

Discussion Points

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY 2009 and \$2.220 billion in FY 2010) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- **Question:** Please itemize the federal stimulus funding, if any, other than portions of the \$3.074 billion allocated for budget relief, included in the Commission on Higher Education (CHE) and Higher Education Student Assistance Authority (HESAA) budgets, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for State administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the CHE and HESAA determine recipients and funding awards. Are there ARRA funds that flow through the CHE and HESAA for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

CHE Response: The ARRA guidelines on higher education funding specify that the funds must be directed to public colleges, so the Commission on Higher Education does not expect to receive any of these funds.

For higher education the bulk of funding is direct student aid. The Pell grant increase is expected to mean an additional \$140 million to needy New Jersey college goers; the additional federal work study money is expected to mean an additional \$120,000 for students. The State Stabilization fund dollars allotted to New Jersey and directed toward education are still under consideration by the Treasurer's office.

HESAA Response: At the time of the budget message, USDE had not yet released its guidelines on the application for and the use of the ARRA State Fiscal Stabilization Fund (SFSF). On April 1, USDE released its guidelines, and unfortunately, they indicate that SFSF dollars cannot be used to support tuition assistance programs like Tuition Aid Grants (TAG). We are currently working with both the Governor's and Treasurer's Offices in obtaining greater flexibility regarding the use of SFSF dollars for TAG from the federal government. If this is unsuccessful, the Governor is committed to funding TAG at the level recommended in the Governor's Budget.

- **Question:** In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the CHE or HESAA identified that they are eligible to pursue, has applied for, and has been awarded, respectively?

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CHE Response: The Commission on Higher Education currently has a federal statewide GEAR UP grant (Gaining Early Awareness and Readiness for Undergraduate Programs). The program, funded at \$3,499,116 per year through August 2011 (total funding \$20,994,689 plus a dollar-for-dollar matching requirement) utilizes partnerships with seven institutions of higher education, several state entities, 28 middle and high schools, and several business and community agencies to create an educational pathway by which low-income students can prepare for and succeed in postsecondary education. The GEAR UP grant has leveraged its funding to earn grants from AT&T (\$38,260) in 2006 and Citi Foundation (\$15,000) in 2008 to supplement services to students and teachers in the target schools.

The Commission applied for the federal College Access Challenge Grant (CACG) program and was awarded \$1,097,047. The CHE has used the CACG to build on the activities of our colleges to improve access to higher education. In January, the CHE held a competition for colleges to extend their initiatives to assist families in completing the FAFSA. Using these funds, colleges were invited to submit proposals on how they would go beyond the informational sessions that they currently host, to provide in-depth one-on-one assistance to families who are unfamiliar with the process. Each college was awarded up to \$10,000 to work with families this year. The funded projects:

Bloomfield College
Cumberland County College
Essex County College
Fairleigh Dickinson University
Georgian Court University
Hudson County Community College
Kean University
Middlesex County College
New Jersey Institute of Technology
Ocean County College
Passaic County Community College
Saint Peter's College
Richard Stockton College of New Jersey
University of Medicine and Dentistry of New Jersey
Union County College
Warren County Community College
William Paterson University of New Jersey

The second stage of CACG funding was distributed to colleges on a competitive basis to create or expand dual enrollment programs. Dual enrollment is a proven way to demonstrate to students that they are ready for college courses. While enrolled in high school, students earn college credits establishing real courses that could be applied to their college transcript, while containing costs and potentially accelerating degree completion. Colleges will be awarded up to \$20,000 for the 09-10 school year.

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The funded projects:

Camden County College
Cumberland County College
Georgian Court University
Middlesex County College
New Jersey City University
New Jersey Institute of Technology
Ocean County College
Passaic County Community College
Raritan Valley Community College
Rowan University
Saint Peter's College
Salem Community College
Sussex County Community College
The College of New Jersey
William Paterson University of New Jersey

The final CACG dollars are dedicated to funding colleges to identify, contact, and re-enroll students who left college in good academic standing, but without having earned a degree. Hundreds of thousands of New Jersey residents have earned some college credits, but are unable to use their academic credentials to improve their standing in the workforce due to the lack of completion. The Commission developed an RFP for the "Disengaged Adults Returning to College" grant program and held a technical assistance session on the RFP requirements on April 8, 2009. Grant proposals are due on April 30, 2009.

The CHE has also been awarded a competitive grant from the Western Interstate Commission on Higher Education (WICHE) to work on the identification and recruitment of disengaged adults. This \$65,000 grant will complement our CACG efforts and provide a cross-state resource network for our grantees and other colleges in New Jersey.

The CHE will continue to look for competitive grant sources, being mindful that our first commitment is to support our colleges in these efforts. Our primary mission is to make sure that the colleges are aware of the various funding opportunities for campuses and to support that we send the federal grant opportunities to campus contacts each week.

HESAA Response: Federal student assistance funding within the ARRA has been dedicated to increasing student grant award amounts under the campus-based Pell grant and College Work-Study programs. Therefore, to date, there have not been any competitive grant opportunities issued for student assistance programs.

2. Over the past several years, the overall staffing level in the Executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

- **Question:** How has the reduction in staffing affected CHE and HESAA? What strategies have been employed to deal with staff reductions? What

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projects, work products or functions have been discontinued or deferred because of staffing levels? Will the CHE and HESAA be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

CHE Response: CHE has been reduced from 21 staff (18 state-funded, 3 federal-funded staff in July 2006) to 18 staff (14 state-funded, 4 federal-funded staff currently) in FY 2009. Some tasks have been re-engineered. For example, virtually all of our mailings are now electronic, saving paper and postal costs; as well as saving effort to copy, collate etc. CHE has also increased the amount of information available on its website. This has reduced ad hoc requests for data.

As a small agency these reductions have meant that most staff members perform all functions without additional clerical support. All staff have assumed additional responsibilities over the last four years. The CHE has given up the Deputy Executive Director position and moved into a shared senior leadership model requiring senior staff to supervise more workers directly and assume additional administrative duties. Up until this point, we have not only been able to handle the previous work load, but we have added projects to our portfolio. Further reduction would seriously limit our ability to handle those new responsibilities with the same quality assurance and would certainly make it impossible to be involved in any new initiatives.

The CHE does not use overtime pay.

HESAA Response: Because HESAA's core function centers on customer service, staff reductions have created challenges. Moreover, the Authority's performance based federal revenue operations that fund most of the services HESAA provides to students and families suffer when staffing is inadequate. As background, HESAA's State appropriations declined by \$1.3 million, or 56.9%, since FY 2006 and State-funded positions have been reduced by 40.7%. During the same time, due to the State's hiring freeze and ERI program, HESAA's non-State funded staffing has been reduced by 18%. Nevertheless, HESAA continues to serve the public by providing financial aid and outreach services to help students understand how to finance their higher education. At a time when other areas of the financial services industry are struggling, the demand for HESAA's programs, products and services has grown dramatically. Grant program applications have increased by 26.7% and NJCLASS loan volume has experienced a 16.9% increase. Utilization of our services, including our training of high school counselors, parent workshops, financial literacy programs, toll-free hotline, outreach materials, and website, have increased significantly. Our ability to serve the increasing numbers of students and their families is predicated on our ability to provide prompt assistance so that they can make timely college decisions.

HESAA continues to enhance web-based and other electronic services which enable our reduced staff levels to continue to provide high service levels and make it easier for New Jersey families to apply for and obtain student assistance. However, we have had to delay our implementation of a data management/archiving system because of the shortage of personnel to staff this project. It will be very difficult to bring a system on board under the current hiring restrictions. HESAA's ability to serve New Jersey's students and families would be increased if we were able to use non-State appropriated funds to hire more employees.

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There will be no increase in state appropriated spending towards overtime to accommodate furloughs in FY 2010.

3. The FY 2009 appropriations act anticipated that \$25 million in procurement savings would be achieved by Executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix 1, page 8).

- **Question:** Please indicate the FY 2009 amount of procurement savings achieved by the CHE and HESAA, by the categories set forth in the referenced table, and the sources of those savings by program. What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the CHE and HESAA? What projects, work products or functions have been discontinued or deferred in order to achieve these savings?

Response: The Office of Management and Budget will provide the answer to this question for all agencies.

4. The FY 2010 recommended appropriation to support operating expenses at the senior public institutions reflects a 5 percent across-the-board reduction from the FY 2009 adjusted appropriation. However, operating aid for the University of Medicine and Dentistry of New Jersey (UMDNJ) will increase by \$30.9 million or 14.1 percent, from \$218.5 million in FY 2009 to \$249.4 million in FY 2010 (page D-325 of the recommended budget), due to the inclusion of a new appropriation entitled "UMDNJ – Stabilization" and maintenance of general operating aid at the FY 2009 level.

- **Question:** For what purpose will the recommended \$30.9 million be used? Will "UMDNJ - Stabilization" funds be used to support functions that were previously funded with operating aid? Does the FY 2010 recommended appropriation represent a one-time need or does it have funding implications for future fiscal years? Will this appropriation impact university revenues or expenses in FY 2010 or future fiscal years?

CHE Response: UMDNJ is a unique institution, not only because it is our only public medical school, but also because of its unique relationship with University Hospital. In 2009, the hospital was unusually hard hit by the recession and its history of serving patients who are unable to pay. Although many efficiencies were employed, the budget deficit was so large that it was impossible for the University to assume that budget burden without risking a dilution of resources to education and research programs. Any budget decision is made on an annual basis. While it is the hope of all that the efficiencies at University Hospital will result in future savings, it is entirely possible that UMDNJ will need special considerations in the future.

5a. The FY 2010 funding for the Tuition Aid Grant Program (TAG) will increase by \$32.7 million (13.1 percent) from \$250.5 million in FY 2009 to \$283.2 million in FY 2010. The budget indicates that the FY 2010 recommended appropriation will provide an estimated 57,578 awards in the 2009-2010 academic year, 3,463 more than the number provided in the 2008-2009 academic year.

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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. For FY 2003 through FY 2010 as recommended, TAG policies and assistance levels have been set through appropriations language. For some students, assistance levels have lagged further behind current tuition rates than others, based upon their level of need and whether they attend public or independent institutions. In no year during that time period has the State fully funded TAG assistance awards in accordance with statute.

- **Question:** Please use hypothetical examples of students enrolled in public and not-for-profit independent colleges to explain the relationship between TAG awards and tuition under the FY 2010 recommended budget.

HESAA Response: State appropriation levels for the Tuition Aid Grant (TAG) Program for FY 2003 through FY 2010 have not permitted awards to be set at the maximum levels authorized by statute. For the past five years, pursuant to budgetary footnote language, students who demonstrated the highest need (those in the first New Jersey Eligibility Index (NJEI) cell of the TAG table) at all institutional sectors received maximum awards based on a one-year lag compared to tuition, while all other awards were based on a three-year lag compared to tuition.

Since 2009-10 tuition levels and TAG award values have not been established, the following examples are based on 2008-09 data.

Rutgers, The State University – 2008-09 tuition - \$9,268 (tuition increased by approximately 8% between 2007-08 and 2008-09)

Max TAG award	\$8,540 - covered 92% of 08-09 tuition
2 nd NJEI cell TAG award	\$6,906 - covered 75% of 08-09 tuition

State Colleges – 2008-09 average tuition – \$6,853 (tuition increased by approximately 7% between 2007-08 and 2008-09)

Max TAG award	\$6,406 - covered 93% of 08-09 tuition
2 nd NJEI cell TAG award	\$5,280 - covered 77% of 08-09 tuition

County Colleges – 2008-09 average tuition - \$2,514 (tuition increased by approximately 6% between 2007-08 and 2008-09)

Max TAG award	\$2,360 - covered 94% of 08-09 tuition
2 nd NJEI cell TAG award	\$1,994 - covered 79% of 08-09 tuition

Independent Colleges – 2008-09 average tuition – \$22,683 (tuition increased by approximately 6% between 2007-08 and 2008-09)

Max TAG award	\$10,718 - covered 47% of 08-09 tuition
2 nd NJEI cell TAG award	\$ 8,850 - covered 39% of 08-09 tuition

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- **Question:** What is the estimated cost to HESAA of funding all TAG awards based on the tuition rate for the 2008-2009 academic year, a one-year lag?

Response: Under the TAG award parameters recommended by the Governor's FY 2010 budget, it would cost an additional \$18.565 million or a total State appropriation of \$301.783 million to fund all FY 2010 TAG awards based on the FY 2008-2009 tuition rates, or a one-year lag.

5b. Language proposed in the FY 2010 recommended budget changes the TAG policy for students attending post-secondary, for profit, proprietary institutions. The language stipulates that effective with the 2009-2010 academic year, TAG awards for students at such institutions will not exceed the corresponding average award amount available for a student attending a State college or university established pursuant to chapter 64 of Title 18A of the New Jersey Statutes (all senior-public colleges excluding Rutgers, UMDNJ, and NJIT). The current TAG policy for eligible students attending a post-secondary, for profit, proprietary institution provides an award of up to 50 percent of the average tuition at the independent colleges. The FY 2010 recommended budget indicates that the change will result in a savings of \$11.5 million.

- **Question:** Please provide information on how this policy will impact TAG recipients at the post-secondary, for profit, proprietary institutions. Please use hypothetical examples of students in various cells of the TAG table to explain the impact of the current TAG policy vs. the impact of the proposed TAG policy. How does the number of FY 2009 TAG award recipients at the proprietary institutions compare to the number anticipated for FY 2010?

HESAA Response: During the 2008-09 academic year, a student who qualified for a maximum TAG award at a for-profit, proprietary institution received an annual award of \$10,718. If the recommended budget language had been in place for the current year (2008-09), that student would have received an annual award of \$6,406, a reduction of \$4,312. In addition, awards to all other TAG recipients at for-profit, proprietary institutions who did not qualify for a maximum award would have been reduced to the state college and university sector award levels.

There are three fewer NJEI cells at the state college and university sector compared to the independent sector (maximum qualifying NJEI of 7499 vs. 10499). If awards at for-profit, proprietary institutions had been set at the state college and university sector level in 2008-09, approximately 300 fewer full-time equivalent (FTE) awards would have been provided to students with average incomes between \$50,100 and \$56,300. In FY 2009, these students received TAG awards ranging from \$3,728 to \$1,678. Under the proposed FY 2010 budgetary footnote language, these students would no longer qualify for TAG.

For-Profit Proprietary Institutions – Hypothetical Examples Based on Projected 2009-10 Values

Max TAG award	\$6852 – 40% of 09-10 tuition
2 nd NJEI cell TAG award	\$5688 – 33% of 09-10 tuition

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As noted above, nearly 300 fewer TAG awards would be provided to students at the for-profit, proprietary institutions in FY 2010 based on the lower maximum qualifying NJEI at the state college sector (7499 v. 10499 at the independent sector).

How does the number of FY 2009 TAG award recipients at the proprietary institutions compare to the number anticipated for FY 2010?

Although Gibbs College will close at the end of 2009, the corresponding reduction in TAG-eligible students will be more than offset by anticipated increases in enrollment at Berkeley College and the new DeVry University campus in Paramus. Additionally, 2009-10 will be the first year that eligible, degree-seeking students at Eastwick College will be able to participate in the TAG Program.

- While 2008-09 TAG processing is on-going through the end of June 2009, it is anticipated that approximately 2,150 FTE awards will be provided to TAG recipients at for-profit, proprietary institutions.
- During FY 2010, it is projected that 2,700 FTE awards would have been provided to these students under the current independent college sector award parameters. This reflects the anticipated increase in enrollment at the for-profit, proprietary institutions noted above.
- By shifting TAG recipients at the for-profit, proprietary institutions to state college and university sector TAG award table parameters, the number of recipients is projected to decrease in FY 2010 from 2,700 FTEs to 2,400 FTE's.

Will students affected by the proposed policy change be able to readily secure funding to replace TAG funding?

HESAA Response: Among funding options that could help replace a portion of TAG funding are the increases in Pell grants and Federal Work Study Program for eligible students.

6. The Governor's FY 2010 recommended appropriation to support TAG awards is supplemented by \$34.1 million in federal stimulus funding provided under the American Recovery and Reinvestment Act of 2009 (ARRA). However, language included in ARRA indicates that states using ARRA funds intended to support institutions of higher education must use the funds "to provide, in each of fiscal years 2009, 2010, and 2011, the amount of funds to public institutions of higher education in the State that is needed to restore State support for such institutions (excluding tuition and fees paid by students) to the greater of the fiscal year 2008 or fiscal year 2009 level." The language seems to indicate that the use of ARRA funds to support TAG would not be authorized.

- **Question:** Has the Executive determined that using ARRA funds to fund TAG awards, which support tuition paid by students, is allowable under ARRA? What level of State support for public institutions of higher education is required for FY 2009 through FY 2011 under ARRA? Should the Executive learn that ARRA funds cannot be used to fund TAG, has another funding source been identified?

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HESAA Response: As indicated in the above response to Discussion Point 1, at the time of the budget message, USDE had not yet released its guidelines on the application for and the use of the ARRA State Fiscal Stabilization Fund (SFSF). On April 1, USDE released its guidelines, and unfortunately, they indicate that SFSF dollars cannot be used to support tuition assistance programs like Tuition Aid Grants (TAG). We are currently working with both the Governor's and Treasurer's Offices in obtaining greater flexibility regarding the use of SFSF dollars for TAG from the federal government. If this is unsuccessful, the Governor is committed to funding TAG at the level recommended in the Governor's Budget.

7. 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.

In FY 2006 the State provided \$1.4 million to fund 96 students. The annual appropriation to support the program was subsequently reduced by more than 50 percent to \$687,000 in FY 2007. As a result, 4 of the 7 contract schools did not accept new students through the New Jersey program in FY 2009. The FY 2010 recommended budget provides \$424,000 to fund the program, a \$263,000 or 38.3 percent reduction from the FY 2009 adjusted appropriation of \$687,000.

- **Question:** How many schools are expected to participate at the FY 2010 recommended funding level? What is the total number of students being funded in FY 2009? What will the total number be in FY 2010? How many new seats will the FY 2010 recommended appropriation support? Will lack of funding lead the remaining contract schools to withdraw from the program?

HESAA Response: Since FY 2008, only three of the seven contract schools (Tuskegee University, Oklahoma State University and Tufts University) have accepted new contract seats. The total number of students funded in FY 2009 was 58. Funding recommended for FY 2010 does not provide for new freshman seats and will require FY 2009 contract levels to be reduced by \$110,000 for the 34 students that will remain in the program in FY 2010. In HESAA's discussions with the remaining contract schools, there has been no indication that any school intends to withdraw from the program.

8. The Governor has indicated that out-of-state undergraduate students, who do not pay the full cost of their education at a senior public institution, are subsidized by New Jersey taxpayers in the estimated amount of \$22.7 million annually. As a result, a program to eliminate the so-called subsidy by gradually phasing it out over four years was initiated in FY 2007. Consequently, the Governor has annually calculated the portion of the subsidy to be "recovered" from each institution and has reduced each institution's annual State appropriation by that amount. In prior fiscal years, the operating aid provided to the senior public institutions, excluding the University of Medicine and Dentistry of New Jersey (UMDNJ) and Thomas Edison State College, has been reduced by a total of \$14 million (\$5.7 million in FY 2007, \$5.1 million in FY 2008, and \$3.2 million in FY 2009). The FY 2010 recommended budget reduces operating aid to the New Jersey Institute of Technology (NJIT) by \$752,000 and represents the final year of the four-year phase out.

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In response to a discussion point in the FY 2009 OLS budget analysis on Higher Educational Services regarding the formula to determine each institution's assessed subsidy, the executive branch indicated that the Office of Management and Budget (OMB) and the Commission on Higher Education (CHE) had devised a formula based on the institution's full cost to educate a student and its out-of-state tuition rate. Based on the formula, 9 senior public institutions were assessed a subsidy under the FY 2009 recommended budget. Subsequently, and prior to the adoption of the FY 2009 appropriations act, Rutgers University's FY 2009 assessed subsidy was reduced from \$4.8 million to \$2.4 million while NJIT's was reduced from \$1.5 million to \$752,000. Rutgers University's FY 2010 budget request indicates that after the university determined that its FY 2009 subsidy was incorrectly assessed its subsidy was essentially eliminated, with a 50% reduction in FY 2009 and the understanding that the remaining \$2.4 million would be restored in FY2010. The FY 2010 recommended budget includes an out-of-state tuition subsidy reduction of \$752,000 for one institution, NJIT.

- **Question:** Does the FY 2010 recommended appropriation for Rutgers University include the \$2.4 million the university has indicated would be restored in FY 2010? Was NJIT's FY 2009 subsidy also reduced due to an incorrect assessment? Have all institutions, with the exception of NJIT increased out-of-state tuition to fund the full cost to educate a student, as determined by the CHE and OMB? Based on the formula, please provide each institution's full cost to educate a student, out-of-state tuition charges, and out-of-state enrollment data for each fiscal year in which the subsidy was assessed (FY 2007 - FY 2010). Have any other institutions determined that their out-of-state tuition subsidy was incorrectly assessed in FY 2009 or prior fiscal years?

CHE Response: The Governor's FY 2010 Budget Recommendation includes no additional out-of-state tuition savings adjustments for the senior public institutions. The \$752,000 reduction to NJIT is a continuation of a FY 2009 adjustment.

Over the past three years, the colleges and universities have made significant progress in adjusting their out-of-state tuition rates to reflect the true cost of educating a student. Most of the senior public's out-of-state tuition rates now approach or exceed the estimated full cost of education. The research universities (Rutgers, UMDNJ, and NJIT) have a more complex cost structure than the state colleges, due to the extent of their graduate education and research activities. To reflect this, some adjustments to the prior out-of-state tuition reductions for Rutgers and NJIT were made in FY 2009.

Chart A shows 07, 08, 09 tuitions. Information regarding student enrollment by residence appears in Chart B.

9. The Higher Education for Special Needs Students Program was established in 1986 under the "Higher Education Services for Visually Impaired, Auditorily Impaired and Learning Disabled Students Act," P.L. 1985, c.493. The program facilitates the provision of support services for special needs students. Currently there are eight centers located at institutions of higher education throughout the State providing direct assistance to auditorily impaired, visually impaired, and learning disabled students. The goal of the centers is to provide integrated, individualized, direct services to students and technical assistance to

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other colleges and universities in the State. The FY 2009 appropriation to support the program is \$1.6 million; however \$356,000 or 22 percent is scheduled to lapse at the end of the current fiscal year under the Governor's plan to reduce State spending to offset FY 2009 revenue shortfalls. The FY 2010 recommended appropriation of \$1.1 million represents a \$500,000 or 31 percent reduction from the FY 2009 adjusted appropriation of \$1.6 million.

- **Question:** How has the \$356,000 curtailment of FY 2009 funding impacted the services offered under the program? Please discuss the commission's plan to deal with the above-mentioned reductions in FY 2009 and FY 2010.

CHE Response: The reductions in FY 2009 were dollars that had not been allocated to programs or centers, so there was no direct impact on students. The additional \$500,000 for FY 2009 was an amount added by the legislature. Since FY 2009 was the last year of a five-year competitive grant cycle for the regional centers, issuing a new competitive process to distribute these additional FY 2009 funds was not appropriate. Instead, \$144,000 was distributed to the existing eight centers to fund two recommendations resulting from an independent evaluation conducted in the summer of 2008: augmenting existing services and providing statewide training.

The Commission has issued a new competitive RFP for FY 2010 that emphasizes that the core mission of the program is to go beyond serving the students at the institutions housing the centers and to provide technical assistance to the other colleges in the state that serve special needs students. It is not known at this time how many programs will submit applications for funding, nor how many of the responses will fall in the fundable range.

10. The Minority Faculty Advancement Program was established to increase the number of doctorally trained minority faculty and administrators at New Jersey colleges and universities. The program provides incentive grants to New Jersey colleges which provide support opportunities (advising, mentoring, workshops, etc.) for eligible students. The program also supports loan redemption up to \$40,000 over four years to newly hired minority faculty or administrators with doctoral degrees. The FY 2010 recommended budget provides \$208,000 to fund the program, which represents a \$242,000 or 53.8 percent reduction from the FY 2009 appropriation of \$450,000.

- **Question:** Please provide information on how the reduction recommended for FY 2010 will impact the program?

CHE Response: The MAC program provides students from 1st generation and/or low-income backgrounds the opportunity for undergraduate research experiences with senior faculty, support for doctoral study, and incentive funding to help New Jersey colleges and universities to diversify their faculty. Since the program moved under the aegis of the CHE, MAC has assisted in the hiring of 32 new full-time faculty. Of the 43 doctoral students supported, 21 have completed their degrees; 14 have begun careers as college faculty; and seven (7) have been employed at NJ colleges and universities.

The \$208,000 proposed budget for FY 2010 represents a 54% reduction in support for the MAC program. The recommendation will provide sufficient support for the remaining doctoral fellows (assuming all remain enrolled during the next academic year) and a new class of 24 undergraduate fellows but will require a reduction in the administrative and

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student outreach and support office at the College of Saint Elizabeth. This funding level will not permit support for additional incentive hiring grants or for new doctoral fellows.

11. During the FY 2010 budget address, the Governor expressed his intent to save \$400 million in personnel costs through a wage freeze and furlough policy for State employees and has announced a plan to impose a 1 day a month furlough to commence in May 2009. The FY 2010 recommended appropriation to support the senior public colleges represents a 5 percent across the board operating aid reduction and provides no funding to support salary increases in the upcoming fiscal year. The State Treasurer has indicated that the FY 2010 recommended budget assumes the senior public institutions' compliance with the furlough and wage freeze policy.

- **Question:** Have the senior public institutions taken any actions to facilitate the recommended wage freeze and furlough policies? Have the institutions been provided with guidelines to implement these policies? Is the capacity of the State colleges to deal with these matters equivalent to the powers of Rutgers University, UMDNJ, and NJIT? What, if any, alternative measures are being considered should the employee unions not accept the wage freeze policy? Collectively, by what amount would the FY 2010 recommended wage freeze and furlough policies reduce the institutions' budgets?

CHE Response: The dissolution of the Department of Higher Education coupled with the 1994 Autonomy Act has led to a decentralization of the budget and financial management processes. The administration of each institution develops and submits the required documents to the State Treasurer. The CHE receives informational copies of the institutions' submissions. The Commission on Higher Education has no budget approval authority. It is our understanding that each institution's senior leadership and board will determine the strategy that works best on their campus to absorb the state appropriation cuts. Some will employ furlough, layoffs, wage freezes, and other methods of conserving resources alone or in combination. CHE has no authority to reject or approve these actions.

The research universities negotiate their own contracts. The state negotiates the contracts for the nine senior public colleges and universities in consultation with representatives of the nine presidents. The presidents were informed of the state's intention to use two furlough days in 2009 to mitigate the shortfall in revenues in lieu of laying off state workers. Each of the college's Board of Trustees work with the president to make budget decisions. The presidents have not shared with the CHE any of their plans to work within a constrained budget.

The contractual increase for July 2009 is 3.5%, an estimated cost across the nine institutions of \$16,858,931. In addition to the contractual increase of 3.5% many also have step increases which add to the total impact. The step increases would vary from campus to campus.

NJ SENIOR PUBLIC COLLEGES & UNIVERSITIES

Chart A

Institution	Full-Time Undergraduate In-State											
	2006-2007			2007-2008			2008-2009			Percent Change		
	Tuition	Fees	Total	Tuition	Fees	Total	Tuition	Fees	Total	Tuition	Fees	Total
New Jersey Institute of Technology	9,066	1,440	10,506	9,700	1,650	11,350	10,500	1,982	12,482	15.8%	37.6%	18.8%
Rutgers University Average	7,923	2,035	9,958	8,541	2,145	10,686	9,268	2,272	11,540	17.0%	11.6%	15.9%
University of Medicine & Dentistry of NJ	7,744	1,000	8,744	8,128	1,240	9,368	9,088	1,590	10,678	17.4%	59.0%	22.1%
College of New Jersey	7,615	2,938	10,553	8,072	3,235	11,307	8,718	3,590	12,308	14.5%	22.2%	16.6%
Kean University	5,243	2,793	8,036	5,550	2,955	8,505	5,988	3,191	9,179	14.2%	14.2%	14.2%
Montclair State University	6,028	2,376	8,404	6,390	2,505	8,895	6,836	2,592	9,428	13.4%	9.1%	12.2%
New Jersey City University	5,600	1,937	7,537	5,936	2,218	8,154	6,352	2,375	8,727	13.4%	22.6%	15.8%
R Stockton College of New Jersey	5,938	3,120	9,058	6,353	3,344	9,697	6,861	3,708	10,569	15.5%	18.8%	16.7%
Ramapo College of New Jersey	6,579	2,917	9,496	6,904	3,061	9,965	7,459	3,306	10,765	13.4%	13.3%	13.4%
Rowan University	6,798	2,532	9,330	7,308	2,760	10,068	7,840	3,068	10,908	15.3%	21.2%	16.9%
W Paterson University of N. J.	5,782	3,640	9,422	6,072	3,924	9,996	6,375	4,117	10,492	10.3%	13.1%	11.4%
STATE COLLEGES AVERAGE	6,198	2,782	8,980	6,573	3,000	9,573	7,054	3,243	10,297	13.8%	16.6%	14.7%
ALL SENIOR PUBLICS AVERAGE	6,756	2,430	9,186	7,178	2,640	9,818	7,753	2,890	10,643	14.8%	18.9%	15.9%

Institution	Full-Time Undergraduate Out-of-State											
	2006-2007			2007-2008			2008-2009			Percent Change		
	Tuition	Fees	Total	Tuition	Fees	Total	Tuition	Fees	Total	Tuition	Fees	Total
New Jersey Institute of Technology	15,850	1,440	17,290	18,432	1,650	20,082	19,960	1,982	21,942	25.9%	37.6%	26.9%
Rutgers University	16,428	2,035	18,463	17,710	2,145	19,855	19,216	2,272	21,488	17.0%	11.6%	16.4%
University of Medicine & Dentistry	11,616	1,000	12,616	12,192	1,240	13,432	13,632	1,590	15,222	17.4%	59.0%	20.7%
College of New Jersey	14,161	2,938	17,099	15,295	3,235	18,530	16,825	3,590	20,415	18.8%	22.2%	19.4%
Kean University	8,070	2,793	10,863	9,690	2,955	12,645	10,470	3,191	13,661	29.7%	14.2%	25.8%
Montclair State University	11,382	2,376	13,758	13,659	2,505	16,164	14,616	2,592	17,208	28.4%	9.1%	25.1%
New Jersey City University	11,400	1,937	13,337	12,540	2,218	14,758	13,418	2,375	15,793	17.7%	22.6%	18.4%
R Stockton College of New Jersey	10,230	3,120	13,350	11,253	3,344	14,597	12,379	3,708	16,087	21.0%	18.8%	20.5%
Ramapo College of New Jersey	11,890	2,917	14,807	12,475	3,061	15,536	14,170	3,306	17,476	19.2%	13.3%	18.0%
Rowan University	13,596	2,532	16,128	14,616	2,760	17,376	15,148	3,068	18,216	11.4%	21.2%	12.9%
W Paterson University of N. J.	11,730	3,640	15,370	12,318	3,924	16,242	12,933	4,117	17,050	10.3%	13.1%	10.9%
STATE COLLEGES AVERAGE	11,557	2,782	14,339	12,731	3,000	15,731	13,745	3,243	16,988	18.9%	16.6%	18.5%
ALL SENIOR PUBLICS AVERAGE	12,396	2,430	14,826	13,653	2,640	16,293	14,797	2,890	17,687	19.4%	18.9%	19.3%

Source: IPEDS Form #14 (Tuition and Required Fees).

4/21/2009

* ANNUAL for full-time is defined here as 32 credit hours. Some institutions report annual figures but for those that do not per-credit tuition and fees are multiplied by 32 to derive the annual figure.

* Averages are simple divisions of the amount by the number of institutions reporting, colleges that did not report a figure are not included in the average. Thomas Edison was not included in the averages since its rate structure differs from other institutions.

Fall 2008 Enrollment by Residence

	TOTAL ENROLLMENT			UNDERGRADUATES			GRADUATES				
	In-State	Out-of-State	%	In-State	Out-of-State	%	In-State	Out-of-State	%		
	#	#	%	#	#	%	#	#	%		
				TOTAL							
NJIT	6,654	1,744	20.8%	8,398	5,200	93.3%	376	1,454	51.5%	1,368	48.5%
Rutgers	45,724	6,747	12.9%	52,471	36,098	92.8%	2,804	9,626	70.9%	3,943	29.1%
UMDNJ	4,839	1,067	18.1%	5,906	682	85.1%	119	4,157	81.4%	948	18.6%
TCNJ	6,573	376	5.4%	6,949	5,906	94.6%	338	667	94.6%	38	5.4%
Kean	13,680	523	3.7%	14,203	10,839	96.4%	401	2,841	95.9%	122	4.1%
Montclair	16,295	1,180	6.8%	17,475	12,784	93.1%	941	3,511	93.6%	239	6.4%
NJCU	8,082	69	0.8%	8,151	6,062	99.3%	42	2,020	98.7%	27	1.3%
R. Stockton	7,220	87	1.2%	7,307	6,597	98.9%	74	623	98.0%	13	2.0%
Ramapo	5,363	484	8.3%	5,847	5,092	91.6%	469	271	94.8%	15	5.2%
Rowan	10,065	205	2.0%	10,270	8,875	98.2%	161	1,190	96.4%	44	3.6%
T. Edison	7,359	10,010	57.6%	17,369	6,997	41.7%	9,800	362	63.3%	210	36.7%
Wm. Paterson	10,021	235	2.3%	10,256	8,542	97.7%	199	1,479	97.6%	36	2.4%
Atlantic	6,919	88	1.3%	7,007	6,919	98.7%	88		1.3%		
Bergen	14,250	1,033	6.8%	15,283	14,250	93.2%	1,033		6.8%		
Brookdale	14,429	213	1.5%	14,642	14,429	98.5%	213		1.5%		
Burlington	8,638	50	0.6%	8,688	8,638	99.4%	50		0.6%		
Camden	14,566	632	4.2%	15,198	14,566	95.8%	632		4.2%		
Cumberland	3,815	7	0.2%	3,822	3,815	99.8%	7		0.2%		
Essex	12,193	125	1.0%	12,318	12,193	99.0%	125		1.0%		
Gloucester	6,110	25	0.4%	6,135	6,110	99.6%	25		0.4%		
Hudson	7,488	37	0.5%	7,525	7,488	99.5%	37		0.5%		
Mercer	9,001	181	2.0%	9,182	9,001	98.0%	181		2.0%		
Middlesex	12,328	53	0.4%	12,381	12,328	99.6%	53		0.4%		
Morris	8,414	27	0.3%	8,441	8,414	99.7%	27		0.3%		
Ocean	9,794	17	0.2%	9,811	9,794	99.8%	17		0.2%		
Passaic	7,860	42	0.5%	7,902	7,860	99.5%	42		0.5%		
Raritan	7,050	60	0.8%	7,110	7,050	99.2%	60		0.8%		
Salem	1,108	198	15.2%	1,306	1,108	84.8%	198		15.2%		
Sussex	3,303	456	12.1%	3,759	3,303	87.9%	456		12.1%		
Union	11,512	354	3.0%	11,866	11,512	97.0%	354		3.0%		
Warren	1,840	20	1.1%	1,860	1,840	98.9%	20		1.1%		

SOURCE: Fall 2008 SURE Enrollment Files