

**Opening Statement**  
**Governor Thomas H. Kean**  
**Senate Budget & Appropriations Committee**  
**Hearing on Higher Education Task Force Report**  
**April 21, 2011**

Good afternoon, Chairman Sarlo and members of the committee.

I am pleased to represent my colleagues from New Jersey Higher Education Task Force and discuss the recommendations in our report with you.

As the report says in its opening, higher education in New Jersey has arrived at a decisive moment. After 20 years of increasing tuition and declining State funding—which this committee well knows—the fortunes of citizens and our state hang in the balance.

Our focus stayed steadily on our students. Their access to an affordable college education, and their contributions to the economic prosperity of our state, are at stake.

New Jersey must decide to change course and provide greater support for higher education. It is time to renew the state's commitment to sustain its colleges and universities and to help them achieve greater success. A long period of inadequate State investment must now be stopped and reversed.

Of course, the recommendations take into account the fiscal crisis facing New Jersey. The effects of the recent recession continue to jeopardize the State budget, making it difficult for this committee to make a significant investment in higher education in the short term.

But the time to make at least a deposit on our future is now.

The governor's proposed budget for Fiscal Year 2012 is a step in the right direction, providing level funding for institutions and increasing student aid.

The governor has also implemented some of our recommendations through executive orders, most importantly regarding the future of medical education in New Jersey.

For real, durable change, the legislature must act as well.

I commend the legislature for passing bipartisan legislation—released by this committee last August—that will help the state colleges achieve significant savings in workers compensation insurance.

Included with my statement is a list of our recommendations that will require other legislation or at least support from the legislature. These initiatives include:

- Improving statewide coordination of higher education
- Strengthening the autonomy of the state colleges by giving them control over collective bargaining and easing civil service restrictions
- Modernizing the legal definition of institutional “mission”, and
- Most important to this committee, providing greater operating and capital support for New Jersey’s colleges and universities.

The Task Force remains grateful to the many leaders of higher education in this state and experts from around the country who provided their best thoughts on how to improve New Jersey’s colleges and universities, and their relationship with the State.

I look forward to discussing our proposals with you and welcome your questions.

Thank you, Mr. Chairman.

# RECOMMENDATIONS OF HIGHER EDUCATION TASK FORCE REQUIRING LEGISLATION OR SUPPORT OF THE LEGISLATURE

## GOVERNANCE

### Statewide Coordination

1. The Commission on Higher Education should be eliminated and replaced with the Governor's Higher Education Council (Governor's Higher Education Council already created through Executive Order No. 52).
2. The position of Secretary of Higher Education created under P.L. 2009, c. 308 should be revised. The Secretary should be appointed by and report directly to the governor, with Senate confirmation. The Secretary of Higher Education should not be a formal member of the governor's cabinet, but should have cabinet rank.

### State Intervention

1. The Secretary of Higher Education should have the authority to demand the board of trustees of a college or university in New Jersey to take immediate corrective action when an institution either fails or is at risk of failing because of such serious situations as financial difficulty, fraud, or gross mismanagement.

### Institutional Governance

1. Except for Rutgers, which is governed by the 1956 Compact, the governing boards of the senior public colleges and universities should initiate the trustee nomination process by reviewing candidates and presenting them to the governor.

### Regulations and Unfunded Mandates

1. To make rules regarding personnel consistent among Rutgers and the other public colleges and universities, the legislature should pass Governor Christie's tool-kit bills that would reform collective bargaining (S-2377/A-3219) and civil service (S-2338/A-3220) at the state colleges and universities.

### *Ethics Compliance*

1. Trustee nominees for Rutgers and the other public institutions of higher education should be required to complete only one set of application forms that is acceptable to the Executive and Legislative branches.

### *Quality*

1. The State should dedicate more resources toward the collection and analysis of higher education data, and the proposed Secretary of Higher Education should oversee this task.

### *Competitiveness*

1. Policies hindering the competitiveness of New Jersey's colleges and universities should be eliminated or revised, such as those affecting:
  - a. pension benefits at Rutgers and the other senior public colleges and universities (S-2094, now P.L. 2010, c. 31)
  - b. tenure at the state colleges and universities and the county colleges (A-3357 would make tenure at state colleges and universities and the county colleges consistent with policies at the public research institutions), and
  - c. local construction approvals for independent colleges and universities. Public institutions are exempt from these approvals as long as they obey local zoning regulations.

## MISSION

### *Mission Differentiation*

1. New Jersey should revise its legal definition of "programmatic mission" (C. 18A:3B-3).
2. New Jersey should eliminate the legal bifurcation of the 12 senior public institutions into "public research universities" and "state colleges and universities" (C. 18A:3B-3).
3. The legislature should refrain from trying to micromanage New Jersey's colleges and universities, and the governor should oppose, and ultimately veto, such measures.
4. New Jersey should charge a fee on out-of-state institutions seeking licensure.

## FINANCING/AFFORDABILITY

### Capital Financing

1. New Jersey should address the critical capital needs at the state's colleges and universities with proceeds from general-obligation bonds:
  - a. one issued as soon as possible to support a revolving fund, and
  - b. one issued as soon as practical to provide a significant infusion of financial resources (e.g., A-1655, which would provide \$2.705 billion).
2. Institutions should receive annual capital support.
3. The statutory ceiling on the total principal amount of the county colleges' Chapter 12 bonds for which the State pays debt service, last raised in 2004, should be raised above the current limit of \$265 million.
4. New Jersey should restore appropriations for the Higher Education Incentive Funding Program (P.L. 1999, c. 226) to help institutions attract private endowment contributions and other donations they would not otherwise receive.

### Operating Support

1. While fully recognizing the State's immediate budgetary concerns, the State must, as soon as possible, provide greater financial support for the operating budgets of New Jersey's colleges and universities.
2. New Jersey should develop and implement a more rational approach to allocating State aid among Rutgers and the other senior public institutions of higher education. As soon as fiscal realities permit, the State should provide:
  - a. additional operating funding to place New Jersey where it should be to build its economic future, and
  - b. separate, additional funding to help correct existing disparities in operating funding.
3. New Jersey should reinstitute Challenge Grants.
4. The Secretary of Higher Education should review annual budget requests from institutions, and after consultation with the Governor's Higher Education Council, make recommendations to the governor for distributing any new funds based on criteria for Challenge Grants and other new grant programs.

### *Institutional Reserves*

1. New Jersey's colleges and universities should maintain adequate reserves, which should not be viewed by State budget analysts as a cushion against appropriations cuts.
2. The Secretary of Higher Education should recommend minimum required levels of institutional reserves as part of maintaining the fiscal health of each institution of higher education.

### *Tuition*

1. The governor and legislature should not impose tuition caps on Rutgers and the other senior public colleges and universities. The Task Force is pleased that the governor has not proposed tuition caps in the proposed Fiscal Year 2012 budget.
2. To help mitigate tuition increases, the State should fund increases in salaries negotiated at the 12 senior public colleges and universities at least at the same level as any increases in salaries negotiated with State employees.

### *Student Assistance*

1. The State should provide a sufficient investment in the Educational Opportunity Fund, including an increase in funding as soon as possible.
2. The NJ STARS programs and the Coordinated Garden State Scholarship Initiative should be transformed into a broader-based, more comprehensive program to achieve the important objective of retaining New Jersey's best and brightest students more effectively, and to maximize the value from the State's \$26.49 million investment in merit-based scholarships.
  - a. The Task Force supports the governor's proposed phase-out of institutional contributions of NJ STARS II scholarships in Fiscal Year 2013.

## **RUTGERS—THE STATE UNIVERSITY OF NEW JERSEY**

1. Rutgers should prepare to merge with the University of Medicine and Dentistry's Robert Wood Johnson Medical School and School of Public Health to establish a first-class comprehensive university-based health science center.

2. Rutgers must continue to have strong, independent institutional governance. Its complicated governing structure, however, should be reviewed and streamlined if possible, with due respect to the principles of the 1956 Compact.

## **UMDNJ AND MEDICAL EDUCATION IN NEW JERSEY**

1. The University of Medicine and Dentistry of New Jersey should be fundamentally transformed while sustaining the integrity of medical education and healthcare delivery in Newark.
2. Robert Wood Johnson Medical School and the School of Public Health should be merged with Rutgers University's New Brunswick-Piscataway campuses to establish a first-class comprehensive university-based health science center.
3. When Robert Wood Johnson Medical School merges with Rutgers, concurrent steps must be taken to address the other operations of UMDNJ, including University Hospital, New Jersey Medical School, the future of medical education in Newark, and medical education in South Jersey.
  - a. The Task Force looks forward to the recommendations from the UMDNJ Advisory Committee, established by Executive Order No. 51.

## **WORKFORCE DEVELOPMENT AND ECONOMIC DEVELOPMENT**

### **College Readiness**

1. The State should accelerate its development of an accessible, comprehensive, longitudinal data system to track meaningful indicators of college readiness for all the state's students.
2. New Jersey should examine best practices that focus attention on the college readiness and college support needs of low income and minority students.

### **Remediation**

1. New Jersey should conduct a study to understand the extent of the cost of remediation at its colleges and universities, and should adopt a plan to address the issue.

### **Higher Education Capacity and Outmigration**

1. New Jersey should make its best effort to increase the capacity of the state's colleges and universities to enroll capable students who want to remain in New Jersey.

### **Better Collaboration to Spur Innovation**

1. New Jersey should reestablish the Commission on Science and Technology to provide much-needed leadership to promote and commercialize joint research between universities and the private sector.
2. A reconstituted Commission on Science and Technology should establish a database of university research that would benefit institutions of higher education, industry, and the state's economy (S-2398/A-3594).

### **Public-Private Partnerships**

1. The statutory sunset of the public-private partnership provision of the New Jersey Economic Development Act of 2009 (P.L. 2009, c. 90) should be eliminated. Senate Bill No. 2830 would extend the deadline another three years. We encourage the legislature to completely eliminate the sunset provision.