

NEW JERSEY PRESIDENTS' COUNCIL TESTIMONY TO ASSEMBLY BUDGET COMMITTEE

April 15, 2015

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Chair

Attached to this testimony you will find the New Jersey Presidents' Council FY2016 Budget Statement. I submit it for your consideration. Today, I wish to provide a brief summary of that statement.

New Jersey's Colleges and Universities are committed to providing quality post-secondary education for students and families. We are also an important economic asset for our state. Nationally and globally, higher education is the indispensable key to the creation of sustainable communities and responding to the economic challenges of the 21st century. When the State invests, the dividends are enormous. The State has a Strategic Plan for economic growth that has identified industrial and commercial clusters critical to the State's economic growth: Bio/Pharmaceuticals and Life Sciences; Transportation; Logistics and Distribution; Financial Services; Advanced Manufacturing; Health Care; Technology; and Leisure, Hospitality, and Retail. In response to these clusters, the President's Council is prepared to help build the workforce necessary by marshalling the education assets that are present within the New Jersey.

New Jersey higher education is the foundation for branding the State as a place with a superbly trained and educated workforce. We are united in our efforts to work collaboratively with the Secretary of Higher Education, the New Jersey Department of Labor and Workforce Development, Choose New Jersey, the Innovation Council, and employer organizations such as the New Jersey Business and Industry Association and the New Jersey Chamber of Commerce to continue to identify best practices, and examine efforts that have occurred in other states to align higher education programs with workforce needs in order to achieve increased prosperity: economic expansion, job growth, new business development and ultimately higher tax revenue.

Last week the Governor's Council on Higher Education released a report on Strategic Priorities for Higher Education. In their recommendation concerning funding they stated:

"New Jersey has for many decades failed to invest adequately in public higher education. It is imperative that this counterproductive trend be reversed. This is not solely about money. It is also about efficient and wise deployment of resources, with incentives established by the State. Unwise regulation should be eliminated, incentives for increased

efficiency should be adopted, public-private partnerships should be encouraged, and state aid should be sensibly allocated among the institutions.”

We agree. To this end, The New Jersey Presidents’ Council and the Office of the Secretary of Higher Education have jointly engaged The National Center for Higher Education Management Systems (NCHEMS) which is a private nonprofit (501)(c)(3) organization whose mission is to improve strategic decision making in higher education for states and institutions in the United States and abroad. NCHEMS will analyze all New Jersey State funding support for higher education and prepare a comprehensive report documenting their findings. They will also prepare a similar analysis for selected states and benchmark their New Jersey findings against these states. We are doing this because we lacked the comprehensive data needed to inform a meaningful dialogue. Inasmuch as there are various sources of State support for higher education including student financial aid, capital project support, employee benefit support, targeted programmatic support such as the Educational Opportunity Fund, and various other programs, further analysis was necessary to gain a comprehensive understanding of current state funding patterns both as to adequacy and allocation. To our knowledge, there has never been an initiative to prepare a comprehensive study of how the State of New Jersey funds higher education. This report will provide a meaningful basis to begin a substantive discussion of higher education funding in New Jersey. It is anticipated that this report will be completed in the summer 2015. The report will be shared with all interested parties.

We understand that this hearing is concerning the proposed FY2016 Budget. If the question is do we believe that enhanced funding for higher education would be a wise investment for New Jersey? The answer is absolutely yes. However, we are all too aware of the current situation in the state and we must look towards the future. We look forward to working with the legislature to plan for future investment in what we consider to be one of the most important and promising assets of the state—New Jersey institutions of higher education..

New Jersey Presidents' Council FY2016 Budget Statement

We, New Jersey higher education, institutions are committed:

- To create an educated citizenry, as well as future leaders and engaged members of our communities, thereby supporting a vibrant society and the economic development of the State;
- To be accountable for preparing graduates who can fill jobs in growth industries with the necessary education and skill levels; and,
- To be outstanding citizens in the communities in which we reside across the state.

This New Jersey Presidents' Council budget statement represents a commitment to provide quality post-secondary education for students and families, as well as highlight the importance of higher education as an economic asset for our state.

The Governor, Secretary of Higher Education, and Legislature initiated and the voters supported investing in critically needed facilities and technology for our higher education institutions with the *Building our Futures Bond Act in 2012*. This important infusion of resources has resulted in extraordinary enhancements on individual campuses and much needed stimulus to local economies. Moving forward, it is equally as important to invest in the on-going support for institutions so that our students are able to succeed with an affordable post-secondary education that meets the knowledge-based workforce needs of New Jersey.

While the long-term outlook for state funding for higher education in New Jersey remains challenging, the next investment in our state's higher education institutions must address the urgent need with respect to the tens of thousands of increased enrollments in our colleges and universities while operating support decreased to levels not seen for more than two decades. For fiscal year 2016, the Presidents' Council requests that increased operating support for higher education be considered a top priority in the development of the State's budget. Nationally and globally, higher education continues to be recognized as the indispensable key to meeting sustainable communities and economic challenges of the 21st century. If the State invests, the dividends will be enormous.

The request also includes critical funding to support the maintenance of financial aid programs that benefit New Jersey's neediest families. Both the Educational Opportunity Fund (EOF) and Tuition Aid Grants (TAG) are vital programs for the low and middle income students to receive a life transforming higher education.

The State has a Strategic Plan for economic growth that has identified industrial and commercial clusters critical to the State's economic growth: Bio/Pharmaceuticals and Life Sciences; Transportation; Logistics and Distribution; Financial Services; Advanced Manufacturing; Health Care; Technology; and Leisure, Hospitality, and Retail. In response to these clusters, the President's Council is prepared to lead and build upon the education, workforce and education assets that are present within the New Jersey.

Higher education has a great deal to offer in branding the State as a source of a superbly trained and educated workforce. We are united in our efforts to work collaboratively with the Secretary of Higher Education, the New Jersey Department of Labor and Workforce Development, Choose New Jersey, the Innovation Council, and employer organizations such as the New Jersey Business and Industry Association and the New Jersey Chamber of Commerce to continue to identify best practices, and examine efforts that have occurred in other states to align higher education programs with workforce needs in order to achieve increased prosperity: economic expansion, job growth, new business development and ultimately higher tax revenue.

New Jersey Data that Support the Demand of Postsecondary Education and Workforce Needs:

- **By 2018, two-thirds of all jobs in New Jersey will require a college degree.** The national economy will have created 46.8 million job openings (new jobs and replacement jobs). Of these, 63 percent will require workers with at least some college education: 33 percent will require a bachelor's degree of higher, and 30 percent will require some college or an associate's degree. (NJPC Task Force Report).
- **New Jersey ranks 16th in the nation** in postsecondary intensity, or the concentration of jobs requiring some postsecondary education (64%), and **2nd in the nation** in the proportion of 2018 jobs that will require a bachelor's degree. (NJPC Task Force).
- **Within New Jersey, the technological thrust is even more pronounced.** The State Strategic Plan has identified the previously identified six key industry clusters deemed critical to the State's economic growth. These clusters are increasingly technology dependent thereby requiring increasing technology in our higher education and training programs. (NJPC Task Force).
- **Five year enrollment trends in New Jersey are reflective of the continuing strong demand for higher education.** For college and university sectors with a public mission, the most recent data available showed an overall 5 percent increase in enrollments from 522,154 in FY 2009 to 545,709 in FY 2013. (IPEDS, U.S. Census).
- **The rising demand for higher education and costs.** On average, annual tuition and fee increases in New Jersey have moderated considerably in recent years, resulting in average annual increases over the most recent five year period at below 3 percent. According to the Pew study, "On virtually every measure of economic well-being and career attainment--from personal earnings to job satisfaction to the share employed full time—young college graduates are outperforming their peers with less education" (Pew Research Center: "The Rising Cost of Not Going to College").

The New Jersey Presidents' Council is fully cognizant of the important responsibility that higher education has in the economic prosperity of the state. In a period in which the allocation of budgetary resources, whether federal, state, public, or private, must be treated with great care and with consideration for achieving efficiency and effectiveness, the Presidents' Council is fully committed to strengthening standards to increase accountability and improve outcomes through enhanced self-monitoring and increased collaborations. Over the last two years, the Council has significantly improved the accountability standards for its review of all academic program development. Important collaborations include: exploring participation in K-12 Common Core, coordinating with the Secretary of Higher Education for investigating funding formula options; executing and matching State bonds for capital construction; reducing student costs by means of tuition averaging through the community college transfer system; and, as a result of the success of the State's *Building Our Futures* capital construction program and a successor program, reducing overreliance on institutional tuition increases as a means to fund modernization of facilities and technology essential to preparing New Jersey students for the challenges of the future.