

Testimony
New Jersey Assembly Budget Committee
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Mr. Chairman and members of the Assembly Budget Committee, today, I speak to you specifically as the president of Montclair State University, New Jersey's second largest university. I will try very briefly to paint the picture of what 21st century higher education in New Jersey has looked like from our perspective and how that relates to the proposed FY 16 budget before you.

In the year 2000, Montclair State had approximately 13,000 students; this year, we have more than 20,000.

In 2000, Montclair State granted approximately 2,300 degrees; this year, we will grant more than 4,500 degrees.

In 2000, measured by any national standard, the campus was desperately short of all types of facilities, a deficit created over decades of under-funding. The University struggled with inadequate numbers of classrooms, outdated and inadequate science laboratories, technology, and specialized instructional facilities, and a massive shortage of student residential facilities. Since 2000, we have increased academic square footage by 100% and student housing by 150%, and we have massively invested in cutting edge technological infrastructure. All of that was accomplished without state assistance, until the first help in a quarter of a century arrived through the recent bond initiative approved by Governor Christie and this Legislature, an initiative for which we are tremendously grateful. Our two major bond projects, the Center for Environmental and Life Sciences and our new School of Business are just about complete, and they will both be fully ready for students with the start of the fall term.

Since 2000, the University has taken seriously its responsibility to manage efficiently and to supplement state funding with private and federal funds, and we have grown revenue from external sources by 167% and increased our endowment by 300%. These resources have helped the University deepen its engagement in research, develop new programs, expand high demand programs, support facilities maintenance, and offer scholarships that would not otherwise have been available to New Jersey students.

New Jersey students responded enthusiastically to these growing opportunities with increased applications and growing enrollments from every county in the state. The state's response, however, has been rather disappointing.

If the proposed budget is adopted, the state will have reduced the University's direct operating support per full-time equivalent student by 54%, from \$4,800 in 2000 to less than \$2,200 in the proposed budget. The FY 2016 budget will provide 16% less in direct operating support for the University than the state provided in 2000, again making no adjustment for a 48% increase in enrollment, for new and expanded programs, or for the support of expanded facilities. State support, including fringe benefit support, will constitute less than 21% of the University's FY 2016 operating budget, a decline from about 46% in 2000. So, who is paying for all the expansion of higher education opportunities? The students and their families are paying, as the state has inexorably shifted to them its burden of support for public higher education.

The University's state appropriation does not constitute, by any measure, a reasonable appropriation for a University of our size, quality and array of undergraduate and graduate programs. It would be just about reasonable for an institution half our size. So, notwithstanding all of our accomplishments, year after year, Montclair State University must forego important opportunities to provide for the future educational needs of our state and its people, and those missed opportunities are occurring at every public university and college in this state.

Even as our enrollments are growing, New Jersey's annual net out-migration of four-year college freshmen is still over 29,000 students, a monumental loss that is completely unique in the nation. Our competitor states are recruiting from among our best prepared students, and New Jersey's out-migrating students are taking with them to other states literally billions of dollars in education expenditures – some estimates are between \$4.6 and \$6 billion each year.

So, in summary, what are we doing wrong? Obviously, we are not investing adequately in our statewide public higher education infrastructure. But, even worse than the inadequacy of support is the absolute irrationality of the way existing support is provided. For a long time now, you have heard me and many others speak about the fact that there is no basis in reason for the way higher education funding is allocated – whether it is operating support, fringe benefit support, or anything else. And, in the budget before you, that long-standing problem manifests itself in glaring ways. Montclair State's operating support was cut by 7.1%, while another institution was cut by 3.1% and another by 11%. The budget before you will provide about \$2,200 in operating support for students at Montclair State, double that amount at other institutions, and more than triple that at some institutions. The state will subsidize the cost of fringe benefits for 1 employee for every 5.5 students at one institution and 1 for every 12.5 students at Montclair State. The state invests about \$8,500 a year to produce a degree at Montclair State, about \$14,500 at another institution, and almost \$28,000 at yet another. Do you know what the rationale is for all these differences? If you don't, please do not feel badly, because, quite simply, there is no rationale, nor is there any person living or dead who could provide a satisfactory explanation for the circumstances I just described, circumstances for which no one person is to blame, created without any ill will in true bi-partisanship over decades.

The irrationalities of higher education funding have become gradually magnified over time and are now at the point of absurdity. And that absurdity is further complicated this year by the transfer of operating support to fringe benefit support, the calculations for which are so lacking in explanation and transparency that neither I nor my colleagues can account for differences of millions of dollars between institutional audited financial statements and state budgeted expenditures.

In 2010, Governor's Christie's Task Force on Higher Education, led by Gov. Tom Kean said, unequivocally: "The allocation of the State's operating support among Rutgers and the other senior public colleges and universities has had no basis in reason for at least the last two decades. As a consequence, there continue to be very substantial and unjustified differences in the levels of support provided by the State for the education of students from one institution to the next." Just this week and five years later, the report of Governor Christie's Council on Higher Education, led by John McGoldrick, retired Vice President and General Counsel of Bristol-Myers Squibb, said unequivocally: "New Jersey's method of allocating state operating aid to the various schools is antiquated and irrational. It badly needs to be reformed." For years, the higher education community has asked the state to develop policies and plans that will guide it in regard to the allocation of public higher education funding and the provision of appropriate support to undergraduate, graduate, and professional programs. Of course, everyone realizes that the funding may not be available to realize desired levels of support instantly, but such plans would provide the guidance necessary to make prudent steps toward our goals, would provide the guidance needed to assess budgetary proposals, and would provide transparency to the higher education community and to the public about the state's priorities and investments in higher education. There has been so much talk about affordability, but how can the Legislature be expected to address the difficult questions about affordability and quality of opportunities without the answers to the simplest questions about what reasonably it should cost to educate the average college sophomore or how many students the state should seek to educate.

It would cost us nothing but the will to do it to create a rational plan. It would be simple to devise a few rational first steps that could be taken immediately as we pursue a more comprehensive plan. If statewide budgetary realities necessitate that we take measured and small steps toward the achievement of a plan, well then, at least we would have a plan and some rational consensus and understanding about where we are going. At least we would be moving in the right direction.

In conclusion, what does this proposed budget, with its irrationality and its under-funding yet again say to the state's second largest university? It says, our accomplishments and the quality of our programs, and educating thousands more students do not matter. It says that our 20,000 students are not worth the trouble to fund their education equitably. Montclair State University has kept true to the word "State" in our name, and the community will continue to do its absolute best, whatever the circumstances, but, honestly, if the Legislature could see its way to a little timely and reasoned help, it would not come amiss.

Access to high quality and affordable higher education has never been more important to New Jersey's economy and to New Jersey's people, and, in my opinion, it is in the bad times that our priorities become clear and that we can often be most successful in planning for the future.

Thank you.