

New Jersey Commission on Higher Education

FISCAL YEAR 2000 BUDGET POLICY STATEMENT

**Submitted to
The Honorable Christine Todd Whitman, Governor
and the New Jersey Legislature**

Adopted November 20, 1998

[NJ Home Page](#)

[Higher Education](#)

[Commission Home Page](#)

INVESTMENT FOR RESULTS: FISCAL YEAR 2000 BUDGET POLICY STATEMENT

In October 1996, the Commission adopted a long-range plan for higher education in New Jersey. The plan sets forth a vision for the new millennium, which states that "New Jersey's system of higher education aspires to be among the best in the world, embracing excellence, access, and affordability." The aspiration is not for higher education alone, for public investment in higher education directly influences the state's economy and quality of life. The plan suggests specific ways in which higher education can assist the state in addressing its needs and identifies the conditions for achieving an excellent system.

Partnership for Operations

A first condition for excellence is commitment to a partnership to fund the operating costs of the institutions. The partnership concept recognizes that both individuals and society derive benefits from investment in higher education. For public institutions, the Commission calls for the public to support two-thirds of the costs, while students and their families support the remaining one-third. For independent institutions, full funding of the Independent College and University Assistance Act meets the public's partnership goal. Institutions in turn commit to addressing state needs, maintaining a cost-effective delivery system, stabilizing tuition and fees, focusing on academic results, and being accountable to the public.

For county colleges, the public's share should be divided equally between the state and the counties. Beginning in the current (FY 1999) budget, the Governor's commitment to recommend \$48 million in

additional funding over four years for the county colleges moves the state closer to its partnership share for the sector. As the state's commitment increases, it is imperative that the counties maintain their support at least at current levels to avoid tuition and fee increases and a further skewing of the partnership. In other words, additional state dollars must substitute for those paid by students, not those appropriated by the counties. The colleges in turn must continue to contain their costs and minimize tuition and fee increases.

While the Governor's increased commitment to the community colleges addressed a long-standing imbalance in that sector, the partnership for the public four-year institutions has unfortunately deteriorated rather than improved. During the past decade, costs have grown more rapidly than inflation, largely as a result of salary increases, and state support has not kept pace. It is important that the state and the institutions work to control those costs. At the same time, the state must commit to funding its share of the partnership, and institutions must carefully set spending priorities. Otherwise, tuition and fees will continue to rise, further exacerbating the imbalance.

In its FY 1999 budget policy statement, the Commission proposed that New Jersey supplement its operating aid for public institutions with funding based upon their performance. Providing rewards to those institutions that improve performance in areas critical to the state and its citizens is one method of fostering accountability and encouraging excellence. The public has a right to expect that students will be able to move easily from one sector to another and graduate in a timely fashion, that institutions will operate efficiently and collaboratively, and that they will generate funds from sources other than the state, counties, and students. Subsequently, the Governor recommended, and the Legislature funded, a performance funding initiative. The Commission supports this initiative as a supplement to base funding and encourages its continual refinement as a method of demonstrating the results of the investment in higher education.

New Jersey recognized that independent institutions are important components of the system when it enacted the Independent College and University Assistance Act in 1979. This program, which provides operating aid on the basis of New Jersey residents served by the 14 institutions with a public mission, received a \$1 million increase in FY 1999, but funding still falls short of the level envisioned in the act. An additional increase in FY 2000 will restore the partnership with this sector, which serves more than 20,000 undergraduate New Jersey students.

Support for Student Assistance

A second condition for excellence is continuing support for student assistance programs. The system must expand educational opportunity, particularly for students from underserved populations, and offer financial assistance commensurate with need to enable access for all students who can benefit. As noted in both the long-range plan and the report of the Blue-Ribbon Task Force on the Capacity of New Jersey's Higher Education System, 13 percent of New Jersey's population is African American and 9 percent is of Hispanic origin, and these proportions are growing. Twenty-five percent of the population lives in households where English is not the primary language.

[You are Viewing an Archived Copy from the New Jersey State Library](#)

New Jersey serves students according to their special needs, whether those are overcoming poverty and poor academic preparation, acquiring English language skills, or facing disabilities. For fiscal year 2000, support for students and campus programs in the Educational Opportunity Fund should be increased. The program for the Education of Language Minority Students should be doubled. In future years, additional funds should be targeted to the Special Needs and College Bound programs as their grant cycles are renewed.

Not to be overlooked is the Tuition Aid Grant (TAG) program, which provides access, affordability, and choice for students demonstrating financial need. TAG grants should enable the neediest full-time students to attend public institutions tuition-free, meet the full entitlement for these students at independent institutions, and defray a commensurate proportion of tuition for other eligible students. Because of the uncertainty of projecting tuition increases at the time the budget is developed, the Commission suggests planning for future growth at a rate approximating increases in the cost of living. The Commission also believes that the TAG program should be enhanced to offer grants to the most economically disadvantaged part-time students.

Preservation and Renewal of Capital Facilities

An additional condition of excellence is capital funding, including support for technology. New Jersey's colleges and universities will not achieve excellence with outmoded technology or facilities that suffer from deferred maintenance. During the last decade, New Jersey took steps to meet some of these needs, notably through the Equipment Leasing, Higher Education Technology Infrastructure, and Higher Education Facilities Trust Funds. But as we enter a new century, additional support is necessary.

In past policy statements, the Commission recommended a five-year capital renewal program for the public four-year institutions and an expansion of the Chapter 12 debt service program for the community colleges. In the last fiscal year, the Legislature and Governor enacted a significant expansion of Chapter 12. The needs of the four-year public institutions, as well as those of the independent colleges and universities, have not been similarly addressed. The Commission therefore urges additional funding for programs that focus on the capital needs of these sectors.

Meeting State Needs

For FY 2000, the Commission requests funding for three initiatives to meet statewide needs. The first supports the goal of a seamless transition between institutions by providing the development and implementation costs of the Articulation System, called ARTSYS. This computerized system enables students to determine which courses will transfer for credit and enables colleges to review transcripts electronically. Second, the Commission proposes the second year of the two-year program of urban revitalization incentive grants. In FY 1999, the Commission awarded 13 planning grants to 12 institutions located in 8 qualifying cities. For FY 2000, the Commission recommends funding for implementation grants of up to \$1 million in each of the eight cities. Third is support for the ongoing operation and maintenance of the higher education network backbone. The backbone, which is critical to

building statewide high-speed connectivity, will be established as a result of a partnership between the state and its higher education institutions, and it will take a continuing partnership to support it.

Conclusion

The costs of higher education and who pays are at the top of state and national policy agendas. Revenue for public higher education is generated primarily from two sources - the government, which benefits from an educated populace, and the students, who benefit directly by furthering their education and increasing their earning potential. The national trend over the past decade has shifted a greater portion of the total cost of higher education to students. The situation in New Jersey has been no different.

If New Jersey wishes, however, we can reverse the trend. Costs need to be contained and public support must be increased to keep higher education affordable and accessible. But cost cannot be the only focus. Rather, cost is but one part of the investment decision, which also looks at the expected returns. Accountability reporting and performance funding demonstrate the results of past investment. Future results will depend upon state support for the partnership, student assistance, capital, and special statewide needs - all investments that enhance New Jersey and are vital if the state's colleges and universities are to be among the best in the world.

[NJ Home Page](#)[Higher Education](#)[Commission Home Page](#)

[The Commission](#) | [Reports & Documents](#) | [News Releases / Newsletters](#) | [EOF & Grant Programs](#)
[More Information about NJ Higher Ed](#)