STATEMENT OF STOCKTON UNIVERSITY PRESIDENT
DR. HARVEY KESSELMAN
SENATE BUDGET AND APPROPRIATIONS COMMITTEE HEARING
April 14, 2016

Good afternoon Chairman Sarlo and members of the Senate Budget & Appropriations Committee. My name is Dr. Harvey Kesselman, and I thank you for allowing me to speak with you again during this budget cycle. You may recall I was here on March 7th of this year to answer some of your questions and also briefly mention higher education funding inequities.

Today I ask you to consider the case for funding New Jersey’s senior public institutions in an equitable manner. State universities and colleges, including Stockton University, that have increased student enrollment to help stem the outmigration of New Jersey students are significantly disadvantaged as a result of the State’s lack of a funding rationale that considers, among other important criteria, FTE¹ growth.

As we all know, more than 30,000 college-bound students leave New Jersey each year for out-of-state schools, many because there are not enough seats available for all of the qualified New Jersey students who would like to attend the state’s institutions. These students could confront significantly higher out-of-state tuition rates than if they had remained in New Jersey. This is the largest net outmigration of college bound students of any state in the country, and this “brain drain” hurts New Jersey, as too few graduates return to live and work here after attending college elsewhere.

Currently, the State’s support of public higher education through direct appropriations² appears to be based solely on the amount of funding an institution received the previous year. There are no provisions, for example, to increase aid to recognize enrollment growth, improved retention and graduation rates, alumni success rates, new academic initiatives, and/or the cost of instruction by academic major.

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¹ As a working definition, an FTE of 1.0 is equivalent to a full-time student, while an FTE of 0.5 represents a student taking half of a full course load.

² Direct appropriation does not include support through State funded positions which also vary widely between institutions. In FY16, Stockton University was allocated 764 State funded positions, requiring the University to reimburse the State for the cost of fringe benefits for the remaining 210 employees who teach and serve our students. The 764 lines fall below the average of 1,073 lines among peer senior public institutions.
History took us to this place decades ago when the State altered its higher education funding rationale from dollars per FTE student to across-the-board percentage increases. Much goes into a family’s decision-making on which New Jersey institution their child should attend, but state support per FTE student should not be a factor.

Under today’s inequitable system of allocating the State’s higher education budget, the direct appropriation per FTE student varies significantly from institution to institution. In the proposed FY 17 budget, these numbers range from a low of just above $2,000 to a high of more than $6,000 per FTE student (Stockton is at $2,310 per FTE student). Stockton University is not the only higher education institution facing this dilemma. Montclair State University, with over 20,000 students, is at the bottom of this range, receiving $2,002 per FTE student.

The second reason to implement a funding rationale is to provide a fair return on investment in education to all the residents of New Jersey. Today, the State invests approximately $250,000 per student for kindergarten through 12th grade education. New Jersey’s return on its investment is greatly diminished when students leave the State for college and do not return after graduating.

Earning at least a four-year college degree is a major predictor of future success, and it is good public policy for the State to enable more of its residents to complete their education here. It also would reduce costs for students and their families.

From a regional point of view, the effect on southern New Jersey, the primary area Stockton serves, is profound. Stockton is a high-growth institution, with 99 percent of our students coming from New Jersey. Stockton’s FTE’s have grown 18 percent since fall 2010, substantially higher than the average for other senior public colleges and universities. Yet, under the current budget process, direct State appropriations have not taken into account any of this growth.

Over the next several years, to help meet the needs of both the area we serve and the entire State, Stockton anticipates a net increase of 1,140 new full-time students – but that would take our direct appropriation down to $2,021 per FTE student if funding remains level. While recognizing that the decision to grow is unique to each institution, the level of direct appropriation plays a material role. Some schools have to choose between growing enrollment or substantially increasing tuition to generate sufficient revenue to balance budgets. Others may choose not to grow to better leverage funding per FTE. Either way, the absence of a funding rationale weighs heavily on the future of public higher education in New Jersey.
The New Jersey Association of State Colleges and Universities (NJASCU) has called for changes to the allocation of state aid, supporting a funding rationale that takes into account individual college's missions and how well they fulfill their goals and objectives. The Governor’s Task Force on Higher Education, chaired by former Governor Thomas Kean, stated in its 2010 report, "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."

Over five years have passed, and the situation has not been addressed.

We urge the State to begin to phase in a rational system for funding higher education for the good of all its citizens.

Enabling more New Jersey students to stay in their home state, advance their education, and contribute to the economy as members of an educated workforce will brighten our collective future.

Respectfully,

Harvey Kesselman
President
Stockton University