
Committee Meeting

SPECIAL MEETING ON HIGHER EDUCATION

“Members of the Legislature will receive testimony from invited guests regarding the fiscal stability of New Jersey's institutions of higher education, including current funding policies and formulas, revenues and operations, mergers and acquisitions, infrastructure needs, and affordability concerns”

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: March 16, 2023
12:30 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Andrew Zwicker, Co-Chair
Assemblywoman Mila M. Jasey, Co-Chair
Senator Joseph P. Cryan
Senator Nellie Pou
Senator Vincent J. Polistina
Senator Michael L. Testa, Jr.

Assemblywoman Linda S. Carter
Assemblyman Thomas P. Giblin
Assemblywoman DiAnne C. Gove
Assemblywoman Sadaf F. Jaffer
Assemblyman Gerry Scharfenberger
Assemblyman Brandon E. Umba



ALSO PRESENT:

Sarah B. Haimowitz
Jessica S. Rueb
Office of Legislative Services
Committee Aides

Tom Little
Senate Majority
Committee Aide

Sam Aloï
Assembly Majority
Committee Aide

Jonathan Vitale
Senate Republican
Committee Aide

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Meeting Recorded and Transcribed by
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NEW JERSEY STATE LEGISLATURE

SPECIAL MEETING ON HIGHER EDUCATION

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MEETING NOTICE

TO: SELECT LEGISLATIVE MEMBERS

FROM: SENATOR ANDREW ZWICKER
ASSEMBLYWOMAN MILA M. JASEY

SUBJECT: **MEETING – MARCH 16, 2023**

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The Special Meeting on Higher Education will meet on Thursday, March 16, 2023 at 12:30 PM in Committee Room 11, 4th Floor, State House Annex, Trenton, New Jersey.

Members of the Legislature will receive testimony from invited guests regarding the fiscal stability of New Jersey's institutions of higher education, including current funding policies and formulas, revenues and operations, mergers and acquisitions, infrastructure needs, and affordability concerns.

Issued 3/9/23

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SENATOR ANDREW ZWICKER (Co-Chair): Good afternoon. Welcome to a Special Committee hearing with both houses on the status of higher education in New Jersey.

Before we get started, if I could ask everyone if we could rise for the Pledge of Allegiance.

(Pledge of Allegiance recited)

ASSEMBLYWOMAN MILA M. JASEY (Co-Chair): Could I ask that you remain standing.

I would like to take a moment to recognize Senator Ronald Rice, who devoted his life to this country, to this state, and, especially, to the children in this state. He passed yesterday, and we will miss him. He was a true warrior.

(moment of silence)

Thank you.

SENATOR ZWICKER: Can we have a roll call?

MS. RUEB: Assemblyman Umba.

ASSEMBLYMAN UMBA: Present.

MS. RUEB: Assemblyman Scharfenberger.

ASSEMBLYMAN SCHARFENBERGER: Here.

MS. RUEB: Assemblywoman Gove.

ASSEMBLYWOMAN GOVE: Here.

MS. RUEB: Senator Testa.

SENATOR TESTA: Here.

MS. RUEB: Senator Polistina.

SENATOR POLISTINA: Here.

MS. RUEB: Assemblywoman Jaffer.

ASSEMBLYWOMAN JAFFER: Here.

MS. RUEB: Assemblywoman Carter.

ASSEMBLYWOMAN CARTER: Here.

MS. RUEB: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: Here.

MS. RUEB: Senator Cryan.

SENATOR CRYAN: Here.

MS. RUEB: Senator Pou.

SENATOR POU: Here.

MS. RUEB: Assemblywoman Jasey.

ASSEMBLYWOMAN JASEY: Here.

MS. RUEB: And, Senator Zwicker.

SENATOR ZWICKER: Here.

Thank you everybody for coming out today. I am very pleased to be here with Chairwoman Jasey.

We're celebrating Women's History Month, as we know, in March, and I would like to give an acknowledgement to someone who is *not* here, who has chaired Higher Education on the Senate side for many years with such tremendous dedication and always putting the students of New Jersey first. And, that is Senator Sandra Cunningham. She is of course in all of our thoughts right now, and while she can't be here physically, of course she's here in spirit, and we of course wish her nothing but the best.

I also want to acknowledge Chairwoman Jasey who, after 16 years of dedicated service to not just Higher Education, not just the children, but to the people of New Jersey, announced that this would be her last term in office. Having served with you on Higher Education over on the Assembly,

your leadership on this topic has been just remarkable. I am grateful, as are everybody else, and we are absolutely going to miss you. It's a disservice to us, but it's a service to you and your family.

(applause)

Perhaps, with that, I'll pass it over to you.

ASSEMBLYWOMAN JASEY: Thank you, that's very kind of you.

And, I am not gone yet; I'll be here until January.

(laughter)

I want to say good afternoon and welcome to this afternoon's special hearing of the Select Committee on Higher Ed-- Excuse me -- Select Committee of both members of the Senate and Assembly on Higher Education.

The Senate Select Committee is being chaired by Senator Andrew Zwicker, and I will be chairing the Assembly side. He will speak as soon as I complete my remarks.

The purpose of today's hearing is to provide a forum for invited guests to discuss the fiscal stability of New Jersey institutions of higher education, and the many factors that determine it.

Our guests today include many of our state's colleges and universities, including our four-year publics; our independents; and our community colleges. We will also hear from our Secretary of the Office of Higher Education, Dr. Brian Bridges.

At the onset, I would like for my colleagues to know -- and, I want to be clear -- that today's discussion is intended to be a general one, and no questions regarding the financial situation or condition of any specific

institution will be entertained. That's contrary to today's intent, and if they arise, I will direct that they not be answered by the Secretary, because I do not expect that he has those answers for us today.

I will tell you that this is not the only meeting that we will have. There will be another meeting, and at that meeting, we may get into more specifics.

As the Secretary has a prior personal engagement limiting his time today, all questions will be directed through Senator Zwicker and myself as Co-Chairs of the Committee. If members have additional questions -- and, I'm sure you will -- of the Secretary, please give them to the Secretary at OSHE and he and his department will get back to us or answer them at the next meeting.

Senator Zwicker, you have the floor, to be followed by Secretary Bridges.

SENATOR ZWICKER: Thank you, Chairwoman.

As you said, today is not a budget hearing; today is about taking a step back and looking at the status of higher education in New Jersey. It gives us in both houses a chance to really look at what is working and where, perhaps, we can do better. We're all united by the fact that we are trying to provide the best higher education for each and every student in our state, and we know that we are at, quite honestly, a transition point -- an inflection point -- when it comes to our higher education institutions.

So, I am very glad to be here with you, Chairwoman, with members from both houses and both parties, united to see what we as a legislative body can do to continue to advance higher education in our state.

And, with that, Secretary Bridges, I turn the floor over to you.

BRIAN K. BRIDGES, Ph.D.: Well, thank you, Senator Zwicker and Assemblywoman Jasey.

Good morning, esteemed members of this Joint Legislative Meeting on Higher Education. I want to thank the chairs for the opportunity to speak here today on behalf of my office, and the work we are doing in service to our state, its students, and New Jersey's higher education community at large.

Holding the belief that higher education is a vital public good and a critical tool for creating social and economic opportunity, forums like today's meeting help identify areas for collaboration to determine how we, together, can further strengthen our higher-education ecosystem moving forward.

I also think it's important to emphasize that the work we do as the Office of the Secretary of Higher Education, and as a state, centers on a mission to ensure that every resident, regardless of life circumstance, has the opportunity to obtain a high-quality credential that prepares them for life after college.

To that extent, OSHE takes our role as a responsible physical steward of investments into higher education very seriously. More specifically, considering our students and admission, we see it as our duty to safeguard the investment that students and their families make in post-secondary education, knowing the profound benefit it has not only on their lives and their family's lives, but on our state and the future as a whole.

To put New Jersey's higher education investments into context nationally, over the last decade New Jersey has increased its total spending on higher education. As a state, we are ninth of 50 states in total spending

on higher education as of Fiscal Year '22, and second among the eight coastal states from Maryland to Massachusetts for the highest increase in inflation-adjusted dollars in the past year.

Beneath the surface of this data is a picture of deep commitment to college affordability and access in New Jersey, as embodied by increases in tuition aid grants, expansions of the college promise, the Community College Opportunity Grant, and the Garden State Guarantee in support for the Educational Opportunity Fund. As we think about efforts to strengthen the higher education sector at the institutional level, we must always take into account the strategic state supports that ensure students don't begin their adult lives after college mired in debt.

That being said, the COVID-19 public health crisis created immense challenges for us as a society. No one was immune, including higher education, which, prior to the pandemic, had been grappling with national trends of declining enrollment, greater demands on state resources, and increasing financial hardships for colleges and universities. For us in New Jersey, preserving equity and access must be foundational to our shaping of post-pandemic higher education.

And, this has been demonstrated in the case of Montclair State University and Bloomfield College -- two institutions with a history of successfully serving minority students that have found a way to safeguard student equity and opportunity with what marks a truly novel public-private venture in higher education. This partnership could generate valuable insights about innovative approaches and tools for operational and institutional realities that are often hard to navigate.

The Murphy Administration has paid close attention to national trends, and responded in partnership with the Legislature to heighten higher education accountability and transparency toward great sector stability. A bill signed into law by Governor Murphy in March 2021 granted OSHE the authority to establish standards for the review of new academic programs by the New Jersey President's Council; approve new branch campuses in state or abroad; and conduct annual financial monitoring of independent and proprietary institutions.

Let me illuminate two critical examples of our partnership in action. Our office enacted regulations that set standards for new academic programs and created a review framework. This work required increasing OSHE's capacity within our licensure office and continued collaboration with the President's Council, first to refine the regulatory standards, then to help design and implement the process by which the standards would be applied. By aligning the process with the new standards, institutions now must consider state priorities such as filling workforce talent gaps when creating new programs, and are also encouraged to create new programs that are better coordinated within the landscape of other institutional offerings and are not unduly duplicative.

This year, we also developed the process and template for collecting relevant financial data to annually monitor independent and proprietary institutions. Now, in the evaluation stage, we look at a mix of both financial and non-financial information to assess the health of our private and independent proprietary institutions. Examples of data collected include composite financial index scores; debt and cash levels; ratings from the major credit-rating agencies, if applicable; as well as enrollment,

persistence, and graduation statistics. Our analysis also includes a review of both current-year metrics, as well as the three-year trend in data. The information collected from institutions through the templates will help us to get a clearer picture of their physical health, and, after this first year, we will apply lessons learned to future annual data collections.

To hasten our progress in closing equity gaps, I'll also point to our work to revise the Outcomes-Based Allocation funding formula. While not a measure of fiscal fitness, the OBA represents less than 8% of the total funding institutions received, and is structured to keep senior public institutions aligned with and accountable to the State's authorities around affordable access in opportunity and higher education. Considerable COVID-relief funds were distributed to the state's colleges and universities to stabilize them during the pandemic. The Higher Education Emergency-Relief Funds went directly to institutions, and they were required to provide half of that to students while OSHE distributed over \$323 million in coronavirus relief funds to institutions.

In addition to those funds, Governor Murphy directed that 100% of the first round of Governor's Emergency Education Relief funds -- or year -- be distributed to institutions across the state, and two-thirds of the second round of GEER funding be used for distribution to New Jersey higher education institutions, which OSHE distributed through the Opportunity Meets Innovation Challenge Grants. What is illustrative in these examples is how the Governor directed substantial COVID dollars to assist institutions of higher education, demonstrating this institution -- this administration's efforts to provide support for the sector.

As we consider trends and policies implemented to sustain the longevity of New Jersey's diverse higher education ecosystem, I will also turn to investments to address institutional infrastructure needs. In this particular area, New Jersey is unlike other states that annually appropriate funds for capital investments in higher education. Over the last 35 years, New Jersey has only released two major bond solicitations to support the capital needs of our institutions, and we are in process on the third. Most recently, we awarded \$46 million through the Securing Our Children's Future Bond Act to 15 community colleges to construct or expand classrooms, labs, libraries, computer facilities, and other academic structures to increase career and technical-education program capacity.

Prior to this, there was a total of \$750 million made available across two rounds of funding -- first, in 2013, and later in 2017 through a joint solicitation tied to the general obligation Building Our Future bonds, and the state-backed bonds from the Higher Education Capital Facilities programs. We are currently in the process of reviewing proposals for the \$400 million in funding made available through their forementioned revolving state-backed bond programs.

Ultimately, our ongoing work to develop and implement best practices around state supports while establishing more cohesive monitoring approaches continue to be central to our overall vision. To that effect, we have sought to build strong and trusted partnerships with our institutions of higher education, campus stakeholders, and legislators. Proactively working with institutions as a trusted advisor and collaborator has strengthened our capacity for oversight, and, during this administration, we have regularly coordinated to be responsive to the long-term stability of higher education.

Throughout all our efforts, many of them in partnership with the legislature, we continue to work to cultivate a culture of transparency and accountability. Committed to the development of evaluation and monitoring mechanisms that enable us to better work towards statewide stability and higher education, my team has functionally advanced OSHE's capacity to assess the fiscal fitness of our institutions. We aim to continue building on the foundation that has been laid thus far, and that is why, earlier this year, I stood alongside Governor Murphy, Assemblywoman Jasey, and Senator Cryan to unveil a robust package of fiscal accountability legislation designed to protect and strengthen higher education by safeguarding the investments that the State, students, and their families make.

My thanks also extend to Senator Gopal and Assemblywoman Lampitt, who have been staunch education advocates, and have signed on as primary sponsors of bills in this package. Some highlights of the proposed legislation include: Requiring public institutions of higher education to complete an annual audit and submit an annual fiscal-monitoring report to my office; giving the Office of the Secretary the ability to install a fiscal monitor at a public institution that is demonstrating signs of financial challenges according to a particular set of criteria; requiring public institutions to post financial information on their website in clear language that is accessible and easy for the public to understand; and, finally, ensuring board members receive adequate and consistent training to understand their roles and successfully uphold their responsibilities.

Together, these measures would work toward a more cohesive state-level approach to fiscal accountability and transparency. And, so, I take the opportunity today to strongly advocate for their consideration by the

Senate and Assembly. The work that emerges from this hearing today in the weeks and months ahead represents an important moment in New Jersey's commitment to students and families, and in ensuring the stability of our diverse higher education ecosystem.

In closing, we are incredibly grateful to Governor Murphy and his administration, and to *you*, our legislative partners, for prioritizing efforts to ensure the long-term financial health and sustainability of our institutions of higher education. Together, I am confident that we can continue the upper trajectory for higher education in New Jersey, because when we invest in the success of our institutions and their ability to serve New Jersey, we demonstrate a commitment to helping people fulfill their potential and to strengthen the future of New Jersey.

Thank you for this opportunity, and, as the Chairwoman said, I will now take some questions from the Chair.

ASSEMBLYWOMAN JASEY: Thank you, Secretary, and I look forward to continuing this conversation and seeing in writing some of what you're talking about. Because, I think it begins to get at what our concerns are in terms of accountability, planning, and how it all fits together in the state.

There are a number of questions that I have here, I'm going to start with the first, which is: When you're assessing the level of financial distress and risk at New Jersey colleges and universities, what kinds of early warning signals does OSHE currently use?

DR. BRIDGES: So, in partnership with-- Thank you, Chairwoman, for that question.

In partnership with the Legislature, the previous law that I referenced that was signed into law in March of 2021 -- that granted OSHE the ability to collect data from independent institutions and proprietary institutions, and we're in the process of collecting that data currently. And, that will serve as a template for us to be able to monitor and assess the financial health of those institutions. And if-- And, once we are confident in working in partnerships with the Legislature that the bill package will pass -- and we believe while we currently don't have the authority to intervene when we collect the data -- that the bill package that is before the Legislature currently would grant OSHE the authority to, one, appoint a State monitor that would allow us to have a better line of sight into institutional finances that are experiencing financial distress.

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR ZWICKER: Thank you, Secretary Bridges.

As you see behind you, there are many of the leaders of higher education here today. And, as we know, we'll start the budget process next week and start talking about the '23-'24 budget.

I'm curious from your perspective, as the Secretary -- how do you look, perhaps, from a higher level at what are, you think, the financial challenges that are in front of our institutes of higher education right now? We know that, nationally, enrollment for higher education is going down. There's some post-COVID return, but, overall, we see students, not just in New Jersey but around the country, making decisions sometimes that don't involve going to higher education.

So, what is your assessment, as the Secretary, of the financial challenges in front of New Jersey's higher education institutions?

DR. BRIDGES: Thank you for that question, Senator.

You know, the challenges are diverse and myriad that institutions are facing. You point to the Number 1, that enrollment is down considerably over the last -- and, the enrollment started dipping down, actually, prior to COVID, and enrollment has continued to tick down. And, as you mentioned, there has been a slight tick up since COVID, or post-COVID recovery.

But, declining enrollment is one of the biggest challenges. And, honestly, another big challenge is declining -- across the board -- is declining state support. Every state spends less on higher education than they did 20 years ago, and that is a national trend that New Jersey is not immune to. And, also, the institutions are facing increased pressures, just like everyone else is being beaten about by inflation. The cost of doing business is just a lot more expensive for universities than it was even five years ago, let alone 10 or 20 years ago. So, the dollar investments that are coming from the State, tuition dollars, and other dollars just don't go as far as they used to.

And, then, as a part of that, institutions are trying to be entrepreneurial, and trying as many different things as possible to generate revenue. And, some of those things pan out; some don't. So, all of these challenges create this interesting mix, and we know that there is a further decline in enrollment coming up, starting in 2026, that will exacerbate this further in the next decade or so. So, the institutions are facing quite a bit of challenges, financially, that are driving the situation that we find ourselves in.

ASSEMBLYWOMAN JASEY: You mentioned 2026. What is that based on?

DR. BRIDGES: Well, we already know, given the number of students who are currently in high school. The number of students in the pipeline to graduate from high school, that there is a significant drop-off in the number of students who will be graduating from high school. Starting in 2026, going up to about 2033, and then the numbers start to tick back upward again.

So, we know that there will simply be fewer students graduating from high school -- a significantly lower number of students graduating from high school -- starting in 2026 for several years, that will play into the enrollment decline that we've already seen across our sectors.

SENATOR ZWICKER: Thank you.

So, what is your assessment then -- I mean, is the answer just money? In other words, you said -- in your opening statement, you said that we are, I think you said ninth, in some metric when it comes to state contributions. Other metrics I've seen say that New Jersey is not putting in equivalent, compared to its budget, that some other states are.

So, is this a, simply a money issue?

DR. BRIDGES: Well, I think money -- well, I don't think anyone in here is going to turn down more money. So, money is definitely part of the issue.

And, you're right. There are a host of different ways to look at this. Of course, we're one of the largest states in population, so proportionately, when you look at total spending, we're in the top 10. There are other ways that you can look at the data that would put us near the bottom, actually, as far as spending is concerned on higher education.

So, money is part of the challenge, but I do think that we have to consider-- And, we're working in partnership with the President's Council in our institutions and looking forward to working with the Legislature to figure out how to continue to move forward with the investments that we do have in our education, that we do make in our education to maximize those dollars so that we can continue to have a thriving higher education economy in the state.

ASSEMBLYWOMAN JASEY: Kind of following up on that just a little bit, one of the things I wonder about is we have the -- all of our colleges and universities go through an accreditation process. How is that process -- how are you tied to that, in terms of direction in which you plan to go, or information sent to the colleges that are contained in the report?

I'm not sure how to ask this question, except to ask straight out, perhaps, that is it useful to have the accreditation process work with you? Is there a good partnership there, or is it -- are they -- are you in your own lanes?

DR. BRIDGES: Well, so, the Middle States there are -- to provide just a little overview -- there are six large regional accrediting bodies in the nation. And, without getting too much in the weeds, that has been deconstructed a little bit by a recent Federal law. But, those are still (indiscernible) to the realm.

The accrediting body for New Jersey, the primary regional accreditor for New Jersey, is Middle States. And, we -- I have a good working relationship with Middle States, and if an institution's accreditation is in danger or if they're put on some kind of notice, probation, or some other notice, they do notify us. They do not give us the explicit information as to why the institution is put on probation or notice.

But, if an institution is in danger of losing their accreditation, the law that I referenced already that was passed last March -- or, in March of 2021 -- does grant OSHE the authority, working in concert with the President's Council, to provide a teach-out plan for students at those institutions. So, students at any institution that is at risk of losing its accreditation will be protected through that legislation.

SENATOR ZWICKER: Thank you.

Chairwoman, did you want to say something?

SENATOR POU: Good afternoon, Dr. Bridges.

First of all, let me just say it's wonderful to be able to see you in person. We had an opportunity to speak before some time ago, so it's great to have you here.

And, I want to thank our Co-Chairs for the opportunity of not only putting this all together, but also to understand the importance of what it is that we're discussing here today.

So, I know that time is limited, and we want to be respectful of that, and so much that-- And, I'm going to try to follow the directions of our Chairwoman who spoke about what we want to get out of this particular session.

I imagine Dr. Bridges might be coming back on the second time around, is that right? So, we'll have an opportunity to, whatever we don't have a chance to go over today, to ask you.

But, here are two questions that I have, and you can kind of blend it all together into one, if you like. We understand the importance of what the funding mechanism currently is in place. One of the other results of the pandemic, and as results of some of the major problems that took place

during that time, many of our institutions were struggling with the enrollment process -- not the process, but the actual enrollment of many of their student population. As a result of that, that tends to be compounded by the fact that you have some of those institutions that are what I refer to, Dr. Bridges, is the majority who are minority institutions. So, these majority-minority institutions have twice the amount of problems that is confronted to them as a result of just where they're located; the population that they're serving; the social economic impact of those populations.

As a result, I'm just wondering, how do you propose to help these institutions to be able to increase and help themselves during that financial assistance? And, I'm not going to ask the question about the budget, but in the formula distribution of those funding mechanisms, how can that be minimized when the funding mechanism tends to be decreased, as opposed to allow for them to be able to get out of the problem due to the pandemic and, now, compounded by the fact that there is even less so of the funding towards those institutions that are struggling and having twice the amount of problems?

How do you propose to assist those institutions from being able to move in that direction?

DR. BRIDGES: OK, well, let me -- I think what I heard, I think we've got a decent--

SENATOR POU: I'm trying to get around the question of the budget, so--

(laughter)

I wasn't -- if it wasn't clear, I can ask the direct question, but I don't want to.

DR. BRIDGES: (laughter) Well, actually, we have part of the operational support to institutions is distributed through the Outcomes-Based Allocation.

And, the Outcomes-Based Allocation is really designed to reward institutions and drive institutions to close equity gaps. So, the minority-serving institutions actually benefit through the OBA by actually graduating -- enrolling and graduating -- more of those minority students, and, we work closely in concert. We had several meetings over the fall of '21 with the institutions to work through refining the OBA funding mechanism.

And, I'm happy-- And, my staff can send you the information on OBA. I don't have the exact formula committed to memory, but there are a few metrics and some weights that are awarded to institutions that enroll a higher proportion and graduate a higher proportion of minority students, particularly if those students are graduating certain disciplines, such as STEM, for instance.

SENATOR POU: So-- Thank you very much, and, through the Chair, let me just say that what it sounds to me -- and, I took a look at the category that you're referring to with respect to that -- what did you call it? Because I know this was--

DR. BRIDGES: Outcomes-Based Allocation -- OBA.

SENATOR POU: The Outcomes-Based Allocation.

So, the Outcomes-Based Allocation, which is something that was put in there by the administration, this, in fact-- Does that not further compound the problem for those particular minority students who are attending these institutions? Because now, just based on your testimony

alone, indicated that they themselves would-- There's been a number of problems that will prolong their ability from being able to graduate.

So, if we recognize that the problem is out there, these Outcomes-Based Allocations still will not assist those particular institutions any further. If anything, it will only increase the problem and prolong their ability to complete their outcome performance, or the graduation scores, or outcomes that you're looking for.

DR. BRIDGES: Well, respectfully, Senator, actually the Outcomes-Based Allocation will do the opposite of what you're saying.

The minority-serving institutions will actually receive more money through the OBA than they would have received if we hadn't implemented the OBA.

SENATOR POU: Has that happened thus far?

DR. BRIDGES: Yes, that happens.

And, we have the data that we can share with you to show--

SENATOR POU: If you would, please--

DR. BRIDGES: Yes--

SENATOR POU: --through the Chairs.

DR. BRIDGES: We can share that with you with the chairs.

SENATOR POU: If you would, please.

I would be interested in seeing what that -- what those outcomes are, how that enroll -- how that has also helped to increase (indiscernible).

And, given the fact that if I'm a student and I'm working part-time and I'm going to school because I have to hold two jobs, but I want the same opportunity for anyone else, as someone who represents a large minority district, I want to make sure that our students have the same

opportunity as everyone else. And, we want to make sure that those institutions are given the financial wherewithal to be able to make that, those educational dreams, opportunity for them as well.

Thank you so much for giving me the latitude. I wanted to make sure to put that out. I know that through the Chair, Chairwoman Jasey said that whatever questions we did not have a chance to (indiscernible). I will do that, Madam Chair, through you for the balance of my questions.

Thank you for the opportunity.

ASSEMBLYWOMAN JASEY: Thank you, Senator.

DR. BRIDGES: Yes, and let me just reinforce that I've had conversations with many of you here in the room, and I hope you understand that I try to work in the spirit of transparency. And, if you have any questions that you want to follow up with me, several of you actually have my number and actually can call me directly. I'm happy to have a conversation with you about some of these issues directly, but my time is winding down, so I just want to be mindful of that.

SENATOR ZWICKER: And, we want to be respectful.

I know we want to get one more quick question in from Assemblyman Umba, and I know you've got to go after that.

ASSEMBLYMAN UMBA: Thank you, Senator, thank you Mr. Secretary.

So, one of the things that you've brought up was the decreased enrollment at the universities. And, what we heard at our last Higher Education Committee from Dr. Bartlett at Saint Elizabeth University is that they have implemented high-impact tutoring to get their students up to

speed, and they're having an 80% success rate in getting them ready. It's no lie that students are going to college with a two-year lag in learning loss.

So, what is the Higher Education Commission looking to help (indiscernible) financial support to universities that are trying to do that -- an impact. It's something that Saint Elizabeth University is doing on its own, but it's something that, you know, I think that's an impediment. Students who are in their senior year might be looking at it and saying, "Maybe I'll go into the workforce for a few years instead of going to college because I'm not fully prepared."

So, what are we looking at to try and advance that so that we can get more kids to feel safe and know that they're going to succeed when they go to college, based off of the pandemic, and putting money towards high-impact?

I know you might not have the answer to that, but I just want to make sure that's on the radar -- it needs to be. And, right now, just seeing -- you know, K-12, only looking at \$30 million for high-impact tutoring, it's affecting students in higher education, and I just wanted to bring that up.

And, I thank the Chair for allowing the latitude.

DR. BRIDGES: Well, Assemblyman, the institutions do have substantial latitude and autonomy to implement high-impact practices and other practices as well on their individual campuses. Because what works at Saint Elizabeth's might not necessarily work at Rowan or at Rutgers Newark, for instance.

So, all institutions have some autonomy to introduce and implement those kinds of practices. And, we encourage them to do so. Our Opportunity Meets Innovation Challenge Grants, which I mentioned in my

opening, is one way that we provided funding to the tune of \$28 million to the institutions through grants that encourage institutions to follow up on those kinds of student success practices like what you're mentioning.

So, we will continue to work with our institutions, continue to work with them through the NJPC to make sure that they're facilitating those kinds of opportunities for students to promote their success, and will continue to provide those opportunities wherever the funding is available to do so.

ASSEMBLYMAN UMBA: I lobbied the Governor as well. I would ask that you lobby the Governor.

If you look at New York State -- now, I'm talking about K-12 -- but they put \$250 million aside for high-impact tutoring. That type of commitment needs to be given, both to our younger grades and also to our higher education institutions.

We are educating the workforce, and we're educating the future of New Jersey. And, if we're heeding the Governor's budget address that says, "Let's prepare the New Jerseyans for the next New Jersey," that's a key component of that, and we're losing that because of the learning loss.

And, I think high-impact will really put a lot of effects to correcting that role.

DR. BRIDGES: I wholeheartedly agree.

ASSEMBLYWOMAN JASEY: Thank you, Assemblyman Umba; good question.

We're going to release you now, but I have a question that I want you to take with you. And, I can certainly send it to you: Is there a way that we can encourage our public institutions of higher education to create

specialization through centers of excellence, and end the competition between schools that are seeking to attract students to the same programs?

This is a question that has been in my head for years, and I would really love to hear your response to that -- not today, but at our next meeting. Because, I think it may help guide us, in terms of where we go from here.

And, I want to thank you very much for your time today, and look forward to seeing you at our next meeting.

DR. BRIDGES: Well, thank you, Assemblywoman.

I can give a brief response to that--

ASSEMBLYWOMAN JASEY: Go ahead.

DR. BRIDGES: --in that-- I know, I'm a glutton for punishment.
(laughter)

Briefly, we've seen some progress in our work with the New Jersey Presidents Council -- through the Presidents Council -- because that legislation from 2021 that I referenced, the gift that keeps on giving to higher education, we've created program standards and, as I mentioned in my opening remarks, that we're seeing a shift for institutions to start thinking more about what's called mission differentiation.

And, so, we've actually seen some progress in that arena, and we'll continue to work with them to advance that effort further.

ASSEMBLYWOMAN JASEY: Thank you very much, thank you.

DR. BRIDGES: Thank you.

SENATOR ZWICKER: Thank you, Secretary Bridges.

I'd like to call up -- we're going to do a series of panels now, and we gave the Secretary sufficient time to go through his statement and for questions.

I would like to ask that everyone who is coming up now keep your comments to five minutes maximum to allow time for questions about whatever particular things the Committee may have.

If I call up the President of New Jersey City University, President Acebo; President of Bloomfield College, President Evans; and, the Vice President for Strategic Initiatives and University Relations at William Paterson, Mr. de Veyga.

A N D R É S A C E B O, J.D.: Chairwoman Jasey, Senator Zwicker, honorable members of the Joint Committee on the Status of Higher Education, it is a profound privilege and distinction to join you today representing 50,000-plus alums; thousands of students on our campus; and thousands of faculty staff and professional staff members who consecrate the work of delivering equitable access to higher education, a noble pursuit of a better life for many, many people for nearly a century.

My presence here today is as improbable but as unique as most pursuits and journeys in our country. I have been entrusted a responsibility on our campus, a call to serve that I do not take for granted. Mindful of the challenges that plague my institution at this particular moment and its history, but with deep conviction that the challenges that currently faces are surmountable if we emulate the resolve of the students that crisscross our campus every single day.

I am the proud first-generation son of working-class Cuban exiles, and a community of immigrants and underrepresented and

underserved people whose sacrifices have delivered, for me, the promise of a better life through the equalizing force of higher education. I am the son of a farm boy who escaped communism, and an authoritarianism across an unforgiving sea, on a makeshift raft, with only a compass to guide him in pursuit of hope and a better future. A future that *my* education helped me chart for myself, with ever contemplating the fear of political persecution or intimidation that my parents experienced just a generation earlier.

Growing up, it was easy to feel too small for the scale of my ambitions and dreams, or to convince myself that they were beyond my reach because of how my family's story began, or the conditions I was born into. But my family and my community, in very direct ways, the institution that I hold the honor of representing and serving, lifted me beyond the soft bigotry of low expectations that others might so impose, and helped me navigate the quiet indignities that so many of us must endure.

The university's graduates, NJCU's graduates, educated me; nursed me; protected me; and championed me. My story isn't unique on NJCU's campus. I've witnessed this institution deliver for my friends and my family and members of my community the promise of a better life; a promise that every day, faculty and staff, students and community leaders and stakeholders, breathe life into. I ran to our beloved institution's mission nearly two years ago and immediately found myself, like many of my colleagues, confronting unprecedented challenges that threatened the institution's mission. In that work, the promise of our university was affirmed every time I had the privilege to interact with our remarkable students and impassioned and fiercely mission-protected faculty and staff that make up the New Jersey City University family.

At our beloved NJCU, my story, again, isn't unique. It's a narrative that brilliantly unfolds every day on our campus, and is brought to life by the unrelenting work and conviction of our students, staff, and faculty. I see myself reflected, and it confirms what we all innately know to be true, that representation matters. Our students are among the most extraordinary individuals our community and our state produces. Tens of thousands of first-generation students have overcome the extreme injustice of economic marginalization, and stubbornly persist in systemic barriers and obstacles in pursuit of the most noble of endeavors: a chance at a better life. That's who this institution serves, and that, in its recovery, needs to firmly affirm it will continue to champion exclusively and with intention.

To our students, I've said to them and I'll say to all of you that we are here to serve them and champion them. Because they are worthy of the trust -- so that we prove that we are worthy of the trust that they put on into our institution. To our alums, I say and I say to you, that we collectively have a responsibility to honor them, because they represent our institution's promise fulfilled. Decades of chronic underinvestment in our community can't deteriorate the refuge and sanctuary of dreams that our campus honors. Years of ill-fated plans -- and, there were some -- and the tyranny of the pandemic's disproportionate plague on our community can't either.

I say that fully aware of the scope of the immediate challenges. But, this institution -- the refuge that it represents; the sanctuary to the community that it serves to be -- is deserving of investment and preservation. I have the unique privilege to not seek to build something, but to try to save something. And, I urge the members of this body to find in us a partner -- willing, ready, and able to welcome the oversight, the benchmarks, and the

scope of the ambition that emulates, again, what our students every single day overcome. I have many of them here in attendance, and faculty and staff, because on our campus we recognize -- as is true in our community -- that nothing about us is for us without us.

Thank you.

SENATOR ZWICKER: Thank you, thank you for sharing your personal story and your commitment to the university.

I think what we're going to do, members, is we're going to go back and forth between Senate and Assembly, from both sides. We'll start with the Senate this time, we'll switch to the Assembly, and then open up.

So, Senator Cryan.

SENATOR CRYAN: So, we're going to go first here?

SENATOR ZWICKER: Yes.

SENATOR CRYAN: OK.

Hi, and thank you for your compelling story and the work of NJCU.

I do have a question for you immediately -- and it'll be for all of you, if you can answer it: Are you currently operating on a net operating loss?

MR. ACEBO: Yes.

SENATOR CRYAN: OK, and what's your current net operating loss?

MR. ACEBO: We began the fiscal year with a \$22 million shortfall.

SENATOR CRYAN: OK, so, you talked about the NJCU mission, and I'm grateful for that, but I do want to talk to you about some facts that I at least want to make sure I understand.

New Jersey City University has a current debt of about \$159 million?

MR. ACEBO: That is correct.

SENATOR CRYAN: OK, how is debt issued?

MR. ACEBO: Primarily through revenue bonds.

SENATOR CRYAN: OK, so, does the Board of Trustees, in terms of process, say, "We don't like this project?" How does it work?

MR. ACEBO: Most of the projects, and particularly that debt -- and, thank you for the question -- are based on historic long-term capital expansion considerations, mainly ones that were tied to the strategic plan from 2012 to 2019. And, so, those initiatives were anchored and tailored around a strategic vision for the institution of expansion and growth to meet what Secretary Bridges very eloquently outlined as declining enrollment.

SENATOR CRYAN: Adopted by a Board of Trustees?

MR. ACEBO: That is correct.

SENATOR CRYAN: And, then, who actually approves that debt after the Board of Trustees says, "Let's go ahead and create this debt,"?

How does that process work, is it -- does it stay in New Jersey? Who approves--

MR. ACEBO: So, most of the debt, basically with the capital outlays, are, again, through the revenue bonds issued through NJEFA.

SENATOR CRYAN: OK. So, at \$159 million in debt, what I want to understand -- you're currently operating on a net operating loss. I looked at a couple of your financials -- this didn't happen in a vacuum, right?

MR. ACEBO: That is correct.

SENATOR CRYAN: I mean, fact is, is that the faculty had a no-confidence in terms of financial projections before this all became public in terms of the explosion and the president's resolution, is that correct?

MR. ACEBO: The faculty prudently expressed concerns about a lack of shared governance that presented what admittedly has proven to be mission drift over the years, at the institution, and in a misalignment of meeting our students and our population where they are.

SENATOR CRYAN: Which is what I want to talk to you about. To me -- and, we're going to hear the term "mission" here significantly over the course of, I suspect, the next couple hours.

Graduation rates I see for New Jersey City University in four years is 13.8%; in five years, it's 29.2%; and, in six years, it's 35.7%. My first question to you is, what percentage of students go into debt when they go to New Jersey City University?

MR. ACEBO: So, New Jersey-- And, I appreciate those statistics with a point of clarification, if I may, that the six-year graduation rate trends closer to 40% compared to the national average, which is the metric that (indiscernible) and the Federal government holds institutions of higher education to; for six-year graduates, it hovers around 60.

I appreciate the opportunity to talk about the graduation rates in those metrics, but there is an asterisk to that, Senator, that I would be

remiss to not point out, which is that the socioeconomic profile of our students dictates that outcome.

SENATOR CRYAN: I'll -- why don't we, through the Chair with great respect.

OK, we can talk about socioeconomics, but you can't have it both ways. If you're going to take a kid in, you're going to put him in debt, you have an obligation to get that young person a degree. And, the record shows that's not what you do. You mentioned tens of thousands-- Look, you didn't create this. God bless you. God bless you for stepping up, I'm not after you, God bless you.

But, the reality of this thing is that 10 years ago, this graduation rate was just horrendous. And, I don't understand why we are focused on the mission of New Jersey City University as an opportunity when, in my view -- and, you correct me if I'm wrong -- but I believe almost nine out of 10 students go into debt when they enter New Jersey City University. Is that correct?

MR. ACEBO: That is not my understanding.

SENATOR CRYAN: What's your number?

MR. ACEBO: So, back in 2016, the University, along with Garden State Guarantee, which is a hallmark initiative of this state, introduced a debt-free promise that makes it--

SENATOR CRYAN: Does that make it 63%, is that your number?

MR. ACEBO: I'm sorry?

SENATOR CRYAN: Is your number 63%?

MR. ACEBO: Of our students?

SENATOR CRYAN: That go into debt?

MR. ACEBO: Yes. But I think a critical point, Senator, is -- and, I understand that through the Chair, and I welcome the opportunity to come back and have even a one-on-one with you to get into the details, because I invite the interest in our student population.

But respectfully, Senator, the socioeconomic profile of our students matters quite a bit.

SENATOR CRYAN: It matters when you have an opportunity - - we're providing an opportunity not to go into debt in some cases. Six out of 10 or more are going into debt, less than -- frankly, less than half by our own are going into debt without a degree.

Debt without a degree is a financial burden that's not an economic opportunity for social success. It's a barrier that stays with you for your life. And, I have a great -- I'm going to mention this with Bloomfield, because I'm sure you know your numbers are brutal, all right, we're going to talk about that.

I just think it's one of the things we want to focus on-- Everybody wants to see NJCU to succeed; I do, too, but I want to understand: You're operating on a net loss. Frankly, I believe, most of the Board of Trustees are still there, correct?

MR. ACEBO: There are approximately seven vacancies on our Board.

SENATOR CRYAN: You have seven vacancies at the moment? That's good to know. Share -- please share, OK.

And, we need to make sure that when we make investments here, that we're making them to provide what the whole idea is: outcomes that

actually include a degree. And, in my view, we've known about this particular problem-- I looked at some of the financials. They state, year after year, that you're on a net operating loss. President Henderson's financials in the audit are very, very clear about it.

And, yet, the best I can see, nothing dramatically changed. Now you're significantly less in terms of student population, right? As I understand it, three county colleges took big hits -- Hudson, Essex, Passaic - - and you guys took the biggest hit from a percentage basis, right?

MR. ACEBO: That's correct.

SENATOR CRYAN: So, you've got significantly less students, you've got an outcome-driven problem, you just don't graduate them on time, then you cut a whole bunch of stuff -- which, I'll leave with this, because I don't want to take this whole Committee's time.

You talk about socioeconomic and challenges -- didn't you cut English as a second language as one of those cuts?

MR. ACEBO: No, we did not.

SENATOR CRYAN: You didn't? You kept it?

MR. ACEBO: I did not recommend cutting it to the--

SENATOR CRYAN: Great -- I'm not challenging you, believe me; I'm more than open to being corrected here.

MR. ACEBO: Yes.

SENATOR CRYAN: OK, all right, but you can see where I'm coming from, here. We're operating at a loss; we've clearly got outcome bases that are concerned; and, yet, I think it's -- at least for me -- absolutely want to be part of the mission, but I want the mission to actually understand what

it's doing in correcting and providing opportunity. And, I still have my doubts about that. And, that's pre-pandemic data, OK?

Thank you.

MR. ACEBO: If I may respond.

Senator, we're in complete alignment on how this recovery continues and how this institution must emerge with a focus on results, that lift up individuals beyond their individual circumstances, because the truth of the matter is that on our campus we need to be much more intentional in defraying against the concept that you're a product of your environment, you're a product of your expectations, right?

SENATOR CRYAN: Yes.

The Chair had talked about, with the Secretary of Higher Ed., about expansion of programs. You guys cut how many programs?

MR. ACEBO: We identified 111 distinct programs, and, at my recommendation, ultimately, in February, presented the sunseting of about 98 of them.

SENATOR CRYAN: So, you were able to, in less than a year, cut 98 programs.

I think, Madam Chair, if it's OK to you and to our two chairs, doesn't it make the point that we need to think about what we're doing in higher education and how far we've expanded when we need to maybe look at what the roles of folks are?

MR. ACEBO: Absolutely. I think that that was essential. Again, we began with a \$22 million structural deficit, and within 60 days cut that in half with significant urgency and sacrifice from our faculty and staff in particular by realigning the mission and finite resources to drive that mission.

SENATOR CRYAN: Does that equate to an \$11 million cut, I'm told -- is that about right?

MR. ACEBO: Approximately.

SENATOR CRYAN: OK.

Thank you, thank you for your time.

SENATOR ZWICKER: Assemblyman, you have a question.

ASSEMBLYMAN SCHARFENBERGER: Thank you for coming up and spending this time with us.

I know we have a lot of questions, and we're probably not going to get to too many of them, but one thing that we hear over and over again is how enrollment is down at the university level across the country. Is that the case with your three schools, that enrollment is down?

And, I have a quick follow up, too.

MR. ACEBO: It is. But, to underscore this, this is a multi-year trend that is only going to get worse as universities, particularly in the northeast, reach an enrollment cliff with the pandemic, as all of you have wrangled with as policymakers, has disproportionate impacts.

Within the fall '22 -- 2020 -- to spring '21, the university saw nearly the loss of 1,300 students, which is the equivalent of close to \$13 million in net tuition revenue. That is something that, in a high-access institution like New Jersey City University -- and Bloomfield College, for that matter -- that disproportionately serve low-income students, which is a point that I'd like to stress, because as far -- and, it's going to relate back, and maybe it's my old law practice days that I can't let go of an issue -- is that, when we talk about outcomes, we can't just talk about the ethnic or racial profile of our students. Socioeconomics matters.

Seventy-five percent of the students at New Jersey City University receive Pell Grants. For the last five years consecutively, the amount of Pell-eligible grantees in the state, statewide, New Jersey City University represents approximately 35% of that share, with only 7% of the total enrollment of college students in the state.

So, the disproportionate impact that the pandemic had, not just on learning loss but opportunity for low-income students -- the value proposition. That is the inflection point that higher education is in, is you have to cultivate students that are prepared not just for the job they're going to have when they graduate from college, but the job that they may have in 10, 15, 20 years time -- to become lifelong learners who are going to have to be upskilled and retrained. Those are the skills that emerge, and our student population that is driving us with that enrollment challenge is that the value proposition is hard to convey, particularly when you come from a low-income household. When you can make \$25 an hour with health insurance with a high school diploma at Amazon, it's hard to -- even with the most generous increases to Pell and TAG and college-affordability initiatives, making that compelling case, a degree -- a college degree, or higher education, *some* higher education -- changes the trajectory of your life. That isn't something that is immediately apparent to someone who has to worry about housing insecurity and food insecurity.

And, that's what institutions like Bloomfield College and New Jersey City University and William Paterson, for that matter, and many of our other colleagues -- that's what the mission has to be anchored around, is that you meet a particular student population where *they* are.

ASSEMBLYMAN SCHARFENBERGER: It appears that this trend -- I mean, your particular university has a special socioeconomic profile. I think it's nationwide, so, not every university is facing that, so, I think it may be more of a larger trend, away from four-year universities.

Now, you said this was occurring before COVID? Prior to COVID, and was exacerbated by COVID?

MR. ACEBO: COVID exacerbated it.

ASSEMBLYMAN SCHARFENBERGER: OK.

MR. ACEBO: By almost 20%.

ASSEMBLYMAN SCHARFENBERGER: So, do you see this continuing for the foreseeable future? This trend?

MR. ACEBO: Yes. I mean, the number of graduating high school seniors and college-bound students is just a diminishing pool.

I think the focus for institutions like New Jersey City University, and the charge that I'm hoping to be able to move along in stabilizing an institution and anchoring it around a very intentional mission is that the focus has to be on retention and success, not banking on just enrollment growth and chasing shiny objects that compare us and put us on the same playing field as the flagship institutions of our state. I think that there's humility in purpose, and the purpose of institutions like New Jersey City University is that we should be proud that we're a lifeboat institution that is deserving of the same attention and investment as a flagship.

ASSEMBLYMAN SCHARFENBERGER: It's a little bit of an unnerving proposition, to look forward to declining revenues because of declining enrollment. And, I know we're not supposed to get into the budget

situation at this particular hearing, but there is going to be pressure on the State, then, to help step in and accommodate those losses.

MR. ACEBO: I would recharacterize that, if I may, as pressure to invest in a mission of an institution.

I think when you look at the statistics, that our operating budget at New Jersey City University has gone from \$31.2 million in Fiscal Year 2000 to a proposed \$27.9 million in Fiscal Year 2024, which would represent about a 10.5% decrease in real dollars, not adjusted for inflation, the lack of growth and state support for over two decades puts increasing pressure on the institution.

SENATOR ZWICKER: Thank you.

What I'd like to do is bring President Evans in. I know that there are other questions.

I appreciate your time here. President Evans.

MARCHETA P. EVANS, Ph.D.: I'm not sure I want to jump in the fray, now. I'm just kidding. (laughter)

SENATOR ZWICKER: We can skip you.

DR. EVANS: First off, thank you for the invitation to be here today.

For those of you who don't know me, I am Marcheta Evans, and I am President of Bloomfield College.

I'm Marcheta Evans, President of Bloomfield College -- the 17th president. I am the first female and the first person of color in its 155-year history at Bloomfield. Bloomfield College--

(applause)

Hey, Women's History Month, give myself a little clap -- a little applause there.

I will say, though, when I decided to come from San Antonio, Texas, here, I was drawn by the mission of the institution. It is a predominantly Black institution; Hispanic-serving institution; and minority-serving institution. And, those are literally Federal designations that are given for higher education. Also, 52% of my students are first generation.

Going back to what you were saying earlier, the median family income for my students is a little over -- is right at \$33,000. I don't even know -- \$33,000. I don't even know how that's possible here in New Jersey, for a *family*, OK, to be at \$33,000, not an individual.

So, when I thought about coming to Bloomfield, I'm like, "This is perfect place for me, it fits who I am, where I came from." I was born in Alabama, raised by my grandmother, dealt with food insecurity, housing insecurity -- all those things resonated with me and why I'm an educator today. I talked about being an educator from the cradle to the grave -- elementary school teacher up to 80-year-old doctoral students. So, this is my passion, this is what I do, and representation does matter.

There are not many female presidents who look like me, and, therefore, again, it became my mission to have students see themselves in me and what I do, and say, "if Marcheta can do this, I can as well." So, when I came to Bloomfield, I thought, "I'm here, I'm going to increase the enrollment," because again, that's what we needed to do -- there had been an enrollment decline for the last 10 years -- minority students weren't seeing post-secondary as an option for them.

So, I got out because my background is in counseling. I met with all the counselors, I was on a roll, had my little dog-and-pony show, and said, "This is why you should send your baby to Bloomfield College." And, believe it or not, we had an 8% increase in deposited students that were going to come to Bloomfield College.

Then, March 2020 happened. Those wonderful deposited students who we thought we were going to get in the fall -- that 8% increase that we thought we were going to have -- all dissipated. And, a matter of fact, I lost 13% enrollment that fall.

Going back to what the president said here, the pandemic has disproportionately impacted Black, brown, low-income students. My students are working two to three jobs -- they had to stop and take care of their siblings. We threw shiny objects at them by giving them wonderful computers and things to take home -- they didn't have the infrastructure for high-speed internet. I always tell the story of my husband and I having the fire-breathing giant Fios Verizon, and when we tried to do Zoom together, we have problems. So, imagine what happened in these families -- they had to drop out. We have seen a significant decrease in African American males pursuing post-secondary.

So, seeing all of this -- and, even before the pandemic -- I started looking at, with my team, what is the future of Bloomfield College? We can't be everything to everybody, and, going back to what Assemblywoman Jasey was talking about earlier, do we have a sweet spot? What are our sweet spots as an institution, looking at our demographics and the students who we serve? Passion, going into psychology; going into counseling; going into criminal justice -- we call it restorative justice now. What are some other areas --

nursing. We have one of the top nursing programs in the State of New Jersey with almost a -- close to 98% pass rate on the nursing exam. We have a top game-design program in New Jersey; one of the reasons I think Montclair State is attracted to us, too, as a partner, is because we have this game-design program.

So, we're having impact. So, we made a decision that I was not going to be one of the ones to bury my head in the sand and say, "Can we do this on our own?" I *knew* we could not do it on our own. So, I made a bold -- some people call it unconventional -- decision to put my business in the street. I basically said, "I need help. I either need a major donor--" and, I tried to find (indiscernible) wife, I couldn't find her -- and, believe me, I tried -- or I needed, a really strategic partner to come in and say, "Please help us make it through this."

The mission, sir, is so important. There are no HBCUs in New Jersey, as I mentioned. We're the only four-year PBI, HSI, and all the other designations that we have. So, how do we, again, provide a place for these students who we serve to say that, "I can do this, and I know with your support I can make it happen," even when in some cases, I didn't even think that I could. So, by putting my street -- my business in the street, so to speak -- I got over 30 institutions, private and nonprofit, across the nation to say, "Marcheta, we want to help. What can we do to help? And, talk is cheap. I'm like, "OK, if you really want to help, put it in the paper. Send me a formal -- these are the criteria we're looking at. Send me a proposal and demonstrate how you can help us." And, believe it or not, we got nine institutions to reach out to us and said, "We wanted to help."

The wonder of this all is that sometimes, when you ask for help, people who you would not necessarily think would want to help reach out. My neighbor less than 4-5 miles from where I am came up with a wonderful proposal, and in that proposal met all the metrics we were looking for, for continuation of our mission; continuation of what we do; but also, now, Senator, going back to the points you were talking about with graduation rate, retention rate, they have a phenomenal record of -- they also, Montclair State University, is a Hispanic-serving institution.

And, so, again, that alignment was there. They're also a Research II institution, and those designations, Carnegie designations, make a difference. My students need to be able to see themselves as being successful at an institution such as that, but still may be protected a little at a place like Bloomfield College.

Now, I'm a mother of six -- and, I look good, right? Mother of six -- all of them grown and gone. And, I know the importance-- Some of them attended institutions such as the University of Texas that has 60,000 students. And, some have attended small HBCUs, MSIs, that have 1,000 students. Each one of them were successful based on the environments they found themselves, and support systems.

So, with this new alignment with Montclair State University, we're now going to try to come up with a national model that *will* impact our graduation rates, that *will* impact our retention rates, because I know-- I have three students to graduate this December with a degree in Computer Science. They are now making \$106,000. Can you believe that? Going back to what I said earlier, the median family income for my students just being a little right at \$33,000 -- this has not only transformed that student's life, it

transforms the system's life. And, then, their siblings and their cousins and their *tías* and whomever else is part of their family now say, "I can do this, I see this, and this is possible." Now, we're getting grants on financial literacy. We're trying to get more African American males, because we have a Federal grant on that.

And, I want to step back, too, on the whole conversation about graduation rates. Yes, you had the posted graduation rates. But, I'm going to take it a little bit further for people to really understand. Graduation rates only reflect students who have come in first-semester freshmen, starting and going for four years. Almost 30% of my students are transfer students. You don't count those students in that graduation rate. I have almost 250 students a year graduate from college -- 250. And, my students -- a lot of institutions will talk about out migrations. My students stay in New Jersey. They give back to the economy; they give back to the investment that you have given to them through TAG and other types of financial assistance; they stay. Sometimes it's a good thing, sometimes it's not. But, culturally, they're connected to the community and to the family.

So, again, when we started looking at all the things that are happening -- and, I really appreciate this Committee coming together -- we use the word "accountability." There's got to be support. None of us are doing this for the fun of it -- trust me. We're doing it because we know that education transforms. We know that with minority-serving institutions that once they get that post-secondary opportunity, it changes everything.

There is an article that just came out this week by the *National Student Clearinghouse*. And, in this article it said, "For institutions that closed, 50% of those students never seek out post-secondary again." Just think about

that for a second. For the institutions that close -- shut down -- those students who were part of the closed institution, 50% never pursue post-secondary again. That is tragic. We know in the last 10 years, 15% of all higher education has closed, merged, or been acquired by another institution.

I could go on, and on, and on, but I beg of you to make sure that that whatever you do is proactive, not reactive; that it's in support of people who are on the ground transforming lives. We need your continued support. This, with Montclair State, is not done yet. We still have MSCHE coming to visit me on Monday. Pray for me, light candles. I have MSCHE; I have NCAA that we're dealing with, because we're D-2, they're D-3; we have OSHE with the Department of Education. All these different things have to be checked.

And, we have to be more nimble, because I promise you we're not the only ones. I didn't bury my head in the sand, and it doesn't take rocket science to know that there are many other institutions out there that are struggling. I get calls almost every day saying, "Marcheta, how did you do it? When did you do it? I only have this much left of my payroll." And, sometimes I have to say, "It's just too late." People have waited too late to ask for help. We need the help, again. Our mission is too important to fail, and we need your support in getting that done by continuing to help institutions like Montclair State that have agreed to take this on with a brand new president -- he didn't have to do this. His team didn't have to do this. But, they're doing it.

Make sure that they're not left out when you talk about the funding. When he takes on my 1,000-plus students and my 400-something

staff members, or whatever, that it's not where he's less funded. Because it's doing something that I would think you would want them to do.

Thank you for your time.

ASSEMBLYWOMAN JASEY: I don't think you could have put that any better, Dr. Evans. And, it's that kind of thinking, planning, and, you know, effort, that I think we need more of, quite honestly.

We can't -- I can't remember what the saying is. It has to do with, "If you do things the same way all the time," the definition of insanity -- right. That's it.

DR. EVANS: I should know that very well. (laughs)

ASSEMBLYWOMAN JASEY: You know, and I have to say that I didn't realize how intentional it was on your part to come to Bloomfield College. Because I remember having a conversation with you shortly after you arrived, on the telephone, I'm sitting in the CVS parking lot listening to you talk about how you are determined to keep this school going no matter what, because of who you're serving.

And, I think that's -- we can all learn from that. I think all of our colleges need to take a look at themselves and say, "OK, what are we doing well, what are we not doing well, and who is doing it better?" And, collaborate. It shouldn't be a--

DR. EVANS: Competition.

ASSEMBLYWOMAN JASEY: A competition, right--

DR. EVANS: A collaboration.

ASSEMBLYWOMAN JASEY: Collaboration, not competition.

So, thank you very much for coming, I really appreciate the time. I know that you're very busy, and I know that you're very busy, so we're going to move on.

But, please know-- Yes? We'll have one comment or question?

SENATOR ZWICKER: I have one quick comment.

ASSEMBLYWOMAN JASEY: Yes, you do.

OK, Co-Chair.

SENATOR ZWICKER: Well, thank goodness New Jersey has you. We're not going to let you leave; that part is clear.

One of the things -- and, we can talk about this offline -- is we talk about, and you just talked so eloquently about the innovation that you've done for Bloomfield, working with Montclair, and we'll hear from Montclair in a minute.

One of the things that I think is important for this Committee to know and understand is, what are the obstacles that -- you talked about other institutions around the country. I want to know and make sure that in New Jersey, whatever obstacles you may have as you go through that, if there are appropriate things for this legislative body to handle to lower those roadblocks, to make sure that we learn from what you two are doing right now.

DR. EVANS: Sure, most definitely.

And, one of them is, there will be some legislation that will be introduced. Because we are a private institution, even though we're a public-missioned. And, it's so funny when I think about that, that being a private institution. Of course we're grouped with Princeton, Seton Hall, Monmouth

-- not at the same level, OK. And, I know my private colleagues are here with me today.

We are now going to have to get permission from you to go from -- or from Montclair State -- to go from being private to public and getting that support. That's going to be you helping us make that happen and move that forward. Again, there will be some other things -- I don't have all the specifics -- and, in your folders, just so you know, Dr. Koppell is not here today, but he has prepared a written testimony as part of this, talking about our merger and collaboration, as well as my more lengthier written testimony is in there as well. I just decided just to go off the cuff.

So, hopefully that answers your question with the legislation and other things that may be coming up that we will need your support.

SENATOR ZWICKER: Thank you so much.

So, Dr. de Veyga, Vice President for Strategic Initiatives and University Relations.

GUILLERMO de VEYGA, Ph.D.: OK, thank you very much.

You probably all have my comments in front of you.

I will start by thanking all of you for the opportunity to appear in front of all of you today.

Unfortunately, our President, Dr. Helldobler, is out of the state, so, he brings his regards. But, I am here instead.

So, with that said, first of all, I want to recognize on behalf of the university, the money that was awarded to us last year -- \$7.5 million. And, I'm here to somewhat tell you how important this was for us; explain a little bit of our plan; talk a little bit about the macro of where we are, where we believe higher education is; talk a little bit about the micro; and, of, course,

answer any questions that you might have. I won't read the entire testimony verbatim, but, I will highlight specific portions.

As you know, most of our work was done in conjunction with our bargaining units and our partnerships. But, it's an important point related to our bargaining units, that the financial sustainability of higher education is that the State of New Jersey negotiates our contracts, but it does not fund the resulting cost increases. So, other things equal institutions every year, there are those increases.

Institutions derive operating funds from two main sources: State support and tuition and fees. A point of reference here is that back in 1990, we were 75% State funded, 25% tuition funded. This goes to Senator Cryan's point from earlier. Now, in 2022, we were 65% tuition funded, 35% State funded. So, when we talk about student debt, it's important to realize that, before, a student didn't have to take as much money because we were mainly State funded. Now, that equation has pretty much turned itself upside down.

With that said, for us, this means that without additional State support, this upcoming year -- just in terms of these unfunded mandates -- we need to generate an additional \$3 million without increasing personal footprint just to be able to be even. So, we have to come up with that money either from tuition increases -- which obviously would hurt the population we serve, again, (indiscernible) the issue Senator Cryan was bringing up -- or we have to grow our actual enrollment by approximately 2.8% *just* to be even, absent any other inflationary costs. So, again, unfunded mandates, just from stepping (indiscernible) will cost us about \$3 million, and will force us to grow enrollment by 2.8%. This doesn't include any other contract escalation cost that we might have as an institution.

So, these numbers of course are our recurring costs and a concern, and one that is not unique to William Paterson. These numbers, though, are unique to us. Basically, any New Jersey public institution that isn't growing enrollment annually to offset inflationary costs and unfunded mandates is essentially shrinking its financial position.

A little bit about us. As both a federally minority mandated -- a designated minority-serving institution and Hispanic-serving institution, approximately 60% of our students identify as a minority; 50% are first-generation college students; and, as the national and State data demonstrate, the pandemic has hit these populations particularly hard in terms of the health and economic impacts that we have seen. The enrollment declines concentrated in these populations have regional publics like ours, as well as community colleges, where many William Paterson students come from and start their careers, exacerbate the problems that we are actually seeing.

Additionally, the pandemic demonstrated the critical importance of New Jersey health-care providers. Our well-documented nurse shortage is specifically an issue to note here. So, it's worth noting that William Paterson educates more nurses in New Jersey than anyone except perhaps Rutgers New Brunswick. And, we believe that that data will soon change, and we will be the largest nursing program in the State of New Jersey.

While the pandemic certainly accelerated and exacerbated our fiscal challenges, these were already looming before in the form of long-term demographic trends. Again, this has been noted before by the Secretary of Higher Education, but the research-- Higher education researcher and economist Nathan Grawe has written about what is being called "the demographic cliff." This is a nationwide decline in high school graduates

post-2026. Some of you have questioned why that date -- that coincides with that 2008 economic recession, and those children coming of age and going to college at that point. The first group will be 18 will coincide with that 2026 mark.

As Grawe and others point out, this decline will impact regions differently. Specifically, in the northeast, we're expected to see a 6% decline. If all politics is local, then so is much of college enrollment. For example, 56% of public four-year college students attend institutions within an hour's drive of home. Nearly 70% attend within two hours. At William Paterson, that two-hour radius number includes closer to 95% of our students. So, population booms in Florida or Arizona won't solve enrollment challenges in northern New Jersey. We know that New Jersey is also, historically, one of the largest net exporters of college-bound high school graduates to other states.

That said, there are further disparities. As the *Chronicles of Higher Education* and others have reported, the national trend is one of enrollment growth at flagship institutions and selective private institutions, which receive many attentions and resources, and one of enrollment decline in the regional publics, which the *Chronicle* calls, "The workhorses of public higher education." Nationally, enrollment at 78 public flagships has risen more than 12% from 2010 to 2021, while enrollment at 396 public regional universities has slumped more than 4%. Regional publics are being squeezed financially by lower enrollments, since they typically receive less state support than public flagships. Even when regional publics receive the same or slightly more support, we also must bear in mind that they are charged with serving the most vulnerable populations, including large portions of first-generation and

lower-income students, who often require more support on resources to be retained and graduate. Things like academic and mental-health support; help with food, housing, and transportation.

For public college leaders, this result becomes a catch-22 where both tuition and revenue are tied to enrollment. If a public college is kept on a lean diet for years, its ability to adapt and meet the changing needs of its diverse students is unavoidably constrained.

Now, specifically to William Paterson. To right size the university and reset for growth, we have been working hard with our union partners, and the State as well, to understand both sides of the cost revenue equation. On the cost side, we have made very tough decisions, needing to tackle a sizeable structural deficit. Most significantly, since FY21, William Paterson has eliminated 266 institutional positions, including 94 faculty, to help reduce our budget by \$21 million. Since FY19, we have reduced the university's workforce by more than 25%. We have also eliminated academic programs with low enrollment; consolidated two academic colleges and other academic programs for greater efficiencies; demolished an outdated residence hall to better align residential supply with demand; and, permanently reduced non-salary budgets. This has included cuts to travel, faculty release time for research, and eliminated payment for advisement. All faculty and staff were also subjected, when needed, to equitable work furloughs.

Altogether, we have cut our operating budget from more than \$228 million in FY19 to an anticipated \$191 million for FY24, exclusive of all COVID-relief one-time funds. These cuts have impacted areas of campus operations. All of our faculty and staff and administrators have sacrificed to help stabilize our institution. Importantly, one of our proudest

accomplishments is that, all along, everyone has worked hard to minimize the impacts on our students.

Now, looking forward to more forward-looking news -- that sounded a little weird, I apologize -- I'll turn to what we're doing on the revenue side, which, for us, means primarily growing tuition and tuition revenue, specifically, through increased enrollment and retention. A bold initiative that's having a tremendous impact is WP Online, "Our online university." These fully online degrees and credential platforms-- In just two and a half years since their launch, we have grown graduate enrollment 14-fold, and more than tripled the number of graduate programs offered. Our success has allowed us to expand and launch new programs to help adults with "some college and no degree" to complete their credentials. Adult degree completer enrollment has increased by more than 500 students in just one year, and we continue to work with the State towards achieving its goal in this particular area.

One specific example: Every undergraduate program at William Paterson will have a certificate built--

SENATOR ZWICKER: I don't mean to interrupt.

We do have a copy -- I want to make sure we get to everybody, right--

DR. de VEYGA: Perfect.

SENATOR ZWICKER: --I know there's some possible questions.

DR. de VEYGA: Not a problem. If you allow me to just say one last thing.

In this context, we have two humble requests which are outlined here, specifically about our \$7.5 million restitution funds. And, I want to clearly state that the U.S. Census Bureau, to its (indiscernible) index, has New Jersey's income inequality at 0.49. That's higher than the national average. And, the average income for a Hispanic household is \$27,932, compared to \$57,661 to those who identify as white. Our career placement data continues to prove that our students, many of whom are minority, (indiscernible) two jobs that, on average, have starting salaries of \$55,000 and mid-careers of approximately \$75,000. And, our career placement is 6% higher on average than other regional publics nationally. And, we are ranked in the 3% nationally -- in the top 3% nationally -- according to the College Net Index for social mobility in the country.

Thank you.

SENATOR ZWICKER: Thank you.

Questions?

Senator Pou.

SENATOR POU: Thank you so very much, Mr. Chairman.

This question really is to each and every one of you.

First of all, I appreciate your testimony. I especially appreciate the personal information, it gets us to really have an opportunity to really get to know you on that real human-like level. So, I really appreciate and learned a great deal.

Let me just -- I listened very -- I was very attentive to your comments and your testimony. I know what you've done thus far; each of you spoke in terms of what specific actions you've taken thus far to get to where you're at right now.

What I'd like to maybe perhaps ask that you provide us is, given the recent financial difficulties that each of you have described, what administrative action has the university taken to ensure that what occurred before won't be repeated? And, I'm really talking about financial and administrative management oversight. What's being put in place, what are some of those proposed ideas that would really make a difference so that every member of this body here understands that what we've talked about and all those difficult, perhaps even bad decisions that's been made in the past are not repeated?

What kind of assurance can you give us? And, in however way, quickly, if each of you will -- perhaps each of you can respond in just a few minutes only; I know it's a loaded question.

DR. de VEYGA: I can be quick.

Obviously, we have diversified our revenue streams. We have hedge so that we don't have to face, again, a crater "in enrollment," and by diversifying -- I'm talking specifically about WP Online. At the same time, we -- our issue has been exacerbated by the pandemic. But, we're already looking at applications in terms of enrollment. We're 15% trending higher in applications for our brick-and-mortar enrollment in this upcoming fall.

So, while it won't get us yet back to where we were pre-pandemic, it's already starting to trend to a better place. We can't fix the enrollment problem, but we can continue to diversify our revenue streams to make sure that that doesn't happen.

At the same time, we're very conscious with our debt at William Paterson, so we are not continuing to also exacerbate that particular problem, and we're very careful with our balance sheet in that sense.

SENATOR POUL: So, for the purpose of transparency, I'm talking about specifically -- meaning for all of you, in terms of transparency -- I want to know specific administrative and management financial actions that are being taken to prevent that from happening again.

DR. EVANS: OK, I'll go next -- very quickly.

Again, building on everything that -- I'm probably going to repeat some of this we've already done, so I'll try to do something different, say it a little differently.

Personnel, of course, is the largest cost of any institution. Making sure, again, that we're right sized; that we're operating fiscally responsible; do we have the right programs for the institution -- again, not trying to be everything to everybody, where someone mentioned earlier you have institutions that have the same degrees, the same thing -- everything.

We're hoping to conduct what's called a national charrette. I don't know if you're familiar with what a charrette is, but bringing in, actually, national leaders to say, "How can we make this specific model of Bloomfield College, of Montclair State University, where it's not just the poor Black and brown school?" OK, how can we, again, set this institution up -- New Jersey up -- as saying, "This is what we specialize in, and this is what we're going to do and do exceptionally well with this population." I give all the demographics of my students -- that is not necessarily deficit. They bring in resiliency and strength, and then, how do we showcase that and uplift them?

So, we're doing all the fiscally responsible things; we're cutting here, and doing this and that. But, also, it has to be an investment end. I'm

more of a strength-based person -- build on your strengths, work those strengths, and then grow the institution even further.

MR. ACEBO: Thank you.

Everything that Dr. Evans said.

(laughter)

But, in very concrete ways, I think it begins with management. And, so, we've implemented new financial management practices. We've converted to a modified cash budgeting basis for budget development and execution -- because cash is king, right? -- rather than not just preparing income statements that satisfy accounting standards but we know and live within our means. We're implementing a zero-base budgeting technique to develop our Fiscal Year '24 annual operating budget.

So, the only thing sacred on our campus is student success. Everything else needs to fight for interest. We've developed a position-management policy to control position creep; we've reduced the administrative head and the executive levels of the organizational structure, going from six vice presidents down to four. It's amazing what, sometimes, crisis presents opportunity, to do more with less.

We've implemented an organizational-wide right-sizing initiative with a focus again on administrative consolidation, and the elimination of low-enrolled programs identifying, again, 111 discreet academic programs, primarily co-majors and the like, that went through in the spirit of shared governance -- which is something unique to higher education that makes our institution stronger when we actually lean on it and have stakeholder buy-in, is that that process went through an appeal process and, notably, what was identified in this fast-track approach is that our academic portfolio is larger

than Rowan's, which is a bizarre thing to entertain. But, out of the 111 programs that were originally identified, 70 weren't appealed. And, that's a testament to the faculty on our campus who recognized where finite resources need to go. So, identifying signature programs of what we're going to be best known for.

New Jersey City University, founded on the precipice of a depression, began as a normal school, evolved into a teacher's college. I said it in my opening comments: NJCU's graduates literally educated me in my community. And, focusing on those things that we reduce the economic impediments to pursuing these middle class and economically mobilizing professional pursuits is anchored in the right-sizing objective.

SENATOR POU: Madam Chair, just, for the capital and investments, perhaps in the future we might be able to get some information on that.

ASSEMBLYWOMAN JASEY: OK.

Thank you for that.

And, Assemblywoman Carter, I think you had your hand up.

ASSEMBLYWOMAN CARTER: Yes, thank you. And -- it's very quick though.

In hearing the Secretary of Higher Education talk about 2026 and high school graduates and being a high school educator, the graduation rate being less, is there a strategic plan to help? Because, if your graduate-- If you already have enrollment issues now, in a couple years you're going to, naturally, just see a drop, because you have less graduates coming out of high school. And, the impact -- what you're doing to help with that impact on your enrollment. And, this is for all the institutions.

And, also, really, the strategic look of what is -- is there more of a push of that partnership with high schools? Because, I know that there's a push with the county colleges, *moreso*. You know, a lot of high school graduates are coming out of school with, already, credits, and the impact that is also having on you.

DR. EVANS: Well, definitely, having been a counselor, I know those partnerships are critical all the way across the board.

I think, here -- specifically in my area, too -- looking at more early college, getting an associate's degree by the time you finish high school is something that should be pushed even *moreso* than with the cost of higher education. Those partnerships *have* to be there. Then how do we, again, distinguish ourselves to say why you should come to Bloomfield College; why you should come to NJCU?

Some of the things I mentioned earlier, that has to be very intentional and strategic and going out and making those connections and relations with the community. So much is relational. When I talk to grandparents about sending your baby, I got you, those things are important.

So, you know, when we look at -- we know, and I would say this here, because I'm from Texas. You all stopped having babies. We know that, right? And, so, as a result of that, there is going to be this significant cliff. The data is there; there's no denying it. So, how do we distinguish ourselves and say, "This is a unique experience," or, "How are we still fiscally responsible?" That has to be through partnerships.

Again, we have to look at graduate education; we have to look at online education. Bloomfield College didn't do any of those things. But, *should* we be doing those things is another question as well.

So, all of that is a part of strategic planning. Now that we're coming out of the pandemic, knowing the demographic cliff is coming, we have to have intentionality in moving forward.

UNIDENTIFIED SPEAKER: If I could add to that--

SENATOR ZWICKER: Assemblyman Giblin.

ASSEMBLYMAN GIBLIN: A couple questions.

How much reliance are you placing on public-private partnerships with new construction? Are you taking advantage of that mechanism, like as far as dorms are concerned, for example, or cogeneration plants?

I know up in Montclair State, I believe, their cogeneration plant is farmed out. So, I don't know if you're familiar with that concept.

DR. de VEYGA: We are not at this point. We don't have plans at this point, and we have not done them.

Our last construction was Skyline Manor, which was a dorm that we did probably about six years ago.

ASSEMBLYMAN GIBLIN: Was that done by the--

DR. de VEYGA: Through EFA bonding by the university -- the university has that.

ASSEMBLYMAN GIBLIN: The only reason I look with NJCU down at Fort Monmouth, you're talking about a fair amount of construction. I believe that's a big tract of land.

Is there any public-private partnership going to take place down there?

MR. ACEBO: So, that's what brought us there. And, I will be, again, be bold enough to say that is not on the horizon, Assemblyman Giblin.

But, the focus is on cost containment and being a strategic partner in those communities, becoming a transfer hub. NJCU found itself down in Monmouth County long before it had Squier Hall on the Fort.

But, we're hyperfocused on strategic partnerships, particularly to meet the labor demands. It's projected that we'll have 10,000 less nurses than we need as a state, so that's a signature area, and, so, that's a program that is poised to boom for us. I think, also, it's not lost on us that the strategic partnership of who our neighbors will be -- whether it's Netflix or the RWJ Barnabas Health Center on the Fort, those are things that, as an anchor institution, those community partnerships mitigate fixed costs and things that we will explore so that we meet the labor demands of the region and the community.

But, as far as the P-3 pursuits, those are things that brought us to Fort Monmouth. Most of the University Place expansion from 2015 through 2019 in Jersey City were all done through the initial P-3 legislation that was, as you may recall, hyperfocused on higher education incentives to grow and really transformed and took what was, historically, contaminated chromium, contaminated brownfields, and developed it to the benefit of the greater community. One of the projects that's unfolding -- and, construction takes longer, and the pandemic only delays it -- it's becoming, using our leverage as an anchor institution to spur development there, to bring attention and address a food desert on the west side of Jersey City.

Those things are things that the institution has availed itself of, Assemblyman, particularly with the P-3 partnerships. The focus right now, exclusively, is not on real estate or capital improvements of beyond the deferred maintenance needs of our campus, which are great, because teaching

conditions become learning conditions, right? The focus is on human capital and developing individuals to, again, move beyond stations that they enter us in. But, not real estate assets or pursuits.

ASSEMBLYMAN GIBLIN: The other question is, I heard you -- whether it was you or some of the other presenters -- talk about the issue with reduction in terms of staff.

Has the institutions that you oversee shifted from full-time professors to significant utilization of adjunct professors and/or lecturers? That's a cost-saving that I hear taking place all across campuses, and I guess with that, you might avoid the cost of either pension cost or the other issue of the welfare hospitalization costs.

Is there more reliance on adjunct professors?

DR. de VEYGA: No. I understand the question -- and, thank you -- but the reality is that less students, less teaching.

So, what -- I can get you the actual ratios, whether we have gone, let's say from 50/50 to 60/40. But, no, we just didn't have classes to actually have to offer, so we didn't have to switch our overreliance.

ASSEMBLYMAN GIBLIN: There's been no change, percentage-wise, even during--

DR. de VEYGA: I will get you whether there's actually been -- but, it's not -- there hasn't been a change where I would tell you, you know, we have made a conscientious change in using more contingent basis and going to adjuncts, as opposed to using full-timers.

It's just been there's been no classes for our full-timers to actually offer.

ASSEMBLYMAN GIBLIN: And, I'm not (indiscernible) when I say they're not in the pension, they're not covered with hospitalization.

That's correct, isn't it?

DR. de VEYGA: That would be a fair assumption. I mean, I'm sure we could find one or two, but we are also -- for what it's worth, if I understand your question right -- we are under the cap in terms of our position members at William Paterson University, so it's not that it's affecting that budgeted amount in the state budgets.

DR. EVANS: Can I add something real--

ASSEMBLYMAN GIBLIN: One final thing--

SENATOR ZWICKER: I hate to cut us off--

ASSEMBLYMAN GIBLIN: OK, your relationship with county colleges?

DR. de VEYGA: Sure.

We are part of the Aspen Initiative with Bergen Community College. It's a program that is run nationwide. We are one of their top feeders; they are our largest feeder. We get about, somewhere around between 600-800 students every year out of there. We have a good relationship with the County College of Morris as well -- President Iacono is here -- and, of course, with Passaic County Community College, President Rose.

Of course, we have a campus -- not a campus, but we offer classes at Mercer County Community College as well, and we have signed agreements as well with Brookdale and with Ocean, where those students are particularly enrolled through our online platform, because of the distance. We continue to accept transfer credits as NJ Transfer requires.

But, as I have explained before, part of the challenge with the transfer pipeline is that those students also have been affected by the pandemic particularly hard.

SENATOR ZWICKER: Thank you so much for your time. I suspect during this robust conversation it will continue to come up whether its adjuncts, P-3s, and many of the other things.

I do want to move on; we have many other panels here which we'll have time to ask more of these questions.

Thank you so much for your time.

DR. EVANS: Thank you.

DR. de VEYGA: Thank you.

MR. ACEBO: Thank you.

SENATOR ZWICKER: I would like to call up the next -- President Foster from TCNJ; President Dell'Omo from Rider; and Gene Lepore, Executive Director of the NJASCU.

So, as you can see, there are many questions. So, I would greatly appreciate if you would keep your comments to five minutes or less to allow plenty of time for a robust series of questions.

And, President Foster, I know you have a time constraint, so we'd like to start with you.

KATHRYN A. FOSTER, Ph.D.: Thank you, so motivated to do just what you said.

So, like every other president I know, I think about fiscal stability every day. And, I'm delighted to have this opportunity. I think it's a perfect time in the program to speak.

So, let me cut straight to the chase. Even for TCNJ -- even for schools that have historically strong finances, and growing enrollment, and good capacity and outcomes -- even for us, achieving financial sustainability has become *much* harder with formidable constraints that challenge the business model and that they're backing us into a corner.

So, I don't think I need to go over the business model too much now, because I want to go straight to what I think the problems are, and then suggest five things that I think this legislator-- This group could be thinking about in the months and the years to come.

So, the business model in short: You've got revenues on this side, you've got expenditures on this side. There's only three major sources for publics, state, but then, also, enrollement-based revenues, and then all other -- which is those non-recurring one-time revenues from your donors or your grantors or your visitors. On the expenditure side, as others have said, you have your largest bucket, which is compensation; you have your second budget, which is things, which are your non-personnel expenses; and, then you have an important bucket, particularly for the publics, which is your obligations and debt.

So, that's the model. And, on the revenue side, it used to be -- as Will de Veyga said -- it used to be that the State, for the publics, supported well over 50% of the operating budget. Today, for TCNJ, it's at 22%. So, that's what the change has been over the last 20 years -- a profound and dramatic difference in the way that this model operates and the dynamics.

So, what's the problem? Well, we're blocked. We're severely constrained right now to do what you must do to be financially sustainable or stable, which is to have your revenues consistently greater than your

expenditures. So, what is the problem? Well, why not get more from the State? Why not make that be your thing? Move that 22% up to 53%. As you know, we certainly try. We come to you every year. We ask about operating base, we ask about more state-designated positions -- Paterson, I'll take yours -- we ask about the alphabet soup of TAG, EOF, and OBA; and we ask for a Legislative add or two. But, as the trendline shows, even with incremental increases, percentage-wise, given the way that the expenses are going, it's much harder to keep up. So, that's one constraint.

Secondly, you might say, "Why not raise tuition and fees?" Well, that's what we did. That's what we did for 20 years; we raised tuition and fees as the percentage of the State support went down, so that we -- for some schools, it's 200% higher, tuition and fees, than it was in the year 2000. Today, with price sensitivity, the imperative toward affordability concerns about student debt -- a number of the things that have been mentioned so far today -- that's essentially blocked that route.

OK, then, why not borrow externally? Well, technically, you could -- perhaps. But, realistically, you cannot. So, public institutions are highly leveraged now. You've heard about NJCU, with \$159 million in debt. TCNJ, with beautiful facilities and debt that's been taken on over the last 30 years, is \$350 million in debt. By 2026, at Fiscal Year 2026, the amount of my debt service -- so, my payment on principle and interest for the College of New Jersey -- will be \$27 million, and that is about the amount of money that we get in terms of the State-based operating support. So, you could. You could, if you were willing to have every external rating agency downgrade you. You could borrow a little bit more. Every one of them has cited that as

a fiscal demerit for the public institutions. So, you're really taking a chance if you decide to borrow more.

OK, then, why not borrow internally? Why not go to your reserves? Why not pull something out of your endowment? Perhaps President Dell'Omo will have more to say about that. But, reserves are your savings account. They are useful for one-time rainy-day expenses. If you go to your reserves for your recurring expenses or your operating support, you have pulled down just what you need when the pipe bursts or when the roof collapses. So, not a good idea; it's not a prudent use; and, it's not a way of thinking about fiscal sustainability.

OK, then, why not cut back on expenses? Especially the big ones, like capital maintenance or academic programs or student support services or financial aid? So, we've all done that. We've all tightened our belts every year. You've heard about it quite a bit here. Cutting back on -- deferring maintenance, which is part of our challenge at the publics -- cutting back on academic support, cutting back on student support, especially at a time when students are expecting more and demanding more and needing more is a really difficult situation to be in. Your choices of what you cut back on may incur risk and vulnerability and, in particular, the risk that you will not get enrollment, because people are expecting a certain kind of infrastructure, and they're expecting a certain kind of support now.

So, finally, what gets left? Why not grow enrollment? That's where we all run. We all run there maybe to try to expand it to new markets, maybe to try to get a little more from early college, maybe to try to get a little more from graduate; certainly to try to get a little more from the high school. That's where the revenues seem to be, but there are tradeoffs; it's not all on

the revenue side when you get more enrollment, as people have talked about. You need more classes; you may need bigger classes; you need more faculty and staff. You certainly need more student support; you need more marketing; you need more financial aid. So, the ratio, the margin for new enrollment, is not as great as it perhaps once was.

So, with that saying, hold those challenges to the business model right now. How would we fix things? I want to put five ideas on the table for the months and years to come.

First, as some people have said already from the questions, shift the thinking from K-12 is over here, and college is over here, and make it a K-16 conversation, so that we're thinking hard about the pipeline and about the pathway through education in the State of New Jersey and what it is that we're trying to achieve in terms of our citizenship.

Secondly, we're all talking about greater collaboration. This is a very important category for reform. It would be for shared services; potentially back office; potentially mergers, as you heard about already on the panels. It is absolutely on us to find those efficiencies, and to be getting dates to the prom, and to be finding out who our partners are out there.

But, I think the State could help in two ways: One, remove any barriers that stand in the way of greater collaboration. Whether that's on the civil service side or ways that the different union groups, etc., that we can work together with institutions -- Montclair and Bloomfield doing this right now, obviously. Secondly, and equally important: Provide incentives. Provide incentives to share your services or consolidate; provide incentives to do things more efficiently. The State does that for municipalities, and it does

it for school districts. Think hard about doing that for higher education as well.

Third: It's a really competitive environment out there. We are competing on financial aid; we are competing on marketing, as if you hadn't noticed as you go around the state. And, we're all going after a similar group of students, which is a declining market. So, in that competitive game, make sure it's an even playing field. If we're going to be getting operating rate aid; state-designated positions; fringe benefit rates; the differences between the different ways that we calculate that for the different categories of schools. Let's think hard about making sure that that's an even playing field.

Fourth: help with debt. What would help with debt look like? Debt avoidance; could be some monies, perhaps, coming out of the funding that we have now from the State out of the leftover COVID monies; it could be debt defeasance; it could be access to capital for those places that cannot do external borrowing, but yet they are already needing something more in facilities, whether it's residence halls or other kinds of academic facilities. We *are* grateful for the occasional bond issuance; that's been critical. But, those come infrequently. They often come in different sizes, and they often come in different pots of money as well. So, ultimately, that amount of money in terms of our debt -- compared to what the debt is that we have to pay in debt service every year -- it's been a small dent. So, massive amounts of money, perhaps, would be helpful there, obviously, or helping us access to capital.

And, then, finally, my fifth idea -- or, *our* fifth idea -- employees deserve to be compensated fairly. And, this is a time of inflation, and people are looking to have their compensation go up. So, getting raises is really important right now. As the State bargains the labor agreements, move to

annually think about offsets to the compensation increases. When there is a course -- when there is an increase, let's say, of 6% or 5%, those come back to the colleges and universities, and we are then met with, you know, "You need to raise your compensation budget," which is *the* largest budget, as President Evans said, on the expenditure side.

So, think about, could there be a corresponding operating increase built into what it is in the State operating funding that would offset -- or, at least chip away at -- some of those compensation increases that we know our faculty and staff deserve? Otherwise, you're in a position of either raising tuition and fees, as other people said, or cutting back on services and supports.

So, Mr. Chairman and Madam Chairwoman, there are many different kinds of institutions. I want you to know that we're all wrestling -- we are all wrestling with these financial stability questions. Whether you're a very strong institution or whether you're some of the institutions that have been the canaries in the coal mine that have first been brought before you today.

So, thank you very much.

SENATOR ZWICKER: Thank you, President Foster.

I appreciate your very specific recommendations to this panel.

Yes, Senator Cryan.

SENATOR CRYAN: I just wanted, real quick-- And, thank you; thank you for talking about the debt issue.

DR. FOSTER: Yes.

SENATOR CRYAN: I believe, at least in the data I've seen, that the total debt on public in New Jersey is about \$6 billion.

DR. FOSTER: I wouldn't be surprised.

SENATOR CRYAN: Does that sound about right?

DR. FOSTER: Yes.

SENATOR CRYAN: And, we're looking at this at -- in the minutiae today -- but, we're looking at a formula-- I just want to advise the committee. I mean, that's a strong number. And, Rutgers has a big piece of that -- almost two-thirds.

But, \$350 million, and you have 7,000 students or so, right?

DR. FOSTER: Huge. It's \$350 million in debt against a total budget of \$270 million -- operating \$220.

SENATOR CRYAN: Big number.

DR. FOSTER: Big number. Big ratio.

SENATOR CRYAN: I just really want to reemphasize the point, because I think it's one of those hidden things that we don't focus on enough.

And, I thank you for bringing it to the attention -- and, those great recommendations. Thank you.

SENATOR ZWICKER: And, echoing what Senator Cryan just said, specific recommendations around debt, as well, we need to look carefully at.

DR. FOSTER: Yes, thank you.

SENATOR POLISTINA: Can I ask--

SENATOR ZWICKER: Senator Polistina.

SENATOR POLISTINA: Sorry, real quick.

The percentages you mentioned at the beginning -- 50 to 22 -- was that a-- Was your aid from the State flat, but the percentage as it relates to the overall tuition went down? The 50 to 22, I didn't fully grasp.

DR. FOSTER: So in 2001, 2002, the State of New Jersey was providing to TCNJ -- this is our number -- 53% of our operating budget was supported by the State. So, if you were sending us \$20 million, at the time, that was 53%. Now, things change over time; now it's 22%.

SENATOR POLISTINA: OK, so, as your budget went up, the State aid stayed flat, essentially.

DR. FOSTER: Correct. It wasn't that the amount of money didn't go up, it's that it could not keep pace with what was happening in terms of portfolio expansion and all the other ones.

SENATOR POLISTINA: Thank you.

ASSEMBLYMAN UMBA: I just want to make a statement off of Senator Cryan's statement with debt. And, this is not really to the institutions -- it's a probably welcome thing that you want to hear -- but, when the Governor presents his budget, he has to remember the promises that the State has made, and our institutions have put the capital into those debt items; they move to places that the State have asked them to move, and to expand their universities.

And, then, the State said, "OK, we're going to contribute X amount over the 25- to 30-year life span to that, and we can't just undercut." I know that there are some institutions split between my district and District 2 that have been undercut in this budget, and we have to make sure that those promises, that we go on debt service, are met, because then that's just taking away from the educational resources given to kids.

DR. FOSTER: Yes, thank you, Assemblyman.

We've been very creative -- and other schools have, as well -- to restructure that debt to try to cut back and try to get a little more cash flow

in the (indiscernible) years. But, it does push out the debt to the following years, somewhat.

We owe money right now, and somebody needs to be paid.

SENATOR CRYAN: And, just one last comment, I apologize.

I do want to make this comment, because you brought it up, and I really think you crystallized it. You know, the growth over the last 20 years has primarily been done without any sort of State approval.

DR. FOSTER: Without any what?

SENATOR CRYAN: Any sort of State approval. You're growing your board of trustees. This is not unique to TCNJ who is a shining star in New Jersey. Every kid wants-- Every parent wants their kid to go to TCNJ, right?

But, that growth hasn't included the approval of the State. And, quite frankly, for most of the bonding stuff, it hasn't either. And, we need to be aware of that. If we're going to take and understand in this formula that we want more State funding and those sort of things, there ought to be approvals and conditions that come with it. You can't grow a hundred programs, and in some cases, cut them out, and then say, "Give me more money, I'm underfunded."

DR. FOSTER: Right.

SENATOR CRYAN: And, that's been an ongoing issue here, and it's a very consistent issue.

You're easy because you're the stalwart, right? It's easy to talk to you about that, because TCNJ -- that investment you had at the village you did all the other stuff.

But, it's been a source of frustration for me, and I believe for other members of the Committee, that this growth has gone unchecked. Based on a development of a community's needs without our input, to be perfectly blunt about it. And, when you expand, and our numbers stay level, the complaint is, "You didn't help." The reality is, we weren't asked to be a part of the expansion.

So, I do want to make sure that presidents who are listening, and for those who are there, that I think it needs to be part of our conversation, in terms of the dollars we provide through the Chair.

And, I'll leave it at that. Thank you.

SENATOR ZWICKER: Thank you so much.

I have one follow-up question specific to TCNJ.

I very much appreciate the comments on debt that are going on right now.

You did in the beginning parts of your statement talk about the pools of money pretty much that come directly from the State. And, so, I have in front of me -- I'd asked staff to do this -- the 10-year difference between what the State allocated to our senior institutions Fiscal Year '13 through Fiscal Year '23. The numbers, percentage-wise, in terms of what's gone to the various institutions, is wildly different, right?

DR. FOSTER: Yes.

SENATOR ZWICKER: What is also clear, since you're here, is that the College of New Jersey is at the bottom of that increase, right?

DR. FOSTER: Yes.

SENATOR ZWICKER: So, I'm just going to leave it as an open question: Do you want to comment about how -- whether specific to you, or

how is aid allocated right now? We heard from Secretary Bridges some movement towards outcome-based -- at least, a portion of it.

But, it's clear TCNJ, the average increase across all the senior institutions, was on the order of 35-36% but somewhere much, much higher. Yours was roughly 9%.

DR. FOSTER: Right. So, that's a bigger question, Senator, I think.

I would say this about that. If you have an ecosystem, and each of the schools has a slightly different mission, or is appealing to different kinds of programs and things like that, there is no single formula that will help everybody. So, any formula you put into place, if it's a single formula, we will all rush to the soccer ball of that formula.

So, some institutions were positioned better through those years when the sentiment was to support a certain, maybe, kind of school, etc. That doesn't take away from the importance of that. There's an access mission, etc. It does mean that the reward for different kinds of outcomes came in different ways, and TCNJ -- and, I think it's a point of pride and we might as well say it out loud -- has extremely strong outcomes, extremely strong impact, and for many students in New Jersey coming straight out of high school, it may be the last stop before they go out of state.

If they could go to a school like TCNJ which has the kind of academic excellence, etc. -- which is not taking away from anybody else -- but we were doing it as a (indiscernible) on our bottom. And, for the most part -- I wasn't here during all those years -- but for the most part, you're right, TCNJ was not receiving it, and will continue to be in that position right now, given the formulas that are in the State right now.

SENATOR ZWICKER: OK, if we can move on now.

So, next up, the President of Rider. Thank you.

DR. FOSTER: I'm sorry, I have to go.

SENATOR ZWICKER: Oh, you have to go.

Thank you, President Foster.

Next up, President of Rider University, President Dell'Omo.

G R E G O R Y G . D E L L ' O M O , Ph.D.: Well, good afternoon, everyone, and I want to thank you for the opportunity to testify today.

In light of the time limitation, I will summarize my written remarks to speed it up a little bit.

My name is Dr. Gregory Dell'Omo, I am the President of Rider University. I've been in that position since 2015, and I am very, very proud to be leading one of the state's finest independent not-for-profit institutions of higher education, with a long and very impressive history -- a history that began in 1865, then as the Trenton Business College, and now Rider University.

It was really established back at that time to train leaders in the post-Civil War economy. And, I'm proud to say, the early years of Rider educated not only veterans were trained from the war, but also women, as well as students of color, and even international students were part of those original classes of students coming to the Trenton Business College. And, now, Rider produces some of today's leading business executives and has evolved into a mid-size residential comprehensive university with a diverse campus community and vibrant undergraduate and graduate programs.

Today, Rider's student body is as diverse as the State of New Jersey. Of our over 4,000 students, 43% are individuals of color; 33% of the

Class of 2025 are first-generation college students; 49% of our STEM majors are underrepresented students; 52% of STEM majors identify as female; and, 34% of undergraduate students today are Pell eligible. Now, 73% of the Rider students are from New Jersey, and we enroll students from all 21 counties.

We also have 1,100 total employees; 917 of them reside in New Jersey, with an annual employee payroll equating to about \$73 million in salaries and benefits. And, the university's 450 full-time and part-time faculty, athletic coaches, trainers, and librarians are represented by AAUP union, and approximately 100 support staff are represented by Aspen.

Now, for all of Rider's almost 158 years, the university has always had a remarkable ability to adapt. However, the past five years have been undeniably the most challenging and transformative for the university. And, for a lot of reasons you've already heard today, that the industry is going through major, major environmental changes. Clearly, it is impacting Rider as well. In fact, at Rider, we have seen our net tuition fees and auxiliary revenue decline by 16% since the pandemic -- which equates to about \$20.3 million in losses to our bottom line. Enrollment alone, since the pandemic, has declined by 15%, and auxiliary revenue has dropped by 10%.

As I said, you've already heard about the upcoming enrollment cliff, which actually began before the pandemic, and it's going to be exasperated as we move forward in the next five, six, seven years. And, it's going to clearly make the situation even more challenging for all of us.

Now, as you know, we have historically seen a large out-migration of New Jersey high school students to other states for college. That has been an ongoing challenge in our state. Today, we are also facing very

aggressive efforts from neighboring states, including New York, for example, to recruit New Jersey students to attend their institutions by charging in-state tuition for those students. From New York alone, we have seen a decline of more than 22% of applications this year -- and that's just New York; we're seeing this take place in other northeast states who are attracting students from New Jersey at their in-state tuition revenues as part of those states' strategies to combat their declining demographics.

These environmental changes affect more than just Rider, of course -- the entire industry is facing these hurdles, and we must work together to change the paradigm, as these problems are simply not going to go away. They are systemic. And, I'll be even more direct: The impact of these realities that we're talking about today, and as we go forward talking about, are not sustainable. These are very, very dramatic times for us as an industry.

But, I want you to know this: At Rider, we are not just sitting back idly while these challenges amount, and sit back and say, "What do we do?" We are taking decisive action to try to address, the best we can, our own reality with a plan that we put together called, "Our Path Forward." Now, I just want to highlight some of those plans' components.

Growing enrollment, as you heard from others, is a paramount strategy, but also a very, very challenging strategy, given those decline demographics. And, to put it in even more reality terms, 95% of Rider's revenue comes from tuition, room, and board. We are a tuition-dependent institution as a private institution. We have not only invested in creating new academic programs to meet market demand and expand our online offerings -- especially in graduate and non-degree programs -- but we are

continuing to assess every program to determine its academic future at the university.

In the past year alone, we have eliminated or archived 25 low-enrolled, undergraduate and graduate programs, and restructured or consolidated a number of other programs, all of which have had, really, a minimal impact on faculty, students, and staff, given the comprehensive approach that we have taken to address these kinds of changes. These include better management and allocation of our resources, and strategically reduce the expenses. And, as one of my other colleagues mentioned, we had actually gone from five colleges within the university down to three colleges in the university -- again, to consolidate resources and still be able to provide the same level of quality academically for our students and faculty.

We also negotiated and implemented a retirement incentive program for the AAUP members; we instituted a voluntary separation plan for non-union employees; we eliminated a number of open positions in the university; we've outsourced non-academic support services where appropriate; and we continue to closely evaluate every dollar we spend in our operating budget.

In total, we have reduced expenses by more than \$12 million over the past two years, and, as part of Our Path Forward plan I mentioned, we created a plan that will generate additional revenue, plus additional cost savings for a combined \$14 million over the next three years as part of our strategy.

Now, in addition -- to give you one other example, a major example from the university -- when it is no longer feasible to keep the Westminster Choir College of Rider University operating separately on the

Princeton campus, Rider relocated the Westminster programs, faculty, staff, and students to our Lawrenceville campus in 2020 to preserve its historical mission and to join Rider's other nationally recognized performing arts programs that were already on the Lawrenceville campus. The move eliminated significant duplicative costs of running two fully operational campuses that were only 6 miles apart. It is our plan to sell the Princeton campus and re-invest those funds back into the University; however, we are involved in a protracted litigation over the matter that is preventing the completion of this critically important project. And, hopefully that will come to a resolution in the near future.

Like many universities, Rider follows a tuition pricing model that provides substantial discounts through scholarships and financial aid to our students. This model can be challenging for students and families who believe a Rider education *may* be financially out of reach, based solely on the institution's sticker price. So, in October 2020, Rider announced a series of steps intended to strengthen the overall value of Rider education -- including a 22% reduction of our annual undergraduate tuition at the time, as well as increasing the robust support for career preparation and academic success that we provide to our students.

The new initiative called Lifting Barriers was designed to help students break through significant obstacles they face in obtaining a college education and successful career, including understanding the true cost of college and the ability to adapt, both socially and academically, in a college environment and beyond.

Now, for many students, a Rider education is just as affordable -- just as affordable, if not more so than at a public institution in New Jersey.

You may be surprised to know that Rider's increase in net tuition and fees, when you're factoring in increased scholarship and financial aid, continues to be very modest year over year, even below the rate of inflation we hear a lot about. In fact, over the past 10 years, Rider's average net tuition and fees have only increased by a total of 5%, and has actually declined by 4.87% over the last five years. This fiscal year, we project that the average net tuition and fees -- that's the average of net tuition and fees -- will be less than \$20,000 annually, with 30% of our students paying less than \$15,000. And, there's many that pay less than \$10,000 and \$5,000, and some don't pay anything. Again, this is designed to really address both the academic preparation of our students, as well as the need of our students.

Now, we've worked very, very hard to make Rider as affordable as possible to our students, and we will be making significantly more investments in financial aid and other scholarships to remain able to offer a high-quality, affordable educational experience.

Now, again, in light of the time period we have here, I will really conclude my remarks at this point in time. And, I just want to say that we are very eager to continue serving New Jersey in vital ways as our state's education needs change. We're doing the hard work to stabilize Rider, support our students, and the wider New Jersey community. But, simply put, we need more time. And, quite frankly, we need more support to see these challenges through.

It is my sincere hope that the New Jersey Legislature will see the value in institutions like Rider, and will agree that universities like ours matter to New Jersey. We are important to the landscape of this great state, and should have every chance to be part of the higher education landscape

for years to come. It's the diversity of the education environment in New Jersey that makes it so exciting and so successful, and we hope we will continue that level of diversity in terms of the types of institutions that we offer to our student body, as well as students from outside the state, because our goal, always, is not only to keep New Jersey students in New Jersey, but to begin to attract more out-of-state students to our fine institutions.

So, I want to thank you for the opportunity to present today, and I hope I gave you a little more information about Rider University and the things we're working on.

Thank you very much.

ASSEMBLYWOMAN JASEY: Thank you very much.

It's been a while since I visited Rider. It's a very pretty campus, I remember that. And, I think I was there -- we were talking about teachers; how do we involve more teachers, public school teachers, for the State of New Jersey. So, it's been a while.

Thank you very much, I appreciate it.

How many out-of-state students do you get? What percentage?

DR. DELL'OMO: We now -- we get about 25% of our out-of-state students, most of whom are -- we are a Division I NCAA sports school, so a lot of our student athletes come from outside the state, as well as throughout the world. And, some of our more internationally known -- internationally recognized programs, such as Westminster Choir College and musical theater and some of our business programs will draw students from outside the state.

A lot of students are obviously from eastern Pennsylvania as well.

ASSEMBLYWOMAN JASEY: Thank you.

You're next.

EUGENE LEPORE: Thank you, Chairwoman.

Good afternoon Chairwoman Jasey, members of the Joint Committee. Thank you for this opportunity to testify, and thank you for holding this particular hearing.

I intend to hit on some of the themes that others have earlier today, but I hope to do it in a way that's not duplicative, and in a way that contributes to the discussion.

I'll start off by first stating that we're very grateful to Governor Murphy and the Legislature for, in recent years, prioritizing higher education and making some key investments in both institutions and students. The Governor's proposed budget for FY24 -- if you'll just indulge me to talk budget for a second -- would increase operating aid to the State's public institutions of higher education by \$25 million. These funds would flow through the state's Outcomes-Based Allocation -- or, the OBA. OBA allots funds based on degree completions and number of low-income students, with premiums or bonuses awarded for completions by students from underrepresented minority groups, STEM completions, etc. For lack of a better term, OBA is the formula for additional investment in higher education operating going forward, as Secretary Bridges stated.

We commend Secretary Bridges for working collaboratively with the institutions on this formula, and generally we support the use of OBA as a method for distributing the new funding.

The operating increase proposed this year is critical, especially after several years of flat or decreased funding prior to Governor Murphy's tenure. FY2000 operating support for the State's senior public institutions

was \$804.2 million. The proposed total operating support for FY24 is \$884.9, an increase of just about (indiscernible), over nearly a quarter century. Operating aid akin to what President Foster mentioned -- operating aid for public institutions of higher ed. -- has gone from just over 4% of the total State appropriation in 2000, to a proposed 1.6% in 2024.

In New Jersey, we take great pride that our K-12 schools are the best in the nation. I would like to say that's unequivocal. Governor Murphy and the Legislature are holding fast to their commitment to ramp up school aid until all K-12 districts receive 100% of funding under the formula. We've also witnessed a similar commitment or aspiration when it comes to the expansion of state-funded early childhood education. It's our hope that the state will begin to view its financial commitment to education more holistically -- not just K-12; not just Pre-K-12; or even Pre-K through 16, but cradle through career.

To do this, operating support is key. As we've heard, institutions' costs grow each year, even when inflationary pressures are low -- and, we know that's not the case now. Institutions' workforces make up roughly two-thirds of their budgets, and our employee unions collectively bargain COLAs and step increases with the State. In order to keep up with these increases, let alone increases in the costs of goods and services, institutions must grow enrollment by roughly 2% to break even. If institutions are not growing enrollment considerably each year, and the state is not providing additional operating support, they must consider increasing tuition to balance the annual budget. There's no other option. Fiscally responsible institutions pay for recurring costs with recurring revenues. They cannot depend on reserves, charitable donations, grants, or other non-recurring resources.

In addition, many institutions, as President Foster said, cannot cut or right-size their way to funding annual cost increases. They've been doing more with less for quite some time. And, the demand for wraparound services, such as educational and mental-health supports, is only growing. If we're not meeting these needs, we're not serving our students, and will be unable to compete in the environment. As you've heard from William Paterson and others, it's becoming more difficult than ever to grow enrollment. It's simple demographics. We've talked about the cliff, and certainly here in the northeast region we will not be immune.

In short, the funding model has been predicated on enrollment growth, and it's just getting more difficult to grow. If a sustained commitment to operating aid is not part of the plan, we're headed for a real crisis. Capital needs are another mounting fiscal pressure on our campuses. Infrastructure, buildings, and equipment are at the end of their useful lives and are failing regularly. These infrastructure failures add more unexpected costs to annual operating budgets. Because institutions borrowed to keep up with a generation of growth and demand, many have little capacity to borrow more to pay for new capital needs.

In New Jersey, we don't pay for capital needs for public institutions on an annual basis like other states -- I think Secretary Bridges mentioned that. According to the State Higher Education Officers Association, states provided \$17.2 billion in capital support in 2020, and \$12.9 billion in 2021. New Jersey was one of only six states that provided no funding over these two years.

In New Jersey, we funded on a periodic basis, through general obligation bonds and debt-supported loans and grants through the EFA.

We're on roughly about a 10-year cycle for the EFA programs, and sometimes it can be 20 years or more until we see another general obligation bond. You'll recall from roughly 2012, the Building Our Future Bond Act -- which was tremendously successful. I don't anticipate that another one is coming in the next few years.

EFA and OSHE, as we heard, are apparently reviewing applications for the \$400 million that will be distributed to public and private institutions on a competitive basis. The funds will be divided into four different programs that focus on new construction, renovation, expansion, technology, and equipment, respectively. The needs, as demonstrated in billions worth of applications for just the \$400 million, far outweighs that amount. We're incredibly grateful for the EFA's support, and we're hoping to supplement that support with some of the uncommitted Federal monies and State Debt Prevention Funds that are still available.

This type of capital investment in higher education just makes sense, especially as we move toward a period of economic uncertainty. This type of investment will create critical jobs and economic activity when New Jersey needs it most, and will help our institutions stay competitive.

I'll close by promising you that our public institutions of higher ed. are worth the investment. According to an Economic Impact Study of our seven institutions, every \$1 million invested by the State generates \$16 million in economic activity -- and, that's just our seven institutions: TCNJ, Kean, NJCU, Ramapo, Stockton, Thomas Edison, and William Paterson.

We support approximately 36,000 jobs, and, most importantly, as we heard from NJCU's interim president, we are vehicles of socioeconomic mobility. In the aggregate, we estimate that the roughly 227,000 NJASCU

member institution alumni living and working in New Jersey represent an aggregate \$2.55 billion more in household earnings because of the bachelor's degree they received from their alma mater, as compared to receiving an associates.

Thank you very much.

I'm here to entertain any questions you might have, and, again, thank you so much for holding this hearing and wrestling with these tough questions.

ASSEMBLYWOMAN JASEY: Thank you, and I want to remind you that we will have another hearing following this one, because -- I mean, this is a lot to get your head around.

I have a question about adjuncts. So, how have the rates of adjunct professors to tenured faculty change at Rutgers over the past decade, in a nutshell? I know that's a tough question.

MR. LEPORE: That I will have to defer to the representatives from Rutgers University. I cannot speak to Rutgers -- they're not a member institution at the NJASCU.

ASSEMBLYWOMAN JASEY: OK, thank you.

SENATOR ZWICKER: Senator Pou.

SENATOR POU: Thank you, thank you so very much.

Good afternoon, Gene, it's good to see you here.

I heard you speak in terms of-- And, you heard my earlier comment to the Secretary of Higher Ed., Dr. Bridges, with regards to the OBA and he was explaining that. Back in Fiscal Year '21, you may recall that funds were allocated on a full-time equivalent student, right? So, the FTEs should we be using that full-time equivalent student as a basis of the formula?

You talked about what the future would be for OBA -- I would think that that other formula possibility would be very helpful for many of the institutions that are currently facing questions with regards to finances.

MR. LEPORE: So, I can say a few things on that. I think, in general, OBA -- or this formula -- is in its infancy. And, Secretary Bridges has committed to keeping the conversations going, revisiting it on a regular basis with representatives from the institutions, to make sure that it's doing what it should. Now, there are different sort of -- there are different metrics within OBA. It counts low-income students -- and that's a head count -- but it also counts completions. And, that's designed to incentivize the institutions to really support and complete their students.

So, I would say it's not a straight FTE count. That said, there are institutions who, over the course of their time as State institutions, have received less per-full-time equivalent. And, last year, the Legislature invested about \$32-33 million to provide additional operating funds to those institutions to account for those historic inequities. Those funds are being proposed again and kept in the budget by Governor Murphy in his proposed '24 budget.

So, though there's not sort of a "perfect" FTE formula for higher ed., we are grateful that the Legislature put in those additional funds and that Governor Murphy is proposing them again in '24.

SENATOR POU: Thank you for that.

Through the Chair, just-- I'm having difficulty right now understanding or grasping the benefit of the OBA. I want to subscribe to what is being said, I want to be able to see that.

I'm envisioning a student in my mind, right now, who wants to go to college, wants to stay in school, wants to be able to do that, but has to support themselves, be able to -- will have to have at least one or two different types of jobs in order to do that. And, if this is based on the retention of that student, the completion -- which we all want, we all understand that, by the way; we want this to work. I just see that is going to prolong, and therefore those particular institutions that have those students are not going to benefit, especially the low-income students who it's supposed to be targeting is just not going to get there.

Please tell me I'm wrong. I want to be wrong. I'm just not sure how that is going to work out.

MR. LEPORE: So, I would say on a lot of these questions, I would defer to and would love to hear Secretary Bridges' take--

SENATOR POU: So would I, by the way. So would I.

(laughter)

MR. LEPORE: What I will say first and foremost when we're talking about those particular students, I think we'd be remiss if we didn't talk about the progress that we made with both TAG and Garden State Guarantee in recent years. Not to mention EOF -- and, what a national model the EOF program is.

In terms of the Outcomes-Based Allocation, there's elements of it that are headcount, and there's elements of it that are degree completions. So, in some ways, it's seen as performance based an incentive to improve certain outcomes, or outcomes with particular types of students. But, in terms of those students who may be struggling to pay tuition, or working any number of jobs, I think the most important thing we have to focus on for

those students for closing those gaps is TAG and Garden State Guarantee and EOF and Pell, and the variety of student aid programs that we have.

And, I think there have been a number of recent studies -- I think Urban Institute and Rand Institute of the TAG program -- and just talks about, really, how successful the program is and how, honestly, it's a beacon program nationally. It's one of the most generous student aid programs out there, nationally, and it's something I think that we should be tremendously proud of here in New Jersey.

SENATOR POU: Thank you.

SENATOR ZWICKER: Senator, I would just echo what you said.

I agree that it's great to have an outcome-based assessment. I understand the need for certainty in planning budgets, and having some sort of formula. But, how do we measure outcome? What do we value when it comes to outcome? To what you and previous speakers have spoken to, as the parent of a child who did not graduate in four years, why would I want to see that institution penalized for that when the quality of his education was outstanding?

So, I think -- I'm glad to hear this. We've got to work on what these answers will be; we'll try to get you an opportunity to ask Secretary Bridges directly, some of the details about that. But, I appreciate everybody's comments right now.

ASSEMBLYWOMAN JASEY: Gene, when I asked a question, I meant to ask it for William Paterson. Can I re-ask the question?

MR. LEPORE: I can certainly provide it after the fact, through the chair, or defer to Dr. de Veyga, who is here from William Paterson, as well.

ASSEMBLYWOMAN JASEY: OK.

So, how does -- I'll give it to the right person this time. How does William Paterson's ratio of adjunct professors to tenured faculty compare to similarly situated colleges and universities?

DR. de VEYGA: Unfortunately, me being here is not really going to help, in the sense that I cannot speak as to our comparison to other institutions. I could speak to, potentially, where I was before, but I would be more comfortable providing that data separately to the Committee, if that's OK.

ASSEMBLYWOMAN JASEY: Thank you, I would appreciate that.

DR. de VEYGA: Of course.

ASSEMBLYWOMAN JASEY: Assemblyman.

ASSEMBLYMAN SCHARFENBERGER: Thank you.

And, this question is actually-- Oh geez, you sat down too quick, because this may be something you can answer, too.

DR. de VEYGA: I made the drive, I am happy to be here.

ASSEMBLYMAN SCHARFENBERGER: You'll get your money's worth out of this day.

DR. de VEYGA: You will.

ASSEMBLYMAN SCHARFENBERGER: Hopefully.

In New Jersey, in a post-COVID period, we've been dealing with severe learning loss, K-12, and some of the upper grades I think the numbers

in the report I saw between 70 and 80 percent of those students are not performing up to grade level.

Because of that, have you seen a need to increase your remedial program offerings, and, if so, has that impacted your budget?

DR. de VEYGA: Yes, that's a fair question. To be completely transparent, I think our provosts are potentially, you know, our deans would be best served to answer it.

But, from my perspective and what I can tell you is that we haven't increased the level of remedial, you know, courses that we offer. However, we *have* had to increase -- and, we made a conscientious effort -- in increasing what we call supplemental instruction, which is in our specific gatekeeping courses.

So, think of your college algebra, your organic chem -- courses that you have identified at your institution that the students in your pipeline come a little less qualified or prepared -- let me put it that way. So, they're coming from a specific high school in which a specific course is not necessarily robust enough for a college. So, in those courses particularly, we have put wraparound services and made it mandatory for them to attend those.

And, we originally started with a Title V grant, and now we have made it part of our institutionalized budget to make sure that we continue those, because we have seen more than 10% increase between our "placebo group" and the group that originally went with that side. So, that has made an impact.

But, yes, that's true. I mean, we have -- I wouldn't say a generation, but we have students that were basically lost out of high school

in the pandemic, and I think that that would definitely be something I would explore with the Department of Education in particular.

ASSEMBLYMAN SCHARFENBERGER: I think the big concern is coming down the road, too, because you have all of those grades coming through the system now, and will eventually get to you.

DR. de VEYGA: Yes, 100%, it's the little "pig and the python," that story.

But, more importantly, the challenge we saw -- and, we heard a lot about the enrollment today -- was we couldn't get in the high schools so we couldn't talk to the students. But what if the students were not there? And, I think that goes to the point that you were trying to refer to. And, then, some of those students were not engaged, and we saw it at the college level that some of the classes we were teaching, you just saw the black screen on Zoom, right? Was the student there? Was he not?

And, I believe you are a professor at Monmouth, so you probably saw it yourself. Were the students there? Were they not? Well, that happened at the high school level. I have young children; that trickled down all the way through. The question is to what degree does the learning loss carry, and how has it compounded, and are they making it up? And will we see that through NJS scores? Will we see that at the K-5 level? Will we see that at the K level?

And, that, I think, is a much larger problem.

ASSEMBLYMAN SCHARFENBERGER: Even if those kids are on the screen, whether they're playing Angry Birds or--

DR. de VEYGA: Well, the question was whether I was watching soccer while I was on the screen, you know, so don't blame the kids.

ASSEMBLYMAN SCHARFENBERGER: Thank you.

DR. de VEYGA: Please, you're most welcome.

SENATOR ZWICKER: Thank you, Assemblyman.

Thank you to the three of you.

As time is getting late, we're going to try to get through our next two panels as quickly as possible. I appreciate your patience in waiting.

If I could call up the President of the County College of Morris, President Iocono; the President of Atlantic Cape Community College, President Gaba; and, Aaron Fichtner, President of NJCCC.

And, then, after you, we have one last panel that we'll get to. We would appreciate if you would, in the name of time-- I don't want you to not get to your main points, but if you could get to them directly so that we can engage in conversation and discussion, it would be appreciated.

A A R O N F I C H T N E R, Ph.D.: Great, Chairman, thank you; Chairwoman Jasey; members of the Joint Committee.

My name is Aaron Fichtner, I am President of the New Jersey Council of County Colleges, and I am here on behalf of our 18 community colleges and their 170,000 students across the state.

And, proud to be here with President Iacono of County College of Morris, and President Gaba of Atlantic Cape Community College.

We believe strongly that New Jersey is at a crossroads. The global digital knowledge economy means that a K-12 education is no longer sufficient. As our economy shifts to more high-value added industries, higher education industries, we have to commit as a state to continue to find ways to expand economic opportunity by making sure that more New Jerseyans have the opportunity to earn a high quality, post-secondary credential or

degree. That is critically important for our ability to expand economic mobility; to help more people achieve family support and careers; and, to build a strong economy.

We are in a moment of economic, social, technological, and demographic change, and we believe that to meet that moment that New Jersey needs a strategic entrepreneurial, collaborative, and equity-focused vision for public higher education *and* allying state funding to support that vision.

At a time when other states are making significant investments in higher education -- in public higher education -- New Jersey is falling behind. Community colleges pride themselves on being efficient, doing more with less, but, at some point, the challenge of balancing the needs to offer a high-quality education and an affordable education becomes challenging.

When community colleges were founded in New Jersey, the expectation that one-third of the budget of our colleges would come from the state; one-third from the counties; and, the final one-third from tuition. However, we are far from this original agreement. Currently, approximately half of the funding for community colleges come from tuition paid by students, supplemented by State and Federal financial aid. The State's contribution is only 20%.

The Community College Opportunity Grant, Garden State Guarantee, are important programs that are expanding access to a college education in New Jersey. However, New Jersey community college students receive only 13% of the State's total investment in financial aid for students, while our colleges educate over half of public undergraduate students. So,

while financial aid in students is important, it doesn't take the place of State-operating support.

It's clear by almost any metric that New Jersey invests significantly less in community colleges than almost any other state in the country. State-operating aid for community colleges is critical to their survival; however, State-operating aid in New Jersey has increased by only \$15 million over the last 15 years, and remains below FY 2008 levels. New Jersey ranks 45th of all states in the level of State support for community colleges, far behind our competitor states of New York, Pennsylvania, Massachusetts, Maryland -- even farther behind than Mississippi, Alabama, and many other states in the country.

Increases in institutional support have been shown in national research to contribute to improvements in student success and attainment. This is especially important, given that our students are disproportionately from marginalized and low-income backgrounds. The consequences of inaction and disinvestment in institutional support for community colleges is grave. Low levels of operating aid support -- and, you'll hear from the presidents in a minute -- have forced community colleges to make tough decisions, charging higher tuition and making difficult decisions about programs and investments. This puts our state at a significant disadvantage in the war for talent and the war for economic growth.

The cost for community colleges to operate a community college continues to rise significantly as State-operating aid continues to fall behind the needs of colleges. Obviously, inflation has put pressure on all of our higher education institutions. If operating aid had kept pace with inflation in our state, the State would be investing \$280 million instead of the \$149

million that it is now. Our community colleges also are facing a special challenge this year, in the form of a spike in health-care costs up 15% for a total of \$12 million in new expenses for our colleges.

For years, community colleges have been resilient, finding ways to deliver high-quality and affordable educational opportunity to our students to meet the needs of our local communities. We will continue to do so, but this moment is different, and we are proactively leading the charge to change the status quo. We are collaborating in strategic, creative, and unprecedented ways in New Jersey, through the New Jersey Council of County Colleges. Our 18 colleges work together to approve courses for credit; to approve and review general-education courses; and to support each other through the sharing of innovations and ideas.

Knowing results matter, in 2021, as a group of 18 colleges, we came together and developed an innovative funding allocation formula for State operating aid that reinforces our shared priorities of success, access, and equity. The community college funding formula can now assure all of you, and State leaders, that State-operating aid funds go to those community colleges that are expanding access; that are addressing equity; and are committed to student success. Funds were allocated based in part on how many students for unrepresented groups enroll in and complete a community college education; how many low-income students enroll in our colleges; how many adult students enroll; and how many students complete a degree or credit certificate.

We are also working together through the New Jersey Pathways to Career Opportunities Initiative with funding in the FY 2022 and FY 2023 State budget. And, we appreciate the support from the administration and

the Legislature for this important initiative, which unites industry, labor, educational experts in New Jersey's fastest-growing industries. We are partnering with the New Jersey Business and Industry Association, and more than 1,200 businesses and educational institutions and workforce-development entities across the state. We've established 10 centers of workforce innovation in fields such as data science, renewable energy, manufacturing, that have already built 22 career pathways that allow a student to move from high school to community college to a four-year education, with on ramps and off ramps in and out of the labor market. This work has the potential to transform how we educate students at all levels.

New Jersey's community colleges are prepared to lead as we embrace this new reality, but this requires a fundamental shift in how we value and resource higher education in our state. We need three things in New Jersey: Number 1, a sustained State investment in community colleges. As I said before, State-operating aid is critical to the ability of our colleges to provide a high-quality *and* affordable education, and to help more students earn a post-secondary credential or degree that will allow them to have a family-supporting career and to help propel our economy forward.

Number 2: To truly build a sustainable network of community colleges, we must also embrace new thinking and strategies that will directly address equity gaps and increase attainment of post-secondary degrees and credentials. This includes ensuring that community colleges are a primary deliverer of dual-enrollment programs to high school students, and that those opportunities are available equitably which is not currently the case. It includes expanding access to non-credit workforce programs that are not currently funded through the State budget or through State and Federal

financial aid. We believe there's a key opportunity here to help center the State's workforce-development programs and services at community colleges in ways that would expand economic mobility for adults who are unemployed, underemployed, and help us to close equity gaps.

We believe that we can build even stronger alignment between community colleges and our four-year colleges and universities. CCOG and the Garden State Guarantee provide us an incredible opportunity to make a strong statement that a student who begins at a community college and then transferred to a four-year college and university has an affordable path to a four-year degree.

Finally, we believe that continuing to embrace greater collaboration among our community colleges is critical. The 10 Centers of Workforce Innovation established through our Pathways to Career Opportunities Initiative provide us a model for more collaboration and more work together.

And, Number 3, we are committed to being part of this longer discussion that we are starting today. Thank you very much for beginning what we think is a really important conversation. We will be convening at the council a series of forums and discussions in the spring and the summer to bring together stakeholders to begin to have those conversations ourselves about how we can continue to be partners in our collective effort to expand economic mobility; to build a more prosperous and equitable New Jersey; and to really make sure that we have a skilled workforce that drives our state's economy.

So, thank you very much, Chairwoman, and members of the committee for this opportunity to be here today.

And, I will turn it over to President Iacono and President Gaba.

BARBARA GABA, Ph.D.: I am Dr. Barbara Gaba, I am the President of Atlantic Cape Community College, compliments of community college, devoted to expanding academic and career opportunities for all of our counties' residents, and to meeting the needs of our businesses. On behalf of the students, and staff, and faculty, I am honored to be here today.

I should also add that Atlantic Cape Community College is the first institution of higher education in Atlantic and Cape May counties over some 50 years ago. And, we are the second community college established in the State of New Jersey.

Our mission at Atlantic Cape is to provide inclusive, accessible, and equitable educational programs and services to transform the lives and empower students to meet their educational, social, and career goals, while supporting the diverse needs of our community.

I am also proud to share that Atlantic Cape was named the 2022 leader college by the National Achieving the Dream Initiative. Nearly half of our students are the first in their families to attend college, and, as a Hispanic-serving institution, we have worked very, very hard to narrow the equity gaps. This takes teamwork and tremendous initiative on behalf of our administrators, faculty, and staff. We are making a difference every single day.

But, imagine how many more lives we could change if we were better resourced? As a community college president, I am proud of our open access mission, and believe deeply in our role that our colleges play in promoting equity and social mobility. We educate economically, racially,

and ethnically diverse students who tend to face the greatest challenges and need a great deal of support.

Yet, while our 18 community colleges educate 43% of all New Jersey undergraduates and over half of the undergraduates attending public institutions, we receive only 11% of New Jersey's direct investment in colleges and universities. More than 180,000 students deserve the ability to attend well-resourced state-of-the-art institutions with the faculty and staff support, and the facilities that can provide them and to prepare them in our evolving economy.

New Jersey community colleges expend approximately \$12,800 per student per year. That includes funds from State aid, county aid, and tuition, to educate a full-time student, on average. This is significantly below all of our neighboring states. In Massachusetts, for example, community colleges spend \$18,800 per full-time student; in Maryland, the figure is \$20,000. We can be proud of our efficient delivery of instruction and of education; however, we should not be content at some of the ways that our values are being expressed. New Jersey's community colleges are serious about working together to align our efforts with the priorities of the state.

Two years ago, after nearly a two-year process, the New Jersey Council of County Colleges with representatives from all 18 community colleges unanimously approved a new funding formula for the allocation of State operating aid to the 18 community colleges. This funding formula now allocates state aid based on metrics for enrollment, equity, access, adult enrollment, and student success. We are continuing to refine and improve the model, and are committed to working with the administration to make sure we are on the cutting edge and forward-thinking with our formula.

Atlantic Cape and the other 17 community colleges work tirelessly every day to advance the values of access, equity, and success.

We are doing all this work with a new spirit of collaboration between and among all the 18 community colleges. The New Jersey Pathways to Career Opportunities Initiative provides a road map for true collaboration to ensure that colleges are grounded in the needs of their local communities, while benefiting from being a part of a strong network of community colleges. Atlantic Cape Community College is proud to be *the* center for workforce innovation in renewable energy and health care. We are working with community colleges across the state to strengthen our programs, to prepare people to work in the offshore wind industry, and also in the health-care industry.

We are learning from the other eight Centers of Workforce Innovation, giving us an opportunity to adapt their efforts in fields such as technology, cybersecurity, and logistics. The Pathways Initiative understands that not everyone has a straight path from school to career, and are given chances in technology. Many will need on and off ramps to more education and training, and it's based on the core idea that collaboration between and among community colleges and with high schools and four-year colleges and universities, is critical to our future.

Thank you very much.

ASSEMBLYWOMAN JASEY: Thank you, Dr. Gaba.

Just a quick question: Do you see New Jersey students from other parts of the state coming to Atlantic--

DR. GABA: Not a lot. We are mostly centered in South Jersey; most of our enrollment at Atlantic Cape comes from Atlantic County and Cape May County.

ASSEMBLYWOMAN JASEY: OK, all right, thank you.

DR. GABA: We are prominently serving that community very, very closely, and we are very proud of that.

ASSEMBLYWOMAN JASEY: Thank you.

You have a question, Senator?

SENATOR POLISTINA: Yes, if I could, thank you.

Thank you, Assemblywoman.

Great to see you, Dr. Gaba.

DR. GABA: You too.

SENATOR POLISTINA: You're doing a great job. Obviously, I just opened an innovation center for e-sports and gaming in Atlantic Cape, they're doing fabulous things down there for our new technologies.

I'm curious, I heard you say you had a \$15 million increase over 15 years, State support for county colleges, if I got that right? And then, Dr. Gaba, the average was \$12,800--

DR. GABA: Yes--

SENATOR POLISTINA: --for annual education for a full-time student.

I just want to get a comparison here, because it sounds like, today, the State support kind of for all our institutes of higher education has been lacking over the last 20 years, and that seems to be the biggest problem we have.

I just-- The frame of reference I would give you is the City of Atlantic City in the Governor's budget this year, that was just announced. The increase is \$19 million for a single community, to a point where the funding for the City of Atlantic City -- and, it's wonderful, I'm not criticizing the ability to give the City of Atlantic City funding -- but the amount per student given to the City of Atlantic City in this year's budget is going to be about \$18,000, which is wonderful, but when you compare to the fact that we are not supporting our institutes of higher education to the amounts that we should, it seems like we have a real issue with trying to figure out -- you're not talking about the K-16 model.

How do we support both the K-12 and the 13-16, and how do we do this in a way that is fair to students across the spectrum, so that we can improve outcomes and get them out of school?

So, thank you all for the testimony. I just wanted to point that out, because it seems like we are just not, from the State perspective, providing you the correct support that is necessary.

ASSEMBLYWOMAN JASEY: Thank you, Senator.

Let's see, we'll go right down the line. Assemblyman Giblin, then Assemblywoman Jaffer.

ASSEMBLYMAN GIBLIN: Is it Dr. Fichtner? I think so.

DR. FICHTNER: Yes, correct. Thank you. Thank you, Assemblyman.

ASSEMBLYMAN GIBLIN: That's what I thought.

I read last week, 10 days ago, that business as a whole is looking at the prospect of new employees with *less* education than they feel the jobs

of the future will not require Bachelor of Arts degrees or Bachelor of Science, that they'll be, perhaps, a little bit more technical in nature.

Is that what you're hearing from groups like the Business and Industry Association, people like that? What are the needs of employers taking place?

DR. FICHTNER: So, great question, Assemblyman. Thank you for that question.

What we are hearing from employers is an increasing and consistent need for *some* post-secondary education. That might not mean a four-year degree in all cases; it might not mean an associate's degree in some cases. But, it means a high-quality post-secondary credential that is valued in that specific industry.

And, so, we are proud of the ability and the commitment of our colleges to be comprehensive institutions that can adapt to the changing needs of the economy through strong connections with the business and labor unions in their communities and on the statewide level to make sure that we are offering what is needed to help students achieve a family-supporting career and to propel the economy forward.

We also believe that every program that we offer should be part of a continuum that allows students to move up the ladder over time so there are no dead ends. So, we are working through our Pathways Initiative, to make sure that a student who starts in a non-credit program could have a path to a credit degree program without having to start over again. And, that level of accessibility is critically important. We're working with labor unions to help their apprentices get college credit so they can move quickly to an

associate's degree. All to transfer, ultimately, to a four-year degree if they choose to do that.

I think we know, Assemblyman, that the economy is changing rapidly, and none of us can really predict what it will be. But, our community colleges are committed to continuing to be very much driven by the changing needs of their local communities.

DR. GABA: If I could just--

ASSEMBLYMAN GIBLIN: I was going to segue into another question on that, if you don't mind, because you just raised the issue I was going to ask you about.

It seems that there's a better outcome for people who get strong vocational school training. And, I'm curious -- I keep hearing about support from the State for the county colleges, but nobody seems to mention much about what's happening as far as vocational school education is concerned. And, I'm glad to hear that you're talking about going further with building trades-type programs, whether they be carpenters, plumbers, electricians, things like that. But, helping them get their, I guess it's an AAS degree, associate's degree.

Do you have any stats about how much is put into the vocational school effort or should, in fact, vocational schools be combined under the umbrella of county colleges to make it more cost efficient?

DR. FICHTNER: Assemblyman, that's a really good question.

I think the issue of how we collaborate and work with our county vocational school partners is an important one. We would really want to be part of that conversation. I think we're proud-- President Iacono, I'm sure, when he gets a chance to give remarks will talk about that. But, we have

incredibly strong partnerships with our county vocational-technical school programs in many, many ways, and are committed to continuing to strengthen those relationships in ways perhaps like you're suggesting.

So, we would love to continue that conversation how we can work together.

ASSEMBLYWOMAN JAFFER: Thank you.

So, I just wanted to make one comment, which is I would really caution against thinking about "adjunctification" as a solution to the labor cost. I teach at a private university, but I value the labor of those who work in our public universities, and I wouldn't want to-- Just as we wouldn't recommend that we should hire part-time teachers so we don't have to pay benefits in K-12 schools, I don't think we should think of that as a solution to costs at the higher education level. We should value our faculty at our public colleges and universities.

But, my question is related to, first of all, being so impressed with the work that's being done at the state county colleges to collaborate, to innovate, and to work together. And, I think this whole session has been about the higher education ecosystem on the public side in New Jersey.

And, so, we've heard different stats about different states, how much they spend on various programs, but I was wondering: As a holistic higher education ecosystem, is there a state that could be seen as a model where they integrate well their county colleges; their research universities; their small liberal arts colleges; on the public side, or are there pieces of that we could learn from other states? Because it's very hard to kind of rethink everything without some pointing towards some states that maybe do it in a way we could look to?

Thank you.

DR. FICHTNER: Assemblywoman, thank you for that question.

I do think there are a number of states that are worth looking at as models, and I would be happy to continue that conversation with you and members of the Committee through the Chair on other states. I know our presidents might have some thoughts on this as well.

But, we often look to Washington State and California, Texas does some interesting work; Arizona as well. So, there's a number of things, and we continue to-- We are very active in all the national conferences and associations and partnerships with other states to bring ideas back to New Jersey. So, we will continue to do that, and look forward to that conversation.

Thank you for your question.

ASSEMBLYWOMAN GOVE: Excuse me; thank you; pardon me.

Thank you all for having this. This has been a wonderful discussion today, and I'm looking forward to the next time we meet.

But, I have to say something about county colleges. I am a retired high school teacher, and I live in Ocean County, and I think it is an excellent school. I congratulate you all, because you touched students' lives who may not get to a four-year college. If they're not ready for that four-year college, it takes them a while to get there. And, I think that the county college system is an excellent system, so thank you for that -- thank you for all what you've done.

And, because this-- Kids can't all go to -- it's not just for kids, excuse me; I taught kids, so I'm looking at it that way. Not everyone is ready at 18 years old to go into a four-year school. But, they *can* do it in a two-

year, and it's not -- they see it in increments, "Two years, and then I'll be ready for four years." Because that's a big thing for an 18-year-old. "All of a sudden, I've got to go to college, what do I do?" You know that, if you have kids, it's a major thing when they graduate.

DR. GABA: Exactly.

And, this way, a county college is the way to go for so many kids. And, it's also a way to go for those who are, 20 years later, who are ready for education and then can go.

So, what I'm saying is, thank you for what you've done. And, I think money really-- State funds do need to really help the county colleges. I'm not belittling any of the four-year schools, but that's a great start because they can touch that quicker than they can to a four-year school.

DR. GABA: Exactly. And, we hear that all the time. I know my campuses, and all our campuses -- that we really touch people's lives. It's a place for them to start. They may not be able to do the big package of the four-year degree, but to go to two years or to get a certificate -- that's a stepping stone of accomplishment.

Many of our students are first generation like myself, who have never been to college. They don't have role models in their family, and they often say, "You cannot be what you cannot see." But, if they can get through the two years and we can provide the academic support, the tutoring support -- and, now, mental health is a big issue right now in the colleges, coming out of COVID.

So, we do transform people's lives, and we make it the first step to the bigger step.

ASSEMBLYWOMAN GOVE: Absolutely.

DR. GABA: And, that's why we have so many matriculation agreements. When they're finished with us, they can go to Stockton; they can go to Rutgers; they can go to other places.

ASSEMBLYWOMAN GOVE: And, I just told somebody the other day about that. That, now they went-- They're going to go to Rowan-Burlington. I mean, they don't even have a path. The kid is a junior. And, he wants to do that, and then he's going to go to Stockton, because he sees, "That's my way of getting there." Financially, as well.

The good part of it is, now, many of those county colleges let those students -- you have to pay for it -- but they can take that class and get credit while they're in high school. And, I think that is fabulous. Even four-year colleges have that as well, too. When you see it on a two-year program, that, again, is closer for them.

So, thank you.

DR. GABA: One of the things I want to also add and just put in a plug, when we talk about this -- going to the two-years and then transferring over -- Rutgers University also has a building on our campus. When you're finished with us, go right over to Rutgers down the street on our campus to go for your bachelor's degree. And, they offer eight programs -- bachelor degree programs from Atlantic Cape. It's a wonderful arrangement that we have.

ASSEMBLYWOMAN GOVE: Absolutely.

ASSEMBLYWOMAN CARTER: I have to agree with you, Assemblywoman Gove; I agree on that.

Being a high school teacher, it does make a difference in the collaboration that a lot of the schools have with the county colleges in giving the students that ability.

So, thank you.

ANTHONY J. IACONO, Ph.D.: Well, thank you Senator.

I'm Tony Iacono, President of County College of Morris. I'm also the Chair of the New Jersey Presidents Council, and an officer on NJCCC's Board, as well.

It's a pleasure to be here; thank you for taking the time to listen to us.

Thank you for taking the time to support higher education in New Jersey, it does make a profound difference. It's been nice to hear the questions you have, and the gesture of support, as well, is greatly appreciated.

I want to thank Assemblywoman Jasey, who joined the NJPC executive board earlier this week; took the time to listen to us; answer questions; and so forth. But, it was greatly appreciated, we know your time is very limited and very valuable as well.

A couple things about my college -- and, I'd like to jump in and talk about the impact of community colleges, because we do measure our work very closely so we can continuously improve what we do.

The County College of Morris is an exceptional school by any definition. We typically are in the top three of New Jersey -- my particular school is ranked in the top 1.8% nationally. We have the highest graduation rates in New Jersey's community colleges, and we have been Number 1 for five years in a row for alumni salaries. We watch those metrics carefully, and we work intensely hard on those.

If you're thinking that must be very easy -- we are in the eighth wealthiest congressional district -- it is not. A third of Morris County lives below the poverty line. In more recent years, we have actively recruited to serve students in those areas through private and corporate dollars. We have brought programs into the community that offer, at no cost to those students or their families, free after-school tutoring; mentoring; and college readiness so that, while we hope they come to us, they're prepared to go to any school that they choose to go to on their journey. That elevates high school graduation rates; it also elevates the likelihood that these students are going to go to our schools at all.

I'll use some numbers in general, but I think this does apply to most of our colleges. When we talk about impact, we strive for three things, essentially. You can boil it down to, our goal is to: bring students into our credit programs; graduate you so you can transfer into another senior institution; we make higher education affordable. You can earn an associate degree at our schools -- typically, a whole degree -- for less than a year at one of the universities. For the students who we serve, that is critically important -- frankly, I think that's critically important to anyone. As I often tell our students, "Your job is not to spend as much money as you can, it's to get as good an education as you can and then use it as well as you can."

So, that's our job. First, to get you on that pipeline to earning a baccalaureate degree. Our job is also to work very closely with business and industry, which we do. My school, Dr. Gaba's, and others typically provide more than half of the nurses working in hospitals, and in excess of 90% of the radiography and respiratory therapist assistants. We make the hospitals work.

In short, New Jersey's community colleges train people for the jobs that make our communities work. We are not the schools entrusted with big research. We will never solve cancer or pandemics for you. But, we are the ones who provide the-- Sorry, sir?

ASSEMBLYMAN UMBA: Never say never.

DR. IACONO: Yes.

We are the ones who when you see a police officer, a firefighter, that's us. When you see people working in the manufacturing companies, that's us. When you see individuals really upholding the hospitality industry, that's us. But, our students do go on to med school; our students do become research scientists. That just requires a close alignment with our senior institutions as a whole.

We do vest very, very deeply in public-private. Several years ago, in the case of my school, you provided funding, along with our county, and we were able to construct a 31,000-square-foot advanced manufacturing center. The manufacturers said, "If you can get the building, we'll equip it." They poured more than a million dollars of machinery. We are now that pipeline to all of the manufacturers. There are 700 in my part of the state alone; they don't have to run around looking for people.

But, we need more support. Right now, there are 620 openings at our local hospital, and we are having to make choices. Yes, we perform very well by any metric. Our students receive a 14% ROI on their investment; taxpayers in Morris County receive a 17%. Our students go to work; they become taxpayers -- that's what we want. But, I'm squeezed, even as a high-performing school.

The question was asked earlier about those high-impact practices. I have zero tutors for my students. In spite of the fact that we are bringing in more, I ask our faculty. They will do extra hours; they will provide more support; they'll never say no to students. I have about six advisors for students. Mind you, I serve just under 6,000 credit students and just under 5,000 workforce students. The math does not work out. And, mental health *is* a full-blown crisis. I have three mental-health counselors on my campus for 12,000 people. We are massively understaffed.

But, to remain accountable and fiscally responsible, I've got to operate on a very, very thin wire. Sixty-five percent of the instructions provided by full-time tenured faculty, but we are finding ourselves using more adjuncts just to make it work. I am finding I can't replace faculty when they retire, because if I do, I'm going to drop into the red. I need to operate in a way that is responsible, fiscally prudent so I don't show up before you with a horror story that I'm looking for you to bail me out of. That is not responsible. That is not fair to do that to you, either, but we do need support.

And, we are keenly aware -- as you are -- that support, small in number, changes lives. When you can change a life for under \$12,000-- I can get somebody through my manufacturing program in eight weeks; get them employed in \$25 with benefits. I've taken individuals out of homeless shelters, who have come back and said, "I will never have to be homeless again." I've taken individuals whose *children* are impoverished -- that is not acceptable in this nation. I've taken individuals with a two-year degree and their starting salaries are between \$60-80,000. I've taken individuals who probably had no chance to graduate high school and put them in some of our Ivy League schools -- including one who is now at the University of

Wisconsin-Madison finishing med school and a Ph.D. research program simultaneously.

That's your impact. We appreciate your support, and we can't do it without you. But, if I've got to continue making the choices that I've *been* making, so I don't come back to you and say, "I'm massively in debt." We carry no debt, by the way, all right. Our students do not graduate with excessive debt. Less than half of our students will even take loans; when they do, it's less than \$2,000 a year.

There's a lot of corporate money, there's a lot of donor money, and it's *your* money. But, if I've got to continue making that, I don't think I'll be back telling you how great my graduation rates are and how many people I've taken off of public assistance and made them gainful, contributing members of society.

So, please consider what Dr. Fichtner talked about. We'd love to see the original goal of a third, a third, and a third. By the way, I think he's jabbing -- I actually earned my Ph.D. at Mississippi State. It was the poorest state in the nation. New Jersey is one of the wealthiest states in the nation. We have so much to be proud of here, but leaving any student behind would not be one of those. I was one of those -- I am a first-generation community college student, and I often challenge my own students by saying my mother went to U-Conn for 11 years. She was the janitor, who worked very hard so her kids didn't have to have that kind of life.

So, we need your support. *You* can change lives. I am that person, and my 12,000 students are those people as well.

Thank you.

SENATOR ZWICKER: Thank you so much.

Thank you so much to the three of you.

We'll call up our last group.

ASSEMBLYWOMAN JASEY: Yes.

SENATOR ZWICKER: It is Craig Westman, Vice Chancellor of Enrollment Management, Rutgers-Camden; David Weinstein, Vice President of State Government Affairs for Rutgers University; and, David Rousseau, Vice President for the Independent Colleges and Universities of New Jersey.

Gentlemen, it has been a long and productive day. Thank you very much for your testimony.

Are there any questions? (no response)

DAVID WEINSTEIN: Madam Chair, Senator Zwicker, I'm Dave Weinstein, I'm the Vice President of State Government Affairs at Rutgers, and wanted to first congratulate you on making it this long into the hearing. Thank you.

I also wanted to thank you for your ongoing support of Rutgers, and for the support that we'll be asking you for in the FY '24 budget cycle.

The last thing I will thank you for is the invitation to appear here before you today -- the very specific invitation to discuss enrollment trends at Rutgers University-Camden and Rutgers University-Newark. Unfortunately, the schedule did not work out for Rutgers University Newark so we submitted testimony that you should have in front of you through the OLS aide, so thank you for doing that.

I'd like, at this time, in the interest of brevity, to just kick it to Craig Westman, who is the Vice Chancellor of Enrollment Management at Rutgers University-Camden. Dr. Westman is a renowned, nationally known expert on enrollment management -- particularly at public universities. And,

again, in the interest of brevity and respect for your time, I'll ask Craig to testify at this moment.

Thank you.

CRAIG WESTMAN, Ph. D.: Thank you, Dave.

And, I am here on behalf of our Chancellor, Chancellor Tillis. He wanted to be here today, unfortunately he was unable to attend, but said, "Since it's enrollment, you go." So, I'm glad to be here.

He also asked me to express his gratitude to this Committee for its forward-looking future view, if you will, touching enrollment in the state; the grant aid that has come out recently supporting the community colleges with the Community College Opportunity Grant, and The Garden State Guarantee *do* make a difference, and it does for our campus specifically.

As you heard today -- and, I won't reiterate a lot of -- some of -- the state and national trends -- but, as you have heard, New Jersey -- we have challenges. New Jersey is in the top five year over year, in terms of high school graduates migrating out of the state to go to other states to get their degrees. I think the Garden State Guarantee and the Community College Opportunity Grant will help in that area, tremendously.

We talked about the enrollment cliff, the demographic -- the demographic cliff that's coming in 2026. And, this is coupled with the 1.3 million undergrad students who have vanished over COVID over the last two years. And, as you've heard from many of our counterparts, it has impacted their enrollments directly, as it has impacted our enrollments at Rutgers Camden, specifically.

And, a couple items about our campus real quick. We are designated as a minority-serving institution. We are also an emerging

Hispanic-serving institution, and our population -- assumed population -- in aggregate is low-income first-generation students. So, we really see ourselves as -- our mission -- as an outreach opportunity to make a difference in the lives of the families who are in Camden City, specifically; Camden County; Burlington; and Gloucester, from which we get the majority of our students from at the undergrad level.

A few quick notes touching our enrollments over the last two years, from Fall 2020 to now. First, our enrollment declines that we have seen have been at the undergraduate level, specifically -- specifically touching new student enrollments -- as well as some slight retention declines that I think the majority of the state has seen. Secondly, these declines, at least for us, are correlated directly with COVID over the last two years, and, up until the fall of 2019, that was our highest recorded enrollment. So, we had seen fall over fall enrollment growth for about seven years. So, when COVID hit, it really hit our population pretty hard.

Our undergraduate population is contracted by about 13%, 13.8%, and that breaks down by our new first-year population and is contracted by 12.8%. And, our transfer student population, which is contracted by 18.6%. And, while those are bad, we do have some good trends that we are seeing coming out of COVID, if you will. Our campus retention from fall '21 to fall '22 was finally flat, which was great, because despite all of our best efforts and things that we have in place to save those students, we had seen those students stopping out. And, I'll talk briefly about those stopouts, and how we've mitigated a lot of that in our campus.

The second positive trend -- and, a good sign for Rutgers-Camden -- is that our graduate enrollments have grown year over year for the last four

years. And, while nationally, graduate enrollments have also been impacted by COVID -- decreasing by 3% to 5% nationally -- Rutgers-Camden's enrollment has grown by 19% over those four years. It definitely helped to offset some of the losses we have seen at the undergrad level, when it touches revenues, if you will.

But, that came about being very specific, in terms of programs and looking specifically at what the businesses, what the area needed, in terms of graduate programs, and created over about eight or nine different programs leading up to COVID, so that those were actually all in place and were able to help us not realize that 3% to 5% decline, but also to see substantial increases in our graduate enrollment across all of our graduate schools and at Rutgers-Camden. And, those programs were built not with asking for or needing new funds, but through interdisciplinary. Our Chancellor has been very clear with our deans -- we will do it through what we have, not adding more that we cannot support.

And, so, what we have done at the graduate level, the deans have begun to do at the undergrad level. They have begun to build out the undergraduate programs that are needed in the state. In South Jersey, we partner with Hanover, who does demographic work in looking at what needs are five to 10 years out. And, then, creating programs that the area in which we find ourselves truly need. We partner with our county colleges for new transfers and begin to build that back out, reviewing our MOUs, working with ACCC to re-up our MOU and to get it more interlocked.

Our Chancellor is a big proponent of ensuring that we are working with our county colleges and providing the lock-step process for them to go from a county college into a four-year program if it's needed. And,

as was noted, Rutgers has a building literally on the campus of ACCC, and it's been a great theater that we've seen for that opportunity for those students who, many of whom do not have the ability to physically get to our campus in Camden City. So, it's taking that educational opportunity directly to those students.

And, finally, the third -- and, for the undergrad students and the first-year student population -- I always say we're only as good as the programs that we have in admissions and marketing. And, if we have what's needed by the population that we serve, enrollments will respond accordingly. And, so, we've been building that out for the new first-years to open the net, if you will, expanding our program offerings so that we are seen as a viable course, whether it's directly to us or through the county colleges.

And, the third good trend that we have seen -- and, it has come from you folks -- we received about \$5 million, student success dollars. And, through that -- through those funds -- we have used some of those funds to go back after stopouts; the students who started with us through COVID stopped out, and to get them back in. And, what we've been able to do is, in the fall of 2022, we brought back 119 students; the spring of '23, we have brought back 97 additional students. So, there are ways to get them back that don't require a significant financial investment. But, we have been successful.

So, in closing, I will say that the fruits of these efforts we're beginning to see are our fall '23 numbers are looking good, which is nice. Our applications are up 3%; our admits are up 4%. Our deposited students, who pay a deposit to tell us they're coming, are up 26%. And, not surprising for anyone here, our grad numbers are up, again, significantly with our apps, up

39%; admits up 24%; and, our deposits are up 145%. So, we're seeing substantial growth, which has been nice.

So, in closing, I would simply say thank you to all of you for your support of higher education. The funds that you have provided to us have gone to good use to bring back students; to bring new students in to the Rutgers fold within New Jersey. And, the \$2 million in additional support that you provided for civic engagement was used to expand our personalized college prep programs for Camden youth. And, the funds that we get we try to re-invest within the city that we find ourselves in, and to reflect that city in what we offer and how we support the county and the city that we find ourselves in.

So, thank you very much for your time.

ASSEMBLYWOMAN JASEY: Thank you.

DAVID ROUSSEAU: A couple brief comments of levity before we begin.

4:15 is early for this room. I've been in this room at 4:15 a.m. plenty of times.

SENATOR ZWICKER: Can I have a motion that we continue this until 4:15 a.m.?

(laughter)

MR. ROUSSEAU: And, I was just looking at Assemblyman Umba's bio, and he was 2 years old the first time I walked into this committee room as a 13-year-old wunderkind staff person.

(laughter)

And, the only other (indiscernible) would be that I think when I first walked into this staff room as a staff person in January of 1987, State

support for public institutions was probably in the two-thirds range. Today it's whatever.

SENATOR POLISTINA: Twenty-two percent.

MR. ROUSSEAU: Well, I'm now -- now, I haven't been in the decision-making realm since 2010, but some people-- There has been at least one college president who once blamed me for all the ills of higher education. You know who that person is.

So, thank you again to the Committee for this opportunity.

I'm going to be really brief. I gave you a very voluminous testimony, but a lot of it has been covered. I'm just going to try to cover a couple points that weren't there talking more about the broader sector of independent higher education.

You heard from Rider and Bloomfield, a current private college - - soon to be not a private college. Which, again, is the question, "Is that the canary in the coal mine, or is that a one-off?" I think we believe that it's a one-off right now, but, as Greg said -- Greg Dell'Omo said -- "There are warning signs throughout."

The sector is very diverse from a nationally renowned institution -- internationally renowned institution -- Princeton University, down to an institution with less than a thousand students, the College of Saint Elizabeth, and everything in between. The one common thread is they're all committed to providing access to the students in New Jersey and around the country and around the world.

There's no doubt there are -- you've heard a lot of the challenges, I'm going to add a couple of them -- and, they differ among the institutions. One institution is sure going to be stronger than others.

We educate approximately 63,000 in-state and out-of-state students. Fourteen more choices for students to stay in New Jersey, and pick the best academic and social blend for them. That may be the fact that they need a small institution. That may be the fact that they live in an area of the state where there is no public institution, and they need to commute. Because we know living on campus basically adds another \$15-20,000 to your bill, so if you're up in the northwest corner of the state, Centenary may be the only option. If you're over down the shore, Monmouth and Georgian Court may be the other option. Now, some of the publics have come in with satellite locations, but, again, that-- We're committed to providing accessible and affordable education to all New Jersey students, as you've heard me say many times, and it's in charts that I have in here.

The demographic -- both racial, ethnic, and economic -- makeup of our student base is exactly the same as the makeup of the public colleges. Exactly the same. And, you know what? It also matches New Jersey. Now, within our sector, just like within the public sector, are some that are much more racially diverse than others. William Paterson, New Jersey City University on the public side; Felician, Bloomfield, places like that on our side.

Again, we're facing challenges. You've heard many of them already. Enrollment -- enrollment has decreased from 65,000 in the fall of 2016 to roughly 62,500 this fall. That's a decrease of 4.1%. However, as we all know, statistics can say different things. If you take Stevens and Princeton out -- Stevens has had tremendous growth over the last couple years because of the people wanting to move to STEM fields, and a lot of their growth has happened in the graduate side. Stevens now has a higher number of graduate

students than they do undergraduate. So, if you take Princeton and Stevens out and look at the other 12 institutions, the decrease isn't 4.1%; the decrease is actually 12%. So, that shows you the challenges that are out there.

And, as we talk about the enrollment trend, the demographic trends that are coming, first of all, there's a demographic trend that's going to come, and it's all related to, if you remember, there was a significant decline in births in 2008, 2009, 2010, and 2011 during the great recession. Well, those kids now would be -- 18 years from 2008 is 2026. So, that's what that cliff is from. We also now know that the stronger job market is having a significant impact. If a kid can go out and make \$25 an hour in a warehouse, he may make the short-term decision that, "This is what I'm going to do." It may not be the right decision long-term, but whatever their family situation is, we can't -- that's their decision.

We all talk about everybody wanting to grow enrollment. Well, guess what? If the pie is going to shrink, or, at best, stay the same -- probably shrink -- somebody's growth is going to be somebody else's decline. And, that's going to happen in all sectors. There's a certain core sector of kids who probably want to go to a private college. There's a certain core sector of kids who want to go to public. Well, guess what? It's going to be-- And, what's going to happen then without some of this -- the comment that you made Monday morning to the President's Council. You sort of made it this afternoon, but you were more direct with the President's Council: "Why does everybody need to have a nursing school? Why does everybody have to be--" But, I'll ask you, who is going to be the first one, either in my sector or the public sector, to raise their hand and say, "We'll give ours up?" Not going to happen.

The other challenge for private institutions is the free public college programs. CCOG, GSG, the individual-- I think a lot of you guys haven't taken credit for Rutgers, especially the Individual Promise Programs that the colleges started before GSG, or have expanded the GSG to make sure -- I believe Rutgers it's first year, right? Isn't it-- You're putting your money in for the first year? Well, we all know that maybe a decision based on "free" may not be the best decision for that student. Maybe a smaller institution would be a better choice for them, but they see "free," and the parents see "free" and they say, "Well, wait a minute, we were going to do this." And, hopefully they succeed; if they don't, hopefully they then come over to one of our smaller institutions. And, as Greg Dell'Omo said, the SUNY -- the decision by the SUNY schools to basically match the highest state tuition. So, that would be Rutgers in-state. I don't think it's going to hit New Jersey colleges that much because the gap isn't that much, but I think some of my members will lose -- they already lose a lot of members, a lot of students to this three-hour ring around New Jersey.

Of course, inflation -- inflation is the newest one, which is going to-- Nobody is going to be able to raise their tuition to meet inflation. They also don't want to raise their tuition to meet inflation, because the families we're trying to serve are struggling with inflation to meet their other household needs. I mean, inflation is going to have-- In the longer testimony I gave you, there's some statistics on a survey that was done by some higher education group talking about employee attitudes and whether they're going to stay or not, and what will keep them to stay. All of them, it's money, money, money.

Compacting all these challenges were over the last 20 years, including time when I was making decisions, the operating aid to the independent colleges has decreased significantly. And, I'll talk more about that in a second. But, the other thing to think about is that the cost to the State-- You are going to have to increase the capacity at the public colleges if several institutions -- independent institutions -- no longer were operating would be substantial. In FY '21, the state provided \$12,600 per student. That's operating aid, special appropriations, fringe benefits, and student aid at public four-year institutions while providing about \$2,700 per student to independent colleges.

Talking about the State funding, there is actually a formula for the State for the independent colleges. There's a formula on what the amount of money should be, and there's a formula that then says how that money should be distributed. It was created in 1976 and amended in 1979. You have some information on it; currently, in '23, we're getting \$10.5 million. The support to the State in 2023 was \$10.5 million in operating aid, \$35 million in special appropriations to specific institutions. We know when it comes to special appropriations, all institutions are not created equal. It depends on who your legislator is; how much money you invest in trying to get some money; so, that wasn't spread out among 14 institutions, that was really spread out among five or six institutions. The governors proposed \$12.5 in operating aid, and \$8.4 in special appropriations, because the number of the ones last year were one-time capital initiatives.

As I said, we have a formula. Fully funding that formula would be about \$23 million, or a little above 50%. In 1987, when I walked into this room, the formula was funded at roughly 90%, and that was \$18 million,

but, think about 1987 dollars versus today dollars, and what that number should be. The formula, basically, was based on what it takes the state colleges -- which, again, when the formula was created was everybody except for Rutgers and NJIT, probably, in 1979 -- and, it basically says, "Take their aid, take 25% of it, give it to-- That pot of money then goes to the independent colleges and then gets distributed based on the number of FTE New Jersey resident students and the number of FTE New Jersey resident students getting aid." Our schools also, of course, benefit from our great financial aid programs in New Jersey.

New Jersey has historically been-- New Jersey policymakers, years ago, made the decision that New Jersey was going to be a high-tuition, high-aid model for funding. Which basically means we're going to let tuition be what tuition is, but we're going to have student aid programs to take care of the poor. And, I think that decision was based on the fact that New Jersey is a very -- has and always been a very wealthy state. So, why should taxpayers be subsidizing the education of somebody whose family is making well above the norm? And, that's-- What happened during that period of time though -- I'm diverting from my testimony -- is that the middle class is who got-- The poor were taken care of; the rich were taken care of; the middle class got screwed. Pardon my language.

Revenue streams, you heard from Greg, that's the model -- 85%; at least 85%. An average of 85% spent on -- 85% coming from students. One little snide comment that was made by President Foster pointing over to Greg, about endowments. You're thinking about your -- Princeton University. The endowments at our other colleges are much smaller than that. I think we have four with less than \$20 million in endowment. So,

that's cost driver -- on cost again, people. And, then, the other cost driver for independent institutions is the discounting, or the institutional aid that they need to do to bring the sticker price down to a reasonable, competitive price to bring to the model. And, that is -- other than Princeton, that's not funded. What it is, is that is lost revenue.

Financing infrastructure needs-- Look, I mean-- Your kid goes to a facility out in Pennsylvania or whatever, sees brand new buildings, sees the great new rock wall in the student center. And, we know how kids are, we were all once kids, we had kids. They see the shiny object, and that's what draws their attention. We don't have those shiny objects anymore in New Jersey. As far as capital funding in the past has gone, our independent institutions have never really gotten a fair share. We've got like 8-10% of the money over the last 20 years when we're really about -- we're 16% of the overall population, and 22% of the four-year population.

One thing I would urge this Committee to do is immediately -- I think Gene sort of, Gene got around to it a little bit -- but I would immediately have this Committee send a letter to Secretary Bridges and say as you were reviewing these \$1.2 billion in applications for the \$400 million in capital grants, up the amount to \$600. We all know that EFA has another \$200 million sitting there that has built up since he left, since the Governor announced it in 2021.

Again, I am going to close by-- Brian did mention the accountability side of it. Our schools are ready to be accountable. You guys put some stricter accountability measures in some of our schools that are on the public institutions right now. And, with the financial reporting, the imminent closure part, and the teach-out provisions. So, again, I'm going to

end there. I said you had a grey folder with a lot of information in it; if you need anything else, just always give me a call.

SENATOR ZWICKER: Thank you.

SENATOR POLISTINA: I have a question that's not going to be answered today -- I doubt it will be answered today -- but I just want to throw it out there. We heard, "Pandemic, pandemic, pandemic, enrollment, enrollment, enrollment."

New Jersey was a little different than some states in terms of how we dealt with the pandemic. I know Rutgers, specifically -- my alum -- was a little different with how they're dealing with the mandates of taking a medicine, and we all know reality of the world is there are some parents who do not want their children who don't believe should take the medicine to get it at that age.

And, so, I'm wondering -- it's not for today -- but I'm wondering, this enrollment decline with the status of the mandates at Rutgers, the mandates in the state, if there's a way, as we move forward, to determine if there's any correlation between the way we are treating the mandates as a result of the pandemic, and enrollment in our colleges in New Jersey.

So, not for today, but that is a question I would like to try to explore as we move forward.

ASSEMBLYMAN UMBA: I think it's also worthy to point out that when we come back at the later date, we heard a lot from every institution -- all of these numbers are not taking into effect with the COVID money that we received.

And, as legislators, it would be nice to know what that COVID money was spent on, and where did that COVID money go, and how was it

allocated in, one, keeping the institution going during the pandemic; but, then, two -- and, Chairwoman Jasey knows this. I'm kind of the one who continues to bring up tutoring -- but, how is that going to then get us out of it? I mean, that's what this money was meant for, was to stem the learning loss and other issues that might affect trying to go to remote learning. A lot of institutions -- and that might be why Rutgers is seeing a larger increase of people; you're a larger institution, you're able to absorb those costs a lot easier than some of our more independent colleges to have learning.

So, I think that's worthy for the institution when you're coming back, to be able to show what you spent the COVID money on.

MR. ROUSSEAU: I think that's actually something that's very interesting to look at.

There were reports, voluminous reports, that have to be filed with the Federal government -- especially for Federal money. There was two pots of money: One of them came from directly from the Federal government, one that came through the State. And, there was lots, and lots, and lots of strings attached to that money.

But, I think the interesting thing is how schools use that money, and did the investment that they made in technology is something that they can now use for the future? Because, COVID brought the online learning and at-home work and things like that-- It was going to happen in five to 10 years, anyway. It moved it up to now, and the schools that invested in those types of things and used it wisely will come out stronger. The ones that used it just to play, to plug holes -- because that's the best they could do to survive -- it'll be interesting to see how it transitions when that money is no longer available.

SENATOR ZWICKER: There's no doubt -- thank you to you both -- that COVID adds another wrinkle to this higher education ecosystem that we're going through.

I want to thank the three of you. It was a long day, but it was quite an important day for us to start to get our arms around this.

The goal is to have this Committee take this information and start to figure out both short- and long-term solutions to, as I said in my opening, ensure that we're getting the best higher education for every young person in New Jersey.

Thank you for that. I want to turn it over to my Co-Chair.

ASSEMBLYWOMAN JASEY: No need to prolong this, we're all tired.

First of all, to all of you who stayed: Thank you.

And, the next thing we'll promise you is that the next meeting will *not* be this long. Because I know that after about two hours, you're done. You're not -- we're not hearing it; thank goodness we have it in writing. We have a lot of reading to do.

But, I'm glad that we had this meeting. I'm glad that we're beginning to look at these issues.

I don't know where we're going to end up. But, I will say that it should be in a better, stronger, place. A place that is answering the needs of our students and families, and that makes people want to be here in New Jersey. We want New Jersey to be the destination.

So, I think this is a really good start, and we look forward to the next meeting. I hope that you will all come back, all of our members, and we

promise to make it more like a two-hour meeting. I think that's about the limit that most of us have for listening and actually paying attention.

Thank you very much. We appreciate it. Get home safely.

(MEETING CONCLUDED)