

**New Jersey Presidents' Council Testimony
Before the Senate Budget and Appropriations Committee**

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Chairman Kenny, members of the committee, fellow educators. I am Edward Yaw, President of the County College of Morris and Chair of the New Jersey Presidents' Council. As you know, the Presidents' Council is composed of the presidents of New Jersey's more than 50 colleges and universities and works closely with the Commission on Higher Education to represent the interests of New Jersey's higher education community.

I want to begin by thanking you for this opportunity to offer some comments on behalf of the Presidents' Council and its members on the proposed State Budget for Fiscal Year 2008.

With your permission I would like to introduce my colleagues representing the Presidents' Council and the major sectors of higher education. Following my remarks, we will be happy to answer your questions.

I am pleased to report that through the Presidents' Council, in close collaboration with the Commission on Higher Education, New Jersey colleges and universities are working together and making a difference for students and for our state. Our institutions of higher education have a great tradition of achievement and the continued support of the legislature has helped substantially to establish that record of accomplishment.

Our colleges and universities have made major advances in the physical and life sciences and have made significant contributions to literature and the arts. Beyond their primary educational mission, New Jersey colleges and universities also conduct groundbreaking research, provide enrichment through cultural programs, provide services to our communities, and, importantly, promote economic development in the state. With a total enrollment of 385,941 students for the 2005-06 academic year, our colleges and universities are serving the growing demand for higher education in this state.

Our most important achievement occurs each spring with the graduation of our students. They are New Jersey's future business leaders, professionals, educators, and political and community leaders. During the 2005-06 academic year, our institutions awarded 65,105 degrees to help prepare students for the workforce needs of New Jersey. Our graduates are from a greater variety of diverse backgrounds than ever before. More of them are non-traditional students, returning to campus to acquire new skills and learning. In today's economy, it is this resource that we must develop to the fullest potential in order for our state to continue to prosper.

Turning to the 2008 budget, the New Jersey Presidents' Council is appreciative that the budget recognizes the critical role played by each of the four higher education sectors – public research universities, public colleges and universities, independent colleges and universities, and county colleges -in the economic growth and development of our state.

Given the continuing fiscal constraints facing the Governor and the legislature, we are grateful that the proposed budget provides for increases for each of the higher education sectors, as well as a substantial increase in student financial assistance. We are most grateful for these positive steps and hope that this trend can continue.

As reflected in the Appendix attached to my testimony, Governor Corzine has recommended an increase in excess of 4.0% in direct operating support for each of the four sectors. However, the budget recommendation also includes an anticipated savings of \$24 million in benefits for the Senior Public sector, and anticipated Chapter 12 debt service for the

Community Colleges. The resulting net increases for the sectors are Senior Publics 1.5%, Community Colleges 6.7%, Independent Colleges and Universities 4.6%. The overall increase for higher education, including financial assistance and grant programs is 2.6%.

The Presidents' Council, on behalf of New Jersey's colleges and universities, respectfully urges the legislature to maintain the increases proposed in the FY 2008 budget for each of the higher education sectors, for financial assistance and for higher education in general. To the extent that there is additional money, we request that it be distributed to each of the higher education sectors in an equitable manner according to priorities established by the sectors.

Let me outline those priorities for the Committee:

Public Research Universities

The Governor has proposed a \$24 million increase in the base operating support and the partial funding of FY 2007 deferred salary increases for the public research universities. The universities ask the Committee to support these needed increases as an investment in their students and in the economic contributions which the institutions' programs and research make to the state.

Although the research universities have several needs and policy issues related to the Governor's budget, they recognize the state's continuing fiscal constraints, and have, therefore, focused only on their highest priority for additional resources. That priority is funding to help meet costs from contracts with faculty and staff that were not in place when the Governor's FY 2008 budget was proposed. The Governor's budget recognizes the need for state funding to offset contractual salary increases by including partial funding for deferred FY 2007 salary enhancements that will be paid in FY 2008. The public research universities respectfully request similar state support to offset FY 2008 new contract costs consistent with those negotiated with the state's unions. Funding to help meet these costs, for the three universities, would allow the schools to moderate tuition increases and to use the proposed base increase in operating support to fund critical academic needs.

State Colleges and Universities

The priority for the public colleges and universities is similar. These institutions anticipate that when the collective bargaining process is completed by the state, their most urgent need will be funding to meet the costs of state-mandated salary increases, which remain unfunded in the Governor's proposed budget. Responsible projections suggest that the new costs for unfunded FY 2008 salary obligations could be very substantial. In addition, there is an existing need of approximately \$5.5 million for the unfunded portion of the deferred FY 2007 salary obligations. If additional monies become available, the nine state colleges and universities respectfully request that the legislature consider providing all or some portion of the sum necessary for the payment of state-mandated salary increases.

County Colleges

The Governor has proposed increasing operating aid for the county colleges by \$7.6 million to \$163.4 million. Going forward, the county colleges request that if additional funds become available they also be allocated to operating expenses which continues to be an area of concern. Additionally, county colleges are faced with the same fixed cost pressures as the other public colleges and universities and urge the legislature to provide some relief to help cover negotiated salary and fringe benefit increases.

Independent Colleges and Universities

The independent colleges and universities urge the legislature to actively support the proposed budget, as it has done in the past. If additional financial investments can be made, the independent sector encourages the legislature to move operating support for all institutions - public, independent and county - toward the pre-FY 2007 level. Specifically, additional assistance in reaching the funding formula outlined in the Independent College and University Assistance Act would also be requested.

Student Financial Support

The NJSTARS II Program is supported by both the county colleges and the senior public institutions. NJSTARS II is an initiative to be proud of, but the grant provided to the senior

public institutions to cover the cost of tuition and fees for NJSTARS transfer students has proved to be insufficient, leaving the senior publics to subsidize these scholarships.

The senior publics request that the program be amended to either (1) provide adequate funds for its implementation or (2) limit the benefit provided by the program to funds provided by the state. In order to cover the actual cost of the program, the grant for each student would need to be increased from \$2,000 to \$4,500 per semester, which would require an additional \$850,000.

My colleagues also request that student financial aid be enhanced in two programs: Tuition Aid Grant (TAG) and the Educational Opportunity Fund (EOF). In the proposed budget, level funding is proposed for EOF. Increasing the size of the award would be very helpful to participating students. In the TAG program, all but the neediest cell lags behind current tuition. Any effort to bring all TAG cells closer to the one-year lag of the neediest cell would be highly beneficial to students receiving TAG.

Collaborative Initiatives

Through the Presidents' Council and the Commission on Higher Education, New Jersey's institutions of higher education have developed several major collaborative initiatives that are providing important benefits to the schools and to the state with a high degree of efficiency. The Council and Commission believe these initiatives are exactly the type of collaboration that has been called for by the legislature and the Governor.

NJTransfer has provided a significant benefit to students of the state as they move between our colleges and universities. Since its inception in December 2004, NJTransfer has electronically facilitated more than 130,000 transcript transactions: 60,207 sent and 70,660 received. In the context of recent legislation dealing with student transfers, and the new state-wide transfer agreement adopted unanimously by the presidents of all public colleges and universities, NJTransfer becomes an even more important resource to students and the colleges moving forward.

The Presidents' Council recognizes the need to resume the modest support provided by the state for NJTransfer in the amount of \$390,000.

Similarly, NJEDge.Net has developed a powerful technology infrastructure that, with significant cost savings, provides broadband capacity to all the state's colleges and universities, as well as backup security in case of national emergencies. The ability to support services to the K-12 sector, state agencies, and other nonprofits is an added advantage. NJEDge is just this spring putting into service an optical network that will substantially reduce the cost of voice services on all campuses, and provide abundant other features and services.

The Presidents' Council strongly endorses the modest support provided by the state to NJEDge.Net in the amount of \$350,000.

Summary

In conclusion, New Jersey's colleges and universities - public, independent, and county - appreciate that the budget process is two-way. We know that we bear a substantial responsibility to the legislature and to our students to do all that we can to manage smarter. Over the past year, we have made tough decisions and taken significant steps to reduce operating costs on our campuses. Many examples of these cost-saving measures have been provided to the Treasurer's Office so I won't get into the details of those efficiencies.

My colleagues who lead New Jersey's colleges and universities appreciate the fiscal realities before the legislature and the Governor. We know there are no easy answers. We truly do want to work with you and you can count on our continued support.

Going forward, however, we must eventually come to grips with the full capital and operating needs of our colleges and universities. If New Jersey's institutions of higher education are to continue to play a critical role in the economic growth and development of the State, we must work together to provide the support they need and deserve.

New Jersey colleges and universities are committed to a vision of excellence for the future. We envision a system where New Jersey residents have the opportunity to obtain a first-rate education in any discipline, right here in the Garden State, regardless of their background and economic status. With continued support from the legislature, this vision can become a reality.

Thank you. If the Committee members have questions we will try to answer them.

APPENDIX

Information from the Governor's Proposed Budget

	Proposed Increase (millions)	% Change 07-08	FY2008 Budget (millions)
Senior Publics Direct Aid	\$35.7	4.2	\$889.7
Senior Publics Salary Funding	11.0		11.0
Senior Publics Net Fringe Benefits	(24.4)	(4.0)	590.1
Senior Publics Total	\$22.3	1.5	\$1,490.8
County College Operating Support	7.6	4.9	163.4
County College Fringe Benefits	0.9	2.6	35.1
Chapter 12 Debt Service	6.0	21.8	33.5
Total County Colleges	14.5	6.7	232.0
Total Independent Colleges	0.9	4.6	20.4
Tuition Aid Grants TAG	15.5	7.2	230.2
Part-Time TAG	0.6	12.2	5.5
NJSTARS I and II	5.8	72.5	13.8
EOF Grants and Scholarships	40.6		
Loan Forgiveness/Mental Health	-	-	
3.5			
Other Student Aid Programs	(3.8)	(20.0)	15.2
Total Student Financial Assistance	18.1	6.2	\$308.8
Capital Grants, Facilities Support	(5.1)	(5.2)	93.4
Stem Cell Research	-		5.5
All Other Programs	(1.4)	(10.9)	11.4
Total All Other Programs	(6.5)	(5.6)	110.3
Grand Total Higher Education	49.3	2.3	\$2,162.3