

ANALYSIS OF THE NEW JERSEY BUDGET

**HIGHER
EDUCATIONAL
SERVICES**

FISCAL YEAR

2013 - 2014

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Education Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary authors was Jonathan Tang.

Questions or comments may be directed to the OLS Education Section (609-847-3850) or the Legislative Budget and Finance Office (609-292-8030).

HIGHER EDUCATIONAL SERVICES

Budget Pages..... C-6; C-7; D-295 to D-337; D-367 to D-369;
D-377 to D-379

Fiscal Summary (\$000)

	Expended FY 2012	Adjusted Appropriation FY 2013	Recommended FY 2014	Percent Change 2013-14
State Budgeted	\$1,301,074	\$1,359,892	\$1,375,464	1.1%
Federal Funds	20,816	20,633	21,427	3.8%
<u>Other*</u>	<u>28,127</u>	<u>36,123</u>	<u>34,324</u>	<u>(5.0%)</u>
Grand Total	\$1,350,017	\$1,416,648	\$1,431,215	1.0%

Personnel Summary - Positions By Funding Source

	Actual FY 2012	Revised FY2013	Funded FY 2014	Percent Change 2013-14
State	13	15	16	6.7%
Federal	144	146	155	6.2%
Other	10	9	13	44.4%
<u>Colleges & Univ's.**</u>	<u>22,669</u>	<u>22,675</u>	<u>22,675</u>	<u>—</u>
Total Positions	22,836	22,845	22,859	.1%

FY 2012 (as of December) and revised FY 2013 (as of January) personnel data reflect actual payroll counts. FY 2014 data reflect the number of positions funded.

* Includes County College Aid from Supplemental Workforce Fund for Basic Skills.

**Position data is displayed as "State-funded" positions for the three years.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The overall FY 2014 budget recommendation for Higher Educational Services totals \$1.43 billion, an increase of 1.0% over the FY 2013 adjusted appropriation of \$1.42 billion. Funding for Higher Education is reflected in the budgets of the Department of State and the Department of the Treasury.
- Direct operating aid for senior public institutions of higher education in FY 2014 is recommended at \$718.7 million, which is \$1.8 million more than the FY 2013 adjusted appropriation of \$716.9 million. The entire increase is attributable to the shift of facility lease costs for Thomas Edison State College from Interdepartmental Accounts to the institution's budget.
- Funding to support the operational costs of county colleges is \$131.1 million, which is a decrease of 2.7% from the FY 2013 adjusted appropriation of \$134.8 million. County college aid includes \$18.8 million from the Supplemental Workforce Fund for Basic Skills for remedial courses provided at county colleges.
- On July 1, 2013, the "New Jersey Medical and Health Sciences Education Restructuring Act," P.L.2012, c.45, will be effective. The FY 2014 budget recommends virtually the same level of direct State aid to the senior public institutions as in FY 2013. There are no additional funds appropriated to either Rutgers University or Rowan University for the integration of the programs and schools of the University of Medicine and Dentistry of New Jersey (UMDNJ). Rutgers University requested a total of \$60 million in State appropriations, evenly divided into \$30 million in FY 2014 and \$30 million in FY 2015, to cover the costs of integration. Rowan University requested \$12.2 million in State appropriations in FY 2014 for various integration costs, including 27 additional FTE positions, and \$4.2 million in each subsequent year to fund the 27 additional positions and certain recurring expenses such as software licenses.

The act provides that the Legislature will directly appropriate State support to Rutgers University – Newark, Rutgers University – Camden, the School of Biomedical and Health Sciences, and University Hospital. The act establishes a Transition Committee to advise the State Treasurer on the division, allocation, and assignment of State appropriations, debt issues, allocation of budgets, allocation of State personnel, and allocation of costs and resources involving the affected institutions. However, the FY 2014 budget does not include the specific line-item appropriations as required under the act. Instead, the FY 2014 budget includes language that authorizes the Transition Committee to determine the amount of State appropriations to be allocated and distributed to Rutgers University (including the campus allocations), Rowan University, and University Hospital, rather than simply advising the State Treasurer.

- The FY 2014 recommended budget provides \$1.0 million for general operating support for independent colleges and universities. This aid program was originally established pursuant to the "Independent College and University Assistance Act," P.L.1979, c.132, to provide financial support to 14 eligible New Jersey independent colleges and universities based on the number of New Jersey students enrolled in those institutions. This is the first time that State aid is recommended for the independent institutions since FY 2010. In FY 2010, \$17.5 million was appropriated.

Highlights (Cont'd)

- Recommended funding for the Tuition Aid Grant (TAG) Program in FY 2014 is \$341.2 million, an increase of \$16.2 million or 5.0% over the FY 2013 adjusted appropriation of \$325.0 million. Recommended budget language continues a minimum two-year lag between the amount of the TAG award and tuition for those students eligible for the maximum award, and a minimum four-year lag for students not eligible for the maximum TAG award. In FY 2013, the awards reflected two-year and four-year lags, with an additional reduction of approximately 8.3%. It is not known if further reductions to the TAG awards will be made for the 2013-2014 academic year.
- Recommended funding for Part-time Tuition Aid Grants for County Colleges is \$11.2 million in FY 2014, which is an increase of \$876,000 or 8.5% over the FY 2013 adjusted appropriation of \$10.4 million. The recommended appropriation is projected to assist 11,828 students in the 2013-2014 academic year.
- A total of \$10.6 million is recommended for the NJ STARS Programs, which is a decrease of \$3.2 million from the FY 2013 adjusted appropriation of \$13.8 million. According to the Budget Summary, the FY 2014 recommendation continues the NJ STARS Programs unaltered and the decrease reflects reductions in forecasted costs. The NJ STARS I Program will provide scholarships to approximately 1,900 participants, and the NJ STARS II Program will provide scholarships to approximately 1,844 participants in FY 2014.
- The phase-out of the Veterinary Medicine Education Program, Survivor Tuition Benefit Program, Martin Luther King Physician-Dentist Scholarship, and the Coordinated Garden State Scholarship Programs is now complete. There is no recommended State appropriations for these programs in FY 2014.

Background Papers

- Outline of the "New Jersey Medical and Health Sciences Education Restructuring Act" and How It Is Reflected in the FY 2014 Budget Recommendation..... pp. 19-22
- Funding County Colleges..... pp. 23-24
- Direct State Support to the Senior Public Institutions..... pp. 25-26

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2012	Adj. Approp. FY 2013	Recom. FY 2014	Percent Change	
				2012-14	2013-14
<u>General Fund</u>					
Direct State Services	\$1,267	\$1,756	\$1,756	38.6%	0.0%
Grants-In-Aid	1,104,990	1,163,796	1,178,180	6.6%	1.2%
State Aid	162,741	156,981	159,929	(1.7%)	1.9%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,268,998	\$1,322,533	\$1,339,865	5.6%	1.3%
<u>Property Tax Relief Fund</u>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	32,076	37,359	35,599	11.0%	(4.7%)
Sub-Total	\$32,076	\$37,359	\$35,599	11.0%	(4.7%)
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,301,074	\$1,359,892	\$1,375,464	5.7%	1.1%
Federal Funds	\$20,816	\$20,633	\$21,427	2.9%	3.8%
Other Funds	\$28,127	\$36,123	\$34,324	22.0%	(5.0%)
Grand Total	\$1,350,017	\$1,416,648	\$1,431,215	6.0%	1.0%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2012	Revised FY 2013	Funded FY 2014	Percent Change	
				2012-14	2013-14
State	13	15	16	23.1%	6.7%
Federal	144	146	155	7.6%	6.2%
All Other	10	9	13	30.0%	44.4%
Colleges and Universities*	22,669	22,675	22,675	0.0%	0.0%
Total Positions	22,836	22,845	22,859	0.1%	0.1%

FY 2012 (as of December) and revised FY 2013 (as of January) personnel data reflect actual payroll counts. FY 2014 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years.

AFFIRMATIVE ACTION DATA

Total Minority Percent					
Secretary of Higher Education	40.0%	44.4%	36.4%	---	---
Higher Ed. Student Assist. Auth.	32.2%	31.1%	28.8%	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2013</u>	<u>Recomm.</u> <u>FY 2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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OFFICE OF THE SECRETARY OF HIGHER EDUCATION

GRANTS-IN-AID

Educational Opportunity Fund (EOF) Programs**Martin Luther King
Physician-Dentist
Scholarship**

\$152	\$0	(\$ 152)	(100.0%)	D-302
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The FY 2014 budget recommendation completes the phase-out of the program initiated in FY 2011. The last nine scholarships were awarded in FY 2013.

Administered by the EOF Program, the Martin Luther King Physician-Dentist Scholarship, established under P.L.1987, c.183, had been available to students pursuing degrees in medicine or dentistry at the University of Medicine and Dentistry of New Jersey who meet certain income guidelines or who are minority students included in one of the ethnic groups recognized by the Association of American Medical Colleges or the American Association of Dental Schools as underrepresented in medical or dental programs.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (HESAA)Student Assistance Programs

GRANTS-IN-AID

**Veterinary Medicine
Education Program**

\$51	\$0	(\$ 51)	(100.0%)	D-306
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The FY 2014 budget recommendation completes the phase-out of the Veterinary Medicine Education Program initiated in FY 2010 as it provides no funding for reserved spaces for New Jersey residents at contracted schools of veterinary medicine.

Established in 1971 under N.J.S.18A:71B-47, the program supported contractual agreements between HESAA and out-of-state schools of veterinary medicine for the acceptance of New Jersey residents. Under the statute, the contracted schools receive a capitation subsidy toward the cost of education in return for a number of reserved spaces for New Jersey residents.

**Survivor Tuition
Benefit Program**

\$38	\$0	(\$ 38)	(100.0%)	D-306
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The FY 2014 budget recommendation completes the phase-out of the Survivor Tuition Benefit Program initiated in FY 2011.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2013</u>	<u>Recomm.</u> <u>FY 2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Established in 1979 under N.J.S.18A:71B-23, the program provides tuition paid by the State to any child or surviving spouse of a firefighter, law enforcement officer, and emergency responder killed in the line of duty, to attend any public or independent institution of higher education located in the State. Under the statute, a child or surviving spouse enrolled at a public institution will have the cost of tuition at that institution paid by the State, while a child or surviving spouse enrolled at an independent institution will have that part of tuition which is not more than the highest tuition charged at the public institutions paid by the State.

**Coordinated Garden
State Scholarship
Programs**

	\$1,630	\$0	(\$1,630)	(100.0%)	D-306
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The FY 2014 recommended budget completes the phase-out of these scholarship programs initiated in FY 2011.

The Coordinated Garden State Scholarship Programs, which consist of the Garden State Scholarship, Edward J. Bloustein Distinguished Scholars, and Urban Scholars Program, award scholarships of up to \$1,000 per year.

Tuition Aid Grants	\$325,043	\$341,161	\$16,118	5.0%	D-306
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The FY 2014 budget recommendation of \$341.2 million will support an estimated 64,638 awards in the 2013-2014 academic year, 1,314 more than the number provided in the 2012-2013 academic year.

Under FY 2014 recommended language, HESAA is directed to provide students enrolled in public institutions of higher education, who are eligible for maximum awards under the TAG Program, an award not to exceed the in-State undergraduate 2011-2012 tuition rate for the institution with comparable awards provided to students eligible for maximum awards enrolled in nonpublic institutions. This establishes a minimum two-year lag between the amount of the TAG award and tuition for those students eligible for the maximum award. For students not eligible for maximum TAG awards, FY 2014 TAG awards will not exceed 2009-2010 tuition rates, thereby causing a minimum four-year lag between the amount of the TAG award and tuition.

While TAG award amounts are not finalized until July of each year, it should be noted that currently, it is unknown whether there will be further reductions from the minimum two-year and four-year lags. In FY 2012, the awards reflected two-year, four-year, and five-year lags that were further reduced by approximately 7.7%. In FY 2013, the awards reflected two-year and four-year lags, with a further reduction of approximately 8.3%.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2013</u>	<u>Recomm. FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Part-time Tuition Aid Grants for County Colleges	\$10,360	\$11,236	\$ 876	8.5%	D-306

The recommended appropriation is projected to assist 11,828 students, an increase of 561 students over the current year. This program provides tuition aid grant awards, which are prorated against the full-time grant awards, to eligible part-time county college students. Under the FY 2014 budget language, which is continued from FY 2013, an eligible county college student enrolled with six to eight credits receives one-half of the value of a full-time award, and an eligible county college student enrolled with nine to eleven credits receives three-quarters of a full-time award.

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

\$13,849	\$10,629	(\$3,220)	(23.3%)	D-306
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The FY 2014 budget recommendation of \$10.6 million is a decrease of \$3.2 million from the \$13.8 million appropriated in FY 2013. According to the Budget Summary, the FY 2014 recommendation continues the NJ STARS Programs unaltered from the prior fiscal year and the decrease reflects reduced expenditures in FY 2013. The NJ STARS Programs received \$13.8 million in State appropriations, plus \$472,003 in carry-forward appropriations from FY 2012, for a total available amount of \$14.3 million. The revised FY 2013 estimate anticipates that only \$10.1 million will be expended for NJ STARS I and NJ STARS II awards, with the remaining \$4.2 million to lapse.

An NJ STARS I scholarship provides full tuition upon the enrollment of an eligible student in a county college. To be eligible for an NJ STARS I scholarship, a student must graduate in the top 15% of his high school graduating class, have completed a rigorous high school course of study, and successfully complete a college placement test to determine readiness for college-level coursework. An NJ STARS II scholarship is provided to an NJ STARS I student who graduates from a county college associate degree program with a 3.25 grade point average, enrolls in a public or independent institution of higher education in New Jersey for the third and fourth years of academic study leading to a baccalaureate degree, and has a family income of less than \$250,000. An NJ STARS II scholarship is \$1,250 per semester.

The FY 2014 budget estimates that the NJ STARS I Program will provide scholarships to approximately 1,900 participants in FY 2014, an increase of 100 awards over FY 2013. The NJ STARS II Program will provide scholarships to approximately 1,844 participants in FY 2014, 122 more than the number estimated in FY 2013.

P.L.2012, c.8, approved on May 2, 2012, made a number of revisions to the NJ STARS Programs. For each student, the law reduced the amount of an NJ STARS II award to \$1,250 per semester. In addition, a grandfather provision was included to allow a student who was

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2013</u>	<u>Recomm. FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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receiving an NJ STARS II award and was in the third year of academic study in the 2011-2012 academic year to receive for the fourth academic year of study the previously higher award amount of either \$3,000 or \$3,500 per semester depending upon the student's grade point average.

INSTITUTIONS OF HIGHER EDUCATION**GRANTS-IN-AID**

Thomas A. Edison State College	\$1,821	\$3,551	\$ 1,730	95.0%	D-318
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The FY 2014 budget shifts the line-item for lease payments from the Interdepartmental accounts to the Thomas A. Edison State College budget. Beginning in FY 2014, lease payments for the college are included in the appropriation to the college.

Cooper Medical School of Rowan University	\$7,800	\$11,550	\$ 3,750	48.1%	D-321
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The FY 2014 budget shifts affiliate hospital support for Cooper Medical School from the University of Medicine and Dentistry of New Jersey to Rowan University, as anticipated under Executive Reorganization Plan No. 002-2009. Under the reorganization plan, Robert Wood Johnson Medical School – Camden of UMDNJ was relocated to Rowan University.

Aid to Independent Colleges and Universities	\$0	\$1,000	\$ 1,000	—	D-377
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The FY 2014 budget recommendation provides \$1.0 million to the independent institutions to restore a portion of the funding required under the "Independent College and University Assistance Act," P.L.1979, c.132. This aid program was originally established to provide financial support to 14 eligible independent colleges and universities based on the number of New Jersey students enrolled in these institutions. The FY 2014 recommendation of \$1 million represents approximately 4.4% of the \$22.5 million needed to fully fund the act. From FY 2011 through FY 2013, no State aid was provided to the independent institutions. In FY 2010, \$17.5 million was appropriated to the independent institutions.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2013</u>	<u>Recomm. FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Dormitory Safety Trust Fund – Debt Service	\$6,742	\$6,489	(\$ 253)	(3.8%)	D-378

The "Dormitory Safety Trust Fund Act," P.L.2000, c.56, authorized the New Jersey Educational Facilities Authority to issue \$90 million in bonds to finance loans to eligible public and private secondary schools, military schools or boarding schools, and public or private institutions of higher education to install automatic fire suppression systems in dormitories located at the school or institution. This reduction is consistent with the existing debt service schedule.

STATE AID

County College Operational Costs – Total	<u>\$134,786</u>	<u>\$131,123</u>	<u>(\$3,663)</u>	(2.7%)	D-378
General Fund	\$113,486	\$112,323	(\$1,163)	(1.0%)	
Supplemental Workforce Fund – Basic Skills	\$21,300	\$18,800	(\$2,500)	(11.7%)	

The FY 2014 budget recommendation provides a total of \$131.1 million for the operational costs of the 19 county colleges, a decrease of \$3.7 million from the \$134.8 million appropriated in FY 2013. This funding includes \$18.8 million from the Supplemental Workforce Fund – Basic Skills for remedial courses provided at county colleges, a decrease of \$2.5 million from the \$21.3 million appropriated in FY 2013.

Debt Service for Chapter 12	\$37,359	\$35,599	(\$1,760)	(4.7%)	D-378
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Under general law providing for the establishment, operation, and funding of county colleges, the colleges are to receive State support for up to one-half the cost of capital projects, subject to legislative appropriation. A 1971 supplement to the general law, P.L.1971, c.12 (chapter 12 program), provides that whenever the State Treasurer determines that funds are insufficient to satisfy the State's share of project costs, the county board of freeholders may finance those costs through the issuance of county bonds on which the State is obligated to pay 50% of the debt service. A 1997 law authorized the New Jersey Educational Facilities Authority to issue bonds for that purpose. The original chapter 12 program established a ceiling of \$80 million on the principal amount of such debt. This ceiling is currently set at \$530 million through subsequent amendments to the original law.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2013</u>	<u>Recomm.</u> <u>FY 2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Employer Contributions – Teachers' Pension and Annuity Fund	\$141	\$193	\$ 52	36.9%	D-378
Post Retirement Medical – Total	<u>\$19,054</u>	<u>\$22,802</u>	<u>\$ 3,748</u>	<u>19.7%</u>	D-378
Teachers' Pension and Annuity Fund – Post Retirement Medical	\$1,144	\$1,420	\$ 276	24.1%	
Post Retirement Medical Other Than TPAF	\$17,910	\$21,382	\$ 3,472	19.4%	

The recommended increase reflects the impact of the provision in P.L.2010, c.1 that requires the State to meet its full pension obligation, as computed by actuaries, by the seventh year after enactment. FY 2014 payments are to be three-sevenths of the full liability.

The FY 2014 budget recommends a total of \$22.8 million for post retirement medical benefits for employees of the county colleges. This is an increase of \$3.7 million, or 19.7%, over the FY 2013 adjusted appropriation.

According to information provided by the Division of Pensions and Benefits, this change in post retirement medical benefits costs is driven by an increase in the number of retirees and rising premium costs.

Significant Language Changes

Higher Education Student Assistance Authority

Addition

2013 Handbook: p.
2014 Budget: p. D-307

In order to permit and ensure the timely award of student financial aid grants, amounts may be transferred among accounts in Student Assistance Programs, subject to the approval of the Director of the Division of Budget and Accounting. Notice of the Director of the Division of Budget and Accounting's approval shall be provided to the Legislative Budget and Finance Officer on the effective date of the approved transfer.

Explanation

The FY 2014 recommended language allows funds to be transferred among Student Assistance Programs. The Executive indicates that the language is recommended to provide the Higher Education Student Assistance Authority with greater flexibility to more quickly respond to student demand for financial assistance. According to the Executive, the language would allow the authority to transfer funds from one student assistance program with fewer than anticipated participants to another program that has a greater demand.

Veterinary Medicine Education Program

Deletion

2013 Handbook: p. B-155
2014 Budget: p.

~~The amount hereinabove appropriated for the Veterinary Medicine Education Program shall not be expended for any student not attending a school of veterinary medicine prior to July 1, 2010 in a reserved space for New Jersey residents through contractual agreements between the Higher Education Student Assistance Authority and participating out-of-State schools of veterinary medicine.~~

Explanation

The FY 2013 language, which is eliminated in FY 2014, provided that the amount appropriated for the Veterinary Medicine Education Program could not be expended for any student not attending a participating school of veterinary medicine prior to July 1, 2010 in a reserved space for New Jersey residents. FY 2013 was the final year of the four-year phase-out of the Veterinary Medicine Education Program that began in FY 2010. Since there will be no contractual agreements for reserved seats in FY 2014, the language is eliminated.

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

NJ STARS

Revision

2013 Handbook: p. B-153
2014 Budget: p. D-308

Notwithstanding the provisions of Section 7 of P.L.20052012, c.359 (C.18A:71B-86.1 et seq.), ~~as amended by P.L.2008, c.124, 8~~ or any other law or regulation to the contrary, the funds amount hereinabove appropriated for the New Jersey Student Tuition Assistance Reward ~~Scholarships to fund the NJ STARS II scholarship program are~~ Scholarship is subject to the following conditions: ~~(1) the amount of the no award to qualifying NJ STARS I graduates who have not previously received a NJ STARS II award and attend any New Jersey four year college or university that participates in the Tuition Aid Grant Program shall be exceed~~ \$1,250 per student per semester, ~~to be paid for completely by the State appropriation, thereby suspending the obligation of the public~~ 2013-2014 academic year, and all NJ STARS II awards must be used at institutions of higher education ~~to fund their share of the cost of the scholarships as set forth in P.L.2005, c.359 (C.18A:71B-86.1 et seq.), as amended by P.L.2008, c.124, for this fiscal year; that offer degrees through the baccalaureate level and (which participate in the Tuition Aid Grant program pursuant to N.J.A.C. 9A:9-2.1.)~~ students who received NJ STARS II funds during the 2011-2012 academic year, students who were considered "non-funded" due to other federal and/or State grants and scholarships received during the 2011-2012 academic year, and students who were on an approved leave of absence during the 2011-2012 academic year, shall receive awards during the 2012-2013 academic year as specified in section 4 of P.L.2005, c.359 (C.18A:71B-86.4), as amended by P.L. 2008, c.124, provided however, that no such student shall receive an award in excess of \$1,250 per semester beyond the 2012-2013 academic year.

Explanation

The FY 2013 language generally reflected the changes being made to the NJ STARS Programs under Senate Bill No. 874 of 2012, which was then awaiting the signature of the Governor. S-874 has since been enacted as P.L.2012. c.8, and consequently a number of the provisions included in the FY 2013 language are now reflected in the NJ STARS I and NJ STARS II Program statutes.

Under the FY 2013 language: 1) an NJ STARS II scholarship award was reduced from \$3,000 or \$3,500 per semester, depending on the student's grade point average, to \$1,250 per semester; 2) the State was required to assume the full cost of an NJ STARS II scholarship, instead of only funding 50%; 3) for eligible students who had not previously received an NJ STARS II award, the award in FY 2013 could be used at any four-year college or university in New Jersey that participated in the Tuition Aid Grant (TAG) Program; and 4) students who received NJ STARS II awards during the 2011-2012 academic year, students who were on an approved leave of absence during the 2011-2012 academic year, and students who were considered non-funded due to other federal and/or State grants and scholarships

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

received during the 2011-2012 academic year, would receive awards for the 2012-2013 academic year as then prescribed under the law (prior to P.L.2012, c.8).

The FY 2014 recommended language provides that notwithstanding the provisions of section 7 of P.L.2012, c.8 (the NJ STARS II grandfather provision), no NJ STARS award will exceed \$1,250 per semester for the 2013-2014 academic year. The impact of this language will be to limit to \$1,250 per semester the NJ STARS II award of a student who was enrolled in the third academic year of study in the 2011-2012 academic year and would have been eligible under the grandfather provision for an award of \$3,000 or \$3,500 per semester for the fourth academic year of study in the 2012-2013 academic year, but was on an approved leave of absence in the 2012-2013 academic year. The FY 2014 recommended language also continues the requirement that an NJ STARS II award must be used at an institution of higher education that participates in the Tuition Aid Grant Program.

NJ STARS

Deletion

2013 Handbook: p. B-153
2014 Budget: p.

~~Notwithstanding the provisions of section 5 of P.L. 2004, c.59 (C.18A:71B-85), none of the funds hereinabove appropriated for the New Jersey Student Tuition Assistance Reward Scholarships shall be used to cover the cost of fees for eligible students who graduated from high school in 2010 or in years thereafter.~~

Explanation

The FY 2013 language that is eliminated provided that an NJ STARS scholarship awarded to a county college student would only cover the cost of tuition, rather than tuition and fees. This language is no longer necessary because P.L.2012, c.8 amended the permanent law to provide that an NJ STARS scholarship awarded to a county college student would only cover the cost of tuition.

University of Medicine and Dentistry of New Jersey

Deletion

2013 Handbook: p. B-155
2014 Budget: p.

~~The unexpended balances of appropriations at the end of the preceding fiscal year to Robert Wood Johnson Medical School, Camden, for the purpose of faculty support of affiliate hospital (Cooper University Hospital) are appropriated for those purposes.~~

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The FY 2013 language, which is eliminated in FY 2014, provided that the unexpended balances of appropriations at the end of the prior fiscal year for the Robert Wood Johnson Medical School – Camden for the purpose of faculty support of affiliate hospital (Cooper University Hospital) were appropriated for these purposes.

Under Executive Reorganization Plan No. 002-2009, Robert Wood Johnson Medical School – Camden was relocated from UMDNJ to Rowan University. Affiliate hospital support provided to Cooper University Hospital through UMDNJ has been moved to Rowan University.

Rowan University

Revision

2013 Handbook: p. B-156
2014 Budget: p. D-321

For the purpose of implementing the appropriations act for the current fiscal year, the fringe benefits for not more than ~~47~~105 positions at Cooper Medical School of Rowan University are funded by the State.

Explanation

The FY 2014 recommended language provides that the fringe benefits for a maximum of 105 positions at Cooper Medical School of Rowan University will be funded by the State. The language reflects the addition of 58 State-supported positions at Cooper Medical School.

Aid to Independent Colleges and Universities

Addition

2013 Handbook: p.
2014 Budget: p. D-378

The amount hereinabove appropriated for Aid to Independent Colleges and Universities shall be allocated to eligible institutions in accordance with the "Independent College and University Assistance Act," P.L.1979, c.132 (C.18A:72B-15 et seq.), provided that the number of full-time equivalent students (FTE) at the eight State Colleges shall be 67,716 for fiscal year 2013.

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The FY 2014 recommended language provides that the \$1 million appropriated to support the independent institutions of higher education will be allocated in accordance with the "Independent College and University Assistance Act," P.L.1979, c.132, and sets the enrollment level by which the amount of State aid provided to the 14 independent colleges and universities is calculated. The FY 2014 budget recommends \$1 million to support the independent institutions, which represents approximately 4.4% of the \$22.5 million needed to fully fund the act.

Withholding of State Aid or Grant Payments

Revision

2013 Handbook: p. E-3

2014 Budget: p. F-6

31. Whenever any county, municipality, school district, [college](#), [university](#), or a political subdivision thereof withholds funds from a State agency, or causes a State agency to make payment on behalf of a county, municipality, school district, [college](#), [university](#) or a political subdivision thereof, then the Director of the Division of Budget and Accounting may withhold State aid [or grant](#) payments and transfer the same as payment for such funds, as the Director of the Division of Budget and Accounting shall determine.

Explanation

The FY 2014 recommended language includes colleges and universities in the general language provision that allows the Director of the Division of Budget and Accounting to withhold State aid or grant payments from a county, municipality, school district, or a political subdivision that withholds funds from a State agency or causes a State agency to make a payment on its behalf. According to the Executive, one possible application of this language to colleges and universities would be to recoup the overpayment of funds made to an institution under student assistance programs.

Reallocation of State Aid Under the Restructuring Act

Addition

2013 Handbook: p.

2014 Budget: p. F-7

[57. Notwithstanding the provisions of sections 14, 22, and 29 of P.L. 2012, c. 45, or any other law or regulation to the contrary, in recognition of the complex, ongoing transfers and transformational activities being undertaken to implement terms and conditions of the "New Jersey Medical and Health Sciences Education Restructuring Act" of 2012, the amounts hereinabove appropriated to the affected institutions of higher education, as well as the](#)

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

amounts provided to support the activities previously undertaken by the former University of Medicine and Dentistry of New Jersey (UMDNJ), are subject to the following conditions: such amounts shall be distributed to the affected institutions and campuses as set forth herein and the amounts appropriated for UMDNJ shall be allocated and distributed among the institutions and entities affected by the Restructuring Act, more specifically to Rutgers, the State University, to Rowan University, and to University Hospital, as determined by the State Treasurer's Transition Committee established pursuant to Section 142 of P.L.2012, c. 45, and subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2014 recommended language would specifically override sections 14, 22, and 29 of the "New Jersey Medical and Health Sciences Education Restructuring Act," P.L.2012, c.45, concerning the appropriation of funds to University Hospital and the Newark and Camden campuses of Rutgers, The State University, and generally override any other section of law as may be necessary. Sections 22 and 29 of the Restructuring Act provide that State support for the operations of Rutgers University-Newark and Rutgers University-Camden, including support for fringe benefit costs, will be appropriated by the Legislature directly to Rutgers University – Newark and Rutgers University – Camden. Section 14 of the act provides that all monies allocated to the University of Medicine and Dentistry of New Jersey (UMDNJ) for the use of University Hospital, regardless of their source and which were unexpended as of the Restructuring Act's effective date (July 1, 2013) will be transferred to University Hospital, that all appropriations intended for the use of University Hospital will be made directly to University Hospital, and that the amount of State funding provided to University Hospital must be sufficient to maintain the level of community services provided by the hospital on the Restructuring Act's effective date and to maintain the hospital as an acute care facility and trauma center.

The recommended language authorizes the Transition Committee, created under section 142 of the act, to determine the amounts to be allocated and distributed to Rutgers University, Rowan University, and University Hospital, from the amounts appropriated under the recommended budget to the affected institutions of higher education and the amounts provided to support the activities previously undertaken by UMDNJ, subject to the approval of the Director of the Division of Budget and Accounting. Section 142 of the act establishes the Transition Committee to advise the State Treasurer on the division, allocation, and assignment of State appropriations, debt issues, allocation of budgets, allocation of State personnel, and allocation of costs and resources involving these institutions; and upon the advice of the committee, the State Treasurer is authorized to take all necessary administrative acts to implement the act's provisions.

The recommended language would remove the Legislature from the allocation process.

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

University Hospital

Addition

2013 Handbook: p.
2014 Budget: p. F-7

58. In addition to the amounts herein appropriated for University Hospital, there are appropriated such additional sums as are necessary to maintain the core operating functions of the hospital, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2014 recommended language appropriates additional sums as necessary to maintain the core operating functions of University Hospital. Subsection d. of section 14 of the "New Jersey Medical and Health Sciences Education Restructuring Act," P.L.2012, c.45, provides that the amount of State funding provided to University Hospital will be sufficient to maintain the level of community services provided by the hospital on the effective date of the act and to maintain University Hospital as an acute care facility and trauma center.

Self-Insurance Reserve Funds

Revision

2013 Handbook: p. E-5
2014 Budget: p. F-8

~~57. Providing~~61. Provided that each of the contributions made during the current fiscal year by ~~the University of Medicine Hospital, Rutgers, the State University and Dentistry of New Jersey~~Rowan University and ~~its~~each of their affiliates to the University ~~of Medicine and Dentistry of New Jersey Hospital~~ Self-Insurance Reserve Fund ~~is~~, the Rutgers University Self-Insurance Reserve Fund or the Rowan University Self-Insurance Reserve Fund, respectively, are equal to the ~~amount~~respective amounts established in a ~~memorandum~~memoranda of ~~agreement~~agreements between the Department of the Treasury and ~~the University~~each of University Hospital, Rutgers, the State University and Rowan University and, if after such ~~amount~~amounts having been contributed, the receipts deposited within the ~~University of Medicine~~applicable University Hospital Self-Insurance Reserve Fund, the Rutgers University Self-Insurance Reserve Fund, and Dentistry of New Jersey's the Rowan University Self-Insurance Reserve Fund, ~~respectively,~~ are insufficient to pay claims expenditures, there ~~is~~are appropriated from the General Fund to the applicable University Hospital Self-Insurance Reserve Fund, the Rutgers University Self-Insurance Reserve Fund or the Rowan University Self-Insurance Reserve Fund such ~~sums~~amounts as may be necessary to pay the remaining claims for the respective institutions, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The FY 2014 recommended language authorizes appropriations from the General Fund, subject to the approval of the Director of the Division of Budget and Accounting, in the event that the funds in the University Hospital Self-Insurance Fund, the Rutgers University Self-Insurance Fund, or the Rowan University Self-Insurance Fund are insufficient to pay claims expenditures at the respective institutions. The recommended language updates FY 2013 language to reflect the provisions of the "New Jersey Medical and Health Sciences Education Restructuring Act," P.L.2012, c.45, that require University Hospital and allow Rowan University and Rutgers University to enter into a memorandum of agreement with the Department of Treasury concerning the Self-Insurance Reserve Fund.

EXPLANATION: FY 2013 language not recommended for FY 2014 denoted by strikethrough.
Recommended FY 2014 language that did not appear in FY 2013 denoted by underlining.

Background Paper: Outline of the "New Jersey Medical and Health Sciences Education Restructuring Act" and How It Is Reflected in the FY 2014 Budget Recommendation

On August 22, 2012, the Governor signed the "New Jersey Medical and Health Sciences Education Restructuring Act," P.L.2012, c.45, transforming the medical and health sciences education landscape in New Jersey. The act provides for the dissolution of the University of Medicine and Dentistry of New Jersey (UMDNJ) and allocates its assets and institutes, with the exception of University Hospital, to Rutgers University and Rowan University. This background paper outlines some of the key provisions of the act and then notes how these provisions are reflected in the FY 2014 budget recommendation.

The act does the following:

- transfers the schools, institutes, and centers of UMDNJ, other than the School of Osteopathic Medicine, the entire Stratford campus, the remaining facilities in Camden, and University Hospital, to Rutgers University, along with any associated debt and funding;
- transfers the School of Osteopathic Medicine of UMDNJ, its auxiliary and supporting institutions and the campus located in Stratford, to Rowan University, along with any associated debt and funding;
- establishes University Hospital as a separate non-profit legal entity and instrumentality of the State, and prohibits its assets, liabilities, and funds from being consolidated or commingled with those of Rutgers University;
- designates University Hospital as the principal teaching hospital of the Newark-based medical education programs of UMDNJ that are transferred to Rutgers University;
- establishes the School of Biomedical and Health Sciences at Rutgers University and provides for the appointment of a Chancellor based at Rutgers University – Newark to lead the school. The school will include the schools, institutes, and centers of UMDNJ being transferred to Rutgers University, and the Rutgers University School of Nursing, the Ernest Mario School of Pharmacy, the Institute of Health, Health Policy, and Aging Research, University Behavioral Healthcare, and any other school deemed appropriate by the President of Rutgers University;
- provides Rutgers University and Rowan University with the option to be represented by the Attorney General for medical malpractice claims incurred at the schools of UMDNJ being transferred to those institutions, by entering into a memorandum of agreement with the Department of the Treasury that makes available the Self-Insurance Reserve Fund to the institution for medical malpractice claims. If an institution elects not to be represented by the Attorney General, then the institution is required to provide the employees of the transferred schools with defense and indemnification consistent with the terms and conditions of the "New Jersey Tort Claims Act," N.J.S.59:1-1 et seq.;
- provides that University Hospital will be represented by the Attorney General in all medical malpractice claims against the hospital and its employees, through a

Background Paper: Outline of the "New Jersey Medical and Health Sciences Education Restructuring Act" and How It Is Reflected in the FY 2014 Budget Recommendation (Cont'd)

memorandum of agreement with the Department of the Treasury that makes the Self-Insurance Reserve Fund available to the hospital;

- provides that Rutgers University be held harmless, subject to appropriations, for unexpected costs or losses experienced in FY 2014 or FY 2015, associated with the undisclosed liabilities of UMDNJ that were not reasonably foreseen or contemplated at the time of the UMDNJ transfers to Rutgers University;
- establishes a 13-member campus advisory board for the Newark campus of Rutgers University with responsibilities that include: advising the President and the Board of Governors of Rutgers University on the selection of the Rutgers University – Newark Chancellor; proposing capital projects and bonding for the campus to the Board of Governors; and proposing an annual budget for the campus to the Board of Governors;
- establishes a 10-member campus board of directors for Rutgers University – Camden that will have general supervision over and be vested with the conduct of Rutgers University – Camden. Such responsibilities include: determining policies for the organization, administration, and development of the campus, subject to the policies of Rutgers University; studying the educational and financial needs of the campus and annually acquainting the Governor and the Legislature with the condition of the campus; and disbursing all funds appropriated by the Legislature to Rutgers University – Camden and moneys allocated to Rutgers University – Camden from tuition, fees, auxiliary services, and other sources;
- establishes an 11-member campus advisory board for Rutgers University – New Brunswick, with responsibilities that include: advising the President and Board of Governors of Rutgers University on the selection of the Chancellor of the New Brunswick campus, who may not be the President of the university; proposing capital projects and bonding for the campus to the Board of Governors; and proposing an annual budget for the campus to the Board of Governors;
- creates a seven-member Rowan University – Rutgers Camden Board of Governors with the authority and responsibility in the establishment and expansion of any schools, programs, or departments in the area of health sciences proposed by either the Board of Trustees of Rowan University or the Board of Directors of Rutgers University – Camden. These institutions are each required to annually appropriate \$2.5 million to this board for administration and other necessary expenses;
- provides for the appropriation of State support for operations and fringe benefit costs directly to Rutgers University – Newark, Rutgers University – Camden, the School of Biomedical and Health Sciences, and University Hospital;
- requires that State support to University Hospital be sufficient to maintain the level of community services provided on the effective date of the act and to maintain the hospital as an acute care facility and trauma center;

Background Paper: Outline of the "New Jersey Medical and Health Sciences Education Restructuring Act" and How It Is Reflected in the FY 2014 Budget Recommendation (Cont'd)

- requires the State to assist University Hospital in the refinancing of the portion of debt of UMDNJ that is attributable to the hospital;
- creates a nine-member University Hospital Community Oversight Board to ensure that the mission of the hospital and the intent of the "Agreements Reached Between Community and Government Negotiators Regarding New Jersey College of Medicine and Dentistry and Related Matters of April 30, 1968" to provide a comprehensive health program to the community in Newark are upheld;
- reorganizes the University Hospital Board of Directors and authorizes the board to enter into a contract or other agreement with a non-profit corporation for the operation and management of the hospital;
- designates Rowan University as a public research university;
- guarantees no layoff between the act's date of enactment and July 1, 2014, of any employee represented by a majority representative, who was employed as of the enactment date, at UMDNJ, University Hospital, Rutgers University, or Rowan University, as a result of the reorganization, restructuring, transfer, or acquisition that occurs pursuant to or as a result of the implementation of the act;
- provides protections for all employees of University Hospital and the institutions of higher education that may be impacted by the act, with regard to pension rights, health benefits, collective bargaining, and civil service status, as well as the tenure, rank, or academic track of any person holding a faculty position;
- creates a Labor Management Committee (LMC) within 60 days of the effective date of the act to review all proposed Rutgers University restructuring and reorganization plans and make recommendations to the Board of Governors of Rutgers University regarding personnel and labor relations related to the proposed plans; and
- establishes a Transition Committee to advise the State Treasurer on the division, allocation, and assignment of State appropriations, debt issues, allocation of budgets, allocation of State personnel, and allocation of costs and resources involving Rutgers University, Rowan University, UMDNJ, and University Hospital. Upon the advice of the committee, the State Treasurer is authorized to take all necessary administrative acts to implement the act's provisions.

FY 2014 Recommended Budget

The FY 2014 recommended budget includes the following appropriations and language related to the provisions of the Restructuring Act:

- maintains the same level of direct State aid to Rutgers University, UMDNJ, and Rowan University as provided in FY 2013, without any additional funds for either institution to pay for the costs to integrate the programs and schools of UMDNJ;

Background Paper: Outline of the "New Jersey Medical and Health Sciences Education Restructuring Act" and How It Is Reflected in the FY 2014 Budget Recommendation (Cont'd)

- provides no specific line-item appropriations for Rutgers University – Newark, Rutgers University – Camden, the School of Biomedical and Health Sciences, and University Hospital, as required under the act;
- includes language to authorize the Transition Committee to determine the amounts to be allocated and distributed to Rutgers University (including the campus allocations), Rowan University, and University Hospital, from the amounts appropriated under the recommended budget to the affected institutions of higher education and the amounts provided to support the activities previously undertaken by UMDNJ, subject to the approval of the Director of the Division of Budget and Accounting. These allocations and distributions would not require legislative approval;
- includes language to provide for additional appropriations as necessary to maintain the core operating functions of University Hospital. Under the act, the amount of State funding provided to University Hospital must be sufficient to maintain the level of community services provided by the hospital on the effective date of the act and to maintain the hospital as an acute care facility and trauma center; and
- includes language to authorize appropriations from the General Fund, subject to the approval of the Director of the Division of Budget and Accounting, in the event that the funds in the University Hospital Self-Insurance Fund, the Rutgers University Self-Insurance Fund, or the Rowan University Self-Insurance Fund are insufficient to pay claims expenditures at the respective institutions.

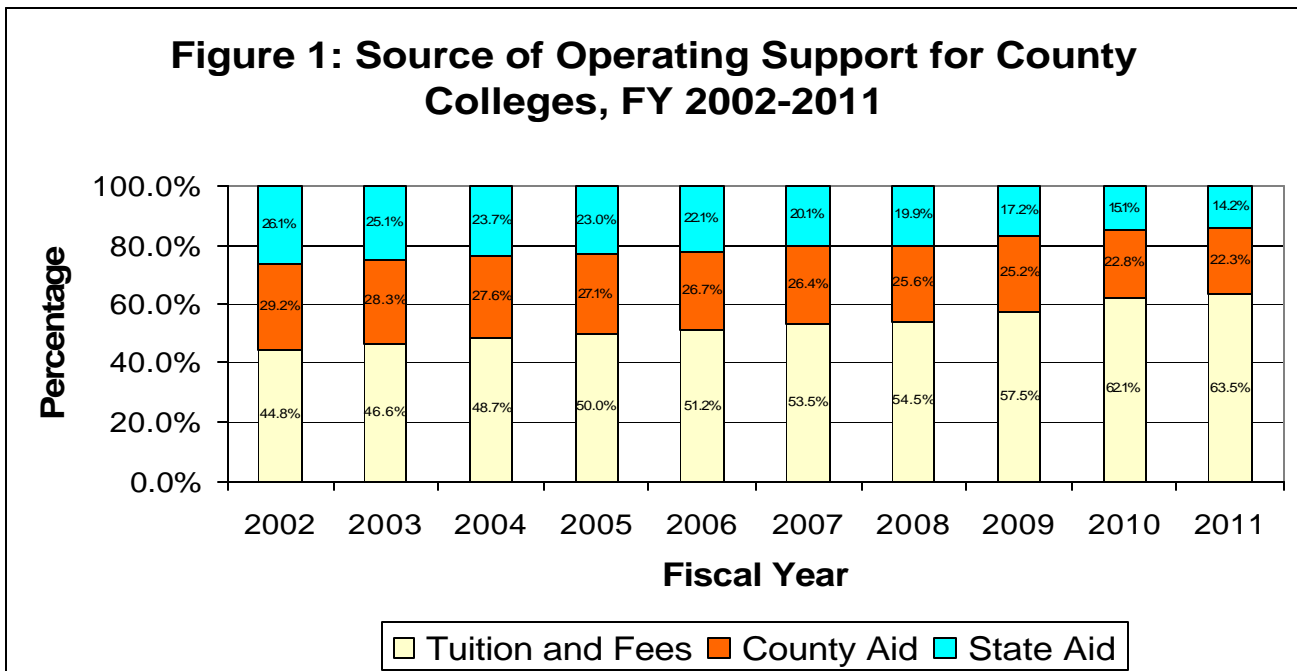
Background Paper: Funding County Colleges

Budget Pages.... D-377 to D-379

The 19 county colleges in New Jersey receive funding from three main sources: the State, the county in which the county college is located, and tuition and fees paid by students attending the county college. Under the provisions of N.J.S.18A:64A-22, as amended in 1981, a county college may apply to the State Treasurer and receive State support for operational costs in an amount equal to 43% but not greater than 50% of the educational and general costs of the county college. State aid is distributed to the county colleges by the State Treasurer in consultation with the New Jersey Council of County Colleges. Each county which operates a county college is required to provide an amount of support no less than the amount provided in the year in which the formula was adopted (1981) or 25% of the operational costs in the base State fiscal year (the fiscal year two years prior to that in which the budget is to be implemented), whichever is greater.

The Report of the Task Force on Funding and Tuition Establishment, issued in September 1995, included recommendations on the funding of higher education and the establishment of tuition. The task force was convened by the chairman of the Commission on Higher Education in accordance with the requirement established under the "Higher Education Restructuring Act of 1994," P.L.1994, c.48, that the commission study these issues for the various institutional sectors. The task force consisted of members of the commission and representatives of various institutions of higher education in the State. The report recommended that the State, county, and students each contribute one-third of the operating costs of the county colleges. The report noted that in FY 1994, the State contributed about 24%, the counties contributed an aggregate of 33%, and students contributed 43%. The recommendation that the State fund one-third of the county colleges' operating costs was never adopted, either through appropriations act language or a statutory revision.

Figure 1 below shows the source of funds for the operating expenses of the county colleges from FY 2002 to FY 2011, the last year in which audited financial data was available.



Background Paper: Funding County Colleges (Cont'd)

In no year has the State contributed 43% towards the operational costs of the county colleges as envisioned in the statute, or reached the 33% level subsequently recommended in the 1995 task force report. In the period of FY 2002 through FY 2011, State support was at its highest at 26.1% of the county colleges' operating costs in FY 2002 and steadily declined to 14.2% by FY 2011. County support has also decreased, although not as significantly as State aid. The decline in State and county support coincides with a rise in the share of the operating costs supported by tuition and fee revenue, from 44.8% in FY 2002 to 63.5% in FY 2011. Total enrollment rose from 138,934 students in the fall of 2002 to 176,752 students in the fall of 2011.

Figure 2 below shows the percentage of State aid, county aid, and tuition and fees that supported the operational costs at each county college in FY 2011.

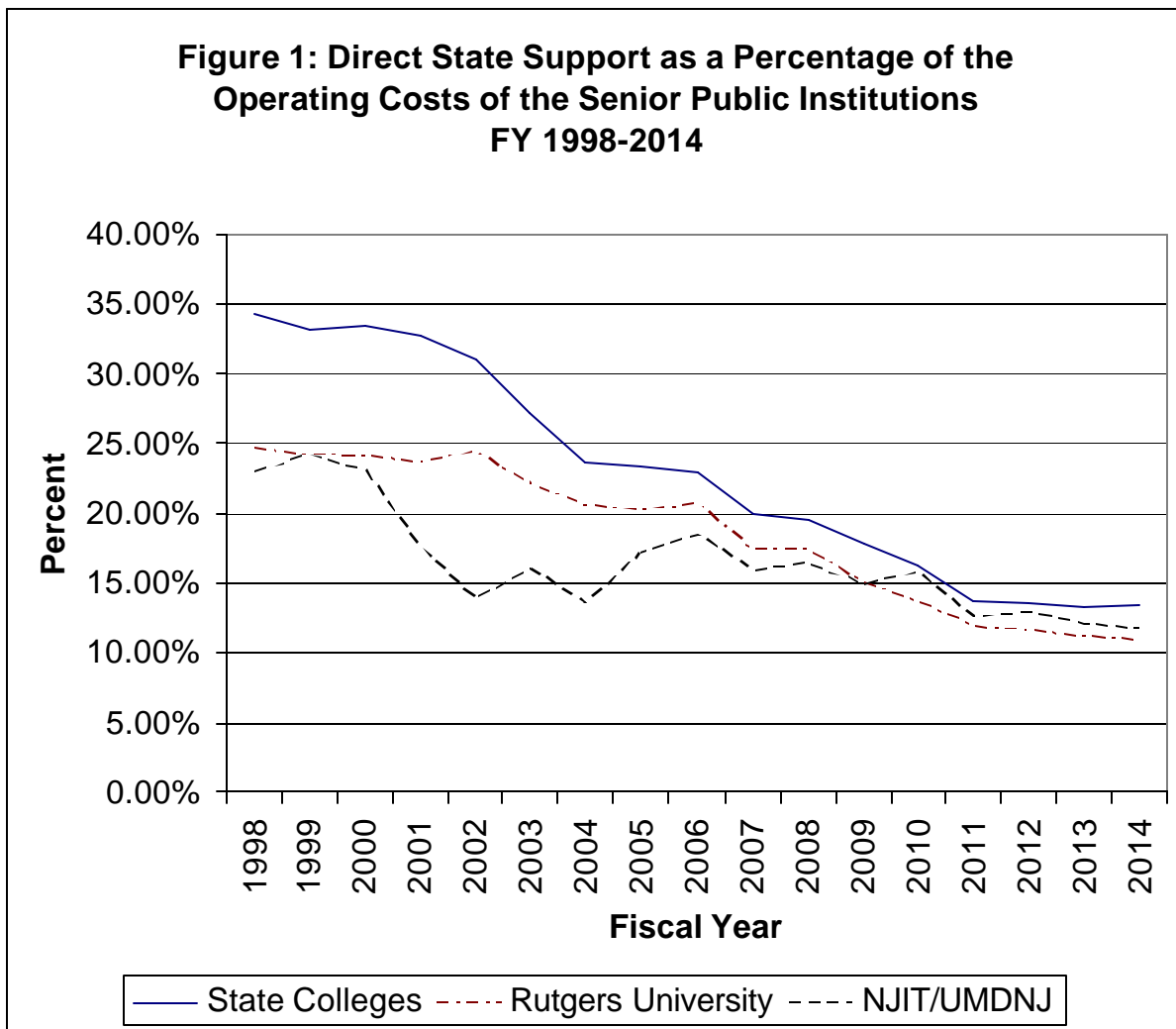
Figure 2: Source of Operating Support per County College, FY 2011			
	State Aid	County Aid	Tuition and Fees
Atlantic Cape Community College	14.1%	21.7%	64.1%
Bergen Community College	11.3%	17.9%	70.8%
Brookdale Community College	11.4%	29.2%	59.4%
Burlington County College	16.7%	11.5%	71.8%
Camden County College	15.7%	14.4%	69.9%
Cumberland County College	14.7%	27.6%	57.7%
Essex County College	18.2%	18.6%	63.1%
Gloucester County College	15.0%	22.9%	62.1%
Hudson County Community College	13.6%	19.7%	66.7%
Mercer County Community College	13.8%	28.8%	57.4%
Middlesex County College	14.7%	22.2%	63.1%
Morris, County College of	13.1%	22.0%	65.0%
Ocean County College	13.1%	26.3%	60.6%
Passaic County Community College	13.1%	29.4%	57.5%
Raritan Valley Community College	12.2%	29.9%	57.8%
Salem Community College	21.4%	26.1%	52.5%
Sussex County Community College	17.3%	22.6%	60.2%
Union County College	16.5%	19.8%	63.7%
Warren County Community College	18.9%	17.3%	63.8%
Total	14.2%	22.3%	63.5%

Note: Percentages were calculated using data provided by the New Jersey Council of County Colleges.

Background Paper: Direct State Support to the Senior Public Institutions

Budget Pages.... D-308 to D-337

Direct State support for the senior public institutions of higher education has declined over the past decade. As New Jersey's public colleges and universities have grown over the years, due to increased enrollment, expanded program offerings, and other factors, direct State funding as a percentage of the institutions' operating expenses has declined significantly.¹ Figure 1 below shows direct State support as a percentage of the operating costs of the senior public institutions of higher education in the State, from FY 1998 to FY 2014.



The level of State support for Rutgers University declined from 24.6% in FY 1998 to 10.8% in the FY 2014 recommended budget. The other public research universities, the New Jersey Institute of Technology and the University of Medicine and Dentistry of New Jersey, saw their share of State support decline from 22.9% in FY 1998 to 11.8% in the FY 2014

¹ In addition to the direct State support to the senior public institutions of higher education, the State pays for the fringe benefits of certain employees.

Background Paper: Direct State Support to the Senior Public Institutions (Cont'd)

recommended budget. The nine State colleges and universities² experienced the largest decline in State support as a share of their operating costs, from 34.3% in FY 1998 to 13.4% in the FY 2014 recommended budget.

The State does not currently have an explicit funding methodology or formula to allocate State appropriations to the senior public institutions. The recommendation on the funding of these institutions included in the Report of the Task Force on Funding and Tuition Establishment³, issued in September 1995, was that the State fund two-thirds of educational operating costs and the students provide the remaining one-third. This recommendation was never adopted.

Figure 2 below shows the FY 2014 recommended State appropriations for the senior public institutions of higher education, the total operating budget, and State aid as a percentage of the operating budget.

Public Institution	State Appropriation	Total Operating Budget	Percentage of State Aid
Rutgers University	\$ 241,018	\$ 2,222,474	10.84%
Agricultural Experiment Station	21,742	93,695	23.21%
University of Medicine and Dentistry	160,553	1,343,045	11.95%
New Jersey Institute of Technology	37,696	336,888	11.19%
Thomas A. Edison State College	3,551	66,713	5.32%
Rowan University	58,563	311,385	18.81%
New Jersey City University	26,056	149,561	17.42%
Kean University	32,837	251,548	13.05%
William Paterson University	32,748	219,337	14.93%
Montclair State University	38,613	365,110	10.58%
College of New Jersey	29,317	223,356	13.13%
Ramapo College	16,130	136,331	11.83%
Richard Stockton College	19,839	201,603	9.84%
Total	\$ 718,663	\$ 5,921,046	12.14%

Source: FY 2014 Recommended Budget

² Includes Rowan University, which will have public research university status pursuant to P.L.2012, c.45, on July 1, 2013.

³ The task force was convened by the chairman of the Commission on Higher Education, in accordance with the requirement established under the "Higher Education Restructuring Act of 1994," P.L.1994, c.48, that the commission study the funding of higher education and establishment of tuition at the various institutional sectors. The task force consisted of members of the commission and representatives of various institutions of higher education.

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Individuals wishing information and committee schedules on the FY 2014 budget are encouraged to contact:

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