

WHAT HAPPENED TO EXCELLENCE?

Financing Higher Education in New Jersey



Prepared by

*Council of New Jersey State College Locals
American Federation of Teachers, AFL-CIO*

March, 2000

What Happened to Excellence?

Historically, public higher education in New Jersey has been chronically underfunded.

In the 1950's, our State University had only recently become public, our State Colleges were teachers colleges, and neither UMDNJ nor most of our county colleges existed. Significant expansion occurred in the late sixties and early seventies with the conversion of the State Colleges to liberal arts institutions; the founding of UMDNJ, two State colleges and many county colleges; and the strengthening of Rutgers as a research institution. This expansion, however, lagged behind that in many other states, and investment never reached levels that became commonplace elsewhere. Even in the 1980's, when funding was increased under the Kean administration, most of the new money was earmarked for one-time projects, and very little went to fund the basic infrastructure of the institutions.

Today, that legacy takes the form of a student outmigration rate which is far and away the highest of any state in the nation.

There is a continuing lack of financial commitment. **New Jersey ranks below average (34th of the 50 states) in per capita State expenditures for higher education.**

New Jersey ranks near the bottom (46th of the 50 states) in State expenditures for higher education per \$1000 of personal income.

New Jersey can afford to do more. New Jersey can afford to bring its expenditures into line with those of other prosperous and progressive states for which higher education is a priority, creating in the process real improvements in quality and service to its citizens.

Instead, New Jersey has chosen to do less. **State appropriations for operating public institutions of higher education in New Jersey increased by only 34% in the 12 years between FY 1988 and FY 2000; the average increase was only 2.6%**

per year. Corrected for inflation, support declined by 8% during the decade.

Higher education has become an even less important part of the New Jersey State budget than it once was. **The percentage of the New Jersey State budget devoted to public institutions of higher education declined by 29% between FY 1988 and FY 1999.**

New Jersey's personal income is one measure of its citizens' ability to pay. **Expressed as expenditures per \$1000 of New Jersey personal income, State support for the public institutions of higher education declined by 28.5% between FY 1988 and FY 1999.**

Any way you look at it, higher education has not been a priority.

Prisons have been a priority. **Between FY 1988 and FY 2000, State support for prisons increased by 139%, while support for New Jersey's State College/University sector increased by only 23%.**

Prisons may well be necessary. But are not colleges and universities equally necessary?

In order to maintain a modicum of quality while support from the State stagnates, New Jersey's institutions of higher education have been forced to increase tuition. **Between FY 1988 and FY 2000, tuition and fees in New Jersey's State College/University sector increased by 170%, but the average State support per FTE student increased only 8%.**

There has been a shift in costs to students and their families. Anyone who talks to students knows that the vast majority of them cannot afford these tuition increases. They scrimp on necessities and work long hours—often to the detriment of their studies. They drop out for a semester and work two jobs so they can afford to return to school the next.

In its budget statement last year, the Commission on Higher Education acknowledged that the proportion of State support for the public institutions of higher education has decreased over the years compared to tuition revenues. The Commission called for a return to the past budgeting yardstick in which the State pays 2/3 of the costs. In fact, the trend is in the opposite direction: the State is paying less and less.

The Governor's proposed FY 2001 budget contains a 2.5% increase in appropriations for most of the senior public institutions—even less than the 3.5% recommended last year. Moreover, 1% of the 2.5% increase may be withheld if an institution does not meet certain performance criteria defined by the Department of the Treasury. (It is strange, to say the least, to find Treasury bureaucrats making educational policy.)

This year the budget recommendation does include \$23.4 million in "salary transfer" funds for the senior public institutions to partially fund negotiated salary increases for FY 2001. Even so, the total recommended increase in State support for all the public institutions (including the community colleges) is only 5.8%, which is less than the 6.4% recommended increase in the State budget as a whole.

A \$550 million bond issue was passed last year to enable the institutions to begin to address the problem of deferred maintenance, which, in the virtual absence of appropriations for this purpose, has risen to truly calamitous levels. While these funds are vital to stave off disaster, the colleges and universities have indicated that the

bond issue will cover the cost of only half of the deferred maintenance projects which have been documented.

Bond issues cannot substitute for regular, ongoing capital appropriations for physical plant and support services. Despite this fact, no funds are recommended for capital construction this year in any of the senior public institutions. (In contrast, the budget recommends increasing the Department of Correction's current \$24.6 million capital construction appropriation to \$33.2 million.)

This is false economy: deferring maintenance costs more in the long run and will eventually necessitate yet another bond issue.

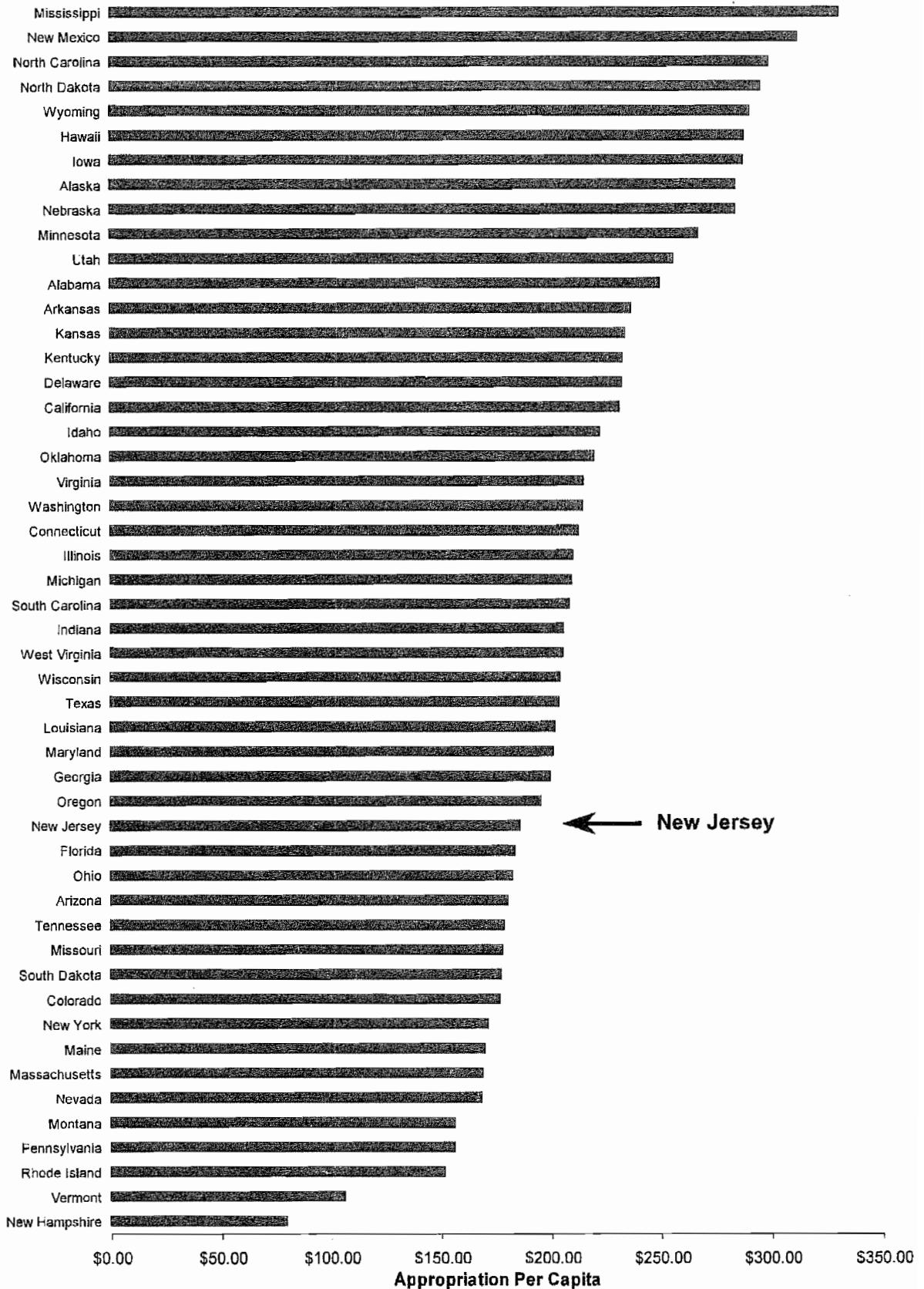
In addition, the requirement that institutions pay one third of the debt service on this and other construction bonds has forced and will continue to force significant tuition increases.

The bottom line: the pattern of insufficient funding which has prevailed for the past decade continues.

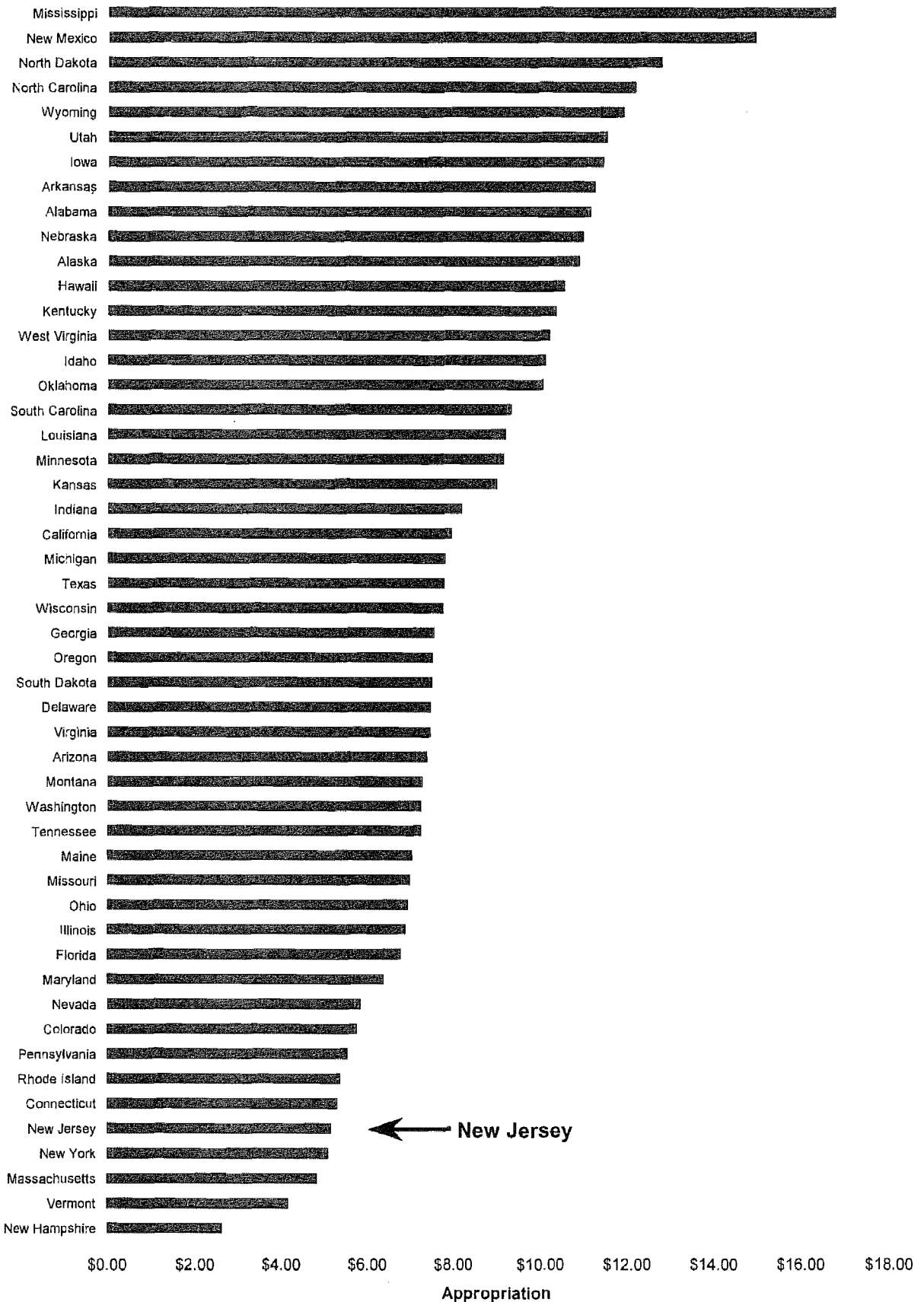
Institutions which are merely "adequate"—struggling institutions without the resources to invest in exciting technological and programmatic innovations—will not meet the needs of either New Jersey's citizens or its economy in the 21st century.

Despite glowing rhetoric, the proposed budget will not foster excellence. It is urgent that the Legislature and the Governor adopt a program to address the cumulative funding deficiencies our institutions have suffered over the years.

The States Ranked by Total Higher Education Appropriation Per Capita

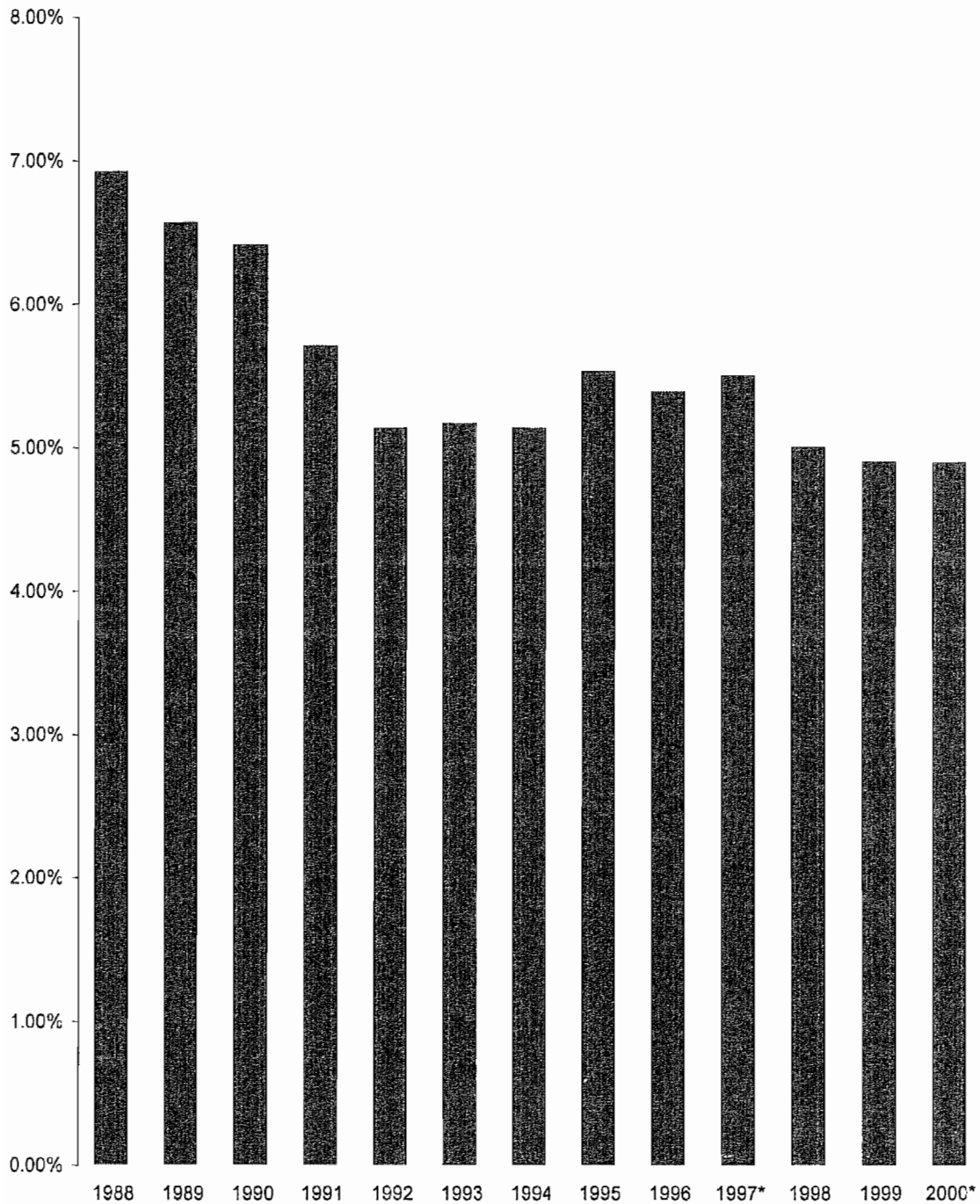


The States Ranked by Total Higher Education Appropriation Per \$1000 of Personal Income



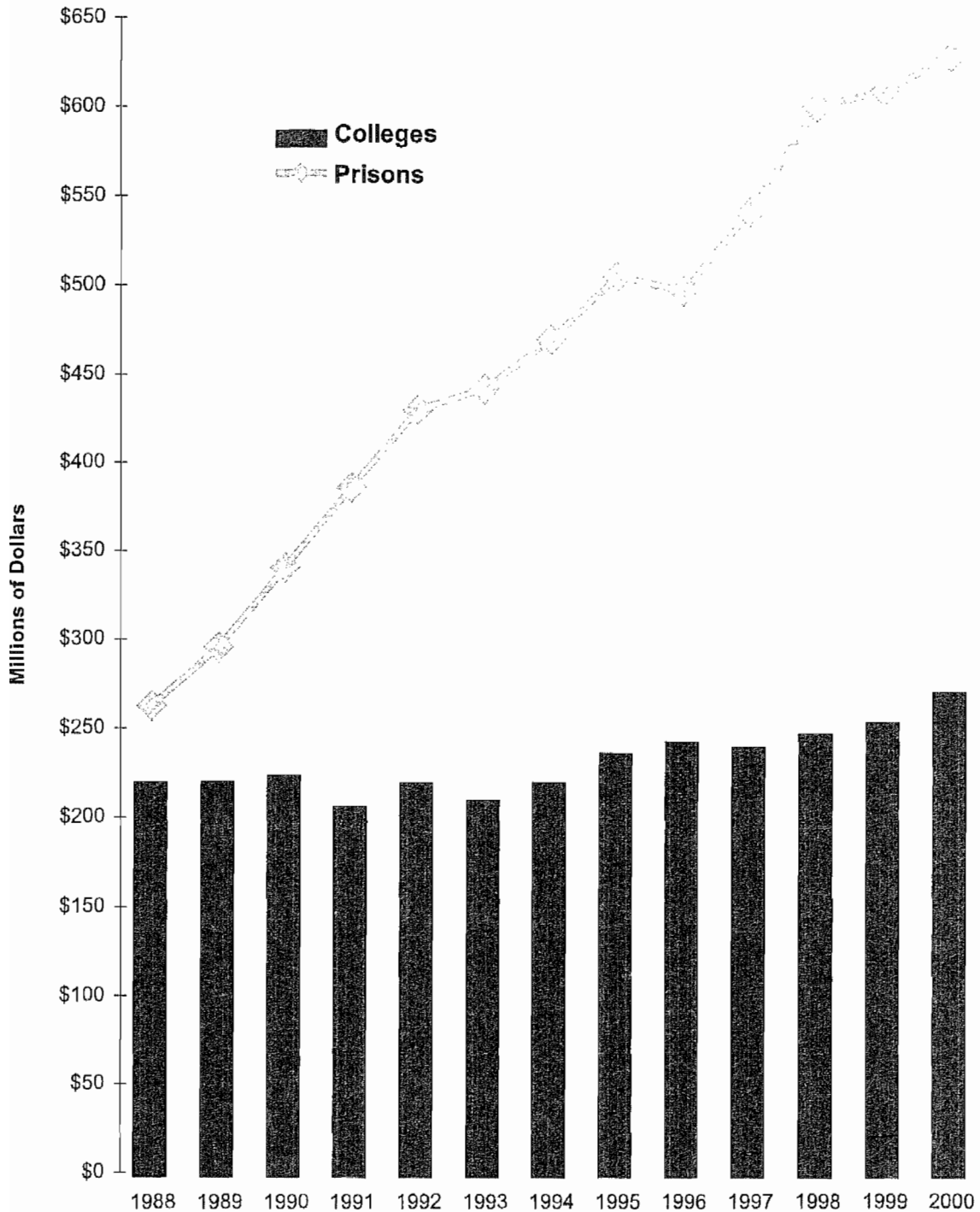
State Support of Public Institutions of Higher Education in New Jersey

(Per Cent of the New Jersey State Budget)



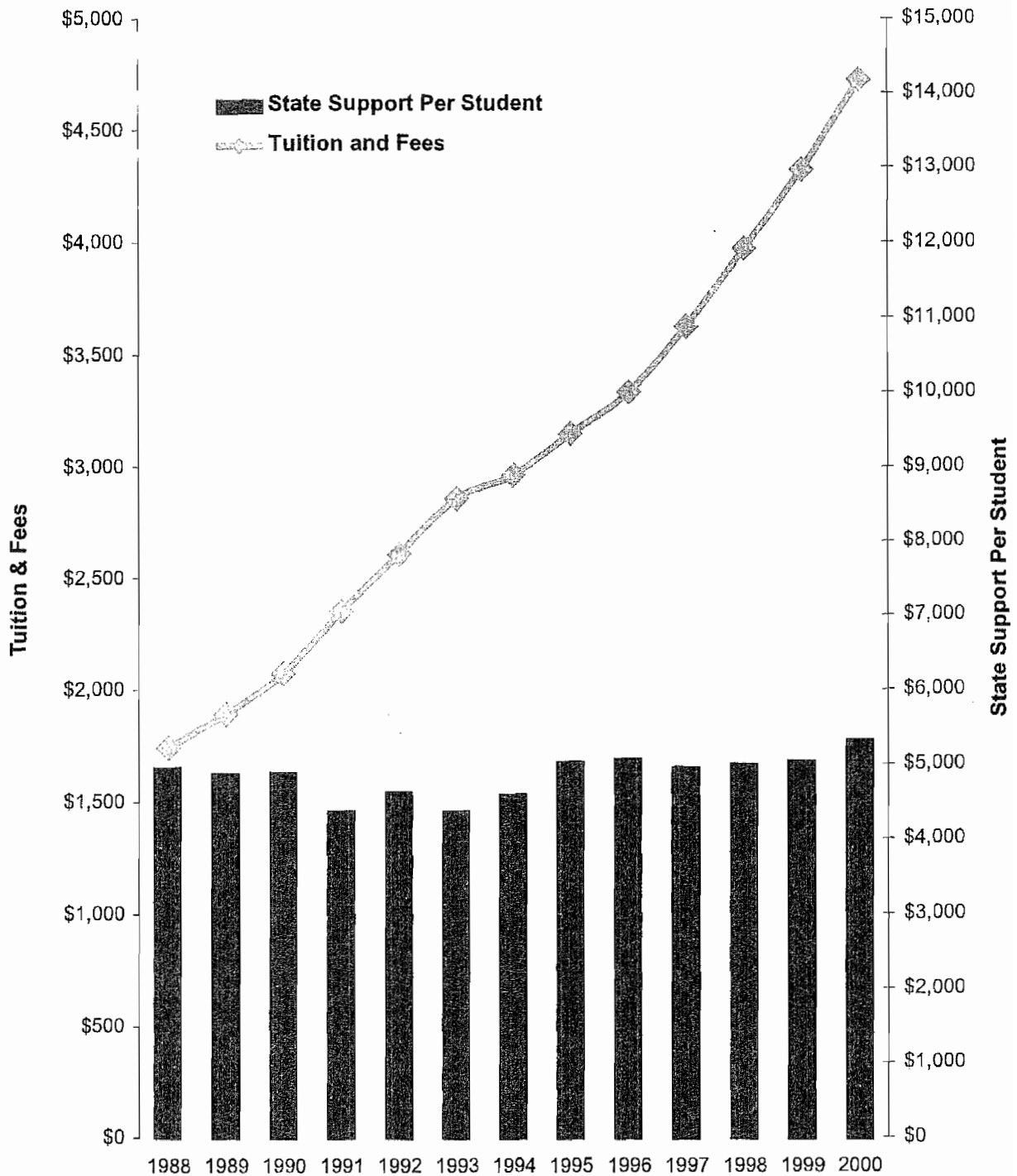
Expressed as a percentage of the New Jersey State budget, State support for the public institutions of higher education DECLINED by 29% between FY 1988 and FY 2000.

New Jersey State Support: Colleges vs Prisons (Excluding Juvenile Facilities and Central Administration)



Between FY 1988 and FY 2000, State support for prisons increased by 139%. State support for the State Colleges and Universities increased by only 23% during the same period.

Tuition & Fees vs State Support Per FTE Student in the New Jersey State College/University Sector



Between FY 1988 and FY 2000, tuition and fees in New Jersey's State Colleges/Universities increased by 170%. During the same period, State support per FTE student hardly increased at all.

The States Ranked by Total Higher Education Appropriation Per Capita

Rank	State	1999-2000 Appropriation (Thousands of Dollars)	Estimated Population 7/1/99	Personal Income 3rd Quarter 1999 (Millions of Dollars)	Appropriation Per Capita	Appropriation Per \$1000 Personal Income
50	New Hampshire	\$96,428	1,201,134	\$36,692	\$80.28	\$2.63
49	Vermont	\$63,378	593,740	\$15,147	\$106.74	\$4.18
48	Rhode Island	\$150,790	990,819	\$28,007	\$152.19	\$5.38
47	Pennsylvania	\$1,879,605	11,994,016	\$339,062	\$156.71	\$5.54
46	Montana	\$138,477	882,779	\$19,024	\$156.86	\$7.28
45	Nevada	\$305,983	1,809,253	\$52,435	\$169.12	\$5.84
44	Massachusetts	\$1,046,849	6,175,169	\$215,906	\$169.53	\$4.85
43	Maine	\$213,454	1,253,040	\$30,390	\$170.35	\$7.02
42	New York	\$3,126,582	18,196,601	\$612,924	\$171.82	\$5.10
41	Colorado	\$719,221	4,056,133	\$124,766	\$177.32	\$5.76
40	South Dakota	\$130,345	733,133	\$17,388	\$177.79	\$7.50
39	Missouri	\$977,626	5,468,338	\$139,964	\$178.78	\$6.98
38	Tennessee	\$984,860	5,483,535	\$135,935	\$179.60	\$7.25
37	Arizona	\$865,828	4,778,332	\$117,435	\$181.20	\$7.37
36	Ohio	\$2,060,555	11,256,654	\$297,072	\$183.05	\$6.94
35	Florida	\$2,785,631	15,111,244	\$411,109	\$184.34	\$6.78
34	New Jersey	\$1,519,546	8,143,412	\$294,092	\$186.60	\$5.17
33	Oregon	\$650,142	3,316,154	\$86,664	\$196.05	\$7.50
32	Georgia	\$1,560,155	7,788,240	\$206,991	\$200.32	\$7.54
31	Maryland	\$1,042,683	5,171,634	\$163,589	\$201.62	\$6.37
30	Louisiana	\$885,055	4,372,035	\$96,399	\$202.44	\$9.18
29	Texas	\$4,093,434	20,044,141	\$526,601	\$204.22	\$7.77
28	Wisconsin	\$1,075,238	5,250,446	\$138,932	\$204.79	\$7.74
27	West Virginia	\$372,505	1,806,928	\$36,570	\$206.15	\$10.19
26	Indiana	\$1,226,677	5,942,901	\$150,129	\$206.41	\$8.17
25	South Carolina	\$812,709	3,885,736	\$87,303	\$209.15	\$9.31
24	Michigan	\$2,073,579	9,863,775	\$265,883	\$210.22	\$7.80
23	Illinois	\$2,554,402	12,128,370	\$371,323	\$210.61	\$6.88
22	Connecticut	\$699,290	3,282,031	\$131,570	\$213.07	\$5.31
21	Washington	\$1,238,035	5,756,361	\$170,746	\$215.07	\$7.25
20	Virginia	\$1,480,258	6,872,912	\$198,751	\$215.38	\$7.45
19	Oklahoma	\$739,450	3,358,044	\$73,682	\$220.20	\$10.04
18	Idaho	\$279,290	1,251,700	\$27,660	\$223.13	\$10.10
17	California	\$7,683,934	33,145,121	\$969,041	\$231.83	\$7.93
16	Delaware	\$175,621	753,538	\$23,541	\$233.06	\$7.46
15	Kentucky	\$924,048	3,960,825	\$89,326	\$233.30	\$10.34
14	Kansas	\$622,198	2,654,052	\$69,264	\$234.43	\$8.98
13	Arkansas	\$605,439	2,551,373	\$53,827	\$237.30	\$11.25
12	Alabama	\$1,094,839	4,369,862	\$98,145	\$250.54	\$11.16
11	Utah	\$546,774	2,129,836	\$47,466	\$256.72	\$11.52
10	Minnesota	\$1,280,627	4,775,508	\$140,045	\$268.17	\$9.14
9	Nebraska	\$473,939	1,666,028	\$43,198	\$284.47	\$10.97
8	Alaska	\$176,494	619,500	\$16,236	\$284.90	\$10.87
7	Iowa	\$826,589	2,869,413	\$72,266	\$288.07	\$11.44
6	Hawaii	\$342,247	1,185,497	\$32,523	\$288.69	\$10.52
5	Wyoming	\$139,711	479,602	\$11,732	\$291.31	\$11.91
4	North Dakota	\$187,459	633,666	\$14,692	\$295.83	\$12.76
3	North Carolina	\$2,293,097	7,650,789	\$188,436	\$299.72	\$12.17
2	New Mexico	\$544,090	1,739,844	\$36,471	\$312.72	\$14.92
1	Mississippi	\$917,087	2,768,619	\$54,754	\$331.24	\$16.75

Prepared by the Council of New Jersey State College Locals AFT/AFL-CIO in March, 2000. State expenditures are taken from Grapevine's National Data Base of Tax Support for Higher Education at Illinois State University. Population estimates are from the Department of Commerce Bureau of the Census. State personal income figures are from the Department of Commerce Bureau of Economic Analysis.

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Appropriation Per \$1000 of Personal Income**

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Fiscal Year	NJ State Support for the Public Institutions** (Millions of Dollars)	Total NJ State Budget (Millions of Dollars)	NJ State Support for the Public Institutions (% of Total State Budget)	NJ Personal Income (Billions of Dollars; Average for the Fiscal Year)	NJ State Support for the Public Institutions (Dollars per \$1000 of NJ Personal Income)	Urban Consumer Price Index (1982-84=100)	Total NJ State Budget (Millions of 1988 Dollars)	NJ State Support for the Public Institutions (Millions of 1988 Dollars)	NJ State Support for the State Colleges (Millions of Dollars)	NJ State Support for Prisons (Millions of Dollars)	% Change
1988	\$731.9	\$10,577	6.92%	\$164	\$4.46	115.7	\$10,577	\$731.9	\$222.5	\$263.4	
1989	\$779.1	\$11,860	6.57%	\$179	\$4.36	121.1	\$11,331	\$744.3	\$222.8	\$296.5	
1990	\$779.4	\$12,151	6.41%	\$188	\$4.14	127.4	\$11,035	\$707.8	\$226.2	\$341.5	
1991	\$717.1	\$12,562	5.71%	\$195	\$3.67	134.6	\$10,798	\$616.4	\$208.8	\$386.7	
1992	\$777.7	\$15,144	5.14%	\$202	\$3.84	138.1	\$12,687	\$651.5	\$222.2	\$430.0	
1993	\$756.9	\$14,652	5.17%	\$213	\$3.56	142.6	\$11,888	\$614.1	\$212.2	\$441.8	
1994	\$795.9	\$15,500	5.13%	\$220	\$3.62	146.2	\$12,266	\$629.8	\$222.3	\$469.3	
1995	\$850.5	\$15,365	5.54%	\$231	\$3.68	150.3	\$11,828	\$654.7	\$238.5	\$504.8	
1996	\$874.6	\$16,230	5.39%	\$241	\$3.63	154.4	\$12,162	\$655.4	\$245.2	\$496.6	
1997*	\$897.2	\$16,304	5.50%	\$254	\$3.53	159.1	\$11,857	\$652.4	\$242.3	\$540.8	
1998	\$860.0	\$17,189	5.00%	\$268	\$3.21	161.6	\$12,307	\$615.8	\$250.1	\$600.8	
1999	\$906.9	\$18,499	4.90%	\$285	\$3.19	164.3	\$13,027	\$638.6	\$256.2	\$609.4	
2000*	\$978.5	\$19,975	4.90%			168.7	\$13,700	\$671.1	\$273.4	\$628.9	
2001***	\$1,012.5	\$21,253	4.76%						\$279.7		
2001****	\$1,035.4	\$21,253	4.87%						\$287.3		
				73.2%	-28.5%	45.8%	29.5%	-8.3%	22.8%	138.8%	
									2.3%		
									5.1%		

*Adjusted Appropriation. FY 2000 figure includes the yet-to-be appropriated supplemental funding for negotiated salary increases.

**Includes the State Colleges/Universities, Rutgers, NJIT, UMDNJ and State aid to the County Colleges. Excluded is the Agricultural Experiment Station at Cook College. Figures are for current operations; scholarships, grants, capital construction and debt service are excluded.

***Recommended.

****Recommended (includes estimated distribution of funds for negotiated salary increases budgeted in Interdepartmental Accounts).

Prepared in March, 2000, by the Council of New Jersey State College Locals, AFT/AFL-CIO, using data from the N.J. State Budgets and the Department of Commerce (N.J. Personal Income). Prison data exclude juvenile facilities and systemwide expenditures.

The CPI is for urban consumers (in January of the fiscal year) from the Bureau of Labor Statistics.

Fiscal Year	NJ State Support for the State Colleges* (Millions of Dollars)	Total State College Enrollment (FTE)	NJ State Support for the State Colleges per FTE Student	State College Average Tuition and Fees	NJ State Support for Rutgers (Millions of Dollars)	Rutgers Enrollment (FTE)	NJ State Support for Rutgers per FTE Student	Rutgers Average Tuition and Fees	NJ State Support for NJIT (Millions of Dollars)	NJIT Enrollment (FTE)	NJ State Support for NJIT per FTE Student	NJIT Tuition and Fees
1988	\$219.5	44,000	\$4,990	\$1,761	\$220.2	37,392	\$5,888		\$38.0	5,247	\$7,238	
1989	\$219.5	44,714	\$4,908	\$1,911	\$233.1	37,436	\$6,226		\$41.2	5,394	\$7,634	
1990	\$222.4	45,083	\$4,934	\$2,092	\$234.6	37,886	\$6,193	\$3,230	\$42.0	5,500	\$7,641	\$3,560
1991	\$205.4	46,531	\$4,414	\$2,370	\$216.9	37,572	\$5,772	\$3,465	\$38.3	5,474	\$6,998	\$4,000
1992	\$218.3	46,756	\$4,670	\$2,625	\$236.9	38,570	\$6,143	\$3,860	\$41.4	5,446	\$7,599	\$4,288
1993	\$208.3	47,255	\$4,407	\$2,873	\$226.8	37,606	\$6,032	\$4,066	\$40.8	5,613	\$7,275	\$4,524
1994	\$218.1	47,093	\$4,632	\$2,979	\$238.1	37,245	\$6,392	\$4,237	\$41.9	5,469	\$7,660	\$4,790
1995	\$233.8	46,121	\$5,070	\$3,165	\$255.6	36,809	\$6,944	\$4,506	\$44.5	5,453	\$8,153	\$4,980
1996	\$240.3	46,996	\$5,113	\$3,350	\$262.8	37,214	\$7,062	\$4,794	\$46.1	5,493	\$8,399	\$5,222
1997	\$237.0	47,412	\$4,998	\$3,645	\$260.1	37,716	\$6,896	\$5,074	\$45.6	5,607	\$8,134	\$5,461
1998	\$244.3	48,503	\$5,038	\$3,993	\$271.6	38,866	\$6,989	\$5,346	\$46.9	5,860	\$7,995	\$5,822
1999	\$250.6	49,258	\$5,087	\$4,344	\$278.6	39,653	\$7,026	\$5,772	\$48.0	5,926	\$8,107	\$6,214
2000	\$267.5	49,839	\$5,368	\$4,746	\$296.4	39,200	\$7,561	\$6,053	\$51.7	6,101	\$8,467	\$6,480
% CHANGE												
1988-2000	21.8%	13.3%	7.6%	169.5%	26.3%	3.5%	22.1%	87.4%	22.9%	10.9%	10.8%	82.0%
1990-2000												

*Edison is omitted.

Prepared in March, 2000, by the Council of New Jersey State College Locals AFT/AFL-CIO. State support and enrollment figures are taken from the New Jersey State budgets. Tuition figures were provided by the State Budget, the State Colleges/Universities and the Commission on Higher Education.