

## New Jersey Must Make Higher Education a Priority Again

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Over the last quarter century, New Jersey's support for public higher education has declined noticeably, resulting in higher costs and rising debt for students and their families.

Reversing this pattern of neglect and disinvestment by strengthening New Jersey's system of public colleges and universities is *essential* to New Jersey's economic success.

Next year will mark the 50th anniversary of New Jersey's drive to increase opportunities and invest in new and expanded colleges and universities. But it also marks 25 years of decline.

The new governor and legislature taking the reins in 2018 must begin to reset state investments and support for public higher education. New Jersey's future depends on it.

### KEY NUMBERS & DATES

**1966** Gov. Hughes began the modern transformation of New Jersey public higher education by creating the Goheen Commission

**\$2.1 Billion** Value, in 2017 dollars, of voter-approved bond issues to fund higher education projects between 1968 and 1984

**\$800 Million** Value, in 2017 dollars, of voter-approved bond issues to fund higher education projects between 1984 and today

**1994** Gov. Whitman began the decentralization of New Jersey public higher education by abolishing the Department of Higher Education

**15%** Total increase in enrollment in New Jersey's public colleges and universities between 2008 and 2016

**21%** Inflation-adjusted cut in state spending on New Jersey public college operating costs between 2008 and 2016

### 1968-1993: From 'Cuckoo State' to a Transformation of Higher Ed

When Gov. Hughes began his second term in 1966, New Jersey was labeled the "cuckoo state," named for the bird that lays its eggs in the nests of other bird species. The state had napped during the nationwide post-World War II explosion in state investments in public higher education and it was home to relatively few private colleges. Affordable choices were limited to Rutgers University, the Newark College of Engineering, four county colleges and six teacher-prep colleges overseen by the Department of Education. It's no wonder that only 40 percent of college-ready high school graduates matriculated in New Jersey.<sup>1</sup>

The transformation of public higher education was the product of gubernatorial leadership, beginning with Hughes appointment in 1966 of a blue-ribbon commission chaired by Princeton University's president, Robert Goheen. The commission urged New Jersey to create a department of higher education and a system of county colleges, convert the teacher colleges into

multi-purpose institutions, create new state colleges and establish medical schools. The governor and the legislature responded.

When Hughes' term expired in 1970, the six teacher prep schools had begun their evolution as liberal arts colleges, two more were newly-established (Stockton and Ramapo followed by Thomas Edison in 1972). Meanwhile, 14 two-year county colleges were underway, leading to the current count of 19, as was a newly-created two-campus University of Medicine and Dentistry of New Jersey (UMDNJ) and a renamed New Jersey Institute of Technology (NJIT). A Chancellor of Higher Education heading the new Department of Higher Education guided all this growth. In 1968, voters approved a \$203 million bond issue (\$1.4 billion in 2017 dollars), the state's first major investment in higher education.

Into the early 1990s, governors of both parties did more than just support higher education; they initiated new investments to strengthen and expand the foundation laid in the 1960s. Gov. Byrne pushed a \$120 million bond issue (\$470 million in 2017 dollars) to finance the UMDNJ's Newark campus, and Gov. Kean moved forward a 1984 \$90 million bond issue (\$218 million in 2017 dollars) to strengthen the connections between public universities and New Jersey's vibrant scientific and technological enterprises.

But governors and legislators did more than create or expand campuses. New Jersey opened the doors for students from poor and working families with the introduction of the Education Opportunity Fund (EOF) in 1968 and the Tuition Aid Grant (TAG) in 1978. Today, TAG provides essential aid to over 50,000 students in county and public colleges and universities, while EOF provides supplemental support to 17,000 students from poor economic and educational backgrounds.<sup>2</sup>

New Jersey made tremendous progress in giving better, closer and more varied choices to striving Garden State students during this time. The share of New Jersey students remaining in the state increased dramatically from about 40 percent in the early 1960s to a still-low 62 percent in 1994, which is explained largely by the relatively small number of private, non-profit colleges compared to our Northeastern neighbors.<sup>3</sup> (The share has dipped since then, and is now at 57 percent.)

## **1994-Present: Decentralization and Disinvestment**

This positive trajectory was effectively ended by Gov. Whitman's abolition of the Department of Higher Education in 1994 and the consequent decentralization of the state's senior institutions. The idea was to end bureaucratic control of all public colleges, free the nine state colleges to set their own missions and priorities and to encourage stronger competition among all public institutions for students, faculty and private financial support. But the state still appropriated the bulk of funding, retained budget-making authority, negotiated the labor contracts for state colleges, and the governor still appointed their governing boards.

Gov. Whitman replaced the department with a 15-member Commission on Higher Education. But even *that* didn't last, being abolished by Gov. Christie in 2011. Today, the Secretary of

Higher Education, who enjoys cabinet rank, serves as a statistical reference desk and authorizer of new programs, but without the skeleton of a plan or adequate staff assistance.

Higher education is simply no longer a high-profile statewide issue (a recent exception was 2012's successful \$750 million bond issue). Adjusted for inflation, financial support for public college operating costs declined by 21 percent since the Great Recession.<sup>4</sup> Enrollment growth is a mixed bag. There is no comprehensive or coherent plan or procedure to ensure that students in community colleges can transfer their two years of credit to a 4-year public institution.

## Great Recession Drew Students to New Jersey's Affordable Public Universities

*All undergraduate enrollments*

Institution	2008-09	2016-17	Change
Montclair State University	13,725	16,810	+23%
NJ Institute of Technology	5,576	8,211	+47%
Rowan University	9,036	14,345	+59%
Rutgers University	38,902	49,341	+27%
<i>All universities</i>	<i>67,239</i>	<i>88,707</i>	<i>+32%</i>
The College of New Jersey	6,244	6,787	+9%
Kean University	11,240	11,812	+5%
New Jersey City University	6,104	6,663	+9%
Stockton University	6,671	7,854	+18%
Ramapo College	5,561	5,762	+4%
Thomas Edison	16,797	11,701	-30%
William Paterson University	8,741	9,103	+4%
<i>All state colleges</i>	<i>61,348</i>	<i>59,682</i>	<i>-3%</i>
<b>TOTAL</b>	<b>128,587</b>	<b>148,389</b>	<b>+15%</b>

Source: NJPP analysis of New Jersey Office of the Secretary of Higher Education data

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Major decisions on expanding medical education, decentralizing Rutgers and integrating UMDNJ into Rutgers and Rowan were made without any public discussion, independent analysis or strong rationale. The Cooper Medical School of Rowan was *created by an executive order*; UMDNJ was extinguished in 2012 by legislation that was introduced and enacted within two weeks.

*In short, for the last quarter century, important policies governing higher education have been decided by a small room of political leaders, acting without informing the public or including the affected institutions, with the apparent aim of shifting resources to South Jersey and protecting Rutgers.* The public colleges themselves have had a very mixed experience: almost all of the enrollment growth in public 4-year institutions has taken place in the four institutions with university status: Rutgers, NJIT, Rowan and Montclair State.

- The College of New Jersey has emerged as one of the nation's more selective public colleges accepting fewer than half its applicants and posting a graduation rate of 85 percent within six years.
- New Jersey City University is at the other end, experiencing very little growth in enrollment over 20 years and posting a graduation rate around just 30 percent within six years.
- Kean and William Paterson universities have seen modest growth in enrollments, but little progress in getting more than half their students to graduate within six years.
- Rowan and Montclair State are now “research universities” and experiencing significant enrollment growth (58 percent at Rowan since 2008).
- Rutgers' growth in enrollment of 28 percent since 2008, its admission to the Big Ten and its takeover of UMDNJ have strengthened its reputation.
- NJIT continues to grow (by 41 percent since 2008).
- Community colleges have suffered from declining state operating support, flat county funding and rising tuitions and fees.

The Great Recession produced an uptick in applicants to New Jersey's public colleges and universities, reflecting the continuing squeeze on middle-class family finances. Between 2008 and 2016, statewide undergraduate enrollment increased by 15 percent, but almost all the increase took place at the four public universities: Rutgers, Rowan, NJIT and Montclair State.

New Jersey's 21-percent cut in inflation-adjusted state spending on public college operating costs since the Great Recession – the equivalent of a \$2,113 drop per full-time student – is the 13<sup>th</sup> largest reduction in the nation.<sup>5</sup> When state revenues drop in economic downturns, higher education – unlike school aid, property tax relief and transportation projects – is not protected by dedicated revenues. Public colleges may also suffer from the absence of a visible executive department that can press more effectively for budget dollars. In fact, the flat funding of public colleges that represents a real decline began in the mid-1990s; it was accelerated by the Great Recession. And the decentralization of higher education has led to a proliferation in schools of nursing, the establishment of international campuses and other initiatives that deflect funding for educating striving New Jerseyans.

As state support for public colleges dropped, tuition and fees rose – as did the amount of student debt shouldered by students and graduates. Between 2010 and 2016, for example, the average debt of NJIT's graduates rose from \$17,712 to \$35,041, a 75 percent increase. Rowan's residential students suffered the largest change with six-year graduates owing an average of \$40,100 in 2016 versus \$17,262 in 2010, a 132 percent surge. Rutgers, with the largest number of graduates, saw a modest rise of 11 percent for its graduates. The College of New Jersey's four-year graduates in 2016 owed 29 percent more, \$30,625, than their counterparts in 2010.<sup>6</sup>

Meanwhile, community colleges experienced a sharp decline in their enrollments as full-time students dropped from 86,186 to 71,949, a 17 percent decline. There is no simple explanation, but during the Great Recession families faced reduced incomes, higher unemployment and a steady increase in tuition and fees, which rose 36 percent. At the same time Tuition Aid Grants rose on average only 12 percent while state and county funding dropped, adjusted for inflation.

County college financing has *never met the standards set in 1962's authorizing legislation*, which divided the costs evenly between state aid, county contributions and student funding. Even including state financial aid to students, there's never been a year when the state met its one-third obligation. In 2015, state operating aid covered just 19 percent of total costs, rising to 24 percent when TAG, EOF and other state student grants were included. Federal student grant programs covered \$275 million of student costs, leaving students on the hook for approximately \$265 million in tuition and fees.

## **It's Time for a Fresh Evaluation and a Reset**

All of these important forces – deep cuts in state funding, the Great Recession, decentralized governance – have resulted in higher college costs, overhanging debt and limited job opportunities that, together, endanger New Jersey's economic future. It's time to start turning the tide.

It would be preferable if New Jersey's financial and economic position were strong enough to substantially increase operating support for public colleges and universities, assisting more struggling families with lower tuitions and fees, increased student grants and more affordable loans. But it's not. And making matters worse, not only do higher education's costs rise faster than family incomes, but the share of families requiring increased aid is growing, thereby adding to the additional revenues that must be found.

That said, tight finances are no reason to put higher education on the back burner.

Yes, New Jersey must begin to prudently chip away and reverse decades of disinvestment, but it must also restore sunlight to the difficult issues confronting higher education's future and enlarge the discussion beyond the small room of transactional politics that has characterized the recent past.

The stakes are high: a strong network of public colleges and universities is an essential element required to put New Jersey back on the path of restored economic opportunity and greater prosperity.

The next governor will assume office 50 years after New Jersey began transforming and improving higher education, thereby bringing new opportunities to millions of New Jerseyans. This is the perfect time to celebrate the milestone, but to also reset.

It was the distinguished Goheen Commission that captured broad attention with its 1966 report. Next year would be the perfect time to organize a similar commission composed of leaders from

biotech, IT and finance, philanthropy, labor, the immigrant community, private and public colleges, and arts and cultural institutions. The commission should be privately financed with independent staffing and given a one-year deadline.

Higher education has been neglected for too many years and is too important to the state's future for it to not be moved into the public spotlight. The commission should be charged with an ambitious agenda that analyzes and makes recommendation on issues that have received little attention. Here is a short list:

- Community colleges are the most affordable option for struggling families. Not only do they provide the opportunity to gain certificates in fields where employment is possible, but they also make the first two years of academic credits toward a baccalaureate degree affordable, but only if aligned with the degree requirements of 4-year colleges. The commission should analyze the performance of community and public colleges in maximizing these opportunities.
- Only two of New Jersey's ten 4-year institutions graduate at least half of their entering first-year students within four years.<sup>7</sup> Even after six years, a third of the entering first-year students from 2009 had no degree, but are almost certain to have greater student debt and fewer job prospects. The commission should study the causes of this trend and offer recommendations on how to improve the timely graduation of more students.
- At the state level, there is no persistent, well-documented attention given to higher education. Absent a Trenton-centric bureaucracy or a cabinet-level chancellor, what are the steps a new administration can take to give more systematic attention to the economic consequences – for graduating and non-graduating students, families, businesses and the state as a whole – of the current state of higher education?
- Funding for higher education has reflected New Jersey's laggard recovery and it is in competition with politically powerful problems and interests like the nation's highest property taxes, underfunded pension obligations and deteriorating transportation. Is the best use of scarce funds to target particular problems and opportunities like rising student debt, persistent underfunding of community colleges or increased assistance for students from poor and working families? Should general operating support be supplanted by spending aimed at more specific investments?

## **New Jersey Policy Perspective**

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## Endnotes

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<sup>1</sup> Education Commission of the States, *Restructuring State Roles in Higher Education: A Case Study of the 1994 New Jersey Higher Education Restructuring Act*, December 1995.

<http://files.eric.ed.gov/fulltext/ED394457.pdf>

<sup>2</sup> State of New Jersey, *The Governor's Budget for FY 2018*.

<sup>3</sup> National Center for Education Statistics, *Digest of Education Statistics: 1996 Tables and Figures*.

<sup>4</sup> Center on Budget and Policy Priorities, *A Lost Decade in Higher Education Funding State Cuts Have Driven Up Tuition and Reduced Quality*, August 22 2017. <https://www.cbpp.org/research/a-lost-decade-in-higher-education-funding-state-cuts-have-driven-up-tuition-and-reduced>

<sup>5</sup> Ibid 4

<sup>6</sup> New Jersey Office of Higher Education, *Comparative Profile: New Jersey Student and Parent Consumer Information for 2010 and 2016*

<sup>7</sup> NJPP analysis of *New Jersey Higher Education Public College & University 2016 Institutional Profiles*. Available at <http://www.state.nj.us/highereducation/IP/IP2016/index.shtml>