million was appropriated to support the Higher Education Incentive Endowment Fund. In FY 2007, the Governor's budget recommends no funding for the Higher Education Incentive Endowment Fund. Information contained in the FY 2007 budget-in-brief indicates that the program would be discontinued because the State has never been able to meet its obligation to match endowment contributions and a five-fold increase in appropriations would be required to fully match eligible contributions already received by the colleges and universities.

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- **Question:** Please provide information regarding the current endowment levels at four-year public institutions and county colleges.

Response: Institutions reported current endowments* as follows:

["Endowments" is defined as cash or marketable securities (held by the institution or its foundation) which are nonexpendable but which generate income that can be used by the institution.]

Research Universities

NJIT - \$53,600,000

Rutgers - \$496,300,000

UMDNJ - \$42,838,000

State Colleges/Universities

Kean University - \$5,850,000

Montclair State University - \$14,000,000

New Jersey City University - \$3,500,000

Ramapo College - \$3,728,000

Richard Stockton College - \$1,831,178

Rowan University - \$147,246,297

The College of New Jersey - \$2,262,204

Thomas Edison State College - \$2,938,000

William Paterson University - \$8,200,000

Community Colleges

Atlantic Cape - \$841,726

Bergen - \$2,392,899

Brookdale - \$318,796

Burlington - \$599,025

Camden - \$153,610

Cumberland - \$1,781,833

Essex - \$0

Gloucester - \$593,139

Hudson - \$10,000

Mercer - \$3,700,000

Middlesex - \$7,200,000

Morris - \$1,215,596

Ocean - \$4,391,556

Passaic - \$1,148,717

Raritan - \$300,873

Salem - \$147,000

Sussex - \$567,236

Union - \$3,975,633

Warren - \$115,883

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- Question:** Please provide a list of the institutions that received State matches from the Higher Education Incentive Endowment Fund, the number and amounts of the State awards since the program's inception in 1999, and the additional appropriations that would have been required annually to fully match the eligible contributions.

Response: The following institutions have received state matches from the Higher Education Incentive Endowment Fund: Montclair State University, New Jersey Institute of Technology, Rowan University, Rutgers University, Thomas Edison State College, UMDNJ, William Paterson University, Bergen Community College, Essex County College, Middlesex County College, Salem Community College, Union County College, Drew University, Saint Peters College, Seton Hall University, Stevens Institute of Technology.

The table below provides a summary of the number of awards, the cumulative match if awards were fully funded, and the amount of state funds provided each year. After the first two years in which awards were given based on applications from the previous year, appropriations were not sufficient to fully fund the awards, and payments were prorated.

Fiscal Year	Total Awards	Cumulative Match	State Payment
2000	9 awards	\$1,118,173	\$1,118,173
2001	15 awards	\$2,313,402	\$2,313,402
2002	35 awards	\$6,744,419	\$4,068,425
2003	39 awards	\$8,090,718	\$2,500,000
2004	46 awards	\$10,652,179	\$3,000,000
2005	54 awards	\$12,868,289	\$3,079,649
2006	59 awards	\$13,261,536	\$2,920,351
2007	59 awards	\$13,261,536	\$0 proposed

From 2000 to 2006, the state paid \$19,000,000 of the total cumulative match of \$55,048,716.

5a. The FY 2006 funding for the Tuition Aid Grant Program (TAG) will increase by \$5.8 million (2.8 percent) from \$208.9 million in FY 2006 to \$214.7 million in FY 2007. The budget indicates that the FY 2007 recommended appropriation will provide an estimated 50,866 awards in the 2006-2007 academic year, the same number provided in the 2005-2006 academic year. When fully funded, TAG awards for the neediest students fund up to the full tuition costs at public institutions, and up to 50 percent of the average tuition at independent colleges and universities. Under the FY 2007 recommended language, the Higher Education Student Assistance Authority (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 2006 award amount equal to the difference between the in-state undergraduate 2005-2006 tuition rate for the institution and the institution's in-state undergraduate 2004-2005 tuition rate (one-year lag) with comparable increases for students who are eligible for maximum

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awards and enrolled at independent institutions. The FY 2007 recommended language also provides that of the \$214.7 million recommended for TAG, \$5 million will be used to provide an additional percentage award increase to offset any 2006-2007 tuition increase for students eligible for maximum TAG awards. While students eligible for maximum awards will see their FY 2007 award (based on 2005-2006 tuition rates) increase over the FY 2006 award by an amount which will partially fund the existing one-year lag, all other TAG awards will be based on 2003-2004 tuition rates, a three-year lag behind 2006-2007 tuition rates. The recommended FY 2007 language in effect provides \$5 million to offset the anticipated 2006-2007 tuition increase for students eligible for maximum TAG award, and provides only \$821,000 to fund all other TAG award increases. This includes an increase for students eligible for maximum awards at public institutions (estimated 15,000 students) to cover the tuition increase which occurred between the 2004-2005 and 2005-2006 academic years (average of \$423 at senior public institutions and \$109 at the county colleges), a comparable increase to offset tuition increases for the same period (average of \$1,346) for students eligible for maximum TAG awards at independent institutions (estimated 3,550 students), and for all other TAG award recipients (estimated 32,316 students) an increase to offset the tuition increase which occurred between the 2002-2003 and 2003-2004 academic years for all sectors (maintain the three-year lag).

- Question:** What is the estimated cost to HESAA of funding all TAG awards based on the tuition rate for the 2005-2006 academic year, a one-year lag? What percentage of the 2005-2006 tuition rate will FY 2007 TAG awards fund for students receiving a maximum award and for students who are not eligible for a maximum TAG award in each sector? Information on the State accounting system indicates that \$17.2 million of the FY 2006 TAG appropriation has been placed in reserve but is not included on the Governor's list of anticipated FY 2006 lapses nor anticipated FY 2007 carryforward balances. For what purposes will those funds be used? Has consideration been given to using the \$17.2 million placed in reserve in FY 2006 to increase awards to the students whose TAG award in FY 2007 will represent a three-year lag behind 2006-2007 tuition rates?

Response: The estimated cost to the State to fund all TAG awards based on the tuition rate for the 2005-06 academic year is \$228.301 million, which is \$10.855 million more than the amount recommended by the Governor. During the 2006-07 academic year, students attending public colleges and universities who demonstrate the highest need will have 100% of 2005-06 tuition covered by TAG. Students attending independent institutions who demonstrate the highest need will receive approximately 50% of the 2005-06 average sector tuition. In addition, \$5.0 million was added to the FY 2007 TAG Program budget to fund, on average, the first 5.1% of FY 2007 tuition increases for the neediest students.

The FY 2007 TAG table for students not receiving maximum awards will be based on 2003-04 tuition levels and will cover the estimated percentage range of tuition shown below.

County Colleges – approximately 44-87% of 2003-04 tuition
 State Colleges – approximately 29-88% of 2003-04 tuition
 Rutgers – approximately 23-81% of 2003-04 tuition

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NJIT – approximately 20-81% of 2003-04 tuition
Independent – approximately 7-42% of 2003-04 average sector tuition

Late in March, HESAA received TAG-eligible award updates from the higher education institutions and, subsequent to the Governor's Budget Address to the Legislature on 3/21, determined that \$17.2 million, inclusive of FY 2006 contingency reserves, is not needed to fund the HESAA Board approved TAG awards during FY 2006, that were adopted in accordance with budgetary footnote language in the FY 2006 Appropriations Act. This balance results directly from fluctuations in the State's economy, and improved income levels, resulting in a corresponding decrease in the number of TAG-eligible students. These funds will be lapsed at the end of FY 2006 instead of being carried forward and incorporated into the FY 2007 TAG table, thereby averting the possibility of a structural deficit in this program during FY 2008. This action will also assist in resolving the State's structural deficit.

The FY 2007 TAG appropriation recommended in the Governor's budget represents an increase to all TAG recipients, while addressing the needs of the state's neediest families. Historically, the TAG table is always one year behind the actual tuition. This policy recognizes that, in most cases, institutions do not set tuition until the summer, while students are notified of TAG award values beginning in March preceding the academic year. The Governor has recommended an additional \$5.0 million in funding to assist the neediest students in defraying FY 2007 tuition increases, since this is the group of student to whom increasing tuition costs represent the greatest barrier to attendance.

• **Question:** Will \$821,000 be enough to fund TAG awards in the manner which is indicated in the language provision? Please provide an estimated TAG table showing FY 2007 TAG awards distributed by New Jersey Eligibility Index (NJEI), sector, average award amounts, number of awards, and total estimated cost based on the FY 2007 recommended appropriation and language provision.

Response: The number of TAG recipients has historically fluctuated. When New Jersey's economy improves, as it has over the last few years, the number of families qualifying for full or partial TAG awards decreases. Therefore, \$821,000 is sufficient to increase all awards to maintain the three-year lag compared to tuition. It should be noted that during the 2007-08 academic year, changes to the federal and New Jersey State need analysis calculations will be implemented that are anticipated to increase the overall number of TAG recipients as well as the number of students qualifying for maximum TAG awards.

5b. Additional FY 2007 footnote language provides that reappropriated balances will be held as a contingency to fund unanticipated increases in the number of applicants qualifying for TAG awards and to fund shifts in the distribution of awards that result in an increase in total costs, or to offset any shortfalls in the federal Leveraging Educational Assistance Partnership (LEAP) program. Further, that in addition to the amounts appropriated for TAG awards (\$214.7 million), subject to the approval of the Director of the Division of Budget and Accounting,

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funds to cover the costs of increases in the number of students qualifying for TAG awards or to fund shifts in the distribution of awards that result in an increase in total program costs are appropriated.

- **Question:** How much in reappropriated (carryforward) balances does the authority anticipate will be available for FY 2007 TAG contingency funds? Will any portion of those funds be used to provide TAG award recipients with award increases above the FY 2006 award amounts?

Response: Based on current projections, HESAA anticipates that \$4 million will be available for FY 2007 contingency funds. This represents less than 2% of projected FY 2007 TAG expenditures. Budget footnote language requires that these funds be held to fund unanticipated increases in the number of applicants qualifying for full-time TAG awards, to fund shifts in the distribution of awards that result in an increase in total program costs, or to offset any shortfall in the federal Leveraging Educational Assistance Partnership (LEAP) Program.

5c. The TAG program has provided award recipients with TAG awards that lag behind tuition costs at the institutions of higher education. In the case of students eligible for maximum TAG awards and enrolled at a public institution, this has meant that since FY 2003, their TAG award has been one year behind current tuition. For all other students eligible for TAG awards, this has meant up to a three-year lag behind tuition rates for the year in which the TAG grant was awarded. By funding the TAG program in this manner, TAG awards for many students have been funding a smaller percentage of tuition costs each year. Concurrently, funding for federal student aid programs such as the Pell Grant Program and the College Work Study Program, for which a number of TAG award recipients qualify, have not provided an increase in the maximum award amount to students in those programs in several years. The maximum Pell Grant is currently \$4,050 which is only \$50 more than it was for the 2002-2003 academic year. To students and parents who depend on grant programs such as TAG, Pell and College Work Study to offset the cost of attendance at institutions of higher education, this lack of increased funding means that the student and/or parent is funding a higher percentage of those costs. If this trend continues, the indebtedness of students and parents who, based on annual income and other factors, have been identified as most in need of tuition assistance will inevitably increase.

In FY 2004, \$10.4 million of the TAG appropriation was unused and was reappropriated (carryforward) to fund FY 2005 TAG awards. In FY 2005, \$18.2 million of the TAG appropriation was unspent and lapsed to the General Fund. The FY 2006 appropriation to support TAG awards was \$208.9 million. Of this amount, \$17.2 million has been placed in reserve and will not be spent in the current fiscal year.

- **Question:** In the current environment of tuition increases that have been between 4.7 percent and 9 percent annually since FY 2004 at the senior public institutions and up to 17.1 percent at the county colleges, please provide the rationale for continuing to provide eligible students with TAG awards, to offset current year tuition costs, that are based on the tuition costs of up to three years prior.

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Response: The TAG Table reflects the language in the Appropriations Act that specifies the parameters to be followed in establishing TAG award values. The State has continued to make a substantial commitment to TAG assistance, as demonstrated by the fact that New Jersey currently ranks second in the nation in the estimated need-based undergraduate dollars per full-time undergraduate student.

- **Question:** Does the authority have suggestions on what can be done to address the issue of the overall decrease in grant-based student financial aid relative to current costs for TAG award recipients, other than an increase in borrowing? Has the authority analyzed TAG award recipient data to accurately determine the rate at which the student loan indebtedness of TAG award recipients has been increasing?

Response: Although student loans are a component of many student financial aid packages, the Authority has done everything it can to reduce the costs of borrowing for New Jersey residents. For example, the NJCLASS alternative loan program offers students and parents a 6.4% interest rate, compared to an 8.5% rate in the federal PLUS Program. In addition, HESAA is providing low cost Stafford loans through the NJLIFE Program that waives all origination fees for needy students, thereby making the full amount of the loan available to the student. NJLIFE also provides back-end benefits to the borrower that further reduce the cost of borrowing. HESAA also has been encouraging families to save for college through the NJBEST Program, which provides students attending school in New Jersey with scholarships and reduces the amount of funds families need to borrow. In addition, HESAA continues to advocate with New Jersey's congressional delegation for increased federal Pell Grant funding. HESAA has not conducted a study to determine if the level of indebtedness of TAG award recipients has been increasing, although it can be concluded that student loan debt is materially lower than it would be in the absence of the TAG Program.

6. The Veterinary Medicine Education Program was established in 1971 under N.J.S.18A:71B-47. The program provides for contractual agreements between the Higher Education Student Assistance Authority (HESAA) and out-of-state schools of veterinary medicine for the acceptance of New Jersey residents who have been residents of the State for twelve consecutive months. Under the statute, the schools receive a capitation subsidy toward the cost of education in return for a number of reserved spaces for New Jersey residents.

Schools with which HESAA has a contract include the University of Pennsylvania, Cornell University, Tuskegee University, Iowa State University, Oklahoma State University, University of Illinois, and Tufts University. The FY 2007 recommended budget indicates that in FY 2006 the program served 96 students at a cost of \$1.4 million. The Governor does not recommend FY 2007 funding for this program.

- **Question:** Although under the Veterinary Medicine Education Program veterinarians are not required to return to practice and live in New Jersey, do individuals who benefit from the program return to this State to contribute to the economic and social life of New Jersey? How many veterinarians has the program produced since FY 2001, and how many of them are currently practicing in New

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Jersey? Please provide a breakdown of program participants by annual cost, school, and class.

Response: The Veterinary Medical Education has produced a total of 89 graduates since 2001. Of the total of 56 graduates that can be identified in the American Veterinary Medical Association Directory (not inclusive of graduates that have had name changes as a result of marriage or who are pursuing further veterinarian graduate studies), 32 or 57% have returned to New Jersey to practice. The breakdown of FY 2006 total program costs of \$1,442,886 is detailed on Attachment 6-1.

7. Language contained in the FY 2007 Budget in Brief indicates that New Jersey taxpayers pay an estimated \$22.7 million annually to subsidize out-of-state undergraduate students at the senior public institutions of higher education. Further, the Executive estimates that if the institutions eliminate the subsidy and charge out-of-state undergraduate students the full cost of their educational expenses, the institutions could realize an estimated \$5.7 million in FY 2007.

- **Question:** Please provide information on the number of out-of-state students that are currently enrolled in New Jersey public colleges and universities. Please provide information on New Jersey's out-of-state tuition as compared to the out-of-state tuition rates in neighboring states. If implemented as proposed, by what amount would out-of-state tuition increase above current tuition rates? How would this change impact the ability of New Jersey public institutions to recruit out-of-state students?

Response: (a.) New Jersey's 11 senior public institutions (excluding Thomas A. Edison State College, which does not charge traditional tuition and fees) enrolled 12,026 out-of-state students in the fall 2005 semester. Of this total, 5,668 were undergraduates and 6,358 were graduate students.

(b.) Non-resident undergraduate tuition and mandatory fee charges for New Jersey senior public institutions and for representative institutions in nearby states where NJ students often migrate are listed below:

Out-of-State Tuition Comparison

New Jersey		Neighboring States	
Rutgers Univ. (average)	\$16,835	Univ. of Delaware	\$17,474
NJ Inst. of Technology	\$16,026	Penn State Main Campus	\$21,744
		Univ. of Pittsburgh Main Campus	\$20,784
		SUNY Albany	\$12,147
		Univ. of Maryland (College Park)	\$20,145
		Univ. of Virginia Main Campus	\$24,290
		Virginia Tech Univ.	\$17,837
		Univ. of Massachusetts (Amherst)	\$18,397
Rowan Univ.	\$14,901	Delaware State Univ.	\$12,034
New Jersey City Univ.	\$12,080	East Stroudsburg Univ., Pa.	\$13,822
Kean University	\$10,139	West Chester Univ., Pa.	\$13,570
Montclair State Univ.	\$12,156	Penn State Branch campuses (most)	\$15,332
Ramapo College of NJ	\$13,709	CUNY colleges NY (average)	\$ 8,965
Richard Stockton College NJ	\$11,792	SUNY colleges NY (average)	\$11,596
The College of New Jersey	\$15,120	U. of Maryland (Baltimore campus)	\$18,649

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Wm. Paterson College of NJ	\$13,856	Towson University (Md.)	\$16,030
Average, NJ State Coll/Univ.	\$12,970	James Madison Univ. (Va.)	\$15,322
		Norfolk State Univ. (Va.)	\$14,480
		Univ. of Massachusetts (Lowell)	\$19,066
		Salem State College (Mass.)	\$11,734

(c.) The proposal in the Governor's FY 2007 budget was to reduce and eventually eliminate the subsidy that New Jersey taxpayers provide to students attending New Jersey colleges and universities from other states. The subsidy exists because New Jersey's colleges charge non-resident students less in tuition and fees than it costs to educate these students. Under the proposal, the phase-in of the higher non-resident tuition rates would take place over four years, so that the budget estimate of FY 2007 institutional revenues from the increase are roughly 25 percent (\$5.7m) of the full differential amount (\$22.7m). Since the individual institutions set their own tuition and fees, any eventual decisions regarding whether or not to implement such increases, and over what time period, would be made by the governing body of each institution.

An example based on the Governor's proposal follows. At Rutgers University it is estimated that current (2005-06) out-of-state undergraduate tuition and fee charges would have to increase by approximately \$2,650 from their current rate of \$16,835 to fully account for the University's actual per-student costs. If Rutgers were to implement an increase of this magnitude over four years, the non-resident charges would go up by about \$663 in the 2006-07 academic year (one-fourth of \$2,650), in addition to any other increases the University establishes when it adopts its FY 2007 budget.

(d.) New Jersey does not enroll many out-of-state students compared to other states. The proposed change to increase out-of-state tuition may discourage some students from coming to New Jersey to attend a public college. On the other hand, many institutions in other states charge more to out-of-state students than New Jersey does, and they recruit larger numbers of out-of-state students than New Jersey does.

8. The FY 2007 recommended budget includes \$12.0 million to support operating expenses at the independent institutions of higher education, a \$12.0 million or 50 percent reduction from the FY 2006 adjusted appropriation of \$24 million. The FY 2007 recommended appropriation would provide 39 percent of the amount required to fully fund the "Independent College and University Assistance Act," P.L. 1979, c.132.

- **Question:** Please explain whether recommended operating reductions will be offset by other resources, and if so, please identify the source of those funds. If no replacement funds are available, how will this reduction impact the operations of the independent colleges? What percentage of the sector's overall operating costs does this cut represent? If tuition revenue is used as the only source to replace the funding, by what average percentage would tuition increase for the 2006-2007 academic year?

Response: There is no identified source of funds to offset proposed reductions to the independent institutions. The reductions in state support for individual

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independent institutions pose difficult decisions as to how to address the proposed funding shortfall. The proposed cut represents 1.3 percent of the sector's unrestricted revenue; it represents 3.4 percent of the sectors tuition and fees revenue. The impact of the costs on individual institutions, however, varies significantly based on the distribution formula. Based on each institution's unique circumstances, its programs, services, campus activities, enrollments, and tuition will all likely be affected to varying degrees as administrative and budget decisions are made. Given the wide variation of impact among institutions, there would be a wide range of percent increases if tuition revenues alone were used to replace funding.

9. The FY 2007 recommended State aid appropriation for the operational costs of the county colleges is \$146.3 million, a \$16.3 million decrease from the FY 2006 amount of \$162.6 million. This funding includes appropriations from the Supplemental Workforce Fund for Basic Skills, which provides \$14 million in FY 2006 and would provide \$8 million in FY 2007. The county college system is composed of 19 institutions that provide access to higher education for a broad range of New Jersey residents.

- **Question:** Please explain whether recommended operating reductions will be offset by other resources, and if so, please identify the source of those funds. If no replacement funds are available, how will this reduction impact the operations of the county colleges?

Response: There is no identified source of funds to offset proposed reductions to the community colleges. Like other institutions, reductions in state support for individual community colleges pose difficult decisions as to how to address the proposed funding shortfall. Based on each institution's unique circumstances, its programs, services, campus activities, enrollments, and tuition will all likely be affected to varying degrees as administrative and budget decisions are made.

10. The New Jersey Transfer Initiative (NJ Transfer) was developed as a joint initiative of the New Jersey Commission on Higher Education and the New Jersey Presidents' Council. This web-based data information system was designed to provide a seamless transfer from New Jersey community colleges to New Jersey four-year colleges and universities. The FY 2007 recommended budget provides no appropriation to support NJ TRANSFER and indicates that the institutions that participate in the NJ TRANSFER program can absorb the FY 2007 program costs. The FY 2006 appropriation was \$780,000.

- **Question:** How has the implementation of NJ TRANSFER affected students' ability to transfer among institutions of higher education? Please provide information on the number of customers (students, parents, counselors) who use NJ TRANSFER on an annual basis. Should the Governor's recommendation be enacted as part of the FY 2007 appropriations act, will the program be funded from non-State sources or will the program cease to exist? What costs did the FY 2006 appropriation support?

Response: Over the past 12 months, the NJ Transfer website has logged 325,498 visitors. NJ Transfer has proven to be a very useful tool to assist students and counselors by providing critical information necessary for a smooth transfer between community colleges and four-year institutions. This tool alone, however, is not sufficient to provide the efficient level of articulation and transfer desired. The

Discussion Points (Cont'd)

Commission on Higher Education and the Presidents' Council are currently engaged in efforts to increase coordination and collaboration among institutions. We are working to establish a model transfer program for preschool-to-grade-3 teacher certification programs, which would lay the groundwork for similar improvements in other areas. This critical work by institutional representatives from the two- and four-year sectors is essential to address the longstanding need for a smooth path between two- and four-year schools.

If the Governor's recommendation is enacted, like other programs, NJ Transfer's budget should be carefully reviewed and reduced to focus on the core purpose of the program. Institutions do not now pay dues to support this program; it has been fully supported by state dollars. Ideally, a reduced budget and a contribution from each participating institution will be sufficient to maintain and manage this electronic data base that has proven to be a valuable tool for students and guidance counselors. The NJ Transfer 2006 budget is summarized below:

Personnel	\$391,400
Benefits	\$ 94,850
Software Licensure & equipment	\$ 82,000
Consulting & contracted services	\$ 83,150
Printing	\$ 30,000
Other	\$ 98,600
Total	\$780,000

11. The New Jersey Higher Education Network (NJEDge.NET), a non-profit corporation of the New Jersey Presidents' Council, is a broadband Statewide network designed to enhance the teaching, research and public service missions of New Jersey's colleges and universities. The range of capabilities, resources, and services offer economies of scale, provide expanded opportunities for integrating emerging technologies, and promote new forms of inter-institutional collaboration. This private, Statewide infrastructure effectively "raises the bar" for high performance data and video capabilities across the State's three Local Access and Transport Area (LATA) boundaries and extends the reach of higher education to off-campus learners, K-12, as well as corporate and community constituents. The FY 2007 recommended budget does not include funding to support this program and further indicates that the FY 2007 program costs can be absorbed by the institutions that participate in the network. The FY 2006 appropriation for the network was \$350,000.

- **Question:** What benefits have been realized from institutional collaborations and other network activities? Should the Governor's recommendation be enacted as part of the FY 2007 appropriations act, will the program be funded from non-State sources or will the network be eliminated? What costs did the FY 2006 appropriation support?

Response: NJEDge.Net is a broadband statewide network that enhances teaching, research, and public service missions of New Jersey's colleges and universities. It

Discussion Points (Cont'd)

provides a wide range of capabilities, resources, and services that offer economies of scale, provide expanded opportunities for integrating emerging technologies, and promote new forms of interinstitutional collaboration. This private statewide infrastructure has effectively raised the bar for high performance data and video capabilities across the state and extends the reach of higher education to off-campus learners, the preschool- to-12 community, and corporate and community constituents.

The administration of NJEDge.Net has been funded since its creation by a combination of network member dues and state funds. If the Governor's recommendation is enacted, a combination of reductions in administrative expenses and increased dues from members would be necessary to maintain the benefits of NJEDge.Net.

Higher Education Student Assistance Authority
FY 2006 Outstanding Scholars Recruitment Program (OSRP)
Distribution of OSRP Offers, Acceptances and Declines

Award Cell	Award Amount	Drew University			Caldwell College			College of St Elizabeth			Georgian Court College			
		1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	
A 1	\$7,500	2	2	0	0	0	0	0	0	0	0	0	0	
A 2	\$6,000	8	8	0	0	0	0	0	0	0	0	0	0	
A 3	\$5,000	0	0	0	0	0	0	0	0	0	0	0	0	
A 4	\$4,500	1	1	0	0	0	0	0	0	0	0	0	0	
A 5	\$4,000	4	4	0	0	0	0	0	0	0	0	0	0	
B 1	\$6,000	0	0	0	0	0	0	0	0	0	0	0	0	
B 2	\$5,000	1	1	0	0	0	0	0	0	0	0	0	0	
B 3	\$4,500	1	1	0	0	0	0	0	0	0	0	0	0	
B 4	\$4,000	2	2	0	1	0	0	0	0	0	0	0	0	
B 5	\$3,500	1	1	0	0	0	0	0	0	0	0	0	0	
C 1	\$4,000	0	0	0	0	0	0	0	0	0	0	0	0	
C 2	\$3,000	0	0	0	0	0	0	0	0	0	0	0	0	
C 3	\$2,500	0	0	0	0	0	0	0	0	0	0	0	0	
Totals		20	20	0	1	1	0	1	1	0	0	8	2	6

Higher Education Student Assistance Authority
FY 2006 Outstanding Scholars Recruitment Program (OSRP)
Distribution of OSRP Offers, Acceptances and Declines

Award Cell	Award Amount	Fairleigh Dickenson				Rider University				Stevens Institute				College of New Jersey				
		1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined		
A 1	\$7,500	0	0	0	1	1	0	0	0	0	0	0	7	3	4	130	35	95
A 2	\$6,000	0	0	0	1	1	0	0	0	0	0	0	14	7	7	240	57	183
A 3	\$5,000	0	0	0	1	1	0	0	0	0	0	0	11	3	8	178	43	135
A 4	\$4,500	0	0	0	0	0	0	0	0	0	0	0	6	2	4	163	66	97
A 5	\$4,000	0	0	0	1	1	0	0	0	0	0	0	15	3	12	157	70	87
B 1	\$6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	2	15
B 2	\$5,000	1	1	0	0	0	0	0	0	0	0	0	7	2	5	110	27	83
B 3	\$4,500	1	1	0	0	0	0	0	0	0	0	0	5	3	2	94	29	65
B 4	\$4,000	4	4	0	2	2	0	0	0	0	0	0	5	2	3	138	40	98
B 5	\$3,500	22	22	0	2	2	0	0	0	0	0	0	6	1	5	145	73	72
C 1	\$4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	2	11
C 2	\$3,000	0	0	0	0	0	0	0	0	0	0	0	6	0	6	56	15	41
C 3	\$2,500	1	1	0	0	0	0	0	0	0	0	0	6	2	4	60	22	38
Totals		29	29	0	8	8	0	0	0	0	0	0	88	28	60	1501	481	1020

Higher Education Student Assistance Authority
FY 2006 Outstanding Scholars Recruitment Program (OSRP)
Distribution of OSRP Offers, Acceptances and Declines

Award Cell	Award Amount	Montclair University				NJ Institute of Technology				Ramapo College				Richard Stockton College			
		1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st Year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st Year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	
A 1	\$7,500	9	0	9	4	0	4	0	0	4	0	0	0	0	0	0	
A 2	\$6,000	34	6	28	14	1	13	3	3	0	0	0	9	5	4		
A 3	\$5,000	19	6	13	6	4	2	2	2	0	0	0	6	3	3		
A 4	\$4,500	32	5	27	16	7	9	11	11	0	0	0	17	4	13		
A 5	\$4,000	43	11	32	17	6	11	19	19	0	0	0	21	7	14		
B 1	\$6,000	1	0	1	3	0	3	1	1	0	0	0	0	0	0		
B 2	\$5,000	20	3	17	12	4	8	2	2	0	0	0	0	0	0		
B 3	\$4,500	19	4	15	16	6	10	3	3	0	0	0	4	0	4		
B 4	\$4,000	28	7	21	19	4	15	8	8	0	0	0	4	2	2		
B 5	\$3,500	42	18	24	19	8	11	9	9	0	0	0	18	4	14		
C 1	\$4,000	0	0	0	3	2	1	0	0	0	0	0	0	0	0		
C 2	\$3,000	6	1	5	3	0	3	1	1	0	0	0	1	1	0		
C 3	\$2,500	2	0	2	2	0	2	3	3	0	0	0	0	0	0		
Totals		255	61	194	134	42	92	62	62	0	0	0	80	26	54		

Higher Education Student Assistance Authority
FY 2006 Outstanding Scholars Recruitment Program (OSRP)
Distribution of OSRP Offers, Acceptances and Declines

Award Cell	Award Amount	Rowan University				Rutgers University				William Paterson University				Total - All Institutions			
		1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	1st year Students Offered	1st Year Students Accepted	1st Year Students Declined	
A 1	\$7,500	4	1	3	408	70	338	0	0	0	0	0	565	112	453		
A 2	\$6,000	28	7	21	466	91	375	0	0	0	0	0	819	186	633		
A 3	\$5,000	26	8	18	267	88	179	0	0	0	0	0	518	159	359		
A 4	\$4,500	44	19	25	252	77	175	0	0	0	0	0	543	192	351		
A 5	\$4,000	50	14	36	230	98	132	2	2	0	0	0	560	236	324		
B 1	\$6,000	0	0	0	100	22	78	0	0	0	0	0	122	25	97		
B 2	\$5,000	12	6	6	260	61	199	0	0	0	0	0	425	107	318		
B 3	\$4,500	16	5	11	198	49	149	0	0	0	0	0	358	101	257		
B 4	\$4,000	33	17	16	248	81	167	0	0	0	0	0	493	171	322		
B 5	\$3,500	40	7	33	242	87	155	1	1	0	0	0	548	233	315		
C 1	\$4,000	0	0	0	63	6	57	0	0	0	0	0	79	10	69		
C 2	\$3,000	8	0	8	234	49	185	1	1	0	0	0	316	68	248		
C 3	\$2,500	12	2	10	195	58	137	0	0	0	0	0	281	88	193		
Totals		273	86	187	3163	837	2326	4	4	0	0	0	5627	1688	3939		

Higher Education Student Assistance Authority
 Outstanding Scholars Recruitment Program
 Distribution of Total FY 2006 OSRP Awards by Institution and Award Cell

Award Cell	Award Amount	Drew University	Caldwell College	College of Saint Elizabeth	Georgian Court College	Fairleigh Dickinson University	Rider University	Stevens Institute	College of New Jersey	Montclair University	NJIT	Ramapo College	Richard Stockton College	Rowan University	Rutgers University	William Paterson University	Total All Institutions
A 1	\$7,500	4	0	0	0	0	1	4	89	1	1	0	0	2	209	0	311
A 2	\$6,000	26	0	0	0	1	2	22	234	17	15	5	7	15	316	1	661
A 3	\$5,000	12	0	0	2	1	2	15	146	14	7	16	7	32	276	1	531
A 4	\$4,500	15	1	0	0	4	6	6	218	27	21	21	10	51	257	4	641
A 5	\$4,000	12	1	0	1	4	9	13	263	37	26	47	22	40	322	8	805
B 1	\$6,000	1	0	0	0	0	0	1	8	0	0	1	0	0	57	0	68
B 2	\$5,000	5	0	0	0	4	0	7	71	5	13	4	0	10	199	0	318
B 3	\$4,500	2	0	0	0	3	0	6	99	12	11	8	2	15	168	2	328
B 4	\$4,000	8	1	4	0	22	7	13	161	24	18	25	5	41	242	8	579
B 5	\$3,500	11	1	0	1	50	11	6	216	33	23	27	9	34	276	14	712
C 1	\$4,000	0	0	0	0	0	0	0	6	0	3	0	0	2	28	0	39
C 2	\$3,000	1	0	0	0	1	1	0	39	3	3	2	1	3	119	1	174
C 3	\$2,500	2	0	0	0	3	3	4	57	1	6	5	1	2	136	1	221
Totals		99	4	4	4	93	42	97	1607	174	147	161	64	247	2605	40	5388

INCREASE FUNDING

**Higher Education Student Assistance Authority
Veterinary Medical Education Contract Program
FY 2005-2006 Program Cost**

Attachment 6-1

Institution	1st Year Students - FY 05 (Class of 2009)		2nd Year Students - FY 05 (Class of 2008)		3rd Year Students - FY 04 (Class of 2007)		4th Year Students - FY 03 (Class of 2006)		Total Request Avg. Capitation		
	Students	Capitation	Students	Capitation	Students	Capitation	Students	Capitation	Students	Total	
University of Penn.	3	22,500	3	22,000	3	21,500	3	21,000	12	21,750	\$261,000
Cornell University	5	19,500	5	19,000	5	18,500	4	18,500	19	18,895	\$359,000
Tuskegee University*	3	17,580	3	17,080	3	16,580	2	16,580	11	16,989	\$186,880
Iowa State University	2	13,268	4	12,768	3	12,397	5	11,700	14	12,379	\$173,299
Oklahoma State Univ.	3	10,769	4	10,269	4	9,769	4	9,769	15	10,102	\$151,535
University Illinois	2	13,709	2	13,209	2	12,709	2	12,709	8	13,084	\$104,672
Tufts University*	5	12,500	4	12,000	4	12,000	4	12,000	17	12,147	\$206,500
Total	23	\$15,935	25	\$15,152	24	\$14,851	24	\$14,215	96	\$15,030	\$1,442,886

Summary of Request		
Average		
Students	Capitation	Total
FY 2006 Cost	96	\$15,030
Total Cost Amt		\$1,442,886
FY 2006 Appropriation Request		\$1,337,000
Carryforward Amt FY05		\$118,991
Total Appropriation Amt		\$1,455,991
Difference -		\$13,105