
Public Hearing

before

SENATE EDUCATION COMMITTEE

*"Testimony from invited members of the higher education community
on the current higher education governance structure"*

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: September 26, 2005
2:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Shirley K. Turner, Chair
Senator Nicholas P. Scutari, Vice Chair
Senator Wayne R. Bryant
Senator Robert J. Martin



ALSO PRESENT:

Senator Joseph V. Doria

Anita M. Saynisch
*Office of Legislative Services
Committee Aide*

Jackie Burke
*Senate Majority
Committee Aide*

Christine Shipley
*Senate Republican
Committee Aide*

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SENATOR SHIRLEY K. TURNER, (Chair): Good afternoon, everyone. Welcome back. I hope you all had a very pleasant, restful, and enjoyable Summer. And I want to thank all of you for being here today and taking time out of your busy schedules to provide us with your expertise.

One of our greatest strengths in a state is a highly educated population. New Jersey ranks eighth in the nation in the percent of adults with a bachelor's degree or higher. We rank fourth in the number of individuals with a bachelor's degree who migrated into the state. Fifty-two point three percent of our 19-year-olds are enrolled in college, the third highest in the nation. Over 43 percent of students from low-income families attend college.

Each year, the Legislature makes a significant investment in our higher education system. The FY '06 budget included more than \$2 billion for higher education.

Certainly, everyone here today understands how vital higher education is to each individual and to the entire state. Your hard work and dedication to the students of New Jersey allows our economy to grow and prosper. Each year, thousands of New Jersey students have -- leave your institutions prepared to become productive, taxpaying citizens.

The quality institutions you have created ensures that the best and brightest students remain in New Jersey. That is why it is so important that we ensure that higher education in New Jersey delivers the best possible education at the most affordable price.

We will begin that review today with a discussion of the Higher Education Restructuring Act of 1994. Our goal here today is to discuss the

changes that have occurred over the past 10 years. Specifically, are the students better served? Is college education as affordable as it could be? Do we have the capacity to serve all the students that deserve an opportunity to attend college or a professional school? Are there changes that the Legislature should consider to the Restructuring Act?

There are, of course, related issues that merit the Legislature's attention. These issues include: the higher education community's request for legislative approval of a \$2 billion bond issue; Rutgers University's recently published report, which proposes reorganization of the New Brunswick and Piscataway campuses; the yet incomplete law enforcement investigations of several of our higher education institutions. It is likely -- very likely -- that these issues will be the subject of future hearings.

As representatives of the higher education community, you are on the frontlines of providing higher education services. Your experiences and expertise are a valuable resource in assisting us in our efforts to continue to provide a world-class education to each and every student who wants and deserves such an opportunity.

Today, we are competing in a global marketplace. And we must educate and prepare our students to successfully compete not only with other students in the United States, but with students across the world. So we're here today to hear from you and to get your input as well as your concerns; and to help us in determining how we can better serve our students in the State of New Jersey, so that each and every student will have the opportunity for higher education and not be concerned that there - - it may be out of their reach because they don't have the money to pay for it.

So we will start our schedule with the Commission on Higher Education, Jeanne Oswald, who is the Executive Director. We would like to hear from you.

And Dr. Pruitt will join her as the President of the Presidents' Council.

J E A N N E M. O S W A L D, Ed.D.: Good afternoon, Chairwoman Turner and members of the Committee.

I'm Jeanne Oswald, Executive Director of the Commission on Higher Education.

Thank you very much for providing us the opportunity today to talk about New Jersey's governance structure for higher education.

I'm speaking on behalf of the Commission today. Chairman Mertz had planned to be here to testify as well and was unable to make it. He sends his regrets. And he's indicated that he supports the comments that I will be making today, which are all consistent with the discussion that the Commission had at its retreat about a year ago last July. And these comments are also reflective of the 1999 statutorily required assessment of the restructuring.

This is clearly an appropriate time to reflect on the changes from 1994 -- about 11 years ago. And it's always a good time to consider how we can improve.

There are varying types of higher education structures all across the nation. There's no perfect model, and they can all work. But the key is going to always be the commitment, and the integrity, and the leadership of the individuals that make the structure work.

New Jersey's current structure is what I think of as coordinated autonomy. Now, that may sound like an oxymoron, but it's not. Autonomy means independence, and coordination means working together harmoniously on behalf of a common effort. The two are certainly not mutually exclusive.

New Jersey's governance structure provides a great deal of independence for institutions. But they're not completely autonomous. They operate within a system, within State laws; they're supported at varying levels by public dollars, and they have a public purpose and responsibility. So some level of coordination is essential to balance the institutional missions, visions, and ambitions with the State's interests and needs. And the current system recognizes that and provides for it.

The current structure can work. And it has worked, in many respects. But, of course, there's always room for improvement. The Chairwoman has asked that we consider strengths and weaknesses of the current structure so that we might then consider improvements and ensure that the most effective and efficient higher education system for the State and its people is in place.

In response, I will mention several very positive aspects of the structure. And I will also comment on weaknesses and suggest how they might be addressed.

The structure's main strengths are based on five provisions of the Restructuring Act. First, the Act eliminated excessive regulatory oversight and provided greater institutional autonomy, and increased institutional creativity to implement their diverse missions within a coordinated system. It provided institutional flexibility in the

establishment of new programs; and enhanced responsiveness to institutions, students, and the business community, and the State needs. It increased the level of collaboration among institutions significantly. It increased the involvement and responsibility of trustee boards at the public colleges and universities. And, last, the Act instituted a regularly updated long-range plan for higher education and coordinated efforts to achieve State goals.

Many accomplishments and initiatives have occurred under this structure since 1994, despite some severe fiscal constraints, particularly in recent years. Some examples include increased enrollments, increased student financial aid, a State higher education data and video network, periodic investment for capital needs, targeted grant programs to meet research and programmatic needs, an electronic transfer information system, and a \$32 million grant from the Federal government to support college readiness for disadvantaged students in the Abbott districts -- that being the GEAR UP grant.

I want to describe what I believe are the three primary weaknesses of the existing governance structure. But to a large degree, these weaknesses are more a function of how the structure is operating than the structure itself.

First, there is no clear, central voice for higher education on behalf of the needs of the State and public policy. Higher education is a critical aspect of the State's infrastructure and economic prosperity. But it doesn't have a central voice with a consistent place at the State budget and State policy development tables within the administration, while every other major area of State government has that central voice.

The Governor and his senior staff, as well as the Legislature, would benefit from turning to a State-level higher education point person for advice and assistance as needed, as they do in other areas. And it should be clear that this person represents the public policy voice for higher education at the State level, avoiding the current situation where all of the sectors, and sometimes all of the presidents, feel that they should be at the table and, as a result, most often no one is at the table for higher education.

A central-level policy presence and voice could be achieved by reestablishing a cabinet position, or it could be achieved by simply bringing the State higher education leader to the table, whether that be an executive director or some other title, to establish an ongoing communication and relationship to keep higher education at the State policy table.

At the same time, it is absolutely critical that the administration and the Legislature keep communications open with institutional presidents and the Presidents' Council. The very able and talented presidents of our colleges and universities provide invaluable advice and perspectives, and only they can speak for the institutions. So, optimally, the structure will benefit from the strong, entrepreneurial, and ambitious voice of the institutional presidents, balanced by a strong voice on behalf of the State and public policy.

The other essential element, of course, to the voice, is the ear of the policy makers. There has been no forum for regular conversations like this one, which leads me to the second weakness that I'd like to discuss -- that being, that the State lacks clear policy for higher education to guide coordinated autonomy and work toward achieving State goals.

While the Commission and the Presidents' Council each carry out their statutory responsibilities, there has not been a forum for public policy and decision making. State policy has long been absent in critical areas. The long-range plan for higher education, *A Blueprint for Excellence*, recognizes this and has initiated a process that some of you and the panel are involved in for the development of sound public policy for the future.

Two task forces are under way to develop policy recommendations for consideration. Key leaders from State government, higher education, and the private sector have come together to recommend a long-term State plan to support capital needs at colleges and universities, and to recommend the methodology or policy for operating support of the public research universities and the State colleges and universities to fill a void that is existent since the mid-1980s.

These recommendations will be presented to the Commission by the task force, and the Commission will seek broad input from the public stakeholders before submitting formal policy recommendations to the Legislature and the administration.

Here, the ultimate desired outcome is the development of State policy in these and other critical areas to guide institutional and State planning and decision making. A State policy framework is an essential component of our work in a coordinated autonomy. It should provide general guidance to us at the Commission, as it carries out -- as we carry out our responsibilities for licensure and academic program decisions, for funding and policy recommendations, for program implementation, and general coordination on behalf of the State. And that same State policy framework should also provide general guidance for institutional decisions

regarding academic programs, enrollment growth, tuition and fees, and other areas. For example, general, long-term funding and tuition policy to guide institutional decisions could help us avoid periodic de facto limitations that inhibit effective planning and operations for our institutions.

And there is one final weakness that's worthy of mention. The system would benefit from a better articulated framework for accountability. Public expectations of accountability for higher education outcomes have increased over the past decade, as have expectations for fiscal accountability, which has spilled over, as you know, from the nonprofit -- into the nonprofit sector from the new Federal requirements placed on the corporate world.

The framework for accountability in the governance structure is not as clear as it should be. But we are making strides in that direction with the new long-range plan and its annual progress updates, which track improvements over time and include peer comparisons to provide a national context in which to view outcomes. The draft update of that plan happens to be something we're releasing today. And I will provide copies for all the members, through staff, later this afternoon.

The Commission doesn't have responsibility for fiscal accountability of the institutions, and rightfully so. Fiscal accountability belongs at the campus level. And the trustees and institutions must be equipped with the skills and the knowledge to appropriately exercise that accountability. While the individual sectors have various trustee development programs, it may be beneficial to have an annual or biennial trustee conference at the State level to further prepare trustees in this

critical and important area. Ideally, a clearly articulated accountability framework will meet public expectations for higher education accountability.

In summary, New Jersey has a higher education governance structure that can work and that's working. But the structure, like most, is dependent on the goodwill of key stakeholders who must make it work effectively. Our structure is particularly dependent in New Jersey on the goodwill to promote collaboration, coordination, communication. And, in fact, communication and collaboration among key stakeholders and entities is uneven at some times, making the structure vulnerable. But the greatest vulnerabilities lie in the lack of a central voice for higher education from the State perspective, the lack of public policy, and the lack of an articulated accountability framework.

We're already moving to address these shortcomings. And we look forward to working with you and other State policy makers to ensure that the governance structure provides the most effective and efficient structure for higher education for our State and its citizens.

Thank you.

SENATOR TURNER: Thank you.

Dr. Pruitt.

G E O R G E A. P R U I T T, Ph.D.: Thank you, Senator, and members of the Committee.

I first want to express my appreciation for having this kind of forum. We rarely have the opportunity to discuss issues absent the presence of crisis, absent the consideration of a budget, absent the response to a problem. And these are the kinds of issues that require a dispassionate,

and distanced, and objective review of the circumstances on the ground to take some cautioned view about how -- what we can learn from them and how we are to proceed.

I want to associate myself with most of the comments that my colleague just made about the strength of the system. Clearly, we have had more voluntary interinstitutional cooperation under this structure than we've had -- than we had before.

I've had the luxury of being around here for some time, and I've been around under both systems: for 12 years under the former system, and I've been here about -- over 10 years under the current system. So I've had a good look at how they've both operated. And, clearly, the current structure is, I believe, superior.

The one area that I do disagree with my colleague is -- I don't disagree in the objective. I disagree in the strategy. We do have a good voluntary, interinstitutional cooperation. Some of the concerns that were raised when this process took forward were that the institutions wouldn't cooperate and collaborate. We created NJEDge.Net. We created New Jersey Transfer, which solved the problem that the former assistant was unable to speak to. We have had extraordinary cooperation and work among all 50 diverse institutions within the system. We have provided 12 straight budget policy statements that have been signed by all 50 presidents in New Jersey. We have accepted the notion of mission differentiation, which means differential funding, which means we have supported differential funding for our colleague institutions.

I think there are two areas where we have -- where we do need improvement. And I agree with Dr. Oswald. They are not structural, they

are behavioral. I think both the Commission and the Presidents' Council need to do a better job of advocacy. The system is maturing, and we are doing better on that.

I also agree that we need a better articulation of consensus-based policy with the Governor's Office and the Executive Branch. Dr. Oswald suggested two approaches by which that might be done. I'd like to suggest a third. The third is that the Governor create a senior policy advisor, in the Governor's Office, to be liaison between the Governor and the higher education community to facilitate and form public policy, and to be able to help create a shared vision by which the higher education community is able to come together to support an agenda and vision that the Governor, given our constitutional structure, has to coordinate.

Our community is fairly resolute. And we believe that that is the appropriate and proper form in which to get that vision articulated. We don't think it ought to be done through the bureaucracy, and we don't think it ought to be done through the existing structures. And I must tell you that I'm delighted that in the gubernatorial forum sponsored by the Presidents' Council last Monday, both candidates embraced and supported this point of view.

We are hopeful, because of both candidates' statements on this issue, that we can look forward to having a dialogue with our new Governor after the election on the shape and form of such a liaison. And we think that's the appropriate way to respond to the concerns that Dr. Oswald raised.

I'd like to address, frankly straightforward, some of the concerns that get raised that you hear, that we hear, that are often in the

media, because one of my personal frustrations is, how, as a community, do we respond to some of the mythology, and the legend, and the sort of urban legends that take a life of their own that both you and I are forced to deal with.

Let me first talk a little bit about accountability. There are those that say that the current system lacks accountability. The accountability system that we use is the one that has built the best system of higher education in America. It's based on independent, nonpartisan, nonpolitical, informed, expert laypeople that hold these institutions in the public trust. The former system -- these people were appointed by the Board of Higher Education. The Governor had veto authority over it, and the Legislature had no oversight over it. The current system-- The Governor appoints trustees, and these trustees are vetted and approved by this body.

If you look at the men and women that serve as trustees of our institutions, it's some of the finest men and women in our state. And they do great work, and they carry on their responsibilities admirably and competently. To suggest that these institutions -- these trustees are inattentive to their duties does a disservice to them, does a disservice to the various governors that have appointed them, and it does a disservice to the Senate that exercises its -- has exercised its judgement of reviewing these individuals to make sure we have competent, qualified people to sit on our boards of trustees.

The other issue is affordability. We are very much concerned about affordability. The fact of the matter is, there's a crisis in this state of both affordability and capacity. If you look at when New Jersey, essentially,

built its system of higher education, it took place around approximately 1965 and around 1975, when New Jersey was faced with the crunch of the so-called *baby boom*. During that period, it built its 19 college -- community colleges system. NJIT became a public affiliated institution. UMDNJ was organized as a public university. Three State colleges were created. It was a period of enormous expansion.

Well, today we are faced with a similar kind of capacity crunch that we were faced with then. Yet, instead of talking about increased capacity, we've gone through about a decade of the largest disinvestment in public higher education in the history of the state. As a result of that, costs have been driven up, capacity has been limited.

When I came into this state, the public embarrassment was that New Jersey was losing its students to other states. Not because we didn't have the room or capacity, but because the reputational value of our institutions couldn't keep our citizens in our state. And they were choosing institutions outside of our state.

Today, that has changed. Today, we are the first choice of many of our best and brightest students. And the challenge we have now is that we don't have the room to house them, and they want to come to our institutions.

There's a lot of discussion and debate about cost. Frankly, it's simple arithmetic. It's not a matter of policy, it's not a matter of aspiration or institutional ambition. It's a matter of arithmetic. When State appropriations are cut at State institutions, the only place to go with that is tuition. When the State negotiates with our collective bargaining organizations, increases in salary -- mandates those costs to our institutions

and then does not fund them -- the only place to go is -- it drives up tuition. When colleges and universities build facilities, and the State has no capital program, and the student fees have to cover the debt service to build these buildings, the only place to go is tuition.

In the current year, we're coming out with a contract for our public employees in unions -- for employees that are covered by bargaining units. And I want to say, these contracts are not inappropriate contracts. And the compensation that our faculties and staffs are receiving is appropriate for their expertise and for their peers. The contract that's coming up in the fiscal year coming ahead -- not the one that we're in now, but the fiscal year that we're facing -- the mandated salary increases for the public institutions will be over \$75 million. No trustee made that decision, no president made that decision. That decision was made by the State of New Jersey. That is a bill that is being handed to the trustees in the institutions of our state. We will have to pay it, and we will need to pay it. And if the State doesn't step up to the plate and fund its obligation, then that will pressure tuition.

I've been long enough-- The economics of higher education in this state has not been changed by the government structure. When Governor Kean's administration invested in higher education, tuition was low. When he didn't invest in higher education, tuitions were high. When Governor Florio invested in higher education, tuition was low. When he didn't invest in higher education, tuitions went up. The last year that our salary program was fully funded was under the Whitman administration. One year under the Whitman administration, tuition increases at the public

institutions was 3.7 percent. It was below the inflation rate that year. We haven't had the salary program fully funded since.

That's what drives up our tuition. It's not institutions that are out of control. It's not travel that shouldn't be taken. It's not a proliferation of administrators. It's not administrators' salaries that are out of control. It's the public disinvestment by which the State is withdrawing its support for these institutions.

Even though this has been the case, we still believe that our institutions are affordable, given the circumstances of most of our people. But what happens is that the margins change. And it makes it more and more difficult for more of our citizens to be able to get the support to go to our institutions. We don't like to turn our students away. That's not why we got into the work we do. We don't benefit from raising tuition. We don't get one incentive to do that. In fact, it's something that we strive very hard to do.

I noticed that Senator Bryant can't be with you here. But I remember when Senator Bryant was in the Assembly. And we worked with Governor Florio to come up with something -- I think Senator Doria would remember this, as well -- a thing called the TSIP, *Tuition Student Incentive Program*, which acknowledged and recognized the relationship of State appropriation to tuition. And when the tuition-- And when the State invested in our education, our tuitions were lowered and went down. That's not structural, that's not policy. Well, it is policy. But it's fundamental math, and it's arithmetic.

We hope that we can stop the hemorrhaging. In Fiscal Year 1995, the State was supporting 62 percent of our operating costs, including

fringe benefits. In 2005, it's supporting 41 percent of our operating budget. Those differences have been made up in tuition increases.

One of the concerns that was raised about the former system was our commitment to minority students. This is something that I take personally, and I know you do too, Senator. I'm pleased to report that, prior to restructuring, the minority enrollment -- if you define *minority* as African-American or Latino -- was approximately 19 percent. Today, it's over 25 percent.

This was done-- We have increased our retention rates. We have increased our graduation rates. I'm proud of the achievement of these institutions during the most difficult fiscal circumstances you could imagine. It would not have been possible under the former structure for the institutions to be able to respond to the things that they have had to respond to.

We've heard complaints about proliferation of administrators. The fact of the matter is, it's not true. The data is patently available for you to see. Our institutions have grown. We have grown considerably in size by the numbers of students that we serve, in spite of the cuts in State appropriation. And we have increased the faculty and position -- support positions. We have not increased and bloated the administration of these institutions. The data is available, it is irrefutable. The documentation exists for those that wish to see it.

So I guess I want to summarize by saying access is a challenge. And the irony of that is, that after we have worked so hard to increase the quality and reputational value of our institutions where our students would

want to come to them, the challenge is, now we're turning them away because we don't have room to support them.

Affordability is a challenge, not because we aren't efficient in the management of our institutions, every-- And we have them routinely. We are the most scrutinized institutions in this state. Not only do we have our own trustees looking at us, we have State auditors looking at us, we have independent auditors looking at us, we have regional accrediting bodies looking at us, we have certain -- the discipline accrediting bodies looking at us. We are the most accountable institutions in America.

The quality of our work has been -- is unimpeachable. But the affordability is a challenge, not because we haven't been good stewards of the public resources, but the public has disinvested in the institutions that have been given the great responsibility we have to educate the men and women to do research with us -- for our citizens, and to provide the human capital of our State, going forward.

My advice: I do have some advice. We sometimes get accused of whining, asking for money when there is no money. Well, we are fairly passionate and committed to what we do. And, yes, we want -- we want the State to invest. But we're also realists. We understand that the State faces fiscal challenges. And there are difficult times ahead. We need fairly simple support on that. We need the capital support for our facilities. We need mandated costs that are externally imposed upon us funded by the State. If the State can do that, we can hold our costs down. But we have no interest to increase them.

On the structural thing-- Again, I repeat, both candidates have spoken to the issue of stronger coordination from the next Governor. So

we're fairly confident that we will get it, and we will get it in the form that will protect the appropriate independence and autonomy of the institutions. We would suggest and hope that you would defer any actions on any changes to the governing structure until we have a new governor to work with and work some of these issues out.

Thank you.

SENATOR TURNER: Yes, Ms. Oswald.

DR. OSWALD: I just would like to clarify that I think comments that Dr. Pruitt made are not in contradiction with what I was suggesting. We fully concur that a senior policy advisor for higher education in the Governor's Office is a right step. We had that situation back in the early 1990s. It worked wonderfully. What we were suggesting-- What I am suggesting, on behalf of the Commission, is that whether it's the Governor's own heir, or the chief of staff, or a senior public higher education policy advisor-- It's important that there are two voices there, one for the State and public policy -- as Dr. Pruitt always indicates is the Commission's role -- and one for the institutions. And I think there's no difference in our recommendation there.

And, secondly, I did not intend, in any way, to suggest the trustees were ineffective or not doing their jobs, but merely reflecting the kinds of comments that we get at the Commission that it might be worthy to have some State level training, particularly in light of the many new executive orders regarding ethics and conflicts of interest that have been coming down the line in the past year that pertain to our trustees. And that was the suggestion in that regard.

SENATOR TURNER: Thank you.

And I think it's good to hear that you do agree that there should be a voice -- a strong voice, a strong advocate in the Governor's Office. Could that person be a chancellor? I know you mentioned a senior advisor or a chief of staff. But would you say a cabinet member?

DR. OSWALD: I think we're talking about two different things, Senator.

Somebody in the policy office -- if I may refer back to a previous administration. It was the Florio administration when Carl Van Horn was the Chief Policy Advisor for higher education. There was a separate policy advisor, Tom Corcoran, for education at that time. It worked extremely well. There was also a chancellor at that time.

So the policy advisor is just that, a policy advisor/coordinator for higher ed in the Governor's Office. And I would not suggest-- I would agree with Dr. Pruitt, that this is not a time to change either the Presidents' Council or the Commission in that regard. But it provides a go-to person in the Governor's Office to help coordinate all of that and bring all the voices to the table.

DR. PRUITT: Senator, in both cases--

I mean, I concur. If you look at the history about -- when the system was performed properly and the resources -- when there have been resources and when they've been stressed -- it wasn't because of the Department of Higher Education, under either chancellor. It was because two governors-- Governor Kean had a gentlemen named Rick Mills, who is now the current commissioner of New York, that essentially worked through -- as his policy advisor. The initiatives that were done during that

period did not come out of the Department of Higher Education. They essentially came out of the Governor's Office.

When Governor Florio was governor, the initiative -- the higher education initiatives that came out during that period -- and that was also a period of severe fiscal stress, where resources were badly strained. We got a lot done under a very difficult fiscal environment. But the initiative that came out of there -- the person that worked with the higher education community to synthesize the Governor's vision, along with the ability to produce -- or support of the higher education community -- it was organized by Dr. Van Horn.

We are suggesting a similar structure under the new governor. And, again, I'm pleased to say both candidates have examined that and embraced that idea. So we are hopeful that after the election, the new governor -- no matter what the outcome is of the election -- will identify a senior policy advisor with direct access to the governor, that will work -- that will be a liaison directly between the governor and the higher education community to give the kind of coordinated vision and leadership that we both agree we need to have.

But we would not support -- and would work very hard to try to persuade the governor and the Legislature against reimposing a bureaucracy. A track record of these kinds of organizations, both in this state and other states, is that the kind of remedies that people see, one, aren't necessary, because we can address those things in other ways. It diverts resources. It bureaucratizes the systems. It doesn't facilitate progress, it gets in the way. And we would strongly urge the Legislature and the governor not to go that way.

SENATOR TURNER: Dr. Pruitt, 10 years ago, when you received your autonomy and your independence, were you surprised that there was a reduction in State aid to your institutions?

DR. PRUITT: If you look at the--

No, Senator.

SENATOR TURNER: Because as we all know, when you gain something, you lose something. And, generally speaking, under the administration that advocated the Restructuring Act, they were looking to reduce costs. And, of course, giving you your independence and your autonomy meant that the State had less responsibility, in terms of supporting you.

DR. PRUITT: If you look at the data, historically, the appropriations had fluctuated with the State's economy. We lost support under the Florio administration, when the Florio crisis had--

Again, I came in-- When I first came into the State, there were discussions of voluntary salary cuts. We were looking at State layoffs. And that was in the Kean administration. Budgets got cut in the Kean administration. Tuition went up in the Kean administration. There was a tax increase that, when the coffers got filled, we benefited from that.

The same thing happened in the Florio administration. When the Florio administration came in, it was hit with a severe downturn in revenues. When the revenues were down, we lost funds, tuition was driven up, we lost revenues.

We have followed the cycle with the State's-- Our fortunes have followed the State Treasury's fortunes. And that's the reality of it. And, frankly, we don't think that's going to change. It depends on getting

special priorities and attention from the Executive and the legislative leadership to make higher education an important priority. We think the best way to do that is to get the attention of the Governor, to get the attention of the legislative leadership, and to have someone on the Governor's staff that keeps the needs of higher education a priority. We think the best way to do that is to have a senior advisor in the Governor's Office.

SENATOR TURNER: But if we go back to 10 years ago, under the Whitman years, we were flush with cash, and we had a booming economy. The Governor was cutting taxes right and left. But why did you not receive the kind of support that you needed at that time?

DR. PRUITT: Well, there was two periods. In the first period, the State was in fiscal crisis, and we didn't receive the support. We got support one year, and tuition was low. And the Governor had other priorities. We railed against those priorities. We were here, before all of you, protesting that. We didn't think that it was the right thing to do. But that wasn't a structural issue.

Every governor has to make some judgement about how that governor is going to allocate those resources. We are advocating strongly that higher education ought to be one of them.

The point of my concern, Senator, is that- I'm not applauding or supporting how that administration treated financing higher education. Much of the disinvestment that I'm railing against came in that administration. The first governor that didn't fund the salary program, because they walked away from it, was that administration. They got back to it near the end. They came back to it.

Under the Florio administration, they didn't fund the salary program either because they couldn't afford it. But what Governor Florio did was, he came back, and when the State could afford it, they restored it and made up some of the cuts.

But the point I'm trying to make is, our fortunes didn't follow the structure. We didn't lose the support of funding from the Whitman administration because we didn't have a chancellor. We lost support because we couldn't compete effectively in the priority hierarchy.

There's a sense that cabinet departments represent the constituencies that they inform. The fact of the matter is, cabinet officers represent the Governor. They speak for the Governor. They're alter egos of the Governor. If we had had a chancellor during the Whitman years, instead of directly arguing with the Governor, we would have been arguing with the Governor's chancellor. It would have hurt our ability, our advocacy efforts, because it would have been much more difficult to get to you and make the case we made to you if we had to run around a cabinet officer that we were, frankly, on the other side of the table with. We were not on the same page with that administration when it was cutting our funds.

We had the ability to come to you directly, because there was no filter between us and you. When there is a chancellor, there is a filter between us and you. And we've had to, in the past -- because I know. I've been -- I've worked very hard at getting around those filters to get to you. So that's our concern about having a cabinet officer and another bureaucracy. It doesn't facilitate engagement with you and the policy makers. It gets in the way.

SENATOR TURNER: But I do think that if you have someone in the Governor's cabinet, you're going to have an advocate for higher education. It's the old saying, "Out of sight, out of mind." If nobody is in that room advocating for higher education, all the money is going to go to the other departments.

DR. PRUITT: I agree that somebody needs to be in the room. But it depends on what room we're talking about. Because, the way it works, operationally -- and it doesn't matter which governor we're looking at. I mean, the practical dynamics of an administration is, there's the dynamics of the cabinet, and there are dynamics among the cabinet officers. And then there's the dynamic of the Governor and the Governor's staff.

The Governor's cabinets are given the responsibility of managing the bureaucracy, and managing and supervising the rules and regulations that fall within that cabinet agency. But when those cabinet agencies get into policy considerations and policy deliberations, and get to informing the Governor's priority among all of the cabinet areas, those things get filter into the Governor's Office itself.

But the place that higher education needs someone is when the Governor meets with his or her cabinet, and dismisses their cabinet, and they go back to their various agencies. When that Governor goes in to decide what their priorities are going to be, and where they're going to fund those priorities, that's where we need an advocate. And that person won't be on the cabinet. That person needs to be someone from the Governor's senior staff that has that as the portfolio.

We totally agree with you. We don't want to be out-of-sight, we don't want to be out-of-mind. But the place where we need our

advocate is when the Governor and the senior policy people begin allocating and making judgements about their priorities. That's where we need our advocate in that room.

But we agree with you that we need an advocate next to the Governor that's keeping the needs of higher education in front of the Governor's attention.

SENATOR TURNER: Senator Bryant had a question.

SENATOR BRYANT: Senator Doria was before me.

SENATOR TURNER: Oh, Senator Doria.

SENATOR DORIA: Thank you.

Thank you, Senator Bryant.

You know my position of where I stood -- and similar to what the Chairwoman has suggested as it relates to the need for some central coordination.

One of my questions relates to the fact that, at the present time, five different State departments are involved in higher education. Various programs are run through -- whether it be the Treasurer's Office, Attorney General's Office, Military and Veterans' Affairs. To me, it would seem that the labyrinth that's been created as a result of the restructuring-- I'm not saying that we have to go back to the structure that existed in the past. But what I'm asking is, as it relates to the ability to coordinate the actions of the various institutions through one central agency, rather than these various departments -- some of which have interest in what higher ed does, and many of which higher ed is very low on the priority totem pole for what they do and how they have to relate to issues.

Wouldn't it be better if all of those responsibilities that are presently dispersed throughout those five departments could then be brought together in one area so that everything could be coordinated in a much more effective manner?

DR. OSWALD: I think, Senator Doria, that what you've described can certainly work. I don't know that it would work any better than it's working now. I honestly believe that any structure is dependent upon the people who are there to make it work.

Having been in both, the previous department and now in the Commission, there are significant advantages and disadvantages, just as there are to being in the cabinet or not being in the cabinet. The former chancellor walked a strange line -- wasn't hired like other cabinet members are hired or appointed by the governor, but was appointed by the State Board of Higher Education with approval of the governor -- was kind of working to two masters, but did fall prey to what Dr. Pruitt has explained.

He was the voice of the governor when he came to the table before the Appropriations Committee -- whether it be the Senate or Assembly Appropriations Committee -- because he was part of the Governor's cabinet, and he brought the message from the Governor's cabinet. He always had a little bit more room than most cabinet officers did, but not that much.

I remember one year when there was an across-the-board message to cabinet members: "Find a place to cut 9 percent." Our job then was to try to find a place to cut 9 percent and then to say where it should be cut when, in fact, the chancellor wanted to be sitting there saying, "We can't afford to cut 9 percent, and here's why."

So I think there are pluses and minuses to both the idea of a cabinet position-- I think it could work. I don't think that there's any reason to go back in that direction. I think it could work if it were done the right way. But I think what we have now is a situation where you've got a central agency. Perhaps some of the other responsibilities could come back under one roof. But I haven't seen problems with the way it's operated. It might be confusing to people, but we haven't seen difficulties.

But the whole idea of trying to pull this together under one roof to make things change, I think, is not really going to be the silver bullet. I think it's how we handle it. If you have a voice-- If there was a person that the Governor, the Legislature turned to in the administration for higher education, I think you'd have better coordination. And that's what we were speaking to when we spoke to the -- when I was representing the Commission on the first issue of-- There is no clear State policy voice at the table for higher education.

SENATOR DORIA: But again, through you, Chairwoman, don't you think that one of the reasons why there is not any clear, concise policy, unfortunately, is that elementary and secondary education are always in the forefront because of property tax issues? And because of that -- and without the ability of the higher education community to have a clear, concise message to a specific spokesperson--

The presidents, obviously, do their job, but they're doing a lot of other things also, and doing a good job at it. They have to deal with their institutions. They do not have the opportunity to spend the time here, dealing with the Legislature and with the Governor as much as they would probably like to. But the question becomes--

One of the reasons, in my opinion -- and, again, this is only my humble opinion -- that higher education has been given the short shrift. And I agree with Senator Turner. There has been a lack of clear definition of what the policy should be.

The Commission serves a role and does a great job. Obviously, Frank Mertz, who is my mentor for 40 years -- so I have no criticism of Frank or the ability of the Commission. I have no criticism. I think the Presidents' Council is a great concept. So I'm not saying that we need to scrap the present concepts. But I'm saying that we need to look to see if we can come up with a better system to allow for, number one, the development of policy in a much more structured manner and, number two, to coordinate.

You're saying the system works. But I'm saying we can make the system work better if we don't have all these various departments who were pushed into taking over these responsibilities. They didn't want to do it. It's another burden for them. It's an additional burden that they don't see as necessarily one of their top priorities. I'm sure the Attorney General or Military and Veterans' Affairs doesn't think that dealing with higher education is their major goal or purpose in life.

So I think what I'm saying -- and I'm going to end now -- is that we need-- And there's nothing wrong. Again, part of education -- last I checked in higher education -- is the willingness to review and to determine what can be changed and also to have a prediscussion about the pros and cons of an issue. And I think what -- and I want to commend our Chairwoman, Senator Turner -- what we need to do is look at the system 10 years later.

I would have to admit that I was opposed vehemently to the change. I still do not like the change. But I would have to say some things that occurred, like the Presidents' Council, was a good idea. But I do think that we need to spend some time to realistically review where we're at, and how can we bring the system together in a manner in which policy can be developed for the future, and in a manner in which services can be coordinated for students, specifically. And we need to bring all the constituencies in.

And I'll end on this. We need to bring in, obviously, the presidents and the governance of the boards. We need to bring in the unions, the representatives of the faculty. We need to bring in the students. We need to bring all the various stakeholders into the process to begin to look at what we have in our state and to realize that we don't have the best system, because we could always be better. And let's try to come up with a better system.

Now, as we talk about bond issues and we talk about development of policy, we need to also look at how we can guarantee that, in the future, we don't find ourselves in the hole, as we are now, not only as it relates to current expenses but to capital expenditures. And we're in a major hole right now, in this State. Higher ed has basically been put on the back shelf for a little too long, whether it be Republican or Democratic administrations. It doesn't get the kind of attention it should, even though it is extremely important to the economic well-being of this State in the future. If we can't produce the graduates for the jobs -- the high-level jobs that we need in technology, the sciences, the humanities, and all those areas -- we can't continue to compete as a state. And we can't continue to be the

highest personal income state in the country. And we, as that, should have the best possible system of higher education in the most coordinated manner possible.

And they'll be my comments. Thank you.

DR. OSWALD: Couldn't concur with you more, on behalf of the Commission.

Thank you, Senator.

SENATOR TURNER: Thank you, Senator Doria. You're absolutely right.

And I think in this particular time, we need to be mindful of what has -- what we've just seen with Katrina and also Hurricane Rita. It exposed, to the whole world, an underbelly of this society. And New Orleans or Houston-- It was really Anywhere, U.S.A. You'll find the same kind of conditions in any urban city in this country.

And we know that there are so many people who are languishing in poverty with no hope of ever getting out unless we provide them with an education. That's the only answer. Because people today -- if they don't have the skills and the education to succeed, they're not going to be able to work their way out of poverty. And as I said earlier, we're competing with the global marketplace. And so many people are coming into this country who are taking many of the jobs that most skilled workers used to be able to have. But they're not available anymore. And the gap is getting so much wider between the haves and the have nots, the low income and the upper class, with no middle class anymore. And the passport to middle class status is a college degree or some form of higher education. And we're not providing that to the citizens here in the State of New Jersey.

Because education, from what I have seen, is unaffordable for so many -- too many families.

I know when I was a high school senior, my only hope was to go to a State college, because it was affordable at that time. I dare-- And then it wasn't affordable for my family, because I had to work two jobs in order to put myself through college. And no one can work two, or three jobs, or four jobs today to make enough money to put themselves through college if they want to sleep, anyway.

So I think we need to do a better job, in terms of making education more affordable to many of these people who are locked out of higher education. And that's what I hope that we'll be able to do with these hearings, so that we can have a greater dialogue.

Just as you said, Dr. Pruitt, I think we need to engage each other more than just once a year at budget time. We need to have this ongoing dialogue so that we can leave no student behind. And we can do it if we all work together and forget about our little fiefdoms. It's about helping every student to achieve the American dream and leaving no student behind.

DR. PRUITT: Senator, I assure you, we share those goals totally. I looked at -- throwing out some materials. I went to the University of Illinois. My tuition, fees, room and board, in 1964, were \$1,000. At that same time, one of my good friends that was living in Los Angeles went to the University of California. His tuition was zero. I also had friends that lived in New York that went to City University. And their tuition was zero, because we had the resources and commitment to make sure that we made higher education available to people. And we created--

Tom Brokaw talked about the World War II as the greatest generation. And I certainly think he's right. I think we all owe homage to the men and women that fought through, I think, civilization's darkest hours. Sometimes, my friends and other contacts tease me and say that I'm a product of the '60s. I like to say it was the other way around. I think the '60s was a product of us. And I think we did some very good things, because higher education was available to us, and it was accessible to us. And I appreciate our fathers, and our parents, and our policy makers that understood the value of it, by making it available to us, by investing in these wonderful institutions that allowed us to go at an affordable price.

That's our challenge here. We're facing the same demographic pressures now that our parents faced in the middle '60s. And we haven't responded as well. And we have to figure out a way to do the same kind of good job that people that provided stewardship for our communities at that time did. So I certainly support you and agree with that.

SENATOR TURNER: I think we have done some wonderful things. I know Senator Bryant, with his New Jersey STARS program-- This is one way where we can ensure that every student will have an opportunity to continue their education, even though it's a two-year education. But I'm just hopeful that we, in New Jersey, can emulate states like Georgia, where there's a HOPE program, where we'll be able to send students to college for a four-year degree if they have high grades and they're high achievers.

DR. PRUITT: Senator, I'd like to make one final comment, now that Senator Bryant's joined us.

Senator, I did make some reference to you earlier, because we've been dealing with this issue all-- We talked about TSIP, back when you were in the Assembly, and we worked with these issues.

I do want to say that the Senator and my colleagues have been struggling with this. He has one of the most difficult tasks in the State of New Jersey, because there's only so many resources, and there's zero-sum games. There are winners and there are losers, because the resources available don't meet the needs. And they're all pressing needs. So it's not picking between something that needs to be done versus something that doesn't need to be done. And so I'm picking among things, all of whom have to be done. And it's a very difficult, very difficult job.

We have faced, probably, the most severe budget challenge in the history of this State over the last four to five years. And I, hopefully, think these are coming around.

But I really do want to take this opportunity, while I have you here, Senator, while there is no budget before you, to thank you, on behalf of my colleagues, about how you -- the communications that we've had with you and how we've struggled to grapple with these same difficult issues. And I think the public's interest has been well-served by that work. And I want to thank you.

SENATOR TURNER: Senator Bryant.

SENATOR BRYANT: Now I can ask some difficult questions.

Thank you. (laughter)

As many of you might know-- I mean, I was not a big proponent of doing away with the chancellor. I have seen some good things that have happened without the chancellor. But, in some ways, with the

Commission-- I'm not sure we made it broad enough in order to have any real teeth to do the kinds of things that we need to do in the State.

A couple of questions that I have-- And maybe I've been here too long. I've been here about 26 years. If you don't have a voice -- a concertive voice here in the State House, I don't think you get thought of. And I think over 10 years, I've heard less about higher education in a concerted voice.

I'm not talking about you, Dr. Pruitt, coming to see me, or Dr. McCormick, or the other presidents. But I'm talking about, in terms of cabinet members. They see you on a constant basis, inundating you with information and ideas.

The second piece is, I'm not sure that we have a way of having a coordinated view of where higher education ought to go by not having someone at that level. I hear from the independent colleges, versus Rutgers and UMDNJ. But I don't know if that's a coordinated view of where we should go.

The third thing I'm concerned -- and maybe you can tell me about it -- is programmatically. When you have limited resources-- It seems to me, what the chancellor did, at one point in time-- And I'm not telling you I'm buying totally into the program of having a board of higher education, a chancellor. But that person, through that department, did two things. One was, they started to develop plans and blueprints for where we ought to be in higher education. And I assume, at least, that you all had input into those blueprints and plans. But it may be (indiscernible) blueprints and plans, not just for your individual institutions, but higher

education as a whole. Where does New Jersey want to be positioned? I don't see that happening anymore.

And also, in terms of duplicating services-- Everybody wants the new thing. I mean, if it's high-tech today, and it's low-tech tomorrow, everybody wants high-tech. And they want to put in five high-tech programs. And then if somebody wants low-tech, they put in five low-tech.

Under the system we have now, there's no way to decide-- You're either convincing your boards or boards of trustees whether you're going to do it or not, where, before, you at least had a filter saying, "Hold it. In this region, we already have enough *A*. We don't need five *As*. We need some *Bs* and *Cs* that we don't have. And so, therefore, today your choices aren't *A*, but your choices are *B* and *C*" -- and so that we actually broaden the base of what we have. What is the mechanism that you use now to do that, so that maybe regionally, or whatever else that we haven't done--

And, secondly, the thing is -- where I disagree with you about -- not that you shouldn't have somebody in the Governor's Office. But when you have, like, a chancellor or an office like the chancellor's, you actually have institutional memory. When you just have a person-- Normally, in the Governor's Office, there's one person. That person can't carry but so many satchels. They have one satchel, and if they don't even remember whatever it is they did yesterday, that's fine. But I'm talking about institutional from year to year, where you have some staff that's saying, "Here's where we started, here's where we're going, here's what we've accomplished, here's the things that we haven't gotten."

But maybe you can talk about the programmatic end, because I think that might be-- Because all I hear is folks need more money, but they

don't want the Legislature to have any input, in terms of -- it seems to me, programmatically, are we structured in the right way, and are we having the courses and the things? Or is everybody doing the same thing?

It's almost the same thing I say about hospitals having-- Everybody wants the latest machine. And you say, "Well, my god. We've got five of those machines in one square mile. Why do I need five of the same machines when it's not being used all the time?"

So tell me how you all do it now, and why we shouldn't be looking to-- Or maybe we strengthen the Commission so that they can start that structure.

DR. OSWALD: Senator Bryant, I'll comment first and then let Dr. Pruitt add.

Because you weren't able to be here earlier when we were testifying, there is-- You hit right on a key point. I mentioned three weaknesses. The second one was that there is no clear policy for higher education in this State that provides the kind of guidance that you're talking about. Not just guidance for us at the Commission, as we're doing licensure, and programmatic reviews, and so forth; but guidance for the institutions, whether it be on enrollment, where that enrollment should be, tuition, programmatic issues. From a very high level -- 10,000-foot level -- some guiding policy that says where this State wants to go. Whether you buy into a long-range plan we create with the presidents, whether it's developed in another way-- If we had that overarching policy, I believe that this structure or another structure could work well with that and deal with the kinds of issues that you've just referred to. Should every institution be

able to have program X because they all want to, and it's the vision of their trustees? Is that the best thing, or is it not?

There is no guidance out there now. And there's no call for anybody to provide that guidance. And it's what we have tried to do by establishing these first two task forces -- as Senator Martin is serving on one, Ms. Burke is serving one, Senator Doria is serving on one, and many other legislators and staff are serving on them, along with presidents, private sector leaders, and commissioners -- to start talking about policy recommendations that we'll bring to the Legislature and to the Governor's Office, and the next Governor's Office, about these key issues. The two we're working on now are, how do we want to deal with capital expenses over the long-term in this State for higher ed, and how do we want to fund our senior public institutions, which have just had no policy since the '80s.

So you have touched on an issue that, we think, is one of the three key things that need improvement. And we would very much concur with you on that.

DR. PRUITT: I have a little bit different view than my colleague here.

The Commission is, by statute, charged with preparing a long-range plan that speaks precisely to those issues. And it has gone through an extensive exercise involving pretty much everybody in the State of New Jersey. I mean, there was just thousands of people involved in this exercise to try to put together a long-range plan that talked about creating a world-class system of higher education for the people of the state. And the plan was accepted by the Commission through a long period of preparation, and

was endorsed by the Presidents' Council, and has been bought into by the Presidents' Council.

There is, essentially, a division of labor in this State that keeps the kinds of waste, and duplication, and competitive pressures among institutions from overriding the public interests that's, kind of, built into the system.

The system, essentially, has three sectors. It has the community college sector, which is -- are, essentially, creatures of the counties. And they are geographically bound by the counties that support them -- in which they're in. And so there are physical and political barriers that, kind of, keep the community colleges focused on their mission for their particular areas.

The independents have a fairly broad-based mission, as independents ought to. They are, essentially, private institutions, and they're fairly -- there's a broad range of freedom they have.

The senior publics -- there are 12 of them, and they're broken into three groups: the senior research universities, then the senior colleges and universities. One of the biggest pressures-- One of the things that people were afraid about when this structure came on was that there would be this thing called *mission creep* and *mindless duplication*. The statute that created the Presidents' Council and the Commission does create criteria by which new programs will be evaluated, and there are -- whether the program is needed, whether it's duplicated, whether the institution has the resources to support them.

There's two levels of review. The Presidents' Council is the first level of review. And if there's a finding that the new program meets these

criteria, then the program -- the institution is authorized to offer the program. If it's outside of the criteria, or if it's a change in mission, then it has to go up to the Commission on Higher Education. Then the Commission makes a third judgement.

There was a concern that the Presidents' Council review would be back scratching -- mutual back scratching. "You approve my program, I'll approve your program." I have 50 presidents that will tell you that that's not the case. People that have submitted this -- that are on the academic review committee that screens this process, have taken this challenge and this task very, very seriously. And not all programs that have gone through have been approved. Some have been challenged and turned back because they violated the criteria.

But the most important concept, to a person, that these institutions have bought into -- that have really served as the referee, and have been the basis for the voluntary interinstitutional cooperation we have--

And, Senator, I'll tell you. I've been in Illinois, I've been in Maryland, I've been Tennessee, and in every one of those states, there's been something called the *flagship university*. And there have been other universities that have wanted to be the flagship university. And that has been the source of rivalry, and zero-sum games, and competition that, frankly, haven't benefited the public interest.

One of the reasons that we have such great voluntary interinstitutional cooperation in this state is that you've got 12 institutions that don't want to be each other. We have three public research universities. And the nine State colleges and universities want those three

research universities to be very great, wonderful research universities. And we don't want to be public research universities.

One of my colleagues here, in the audience, that I hear talked about in the hallway, and I'll put it in the public record-- I've often heard -- talked to people about my colleague at Montclair that wants to be another Rutgers, wants to be another university. Montclair has an extraordinary and excellent, well-developed, long-term plan. Montclair does not want to be Rutgers. Montclair wants Rutgers to be the best Rutgers it can be. We want NJIT to be the best NJIT it can be. You have not seen us come for resources requests to build a research infrastructure at institutions other than Rutgers, NJIT, and UMDNJ, because we think that's where the focus ought to be.

The College of New Jersey has come to be one of the most celebrated institutions in the State. I remember when The College of New Jersey started down its path -- and the President is here -- and someone said, "Who does The College of New Jersey want to emulate?" And it said, "William and Mary." People laughed at that. Well, right now, The College of New Jersey is one of the -- nationally one of the most respected public institutions in the country.

Yet, at the other end of the state -- I'd say another institution that's also one of the best respected institutions in this country, that has a mission that's almost polar opposite to the mission of The College of New Jersey -- and it's New Jersey City University. There are a lot of colleges and universities that are physically located in urban areas. Few of them embrace their urban location as intrinsic to their academic enterprise. And New Jersey City University has done that. It has said, "Come to this University

if you're interested in an urban environment, and if you want to use the urban environment as a laboratory to further your studies.”

Well, you know, I've probably got the strangest university of them all. The fact that we have very different missions and purposes allows us to compare, to cooperate, to know where programs ought to go, where we ought to be duplicating, where we ought to be cooperating to allocate resources in a way that doesn't do what you suggest would happen. And the evidence is there. It hasn't happened. There hasn't been a *mission creep*, because none of the other State colleges and universities want to be research universities. That doesn't mean that these institutions don't do research. Of course they do research, and there needs to be some selective, specialized doctoral work, where it makes sense, given their location. There are some territorial demands where, to respond to their constituents in their local area, they need to do some of this work.

But the fundamental job of research ought to be at the research universities, just as research universities do teaching. It's not that they need boundaries. But the fact of the matter is -- and I'd be willing -- I think I'm taking a risk, but I think it's a calculated risk. I don't believe that you have heard the presidents of the institutions coming to you, as Chair of the Appropriations Committee, trying to reallocate moneys from the institutions. I don't think you'd have the State colleges saying, “You know, Rutgers has too much money. And we can use some of that money.” I think you've been hearing us say, “Rutgers needs to be a great Rutgers, and you need to support Rutgers. New Jersey City, Thomas Edison, Ramapo need to be great Ramapos. And you need to support them.”

But I think the system has worked fairly well. But the key is, some coordinated structured plan-- And, right now, that responsibility is given to the Commission.

SENATOR BRYANT: Through the Chair, and I hear what you're saying, Dr. Pruitt.

At least this Senator has heard -- and the evidence somewhat shows that -- that as much as you think that they turn them down-- The real question is -- that there is a good old boys, good old girls club. So some are thrown in as ringers, just to get bounced out where, basically, there's a preordained view that what you really want, everybody gets.

And I look at the numbers that have been approved in the last 10 years. It's been a lot. And, really, the issue you hit me on it that, one of the major criteria is, can we afford it? When I hear all the universities say, "We can't afford the function now," then I don't know how any of them passed, because they would be unaffordable. So they all should have been turned down. Because what we've done, basically -- in terms of what we can fund -- makes it unaffordable. So, therefore, it makes the question to me, then how do they all get approved if we're having funding problems in the beginning?

DR. PRUITT: We're reallocating resources, Senator.

We get approached by saying that we're having one of the most critical nursing shortages.

SENATOR BRYANT: Let me say the other piece. And I can see why you do what you do, because you're very good at it. (laughter) You made the test very broad, research versus nonresearch. I think that's too broad of an area, in terms of encroachment or whether we should be doing

programmatic things. And that's my point. If that's where we've gotten to, that's why we need to have intervention, because it has to be less broad than "Are you a research institution or nonresearch. If that's the major criteria of programmatic things, then we've gone haywire?" That is just absolutely -- just too broad of how you should start programs.

What I'm thinking -- and I'm glad the Chair did ask for this hearing.

Chair, I give you congratulations.

We need to hear from you about how we can do something. I think what you're starting to hear is that this is not working. I often say to folks, "You can do one of two things. You can all take the straight line approach and say, 'We love what we've got, and we're not moving,' and you leave us to our druthers." And when you do that, because we don't know as much about this as you do, we're going to make some mistakes, but we'll probably move it.

I think what you're hearing from all of us here (indiscernible) is that there has to be some changes. And we have to have more structure. And we need to feel where we're going-- I mean, it's hard for me -- and from a funding standpoint, and working with Joe, and working with Chairman Turner to figure out what we ought to be funding in a structured way, besides what everybody's doing in their own mission -- we should just fund it. And we're not sure whether that's good for New Jersey or not good for New Jersey. I mean, we don't know whether, in fact, the industry that's here -- or we're trying to induce-- Should there be some structure to what it is that we're asking you do?

Because, for 10 years, nobody talks to us about it. Individually -- I'm not talking individually. And everybody has their own individual story. But there is no collective way of synthesizing this. And this is no knock on the Commission. I'm saying, part of it is, they can do studies in task forces, but they can't demand from you things. And I'm saying, I think there has to be some demand. For those who get -- there needs to be, at a government level, where we're putting this kind of investment, some demand for how do we put this in some cogent way that we can get things that are necessary and not on such broad terms between research institutions and nonresearch institutions. And we're not crossing those lines. That's a large gap.

DR. PRUITT: Senator, I do hear you. And our frustration is that we want more dialogue.

Senator Doria made the comment about concise -- and concise is hard for us. I mean, it's occupationally hard for us.

But our frustration is trying to understand -- and I mean this sincerely -- trying to understand what you view is broken so that we can respond to you and either convince you that it's not broken or--

SENATOR BRYANT: Affordability is broken beyond measure.

SENATOR DORIA: Absolutely.

SENATOR BRYANT: It's just broken beyond measure, because if we're not doing it in tuition, we're doing it in the fees. I mean, you're almost as gifted as we are. I mean, I know, as the Budget Chairman, I can find another way to figure out how I can get another \$10 million. You guys are really good, I mean, in terms of, "What can we take out of what used to be in this category, and take it and put it in another category?"

Now we can charge another 8 percent on it. What can we take out of this category and put it in another category, and we charge another 10 percent on it?”

That’s what’s killing us. I mean, what I’m hearing from the students is, they can’t afford it anymore, to go to our schools. So affordability, I think, is what’s broken. And we need to figure out a way -- why are we doing it this way, and how do we make it right? And it just can’t be-- And I’m not saying we’re not part of the problem. Believe me, I’m saying the Legislature, in terms of our commitment to revenues, has to be part of it. But we have to be also convinced that we’re spending those dollars in a way that is appropriate to provide, as Chair Turner said, so that all of our students can become educated.

And there gets to be a point-- As well as all of our schools have done-- I keep saying the publics. Remember this, you’re a public institution. And we don’t want to create-- And I love Princeton, and I love Yale, and I love Harvard, and all of those. But they were created for a different purpose. Our purpose, in my mind, is that we make it accessible to as many students-- And that doesn’t mean I’m trying to dummy down education. What I’m basically saying is that every student ought to have a right to do this if they can qualify. But we don’t make qualifications and cost to such a level that we’re now just weeding folks out based on these economics, or because we want to be something more than a public institution and what that means.

Maybe that’s what I should really ask. I think I would, through the Chair. If every institution would send us what they think a public institution ought to be about, in terms of serving their citizens--

SENATOR TURNER: I think that's a fair request--

SENATOR DORIA: Good question.

SENATOR TURNER: --because our State colleges, our State universities are financed by the taxpayers. And I think it's only -- incumbent upon us to make sure that we meet that mission, serving the needs of the public -- the people here in the State of New Jersey. We shouldn't be trying to be an elitist institution or private institution. And I think that's probably one of the things that's happened under restructuring. Everybody seems to feel as if they're a public ivy. The regular, average student has no hope, now, of going to college because the admissions requirements now are so high, and the cost, of course, is so very high. And those that are going to college -- many of them are graduating with humungous loans that they have to repay. And many of them, once they get their degree, cannot find a job to even repay those loans.

DR. PRUITT: Well, Senator, we'd be delighted to provide you with statements about who we are. All of us have very well thought out and long-developed statements of what our missions and purposes are, and who we are, and who we believe in, and what our responsibility to the public is. I mean, all of us have that now, and we'd be delighted to provide that for you. And we'd like to be--

SENATOR BRYANT: Not just what you have on the books and how are you meeting that. How are you actually meeting it? Tell me what students you've got there and how you're meeting it.

SENATOR DORIA: Could I just, Madam Chairwoman--

SENATOR TURNER: One minute, Senator Doria.

SENATOR DORIA: I'm sorry.

SENATOR TURNER: Senator Scutari had a question.

SENATOR DORIA: Sorry.

SENATOR SCUTARI: Not to cut you off, Senator--

I tend to be kind of concise. What you can see here is that there is a belief that the system isn't working as well as we'd like to see it work since this restructuring 10 years ago. As you can tell, there's a Senate Bill, Senate S-200, to repeal it altogether and reinstate the former system.

What I'm hearing from you is that you don't want to go in that direction, and I can understand why. When you have autonomy, who wants another boss? I mean, let's be honest here. You don't want another boss to get in between you, and the Legislature, and the Governor. And the Legislature and the Governor's Office is upset because college is getting too expensive, or they believe our colleges are becoming too elitist. I mean, I think that's the crux of it, isn't it? I mean, that's it. I mean, we spoke for two hours, and that's what I get from it.

So how do we solve that? And I think Senator Bryant is absolutely correct. What he's saying is that you either help us solve it, or we're going to solve it the way we think it's going to be done.

And what I hear from you is that-- You say that you also share a problem in that you don't believe that your needs are met because you can't get your positions heard, as well. So I see a void of communication. And my sense is the reason that is, is that there is nobody who's in charge. And that, to me, seems to have a simple solution. And I think what we have to do is have a meeting of the minds of what type of person is going to fit that role and what is going to be their needs. You say it's going to be a policy advisor, there are some that say a chancellor. I think the sense is

that you can't have it both ways. When you have somebody who is going to advise the Governor, obviously he is going to take advise from the Governor, as well, because the Governor is the boss.

But that's, I believe, what the feelings are -- and for the hearing -- is that education is not as affordable for public institutions as it can be. We're not going to say -- and I don't believe what's being said is that the blame is entirely of the colleges. There is, obviously, enough blame to go around. But how do we work together to alleviate that problem, make it more affordable as we go forward, and to make it more accessible for people in the State of New Jersey? I mean, I went to Kean University when it was Kean College. I went to Rutgers University. I benefit from that system. I really didn't have any choice. That's where I had to go, because that's all my parents could afford.

And I think that that's-- And I've succeeded, based upon that education. And I think that that's what this Legislature wants to see continue happen -- is that talented people in New Jersey get educated there, stay here, and become members of our society that are in high-paying jobs, good-paying jobs, and they continue to benefit our economy so we can continue to be one of the wealthiest states in the nation.

How do we achieve that? I believe that, certainly, there's going to have to be some changes. Because I hear from one side and the other side that both feel as though their needs are not being met, and the responsibility is not-- No one is saying that it's all one-sided. But, obviously, there needs to be a point person appointed, I believe, in order to move forward.

But just to capitalize on that point-- I can ask a question here, because I understand that there's being sought \$2 million in capital improvements for State colleges -- \$2 billion. Did I say million?

SENATOR BRYANT: You said million.

SENATOR SCUTARI: When you start talking about millions-- A million here, a million there. All of a sudden, we're talking about real money.

But my question is, what's the basis for the \$2 billion request?

DR. PRUITT: It's more art than science. The fact of the matter is, if you look at the actual need and demand, it's far in excess of \$2 billion. It's huge. The last capital bond we had was in 1988 -- significant one, significant bond -- I mean a large--

The problem is, \$2 billion is the critical need. That's about the amount of money you need to make a real dent in the problem. It's a dent. We really need something to start it, and some long-term structure for funding capital repair and replacement over the years. We built the infrastructure, we've had a difficult time maintaining it. It was a look at what the needs are but, basically, what we need to make an immediate impact that would make a difference right now. But that will not solve the problem.

SENATOR SCUTARI: Is there a master plan in effect for that, for the future for capital improvements?

DR. PRUITT: There is part-- Well, part of the long-range plan is a way to look at that. All the institutions have master plans for their facilities. But the Commission is working on this issue right now. The major structural issue I think most people have acknowledged is, you can't

pay attention to capital infrastructure needs every 20 years or so when the stars align right. This is a problem that needs to be worked regularly, routinely over time, to keep from building up the kind of deficit we have that we now have to try to respond to.

SENATOR SCUTARI: And I get the sense that you're going to need help to get that money, because it's, kind of, a lot.

DR. OSWALD: Yes, sir. That's absolutely true.

And Dr. Pruitt is correct. We've just started working on this in July -- June or July. And the idea is to establish a State policy, which we've never had in New Jersey, about how we're going to fund capital needs at our institutions. There are going to be years when the budget will not allow the contribution that we would hope to have. And there will be other years where we can do it.

But if there's a policy, an expectation that each year this, that, or the other -- or every two years there's a bond issue, or whatever that policy becomes, at least you have a structure at the State level that says, "Here's how we're going to handle this over the long term," not "Here's how we're going to do the next crisis bond issue, or the catch-up bond issue," which is what we're facing right now.

Dr. Pruitt is correct. The last referendum was in 1988 that went to the voters. Now, there have been several bond programs since then. Many of you around this table are familiar with them, some of you were sponsors of them. And we established them so that they would be renewable: the Capital Improvement Fund, the Technology Infrastructure Fund, the Higher Education Facilities Fund, the Equipment Leasing Fund. And, of course, now that concept of renewable revenue bonds is no longer

valid. And none of those programs are recyclable, if you will. So we are at a point where we need this catch-up bond. It's extremely important, not just for new space to add more students, and more programs, and to increase the quality, although that's very critical -- but to maintain the State's assets and to renovate the buildings that are so desperately in need of it just to continue to serve the capacity -- the student enrollment levels that we now have. And, yes, you're absolutely right. We do need the help from the Legislature to do this.

SENATOR TURNER: Thank you very much.

SENATOR SCUTARI: Thank you.

SENATOR TURNER: And thank you, Ms. Oswald and Dr. Pruitt. You've been very helpful, and we appreciate your input and your comments. And we'll be getting back in touch with you, as I'm sure you'll be getting in touch with us and providing us with as much information as you can, particularly regarding the request for your mission.

DR. OSWALD: Thank you, Senator Turner. And as I promised, I'll make sure that all the panel members get a copy of the long-range plan update, which is being released today. I think you'll find it a step in the right direction and that we are making some movements in the directions that you're looking for.

SENATOR TURNER: Wonderful.

We'll move along now to our next panel: Dr. Greer, who is the Executive Director and CEO of the New Jersey Association of Colleges and Universities. And you're going to have a couple of your college presidents with you.

Who will be speaking? Are you the only one?

DARRYL G. GREER, Ph.D.: No, I'd like them to come up.

SENATOR TURNER: Who are they?

DR. GREER: We have Dr. Gitenstein, from The College of New Jersey, who is Chair of the group; Dr. Farish, from Rowan University; Dr. Cole, from Montclair State University; Dr. Arnold Speert, from William Paterson University. And you had Dr. Pruitt here.

SENATOR TURNER: Okay.

DR. GREER: I'm sorry. Dr. Hernandez, from New Jersey City University.

Thank you, Senator.

Is this on? (referring to PA microphone)

SENATOR TURNER: Yes, it's on.

DR. GREER: Thank you, Madam Chair and members of the Committee.

In the interest-- And I know you have questions for the presidents here, beyond the State college and university presidents-- I may ask to reintroduce the presidents to you. I'm sure you know them well.

My name is Darryl Greer. I'm the Executive Director of the Association of State Colleges and Universities. You created the Association in 1985 to provide policy advice and promote the value of the State colleges and universities. We're here to serve the public interest, and we've been privileged to do that for the last 20 years.

We deeply appreciate your commitment to college opportunity, and that's why we're here today.

I'm going to be very brief because Jeanne and George covered an awful lot of territory. And I'm sure you want to speak with the

university presidents. I believe that Dr. Cole and Dr. Farish would like to address you.

Just let me underscore, which you probably are aware, the Association -- I'm speaking not just for the presidents and the administrations, but also for the boards of trustees appointed by the Governor and concurred in by this House.

We think it would be a very critical mistake and a detriment to opportunity and public accountability to return to an era of big bureaucracy and regulations-stifled innovation and change at these institutions.

Just a quick-- I've had the privilege of having been here 20 years and, as Jeanne did, got a chance to work with the Department of Higher Education, and with the chancellor, and without. I can say this, as someone who has been in the higher education business for 30 years, no one in the history of American higher education -- except, perhaps, one state -- has ever organized higher education the way New Jersey did. New Jersey is very unique. It doesn't mean New Jersey is right or wrong, just very special and very unique.

New Jersey came very late to invest in public higher education, with the Department of Higher Education that was created back in the mid-1960s. One thing appended to my testimony is a one-page chronology of how we got from 1855, with the creation of three teachers' institutions, to 2005 -- 150 years of development of State colleges and universities.

I know, Madam Chair, that your focus is on students. It always has been, and is true for the members of the Committee. Beyond structure and beyond money-- One of the biggest problems that New Jersey faces is,

frankly, retardation and inability to have a vision for senior, public, residential higher education in the second half of the century.

New Jersey purposely and rationally built a system of commuter campuses. The demand out in the student market is more than these institutions can meet. We'd have to add 70,000 seats to meet the national mean, as a public policy decision, which you're critically involved in.

So these institutions have -- with help from the State, with help you developed from teachers' colleges in just about 20 or 25 years -- moved in their capacity from being primarily in the business of teacher education to, now, 80 percent of their educational product is other than teacher education.

One thing we're proud of is, with some help from you and others in the State, the institutions have increased enrollment since 1995 by 15 percent, another 11,000 students. We should be much, much larger than that. Fortunately, student financial aid has greatly improved, with your help, to help the affordability issue and the access issue.

George and Jeanne touched on a number of facts that I won't go through. I can share with you that my testimony does have some prepared data regarding your questions on enrollment, tuition, and affordability. We also have some specific recommendations beyond, as Senator Bryant touched on -- beyond just how do we get more money -- but how can we do some things constructively to improve the system and expand access and opportunity to the State of New Jersey.

With that, Madam Chair, I'd like-- I'll answer any questions that you have, on behalf of the Association. But I think you may want to hear from Dr. Cole and Dr. Farish, and have questions for other presidents.

Thank you.

SENATOR TURNER: Dr. Cole.

S U S A N A. C O L E, Ph.D.: Thank you, Madam Chair.

I'll speak strongly, okay?

My name is Susan Cole. I'm President of Montclair State University.

If we were to look at the State's public colleges and universities in the period just before the dissolution of the Department of Higher Education, we would find institutions that were well organized and structured to meet the needs of the State maybe in the period of about 1950 to 1970. They were good schools. They were behind the times. And, for many years, they had been burdened by a weighty and inflexible bureaucracy, the principle effect of which was to stifle initiative and keep everything down to the lowest common denominator. It was a structure that was antithetical to change and development and, of course, a college suited to the middle of the 20th century bears little resemblance to a college suited to serving the needs of the State in the 21st century.

As presidents of public institutions, our job is not just to keep our institutions stable. Our job is to understand current needs and, on behalf of government and the people we serve, to see into the future, and to create institutions that will serve the State's needs in the years ahead.

I can say, without equivocation, that the autonomy given to our institutions through the Higher Education Restructuring Act of 1994 has enabled us to do that job, has resulted in the rebirth of New Jersey institutions, and has made it possible for them to make great strides toward catching up to their peers in other states. As a result, we now have strong,

future-oriented public institutions in New Jersey. And with adequate State support, we could have great ones.

Let me demonstrate this point by noting, just very briefly, what restructuring has meant to New Jersey's second largest university, Montclair State.

Montclair State has, over the last couple of year, increased enrollments, that have been stagnant, by over 20 percent in the last seven years. At over 16,000 students, we are now educating 3,000 more students than we did in 1999. That's access.

MSU has continued to increase the diversity of its student population, with about 35 percent of our freshman class now students of color. And I might add, 60 percent of our students are first in their families to go to college. Four out of every 10 students have at least one parent for whom English is not the first language.

MSU has been recognized by a national study for success in retaining and graduating students in numbers much higher than national averages for public universities with our demographic mix.

MSU has had an aggressive recruitment of highly qualified full-time faculty with credentials from the nation's best universities. Over the past seven years, we have hired more than 50 percent of our current faculty, increasing positions for full-time faculty by 21 percent since 1999.

MSU has mounted new programs responsive to the needs of the State, from baccalaureate through doctoral degrees, programs in bioinformatics, child advocacy, audiology, international business, and so forth.

And MSU has added desperately needed new facilities in a construction program that is efficient, honest, and effectively managed, bringing in projects on time and on budget. Just over the last seven years, the campus has added a biology/biochemistry building; a state-of-the-art theater; a residential village for close to 1,000 students; a parking deck; a train station and second parking deck in collaboration with New Jersey Transit; a complete renovation of the campus infrastructure, including electrical, steam condensate, water, sewer lines; a massive investment in campus technology; and so on, and so forth. I could go on.

In January, we're going to add the largest academic building ever built on the campus, 275,000 square feet, with 60 new lecture halls and classrooms; a new home for the College of Education, human service; a massive technology hub; and so forth.

Over the last five years, MSU has increased, by 89 percent, the funds it raises in gifts and grants.

MSU has been recognized as maintaining one of the nation's largest, most effective professional development networks for public schools, serving 22 school districts.

MSU has become, in a few short years, a campus at the cutting edge of technology.

And MSU's financial management and operating performance has been rated as robust and a continuing strength by both Standard & Poor's and Moodys.

This high quality growth and development, which could be repeated by each of the presidents that you see at this table -- the thousands more students being served, the programs, the faculty, the facilities, the

quality -- is impressive, I think, by any standards, but even more so in light of the fact that almost all of it has been accomplished with only minimal additional financial support from the State. In fact, if we're looking at measures of cost efficiency, as we sit here today, Montclair State University receives less in State appropriation per student than it did in 1996. Given that fact, I would call the institutional progress I just recited an example of very effective and entrepreneurial use of existing resources.

New Jersey is indebted for the University's successes -- this university and other universities represented here -- to strong management under the oversight of an independent, highly qualified board of trustees, to the dedication of a talented faculty and staff, and, I think, as a number of Senators have pointed out, to the willingness of students and their families to bear the burden of the costs of supporting this State's public institutions.

A week or so ago, former Governor Brendan Byrne said to me, "You know, Susan. People think the reason you're opposed to going back to a centralized structure for higher education is that you would not have been able to do what you have done at Montclair State under that system." "Governor," I replied, "you could not be more right." There is absolutely no way that MSU would have achieved what it has for New Jersey under the old structure. And while it might be possible that the institution could continue its positive development under a new, similar structure, the odds would not be strong.

I was Vice President of Rutgers during a period of major development of that university under the late Edward Bloustein. And one of my jobs was to make sure that Rutgers asserted its constitutional autonomy at all times and never got entangled within the tentacles of the

Department of Higher Education. I did that part of my job pretty well, I believe, to the benefit of that institution and the state it serves.

Finally, you will very appropriately raise the question of accountability. I would suggest that accountability must be tied to public policy, and public policy is not created by bureaucracies. Accountability, as best practiced, involves us all in our respective roles. The role of the Legislature and the Governor is to set broad public policy, to charge its public institutions with the actualization of those policies, to provide them with the necessary resources, and to measure their success.

The role of the colleges and the universities, under the oversight of their boards, is to manage their resources to build the strongest possible institutions for the State, consistent with the public policies established by government. That means that the Legislature, in committees such as this one, must raise the critical questions, such as: How many of the State's students should we be prepared to educate? Do we want to attract students from out of state? What are our expectations for the diversity, and for retention and graduation rates? Are there critical State needs that demand expanded programming in specific fields? How good do we want our institutions to be? What are the institutional quality indicators that are important to the State? What do the external validators, the national accrediting bodies, the bond-rating agencies, the various academic rankings -- what do they say about our institutions? What should it cost to educate a student? How should the burden of that cost be shared? How well is the State doing in providing the resources necessary to meeting the goals for our institutions? How well are the institutions doing in meeting public policy goals and in generating their share of the revenues?

There are only 12 senior public institutions in the state. And I am certain that each of us would be very pleased to be called upon on an annual basis by this and any other appropriate committee of the Legislature to report on our progress, the measures of our achievements, and to explicate our needs and our goals.

Lastly, Madam Chair and Senators, I must express my profound belief that the single most important thing that this Committee could do to support the education of New Jersey students is to support a major general obligation capital bond for higher education. For decades, New Jersey has neglected its responsibilities to provide adequate facilities for instruction and research on its campuses. And that neglect has resulted not only in tuition increases and highly leveraged institutions, but even more important, it has resulted in lost opportunities for students and lost contributions that our institutions might have been able to make to New Jersey's economic and social development.

Thank you, Madam Chair and Senators, for the opportunity to make these comments.

SENATOR TURNER: Thank you.

Now we'll hear from Dr. Farish.

D O N A L D J. F A R I S H, Ph.D.: Thank you, Madam Chair, Senators.

It's a great opportunity, from my standpoint, to be able to talk with you this afternoon. I think this is an opportunity that we're all anxious to engage in, because it's not very often we have a chance to talk about an issue that's near and dear to all of our hearts. And I think what we're all trying to do is the same thing. We're trying to find out what is the

best possible pathway for higher education to take in the State of New Jersey in order to benefit the citizens.

I can't help but note an obvious paradox. There have been numerous studies over the years, comparing successes of American school children -- K-12 students -- with those of other countries. And, very often, we're found to be wanting. We're surprised to see the proficiency that other students have around the world.

But there's never been any question about the role of higher education. American higher education is the world leader. It is the pacesetter for the world. And the question is: How is this so? How do we overcome or explain the paradox that we don't seem to be doing as good a job as some other countries in K-12 education, and yet we are the world leader in higher education? And this has been studied quite extensively. And the answer consistently is the same thing. In most other countries, higher education is a highly regulated industry. There is a National Department of Education that controls, and administers, and oversees the educational process.

The great opportunity that happened in this country was that there were many, many separate origins of institutions of higher education, both public and private. They, in essence, compete with each other. It's a friendly competition, but they spur each other on. The nature of the marketplace is such that it is market driven. No one requires anyone to go any one place. The students -- the customers, if you will -- choose where they want to go. And that kind of system -- that kind of situation has resulted in the quality of higher education we experience in this country today.

I think on a local level, the same lessons can be learned. There is no question in my mind that the public universities in New Jersey today are substantially better, by any measure, than they were 12 years ago -- 10 years ago -- when the Restructuring Act took place in 1994.

What's the evidence for this? Well, as President Cole mentioned Montclair, I will mention Rowan, not out of a sense of braggadocio, but just to give facts that are pertinent to my institution.

For each of the last five years, but never before, Rowan University has been a top tier institution in *U.S. News and World Report*. We have been a best-buy in *Kiplinger's* magazine -- 100 best buys in the country. This year, we are one of 224 institutions to be in the *Princeton Review*. None of these things was true a decade ago. They all represent changes, improvements that have happened in recent years.

If I look at our success in private giving, we raised \$26 million this year. That places us number three in the state behind only Princeton and Rutgers. We were able to do that because we were able to parlay on the success we've had in previous years to get private individuals to support our university. I know they will not be as enthusiastic about supporting a system of higher education, because they want the money to be spent locally. So, at the very least, we would have to make sure that the endowments of the local universities stayed local.

At this point, we have \$145 million in our endowment, one of the largest endowments for a campus of our type in the country. And the money from that benefits the students.

I want to come back and respond to some things that were said just prior to my coming up here today. Concern about affordability-- I am,

myself, a product of public higher education. I was the first in my family to go to college. That's true probably for many of us in this room. If it weren't for public higher education, I certainly would never have been a college president. I probably wouldn't have a college degree. Affordability is something that I take as a personal issue. Because when society decided to make the investment in higher education, it allowed me to do what I've done. I want to make sure the next generation, and the generation after, have the same opportunities that I had.

The problem we have is that it's something of a zero-sum game. And, again, back to ironies and paradoxes-- If I look at the Rowan University budget, and I exclude all of the auxiliary activities, and just look at the operating budget, we are spending about \$13,000 per year per student. That is not significantly greater than the amount of money that the State of New Jersey spends on K-12 students, on average. It certainly competes favorably with comparable schools across the country. I know, I've checked on this point. So when we talk about affordability, that \$13,000 -- \$8,000 from the student, \$5,000 from the State -- that's where the problem is. If we want to make the \$8,000 smaller so the tuition goes down, we now are spending less money per student than New Jersey's prepared to spend on K-12 students. At some point, the quality suffers.

When I look at what's happened over the years-- I want to follow up Susan's comment with some specifics. In Fiscal Year 1988, our appropriation operating budget -- appropriation from the State was \$29.4 million. This was 1988. If I adjust for inflation, our FY '06 budget is \$19.5 million. We have lost \$10 million of buying power in that period of time. That can only be made up with tuition.

We are able, from our endowment, to add about \$1,000 to the value of each student's education. So we go from \$13,000 to \$14,000. But we certainly can't make up \$10 million of lost money over that span of time.

At the same time, I have to note that even though we've become a more expensive institution, it still is a market-driven process. Students still are free to choose where they want to go. And our applications went up 15 percent last year over the previous year. More than 7,000 freshman students are trying to get into 1,200 seats. And they all know what they're going to be paying.

In the last issue of *U.S. News and World Report*, it was reported that Rowan ranks the third lowest in debt -- in student debt -- of the 150-odd campuses in the Northeast part of the country in our segment. So we know that the students are coming in large numbers. We know they're graduating with much less debt than is typical. Affordability is a relative thing. New Jersey is a wealthy state. We have the finest system -- hats off to the Legislature -- the finest system of State-supported financial aid for low-income students in the country. Senator Bryant's recent work with the STARS program, and the possibility of the STARS 2, creates yet another opportunity for students to gain access.

But I will tell you, if tomorrow the tuition went to zero, the number of students we would be serving would be the same, because there's no room at the inn. Our problem-- Affordability may be one problem, but access and capacity are the real underlying issues of the State.

Senator Bryant has heard me use this statistic a number of times. You'll forgive me, Senator, but I have a new audience, and I want to

use it again. In the southern part of New Jersey, with the 2 million people in the eight southern counties, we have 20,000 undergraduate seats to serve those 2 million people in baccalaureate institutions. The state of Utah has 2 million people, and they have 120,000 seats, six times the number of seats. We are underbuilt. And the biggest single problem we have is being underbuilt.

But I will go on further. I will not speak for my colleagues, but I will say this on behalf of Rowan University: If we were not spending \$14 million on debt service for capital work, taking it out of our operating budget; if, instead, the State had its \$2 billion program for capital improvement; if the State were fully funding the salary program; if the State were funding -- fully funding -- the matching gift program; if the State gave us cost-of-living increases in our operating budget, I would guarantee that we will not raise our tuition by more than the cost of living.

I'm not anxious to charge the students any more money. But, at some point, it's a trade-off between quality and cost. And one of the things that we pledged at my university is that we will not graduate students that do not have the skill set to compete in the marketplace with graduates at any other institution. We will not use warehouse-size classrooms to lower the cost and, at the same time, lower the graduation rate. It's too important that the students get a degree and they get a degree that is competitive. We know, based on our own numbers, that people see value in what they are spending. They compare us with much more expensive, private institutions and decide we are as good. And they come on that basis. And while I would love to see greater State support so we could lower tuition, my primary concern right now is that we create more

access for more people, because that's the thing that will continue to retard the economic development of the State.

And I thank you all for the opportunity to speak to you today.

SENATOR TURNER: Thank you very much.

Before I ask for the other Senators -- if they have any questions -- I'd like to ask a question.

What do you use -- all of that money that you've been able to raise? You said you have-- How much was it?

DR. FARISH: \$145 million.

SENATOR TURNER: \$145 million.

DR. FARISH: Yes.

SENATOR TURNER: What do you use that for?

DR. FARISH: Well, that's a permanent endowment. And what we do is, we use the interest on that endowment to augment the operating budget. We take 5 percent out of each year, regardless of how the stock market or how our investments have gone, with the idea that it is a perpetual endowment. So we do not spend the capital, we spend the interest.

SENATOR TURNER: You don't use it for scholarships for students?

DR. FARISH: Oh, I'm sorry. I misunderstood. We put it into our operating budget, but much of it is used for scholarships; we use it for general augmentation of the programs that we have. This year, we kept our fee increase to 8 percent, because we were wanting to be true to the spirit of what we heard was being recommended or required by the State. And we made up the difference from what we were expecting to get with money

from our endowment. So we use it to supplement shortfalls in income streams and other areas. And we also use it to try and enhance the quality of the educational experience for our students.

SENATOR TURNER: When you said an 8 percent fee increase, is that tuition, or is that fee, or is that a combination of the tuition increase and the fee increase?

DR. FARISH: It happens, Senator, this year, our tuition and fee increases were the same. They were 8 percent in both categories.

SENATOR TURNER: Oh, it was 16 percent in total.

DR. FARISH: No, ma'am. It's 8 percent in tuition and 8 percent in fees. It's not additive. In other words--

SENATOR TURNER: Some colleges have fees on top of tuition.

DR. FARISH: Well, we have fees on top of tuition, but we're not-- The amount of money that the students were paying-- They pay 8 percent more this year than they did a year ago, in both tuition and fees.

SENATOR TURNER: Okay.

I, like my colleagues here, voted against the Restructuring Act of 1994 for the very reason that I thought that tuition was going to increase under this particular Restructuring Act. And I got the sense, at that time -- and I think it was the motivation behind it -- that the administration, at that time, felt that they could save money. They could give you your independence, your autonomy, and not have to provide you with the same kind of aid that you had been getting previously. And I think they expected you, along with your independents -- like we do with our children. "You're on your own. Go out into the world and make your own way." And I think

you probably have been doing that through much of your fundraising. And maybe you should be using more of that fundraising to help with your scholarships, as well as your operating costs.

DR. FARISH: Well, I quite agree. And we are doing just that. For example, just this year we received a pledge from a local foundation that they would give us \$500,000 a year to support our business college, each year, for the next 20 years -- and with the objective of having that being a perpetual source of revenue. So, in one fell swoop, we were able to increase the quality of our business program dramatically.

We had a similar request given to us this year. I say request -- it's an intended request. We have to wait for the individual to pass away before we receive the money. And what we've found in the past is that when people make those kinds of requests, they live forever. (laughter)

SENATOR TURNER: Did he die of natural causes?

DR. FARISH: There is a point where we'll have additional money.

SENATOR TURNER: Thank you.

Any questions?

SENATOR DORIA: Yes.

SENATOR TURNER: Senator Doria.

SENATOR DORIA: Again, I understand and appreciate the difficulties that existed under the system then. Some of that was the system, some of it may have been personalities. Having lived through that and having spent time during those years dealing with higher education-- And I agree with Senator Turner. The three of us, I know, voted against the

restructuring, because we saw it as just a ploy to just say that the number of commissioners and executive departments was being decreased.

My concern, again, relates specifically to the cost and the affordability. You know, we talk about affordability-- When you compare New Jersey to the surrounding states -- Delaware, Maryland, New York, and Pennsylvania -- we are more than \$2,000 higher in tuition and fees than any of those states. And how we make up for it in the State of New Jersey is, we increase financial aid. And we have, as you said, one of the best financial aid programs in the country for students.

However, what happens is, there is a large group of students in the middle who are not eligible for the financial aid and don't have the financial wherewithal to be able to then go and attend college or attend the college of their choice. Because the issues are always accessibility, affordability, and accountability -- the three As as I always call them -- that are brought up.

So the question now becomes, how do we guarantee that in the future we can deal with that issue of affordability within the context of the system that we presently have? I mean, you're talking about-- Everybody knows autonomy is a big thing, and we passed autonomy legislation in the 1980s, and we created the governing boards -- the Association -- at that time. And it was created to be an advocate. It was my bill -- piece of legislation at that time -- because I felt that we needed to create advocacy.

But what I see happening here is that we have a bottomless pit of needs, and there's legitimate needs. But we don't have the structure to deal with it on a continuing basis. And the structure, whether it be to try to come up with bonding; the structure, whether it be current expenses--

Given the fact that there are competing interests-- And we don't spend \$13,000 per year for elementary students. It's just about \$11,000. It's about \$2,000 off, on the average. There are some districts that spend \$15,000 and \$16,000. And I have my district -- spends about \$9,200. So, on the average, \$11,000. And there's no question, higher ed's gotten lost in the mix, very much so.

So I think what we're concerned about -- and those of us who are here, and those of us who aren't -- both Republicans and Democrats -- is, how do we come up with the methodology that allows for continued growth and accessibility, and affordability at the same time, within a structure that can guarantee accountability?

DR. COLE: May I?

Senator Doria, it's a very good question. And I think the issue that we see is, under the old structure, we had affordability, but we did not have real access because our institutions were way too small. And there was no incentive to grow them at all. And we need to have the affordability, but we also need to have the access, which means we need to have the capacity. And then, the most important thing is, we need to have the quality.

So if we go back to President Farish's \$13,000 to educate a student, I think what we are saying is, it is within the purview of the Legislature, and committees such as this, to look across the landscape of American higher education and to come to some conclusions about what it should cost to educate a student in a New Jersey public institution. And if you decide that, based on-- And you can get advice and assistance with that. You can have task forces to look at all of those issues.

But if you decide that it should cost \$13,000, or \$15,000, or \$20,000, or \$11,000, then we have to make a policy decision about how much of that the student pays and how much of that comes from other sources. And I think these are decisions that other states have made. I think we need to ask ourselves how many students we want to educate. These are decisions that other states, in the legislatures and committees, have made. And I think what we are suggesting is that we don't need the structure -- that big structure to do that -- but we need, perhaps, a better dialogue between higher education and the appropriate committees, and maybe with some help from the policy offices and the Governor's Office. And we could get that job done and answer those questions.

SENATOR DORIA: I don't disagree. I think you're totally correct. However, what I do see has happened over the years is that that gets lost in the sauce, because there are other issues that are priorities, at least in the Governor's Office, always; and in the Legislature, also; and, also, amongst the colleges.

It's unusual to get all of you together like this. And I, again, commend Senator Turner for having accomplished this -- and also to bring together and having someone like Senator Bryant here, also. It is unusual to bring all of you together in one place and to be able to have a discussion like this. It's not common, and it doesn't happen often. And the difficulty is that you need a methodology -- a continuing methodology to have that occur. And there is no continuing methodology to have this type of -- I consider -- very worthwhile dialogue to take place. I really don't believe that there is any true methodology that we've been able to establish over the last 10 years. Prior to that, there was some dialogue. It wasn't always

the kind that all of us liked. In many instances, it was confrontational. And that was between the chancellor and the colleges, and then the chancellor and the Legislature. I didn't always get along with the chancellor, and neither did Senator Bryant. (laughter) We had a few to-dos in the past. This is before Senator Turner was around. But we had some to-dos.

So the question is, how do you have a constructive dialogue, not a confrontational, where we can come together and do these things without a unique circumstance like this, which is very unique?

ARNOLD SPEERT, Ph.D.: I think we all agree that that kind of -- that this kind of dialogue is very helpful. And we want to see it continue. And we really commend you on being open. Each of you, individually, have always been open. And we've benefited from discussions.

Your last point, though, is very well taken. The prior system didn't work to create dialogue, it really restricted. It restricted community colleges, and it restricted State colleges.

Just before the Restructuring Act, there was a debate as to which institution would be able to offer an additional master's program in nursing. That debate went back and forth between institutions and among members of the Department of Higher Education. They could not come to an answer, because giving permission to one institution meant it couldn't go to the other institutions.

When restructuring occurred, the then Commission suggested that four of us come together. And, in fact, the fifth was added to the table. I won't get them all right. But William Paterson, Kean, Seton Hall, and Felician were four of the five institutions. And we agreed on a master's

program that integrated. And we were then able to continue to offer master's programs in nursing.

The restrictions are the issues that we're concerned about. What we're saying is, we are ready to be partners in dealing with the concerns that you raised, because those concerns are very real for us. How our students meet their bills, and how they leave our institutions incapable of dealing with life after college is very important to us and continues to be very important to us.

But what we're saying is, coordinating office -- an individual who oversees makes a lot of sense. Restricting institutions and not permitting us to change and to work toward the best interest of our students -- because that's what we're about, the best interest of our students, not our own résumés, not our own listings, etc. It's what we do for the students of New Jersey.

William Paterson University has 11,500 students. Ninety-eight percent of those students are New Jersey residents. So we're talking about providing a residential -- in most cases -- Thomas Edison -- residential experience to students who want that experience. And, hopefully, working with you, we can find an answer.

Thank you.

SENATOR TURNER: Thank you.

Any other questions?

Senator Bryant.

SENATOR BRYANT: I have, I guess, a question.

I think maybe people are misreading what we're saying. Everyone is looking at what we had before. I'm not talking you should

exactly have what you had before. But I'm not telling you what you have now is working.

I think what I'm hearing from my colleagues is this: We want some creativity, but creativity can't just be from your level. I'll give you an example. If we decided to give you another \$5 billion, and you decided that you wanted to do new types of buildings and all those kinds of things, but you didn't want to create -- increase the capacity -- that would be untenable to me. And under the system now, that's what could happen. I could give you \$5 billion, and you could do whatever you want in your institutions, and it might not open the door for one individual. That is something that we have to put in check, because that is not where we want to go.

And as much as I've heard all this (indiscernible). It was really great. I listened to all this and said, "Well, everybody's telling me how bad it is, and they're telling me 'I'm growing. I'm doing this. I built this, I built this, I built all those things.'" I'm, like, "Whoa, then why are you telling us you need \$2 billion if you can do all those things, as opposed to having you tell me we need more money so we can allow more students to come?" That might make some sense to me, because it sounds to me that everybody's just growing. You build what you want to build. You might not be building classrooms, but you might build a new student center that looks great and all those kinds of things. You're getting ready to build the biggest whatever you're getting ready to build. I'm worried about access to students.

The second thing I should say -- and I'll hear your comment -- because I don't-- And what I hear Senator Doria saying, and Senator Turner, centralized-- And I never fall into this trap. Most folks just want

to talk to us. We're part-time legislators. If all you do is talk to me, you'll run circles around me everyday. I need to have some centralized place that can synthesize all the stuff that you're telling me and also give me another view. And that's what you're not hearing. We're not getting that other view. I've got to have something that's centralized.

I don't mean it has to be a huge bureaucracy. But I've got to have something that can go through it, tell me what other states are doing, what other things they're doing. If you just have this dialogue, we can have these three times a year, and I would be no better prepared to deal with the major issues than I am now. But if I had some central place that was dealing with it, coming back on an ongoing basis, I'd have a much better opportunity to deal with it.

And I think there should be some hybrid of what we might have today and what we had before. And I'm not sure what it is at this juncture. But I think you need to know the need for us to, kind of, make that kind of investment.

Secondly, everybody's talking about \$2 billion, and then somebody asked about a plan. I definitely need to know what the plan is. But I'm also very committed to the notion that if we did an educational bond act, it ought to be from K through colleges. I'm tired of the separation between K-12 and higher education. And if you're telling me that I'm supposed to graduate all these kids from our K-12, and you can't-- You can divide the bond issue where it's \$2 billion for this, and \$4 billion for whoever else, or whatever we're going to do. But I think it should be one bond.

We're talking about education. It's important to New Jersey. We ought to talk about all the educational needs that we need at this juncture. And they ought to be all fighting for the same thing, educating our kids from grammar school all the way through our colleges.

SENATOR TURNER: Dr. Gitenstein.

R. B A R B A R A G I T E N S T E I N, Ph.D.: Thank you, Madam Chair.

I think-- I'm speaking for myself. I was not here when the system existed -- when the Department of Higher Education existed. I certainly have heard stories about it. And I have functioned under systems in the past, and they have not been particularly positive.

But I think it's clear, to me at least, that there are changes that have to happen and, I think, for all the reasons that my colleagues have said, and that you all have said. I think the devil will be in the details. And exactly how do we get it done in such a way that we are serving the State's interests-- Because one of the things that I've been a little disturbed about during my years here, and in some of the comments that have been made, is not recognizing that the great diversity of the institutions-- It is in their diversity that we are serving the citizens of the state. It is the fact that we are not so similar that makes it that we serve more students, in a different kind of way.

Dr. Speert just mentioned that his enrollment is 98 percent New Jersey. Ours is 95 to 96 percent New Jersey. And I would suspect that most of my colleagues have in the nineties. I don't know if that is accurate, but I would suspect so. But all of these are New Jersey citizens. And I think that those of us in the senior publics -- the State colleges -- feel very

strongly that there is a State mandate and that we do respond to State needs.

It is precisely the reason that despite the fact there was an enrollment drop in nursing when I first came to the college, I refused to close that program because there was such a need in the state. No matter what the enrollment was at that particular time, it was a program that had to remain. We've made huge investments at the college in teacher education, because that's a tremendous need in the state. We've built several buildings in the science area because of the needs in the pharma.

So, again, I'm not trying to defend specifically what we did. But I think it would be very good if we could institutionally present to you, precisely as the Chairwoman had asked, what we have delivered for the State in response to the State's needs.

SENATOR TURNER: And could you also provide to us, as well -- as you indicated, most -- you said you believe -- have out-of-state students in a very small number. Could you let us know what those numbers are? And, also, what is the tuition for those out-of-state students? Because as we all know, institutions are subsidized by taxpayers dollars. So I'd like to make sure that those students that are coming into our State institutions are not going to be overly subsidized by our taxpayers.

DR. GITENSTEIN: Ours is about double, but I would--

SENATOR TURNER: So could you provide us with that information, as well?

DR. GITENSTEIN: You bet.

DR. GREER: Madam Chair, I'll take responsibility to respond for the group.

SENATOR TURNER: Because that has a lot to do with not just affordability, but also in terms of access. We don't-- We want to make sure that New Jersey students are going to be first.

Yes.

D A W O O D F A R A H I, Ph.D.: I would be remiss if I didn't talk about New Jersey City University, my university. And I've been in New Jersey for 32 years, so I have seen both systems. I have seen the chancellor and the Department, and I've certainly experienced the Commission. And if I were asked to weigh in, I would certainly weigh in, in favor of the current structure.

I think we all agree that it needs some tweaking. But I'm certainly not ready to say that we should go back to enrolling a system and recreate something that, quite honestly, was detrimental to my institution. We are an urban institution. We are the one commuting university in the State of New Jersey within the public sector. We are a Hispanic-serving institution. We're also a minority-serving institution. We're the fourth most diverse university in the country at this point.

And with the old system, none of that was really acknowledged. I think urban public higher education with the old system was always a second class citizen in the State of New Jersey. I think the current structure has allowed my institution to really flourish and do the types of things that we're able to do now. And I think we clearly have a sense that something should probably take effect, some minor changes, possibly. But I certainly wouldn't want to see us go back to a system in which the types of students that my institution educates, and does a very good job at, becomes increasingly, I would say, more difficult.

So I look forward to the dialogue. Maybe we should have these in different parts of the state. I'd love to see a discussion about urban education in the State of New Jersey and what our urban colleges can provide, as well.

So I would see this -- and I'm very grateful for the opportunity, Madam Chair and other Senators. But I think we need to broaden the discussion a little bit and have them more often.

SENATOR TURNER: Thank you all very much. You've been very, very informative.

And let me just say, none of us -- well, I'm taking the liberty of saying none of us -- and I don't think anyone in the Legislature for that matter. We don't want to throw the baby out with the bath water. We know that some good things have happened as a result of restructuring, based upon what we've heard from you today. But we still feel that there are a lot of things that need to be done that could make the system better. And we need to find that middle ground.

And as Senator Bryant said, and Senator Doria, we're here to help find that middle ground. And we would rather have you work with us, in terms of finding the middle ground, than for us to have to impose the middle ground.

So, thank you.

We'll have our next panel.

Dr. McCormick, President of Rutgers University.

RICHARD L. MCCORMICK, Ph.D.: And President Robert Altенkirch, at NJIT, will be with me, as well.

SENATOR TURNER: Thank you. Welcome.

DR. McCORMICK: Good afternoon. I should say good late afternoon.

Chairwoman Senator Turner and members of the Senate Education Committee, I'm Dick McCormick, President of Rutgers.

SENATOR BRYANT: Could you hit your button please? (referring to PA microphone) I think your red light is not on.

DR. McCORMICK: Thank you, Senator.

I'll begin again. Good afternoon, Chairwoman Senator Turner and members Senate Education Committee.

I'm Dick McCormick, President of Rutgers.

This is Bob Altenkirch, President at NJIT. He and President John Petillo, of UMDNJ, have asked me to speak briefly regarding higher education governance in New Jersey. And that's exactly what I'll do.

I also want to thank the Senators for their support for and deep interest in New Jersey colleges and universities. Both of you, and all of the Senators who were here earlier, have made significant contributions to our institutions.

So turning briefly to higher education governance, there are a wide variety of higher education governance models nationally. A number of the finest public colleges and universities in America are found in states with fairly limited statewide regulatory authority. Texas, Virginia, and Washington, to name three, have statewide coordinating bodies similar to New Jersey's Commission on Higher Education. California and Michigan, with their outstanding public colleges and universities, have even less state government oversight than New Jersey. And, to state the obvious, other states, of course, have more.

There's a wide range of models for governing higher education in America, and no single right answer. A couple of years ago, in the context of the gigantic proposal for restructuring the research universities, we had a consultant who studied this matter, systematically. And he told us about 50 states and 50 models. And he said, "When you've seen one system of governing higher education in the United States, you've seen one system for governing higher education."

It's important to recognize that the current governing structure in New Jersey, whatever its limitations may be-- The governing structure that replaced the former bureaucratic Department of Higher Education, with a less regulatory Commission on Higher Education and the Presidents' Council -- it's important to recognize that our current governing structure has some significant accomplishments to its credit. You've heard about them already this afternoon. The vigor, and independence, and entrepreneurship of the colleges and universities--

The significantly increased enrollments that we have provided, despite major budgetary constraints; and some nontrivial policy achievements -- perhaps most noteworthy, the improved transfer in articulation agreements between the county and community colleges and the four-year institutions -- these are significant accomplishments.

Someone mentioned not throwing that baby out with the bath. We want to make sure that our capacity -- to be entrepreneurial, and to increase our enrollments, and to collaborate on behalf of policy achievements such as those articulation agreements -- are not withdrawn.

That said-- As has also been observed this afternoon, there is much to be said for the creation of a high level higher education officer. It

could be a member of the cabinet, it could be called a chancellor. He would advise the Senators and provide the kind of answers to questions that Senator Bryant mentioned a moment ago. He would, we hope -- or she would, we hope -- sit by the Governor's side when the budget was being prepared and look out for higher education. So there's a lot to be said for an officer like that.

But the creation of such a position and all its details would have to be discussed, need not be accompanied by a return to a bureaucratic and overly regulatory ways of the old Department of Higher Education. A cabinet level officer could be beneficial, provided the person chosen brought additional background in national higher education issues, including the relationships between economic development, science and technology, and the higher education system.

Finally, the key to success is keeping the higher education system generally -- and the institutional governing boards, in particular -- free from undue political interference or politicization. Appropriate checks and balances have got to be in place to ensure that the governance of higher education in New Jersey remains independent and capable of governing in the public trust. So as we contemplate changes, consideration should be given to adopting a process for the external review of trustee appointees, comparable to the Bar Association's review of judicial candidates.

Those are a few preliminary ideas. That's my presentation.

Bob and I will, of course, be pleased to answer questions on governance issues, as well as the other topics that have been raised this afternoon. And, of course, we both look forward to participating with members of the Senate, and the Assembly, and the Governor in the

improvement of New Jersey's, may I say, already good system of governing its public colleges and universities.

SENATOR TURNER: Thank you, Dr. McCormick.

Senator Bryant.

SENATOR BRYANT: Your views on the capital improvement program.

DR. McCORMICK: Yes, as been observed, the needs are enormous. We haven't had a general obligation bond for higher ed facilities since 1988. Four or five years ago -- before I returned to Rutgers -- a study indicated that our needs accumulated to about \$6 billion -- that's across all the institutions, of course -- so that proposal for a \$2 billion bond now, four or five years later, represents only a fraction of our needs for new facilities, to ensure increased access, and the significant renovation of the facilities that we already have.

I understand, Senator, that there are huge demands upon the constrained dollars available. Construction of public schools, the renovation of our transportation system, the reduction of property taxes are all exceedingly high priorities for New Jerseyans. We know we're not alone at -- with needs and issues. So we would look forward to working with you to address them comprehensively and collectively.

SENATOR TURNER: Thank you.

SENATOR BRYANT: Through you, Madam Chair.

SENATOR TURNER: Yes, Senator Bryant.

SENATOR BRYANT: Do you see a need to have whatever bond issue that we would do in a collective way with all of our education?

DR. McCORMICK: I listened carefully to what you said before. And you and I have discussed that very issue. I think we're open to have any mechanism that works to meet the needs. I can well-appreciate why it could be a good thing for us to collaborate with all of the educational institutions from Kindergarten through Grade 16, or whatever. That would be a fine approach.

In the past, the citizens of New Jersey have proven positive when higher education facilities' bond issues were presented to them. And that approach, historically, has worked well, too. But we have a pretty good understanding of what we need in order to better serve this generation, and future generations, of New Jerseyans wanting a higher education. And how to obtain those resources is something we would, of course, work with you on.

SENATOR BRYANT: I guess my larger question is, if higher education believes that we ought to be educating our kids, it seems to me you would want to join hands in making sure that the education of our kids who are coming out of our grammar schools are as equally important as higher education. Because I do, in some ways, feel sort of -- higher education wants to separate itself from the education of all of our youth. And that, to me, I think, is a mistake.

If, in fact, we really believe that education is important, K-16, then it seems to me we would want to be joining hands and saying that education is something that everybody -- every citizen ought to step up to the plate. And, to me, it benefits you, too. Because if we improve the quality of education in K-12, then you have a better student who is prepared to go to 12 to 16. But I'm sensing, sort of, a hedging by the

university system -- “Don’t put us with anybody else. We want to be loners.”

DR. McCORMICK: Senator, that’s not the case. A comprehensive K-16 bond issue could work fine.

Each of our colleges and universities proves, every day, our commitment to working with those in other elements of the educational system. We all have programs, for example, for training teachers and for responding to the needs of the school districts. Rutgers just had the privilege of announcing a new instrument for doing that, the Rutgers Institute for Improving Student Achievement, headed by former Commissioner of higher education, Bill Librera. Every college and university in the state boasts similar efforts in collaborating with K-12.

I pointed with pride a moment ago to the articulation agreements, which have put New Jersey, literally, in the vanguard of the nation in assuring the smooth transfer of students from county and community colleges to four-year institutions. So we have a good track record of working with everybody else in education.

What you sensed as reluctance was only, really, my humility, as a university president. I don’t know what the best instrument would be for providing the capital facilities needs of all of the institutions. If it proves to be a single bond issue for K-16, so be it. There’s no reluctance on our part to cooperating with the rest of higher ed. I just know that this is going to have to be determined by people like yourself, frankly, with a greater understanding of the political landscape and of the competing needs. And if it’s determined by individuals who know that landscape better than we

presidents do -- that a comprehensive K-16 bond issue is the way to go, you won't find anybody working harder for it than us.

SENATOR BRYANT: Through you, Madam Chair, if I may.

SENATOR TURNER: Yes, Senator Bryant.

SENATOR BRYANT: The reason I'm saying it is, the higher education community ought to have the ability to relate to what the needs are in our K through 12. I hear from a lot of you saying they're not prepared. It seems to me that you should want to become better educated -- if you're not already -- about why we ought to be doing these kinds of things. And you would be a very good resource to the entire community, throughout the state, to talk about why it's important. And we just can't invest at the top end without investing at the bottom end. And to help or shape how that ought to be done -- I mean, I think that's what we have all these academicians for, to talk about them. What is it that we're lacking? What is it that you're seeing, coming out of that system, that we ought to be improving?

DR. McCORMICK: Yes, but Senator, you can't blame us for being a little bit jealous.

They recently, I understand, went through \$6 billion or \$8 billion, not all of it -- not every penny of it all that well spent. We haven't seen a bond issue since 1988. So, yes, we want to work with them, but doing our job requires that we address and advocate, as effectively as we can, the needs of the colleges and universities for serving students -- serving New Jersey's students.

SENATOR BRYANT: Well, I'm only telling you from this Senator. And I just hope you don't turn off other Senators by deciding you want to go that way. You might not-- You might have some problems.

DR. McCORMICK: No, Senator, let me repeat--

SENATOR BRYANT: No, I'm not-- I heard you very clearly. It is very disturbing to me to find that our higher education is in that position, not understanding why I think -- and why I think it ought to be said that when we go out to the public, we ought to be talking about -- and you're public too -- why we ought to be funding public education.

DR. McCORMICK: Let me repeat, we have no objection to that comprehensive approach.

SENATOR BRYANT: Let me move on to another area of my inquiry, in terms of--

I think you hit on them. I don't think anybody wants the bureaucracy of higher education board of ed, and all those kinds of things that they used to have. There needs, I think, to be some more central way of dealing with the issues that are affecting higher education. And I think you might have hit on how we could start to look at it.

But I am concerned with two things. One is, I think the present Commission formed does not serve all of us well, in terms of giving the big picture of higher education on the State level. And as good as you all are as presidents, you're not here in the State House being heard on an ongoing basis. You're not at the Governor's Office being heard as to what it is--

And part of autonomy-- I mean, I often think that things have -- like a double-edged sword. I think, in some ways-- And I agree, however,

it struck the cord for ingenuity, creativity, entrepreneurship -- we want to keep that. And I think that Senator Turner would agree. We want all of that to continue.

But at the same time, it actually cuts off communications at this level, because everybody went out and did their own thing. And, therefore, instead of at least -- regardless of whether you said it was confining -- it was confined, at least, in a coordinated way. Someone understood what was going to -- how it was going to be done. It appeared that everybody just went and just, sort of like, got shot out of a shotgun and just did whatever they wanted to do.

And I also want to just end-- And I don't want folks to think -- because the hearing would say, 10 years ago -- prior to that time -- we were in an antiquated schools -- higher education system. And I don't believe that. I know-- I mean, I was here long enough, that-- I'm not telling you strides have not been made, but I can tell you that there was some good things that happened, even when we had a chancellor, in terms of what we-- We weren't still teachers colleges back when -- 10 years ago. Now, I mean, I don't want folks to have loss of memory. Because they act like, "Well, we were all teachers colleges, and then all of a sudden you all did this, and now look where we are now." That is not true. You were much further than teachers colleges at that point in time.

But I don't want a bureaucracy that's going to hinder the kind of ingenuity. But my main concern is two things -- twofold. One is, providing dollars -- is it going to provide more access for more students? I mean, not just buildings that we think we need, but we can't add anymore students. And I think that has to be a commitment. And I think that's

what the universities have to think about. If we provide these buildings-- Because I can see you telling me this, "You gave me a new science building. It's got all the new, highest equipment." "How many students did you have?" "Oh, I had a thousand last year." "How many are you taking this year?" "1,001." I say, "Well, hold it. I just gave you a new science building." And you can say, "Well, I still can't afford anymore -- to have anymore students here."

So I think, when you all leave here, you need to go back and say, "If we did \$2 billion--" If that's what you're asking for, what does that mean? Translate that to me, college by college, as to-- If I made that kind of investment, how are we going to grow? How many students are you going to be able to take because -- once that investment is made?

DR. McCORMICK: I think that's a fair question, Senator. I regret it if we failed to make clear that increased access, increased enrollment would come with a significant investment like that. That is the intention of each of our institutions, to increase enrollment and provide more access.

SENATOR BRYANT: We like to know that, because I don't know -- through the Chair -- but I got that feeling. I felt that folks needed to fix up places, and they needed to get the new, high-tech stuff. But that still didn't tell me you were going to enroll one new student.

DR. McCORMICK: But we are, and lots more than one.

SENATOR TURNER: I think you're being--

Somebody is on. (referring to PA microphone)

I think that college presidents are being unrealistic if you think that you're going to be able to get as much money as you want without any

kind of accountability. I know that in the private sector, particularly the private -- the independent colleges. Many of the reasons that they have given for not wanting State dollars is because they don't want those strings. They don't want the accountability. They want to be able to do whatever it is they want to do. But I think you're being unrealistic if you think that you can come to the Legislature continuously, asking for money and more money, without some accountability. As they say, you have to pay the cost to be the boss.

DR. McCORMICK: Again, I regret if we've done anything to invite misunderstanding. All of us are devoted to public higher education. And public higher education means accountable higher education. We accept and appreciate the accountability that we currently have through the Commission, and recognize that more may be expected in the years ahead, certainly if more dollars are provided. We're not at odds with accountability at all. If we were, we'd be in the private sector somewhere. We love public higher education. We love accountable higher education.

SENATOR TURNER: One last question. Do you believe that your institution is affordable? Do you believe that you're doing everything that you can to continue to make it affordable, or to make it more affordable?

DR. McCORMICK: I do, Senator. We studied that carefully at Rutgers, and I know at the other colleges and universities, too. New Jersey leads the nation in need-based financial aid through such programs as the Tuition Aid Grant Program. In addition, every time there is a tuition increase, the Rutgers Board of Governors sets aside millions of dollars of the new revenue -- permanent dollars, not just one-year dollars -- for need-based

financial aid. And in addition, every one of our deans is raising money to the extent of her or his ability for financial aid. And the results are solid.

We did a study last year that indicated that over the last decade, since the end of the Department of Higher Education, and over a decade of-- To be sure, tuition increases most years -- access to Rutgers has not declined. The percentage of our students that come from the lowest quintile -- and the lowest quintile -- lowest two quintiles of New Jersey's families, in terms of income, has not declined -- in fact, has gone up a bit -- in the last 10 years at Rutgers.

By the same token, the number of minority students has increased. And, in particular, the levels of Hispanic/Latino and African-American students have remained the same. As a percentage of our student body, numerically, of course, they have gone up as our enrollment has risen.

So I do believe that through dint of your efforts -- you're ranked number one in the country in this regard -- and ours, access to Rutgers and to the other public colleges and universities has been maintained. We're teetering on the edge, to be sure. A decade ago, the State provided about 70 percent of the cost of a young man's, or older man's, or young woman's, or older woman's education at Rutgers. Now it is below 50 percent. That's too low for comfort. But despite it all, through dint of efforts on both sides, we have maintained the affordability of New Jersey's colleges and universities.

SENATOR TURNER: Do you believe that the proposed reorganization will have any effect on your operating cost? Will that decrease it or increase it?

DR. McCORMICK: Are you referring to the undergraduate reorganization in New Brunswick?

SENATOR TURNER: Right.

DR. McCORMICK: I don't anticipate any significant changes in cost. We're certainly not undertaking it to save money. We're undertaking it to improve the quality of undergraduate education and, particularly, to access all of our students to all of our programs. Right now, if you live here, you can't study this; if you live there, you can't have access to that. Those constraints-- Our students call it the *RU Screw*. Those constraints are unacceptable. We're not doing it to save money, we're doing it to improve their access to high-quality programs.

SENATOR TURNER: Okay. Thank you very much.

Yes.

ROBERT A. ALTENKIRCH, Ph.D.: I wanted to respond, sort of, in general terms to Senator Bryant's comments, with which I agree quite a bit.

I think that-- I was not here when the Department of Higher Education was in place. I think-- I don't have, personally, a fear of going back to something I don't know about. But what I do look at is over the past few years-- We had been in a situation where the Legislature, rightfully so, has had to make choices, tough choices. And we don't have the ability, in my opinion, in higher education, to have that constant voice next to you, day in and day out, as you make those decisions.

The more you hear the message, the more you can pick up on it, the better off we all are. And so I think it is necessary for us, somehow -- whatever that structure is -- to have a constant voice. We all do a good job

in being entrepreneurs, we all do a good job in sitting in your office and Senator Turner's office, pitching for our institutions, pitching for particular projects. Those are easy things to understand. They're somewhat isolated. And we get pretty good results out of it. We do the same thing in Washington, D.C. We get very good results out of earmarking and congressionally directing projects in Washington. But it's more difficult for us, collectively, to speak in broad policy terms. It's more -- collectively for us to deliver that message constantly. And it's more difficult for you to receive it from 50 different people.

So I do think that there is a need to have a focal point for policy discussions at your level and have one consistent voice that helps to deliver that, and also helps to deliver back accountability. To receive that message, from a single focal point, is much easier than from 50 different people.

So all my colleagues may not agree with me on that, but I agree with you on that.

SENATOR TURNER: Thank you very much.

Thank you, Dr. McCormick.

Last but not least, we're calling upon our county colleges, our community colleges, which is an extremely important--

We have Larry Nespoli, who is the President of the New Jersey Council of County Colleges.

Larry, you'll be speaking for the county colleges?

EDWARD J. YAW, Ed.D.: Good afternoon.

I'm not Larry Nespoli. I'm Ed Yaw, President of the County College of Morris.

Our Council of County Colleges has a meeting this evening, and some of our presidents and Larry had to leave this session. I hope you understand that.

SENATOR TURNER: Sure, it's been a long session.

DR. YAW: I'm the President of the County College of Morris. I guess I'll be the first spokesperson.

Let me first, if I may, Senator Turner, introduce others who are here with me: President Will Austin, from Warren County Community College; Harry Brown, who is a trustee of Warren County Community College; Peter Contini, who is the President of Salem County Community College; and, finally, Jerry Ryan, who is the President of Raritan Valley Community College.

We have a brief statement, which I will not read, but I would like to, kind of, summarize for you. And we'll provide copies to you, as well.

SENATOR TURNER: Thank you very much. That will be great.

DR. YAW: Let me just-- I'll read the opening paragraph, just to say that New Jersey's community colleges have flourished under the Higher Education Restructuring Act of 1994. Enrollments are at an all-time high, the colleges are holding the line on costs and tuition, they are collaborating effectively as a statewide team, and the colleges are governed by local boards of trustees that work closely with local county government to ensure the highest levels of public accountability. I want to talk a little bit about enrollments, about tuition controls and constraint, and some of our statewide collaborations.

First of all, in terms of enrollment, we are, by far, the largest and fastest-growing provider of higher education in this state. The number of students taking credit courses has increased by over 25 percent just in the last three years. And so we now have over 350,000 people taking credit courses at the county colleges every year.

In addition, we're very proud of the restraint that we've been able to show, in terms of tuition increases and our abilities to control costs. Over the past 10 years, the average statewide, year-to-year community college tuition increase has been 2.8 percent. At the same time, we've tried to control our costs. And, over the same 10-year period, the expenditures per student have only increased 2.7 percent a year, which is probably lower than -- I'm sure it's lower than the cost of living, actually.

We've had a number of statewide collaborations that we're very happy with, that we are quite confident probably would not have taken place under a previous structure. One of those has been an important collaboration with the Department of Education. Senator Bryant, earlier, was talking about collaborations with the public schools. And that has -- is called New Pathways to Teaching in New Jersey, to address the critical shortage of teachers that we all face in the future. And that is to provide an alternate route for teacher certification programs to address that need.

This program was started in 2002. And, so far, we've had 500 students per year participate in this program. They start at the community colleges. They actually are getting graduate level credit for courses they take on our campus, through the New Jersey City University, and go on to become certified teachers in the State of New Jersey. It's a very exciting program for us.

Many of you are familiar with our new Consortium for Workforce and Economic Development. Dr. Ryan has chaired that board of directors. That was started only a year ago, in 2005. We've already made very important partnerships with the State of New Jersey, primarily with -- initially with the Department of Human Services. When things went south for that Department, we collectively saw an opportunity for training Department of Human Services personnel. And, again, so far we've delivered training to over 800 Department of Human Services personnel to provide career ladders for their employees that may be bus drivers who want to move up to caseworkers and so forth. We've provided the kind of certified training to assist them in reaching that level.

We've also partnered recently with the New Jersey Department of Labor and Workforce Development and union leaders to develop New Jersey Pathways Leading to Apprentices to College Education, to provide a systematic and academically viable way for apprentices to receive some kind of college credit for work -- for the training that they've received as part of their apprenticeship program, without compromising our standards, and putting them on a path toward a college degree. And that program is just getting started and is already yielding good results, I think, for us and for the people involved.

And, finally, we've been partnering with public schools for dual enrollment programs under former Commissioner Bill Librera. We talked about the Senior Year initiative. We have over 5,000 students currently dually enrolled in high school and college so that they can start getting -- get a jump start on their college education and not "waste" the senior year, which so often happens. So we're happy with that collaboration, as well.

And I might say that it's no accident that perhaps -- and we like to think that it's because of these initiatives and these collaborative efforts -- particularly with the State -- that has made it possible for us to have such wonderful support from the Legislature. We've had our champions, certainly. We've been fortunate in our State funding, sometimes receiving more than was recommended by the Department of Treasury, and certainly the support and the initiative of the New Jersey STARS program has been a phenomenal asset to us and, we think, a great asset to the State of New Jersey. And we support and look forward to the next phase of that development, as well.

Finally, in the area of accountability-- The Restructuring Act was really a marvelous document from our perspective, in that it gave tremendous new powers to our local boards of trustees, particularly in such mundane areas as bid disputes, for example. And through the Council of County Colleges, we've been able to provide training programs using attorneys and other resources to be sure that our trustees are well equipped to address these new accountability issues that they have. So we have good accountability from our trustees, of course, the bulk of whom are appointed by local legislative bodies, boards of freeholders. And, of course, we each have two trustees appointed by the Governor's Office and the State of New Jersey.

And, of course, we're also accountable to our counties from whom we receive some funding. And, in many cases, we're not quite up to a third yet, but we're working on that, as we're working for a third funding from the State, as well. And, of course, we'd like to get our tuition

payments down to a third for our students. But as I've said before, we think we've done a good job in controlling our tuitions in the past.

So, again, we welcome this opportunity to tell our story. And as others have said, I think that certainly we feel that, as a sector, we've benefited from the restructuring. I would add that, in another role I play as Vice Chair of the Presidents' Council, I think that structure has really enabled the community colleges to really be at the table as an equal partner in higher education. Quite frankly, under the previous structure, we felt like stepchildren. And, often, it took forever, for example, to get new programs approved -- sometimes four to five years. And now we're able to respond to needs. We do, of course, make sure that all of our programs are consistent with our missions so that we don't have mission creep, that there's a legitimate need in our local communities. Our boards of trustees, trust me, hold our feet to the fire to make sure that we have the resources to pay for these new programs. And through the new program review process, we make sure that we're not duplicating, unnecessarily, programs that already exist in neighboring institutions so that we're not unduly competitive and, of course, that we're not using excessive State resources in the process.

So we've been able to be responsive and entrepreneurial in a way that, I think, has been very positive for our individual institutions and for the State of New Jersey.

And I will end there.

SENATOR TURNER: I think all of us can agree that you have met a very important need in the State of New Jersey. And you have been working collaboratively with all levels of government, as well as your

trustees and your students. And I think you've done a magnificent job. And I think that, as Senator Bryant well recognized with the New Jersey STARS program, you should be rewarded. So we're looking forward, too, to STARS 2.

And I just thank you all for being here today to tell your story. And I think you really don't need to tell it. Your story speaks for itself.

Senator Bryant.

SENATOR BRYANT: Yes, thank you, Madam Chair.

Let me say it is refreshing to hear from all of you in the kinds of things that you're doing.

I want you to take the senior colleges. I know you all teach Accounting 101. If you've done 2.8 -- I'll even let you go to 4 percent-- Take them all back to Accounting 101 and figure out how they can go just to 4 percent. (laughter)

DR. YAW: Let me just say this. I think raising tuition is probably the most difficult decision that every college makes. And we've been able to hold the line for a variety of purposes. Obviously, we have sources of revenue coming from our local counties, which have stepped up and helped us maintain--

SENATOR BRYANT: You weren't supposed to tell them that. (laughter)

DR. YAW: But I need to be candid.

SENATOR BRYANT: I know, I'm sorry.

SENATOR TURNER: You're absolutely right. I know in my own county here, of Mercer, there were several years when the county freeholders stepped up to the plate and allocated additional moneys to

prevent any kind of tuition increase. So our counties have been very responsive and very, very helpful, in terms of making our county colleges affordable.

SENATOR BRYANT: Let me say, through the Chair.

SENATOR TURNER: Yes, Senator Bryant.

SENATOR BRYANT: I don't want anybody to leave here thinking that we want to go back 10 years. That's not the goal. I want all the good things that restructuring has done to maintain. That's a given. The question is, can we even do a better job at having better focus, in terms of what we do in higher education? And you ought to be a full partner, because as I see it today -- and what we've allowed you to do, along with what our four-year colleges (indiscernible). We have articulation agreements. I remember when we first started, we used to fight to get anybody to get one articulation agreement. Now, I think, we all have dozens, and dozens, and dozens, which really makes the articulation for a student going from a county college to a four-year college almost seamless in this state, which is-- I give you credit, and also the four-year colleges credit, in terms of doing that.

And so we do want you to be right at the table. No system that I would develop -- that you don't feel like you're a full part of it. I think any answer to higher education in this state has to do with our county colleges being full partners. Because I don't know any way the four-year colleges can take the entire load of what you gentlemen -- and there are some ladies out there -- that are doing. We need those first two years to go -- and for so many students. So many students are lost in high school, go out and work. I just had a couple of young folks come to me who've been

working two or three years, and now they're going back to county colleges because they now see that the work is not what they really want to do, and they now need to get some skill levels. And both of them admitted to me that they weren't really great students. They didn't pay a lot of attention in college. But you give them the opportunity, at least, to go in the door and improve themselves. All of those things are very, very needed. And we have some top students that come -- folks who everybody would have given up on, but for the kind of programs that you put together. And, also, your response time. It is true, I have seen a lot of this workforce development -- whether it be certificate programs or other programs that are very, very needed in order to get folks from one stage to work, or like you say, from one level to the other. I know what we had in our hospital systems, where -- in Camden County, I think, the hospitals wanted to move folks from one level to the next. And it opened up the entry levels in no time. You know where you're going to develop programmatic ways to -- in the entry level -- take the entry level person to the next level. I mean, all those things that you've built an expertise -- which is helping our workforce.

We will keep you at the table. You will not be second-class citizens. (laughter)

SENATOR TURNER: Thank you very much, Senator Bryant.

SENATOR BRYANT: Thank you.

SENATOR TURNER: So, with that, thank you very much for coming. And we appreciate your being here, and look forward to continuing this dialogue on other issues.

DR. YAW: Thank you, Senator.

(HEARING CONCLUDED)