

## **New Jersey Commission on Higher Education**

### **Fiscal 2012 Budget Policy Statement**

Pursuant to NJSA 18A:3B-14(g) the New Jersey Commission on Higher Education is submitting the following higher education budget policy statement outlining the Commission's recommendations and priorities to the Governor and Legislature. The Commission supports the recent budget policy statements and requests adoption by the Presidents' Council and the Higher Education Student Assistance Authority (HESAA) Board. The former provides a comprehensive statement of the challenges facing our institutions and students whom they serve. The HESAA Board request details the funding needs to maintain vibrant programs of student financial assistance to help students and their families meet the cost of attending a New Jersey college or university.

Higher education is an integral part of New Jersey's economy, contributing today to our State's recovery from extremely challenging economic times and building its economic and cultural future. Recognizing that the State continues to face the challenges of the worst financial crisis since the Great Depression and that the fiscal constraints to the State are severe and ongoing, the Commission recommends the Governor and Legislature view that investment in higher education is an absolute strategic necessity, for both economic and societal reasons, and that such investment will be certain to pay substantial dividends back to the State and the lives of our citizens.

Our institutions of higher education play a significant role in contributing to the State's collective economic well-being and quality of life. Moreover, strong colleges and universities are critical to improving our State's economic competitiveness by preparing new graduates, retooling dislocated workers, and conducting research and development. New Jersey and the United States are at a critical juncture in establishing what our economy will look like in the new century. The rapidly changing economy of our State and nation require workers with skills at the collegiate level to adapt to new technologies, promote innovation, and learn and grow throughout their careers. Furthermore, university research and development contributes to opening new avenues for business improvement and growth. The Governor has signaled his commitment to the future through Executive Order 26 which commissioned a high level task force to study and

make recommendations for the future directions and contributions of New Jersey higher education.

Students in New Jersey have reacted to the downturn in the economy by enrolling in our colleges and universities in record numbers. This past fall, 441,374 students (377,456 undergraduates and 63,918 graduate students) enrolled at New Jersey colleges and universities, a 2.1% increase over fall 2009. Approximately 48% of all undergraduates were enrolled at a county college and an additional 37% at a senior-public college or university. Approximately 12% of all undergraduates were enrolled at a public-mission independent college or university. The number of students graduating from New Jersey colleges and universities also continues to rise to record levels. During 2010 over 75,000 students received certificates or degrees from a New Jersey college or university, a five-percent increase over 2009.

Higher education benefits both the individual and the greater society and economy. New Jersey boasts the highest per-capita income. According the 2009 American Community Survey, the median household income (in 2009 inflation-adjusted dollars) for New Jersey (\$68,342) was the second highest in the nation, next only to Maryland (\$69,272), and was 36 percent above the national median (\$50,221). This is due in part to having one of the most highly educated populations in the country, where approximately, 38% of the adults (ages 25-64) have at least a bachelor's degree (or higher) . Education attainment is a major driver behind personal and family income in New Jersey. New Jersey is the State where the premium on educational attainment is the highest. In 2007 the difference in median earnings between a high school diploma and a bachelor's degree was approximately \$25,000 per year, the third highest gap in the nation<sup>i</sup>. Median earnings for those with graduate and professional degrees is almost two and one half times that of high school graduates and four times that of those who do not finish high school. In brief, in New Jersey education attainment, especially postsecondary education matters!

The benefits of higher education go beyond its impact on individual income. Research published by the Federal Reserve Bank (2008) demonstrates that with each one-percent increase in a metropolitan area's population with a college degree there is a 2.3 percent increase in the region's per capita gross domestic product.

As the State struggles with competing demands and fiscal constraints, it remains important for higher education to continue to find more efficient ways to provide the best service

to students, businesses, and the State. Colleges have and will continue to look for ways to operate more efficiently. While the colleges are often seen as having the option of raising revenue through tuition and fee increases, it is clear that future tuition increases, in a State which already has among the highest tuition and fees in the nation, will create insurmountable hurdles for many New Jersey families. While the 2011 Appropriations Act included language limiting tuition and fee increases at the senior public colleges and universities, we continue to face the very real possibility of pricing more students out of college every year.

Need-based student assistance, long a hallmark of the New Jersey higher education landscape assumes an even more critical role. New Jersey has long been committed to higher education access, affordability, and choice for students. The State is consistently among the leaders in the nation in providing need-based student financial assistance and academic and counseling assistance to students who may have not had the same secondary educational opportunities as their peers. The economic downturn has created a growing demand for higher education assistance so maintaining adequate support for needy students and a provision for an increased number of awards is also encouraged. The primary student assistance programs, Tuition Aid Grants (TAG) and the Educational Opportunity Fund (EOF), should continue to be priorities. Programs, including TAG and EOF, are critical to meet the costs of a college education for students from low-income and working class families. Approximately one third of all full-time New Jersey college students receive TAG awards.

Our colleges and universities face increasing competition for students, talented faculty and staff, and resources. To be competitive and to ensure its future economic success, New Jersey needs to expand its capacity, retain more of its students, and provide them with superior programs. Investment in state-of-the-art facilities, faculty retention, and recruitment will provide appropriate workforce development at all levels, and spur innovation and research. Meeting these goals will require increased and sustained, financial commitment. The Commission recommends that continued/renewed investment in our institutions of higher education and our students be considered as a sound investment in the State's future.

In the face of increasing demand for and the necessity of postsecondary education, maintaining a strong system of public colleges and universities, as well as public-mission independents, represents a critical strategic investment. As noted earlier, despite a faltering economy, students are enrolled in New Jersey colleges and universities in record numbers. As

the state and national economies begin their recovery, we recommend discussion and adoption of a multi-year strategy to sustain predictable operating budgets to allow the colleges to deliver high-quality programs and services and minimize increased costs for students into the future.

Last year, the Commission urged the State to undertake comprehensive planning aimed at focusing on the role of higher education for the State's residents and economy and recommended that the State explore, through the Commission, an analysis of the State's existing higher education programs and facilities to: (1) ascertain current capacity; (2) determine the need for additional program offerings in areas of importance to the State's economy and the fulfillment of our residents' career goals; (3) avoid unnecessary duplication in program capacity among institutions; and (4) set long-term, multi-year funding mechanisms to achieve such results. Governor Christie's Executive Order 26 creating the Higher Education Task Force appears to incorporate these and many more concerns in its charge to examine the future direction of New Jersey higher education. We are anxious to receive the Task Force recommendations and partner with the Governor and Legislature in their implementation.

Thank you for your consideration. We look forward to working with you during this budget period.

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<sup>i</sup> O, NCHEMS Information Center for Higher Education policy Analysis.  
<http://higheredinfo.org/dbrowser/?level=nation&mode=graph&state=0&submeasure=366>