

P U B L I C H E A R I N G

before

ASSEMBLY HIGHER EDUCATION AND REGULATED PROFESSIONS COMMITTEE

on

IMPACT OF CUTBACKS IN STUDENT TUITION AID

Held:

June 11, 1982

Mercer County Community College

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph V. Doria (Chairman)

Assemblyman Joseph L. Bocchini, Jr.

Assemblyman John Watson

ALSO PRESENT:

Kathleen Fazzari, Research Associate

Office of Legislative Services

Aide, Assembly Higher Education & Regulated Professions Committee

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ASSEMBLYMAN JOSEPH V. DORIA (Chairman): I would like to begin by thanking President Hanley of Mercer County Community College for his hospitality in having us here today. As you know, this is the second in a series of hearings which are being held by the Committee on Higher Education of the New Jersey Assembly to discuss the impact of student aid cuts and to come up with ideas and concepts for possible future programs run by the State of New Jersey, which can alleviate some of the difficulties that will arise as a result of the federal cutbacks in the area of student aid.

We had our first hearing at Montclair State, which I felt was very successful. We had a great deal of testimony on some of the problems, and we had some of the students come in. I think it is appropriate that we are here at a community college because the problems at a community college are different than those at a four-year college. In some ways, the financial aid burden is not as great for the students, but in other ways, the problem of aid to the college itself, is greater. I think this is something that we have to become aware of because the college, the county, and the state provide a great deal more of the subsidy to the students of the county college. Unfortunately, many of the proposals that are presently in existence here in the State of New Jersey significantly cut back on the aid going to community colleges and, thus, in the end, the final financial burden will rest on the students or the county, depending on who is going to take up the slack. It is somewhat of a different situation, but yet the problem is there. It is one of money and who is going to pay for the money that has to be spent to provide quality higher education. Obviously, if we have adequate financial aid programs, then the students can pick up more of the slack. If we don't, then the State should be taking up the slack, as well as the county.

That is why we are here today. We are here to see what suggestions can be made and what problems exist. I will be starting the hearing and chairing it, but I will have to leave in less than a half-hour. Assemblyman Joseph Bocchini, who is a majority member of the Higher Education Committee, will continue to chair the hearing. He will provide the input from the committee and will also ask the questions that may come up after the presentations of the various speakers.

At this point, I'd like to turn the hearing over to Assemblyman Bocchini for his opening statement and then we'll have the first witness.

ASSEMBLYMAN JOSEPH L. BOCCHINI, JR.: I will make this very short. Some of you may feel that the hearing may be a little redundant due to the fact that you appeared in front of the Higher Education Committee a few months ago regarding the current budget that the State is trying to put together. However, at that time, we were besieged with a multitude of problems concerning the daily operation in a fiscal year for the colleges and universities across the State. I think the purpose, as indicated by Assemblyman Doria, is simply that we need to formulate a dialogue of realistic proposals for legislation that will, in effect, help those students coming into the public and private colleges to obtain or at least have access to higher education. The numbers that we received, in part, a month and one-half to two months ago, as far as the anticipated cutbacks on student aid are concerned, I assume haven't changed. If they have, then they have probably decreased. You don't see too

much money coming back in the way of student aid. I, personally, hope that sometime before the Fall, our Committee Assemblymen will at least be able to offer a proposal to the Administration and Legislature as far as some kind of future funding in the way of student aid that we know, or that we can at least expect, will be paid back at a rate where money won't be taken and then reinvested privately while they are going to school.

In essence, that is all I have to say at this point. I appreciate those of you who have taken the time to come out this morning to be here.

ASSEMBLYMAN DORIA: Okay, thank you very much, Assemblyman Bocchini. I, too, hope that we will have some types of proposals ready for the Fall for action by the Legislature.

At this point, I would like to have the President of Trenton State College, Mr. Harold Eickoff, make his presentation.

H A R O L D E I C K O F F: Thank you, Assemblyman Doria, Assemblyman Bocchini and members of the staff, both partisan and non-partisan. I had it pointed out to me this morning that there is a distinction between the members of staff. I will make my remarks brief and I would suggest to you that I have no prepared statement; but, nonetheless, I have some thoughts I would like to share with you.

I would like to note, first, my appreciation for the opportunity to come over to Mercer County Community College and enjoy John Hanley and his staff's hospitality here. I like to emphasize on any kind of occasion the good relationship that higher education, and particularly public higher education, has in Mercer County. We have very strong ties with one another and I have been very pleased with the kind of help John Hanley has been to me as a relative newcomer to the state since I have been in the Presidency at Trenton State for two and one-half years.

I'd like to turn then, briefly, to thoughts on the situation with regard to financial aid. We try to monitor on a day-by-day basis what is happening with the financial aid picture and how the financial aid ebb and flow are going to impact on our students. I must confess to you that most days I give up trying to keep track of it because the efforts to cut the budget in Washington, the efforts to readjust the budget here in New Jersey, and the efforts to restore on both fronts an appropriate amount to support financial aid is a wilderness. Ladies and gentlemen, that is very difficult to keep in touch with. I turn often to our own students and to our staff who work directly with the students, particularly to the incoming Freshmen, to get a feeling of what the financial aid impact, or the impact of the financial aid cuts, will be on them. I will share with you what I know and I suggest to you that we do have some problems.

This is information that I have on hand. Out of Washington:

The Pell Grants. What has been happening with the Pell Grants will have some impact on us.

The National Direct Student Loan. We anticipate, somehow, having to break the news to our students. We'll keep them as informed as we can that there will be an approximate 10% to 13% dollar increase in what they can expect from that front.

The Guaranteed Student Loan. It will not have, I don't think, much impact on our incoming students because that program has not been significant

in the support of the kind of students we admit to the college.

As far as the State financial aid picture is concerned, it appears at the present time that if everything falls into place, the impact on student aid will not be great, but I would add a caution to that. Very frequently, the student aid programs or any kind of program can fall victim to the processes of legislative and executive decision-making. Translated, that simply means this: As I understand it, the Appropriations Committee has acted to cut approximately five million dollars from the TAG Program. But in the proposed appropriations bill, they have given the financial aid agencies the opportunity to roll back into the financial aid funding for the coming year with some residual funds. I understand this will amount to about four million dollars. So again, the bottom line of that is that we are likely to have a TAG Grant Fund which will be approximately at the level in the coming year that we had last year. Hack Rhett is here and he can bring you up-to-date if my information is incorrect. It appears again that the Tuition Aid Grant, the major state program that impacts on our students, and assuming that the budget that is being presented and considered will come out relatively intact, we should be in reasonably good shape there. I'd like to add, nonetheless, a caution beyond that, and this in the form of some concluding remarks.

First, I'd like to note that most of the families and the students of the families at Trenton State College recognize that they will have to bear a greater portion of the cost of the education of the students who come to us. That is recognized; that is accepted. But I believe what is happening in the budgeting process, both at the state level and at the Washington level, does not recognize the limits that that process has. I believe that it is not good public policy for us to simply off-load onto the families of the students in public higher education a greater and greater share of the cost of education until finally we have reached the point where students no longer can be supported in the college by their own efforts and by the efforts of their families. I think that is bad public policy, and I would urge anyone who has anything to do with the budgeting process to recognize that as an ominous kind of process. I would also suggest that in the process of adjusting the budgets to face the reality of the economy that we can't look simply at student financial aid as an isolated entity. I think we have to look at student financial aid as part of the financing of students' education, because as a President, I review our budget on a weekly basis, and I know that you cannot view financial aid as an isolated item. You view it as the overall support for the institution. When we start looking at where we have to make cuts as a result of revenue shortfalls, we look to wherever we can find the money. Very often we have to look to such programs as student aids, graduate assistance, and the like. That impacts upon the student's ability to stay in college.

Again, I would simply underline that the student aid cuts are serious. They will somehow manage to keep the colleges open, I think, in spite of the student financial aid picture. But, those student financial aid problems are indeed serious for us. I would simply close by saying that one of the most heartening things that has happened in higher education, in my mind since I've been in New Jersey, has been the efforts on the part of the higher education community, both the public and private community colleges, four-year

colleges, and state universities to join forces to begin to address the long-term funding needs of higher education in the state. I don't think we know very well yet how to join our forces effectively, but we are trying. We made a start and I was heartened by that and fully expect to be supportive of that continued effort in the future. Thanks very much.

ASSEMBLYMAN DORIA: Thank you, President Eickoff. Before we have a few questions, I would like to welcome Assemblyman John Watson from the 15th Assembly District, who is a member of the Appropriations Committee, and thank him for joining us today. I have a few questions, and I think some of the other Assemblymen might have some too.

First President Eickoff, what type of financial background do you find most of your students come from? What type of family financial background?

HAROLD EICKOFF: The financial background of our students is generally middle income. About half of the families are sending children who are first-generation college students.

ASSEMBLYMAN DORIA: We are talking about first-generation, middle income college students. Would that be approximately between \$16,000, \$26,000 and \$30,000?

HAROLD EICKOFF: Yes.

ASSEMBLYMAN DORIA: Do most of your students have to work in order to maintain themselves in college?

HAROLD EICKOFF: About half of our students hold jobs while they are in class. We are not sure how many hold jobs during the vacation period, but our general information is that about 85% of the students work when classes are not in session.

ASSEMBLYMAN DORIA: What do you think is the impact of their working upon their academic performance and the academic atmosphere of the college?

HAROLD EICKOFF: It depends very much on the student. My own feeling is that for students who have to hold two jobs, for example, to stay in college, these jobs are going to have an impact on their academic performance.

ASSEMBLYMAN DORIA: I suspect as of now, that you anticipate some tuition increases because of the budget as it has been presented.

HAROLD EICKOFF: We have looked at our budget very carefully, and in order to maintain the level of services that we have this year, that is, educational services, student services and the like, we would have to have a five dollar per credit hour tuition and fee increase.

ASSEMBLYMAN DORIA: How do you think this will impact on the students in the sense that they will not continue or that it might be a minor adjustment?

HAROLD EICKOFF: It is very difficult to know on the basis of the information we collect what that impact is going to be. I have heard predictions, and I am somewhat skeptical about those predictions, as to what the impact will be. It will have an impact, particularly on our low-income students.

ASSEMBLYMAN DORIA: Is there any information from past tuition increases and what happened then?

HAROLD EICKOFF: No, there is no evidence that it has had a negative impact on our student enrollment.

ASSEMBLYMAN DORIA: We were talking about the TAG, and obviously, the Tag figures that were originally proposed have had changes made, but they are almost at the same level.

HAROLD EICKOFF: Yes.

ASSEMBLYMAN DORIA: Was that based on tuition levels for the present year?

HAROLD EICKOFF: Yes.

ASSEMBLYMAN DORIA: That means that obviously next year, if the tuition does go up, the TAG Grants will not meet the needs of the students, considering the increased tuition. Is that correct?

HAROLD EICKOFF: That is correct. I'm sorry I didn't make that clear. The TAG tables project adequate support for the Tuition Aid Program in the coming year, assuming that tuition levels remain the same. We have talked with our students and their families very candidly about the inevitability -- we have put it that way -- the inevitability this Fall of a tuition increase.

ASSEMBLYMAN DORIA: You have mentioned that your students don't use the GSL Program, the Guaranteed Student Loan Program. Do you see that they will probably now get involved in it, or do you think it will still not be a popular program because of the demands it will place on the future of the students?

HAROLD EICKOFF: I think it is the latter, that it will not be a popular program because of the financial demands it will place on the students.

ASSEMBLYMAN DORIA: I want to thank you, and I'd like to see if any of the other members here have any questions. Assemblyman Bocchini?

ASSEMBLYMAN BOCCHINI: Doctor, of the student enrollment at Trenton State, do you have an estimate of approximately what percentage of the students in the undergraduate level are receiving some type of financial aid?

HAROLD EICKOFF: Yes, it runs about 55%.

ASSEMBLYMAN BOCCHINI: You indicated the possibility that there would be a five dollar per credit hour increase in tuition based on the budget for this year.

HAROLD EICKOFF: That would be the tuition increase that we anticipate would be necessary, assuming that our budget is funded at the level the Governor recommended to the General Assembly.

ASSEMBLYMAN BOCCHINI: What is the tuition for the present or this past year's credit hour at Trenton State?

HAROLD EICKOFF: Twenty-seven dollars per credit for undergraduate.

ASSEMBLYMAN BOCCHINI: How about graduate?

HAROLD EICKOFF: My memory is that it is thirty-three dollars, but I'll get that back to you.

ASSEMBLYMAN BOCCHINI: I found it interesting that you felt that as far as the GSL loans are concerned, the students might shy away from them because of the financial burden it could place on them at a later date. I, personally, always felt, and maybe it is because it was the way I financed my education in part, that it was a great mechanism for being able to stay in school. Do you know approximately how many students of that 55% are currently receiving financial aid from the GSL loans?

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HAROLD EICKOFF: No, I don't know that number.

ASSEMBLYMAN BOCCHINI: I'm curious--

MR. RHETT: I could get that.

ASSEMBLYMAN BOCCHINI: Do you have that, Hack? Okay.

MR. RHETT: I don't have it with me, but I can get it for you.

ASSEMBLYMAN BOCCHINI: All right.

My curiosity simply stems from the fact that we've heard, and I believe, in part, Hack, from when you testified at one of the first committee meetings I attended on higher education, the large percentage of students who are not coming back and paying loans on time or simply just walking away from the loans, I'm interested in trying to get a grasp on that. We'll discuss it when you speak, Hack.

MR. RHETT: Yes.

ASSEMBLYMAN BOCCHINI: I have no further questions.

ASSEMBLYMAN WATSON: I have one question for President Eickoff. You stated that the increase would be five dollars per credit. What would be the percentage of the increase overall to the students this year, if there should be an increase at all?

HAROLD EICKOFF: It would amount to a thirteen and a fraction of a percentage point increase in the tuition fees.

ASSEMBLYMAN WATSON: Would that also be with monies that-- Just in case we can restore some of the monies, the \$23 million we are talking about--

HAROLD EICKOFF: Yes.

ASSEMBLYMAN WATSON: (continuing) --would that also be included as part of that, or is that outside the 13%?

HAROLD EICKOFF: Let me go at it a little different way. The five dollar increase is based upon the Governor's recommended budget. The request of the coalition for the \$23 million restoration would be on top of what the Governor recommended. We know that in our budget, for every \$250 thousand added to our operating budget, we could reduce our tuition increase by \$1. Every \$1 increase per credit in student tuition reduces a quarter of a million dollars. So, if we got what the Governor recommended, for every \$250 thousand addition to that, we could keep the tuition lower by \$1 per credit.

ASSEMBLYMAN WATSON: Are you speaking just in terms of Trenton State or is it in higher education overall?

HAROLD EICKOFF: It would vary according to student enrollment, Mr. Watson. We're basing our projections on a full-time equivalent student body of 7,100 students, and that would vary according to the size of the student body as to how much revenue \$1 per credit would produce.

ASSEMBLYMAN WATSON: Thank you. I have one more question -- Fortunately, for myself, and thanks to you, Harold, I spent a couple of days at Trenton State and received a tour top-to-bottom and was able to get into the running of the college with you and your staff. I'm pointing out to the committee that -- when the information is disseminated -- Trenton State is not a classic state school to the extent that you have a great number of commuters. I believe, Doctor, you have a large percentage of on-campus residing students. What percentage -- I'd just like to see that reflected in our records, if you happen to know?

HAROLD EICKOFF: Yes, of our full-time students, that is, our students who are enrolled for full-course loads each semester, we have 40% of those students housed on campus.

ASSEMBLYMAN WATSON: On a combined tuition/residential cost, what does it cost the average student taking a full load, residing in the dormitory?

HAROLD EICKOFF: Okay, let me do a little subtracting here because our Board acted last night to authorize an increase in room and board -- It varies depending on the program the student is in because there are some modest fees this way and that, depending on what books they buy and the like. It ranges between \$3400 and \$3600. That is for a student who is living on campus, taking a full-course load. Room, board, tuition and fees, yes, Sir. And we're projecting in our housing costs and our board costs, an increase of 11% for the coming year.

ASSEMBLYMAN WATSON: Is there much availability of student work at the college itself?

HAROLD EICKOFF: Yes, we use a great number of student workers outside the traditional financial aid programs. We just have a line in our budget that says "Part Time Student Work". I can't give you numbers on that. Unfortunately, as I suspect we all know, that is money that is not related to continuing employees. That is a very, very vulnerable kind of money because you don't have problems of contracts in force and tenure and administrators who have their appointments for the next year. If you look around to find some money that you can get your hands on, it is usually in the categories that support students.

ASSEMBLYMAN WATSON: Okay, thank you.

ASSEMBLYMAN BOCCHINI: I have only one other question for President Eickoff. That relates to the coalition's proposals.

HAROLD EICKOFF: Yes?

ASSEMBLYMAN BOCCHINI: Obviously, those proposals are aimed at increasing the total funds made available to the state colleges and all of the colleges in the state.

HAROLD EICKOFF: Yes, Sir.

ASSEMBLYMAN BOCCHINI: If you don't receive that, in addition to the tuition increase, will you have to cut back on programs or personnel or on any other aspect of the college?

HAROLD EICKOFF: We will be cutting back services pretty much across the board. We do not anticipate that without that restoration, we will have to cut personnel.

ASSEMBLYMAN BOCCHINI: But, you will be cutting back on services --

HAROLD EICKOFF: (continuing) -- We will be cutting back on services --

ASSEMBLYMAN BOCCHINI: Such as?

HAROLD EICKOFF: (continuing) -- counseling services, we will be cutting back on the hours we will be able to offer our students access to the computing center, access to the library. Those are the kinds of cuts that we will have to be making. I might make a point, and I don't mean to over-respond to your question -- I have maintained consistently that you can do irreparable harm to an institution of higher education long before you get to personnel, long before you get to personnel. In my judgment, when you have to lay off people, you are taking the last act if you will, at a thorough dismantling of your educational

enterprise. When you cut your library appropriation, as some of the state colleges have been required to do, say \$150 thousand dollars per year, when you cut it to that level, you're permanently damaging your library, in my judgment.

ASSEMBLYMAN BOCCHINI: I agree. I think there are many problems that result in cutbacks in funds, and they are usually borne by the students directly on their backs.

HAROLD EICKOFF: I couldn't agree more, Sir.

ASSEMBLYMAN DORIA: Okay, thank you very much.

ASSEMBLYMAN WATSON: -- one more question --

ASSEMBLYMAN DORIA: Yes?

ASSEMBLYMAN WATSON: The students who are successful in getting their student loans --

HAROLD EICKOFF: Yes, Sir?

ASSEMBLYMAN WATSON: What do you figure their rate of interest on these loans will be this year?

HAROLD EICKOFF: I should defer that to Hack if he could --

HASCAL RHETT: 9%.

ASSEMBLYMAN WATSON: 9% -- is that the rate?

HASCAL RHETT: Yes.

HAROLD EICKOFF: Okay, thank you very much. I very much appreciate the opportunity to be with you and thank John Hanley, again, for his fine hospitality. You make a good cup of coffee, John.

AUDIENCE: (laughter)

ASSEMBLYMAN DORIA: We thank you for your very informative presentation. Before we go on to the next speaker, I just want to thank the committee and Kathy Fazzari for setting this up and the stenographers for coming. Kathy is our aide and does a very good job, and I just want to make a point that we couldn't get things done without her. I also want to thank Chris Simon, the majority aide to the committee, who is extremely helpful also and works with us.

At this point, I'd like to call the President of Mercer County Community College, Dr. John Hanley, and thank him for his hospitality.

DR. HANLEY: I'd rather defer until the people who know more about it --

ASSEMBLYMAN DORIA: Okay, then the next speaker I'd like to have is the Deputy Chancellor of Higher Education in the area of financial aid, Hascal Rhett. Hack? I just want to say that I may have to leave during this presentation because of other commitments -- I would like to stay and hear what Hack has to say.

H A S C A L R H E T T: Mr. Chairman, I don't have any prepared testimony -- many of the things I'll tell you happened only yesterday, both on the state and federal fronts. We're in the midst of a very dynamic funding situation as far as student aid.

Let me start with the federal outlook. I came to you a month and a half ago or so and gave you some charts of potential cuts. I gather, from what people have said at your previous hearings, that there is, indeed, a sense of dread about these coming cuts, and many people have noticed that we have been able to defeat virtually all of those reductions. The recisions offered by President Reagan were rejected by the House of Representatives and the Senate and, therefore, are dead. Funding for the next academic year, that is Fall '82 and

Spring '83, will be at the same level of federal funding because this year, we have the operations of the Guaranteed Student Loan Program and the Plus Loan Program. As of today, they are at the same rates of interest or better than the present year, so that the damage we thought might occur for the next academic year, has been put aside. I must say that the New Jersey Delegation, both sides of Congress, unilaterally went against those reductions, and we had strong support when the Governor's Washington office and the Governor, himself, met with the delegation and opposed the cuts to student aid in higher education. It has been a very successful enterprise to date.

However, for FY 1983, that is, the federal fiscal year, which affects the '83-84 years, their academic year, the issue is still being hard fought. We were able to get what we wanted on the Senate side, which specifically, is very conservative. Senator Stafford of Vermont put in a successful amendment that would preserve the Guaranteed Student Loan Program through to 1983-84, with full funding, and the Senate voted on that positively. That is part of the Senate budget first resolution .

Yesterday, after several abortive attempts, the House of Representatives adopted a budget, as it voted, I believe, 219 to 207, or something very close to that, for the Michel Lotta Amendment. This, unfortunately, was not the one that we were pushing for; we were after the Jones Amendment. A week or two ago, three different budget amendments, including these two, had all been voted down by the House. Our House delegation is having a very difficult time with this. They are under heavy pressure from the President, on party lines, and on fiscal lines. The Lotta Amendment carries reductions in it to the Guaranteed Student Loan Program as an assumption, and, some assumptions for reductions of aid in the coming year. Obviously, those assumptions are not valid since Congress has rejected the recision.

What this means, and I'll go over this very quickly and cover it in more detail later, if you're interested -- I don't think it is the main business of this committee. We will probably have very little struggle in the House-Senate Conference because the numbers are similar. You have to realize that the budget resolution in Washington is simply a function number layout. It will say, for a function that includes education and health and five or six other things -- numbers \$26 billion -- it sets the number. The assumptions that go into it do not operate as regulatory assumptions. That happens in the reconciliation process, which means that everything is going to break loose again in in July or August as the reconciliation bills are shaped up. That is where we are likely to see program rules changed for 1983-84. So, those of us who do federal work for the State will be extremely busy during that period, trying to defend some of the existing programs.

On the federal front, I'd like to amplify some of the remarks that Merle Alshouse of Bloomfield College made at your Montclair hearing. I think that he was exactly on target. Some of us are now worrying, not so much about what we call supply-side dynamics, that is trying to cut appropriations and, otherwise, reduce taxes, as we are about what we call demand-side manipulation. It is our belief, and here I speak for myself and not necessarily for the State Government, that the federal programs of student aid are now being manipulated with regard to their accessibility to students. We afforded to you,

I believe, a letter that was sent from the Department of Education that tells about processing delays from Pell Grants, that tells about the elimination of toll-free telephone services for students, so that if now a New Jersey student has a question about his or her Pell Grant application, they may call the Pell Grant Program out of their own pocket to a California number. This is a pretty amazing way to do business. It is my inclination to believe that this is deliberate and that the federal government is trying to reduce the demand for these programs so that they can come back a year from now and show that the funds weren't used or utilized because students weren't able to get applications processed or weren't able to get information about the programs. They will then say that this reduction is due to their efforts in curbing fraud and abuse, which is a favorite phrase of theirs. Then they will plead with Congress that the program should be reduced because they have now reached their normal level of demand, having cleaned out fraudulent cases. It is my belief that that isn't the case; they're simply shutting down access to information and applications to students instead of their unsuccessful attempts to shut down the funding levels.

It is our opinion, as a department, and the Chancellor has written to the New Jersey Delegation on this, that the cuts done in '81 were enough. We have seen reductions in our Guaranteed Student Loan volume this year that come from the '81 reconciliation cuts. Month-by-month, our volume is down by 37% over the year before. That is a significant drop, and the loans are still available. The capital availability of the hundreds of lenders that participate in New Jersey is still there, and the terms are still favorable. We're simply seeing that things like neat analysis and origination fees do have an effect on the market. We're pleading, so far successfully, with our delegation and with delegations from other states with whom we work, to see the full cyclical effect of these reductions that were made last Fall before we put further reductions in.

Now, on the State front, meanwhile, I agree with what Dr. Eickoff said. We, in the department, tend to look at things from a broad view that which has to do with financing of higher education and a part of student aid as a component of that financing. We operate, as I think the committee knows, on a principle in higher education that the student should pay 30% of the cost through tuition and that the other 70% would be subsidized. Following that principle is another principle that those who can't afford the 30% of the cost, should receive tuition aid from the State, and, we rather elaborately measure their ability to contribute. Those who can contribute nothing can get a full-tuition award in the public sector, or, this year, up to \$1400 for independent college sector. Those are the principles under which we operate.

Now, the reduction of \$5 million to the Tuition Aid Grant Program, as is currently proposed by the Joint Appropriations Committee, has several effects. Not all of them are obvious, and I think I would like to amplify Dr. Eickoff's comments on that front. If the \$5 million is not made available to the TAG Program, and we are able to roll-over our balances from this year, we will lose approximately some \$400 thousand in that transaction. Our balances are now estimated at about \$4.6 million. In other words, we'll get \$5 million and be able to roll \$4.6. We think that that can still let us scrape by and support the award table that has no anticipated tuition increases in it, but simply

supports this year's tuition levels. Other reductions made by the Joint Appropriations Committee to our administrative lines mean, as the Chancellor has written to the Governor, that we may well have to transfer some of the grant funds simply to process. I'm not talking about adding staff or even keeping all of our staff on board. We were handed a reduction of \$110 thousand in data processing accounts, which, literally, means that we won't be able to process, in any sort of timely way, eligibility notices and payments for our major grant programs next year. It is odd that a small amount of money like that would have such an effect, but it would be significant. So, we will probably have to look at some transfers just to process the program.

Finally, the long-term effect of that \$5 million reduction is it reduces the base for the program. This is the standard bureaucratic way of looking at things, or a standard fiscal way, and that is, if I had my choice between losing the balances this year and having the \$5 million next year, I would lose the balances and take the \$5 million next year because that increases the base funding for the program. As I go into 1983-84, I operate with a higher base and, therefore, more aid available to students. That is not going to be the case if the present Joint Appropriations Committee Resolution holds. I will operate at a \$5 million lower base, which will mean that in the future, the program may well be \$5 million under what we would estimate to be the needs of the students in the State of New Jersey.

In the EOF Program, the Educational Opportunity Fund Program, the coalition of colleges and universities has backed a restoration of \$965 thousand to the program, which is essential to preserve the campus support mechanisms and student grants for the program. That \$965 thousand is badly needed for EOF and has, somehow, been lost in the shuffle. In these cuts, nobody is looking at any restorations at this moment. What it will mean is, as it filters down, lower ground levels for EOF students next year, and these are students who are measured to be the poorest in the state with a history of poverty -- disadvantaged students. Their grants will not keep pace with increased costs, and the staff who work on the campus will be thinned or will have to operate on lower salary levels, which could reduce services to the students.

We also, through the latest proposal from the Governor, have to look at significant layoffs of our staff. Those effects would be significant, and those decisions are being made as I speak, virtually, and today or Monday, we may well be issuing layoff notices to the majority of our staff who process student aid programs. Of course, if that all came true, we might well be severely inhibited from operating next year.

I'd like to say a word about the shifts in enrollment that we think are happening, along with something that was said earlier about pressures on the county colleges. We think we see trends happening this year -- at least two. The first is, people who might have gone out-of-state are more likely to switch their choice and come back into the state. People who might go to the independent sector, might reconsider and try to go to the state university or the state college. People might switch their choice from the state university to the state college, and people might switch their choice from the state college to the county college. It is sort of a widespread, trickling down, according to price as people seek lower-priced options. This may well result

in enormous pressures on the county colleges this year and next year and, perhaps beyond, to take numbers of students that they cannot afford to take and cannot afford to aid. That should be recognized.

The second trend we see, unfortunately, is aided by some of the kinds of testimony I think might have been presented to this committee. That is, people are scared that all financial aid for the next year has been cut. When I talk to people who are directly out on the street everyday recruiting our EOF Program, they find great discouragement amongst potential students for that program in that they don't think aid is available for next year. The Reagan cuts for student aid have all caught the headlines on Page 1. The press releases that we've put out that say aid is available for next year -- go ahead and apply and go to college -- usually is found on Page 37 of Shopper's World, and that is the nature of the media. The effects are drastic, and I've talked with a number of institutional personnel who tell me that they are seeing those effects -- what I call a self-fulfilling prophecy -- people are not applying for aid because they don't believe it is available next year. That could be a serious trend.

Finally, in terms of concepts that we are working on for the future, I believe the framework of our present program is a sound one. I think we have strong backing from the college community to continue that framework. I think we have improved our delivery system and our responsiveness to the needs of the colleges and the students, and I would urge the committee not to think about taking away any of the framework that now exists for the Tuition Aid Program, the Educational Opportunity Fund and the Garden State Scholarships and Fellowships.

In addition, we are looking at the possibility of developing a State Work Study Program of which I might talk further. We are going to need a legislative initiative for that program. It would be our plan to have that program ready for the 1983-84 school year, which means that it should be done by the end of calendar '82 so that when students enter the admission and financial aid cycle in early '83, they would be aware of this additional program. We see this program as involving private industry, funds from private industry, and helping students to find employment during their academic terms, which helps their academic work and is consistent with it. It gives colleges another campus-based flexible program that can extend the capabilities of the federal program beyond federal guidelines.

We are also looking, and have looked intensively, at the prospects of bonding for future loan availabilities. I have to tell you that, at the present time, it is not a favorable time to go to the bond market. Our Plus Program, which is the second largest in the country now, is operating at about the \$15 million level, giving loans to parents and independent undergraduate and graduate students -- \$3 thousand dollars a year at 14%. Every indication is that on October 1, the interest rate will drop to 12%, making that even more attractive to students and parents. We have a hard time projecting a state-operated loan program, which could operate that efficiently at 12%. Therefore, we would probably stay with this program, which carries a full federal guarantee on all loans.

I'd be glad to answer any questions that the committee might have. Those are the things that I wanted to bring you up-to-date on.

ASSEMBLYMAN BOCCHINI: Thank you, Hack. First of all, let me say that it was interesting to hear your comment regarding the possible State Work Study Program. I am sure that Chairman Doria, as well as the entire committee -- I'm certain I am interested in discussing that further. Since my legislative office and the district is very accessible to your offices, I will make myself available to you at your beckon call to discuss that with you in further depth.

HASCAL RHETT: I think that works both ways. We're ready to sit down with legislative staff for bill drafting or talks about it or anything -- I think we can get together on it.

ASSEMBLYMAN BOCCHINI: Hack, you mentioned, maybe I have overreacted in my own sensitivities during the last few months -- there has been an outcry, as far as I can ascertain, from the public and the media -- you hear enough comments regarding fraud and abuse in relation to the Guaranteed Student Loans and loans of that nature. Do you or the department have any statistics concerning where we stand in relation to those people who have gone bad on this, so-to-speak?

HASCAL RHETT: Yes, we'd be happy to give you detailed statistics and maybe we can discuss that after this session. We'd be glad to send you the print on that. But, the large picture is that we have over eight hundred thousand students involved in the New Jersey Guaranteed Student Loan Program, which is one of the largest in the country. It is over twenty years old. We have a portfolio, which is approaching \$2 billion, so our experience is based on a widespread dealing with students.

Our default rate, that is, those who do not pay back their loans to the lender, and thus, are turned over from the lender to our agency for collection, is about 4½%. Given that 4½%, we then begin our collection activities, and by the time we're done, the uncollectible loans on the portfolio of the size I've mentioned are about one-half of one percent. In other words, 99.5% of hundreds of thousands of students are repaying their loans. So, we tend to get a bit testy when people suggest that it is in the nature of students not to pay back their loans. Our experience is to the contrary and it has a lower default rate than most commercial loans I would submit. Yet neither we nor the lenders check the credit worthiness of the students as we give the loans. We give the loans on the good faith of their future ability to pay back, and they have paid back. That is the message.

ASSEMBLYMAN BOCCHINI: That is an interesting comment because so very often, when I have the opportunity to meet with -- not necessarily on a professional level or a level concerning my political endeavors, but just casually out socially or at a club with people -- I have one thing that sticks in my craw, so-to-speak. I was sitting around with a group of fellows and we were talking about loans to higher education, and somebody jumped up and said, "Forget it, let them go to work. They're borrowing money from the government through these guaranteed loans, they're reinvesting it, and they're not paying it back." I took a lot of heat, so-to-speak, on that particular area and I stood there and attempted to defend it. I, personally, would like to get some of that information -- one person to go back and say, "Hey, look at this."

HASCAL RHETT: I'd be glad to go with you to meet that one person, and we could have an interesting discussion.

ASSEMBLYMAN BOCCHINI: As a matter of fact, I think at our first meeting, maybe I misconstrued what you were saying. I had a fear that there was a large default percentage. It's interesting to note that there is not.

Do parents have to co-sign those loans? Do you happen to know -- in most instances?

HASCAL RHETT: The legal loan-holder is the student. And, the liability to pay back the loan is the student's responsibility.

ASSEMBLYMAN BOCCHINI: -- the required guarantor.

HASCAL RHETT: In the Guaranteed Student Loan Program, the federal government is the guarantor.

ASSEMBLYMAN BOCCHINI: No, I'm talking about in the event of default, does the guarantor, as opposed to the Department of Higher Education, go after the student when they have defaulted?

HASCAL RHETT: If the student defaults, we try to collect. And, when we cannot, we take the student to court because they have violated federal law. In a peak week, we send 30 to 40 cases to litigation, using a number of law firms here and around the country. We work with a nationwide credit bureau hook-up through our computer terminals and stop the credit of students who have defaulted and have not responded to collection. Our phone lights up very quickly after that in most instances. In other words, we skip tracing, we use IRS tape matches for updates of addresses, and we use what we think are the most sophisticated collection weapons at our disposal. We take very seriously the role the federal government has assigned to us of collecting those loans. That is why I think our experience is so good. In fact, other states normally and routinely, send their people into our agency to go to collection school, due to one of the lowest, if not the lowest, default rates in the country. It was one of the lowest the last time I looked.

ASSEMBLYMAN BOCCHINI: I assume you are speaking about percentages as related to New Jersey?

HASCAL RHETT: Yes.

ASSEMBLYMAN BOCCHINI: As far as state-by-state is concerned, from what you are saying, I would have the opinion or get the impression, that New Jersey students are probably some of the best paybacks in the country.

HASCAL RHETT: Well, I think students are students and people are people. Things like -- well, this year, for instance, we sent our staff to The University of Medicine and Dentistry and held excellent interviews. We interviewed over 300 medical and dental students who were leaving, and we told them about their loan responsibilities in a legal sense. The chances of default are much lower when people know exactly what the consequences are. If they don't pay the loan back, litigation will result -- that kind of thing. Often, students, in a loan program that isn't carefully thought out, will not receive that counseling from either the lender or the institution. We spend a great deal of time with lenders, working to train their staff, so at the time when the loan is taken out, the student is educated -- sort of a consumer education, if you will -- truth in lending thing. If you sign this piece of paper and get \$2500, here is what you are going to have to do.

I do think there are other loan programs that have caught the public eye and a lot of headlines. Usually, they are direct government programs or

sometimes, direct institutional programs, like the **National Direct Student** loans. Those default rates have varied -- you might read 17% or 25% or something like that, for some of those programs which are much, much smaller than the Guaranteed Loan Program -- and often depend on the counseling and collection efforts of either a federal bureau or a single college or university. The most unsuccessful loan programs have been those run straight from Washington. They cannot manage the sort of pre-claim counseling and collection activities that the State can do -- for all 50 states from Washington -- it is simply an unmanageable task. Historically, they haven't even done the normal, primary collection activity, such as sending somebody a letter when they're loan enters repayment. You know, as well as I do, if owe somebody something, and they never tell you to pay it back -- it's like a store not sending you a bill that month -- you're not going to volunteer the check to them. You're going to wait to see when the bill comes.

The federal government, believe it or not, and some of its programs, let students enter repayment without ever notifying them that they were supposed to start paying it back and sending them a coupon book, or whatever normal business practice would be. That is why some of those rates went so high.

ASSEMBLYMAN BOCCHINI: John, do you have a question?

ASSEMBLYMAN WATSON: Yes, Commissioner, you stated that when there is an article on the drastic cutbacks on student loans from the federal programs -- it's on Page 1 -- and, when you make a retraction, it goes on Page 37.

HASCAL RHETT: So it seems to me.

ASSEMBLYMAN WATSON: I can understand that, but, tell me, what are you doing to make sure that that information is out into the community and the students know about it? You know, we have public television -- we're going to be talking about their refinancing in the next day or two. Why can't we use public T.V. -- Channel 52 -- in regards to all that is out here for our students in the State? And, why can't you buy ads that will go into the section of the paper that you want it to go into because you're paying for it to make sure that that news is out there for the students here? You know, just because you put an article in the paper, it doesn't mean that they have to put it where the first article appeared. I can understand them putting it in the back, but when we have an obligation to let our students know that monies haven't been cut back -- there are monies there for '83, and we want you to know that there are monies there for '83 -- especially for graduate students who were worried about going back this year. I think it is the duty and the responsibility of the Office of Higher Education to find some money somewhere to make sure that the news gets out there -- and on top of it -- someone connected with the office who in doing your P.R. work, can get to our public television stations and make sure everyday that it is out there on that station. I don't think they do enough community service work in regard to this. I don't need any response to -- I'm just relating my feelings about it. I think you might have some feelings about this if you care to respond.

HASCAL RHETT: I'd like to, if I may.

I think you're absolutely right and I couldn't agree more. I must plead guilty to the fact that we have not explored paid media advertising. Some years ago, when I tried to do that, I was told not to by powers greater than myself

within the State -- that it was not a good idea to pay for advertising with money that the State wanted to give away. However, we try to work with the things you were talking about -- public service -- I'm pleased to be able to respond because the timing is really not bad on this. We have staff who are making overtures to this college, which has a very good media shop, and which we have used before. We are going to produce some radio tapes and, hopefully, some video tapes that will deal with public television and commercial radio stations to see if they will play them. We want to focus in, initially, on the EOF Program, but also mention that other loans and grants are available. I hope those things will be initiated with Mercer by the end of this month.

ASSEMBLYMAN WATSON: I would like for you -- if you have to, use my name -- if not, I'd like to find out just what the answer is to you from the stations in regard to your request.

HASCAL RHETT: When that time comes, I'll be glad to share that with you.

ASSEMBLYMAN WATSON: All right.

HAROLD EICKOFF: We're going to be opening a public radio station in Mercer -- I think you know about that. We were supposed to open in March, and we have high hopes that it will be open by September 1st. Now that -- 350,000 area. We would be happy to put that kind of thing out. I think Hack is right. If he gets tapes that we can use -- a couple of other radio stations. The other thing is we're going to have the cable hookup coming out of here and covering Mercer County. That kind of thing will be going out of this county, for sure -- from the central location -- the problems, which to say -- any tapes you could present, we could just throw them out.

HASCAL RHETT: Let's all work together on that. -- by video tapes --

HAROLD EICKOFF: I don't mean video tapes -- the radio --

HASCAL RHETT: We've done some video things and other presentations, such as slides that are more traditionally oriented toward, "Here is How You Get Financial Aid", and I usually appear fairly often on cable or public T.V. -- sort of interview shows about how you get financial aid. But, I think we both agree that that is not enough. It's more of a traditional approach. This year we really have to do something that -- you know, when I talk to center city kids and counselors about their problems, those who usually fall by the wayside first of the self-fulfilling prophecy of, "There is no way available -- I don't want to go to college because I can't" -- are those who had very little ambition in the first place. They are what we call first-generation college attenders. Their parents never went, they have received very little encouragement from the environment as they go through high school that they should be an academic student and go to college. Those are the students I want to save, and I think you do that by appearing on a slightly different radio station and such. The average profile of the viewer of public T.V., for instance, is a college graduate. Those aren't the people I am trying to reach. I'm trying to break in between the rock stations.

ASSEMBLYMAN WATSON: I would like to just add to that, and I have one more question to ask you?

As you have been, and I am, and I guess there are many of us in this room -- today some of our students are confronting me with a frantic kind of situation -- I can't answer -- I'm glad I'm here because I know things today

that I didn't know before. I would always refer them to someone that I thought would know because I didn't want to have them going up a blind path. I just hope we work on that as soon as possible because there are a lot of students out there who are really fearful of what is going to happen to their education. And, it shouldn't be that way from what I gathered here this morning.

My other question is -- in talking to Dr. Blaustein, it was my understanding that of all the students in high school who graduate in the top 10% of their graduating class, we keep only 20% of those students here in the State of New Jersey.

ASSEMBLYMAN BOCCHINI: We never got those numbers from Rutgers on that.

ASSEMBLYMAN WATSON: We would be losing each year 80% of our top students here in New Jersey. My question is that, when these dollars begin to dry up, I am quite sure that we're going to get more of those students that we are not getting now. So, now what we're going to have is probably an influx of students going into the schools of their choice here in the State, which now throws another burden on the community college level. A lot of those students are going to be coming out of the state schools and coming into our community colleges, of which -- I don't have to say it -- many know that I am an advocate of the community college. Over the years, even as a Freeholder, I felt that the State has been lax in their responsibility to the community college only because of the counties getting very gratuitous in keeping their colleges going. I think we fell way behind, and I am going to address that. I think even more so now, knowing that most of those students will be coming back to our state, we are going to have a larger influx of our students dropping that lower student coming back into our community college -- I think we have to address that problem a little more and I'd like to talk to the Chancellor and you someday and the Vice Chancellor in regard to that situation.

HASCAL RHETT: I'd be glad to do that. I essentially share your view -- I think I said some of that earlier.

One thing we have done, which not everybody knows about, is put in a policy that looks toward this kind of shifting, and which states that every college that participates in our EOF Program has to have 10% of its entering class of New Jersey residents in the EOF Program. That is something that has been done on a voluntary basis. We only have a handful of the 54 participating colleges that have not reached that level -- most exceeded it. One reason we did that was to make sure that those from a history of poverty and those from educational and economic disadvantage, remained firm, even if admission standards had to rise for the whole class, as they have done in some of the state colleges. I think that is the first brick in place -- there are probably others that we should talk about.

ASSEMBLYMAN WATSON: Thank you.

ASSEMBLYMAN BOCCHINI: I don't have any further questions, Hack. I would say that your comments, as usual, at least in my short association with you -- I'd like to indicate, for the record, that I've come to respect your ability and what you are able to disseminate to our committee. I'm glad the state government has someone like you around. Thank you very much.

HASCAL RHETT: I appreciate that. I hope when the letters go out, they still have me around, Assemblyman.

AUDIENCE: (laughter)

HASCAL RHETT: (continuing)

We did look up one piece of information -- Joe, did you get that?

ASSEMBLYMAN BOCCHINI: Inconclusive.

HASCAL RHETT: Okay, we'll get you that Trenton State loan information. Joe when to get that information on the telephone, but I guess he couldn't get it.

ASSEMBLYMAN BOCCHINI: Thank you.

All right, our next speaker will be Jennifer Dowd, Financial Aid Director for Mercer County Community College.

J E N N I F E R D O W D: Assemblymen, staff members of the Committee, and guests, thank you for this opportunity to share with you the concerns that we in the community college sector and, particularly, those of us who are in the financial aid profession, have regarding the continued educations of our students and the availability of funds with which to make this possible.

The State of New Jersey has, for many years, shown a strong commitment to the higher education of its citizens. This commitment is clearly visible in the strength and quality of our community colleges of which, quite frankly, Mercer is a very good example. It is also visible in the excellent support for our students through the various state financial aid programs. As you probably know, New Jersey was one of the first states to have an academically competitive state scholarship program. The state was also one of the first to initiate an aid program for the academically disadvantaged student, which not only aids the student with direct funds, but also provides funding for program support to ensure academic success for the program participants. That, of course, is the EOF Program that Hack was just talking about. We residents of the State of New Jersey can be justly proud of our record of achievement to date. It is incumbent upon us to ensure that this support system does not deteriorate.

Through the county college sector, we have been able to provide high quality education at a reasonable price, and we have also had sufficient aid available to make access to our courses and programs possible to even the neediest. Although our students come from the entire spectrum of economic backgrounds, we, as a sector, do tend to serve large numbers of low-income students. As you can see from the charts, which I handed out, two of them -- one for dependent students and one for independent students. They, incidentally represent applications that we had on file for the last academic year. Financial aid applicants at Mercer County College come primarily from families who have substantial financial need. 56% of our dependent student applicants come from families who had less than \$18,000 per year in total income, and these, remember on the average, have about four family members. So, you are talking about \$18,000 in our high-cost state and spreading that amongst four family members. You already have difficulties, let alone trying to squeeze some additional funds for higher education. Over 60% of our independent applicants have family incomes lower than \$6,000 even though their average family size is three. Very few of our independent students are actually single independents, with no one else to care for. Many of these students are the sole adult of the family, and they, therefore, not only have to be the wage earner in addition to their student responsibilities, but they also have to provide full household and child-care, as well. It is a formidable task, as you can imagine. An increasing

number of our students also are older individuals who are returning to college for retraining, so they can once again, or perhaps for the first time, become part of the work force. The current high rate of unemployment has brought many parents back to college to learn marketable skills at a time when their own children are also contemplating the possibility of higher education. We also see an increasingly large cohort of students who, in more affluent times, would have chosen to attend more expensive residential colleges, possibly out-of-state, as you were just talking about, Mr. Watson. These students now attend Mercer for two years, get a sound, but inexpensive education, and then transfer to the residential institution with sufficient monies to carry them through the last two years of the program.

During the past year, approximately 2000 of the Mercer County College students received some sort of financial aid for a total commitment to our students of \$2.8 million. In comparison, a decade ago, in the 1971-72 academic year, we were able to provide, primarily through state and federal funding, as it remains today, incidentally, \$376,000, basically a third of a million dollars, in aid to help 680 students. The average \$1400, which our aid recipients received this year, was approximately broken down into 44% gift aid and 56% self-help in the form of loans repayable over several years following graduation and in term-time college sponsored employment. In addition to the direct aid that our students receive, the overwhelming majority also have part-time or full-time jobs during the academic year, which, though necessary, sometimes create a hardship and disadvantage to their academic studies.

For the upcoming 1982-83 academic year, the county college student will be relatively protected from the federal aid cuts which have been recently publicized. This phenomenon is largely due to the general low income strata from which our students come, and the fact that they have, to a large degree, been held harmless. In other words, because of the cuts that we are hearing about for this current academic year, starting in September, higher income students will be hit harder and, therefore, the terribly needy students will not be hurt. The college, in its federal campus-based programs -- that would be campus-based loans and the S.L. Campus-Based Gift Aid Program, SEOG, and our campus-based college work study -- these are all federal. In these federal programs, we expect to have approximately 16% less aid this coming year, September, than last year. I might say that since the federal government hasn't completed its decisions on what to do, we are going on tentative figures at a time when we really should have most of our aid awards out to our students. They really should know what their life is going to be next month by this point. However, this 16% aid cut will not be reflected in the total aid packets of our needier students. Our students who really have a terribly hard time and who come from a very low income family, at this point -- we will be able to fund them to the level that they were funded this year, and they will not be hurt. The ones who will be hurt will be those students more approaching the middle income level, and they will have to do as best they can. It shouldn't be very bad on the community college sector. It obviously will be more difficult for students as you get up into the higher cost institutions. That is for this current year, starting in September.

For the 1983-84 year, however, one year from September, the

outlook is rather bleak. While few of us can decry the government's attempt to reduce inflation, to decrease spending, and to set the economy to rights again, nevertheless, the drastic cuts currently being proposed in the federal student aid programs will have a severe impact on our students and, quite literally, on their ability to attend college.

The administration's retrenchment plans for the 1983 academic year, and as Hack pointed out, is sort of a guessing game right now to know exactly what is going to happen. But their current plans and what they would like to do would cut 40% from the Pell Grant Program, which is the nation's biggest gift aid program, and 65% from the campus based programs. Included in the 65% cut in the campus based programs is the total elimination of Supplemental Educational Opportunity Grants, National Direct Student Loan Programs, and State Student Incentive Grant Programs. The latter, the SSIG Program, is used within the State of New Jersey as part of our TAG award. Therefore, if SSIG funds were removed and not replaced within our state by the state government, then the state aid awards would also be reduced. The proposed cuts hit hard at the gift aid programs and at the most reasonable of available loans. The government, additionally, wishes to tighten up considerably on the Guaranteed Student Loan Program operated through our lending institutions. If the intent of the administration comes to fruition, Mercer County College students could lose anywhere from one-half to one million dollars per academic year from the current \$2.8 million level. It is a lot of money.

Most of our students are already at the limit of their self-help capabilities. Large percentages of them are already working in excess of 30 hours per week even while they are attending full-time classes. There is little else that they can do to improve their own situation. It is, in my opinion, extremely short-sighted to restrict the education and training with which these citizens and future taxpayers can become self-supporting and, for that matter, society-supporting. I would urge you on behalf of these students, and in consideration of the high technology needs we have here in the State of New Jersey, that student aid funding continue to have an extremely high priority in your budget deliberations.

Thank you, and I'll be willing to answer any questions, if I can.

ASSEMBLYMAN BOCCHINI: I don't have any questions, Jennifer.

ASSEMBLYMAN WATSON: I would like to have a copy of your presentation.

ASSEMBLYMAN BOCCHINI: Eventually, we'll make sure that a copy of the transcript of today's meeting gets to you, John.

I would state, Jennifer, that your comments were well taken, and I don't think anyone, at least anyone who is associated with this committee, is in favor of seeing any type of financial aid being decreased for the purposes of higher education. We're on your side as far as that is concerned.

JENNIFER DOWD: Thank you. Might I also say -- I just realized -- Dr. Eickoff mentioned that at Trenton State College, he felt that the students would probably shy away from the Guaranteed Student Loans. I would like to point out that, right now, the Guaranteed Student Loan Program at Mercer is running about \$1.3 million -- about 800 students per year. It is, in fact, the way a lot of our students can come here. I'm certain they would like to shy away from high interest rates and the requirements of paying it back. I see no

or desire for this to happen.

ASSEMBLYMAN BOCCHINI: All right, thank you.

Our next speaker will be Linda Kessler, who is a student from Mercer County Community College.

L I N D A K E S S L E R: First, I'd like to say, unfortunately, I did not take a public speaking course. I would like to thank all the interested and concerned people who are here today to keep intact the financial aid programs that are essential to a large amount of the student body of most colleges and universities. I was a thirty-two year old divorcee, single parent who entered Mercer County in the Fall of 1980 with a G.E.D. I am one of the students that I was referring to earlier. Without the help of the TAG, EOF and the BEOG Programs, I now would be a thirty-four year old divorcee, single parent. As a result of the financial aid program I received, there have been a few changes.

One is, I got to be thirty-four years old and the other is, I received my Associate's Degree in May, and I might add, with honors. At the risk of sounding repetitive, I cannot emphasize the importance of these programs. They are vital to children from low-income families, women in my position, and to all minorities, whomever they may be. I could not have done it without financial aid.

Of course, with the education I have received to date, along with my continuing studies, hopefully my economic status will change. But, so will the cost of higher education. College tuitions are becoming impossible for the average family to meet today. Therefore, we may lose the American dream.

My financial aid provided me with monies for transportation, baby-sitters, lunches, and clothing. At the start of each semester, I received a bookstore allotment, a card to purchase my books and supplies. Each semester, I was also allotted EOF funds in the amount of \$175.00, which was dispersed throughout the semester. I might add that one is required to meet with their EOF counsellor once a week to make sure that the student is meeting a certain level of academic achievement. Needless to say, these funds were utilized for my expenses in coming to school.

During my stay at Mercer, I sat on the S.G.A., the Student Government Association. This past Spring semester, Trenton State College approached us with petitions to be signed and given to our Congressmen to be taken to Washington in an effort to prevent these financial aid cuts. Every effort should be made to sustain these programs. I did my share, and more, to help accomplish that goal. I was amazed at the enormous number of my peers who were oblivious to financial aid, either due to ignorance or lack of need. What these students and the public do not realize is that if the financial aid program is cut, many of our smaller colleges will be forced to shut down. All tuitions, regardless of their source, help to maintain a college. I cannot begin to emphasize how my two years at Mercer have helped me to mature and feel a deeper respect for myself and life. This can be attributed to education.

I would like to end with a little note to our President, Mr. Reagan. "We realize that some of your defense spending programs are an investment for the security of our country. But, educational aid is an investment in the minds of our people." Thank you.

ASSEMBLYMAN BOCCHINI: Thank you, Linda. I don't have any questions,

but I do have a comment. First, I want to congratulate you.

LINDA KESSLER: Thank you.

ASSEMBLYMAN BOCCHINI: You're a fine public speaker, by the way. In addition, I'm just curious -- are you continuing your education beyond Mercer?

LINDA KESSLER: Hopefully. I'm waiting to hear from Rutgers.

ASSEMBLYMAN BOCCHINI: Is that right? I'll talk to you at lunch -- it's impressive. I'm glad -- I hate when people tell me that the money that is going for education is wasted money. And you just became a case study for me that I'll refer to in days and months ahead, if you don't mind. I applaud you and I'm very proud of you.

ASSEMBLYMAN WATSON: There is something I would like to add to that.

X I concur with everything that was said here -- I'm very happy to see Miss Kessler. I was a former trustee of this school and I was also the liaison member of the Freeholder Board to the school for many years. I know your story can be repeated hundreds of times and, believe me, this affords the opportunity for those could not afford to go into another school. That is just what I was trying to state in the beginning when I was talking to the Vice Chancellor in regard to what should happen for the community colleges because we have saved an awful lot of people who would have never ventured out at all. I'm very happy to see you and many, many others like you.

ASSEMBLYMAN BOCCHINI: At this time, I would like to ask Ed Frederick, Assistant Dean of Students at Mercer County Community College, to present his comments to the committee.

EDWARD FREDERICK: I didn't prepare a formal speech because I knew there were many people who were going to speak before me and who would be saying much of the same thing that I would have said. I think that Dr. Hascal Rhett and Jennifer Dowd summed up many of the feelings and concerns that I have. I guess, being one who has worked at a community college for a period of 13 years, having seen many of our students succeed such as Linda and many more, I could present a number of case studies for you, if needed. If I had a major concern, it would be students at the bottom of the list in terms of funding -- those of whom receive funding last and the information getting to them, which was one of the problems, I think, that Dr. Rhett expressed. Part of that problem of getting this information to these type of students -- not this year so much as next year -- if there are cuts in staffing for the EOF Program or in financial aid, it will be very harmful to the students who we feel will only attend a community college because we actually recruit them -- students that we know can make it. In essence, I think, the community colleges go out to help those students even more so than our major colleges. The 10% that the Governor has sort of mandated -- EOF-type student, meaning that that is not a slur of any kind -- it means that for students who normally do not have the funds to come to school, there should be an extra effort to address the needs of these students. I think that we at Mercer do that as well as any other school in this state. My main concern is the cutback in staff -- the people who actually go out and recruit these students.

What I had hoped was that you would ask me specific questions concerning students and then I could address that more so than giving a formal speech. So, if you have any questions pertaining to the type of student we feel will benefit most from aid, then I will try to answer those questions.

ASSEMBLYMAN BOCCHINI: Obviously, most of the student population at the community college comes from the area high schools -- I think that is a fair presumption. And I would assume it is probably even more so that the percentages would be from Hamilton, Trenton and Ewing Townships, our most heavily populated municipalities in Mercer County.

As far as the high schools and the community college are concerned, is there a definite program between your office and each of the high schools for referring or seeking students for the college?

EDWARD FREDERICK: What we have are counselors who are tied in directly with counsels from the various high schools, and we work as teams. In terms of having a referral system, this works very well. I have no problem each year in meeting the percentage that we are required to recruit in order to reach that 10%. The 10%, however, is a figure that can vary depending on the number of students we bring in. Not all of these students will be designated EOF, but they are students who could qualify. In essence, we still reach that 10%, and we have direct referrals from the high schools. In doing that, we have a counselor assigned to each high school in the county to work with counselors who refer students to us.

ASSEMBLYMAN BOCCHINI: Is there a -- I'm sorry, I didn't mean to cut you short. Is there a statistic that is or can be made available to EOF students from the college that enter and successfully complete the course and receive a degree of some type?

EDWARD FREDERICK: I guess we could get something like that from the EOF office and give you a year-by-year account in terms of the number of students who graduate. But, that doesn't necessarily mean it would be a true representative figure in terms of the number of students who come in. We graduate anywhere from 17 to 25 students in the EOF Program. The number that we take in any given year is normally 100, so I think that when we talk about retention, that is a very difficult thing to say. Many of our students leave and go to other places and obtain jobs after a year. We look at that in two senses -- in terms of dropout -- they may not be a dropout or graduate, but their lives are enriched. As I said, I can relay many stories of students and I can bring many students back to testify who did not receive a degree here, but who are now self-supporting, and in some cases, better supporting than even we are. It may have been because of their one year here -- a semester or two -- that they were able to get something from that. In terms of the number of graduates, we could give you that, but I don't think that should be looked at in total --

ASSEMBLYMAN BOCCHINI: I can appreciate that, but even with that, I'd be curious to know what they are. I'd be glad to discuss at a later time -- I'm not a pure percentage person to the extent that when you add, multiply, divide and subtract -- when you come down to the bottom line -- that that is necessarily indicative of the success of the program. The factors that you are referring to I acknowledged and need to be taken into consideration. As in -- for the moment -- Hack, would your office happen to have any stats on that -- on a state-wide basis or --

HASCAL RHETT: We are putting together an annual report for last year that ought to be done early next month. I'll make a note that -- I'm sure that they would -- I haven't seen it yet, but --

ASSEMBLYMAN BOCCHINI: That will include the EOF --

HASCAL RHETT: It would be the EOF Program across the state. When you are talking about a specific college, it is just as easy to do what you just did and go to the college because, of course, we get our data from the college. So they could probably give you a better display of the data with more explanation than we could -- filtered through us. After all, the people at Mercer --

ASSEMBLYMAN BOCCHINI: Fine. I don't have any further questions.

ASSEMBLYMAN WATSON: I'd like to --

ASSEMBLYMAN BOCCHINI: John?

ASSEMBLYMAN WATSON: I would just like to first -- on your behalf -- to say that I am pleased with your position here in the school. I know your concerns and I know what you have done for the average student here at the school. You have a fine staff.

I would just like to ask you a question in regard to the gifted and talented eleventh grade students in our school. I have talked this over with the President a few times over lunch and at other times. I'm not just picking out the City of Trenton because I know that we have the gifted and talented disadvantaged student in other areas of our school system in the county. I'd like to spread it across the county but -- I know we have a fine center within the City of Trenton and -- Could you tell me what -- and just pick Trenton High as the example for me -- What are you doing with that student who would be an EOF -- that is a gifted student who is an eleventh grade student going into his twelfth year -- and you could pull him or her out of that and put him into an environment that will make sure he continues on? Could you tell me something about that?

EDWARD FREDERICK: I'm glad you asked that. I have a good answer for you. I think that is one of the things I've been advocating for a while. We need to address these students at an earlier time, and Mercer has been quite responsive in helping me to create a program to do this, even though it was on a small scale last year. It is one of the things we hope to continue. Last year, we were able to take 30 students out of the high school and provide a class for them here at Mercer. The class was a technical class, a computer course, which we felt was good because many of the inner-city students do not get into areas other than the humanities and social sciences. By the time they get to college, they have had no background, and they tend to go into areas where they feel they can be successful. So, we want to address them at an early time during their career.

Last year we created a program and brought 30 students onto the campus to take a basic computer course which, we hoped, would tie them into the college in the sense that it would give them an early start. This course would be counted toward their high school time, and, at the same time, it would be college credited. It was essential at Trenton High School. However, I had made contact with various high schools such as Hamilton and they are interested in doing this. But, again, that is one of the things that will have to be worked out and supported by -- the, I guess politicians or the school officials in those areas -- to push for this type of program. But, that is one of the things we are doing at Trenton High and, hopefully, we'll continue it this year. My EOF Advisory Board had the same concern as you, Assemblyman Watson, and that was to find some way of addressing these students at an earlier time in their career. Many

of them were chosen by their counselors as students who were motivated and would benefit from this. We, at the same time, have a TAG Program here. The reason I keep referring to the TAG Program is because we find that most of the inner-city skid students have a tendency to shy away from these areas. We feel that is an area we need to concentrate on more than anything else. That is why I have to be directed to get them into those areas rather than social sciences and humanities.

ASSEMBLYMAN WATSON: That's fine. I'd just like to follow that up with one other question -- I don't want to dominate the -- but, that is absolutely fine.

Number one, the student is getting what it feels like to be here. On top of that, when you first approached those students and your counselors, what was the difference in their attitude then and their attitude in the end?

EDWARD FREDERICK: Right now, out of the thirty students we have, approximately twenty, we feel, will finish the class. The others have not dropped out, and we're trying to make arrangements to give them more time to complete the course. Right now, we think that twenty out of the thirty will be successful, which is 66% and a good rate, as far as I'm concerned. As you had mentioned earlier, we are talking about students who do not have an awful lot of encouragement from home and other places because they are, for the most part, first-generation college students or will be first-generation college students. Most of their support has been from people who are interested, such as the college or school officials who have taken the time and felt like doing some extra work. That is extra work and it requires a lot of effort.

We took on some eleventh and twelfth graders and one of the reasons that we didn't take on a lot of the eleventh graders was because we didn't know if we were going to be able to get funding for the next year. We felt it would be a disadvantage to have them one year and then not be able to have them the next year. I think, of those students who are Seniors, an awful lot of those are going to come to Mercer. We had that in mind when we approached them and started with them -- to give them that early start. That is one of my methods of recruiting.

ASSEMBLYMAN WATSON: I just want to take my hat off to you and the school and the President.

EDWARD FREDERICK: Thanks.

ASSEMBLYMAN BOCCHINI: Dean, thank you very much. Your comments were well taken.

I would like to take a moment to introduce our next speaker, the President of Mercer County Community College -- a gentleman that I've become very fond of during the number of years that I've known him. I'd like to commend him, prior to his comments, on the type of college Mercer County Community College has become because of his and the staff's efforts at the college. Obviously, this is a parochial comment in part -- I am from Mercer County and I attended the old Trenton Junior College. I have been able to see the transformation of an inner-city, one building on State Street and another in an alley college to a -- what, I think, is probably the best community college in this state. With that, President Hanley, we are ready to receive your statement this morning.

P R E S I D E N T J O H N H A N L E Y: Nowisdom, no prepared speech.

I might mention that with respect to Mercer and some of the things that John was just saying, we'll have about 6,000 F.T.E. this year -- that is, equivalent students on a population base of 310,000. If Bergen were the same size, it would be 18,000 F.T.E.. It's about 7,500. That is a measure of what we think is our impact on this community. Ed was fairly modest -- he was mentioning a link program which a heck of a lot of people in the community got involved in. I'm sure it will keep going, and I think it was the ideal course to put BASIC -- learning to compute in BASIC is really what it was. Something Ed may not know yet -- I don't know if he does -- we have just been able to pick up a used computer and we're going to put a computer downtown. Now, the question is picking up the terminals which would allow that course, or something else, to go on downtown. Up until a couple of weeks ago, we didn't know we would have the capacity.

Another thing that is going on, and I think it is going on in many schools, is -- well, not that many --. We are the operators of both the Talent Search Program and the Upward Bound Program, which primarily hit Trenton, parts of Ewing, and a little bit of Hamilton. They were originally held by Princeton, then Trenton State, and then abandoned and taken away from those institutions several years ago. Upward Bound deals with Trenton High students from tenth, eleventh and twelfth grade, and the attempt is to grab them very early and get them off to college. We would like them to go to Mercer, but unfortunately, they are so successful -- kids are so in love with or enamored with the other places, that out of twenty-five, I understand, that the graduating class I'm supposed to appear at on the 19th, only four are coming to Mercer. All the rest have been placed in more prestigious places. The fact is that the college is delivering in that sense in the Upward Bound Program -- is delivering. It is quite a problem for us to operate, and it is strictly something to just help out.

Talent Search is an effort to attract out of high school students as well as high school students -- primarily out of high school students -- and get them into the main stream. I might mention the third or fourth thing -- we operate maybe the biggest high school in the state and in this county right now. The G.E.D. Program for Mercer has over 500 people enrolled in it, and we graduate from high school about 150, Jen, Fred -- what do you -- about 150 a year get G.E.D. diplomas from Mercer for which we don't charge. That would lead me to something else. The only fee we charge, over the objections of Albert Kahn, whom Johnny Watson knows very well never wants to charge for anything, is \$5.00 to show they care -- it was kind of a care-fee. We operate that without charge now with State F.T.E. support. That is all. And that State F.T.E. support on the new formula is being lowered by one-quarter, so we are encountering greater difficulties.

That leads me, of course, to my real concern. I am someone who is not only concerned with financial aid, but also in keeping the whole joint going. If the State's share of this whole joint keeps going down, we, the goat of the county, go to the students. We have no where else to go, although there is some hope now that we're going to get the S.D.I.P. Grant -- John may remember -- might last another few years. But, again, it is not a lot of money. We're talking about a \$15 million, give or take, budget. If we have to go up to any-

thing close to inflation, even half, which we haven't -- in 1968 it cost \$1200 per student to operate this place. Now it costs about \$2200. That is with two campuses and all the costs entailed. I think we have done pretty well in keeping the cost down. The actual support per student at the state colleges has gone up more than \$2200, not counting tuition, in that period of time. We, who operate, I think the most expensive programs in Mercer, in particular, with 73 programs -- many of them high in technology -- have managed to keep the cost down. Now, the costs have been kept down on the backs -- not particularly a faculty who get their usual load -- largely on the backs of people like Fred and Jen, who have had to stretch. An example of that is, four years ago, we had 412 full-time students; we now have 386. Four years ago we had 5,000 F.T.E, and now we have 6,000. We have expanded dramatically in the adjunct faculty, and we have not been able to do that in the administrative staff who carries that burden. It increases the number of people to counselors and on and on and on. I don't think I have to beat that to death. If we had to -- if we can't aid out of the State -- I'm not saying for this year because I have no intention of raising tuition this year -- if something doesn't break, we have to really clobber students by next year. We're presently charging \$20.00 per credit, with a maximum of \$600 in a given year. The average student takes 14 credits, and by the way, when you talk about graduation rates -- Increasingly, graduation rates are becoming meaningless. The average student in the state college is also taking 14 credits. Now, if you have a 64-credit program, you're at least talking about two and one-half years. In a four-year program, you're talking close to five. We have a different world going on.

In addition, we have a number of people who have to be remediated. We're beginning to see half of the Freshman class being remediated, and we probably should have done that long ago. Now we're moving toward that, so if you add remediation to the average credits, you're talking about a community college that is really three years long. And, if you talk financial aid, and they use up their financial aid for three years in two years, then they need two or three more to get to a baccalaureate, which means they're out there without aid for two years. Some of these things are really horrendous when you start putting them together.

We go for \$1.00 per credit -- and we're talking about \$150,000. We'd have to go a lot of dollars per credit to make a dent in the \$15 million budget. A 5% increase is three-quarters of a million dollars, and getting away with a 5% increase is fairly hard. It's three-quarters of a million -- it's 150 -- it's at least \$5.00 per student if it all gets thrown at the student. If it gets thrown at the taxpayer, in the form of the county, it becomes a regressive tax on the property holder. Unfortunately, the formation, not only of the tax construction of New Jersey, is regressive to some extent -- but now we compound that regression by providing more support, and no offense to it -- more support at Rutgers -- at the highest level you provide support at Rutgers and N.J.I.T. at state level. Then you provide the next highest level at the state colleges and the lowest amount of support at the county colleges. And, then I say to you, the average family income is lowest at the county college, then next lowest and next lowest. So, you have an inverse kind of relationship. Then you throw it on the property tax here in Mercer County. My favorite anecdote about who comes

to Mercer, are the kids who are -- several years ago -- about 5 years ago -- were asked, "What is a middle-income family?" -- in a sociology class -- and they said, "\$9,000". I'll bet, those same students asked today, would think, "\$12,000, \$14,000, \$15,000". That is where they are at. We are talking about a large mass of state workers -- that is why Joe is on that committee - a large mass of state workers in Hamilton Township, a lot of service workers in Trenton and so on. We're not talking about our rich group of people. Unfortunately, Mercer County carries all the good and evil of America -- maybe that is good. We've got Princeton and we've got Trenton, and then we've got Hamilton somewhere in the middle. We mirror all of it, and a large number of the people coming on E.O.F. have no other source of income other than E.O.F.. We don't throw it away. Every week they have to report in to Uncle Fred or one of his people and tell them what they've been doing with their money or what they've been doing at school. We do our best not to waste any of it.

If the thing doesn't give soon, the whole -- I've been saying this for years -- I think it gets closer all the time -- the whole edifice is going to fall down. And financial aid is just, from my perspective, although very important, only part of it. There is no way for us to raise tuition high enough to support this place, and there is no way for us to raise tuition if there isn't financial aid to back it up to some extent. That is where we are at when we talk about the county colleges.

Now, I want to show you my charts just once. There was a guy coming today who had prepared these, but unfortunately, he -- sort of point out just once more because I know you know it, but it's fun to show you what is happening. This is the chart of the contribution of State appropriations, the total educational and general expenses of county colleges, and here we are. We'll be rapidly, exponentially almost into the total -- and it won't be there after a while. It's ludicrous. By the way, while I was and was not listening, I was looking at a report here that indicates it is the creation of community colleges that has created jobs in the state and all other states. The majority of jobs being created are being created out of the community colleges. Everybody is going around and talking about New Jersey and high-tech state. And everyone talking about high-tech is into his Ph.D's and science and -- it is. It would be nice to have a first-class university system. But for every such person, we need five or six technicians, and we have RCA right down the road who wants to hire 300 in the next couple of years. And, guess what? How many do you think we'll graduate -- 25, 30, 40? We don't have them and we're not getting them in. They're leaving, they're not getting out. I might suggest that that has a couple of other impacts other than what Mercer does. It has to do with the basic skills level of this State where only 11% of the people can do algebra, where only 30% of the students graduating from a high school can do computations, only 30% can read and write, and that varies according to high school here in Mercer County. We have one of the worst in the State, which doesn't help us. It has the worst record.

We have tremendous problems, one of them being money, because what we do is, when we give GED's and you get a person through the GED, if they get a little turned on, they come to school and you can break some of that pattern.

ASSEMBLYMAN BOCCHINI: John, what are those percentages in '82 and '83?

MR. HANLEY: We figure twenty-nine if things go the way they are, the way it has been proposed in the Governor's budget. Don't forget, the Governor's budget

for community colleges is flat. At worst, the state colleges, Rutgers, NJIT, get the salary account that no one ever talks about until after it comes floating in, after it is paid.

ASSEMBLYMAN BOCCHINI: Not to interrupt you, but since I have sort of been through this with you I would like to refresh my memory, what is it, Senate Bill 250? What was the funding level proposed under the Bill, S-210 last year?

JOHN HANLEY: That's from 43% to 50%.

ASSEMBLYMAN BOCCHINI: And, you are talking about approximately 29%? That's the cute bill, where they say they will fund it, "if available."

JOHN HANLEY: Well, this has been only for the last five years, but it is 29%. Damn it, I know I am supposed to be in a coalition with all of my friends.

ASSEMBLYMAN BOCCHINI: That's why you waited until they left.

JOHN HANLEY: But, damn it, this is obscene. What it is is a dramatic impact to kick the poor around. That is what this is. It is not only the poor, as we are, but it is to kick the poor around in this state generally.

There "ain't no" minorities going into senior colleges, I don't care what they tell you, other than Livingston. Take Livingston out of the numbers and try and find them. Is that honest, Fred?

EDWARD FREDERICK: Very honest.

JOHN HANLEY: You know them better than I do; that's where the hell they are going. And, if you took Livingston away, which was a top to the people ten years ago, what would be happening? And, they are all in liberal arts; they are not going to make a living at that. I can hire a PhD in English tomorrow for \$13,000. I can't hire a computer faculty member for blood. The world isn't moving towards the humanities. Our applications for the humanities instruction-- You know, you hear all this about reverse migration and "back to the cities" and "back to the state" -- applications for humanities are now 50% in our institution this year, and what is being reflected is, our students are not as dumb as a lot of people think they are. They read the paper. They get the message. Our enrollment for Data Processing is up 400% during the past two years. What do we use to buy computers with -- that kind of thing is absolutely going on. But, here we go -- and it is the budget and State support for an F.T.E. student and it is not exact.

ASSEMBLYMAN WATSON: Have you ever called in a seminar with all of the urban legislators, the Senate side and the Assembly side? You know, I think it is important. I've seen this chart over and over again, and it's impressive. It tells its own story. But, I think it's important that the urban legislators -- would you agree with me, Assemblyman -- that they should be called in on a seminar?

ASSEMBLYMAN BOCCHINI: I would hope that they are aware of it, but it certainly wouldn't hurt them.

ASSEMBLYMAN WATSON: You know, I've attended a lot of these sessions and I know there are quite a few Assemblymen who are not aware of -- they have concerns about different things and they have their concern about this too. But there are other areas they are working in, and you can't expect them to be everywhere. But I think a seminar of this type that would focus in on that would enlighten both sides of the aisle to the extent where I know about it, and I know that they have the same feeling.

JOHN HANLEY: We go out, but really what has driven this model since '68 has not been so much conscious actions, I believe, on the part of the Legislature and the Appropriations Committee; it's been that the 80% of our costs have been salary. The state colleges, Rutgers, NJIT -- whenever you prepare a budget -- have a separate salary account that comes in after the fact. I'd love to sometime just go back and find a salary account for all those years.

The second thing is, the highest cost increase in the area that we face is the fringe benefit game. Blue Cross has gone up 30% this year. The State negotiated a new Blue Cross system, perfectly valid, to approve the program for State workers. But, we paid for it. That's not even in the budgets for State colleges. Insurance, the PERS Pension System -- well, they do cover faculty. Those things which are the fastest rising, go up for us the fastest. When I say that we operate at \$2200, that includes the whole "kit and caboodle" -- every nickel we spend, other than pensions for faculty.

ASSEMBLYMAN BOCCHINI: And you have to budget them, other than pensions for faculty in the State colleges --

JOHN HANLEY: And when they talk about cost per student and you pack all that stuff in, they're going to rob you twice. Now, I don't say they don't need their money, but if they need the money, what the heck are we going to do at operating at half of it? We do the same thing.

The other thing is that community colleges, such as this one, have a much bigger impact than on credit students or even part-time students. They change the community, or they should change the community. This joint is used by thousands -- they must have met in tents before this place was built because we're always so full of people. We're talking about a radio station, a television station and all sorts of outreach to the point where I was talking to a psychiatrist the other day who was talking about our nursing program and he said, "You know, I've got several patients who went through your nursing program". I never thought about it that way. But, he claims that the nature of this institution has really changed their lives while he was counselling. It is a social impact that we tend to forget. It is a place for people to come to who may not be very confident of themselves in terms of psychological, physical or financial impact.

The impact of the college is far bigger than this damned graduation rate or a person passing a course. Our attrition rate is horrendous; we're only graduating about 20% of the people, give or take --25% -- we could say we were tough, that's why. The course completion rate here is 75% -- in other words, course by course. They're not coming here to graduate. You only need three or four courses in computers to get a very good job these days. You don't need more than that. A kid comes here and he's a real loser and he finds out he's a loser. Maybe he needs his head put back together -- go in the Army, go anywhere and then come back a year later. There is an enormous number of things that are really social goods out of the community college in terms of impact on the community beyond this, which we really don't think about. I don't think about it until I meet my friendly psychiatrist and he tells me, "Well, look at that". That is all I wanted to say to you people.

HASCAL RHETT: I just wanted to add something to what John was saying.

I have a number of friends who come to Mercer who are at the Master's Degree level. Now, they don't come to Mercer, obviously, to get an Associate's Degree, but they're taking technical courses here for either a job or career shift or enhancement. I know people, for instance, my next-door neighbor -- a Master's in English Literature from Harvard University, taking computer courses at Mercer to change jobs. That kind of thing occurs all the time and adds up to people who show up in the traditional view as a statistic that doesn't look so good -- non-graduates. The Johnson's had no intention of coming here to graduate. That is really a non-traditional thing happening with open-door colleges such as this.

JOHN HANLEY: We have graduated this year a Ph.D in English from our Nursing Program. If you are a Ph.D in English -- now, that guy was very smart. Now he's on the wards called "Doctor". Within two or three years, he'll be a supervisor of nurses or some kind of hospital administrator.

We are very liberal in supporting programs in this State and other states, which are not economic at all. Most of the things we do are very directed at people who are bettering themselves, whatever way they want. Take our non-credit stuff -- we're getting the county in economic development, international trade, and computers for kids. We run four classes in computers for children ages eleven to fifteen, filled with them and their parents learning jointly on one tuition payment. The fathers come too and they're too embarrassed to enroll so they can come and watch the kids. We're changing things that way and there are enormous things happening. I don't always believe it myself; it's day-camp out here for I don't know how many kids every summer. It's enormous numbers of things that keep happening -- I'm reiterating and going over it too often.

ASSEMBLYMAN BOCCHINI: John, on behalf of the Committee, I'd like to thank you for your comments. I've spent a decent amount of time with you because I have a personal feeling toward community colleges, in general, especially Mercer County Community College. It's interesting, I emphasize, and I think we, as a Committee -- people associated with higher education -- probably need to stress that 75% course completion rate as opposed to the graduation rate. You know, we have a problem informing the public as far as -- more often than not -- and I suffered, in part, the junior college syndrome, as I call it. I used to be reluctant at times to say that, but now I get a "kick" out of it. I've sort of made an "advance" in our society as far as profession, etc. is concerned, and there is so damned much good that comes out of the two-year school, the opportunities that go beyond that, that, unfortunately, the public, at times -- and I still think, in part, the perception of the community college to society -- it's way "out of whack". I guess I'm just saying that as a commentary, and I'll stop with that.

John, I don't know if you have a comment.

ASSEMBLYMAN WATSON: The only thing I might add to what you are saying, Joe, is the fact that I recently received a letter from the President in regard to the out-of-county students and possibly what could happen if one of our colleague's bills goes through. I want you to know, as you have been very close to this college and I've been very close to this college and knowing how aggressive we were in putting some of the finer programs in the school, this could very well penalize the school and some of the other schools in the State. But,

New Jersey State Library

more so this school, because we have some specialized courses that they don't have anywhere else in the State. If we allow that kind of bill to go through where we're not going to be reimbursed for the out-of-county student and put a hardship on that student to come here, I think our courses here will suffer accordingly. I just wanted to bring that to your attention.

ASSEMBLYMAN BOCCHINI: That's a pretty well taken --

JOHN HANLEY: That's a charge-back bill, which really says that students aren't allowed to take aerospace or funeral service or high-tech programs because there is a very uneven situation with respect to community colleges across this state. We are comprehensive, and you are probably used to Mercer, in terms of technology and transfer. We've got everything here on a very narrow base. One of the ways we support is by having about 20% of our students out-of-county in terms of flight programs, Mortuary Science, both of which are the only programs in the State -- in terms of several of our engineering programs and in some of the health/science business.

Now, in order to save a buck, and a very small buck, because our whole county support is about \$200,000, there is a bill in, which is being pushed by a northern county, in a way I think is phony on the belief that it will move students towards Essex County College. That is really where it is coming from. And it is saying, "Well, you've got to go to your local one -- whatever they have to offer". Well, there are local county colleges that only offer essentially two-year baccalaureate preparatory programs in the humanities and social sciences, with a little bit of business and health. Not all of the colleges have developed all of the programs, and there are some programs that Mercer County students could use. There is a Laser Optics Program down in Camden; we don't need to offer it too. It's also financially insane for this State to conceive offering everything in every county college. We have a beautiful media center with radio and television and everyone shouldn't duplicate that. I don't want to duplicate Laser; they shouldn't duplicate that. If you start playing around with charge-back, we're going to go the other way.

What really should happen, if I had my way, is that it would all be up for grabs, and everyone could go where they wanted to go around this State in the community college movement. And then, if some Mercer students wanted to get away from home and go to another two-year college, let him go. I'm quite willing, on the part of Mercer, to take my chances. And, I would go further -- if some of the colleges can't survive, don't let them survive. Let's save the bucks. My colleagues are not altogether in favor of that; a couple of them are, but not all twenty. That charge-back bill is brutal and it really strikes at the heart of what we're all about. Admittedly, for Mercer County Legislators, it's easy because we don't pay but \$500,000, I think, per year out to other colleges. Burlington County, where we've been educating their nurses -- 25 of them a year -- and that charge-back money never paid for that. Yet all I hear is complaints. The bill really is pernicious and I don't think there is an arguable point in it.

ASSEMBLYMAN BOCCHINI: Thank you, John. I guess that concludes -- everyone else has been heard. That concludes the hearing for today. I would indicate that our schedule shows that our next hearing will be on June 18 at 10:00 A.M. at Rutgers University in Camden. That meeting will be chaired by Assemblyman Rocco of the Camden area, who I might indicate, along with Assembly-

man Wolf, were unable to make it here today. I'll probably be attending that one also.

I'd also like to publicly acknowledge and thank our non-partisan staff, as Mr. Doria indicated, and Kathleen Fazzari. Kathy did an excellent job with this. And Chris Simon, on behalf of the majority, I'd like to thank you for your efforts in putting this together. And to President Hanley of Mercer County Community College, we are greatly appreciative of the hospitality that you have given us today. "Amen."

(Hearing Concluded)

Testimony prepared for the Public Hearing
of the
Assembly Committee on Higher Education
Held at Mercer County Community College
on June 10, 1982

Jennifer Ann Dowd
Director of Financial Aid
Mercer County Community College

Mr. Chairman, Members of the Committee and guests, thank you for this opportunity to share with you the concerns that we in the community college sector and particularly those of us who are in the financial aid profession, have regarding the continued education of our students and the availability of funds with which to make this possible.

The State of New Jersey has for many years shown a strong commitment to the higher education of its citizens. This commitment is clearly visible in the strength and the quality of our community colleges of which Mercer is a very good example. It is also visible in the excellent support for our students through the various state financed student financial aid programs. As you probably know, New Jersey was one of the first states to have an academically competitive state scholarship program. The state was also one of the first to initiate an aid program for the academically disadvantaged student which not only aids the student with direct funds, but also provides funding for program support to insure academic success for the program participants. We residents of the State of New Jersey can be justly proud of our record of achievements to date. It is incumbent on us to insure that this support system does not deteriorate.

Through the county college sector we have been able to provide high quality education at a reasonable price, and have also had sufficient aid available to make access to our courses and programs possible to even the neediest. Although our students come from the entire spectrum of economic backgrounds we, as a sector, do tend to serve large numbers of low-income students. As you can see from the charts, financial aid applicants at Mercer County College come primarily from families who have substantial financial need. 56% of our dependent student applicants come from families who had less than \$18,000. per year in total income, and these are families who, on the average, have four family members. Over 60% of our independent applicants have family incomes lower than \$6,000. even though their average family size is three. Many of

these students are the sole adult of the family and they therefore not only have to be the wage earner in addition to their student responsibilities, but also have to provide full household and child care as well. X An increasing number of our students are older individuals who are returning to college for retraining so that they can once again, or perhaps for the first time, become part of the work force. The current high rate of unemployment has brought many parents back to college to learn marketable skills at a time when their own children are also contemplating the possibility of higher education. We also see an increasingly large cohort of students who, in more affluent time would have chosen to attend more expensive residential colleges. X These students now attend Mercer for two years, get a sound but inexpensive education and then transfer to the residential institution with sufficient monies to carry them through the last two years of the program.

During the past year, approximately, 2000 of the Mercer County College students received some sort of financial aid to a total commitment of 2.8 million dollars. In comparisan, a decade ago in the 71-72 academic year, we were able to provide primarily through state and federal funding \$376,000 in aid to help 680 students. The average \$1,400. which our aid recipients received this year was approximately 44% gift aid, 56% self help in the form of loans repayable over several years following graduation and in term time college sponsored employment. In addition to the direct aid that our students receive, the overwhelming majority also have part time or full time jobs during the academic year which, though necessary, sometimes create a hardship and disadvantage to their academic studies. For the upcoming 1982-1983 academic year, the county college student will be relatively protected from the federal aid cuts which have been recently publicized. This phenomena is largely due to the general low income strata from which our students come, and the fact that they have, to a large degree, been held harmless. The college in its federal campus-based programs, expects to have approximately 16% less aid than last year but this will not be reflected in the total aid X

packets of our neediest students.

For the 83-84 year, however, the outlook at this time is rather bleak.

While few of us can decry the governments attempt to reduce inflation, to decrease spending and to set the economy to rights again, nevertheless the drastic cuts currently being proposed in the federal student aid programs will severely impact on our students and literally on their ability to attend college.

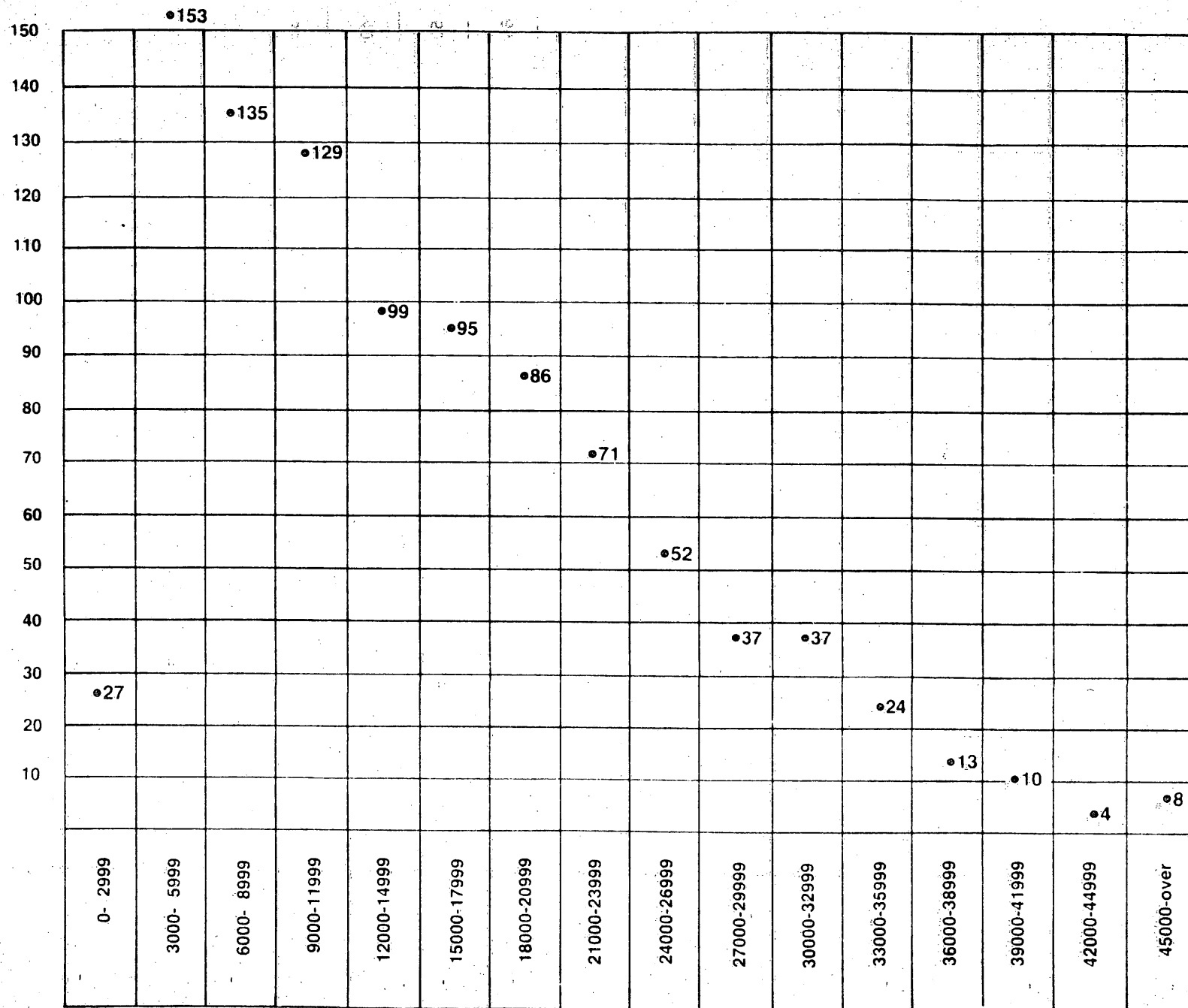
The administration's retrenchment plans for the 83-84 academic year would cut 40% from Pell Grants and 65% from the campus based aid programs. Included in the 65% cut is the total elimination of Supplemental Educational Opportunity Grants, National Direct Student Loans, and the State Student Incentive Grants Program, the latter being used in New Jersey to provide several million dollars of aid within the TAG program. Therefore, if these SSIC funds were removed and not replaced by the state government, state aid awards would also be reduced. The proposed cuts hit hard at the gift aid programs and at the most reasonable of available loans. The government additionally wishes to tighten up considerably on the Guaranteed Student Loan Program operated through our lending institutions. If the intent of the administration comes to fruition, Mercer County College students could lose anywhere from one half to one million dollars per academic year from the current 2.8 million dollar level.

Most of our students are already at the limit of their self-help capabilities, large percentages of them are already working in excess of 30 hours per week even while they are attending classes on a full time basis. There is little else that they can do to improve their own situation. It is, in my opinion, extremely short sighted to restrict the education and training with which these citizens and future taxpayers can become self supporting and, for that matter, society supporting. I would urge you on behalf of these students, and in consideration of the high technology needs we have here in the State of New

Jersey, that student aid funding continue to have a high priority in your budget deliberations.

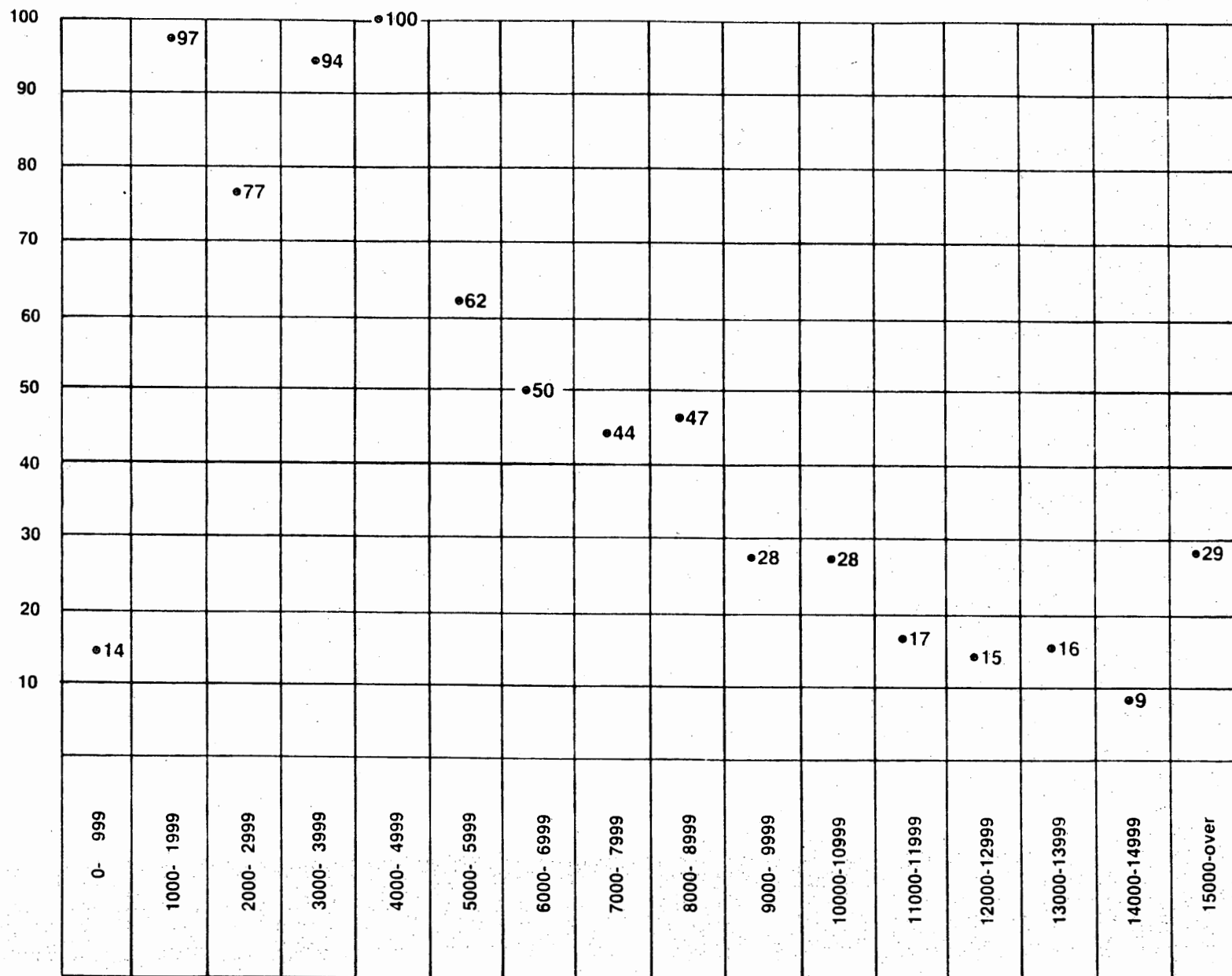
Thank you.

NUMBER OF UNDERGRADUATE DEPENDENT ELIGIBLE AID APPLICANTS ENROLLED AT LEAST HALF-TIME DURING 1980-1981



n=980

NUMBER OF UNDERGRADUATE INDEPENDENT ELIGIBLE AID APPLICANTS ENROLLED AT LEAST HALF-TIME DURING 1980-1981



Comparison of State Tax Fund Appropriations for Higher Education
Fiscal Years 1982 and 1983
(in thousands)

Sector/Program	FY 1982 Original Approp.	FY 1983 Original Gov's Rec.	Change FY 82 to Gov. FY 83	Percent Change
Rutgers-General University	<u>\$114,919</u>	<u>\$125,591</u>	<u>\$ 10,672</u>	<u>9.3</u>
Agricultural Experiment Station	<u>9,655</u>	<u>10,409</u>	<u>753</u>	<u>7.8</u>
Total Rutgers University	<u>\$124,574</u>	<u>\$136,000</u>	<u>\$ 11,425</u>	<u>9.2</u>
State Colleges (excluding anticipated revenues)	<u>\$114,486</u>	<u>\$121,456</u>	<u>\$ 6,969</u>	<u>6.1</u>
Thomas A. Edison State College (excluding anticipated revenues)	<u>1,096</u>	<u>1,279</u>	<u>183</u>	<u>16.7</u>
N.J. Institute of Technology	<u>16,508</u>	<u>17,813</u>	<u>1,305</u>	<u>7.9</u>
County Colleges	<u>65,462</u>	<u>65,987</u>	<u>525</u>	<u>0.8</u>
Aid to Independent Colleges	<u>10,900</u>	<u>10,900</u>	<u>-0-</u>	<u>-0-</u>
Sub-Total	<u>\$ 333,028</u>	<u>\$ 353,435</u>	<u>\$ 20,407</u>	<u>6.3</u>
University of Medicine & Dentistry	<u>\$ 75,602</u>	<u>\$ 86,379</u>	<u>\$ 10,776</u>	<u>14.3</u>
Fairleigh Dickinson Dental School	<u>3,415</u>	<u>3,550</u>	<u>135</u>	<u>4.0</u>
Schools of Professional Nursing	<u>1,500</u>	<u>1,500</u>	<u>-0-</u>	<u>-0-</u>
Graduate Medical Education	<u>350</u>	<u>350</u>	<u>-0-</u>	<u>-0-</u>
Veterinary Medical Education	<u>1,065</u>	<u>1,065</u>	<u>-0-</u>	<u>-0-</u>
Optometric Education	<u>332</u>	<u>332</u>	<u>-0-</u>	<u>-0-</u>
Sub-Total	<u>\$ 82,264</u>	<u>\$ 93,176</u>	<u>\$ 10,911</u>	<u>13.3</u>
Student Aid	<u>\$ 53,538</u>	<u>\$ 56,778</u>	<u>\$ 3,240</u>	<u>6.1</u>
Student Aid Administration	<u>2,041</u>	<u>2,413</u>	<u>372</u>	<u>18.2</u>
Department Administration	<u>1,916</u>	<u>1,928</u>	<u>12</u>	<u>0.6</u>
Special Programs	<u>1,798</u>	<u>1,780</u>	<u>(18)</u>	<u>(1.0)</u>
Debt Service	<u>43,695</u>	<u>42,903</u>	<u>(791)</u>	<u>(1.8)</u>
Capital	<u>2,000</u>	<u>6,000</u>	<u>4,000</u>	<u>200.0</u>
Sub-Total	<u>\$104,933</u>	<u>\$111,802</u>	<u>\$ 6,814</u>	<u>6.5</u>
Grand Total	<u><u>\$520,230</u></u>	<u><u>\$558,413</u></u>	<u><u>\$ 38,133</u></u>	<u><u>7.3</u></u>

Note: Calculations were completed prior to rounding. Accordingly, in some cases the totals may appear to be greater (or less) than the sum of the parts.

BUDGETED STATE TAX FUND SUPPORT
per F.T.E. 1968-83

<u>Fiscal Year</u>	<u>N.J.I.T.</u>	<u>Rutgers*</u>	<u>State Colleges</u>	<u>County Colleges**</u>
1968	\$1,158	\$1,259	\$ 769	\$600
1969	1,388	1,439	822	600
1970	1,601	1,613	858	600
1971	1,752	1,682	916	600
1972	2,045	1,762	916	600
1973	2,183	1,673	1,055	600
1974	2,286	1,758	1,048	650
1975	2,403	1,908	1,175	600
1976	2,438	1,982	1,137	600
1977	2,492	1,942	1,079	600
1978	2,864	2,276	1,471	700
1979	3,270	2,447	1,696	714
1980	3,564	2,647	1,795	746
1981	3,713	2,876	2,008	729
1982	3,668	3,060	2,167	768
1983***	3,958	3,344	2,352	725
Fifteen Year Percentage Increase	242%	166%	206%	21%

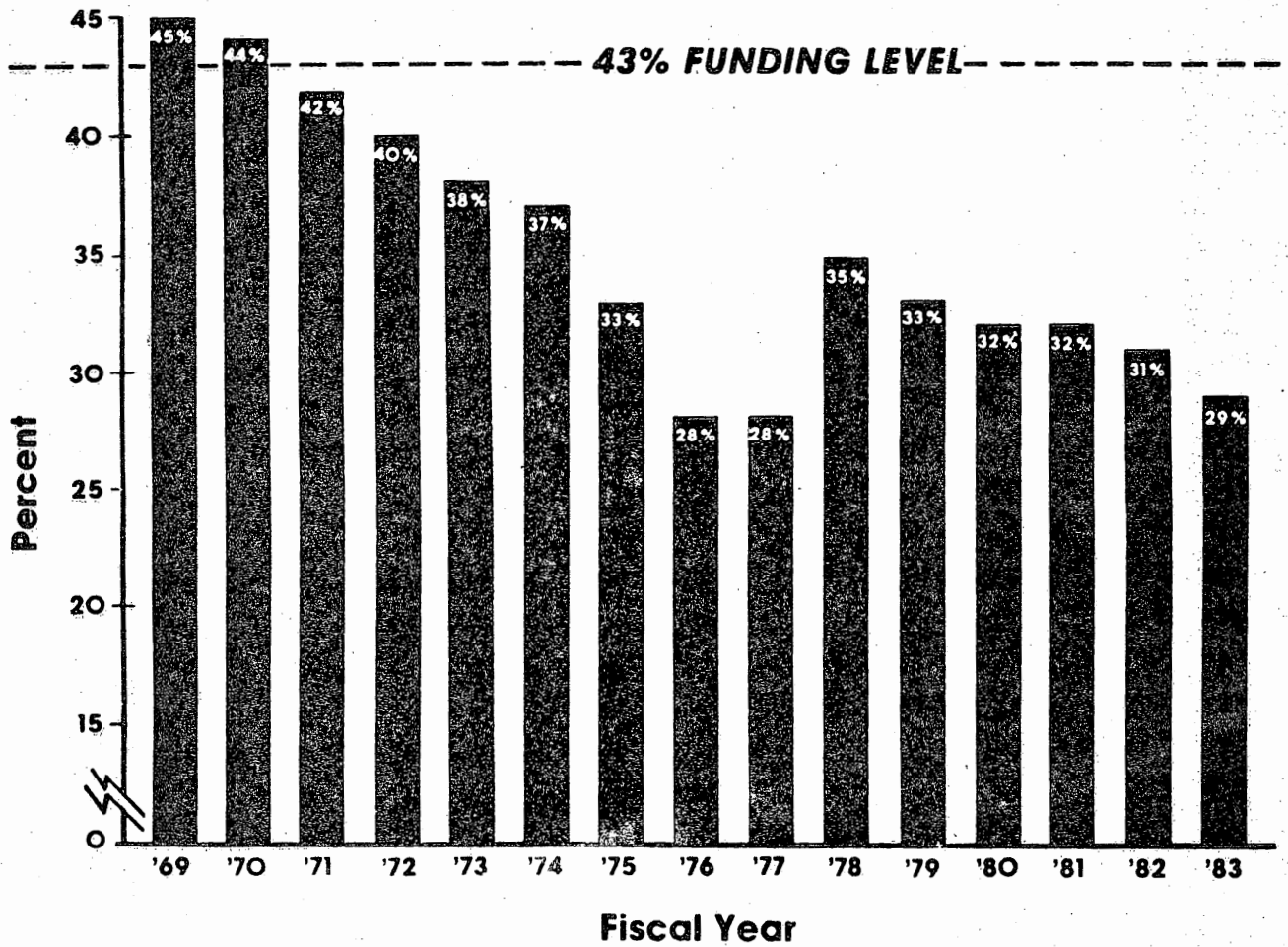
* Rutgers figures exclude appropriations for the Agriculture Experiment Station.

** Figures for the county colleges include appropriations for minor capital items.

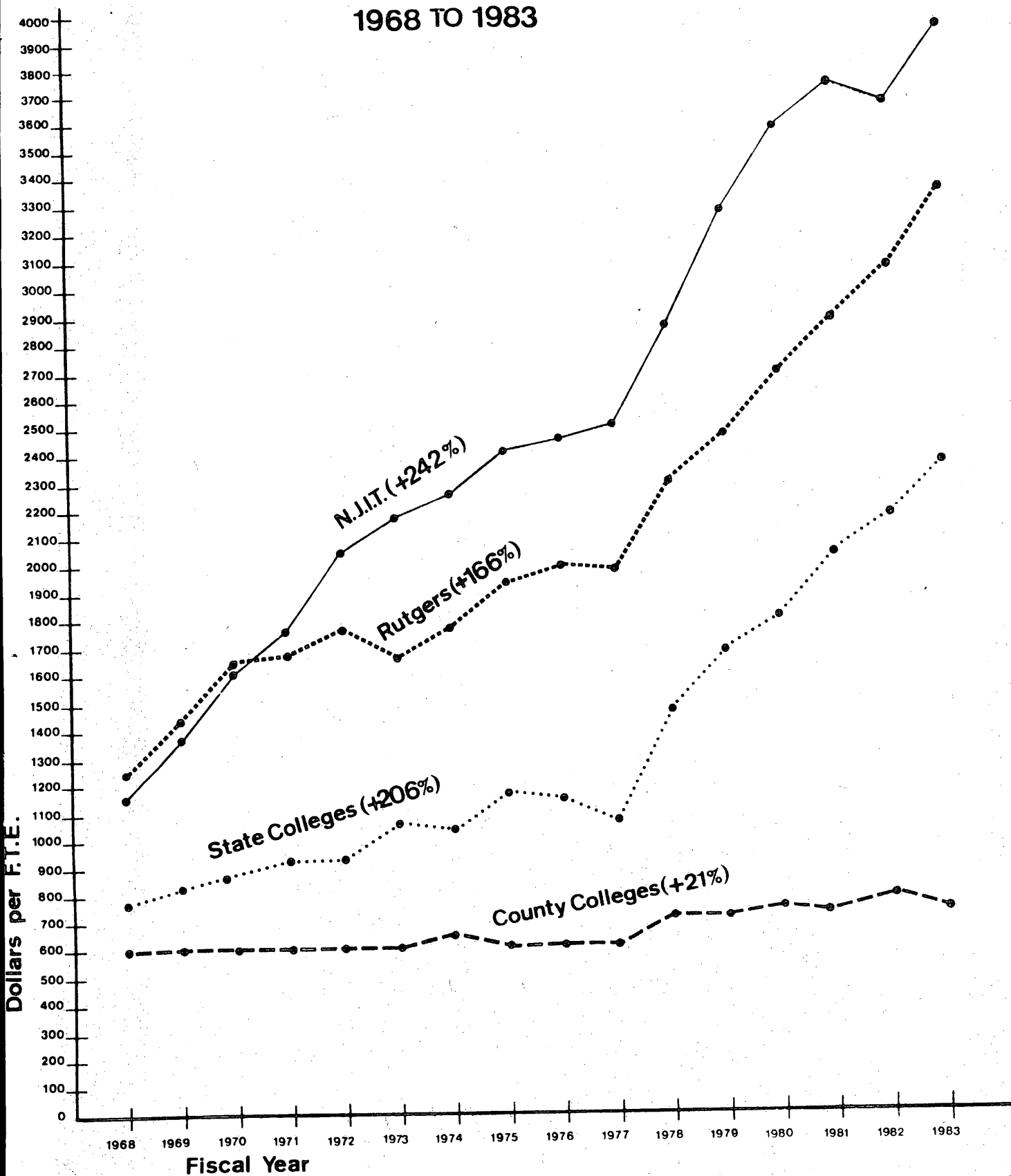
*** Fiscal year 1983 figures are based upon the Governor's Budget Recommendations. All other years are based upon original appropriations.

Note: The Governor's Budget Message does not include information concerning full-time equivalent enrollments at Edison College, the independent colleges, CMDNJ or the F.D.U. Dental School. Therefore, it was not possible to include those institutions in this comparison.

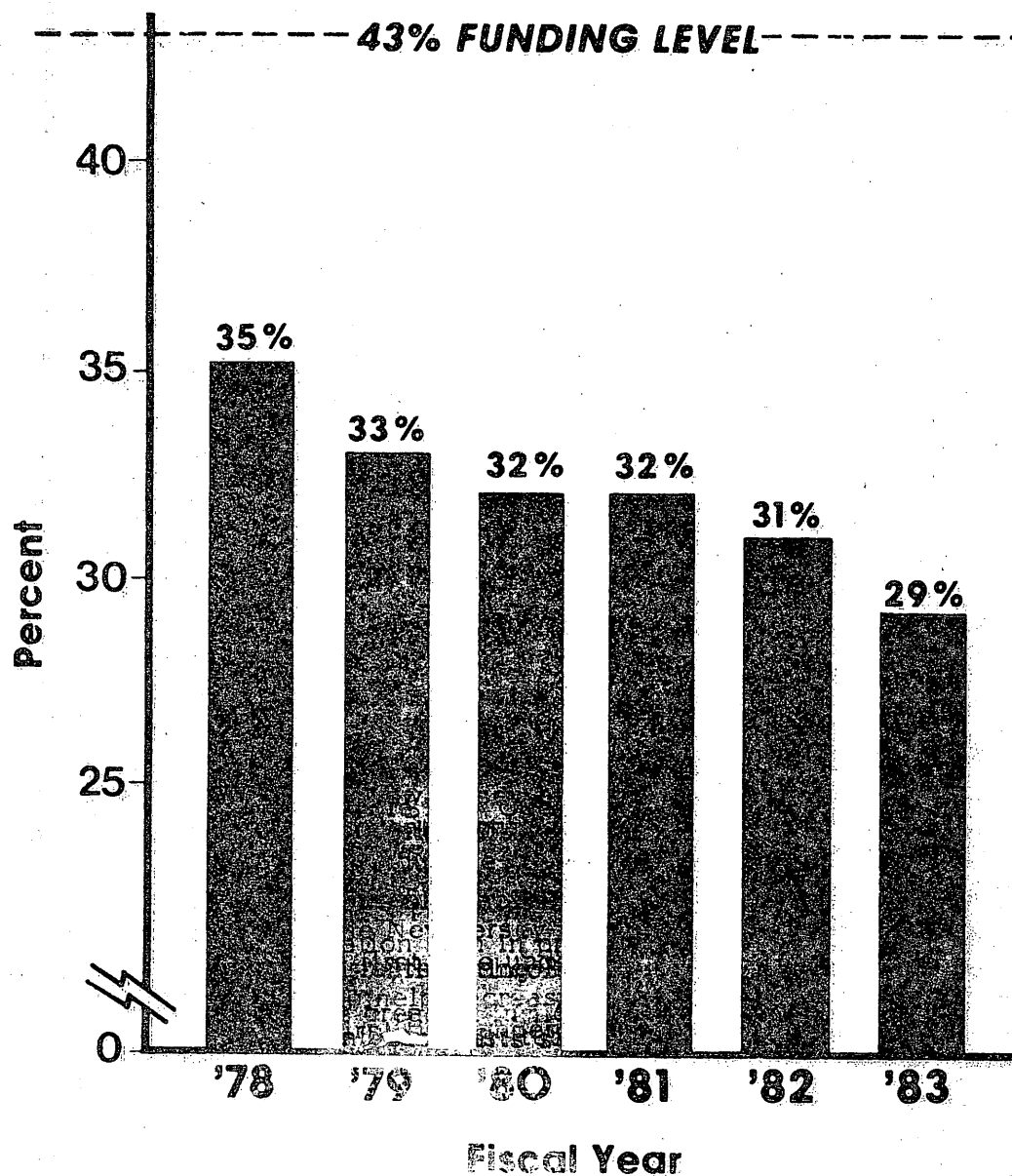
**Contribution of State Appropriations
to
Total Educational and General Revenues
of
County Colleges**



BUDGETED STATE SUPPORT PER F.T.E. 1968 TO 1983



Contribution of State Appropriations to Total Educational and General Revenues of County Colleges



HIGHER EDUCATION SUMMARY
(\$000)

Program	Treasury FY82	BHE Request + FY83	Governor FY83	+ / (-) FY82 AA	
	Adj. Approp.	Orig. Approp.	Orig. Approp.	\$	%
Rutgers	\$124,116	\$137,378	\$125,591	\$ 1,475	1.2%
AES	10,205	11,060	10,409	204	2.0%
State Colleges*	172,088	188,314	170,030	(2,058)	(1.2%)
UMDNJ	82,567	95,446	86,379	3,812	4.6%
NJIT	17,515	21,354	17,813	298	1.7%
Aid to IC&U	10,900	15,199	10,900	--	--
Other Health Programs*	6,662	8,046	6,797	135	2.0%
Other Support Programs*	1,819	9,328	1,768	(51)	(2.8%)
TAG	33,894	39,032	37,894	4,000	11.8%
EOF	14,009	14,974	14,009	--	--
Other Aid Programs*	5,635	4,875	4,875	(760)	(13.5%)
DHE Administration	4,119	5,263	4,352	233	5.7%
<hr/>					
Direct State Services	\$483,529	\$550,269	\$490,817	\$ 7,288	1.5%
<hr/>					
County Colleges*	\$ 68,123	\$ 83,044	\$ 68,188	\$ 65	.1%
Debt Service	36,384	40,703	40,703	4,319	11.9%
Capital	2,000	10,000	6,000	4,000	200.0%
Total Appropriation	<u>\$590,036</u>	<u>\$684,016</u>	<u>\$605,708</u>	<u>\$15,672</u>	<u>2.7%</u>

*See attached breakouts.

+Treasury has changed various figures
in the FY83 BHE Request column.

THE IMPACT of ENROLLMENT TRENDS and MIGRATION PATTERNS in
HIGHER EDUCATION on ECONOMIC GROWTH

Submitted by,

Anne M. Fanelli
April 21, 1982
Rutgers University
Masters of Public Policy
Policy Techniques II
Dr. Russell Harrison

I. Introduction

New Jersey has the highest net migration rate within the nation. In 1979, 39% of the first time full time freshmen or 26,987 students left New Jersey to attend colleges and universities. Most of these freshmen outmigrants enrolled in private four year colleges. On the other hand, a majority of those (approximately 20,000 students) who remained in state, enrolled in public two year colleges.

In the Booher Commission Study of 1975 which surveyed New Jersey residents attending college out of state it was found that 45% indicated that the primary reason for their leaving the state was that out of state institutions had a better academic reputation than those institutions within New Jersey. Only one in eight students indicated a preference to return to New Jersey after graduation. Reasons included social environment, geography, climate or absence of job opportunities. Outmigration is in part due to a poor public image of New Jersey.

Financial losses are incurred to the state as a result of outmigration. In the period from July 1, 1980 to March 20, 1981, New Jersey lost over \$125 million in Guaranteed Student Loans. During the fiscal year 1981, \$2.9 million was lost in Tuition Aid Grants.¹ In addition there exists a substantial loss of tuition and fees. According to the New Jersey Department of Higher Education, the state would gain \$76.2 million if all outmigrating students to senior institutions had

¹ These figures pertain to all undergraduates and not just first time full time freshmen.

remained in New Jersey and had attended public four year institutions.

According to a recent publication by the Department of Labor and Industry the following holds true:

"Outmigration for educational purposes need not be a permanent migration, nor have a negative impact. Persons may be receiving their education at the expense of other areas and may reduce the burden on New Jersey's economic sector to provide jobs for inexperienced youth."²

This statement, even at first glance, does not appear to be completely accurate. First of all, in "Seeding Science Based Industry," Elizabeth Dautermann found that students who left their home state to attend school elsewhere usually settled near their schools because that area had become their "home." Important connections, by that time, had been developed and working partnerships formed with ex-classmates, professors, and community members.

Secondly the statement that outmigration does not have a negative impact on education or jobs will be empirically refuted later on in this report.

II. Purpose of Study

The concept for this paper was developed after reviewing "The High Technology Economy and Higher Education." In it, the author, Laurence Falk, discusses the status of New Jersey in relation to other states and their development of high technology industries. He also discusses the effects of outmigration as a "brain drain" on the New Jersey economy and recommends policies that might be implemented to help decrease the number of young, bright, future business leaders leaving the state. However, as with the reports mentioned earlier,

2

Impact of Migration on the New Jersey Labor Force: 1970 to Present and Short Term Future Outlook, 1980, p. 39.

he does not study to what degree outmigration and enrollment levels impact on economic growth as measured by population, income, housing, or employment. The only discussion that has taken place so far had been on economic loss in terms of financial aid, tuition, and fees. Later on in this report, we shall examine correlations between economic growth (dependent variable) and specific independent variables and see that the actual economic loss far exceeds financial aid and tuition. However, prior to that empirical analysis, a review of Falk's findings and methodology is in order.

III. "The High Technology Economy and Higher Education"

A. Through a review of census data and reports, Falk compares New Jersey with states that have been successful in developing high technology economies. His major findings are as follows:

1. New Jersey's total education rate is relatively high (including both in state and away); however, New Jersey is the largest exporter of students in the nation, imposing a loss of potential workers.
2. Ranked by ability to pay, New Jersey spends very little per student.
3. Reducing student exports would increase personal income in the state. Student spending, tuition, fees, room, board, and government and private endowments and grants are now lost to the state income stream as a result of exports.
4. New Jersey ranked 3rd in the nation in 1979 for total output of patents. However, it does not develop or market the resultant product.
5. "New Jersey high technology degree deficiency lies moreso with the total number of degrees per 1,000 population than with a lack of stress on high technology fields." (p. 44)

6. "The state's very low output of total associate degrees per 1,000 population indicates that Associates in Applied Sciences may be in short supply, posing a problem of growth of the high technology sector." (p.44)

In sum, Falk finds that New Jersey enrollments, expenditures, and degree output falls short of those states which have been successful in developing and expanding high technology economies.

B. Methodology

Falk feels that outmigration is one of the most serious barriers to building a high technology economy. He identifies the cause of outmigration and determines the amount of exportation the state could expect to eliminate through policy changes.

Falk entered the following variables into least squares as logarithms: outmigration of students from any state to every other state (dependent); Independent variables include state populations, state per capita income, expenditure per full time equivalent student per state, distance in miles between each sending and receiving state, 'interesting scale' (whether a state is considered to be an interesting, attractive place to visit or not), area (in square miles) for each state.

He was able to determine what would happen to the student export level when a one percent change took place in any one of the independent variables. As a result of this test, his model predicted that "New Jersey should have exported only 37,780 students in the Fall of 1979 rather than the actual 41,347 - a difference of 3,567 students" (p.49). Allocating 3,567 students among 57 colleges indicates a gain of only 62.5 students per institution of higher learning.

³ The Department of Higher Education predicts on the other hand that 12,913 freshmen outmigrants could be convinced to remain in state; 1567 in (2 year colleges), 4004 in (public universities), 1657 in (private universities), 1826 in (public 4 year colleges), 3857 in (private 4 year colleges) (p. 32.)

From his model and the Department of Higher Education findings, it appears that the private four year institutions would be the most likely to benefit from increased immigration as most full time freshmen outmigrants tend to be enrolled in private four year colleges, whereas those freshmen remaining in state attend mostly public four year institutions.

IV. Study Design

In an effort to expand Falk's study and examine the impact of enrollment and migration upon economic growth for all 50 states (excluding D.C.), 4 dependent variables were chosen to represent economic growth. They are as follows:

- a. GPOP - growth in population between 1970-1980
- b. GHOUSE - growth in the number of housing units between
1970-1980
- c. GJOBS - growth in the number of jobs in the non agricultural
establishments between 1970-1979*
- d. GINC - growth in per capita income between 1970-1979*

Twenty-five independent variables were chosen to test their impact on economic growth:

- a. ENR 70 - total enrollment in all 4 year institutions for degree
credit, 1970
- b. ENR 75 - total enrollment in all 4 year institutions for degree
credit, 1975
- c. JC 70 - enrollment, 2 year public institutions for degree
credit, 1970
- d. JC 75 - enrollment, 2 year public institutions for degree
credit, 1975

- e. SC 70 - enrollment, 4 year public institutions for degree credit, 1970
- f. SC 75 - enrollment, 4 year public institutions for degree credit, 1975
- g. NET 58 - net migration, 1958
- h. NET 63 - net migration, 1963
- i. NET 68 - net migration, 1968
- j. NET 75 - net migration, 1975
- k. TENR 75 - students enrolled, all institutions, 1975
- l. TRES 75 - students residents, all institutions, 1975
- m. AT 75 - students remaining, all institutions, 1975
- n. OUT 75 - students migration, out of state all institutions
- o. IN 75 - student immigration all institutions 1975
- p. DIF 75 - student net migration all institutions 1975
- q. POUT - student migration, out of public institutions, 1975
- r. PIN - student migration, into public institutions, 1975
- s. PNET - net student migration, public institutions, 1975
- t. IOUT - student migration out of private institutions, 1975
- u. IIN - student migration into private institutions, 1975
- v. INET - net student migration, private institutions, 1975
- w. FOUT - first time undergraduates, out of all institutions, 1975
- x. FIN - first time undergraduates, immigration, 1975
- y. FNET - first time undergraduates, netmigration, 1975

*census data for 1980 not yet available

Controlling for the following variables, a partial correlation coefficient was run through the Statistical Package for the Social Sciences (SPSS) for the degree⁴ of impact of each independent variable on each economic growth variable.

- a. IDEAL - whether or not a state is considered an ideal place to visit
- b. INC 60 - income for each state, 1960
- c. AREA 70 - area in square miles for each state, 1970
- d. POP 60 - population for each state, 1960
- e. POP 70 - population for each state, 1970

V. Hypothesis

The general hypothesis is that college enrollment trends and net migration will have positive impacts on economic growth, i.e., Those states which loose fewer students through outmigration will experience greater increases in population, housing units, per capita income, and employment in the nonagricultural sector.

VI. Coefficient Results and Data Analysis

Table I shows that over time, the effects of enrollment in two and four year public institutions have had increasingly positive effects on population, housing, and job growth. Enrollment has a positive effect on income growth.

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The partial correlation coefficient test was chosen as it describes the linear relationship between two variables while controlling for the effects of one or more additional variables, i.e., it removes the effects of other variables thereby uncovering a relationship where none would appear to exist. A coefficient ranges from -1.0 to +1.0, indicating the strength and direction of the relationship.

Public two year colleges have a greater impact on the growth of jobs in the nonagricultural sector than four year public colleges. This occurs in most part because of the growth of the community college sector since the late 1960's and the impact that it has had on vocational education. However, it does appear as though four year public institutions are slowly catching up.

Table II provides interesting data when a comparison is made between 1968 and 1975. The marked increase in the positive impact of net migration on population growth can be attributed in part to more students staying in the state because of the establishment of two year public colleges and the high cost of obtaining an education out of state. The marked increase in jobs in the nonagricultural sector could again be attributed in part to the training received by graduates in career and vocational education courses at two year public colleges. Housing growth was not affected by net migration because those students who remained in state and went to two year public colleges lived at home. However, growth in income remained positive and relatively stable throughout the seventeen year time span. Having older persons earning higher levels of income than recent high school graduates provides a consistently higher per capita income level.

Migration of students into publicly controlled institutions had greater positive impact on a state's economic development than migration into privately controlled institutions as shown in Table III. One can in turn deduce that the returns on economic growth (especially per capita income) for a state are greater when finances are placed in public education than in private education.

Those states with the greatest immigration into public institutions in 1975 were large, western states - Arizona, California, and Texas. Western states have had

a tradition of supporting public education. Those states which experienced large influxes into private institutions were the eastern states of Massachusetts, New York, and Pennsylvania, which traditionally have spent less on public colleges and universities. It is interesting to note that Massachusetts, New York, and California all have rapidly developing high technology sectors. Unfortunately, our data is limited as it only extends through 1975. Considerable technological advancement has occurred in the past seven years. Therefore, it would be worthwhile at a later date to examine migration patterns over time as they relate to the differing effects of public two year colleges and private colleges and universities on economic development.

Table IV reveals that net migration into public institutions has positive effects on both income and job growth, but negative effects on population and housing growth. Net migration into independent institutions has a much weaker impact on income and job growth than public institutions, but a positive impact on population and housing growth.

Major Findings

1. Outmigration does affect the economy of a state in a negative manner, not only with loss of tuition and financial aid grants, but also by slowing down economic development by permanently removing potential business and community leaders from the state. In turn, housing, population, and job growth are negatively affected.

2. Enrollment in the two year public institutions has contributed to greater job growth in the nonagricultural sector than public four year colleges.

3. Those states which have high net migration or enrollments of college students in public institutions have higher per capita incomes than states which have high net migration or enrollments in private institutions; i.e., investments by states in public higher education produces higher per capita income levels than investment in private institutions.

4. Public institutions have a greater positive impact on the economic development of a state than do privately funded schools, i.e., investing in the public sector for higher education provides greater economic returns to a state than investing in the private sector.

5. The impact of net migration and enrollment levels on economic growth are not always immediately evident. This might be especially so for two year public colleges which have only been established in the past decade. Nevertheless, because they are career oriented schools, their impact on job growth is more discernible than for four year liberal arts schools.

TABLES

TABLE I

PARTIAL CORRELATION COEFFICIENTS

Controlling for IDEAL, INC 60, AREA 70, POP 60, POP 70:

	JC70	JC75	SC70	SC75
GPOP	-0.0647 P=0.336	-0.0450 P=0.384	-0.1145 P=0.227	-0.1024 P=0.252
GINC	0.0159 P=0.459	0.0151 P=0.461	0.2930 P=0.025	0.2506 P=0.048
GHOUSE	-0.1391 P=0.181	-0.1063 P=0.244	-0.1516 P=0.160	-0.1508 P=0.161
GJOBS	0.0645 P=0.337	0.0693 P=0.325	-0.0615 P=0.344	-0.0528 P=0.365

(coefficient/significance)

TABLE II

PARTIAL CORRELATION COEFFICIENTS

Controlling for IDEAL, INC 60, AREA 70, POP 60, POP 70:

	NET 58	NET 63	NET 68	NET 75
GPOP	-0.0682 P=0.328	-0.0461 P=0.382	-0.0225 P=0.442	0.0027 P=0.493
GINC	0.1144 P=0.227	0.1311 P=0.195	0.1474 P=0.167	0.1144 P=0.227
GHOUSE	-0.0709 P=0.322	-0.0490 P=0.375	-0.0278 P=0.428	-0.0279 P=0.428
GJOBS	-0.0835 P=0.293	-0.0774 P=0.307	-0.0756 P=0.311	0.0330 P=0.415

(coefficient/significance)

TABLE III
TABLE III

PARTIAL CORRELATION COEFFICIENTS
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Controlling for IDEAL, INC 60, AREA 70, POP 60, POP 70:
Controlling for IDEAL, INC 60, AREA 70, POP 60, POP 70:

	IIN IIN	PIN PIN
GPOP GPOP	-0.1020 P=0.252	-0.0346 P=0.411
GINC GINC	-0.2868 P=0.028	0.2264 P=0.067
GHOUSE GHOUSE	-0.0995 P=0.258	-0.0582 P=0.352
GJOBS GJOBS	-0.0925 P=0.273	0.0834 P=0.293

(coefficient/significance)

TABLE IV

PARTIAL CORRELATION COEFFICIENTS

Controlling for IDEAL, INC 60, AREA 70, POP 60, POP 70:

	INET	PNET
GPOP	0.0381 P=0.402	-0.0313 P=0.419
GINC	-0.0264 P=0.432	0.2053 P=0.088
GHOUSE	0.0174 P=0.455	-0.0603 P=0.347
GJOBS	0.0039 P=0.490	0.0485 P=0.376

(coefficient/significance)

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