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**STATEMENT OF STOCKTON UNIVERSITY PRESIDENT
DR. HARVEY KESSELMAN
ASSEMBLY BUDGET COMMITTEE HEARING
May 1, 2019**

Good morning Chair Pintor Marin and members of the Assembly Budget Committee. My name is Dr. Harvey Kesselman, and I am the President of Stockton University. It is with tremendous pride that I share with you Stockton's critical role in educating New Jersey students, increasing access for underserved and disadvantaged students, assisting with the recovery of Atlantic City, and sustaining a highly skilled workforce necessary to support New Jersey's Innovation Economy.

As you may know, the State of New Jersey designated Stockton University as an Anchor Institution for Atlantic City, underpinning the need to diversify Atlantic City's economy, attract non-gaming related investment, and increase post-secondary opportunities in the city. The State has long recognized the Atlantic City region's critical role in the health of New Jersey; Atlantic County ranks first in the State in generating tourism dollars, approximately \$7 billion¹ annually. Without question, Atlantic City's economic health materially impacts the rest of the State.

As an Anchor Institution, Stockton is committed to actively participating in the revitalization of the city. In the Fall 2018, the University opened the Stockton University Atlantic City campus. This new beachfront residential campus offers housing for more than 530 students, and a 56,000-square-foot Academic Center where 1,800 students attend classes daily, and where the local community holds events. For Fall 2019, over 136 courses will be offered at the Atlantic City campus. The \$178 million campus, which is part of the public/private Atlantic City Gateway Project, includes a corporate headquarters for South Jersey Gas, an Atlanticare Urgent Care facility, bookstore, and dining options. Additionally, a number of new businesses² have recently opened or are expanding in/around the Atlantic City campus. Redevelopment and corporate investment³ have been robust, creating employment opportunities for Atlantic City residents and the building trades. As envisioned by the State, the opening of Stockton's Atlantic City campus has already brought new life and investment to the city.

Through our growth in Atlantic City, Stockton can enroll more New Jersey students (nearly 99% of our 9,621⁴ students are from New Jersey). This is consistent with our public mission, since increasing capacity stems the out-migration of over 30,000 college-bound New Jersey students each year, many never returning after graduation. By keeping our best students in the state, we can sustain a highly educated workforce critical for an Innovation Economy while also strengthening the return on the State's \$250,000 per student investment in K-12 public education.

¹ *Economic Impact of Tourism in New Jersey*, 2017

² E.g., Carluccio's Pizza, Gateway Convenience Store, Chico and Son's [Subs, Pizza and Salads], Drip and Scoop [Ice cream, Coffee and Donuts], Choices' Bar and Grill, Bond Street [burgers and bar], Executive Realtors, Super Rite Aid, Parkside Apartments [30 units], Boom Market, McDonald's, Gilchrist Restaurant, Once Again [retail boutique]

³ E.g., opening of South Jersey Gas corporate headquarters, opening of Hard Rock Hotel & Casino, opening of Ocean Resort Casino, Boraie Development (250 unit apartments), Showboat Hotel expansion, Don Haviland (student housing).

⁴ Fall 2018 undergraduate and graduate student headcount.

With vigorous demand, and growing academic offerings, Stockton is well positioned to continue its growth, a critical piece in the State's "Eds and Meds" economic revitalization plan for Atlantic City. However, the cost of this State initiative should not be shouldered by Stockton's students alone. Increasing tuition to fund growth is not sustainable since doing so will adversely impact enrollment, placing additional upward pressure on tuition rates, further deterring new students.

Moreover, Stockton serves the most economically disadvantaged area (highest unemployment⁵, highest foreclosure rate⁶) and a population with the lowest rate of post-secondary attainment⁷ in New Jersey. In order to lessen the financial burden on this growing population, Stockton applied approximately \$15 million towards institutional scholarships to assist disadvantaged students, a rapidly growing segment of the university's student population. Institutional scholarships promote student retention and timely graduation and reduce indebtedness.

Unlike better funded universities and those with abundant capital endowments, Stockton is not in a financial position to cover the costs for growing in Atlantic City. In June 2018, Stockton's credit rating was downgraded by Fitch due to, among other factors, costs outpacing revenue, decreasing liquidity, and indebtedness. Incurring additional debt without corresponding specific State funding for capital expansion and operations in Atlantic City would likely result in another ratings downgrade.

For the above-mentioned reasons, on behalf of Stockton University, I respectfully request the Legislature's support for an increase in our annual appropriation specifically to support Stockton's capital development and operating costs in Atlantic City, totaling \$5 million. This would be applied towards capital construction, annual debt service, and annual operating costs incurred specifically for our Atlantic City campus. Without this support, Stockton will not be able to continue growing in Atlantic City.

Stockton University prides itself on its record of providing an outstanding, comprehensive education that is affordable and accessible. The State's goal of advancing Atlantic City's economic recovery and Stockton's Anchor Institution designation can only be fully leveraged if the State supports Stockton's next phase of growth in Atlantic City. Without this support, Stockton cannot proceed. Doing so would jeopardize the University's academic quality, affordability and accessibility, and financial integrity.

I am happy to answer any questions you may have.

Thank you for your consideration.

Respectfully,



Harvey Kesselman
President
Stockton University

⁵ Atlantic County (5.3%), Cumberland County (5.9%), Cape May County (10%), Ocean County (4%); Source: Local Area Unemployment Statistics (LAUS), 2017 Benchmark, NJ Department of Labor and Workforce Development, Bureau of Labor Market Information, January 2019.

⁶ Foreclosure rate in Cumberland County (1 in 491) and Atlantic County (1 in 373) fall well above the State average of 1 in 734; Source: Census Bureau, [http://www.realtytrac.com/statsand trends/foreclosuresand trends/nj](http://www.realtytrac.com/statsand trends/foreclosuresand trends/foreclosuresand trends/nj).

⁷ Percent of adults aged 25 to 64 who have attained a degree or certificate beyond high school: Atlantic County (35.1%), Cumberland County (21.7%), Cape May County (41.6%), Ocean County (39.9%), **State average (52.7%)**. Source: <http://strongernation.luminafoundation.org/report/2019/#state/NJ>.