



ANALYSIS OF THE NEW JERSEY BUDGET

**HIGHER
EDUCATIONAL
SERVICES**

FISCAL YEAR

2015 - 2016

NEW JERSEY STATE LEGISLATURE

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HIGHER EDUCATIONAL SERVICES

Budget Pages..... C-6; C-7; C-14; C-22; D-288 to D-333;
D-363 to D-365; D-372 to D-375

Fiscal Summary (\$000)

	Expended FY 2014	Adjusted Appropriation FY 2015	Recommended FY 2016	Percent Change 2015-16
State Budgeted	\$1,390,911	\$1,514,865	\$1,496,068	(1.2%)
Federal Funds	20,273	20,990	23,502	12.0%
<u>Other</u>	<u>33,820</u>	<u>35,361</u>	<u>35,668</u>	<u>0.9%</u>
Grand Total	\$1,445,004	\$1,571,216	\$1,555,238	(1.0%)

Personnel Summary - Positions By Funding Source

	Actual FY 2014	Revised FY2015	Funded FY 2016	Percent Change 2015-16
State	16	17	19	11.8%
Federal	144	128	138	7.8%
Other	9	7	8	14.3%
University Hospital	2,923	2,923	2,923	—
<u>Colleges & Univ's.*</u>	<u>19,752</u>	<u>19,835</u>	<u>19,835</u>	<u>—</u>
Total Positions	22,844	22,910	22,923	0.1%

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 data reflect the number of positions funded.

*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 2016 budget recommendation for Higher Educational Services totals \$1.56 billion, a decrease of 1.0% below the FY 2015 adjusted appropriation of \$1.57 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 2016 is recommended at \$696.9 million, which is a decrease of \$37.9 million or 5.2% below the FY 2015 adjusted appropriation. The entire reduction will be used to offset the net increase in fringe benefit costs incurred by the State on behalf of the senior public institutions for FY 2016. (The appropriation for fringe benefits is reflected within the Interdepartmental Accounts.)
- Total State aid to the county colleges is recommended at \$221.4 million, which is a decrease of \$1.3 million or 0.57% below the FY 2015 adjusted appropriation.
 - Funding to support the operational costs of county colleges remains unchanged from the FY 2015 adjusted appropriation of \$134.1 million. County college aid includes \$18.8 million from the Supplemental Workforce Fund for Basic Skills for remedial courses provided at county colleges.
 - Debt service for the Chapter 12 program is recommended at \$37.4 million, a decrease of \$2.7 million or 6.6% below the FY 2015 adjusted appropriation. However, of the FY 2015 adjusted appropriation of \$40.1 million, \$3.2 million is scheduled to lapse to the General Fund at the end of the current fiscal year, meaning that only \$36.9 million will be expended in FY 2015. The FY 2016 recommended appropriation of \$37.4 million therefore represents an increase of \$0.5 million or 1.4% above the FY 2015 expenditure.
 - Funding for fringe benefits is recommended at \$49.7 million, an increase of \$1.4 million or 2.8% above the FY 2015 adjusted appropriation.
- Funding for the Educational Opportunity Fund (EOF) Program is recommended at \$38.8 million, a reduction of \$1.6 million or 3.9% below the FY 2015 adjusted appropriation. Despite the reduction in funding, the EOF Program is projected to serve 17,726 students, the same number of awards as in FY 2015. It is unclear if the amount awarded to each student will be reduced in the 2015-2016 academic year to accommodate the recommended reduction in State appropriations while maintaining the same number of awards.
- Recommended funding for the Tuition Aid Grant (TAG) Program in FY 2016 totals \$385.8 million and will support an estimated 66,048 awards during the 2015-2016 academic year. The FY 2016 recommendation is an increase of \$19.6 million or 5.3% over the FY 2015 adjusted appropriation and will support an additional 2,000 grant awards.

Highlights (Cont'd)

The FY 2016 recommendation continues budget language from FY 2015 that limits increases in TAG award amounts to 2% above the levels provided by the Higher Education Student Assistance Authority in the prior fiscal year.

- Under the Governor's budget, the Governor's Urban Scholarship Program would receive an additional \$245,000 for an overall recommended appropriation of \$945,000 for FY 2016. This increase will add a fourth class of students and will support an estimated 895 scholars in targeted school districts.
- A total of \$6.9 million is recommended for the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) Programs, of which \$4.96 million will fund 1,580 NJ STARS I awards and \$1.95 million will fund 780 NJ STARS II awards. Although this appropriation represents a decrease of \$1.6 million or 19.1% from the FY 2015 adjusted level, due to an anticipated lapse of \$1.9 million to the General Fund at the end of the current fiscal year, the recommended appropriation is actually an increase of \$0.3 million or 4.5% above the FY 2015 adjusted amount.
- The FY 2016 budget recommends \$8.7 million for Part-Time Tuition Aid Grants for County Colleges, a decrease of \$1.0 million or 10.7% below the FY 2015 adjusted appropriation. The recommended appropriation is projected to assist 9,970 students in the 2015-2016 academic year. Although the appropriation represents a decrease from the FY 2015 adjusted appropriation, due to an anticipated lapse of \$1.2 million to the General Fund at the end of the current fiscal year, the recommended appropriation represents almost no change from the FY 2015 adjusted amount.
- The FY 2016 recommended budget includes debt service for the following higher education capital bond programs:
 - "Higher Education Equipment Leasing Fund Act;"
 - "Higher Education Technology Infrastructure Fund Act;"
 - "Higher Education Facilities Trust Fund Act;" and
 - "Higher Education Capital Improvement Fund Act."

These four programs are administered by the New Jersey Educational Facilities Authority (EFA), which issued bonds in January 2014 for the "Higher Education Technology Infrastructure Fund Act" and the "Higher Education Equipment Leasing Fund Act;" in April 2014 for the "Higher Education Capital Improvement Fund Act;" and in September 2014 for the "Higher Education Facilities Trust Fund Act."

- The FY 2016 recommended budget maintains level funding of \$1 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.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2014	Adj. Approp. FY 2015	Recom. FY 2016	Percent Change	
				2014-16	2015-16
General Fund					
Direct State Services	\$1,479	\$1,770	\$1,770	19.7%	0.0%
Grants-In-Aid	1,193,287	1,309,191	1,291,673	8.2%	(1.3%)
State Aid	160,607	0	0	(100.0%)	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,355,373	\$1,310,961	\$1,293,443	(4.6%)	(1.3%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	35,538	203,904	202,625	470.2%	(0.6%)
Sub-Total	\$35,538	\$203,904	\$202,625	470.2%	(0.6%)
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,390,911	\$1,514,865	\$1,496,068	7.6%	(1.2%)
Federal Funds	\$20,273	\$20,990	\$23,502	15.9%	12.0%
Other Funds	\$33,820	\$35,361	\$35,668	5.5%	0.9%
Grand Total	\$1,445,004	\$1,571,216	\$1,555,238	7.6%	(1.0%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2014	Revised FY 2015	Funded FY 2016	Percent Change	
				2014-16	2015-16
State	16	17	19	18.8%	11.8%
Federal	144	128	138	(4.2%)	7.8%
All Other	9	7	8	(11.1%)	14.3%
Colleges and Universities*	19,752	19,835	19,835	0.4%	0.0%
University Hospital	2,923	2,923	2,923	0.4%	0.0%
Total Positions	22,844	22,910	22,923	0.0%	0.1%

FY 2014 (as of December) and revised FY 2015 (as of January) personnel data reflect actual payroll counts. FY 2016 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	42.1%	45.5%	---	---	---
Higher Ed. Student Asst. Auth.	31.3%	30.7%	---	---	---

Fiscal and Personnel Summary

Direct State Support for Institutions of Higher Education (in thousands)					
Senior Public Institutions	FY2014	FY2015	FY2016	Change from FY2015- FY2016	
				Dollar	Percent
Rutgers University					
Camden	\$17,140	\$17,140	\$17,051	\$ (89)	(0.52%)
Newark	31,816	31,816	31,640	(176)	(0.55%)
New Brunswick	338,545	338,545	323,597	(14,948)	(4.42%)
Total - Rutgers University	\$387,501	\$387,501	\$372,288	\$(15,213)	(3.93%)
Agricultural Experiment Station	21,742	21,742	21,696	(46)	(0.21%)
New Jersey Institute of Technology	37,696	37,696	35,440	(2,256)	(5.98%)
Thomas Edison State College	3,551	3,551	3,044	(507)	(14.28%)
Rowan University	88,792	88,792	85,383	(3,409)	(3.84%)
New Jersey City University	26,056	26,056	23,598	(2,458)	(9.43%)
Kean University	32,837	32,837	30,469	(2,368)	(7.21%)
William Paterson University	32,748	32,748	29,996	(2,752)	(8.40%)
Montclair State University	38,613	38,613	35,859	(2,754)	(7.13%)
The College of New Jersey	29,317	29,317	26,888	(2,429)	(8.29%)
Ramapo College of New Jersey	16,130	16,130	14,638	(1,492)	(9.25%)
Stockton University	19,839	19,839	17,649	(2,190)	(11.04%)
Total Senior Public Institutions	\$734,822	\$734,822	\$696,948	\$(37,874)	(5.15%)
University Hospital	18,841	43,841	43,841	-	-
County Colleges					
Operational Aid:					
General Fund and Property Tax Relief Fund	\$115,323	\$115,323	\$115,323	-	-
Supplemental Workforce Fund for Basic Skills	18,800	18,800	18,800	-	-
Total County Colleges	\$134,123	\$134,123	\$134,123	-	-
Aid to Independent Colleges and Universities	\$1,000	\$1,000	\$1,000	-	-

Source: FY 2016 Recommended Budget

Note: Funding for Rutgers University, Rowan University, UMDNJ, and University Hospital reflects the "New Jersey Medical and Health Sciences Education Restructuring Act," under which components of UMDNJ were integrated with Rutgers and Rowan, University Hospital was made a separate entity, and funding for Rutgers was allocated between the New Brunswick, Newark, and Camden campuses.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</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	\$40,387	\$38,822	(\$1,565)	(3.9%)	D-295
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The FY 2016 budget recommends a total of \$38.8 million for the EOF program, a reduction of \$1.6 million or 3.9% from the FY 2015 adjusted appropriation of \$40.4 million. Of the recommended amount, Opportunity Program grants total \$26.0 million, a reduction of \$0.9 million or 3.3% from the FY 2015 adjusted appropriation of \$26.9 million, while Supplementary Education Program grants total \$12.8 million, a reduction of \$0.7 million or 5.2% from the FY 2015 adjusted appropriation. According to evaluation data provided in the Governor's Budget, the total FY 2016 appropriation will support 17,726 grant awards, the same number as in FY 2015. It is unclear if the amount awarded to each student will be reduced in the 2015-2016 academic year to accommodate the recommended reduction in State appropriations while maintaining the same number of awards as in the 2014-2015 academic year.

The EOF program, established in 1968 under P.L.1968, c.142, supports educationally and economically disadvantaged students for undergraduate and graduate study at public and private institutions of higher education in New Jersey. The EOF program consists of opportunity grants and supplementary education program grants. Opportunity grants are awarded to students during the academic year to assist them in meeting college expenses, such as fees, books, room, board, and transportation, which are not covered by the State's Tuition Aid Grant program. Supplementary education program grants are provided to the public and private institutions to provide various campus outreach and support services, including tutoring, counseling, supplemental instruction, and leadership development. There are currently 41 participating public and private institutions.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (HESAA)**Student Assistance Programs**

GRANTS-IN-AID

Tuition Aid Grants	\$366,256	\$385,830	\$19,574	5.3%	D-298
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The FY 2016 budget recommendation of \$385.8 million will support an estimated 66,048 TAG awards in the 2015-2016 academic year. The recommended appropriation represents an increase of \$19.6 million or 5.3% over the FY 2015 adjusted appropriation, and an increase of 2,000 awards.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The FY 2015 adjusted appropriation of \$366.3 million includes a supplemental appropriation of \$11.1 million. The Executive states that the supplemental appropriation was necessary due to a greater than projected number of TAG participants and a greater than projected percentage of eligible students with high levels of financial need.

The recommended State appropriation continues to underfund the TAG Program. Under the FY 2016 recommended language, TAG awards may not exceed 2% above the levels provided by HESAA in FY 2015. This is similar to current year language which stipulates that FY 2015 awards cannot exceed 2% above the levels provided in FY 2014. However, those increases were based on reduced award levels in the FY 2014 Appropriations Act, under which a student received a TAG award with either a two- or four-year lag between the amount of the TAG award and tuition, depending on the student's eligibility for a maximum award. The FY 2014 TAG awards were further reduced administratively by 10.15% due to insufficient funds.

Part-Time Tuition Aid**Grants for County**

Colleges	\$9,782	\$8,737	(\$1,045)	(10.7%)	D-298
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The recommended appropriation of \$8.7 million is projected to assist 9,970 students in FY 2016. 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 2016 budget language, which is continued from FY 2015, 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.

Of the FY 2015 adjusted appropriation of \$9.8 million, \$1.2 million is scheduled to lapse to the General Fund at the end of the current fiscal year, meaning that only \$8.7 million will be available in FY 2015. The FY 2016 recommended appropriation of \$8.7 million therefore represents almost no change from the FY 2015 funding level.

Governor's Urban

Scholarship Program	\$700	\$945	\$ 245	35.0%	D-298
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The FY 2016 budget proposes \$945,000 for the Governor's Urban Scholarship Program. The recommended appropriation is an increase of \$245,000 or 35.0% over the FY 2015 level of \$700,000. The increase will allow the program to add a fourth class of students, and will support an estimated 895 scholars in targeted school districts.

To be eligible for the Governor's Urban Scholarship Program, students must be in the top 5% of their class, have at least a 3.0 grade point average, attend a traditional public, public charter, county vo-tech, or nonpublic school, and reside in New Jersey for at least 12 months prior to high school graduation and at the time of college enrollment. Students must also reside in one of the 14 high-need communities identified by the Department of Education and the

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS I and NJ STARS II)	\$8,535	\$6,907	(\$1,628)	(19.1%)	D-299

The FY 2016 budget recommends a total of \$6.9 million, of which \$4.96 million will fund 1,580 NJ STARS I awards and \$1.95 million will fund 780 NJ STARS II awards, the same number of awards as in FY 2015.

Of the FY 2015 adjusted appropriation of \$8.5 million, \$1.9 million is scheduled to lapse to the General Fund at the end of the current fiscal year, meaning that approximately \$6.6 million will be expended in FY 2015. The FY 2016 recommended appropriation therefore represents an increase of \$0.3 million or 4.5% above the FY 2015 level, despite the number of NJ STARS I and II awards estimated to remain unchanged.

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 rank in the top 15% of his class in the 11th or 12th grade, 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.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Senior Public Institutions of Higher Education

GRANTS-IN-AID

Direct Operating Aid to Four-Year State Colleges and Universities	\$734,822	\$696,948	(\$37,874)	(5.2%)	D-300 to D-332
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The FY 2016 budget recommends a reduction of \$37.9 million, or 5.2%, in direct operating aid for the 11 senior public institutions of higher education. The Governor recommends utilizing this reduction to offset the net increase in fringe benefit costs incurred by the State on behalf of the institutions. Fringe benefit costs for the senior public institutions are reflected in the Inter-Departmental Accounts.

The table on page 5 shows the changes in operating aid for each public institution of higher education.

Higher Educational Services

GRANTS-IN-AID

Higher Education Capital Improvement Program – Debt Service	\$50,214	\$57,398	\$ 7,184	14.3%	D-373
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This appropriation funds the State's share of debt service costs for bonds issued under the "Higher Education Capital Improvement Fund Act," P.L.1999, c.217. The "Higher Education Capital Improvement Fund Act" authorized the New Jersey Educational Facilities Authority (EFA) to issue bonds in an outstanding principal amount of \$550 million to address the issues of renewal, renovation, improvement, expansion, construction, and reconstruction of facilities and technology infrastructure. The State pays two-thirds of the debt service for public institutions and one-half of the debt service for private institutions. The increase in the appropriation reflects the issuance of \$203.3 million in bonds on April 29, 2014 to fund about \$191.9 million in projects approved by the Secretary of Higher Education in July 2013.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Higher Education Facilities Trust Fund – Debt Service	\$21,822	\$19,695	(\$2,127)	(9.7%)	D-373

This appropriation funds the State's share of debt service costs for bonds issued under the "Higher Education Facilities Trust Fund Act," P.L.1993, c.375. Under the act, the EFA is authorized to issue bonds in an outstanding principal amount not to exceed \$220 million for the cost, or a portion of the cost, of construction, reconstruction, development, extension, and improvement of instructional, laboratory, communication, and research facilities at public or private institutions of higher education.

The EFA issued approximately \$199.9 million in bonds on September 24, 2014 to support the new projects that were approved in July 2013. The FY 2016 budget recommends \$19.7 million, a decrease of \$2.1 million or 9.7% below the FY 2015 adjusted appropriation. The FY 2015 adjusted appropriation anticipated that the bond sale would result in both interest and principal payments in FY 2015. However, the bond sale resulted in only interest being due in FY 2015, totaling approximately \$6.9 million, with the remaining \$14.9 million appropriation reverting to the General Fund. The FY 2016 recommended appropriation reflects both principal and interest payments in FY 2016, and represents an increase of \$12.8 million over the projected FY 2015 expenditure.

Dormitory Safety Trust Fund	\$6,225	\$5,944	(\$ 281)	(4.5%)	D-373
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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

Debt Service for Chapter 12	\$40,051	\$37,390	(\$2,661)	(6.6%)	D-373
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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

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2015</u>	<u>Recomm.</u> <u>FY 2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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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 current set at \$530 million through subsequent amendments to the original law.

The Executive reports that there will be debt service savings in FY 2015, resulting in a lapse of \$3.2 million and a FY 2015 expenditure of \$36.9 million. Thus, the recommended FY 2016 appropriation is an increase of \$0.5 million or 1.4% above the FY 2015 level.

**Employer
Contributions –
Teachers' Pension and
Annuity Fund (PTRF)**

\$57	\$115	\$ 58	101.8%	D-374
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The proposed increase reflects the Governor's budget solution strategy for pension funding. P.L.2010, c.1 established a seven-year phase-in schedule for pension funding beginning in FY 2012 which provided seven years for the State reach its full funding level (in FY 2018). However, in the third year of implementation (FY 2014), the Governor did not pay the full 3/7ths amount required nor was the full 4/7ths amount required in FY 2015 appropriated in that year.

The FY 2016 Governor's Budget Recommendation includes defined benefit pension payments equal to 3/10ths of the actuarially required contribution, not the 5/7ths required by law. The Governor proposes that the 3/10ths recommended amount serve as the first year of a plan to increase future annual contributions in 1/10th increments until full funding is reached in FY 2023. The \$115,000 recommendation represents 3/10ths of the annually required contribution for the county colleges in FY 2016.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2015</u>	<u>Recomm. FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Post Retirement Medical – Total	<u>\$24,345</u>	<u>\$26,056</u>	<u>\$ 1,711</u>	<u>7.0%</u>	
Teachers' Pension and Annuity Fund – Post Retirement Medical (PTRF)	<u>\$1,311</u>	<u>\$1,409</u>	<u>\$ 98</u>	<u>7.5%</u>	D-374
Post Retirement Medical Other than TPAF (PTRF)	<u>\$23,034</u>	<u>\$24,647</u>	<u>\$ 1,613</u>	<u>7.0%</u>	D-374

The FY 2016 budget recommends a total of \$26.1 million for post retirement medical benefits for retired employees of the county colleges. This is an increase of \$1.7 million or 7.0% over the FY 2015 adjusted appropriation.

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

Significant Language Changes

Completion of Phase-out of Various State Financial Aid Programs

Deletion

2015 Handbook: p. B-152
2016 Budget: p. D-299

~~Notwithstanding the provisions of any law or regulation to the contrary, funds hereinabove appropriated for Coordinated Garden State Scholarship Programs, Teaching Fellows Program, and Social Services Student Loan Redemption Program shall only be used to fund awards to students who have received awards in the same program prior to fiscal year 2011.~~

Explanation

The FY 2016 budget recommends deletion of language limiting awards under certain financial aid programs because there are no remaining participants in the Coordinated Garden State Scholarship Programs, Teaching Fellows Program, and Social Services Student Loan Redemption Program, and no FY 2016 State appropriations are recommended for any of these programs. The FY 2011 appropriations act and each subsequent appropriations act included language to limit the awards under these programs to students who received awards prior to FY 2011. The Executive made a determination to phase out these programs.

The Coordinated Garden State Scholarship Programs included the Edward J. Bloustein Distinguished Scholars Program, which recognized the highest achieving graduating high school students, and the Urban Scholars Program, which recognized high achieving students attending public schools in the State's urban and economically distressed areas. The Social Services Student Loan Redemption Program provided loan redemption to finance the undergraduate or graduate study of program participants in exchange for full-time employment as a direct care professional at a qualified facility or non-profit social services agency following completion of an approved course of study. The Teaching Fellows Program provided for the redemption of a portion of each participant's eligible student loan expenses for each year of full-time employment as a teacher in a subject area of critical need or in a high-needs district in the State.



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

NJ STARS – Tuition Calculation	
Addition	2015 Handbook: p. 2016 Budget: p. D-300

Notwithstanding the provisions of P.L.2012, c.8 or any law or regulation to the contrary, the amounts hereinabove appropriated for the New Jersey Student Tuition Assistance Reward Scholarship program are subject to the following condition: the maximum New Jersey Student Tuition Assistance Reward Scholarship awards for students first enrolling in the program for academic year 2015-2016 who attend a community college that has eliminated general education fees and increased its tuition proportionately will be reduced by an amount to be calculated and approved by the Director of the Division of Budget and Accounting. The amount of the reduction shall be the three year average percentage that fees comprised of total tuition and fees as reported to the Higher Educations Student Assistance Authority (HESAA) on the institutional budget survey in the three immediate years prior to the elimination of the general education fees.

Explanation

The FY 2016 recommended language ensures that an NJ STARS I award covers only the cost of tuition. NJ STARS I was revised pursuant to P.L.2012, c.8 to provide that the scholarship would cover only tuition rather than tuition and fees as it had prior to the adoption of that law. Under this language, which is applicable to a student who first receives an award for academic year 2015-2016 and who attends a community college that has eliminated general education fees and increased its tuition proportionately, the NJ STARS I award will be reduced by an amount equal to the three-year average percentage that fees comprised of total tuition and fees as reported to HESAA on the institutional budget survey in the three immediate years prior to the elimination of the general education fees.

HESAA indicates that Union County College is the only institution to date that has incorporated general education fees into the tuition charges. The language addresses HESAA's concerns that institutions will combine these fees with tuition as a way to circumvent the intent of P.L.2012, c.8.

EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

Rutgers, The State University – New Brunswick Shift of State Funds Among Campuses

2015 Handbook: p. B-154
2016 Budget: p.

~~Notwithstanding the provisions of any law or regulation to the contrary, the amount appropriated hereinabove for Rutgers, The State University Institutional Support is subject to the following conditions: (a) If State funded appropriations for Institutional Support, and the sum of all anticipated Receipts from Tuition Increase, General Services Income, Auxiliary Funds Income, Special Funds Income and Employee Fringe Benefits for Rutgers—Camden are anticipated during the fiscal year to total less than \$180,875,000, the Director for the Division of Budget and Accounting shall determine the amount of the difference between that anticipated total and \$180,875,000, and transfer from the State General Fund appropriation for Rutgers—New Brunswick to the State General Fund appropriation for Rutgers—Camden, for additional State funded Institutional Support for Rutgers—Camden for the fiscal year, the amount of that difference, with notice thereof provided by the director to the Legislative Budget and Finance Officer; (b) If State funded appropriations for Institutional Support, and the sum of all anticipated Receipts from Tuition Increase, General Services Income, Auxiliary Funds Income, Special Funds Income and Employee Fringe Benefits for Rutgers—Newark are anticipated during the fiscal year to total less than \$346,860,000, the Director of the Division of Budget and Accounting shall determine the amount of the difference between that anticipated total and \$346,860,000, and transfer from the State General Fund appropriation for Rutgers—New Brunswick to the State General Fund appropriation for Rutgers—Newark, for additional State funded Institutional Support for Rutgers—Newark for the fiscal year, the amount of that difference, with notice thereof provided by the director to the Legislative Budget and Finance Officer; and (c) the Director of the Division of Budget and Accounting shall be provided access by Rutgers to all financial reports and information necessary to enable the director to calculate the transfer amounts, if any, and provided further, however, that in no circumstance shall a transfer of appropriations by the Director occur which interferes with or violates any bond covenants or disclosure responsibilities.~~

Explanation

Under the “New Jersey Medical and Health Sciences Education Restructuring Act,” P.L.2012, c.45, which provided for the dissolution of the University of Medicine and Dentistry of New Jersey (UMDNJ) and allocated its assets and institutes, with the exception of University Hospital, to Rutgers University and Rowan University, the Legislature is to directly appropriate funds for operational costs and fringe benefits to each campus of Rutgers University. Prior to the act, State appropriations

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Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

Significant Language Changes (Cont'd)

to Rutgers University were distributed through a single line item to Rutgers and then allocated by the university to support the operations of each campus.

At the April 8, 2014 Senate Budget and Appropriations Committee hearing on the Higher Educational Services budget, the Rutgers President discussed the creation of a formula to distribute the State appropriation to each campus.

The above language was initially included in the FY 2014 appropriations act by the Legislature to ensure that the amount of direct appropriations was adequate for each campus. While the Executive recommended the deletion of the language in the FY 2015 budget, the Legislature added the language in the FY 2015 appropriations act.

The Executive believes that this language has no practical effect and recommends deletion for FY 2016.



EXPLANATION: FY 2015 language not recommended for FY 2016 denoted by strikethrough.
Recommended FY 2016 language that did not appear in FY 2015 denoted by underlining.

OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2016 budget are encouraged to contact:

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