

# *New Jersey Presidents' Council*

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## **New Jersey Presidents' Council FY2020 Budget Statement**

The New Jersey Presidents' Council, representing New Jersey's fifty-seven (57) public and private two-year and four-year colleges and universities, educating over 419,000 students,<sup>1</sup> looks forward to working with Secretary of Higher Education, Dr. Zakiya Smith-Ellis, on the creation and implementation of an urgently needed statewide plan for higher education.

With the re-establishment of the New Jersey Commission on Science, Innovation and Technology, and Governor Murphy's focus on furthering an innovation economy, the importance of New Jersey's higher education institutions is abundantly clear. The State's workforce must be prepared to succeed in a 21<sup>st</sup> century marketplace. In New Jersey, 64% or 2.7 million jobs, require some postsecondary training beyond high school.<sup>2</sup> The national economy will grow from 140 million to 165 million jobs by 2020.<sup>3</sup> Of this total, 65% of all jobs will require postsecondary education and training beyond high school, 35% will require at least a bachelor's degree, and 30% will require some college or an associate's degree.<sup>4</sup>

Three of the fastest-growing occupational fields – STEM, healthcare professional, and community services – also have the highest demand for postsecondary education,<sup>5</sup> as do New Jersey's important industrial and commercial clusters in Bio/Pharmaceuticals and Life Sciences, Transportation, Logistics and Distribution, Financial Services, Advanced Manufacturing, Health Care, Technology, and Tourism.

In addition to educating and preparing tomorrow's workforce, New Jersey's higher education institutions are, themselves, an important economic cluster, employing tens of thousands of New Jersey residents, investing billions of dollars into the local economy, and revitalizing struggling communities. Unfortunately, New Jersey remains the nation's leading net-exporter of college bound students, losing the potential benefit of billions of dollars in education expenditures that leave the state with these students. Overall, 55%<sup>6</sup> of all New Jersey high school graduates who

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<sup>1</sup> Fall 2017, NJ Office of the Secretary of Higher Education

<sup>2</sup> The Report of the Governor's Task Force on Higher Education (2010), The New Jersey Higher Education Task Force

<sup>3</sup> Recovery – Job Growth and Educational Requirements through 2020, Georgetown University Public Policy Institute (June 26, 2013)

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

attend college leave New Jersey to pursue higher education. If the problem of outmigration continues unabated, then over 31,000<sup>7</sup> college bound students will continue to leave New Jersey each year, taking with them billions of dollars in education-related expenditures, with many of them never returning to the State after graduation. A highly educated workforce is simply not viable if many of our best and brightest continue to leave the State at this rate, and if New Jersey does not have an institutional and cost-structure capable of attracting large numbers of out-of-state students.

The historical decline of State support for higher education has necessitated the raising of tuition, and, as a result, in academic year 2016-2017, New Jersey had the fourth highest tuition and fee costs for public four-year institutions in the nation.<sup>8</sup> In many instances, there is no longer a material difference between New Jersey's in-state tuition rates and the out-of-state tuition rates charged by those states to which New Jersey students migrate. Consequently, unlike students in most other states, New Jersey students do not have a financial incentive to attend college in their home state.

An important study conducted by the National Center for Higher Education Management Systems (NCHEMS, 2016) identified significant issues also supported by the Presidents' Council, as follows:

- The underfunding of the state's public two-year institutions;
- The inequities in allocation of state resources to the public four-year institutions;
- The underfunding of the state's research universities in comparison to other states;
- The public institutions' heavy reliance on tuition revenue to support general operations and the failure of the state's need-based financial aid program to assure affordability;
- The absence of a policy framework that can inform decisions about investments in new capital assets and the maintenance of existing assets.

Between 1991 and 2016, State appropriations per full-time student at New Jersey's public colleges and universities decreased 40% while the institutions' full-time enrollment increased by 63%.<sup>9</sup> Between FY06 and FY 19, State operating support to the independent colleges that were eligible for state support was essentially eliminated, having been reduced from \$24.4 million to \$1 million.

To set New Jersey on a pathway to growth and stability and to stem the ill effects of past neglect, the State must increase and rationalize support for public higher education and it must support and reform the TAG program. In addition, the state should restore support to the eligible independent institutions, and it must protect and sustain the highly successful Educational Opportunity Fund programs (EOF).

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<sup>7</sup> Digest of Education Statistics (Table 309.30), National Center for Education Statistics (Fall 2016)

<sup>8</sup> College Board. (2017, Oct). Trends in Higher Education Series: Trends in College Pricing 2017. Retrieved from [https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing\\_1.pdf](https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_1.pdf)

<sup>9</sup> NJBIA Analysis of State Higher Education Executive Officers Association, 2017

The Administration should also consider an additional referendum to approve another Building Our Future Bond issue to support capital and infrastructure projects at the institutions of higher education. Such investments, when carefully and wisely made, contribute in multiple ways to sustaining and growing the state's economy. Like most other states, and consistent with the recommendations of The Report of the Governor's Task Force on Higher Education prepared by Governor Tom Kean, New Jersey should establish a revolving fund to assure that the State has a means for on-going, measured and systematic investment in its higher education instructional and research infrastructure. The lack of a regular plan for capital investment has left New Jersey institutions as a national outlier with extremely high debt burdens, further contributing to the high public tuitions and the problems of affordability.

The defunding of higher education has also constrained the ability of the State's institutions to make adequate investments in STEM related programs. This under-investment contributes to the "brain drain" when students seek STEM opportunities out-of-state and leaves the institutions with less capacity to respond to the workforce and knowledge needs of business and industry and the innovation economy.

If New Jersey aspires to be a state in which students will be able to afford and access quality higher education and in which the state's higher education institutions will be able to offer the programs necessary to producing a highly prepared workforce and supporting an innovation economy, then it is time to implement a thoughtful and comprehensive plan to achieve these ends.

***Unanimously Approved at the January 28, 2019, meeting of the New Jersey Presidents' Council***