To: OFFICE OF LEGISLATIVE SERVICES

From: Marguerite Beardsley, Acting Executive Director
NJ Commission on Higher Education (CHE)

Date: April 13, 2010

RE: ANALYSIS OF THE NEW JERSEY BUDGET
FISCAL YEAR 2010-2011

It is important to note that these responses address only the portion of the higher education budget that is under the control of the NJ Commission on Higher Education. Most of the $173,000,000 reduction was spread over the individual colleges and universities, student financial assistance and other programs not controlled by CHE.

1. For each line item reduction in the department’s or unit’s budget, specify the change, if any, in the nature, breadth or level of service or benefit that will be provided and identify and quantify the population that may be affected.

The CHE had funding reduced or eliminated in eleven (11) lines. First, the Special Needs program ($1,100,000) was eliminated. This program serves over one thousand students with learning impairments across the state who need accommodations including signers, readers, technology, etc. to help them succeed in the classroom. Institutions will continue to provide accommodations required under the federal Americans with Disabilities Act.

Second, the College Bound program was reduced from $3,550,000 to $1,700,000. These remaining funds will be used to maintain the match for the NJ GEAR UP program. This cut will eliminate seven (7) College Bound programs across the state. The College Bound program has had long-standing record of success in helping students from disadvantaged school districts to prepare for and enter college. Its success enabled New Jersey to apply for and have awarded two cycles of federal funding for the NJ GEAR UP program. The current GEAR UP award of $20 million (over six years) in federal funds supports additional pre-college activities in five cities including Newark, Paterson, Camden, Trenton and Jersey City, including over $5 million in scholarships for college.

The Educational Opportunity Fund programs were reduced in both Article III ($2,691,000) which offers direct support to students and Article IV ($674,000) which funds academic support services for students. The public member EOF Board has reviewed its options regarding the application of these cuts. The Board chose to reinforce its long-standing policy of protecting grants to individual students as its first priority and then preserving academic support services on campuses. The impact of the cuts, therefore, will fall the hardest on the EOF summer program. Projections indicate a 20% cut to the summer programs will be required to meet the targets in the Governor’s budget. Based on summer 2009 enrollment figures, it is projected that up to 2000 students will not be able to participate in the summer program across the state. Because the
individual campuses are also facing significant cuts, it is unlikely that the colleges and universities will be able to bridge the funding gap.

The Minority Faculty Advancement Program was reduced by $108,000 leaving $100,000. This means that the undergraduate component of the program is eliminated and no new students will be eligible for doctoral and/or dissertation fellowships, nor will there be funding for any new incentive hiring grants for faculty loan redemption. This program is scheduled for complete elimination in Fiscal Year 2012.

The New Jersey Transfer Initiative funding ($82,000) was eliminated. These funds were used to support the software licenses for this useful service for NJ students who wish to transfer among NJ colleges and universities. NJ colleges and universities support the major expenses of NJ Transfer through fees assessed by the NJ Presidents’ Council.

Reductions to the MLK Physician-Dentist Scholarship and the Ferguson Law Scholarships of $150,000 and $65,000 respectively mean no new scholarships will be awarded in Fiscal Year 2011.

Last, the Direct State Services (DSS) budget for CHE was reduced $22,000 including $18,000 in salary and $4,000 in materials, supplies and services.

An indirect impact of the reductions and eliminations listed above is the further reduction of funds for the CHE administrative budget. CHE will lose $55,000 of administrative funds from the elimination of Special Needs and $16,000 from the reduction to College Bound. These cuts are significant because only $203,000 was available for non-salary purposes in fiscal year 2010. These funds are used for such things as telephone, postage, equipment leases, mileage reimbursement, security, materials and supplies.

2. For each line item reduction in the department’s or unit’s budget, please indicate the number of positions (budgeted, funded and filled or unfilled) that will be eliminated and the number of individuals whose employment will be ended. If appropriate distinguish between staffing actions that may occur before and after January 1, 2011.

In conjunction with the Commission’s response to Question #1 above, the reduction in salary funds is the result of savings through a reorganization of the financial support area of the Commission upon the retirement of one staff member in FY2010. It is anticipated that this savings will continue.

3. Please identify any reductions in the department’s or unit’s budget that constitute one-time savings that are not likely to recur in Fiscal Year 2012.

None

4. Please identify each Fiscal Year 2010 mid-year reduction that is recommended for continuation in Fiscal Year 2011.
$4,000 in management efficiencies and procurement savings continue in Fiscal Year 2011. Loss of these funds coupled with the loss of other administrative funds due to cuts in our grants in aid programs will make supporting the CHE’s statutorily required functions difficult.

5. Are any of the appropriations recommended for Fiscal Year 2011 required to compensate for the effects of Fiscal Year 2010 reductions? If so, please identify and explain.

No

6. Please list any anticipated increase in fees, fares or co-payments that are reflected in the FY 2011 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

None

7. If additional revenues were to become available during the budget process, which one or two reductions proposed for the department or unit should be top candidates for restoration? Please justify your selections.

The Governor’s proposed Fiscal year 2011 budget represents the culmination of many tough choices that had to be made in order to balance spending and revenues for next year. The funding proposed for the NJ Commission on Higher Education, while reduced, will allow it to meet its core missions and provide vital services to residents and businesses in the State.

In the event that additional revenues become available during the budget process, the Commission would welcome the opportunity to work closely with the Legislature to restore funding for important programs. The Commission believes that any such restorations should be considered in the context of programs and spending needs throughout the State budget, not only those administered by the Commission. The Commission looks forward to consulting with the Legislature to ensure that only the programs of greatest value are restored.

8. Please identify proposed budget reductions which require Federal approvals, waivers or similar actions, and the timetable for seeking and obtaining approvals in order to achieve the projected savings. Please indicate whether approvals/waivers have been previously sought and not obtained, and explain why approvals should be expected in this case. If federal approval is not received, what alternative actions may have to be taken to achieve savings of comparable value? Please also identify proposed budget reductions that may reduce the receipt of federal funds, and the estimated loss of federal funds that would result from such reductions.

There are no proposed budget reductions which require Federal approvals. If there are any further reductions to College Bound, CHE will not be able to fund the required match for the GEAR UP program.

9. Please describe how the department or unit implemented mandatory workforce furloughs in FY 2010, identifying the amount saved and the proportion of the workforce exempt from
furloughs, and detailing the impact on individuals or firms served by or regulated by the department.

To date the CHE has saved over $26,000 in salary due to mandatory furlough. The plan was implemented per the directives of the Civil Service Commission with required five (5) self-directed furlough days to be taken prior to January 1, 2010. The remaining five (5) self-directed furlough days had to be scheduled before January 15, 2010 and taken prior to July 1, 2010. The Commission staff has complied with these directives. In total, we project a savings of $33,000. No savings to the state are realized on federally-funded salaries. The Commission on Higher Education continues to serve its constituents well. Furlough has had an impact on “turn-around time” and implementation of new legislative and/or executive mandates.

10. The Budget in Brief references savings to be achieved both through privatization and “insourcing.” Please identify savings in your budget associated with either of these initiatives. Please provide examples of successes or failures of such initiatives in prior years.

CHE has not undertaken either of these initiatives.