BY BETH FITZGERALD
IT'S A BASIC economic lesson: New Jersey must support its colleges, now more than ever, to prepare its citizens to compete for scarce jobs, and to encourage business investment that lifts the state out of the recession. And it’s the argument Rutgers President Richard L. McCormick is making to persuade the Legislature and Gov. Chris Christie to scale back the deep budget cuts targeted for higher education.

“Educational opportunity for our students, and economic development for New Jersey — that is the case for investing in higher education,” McCormick said.

See RUTGERS on page 2
But state government has gotten into the habit of cutting out money for higher education. If the proposed budget stands, Rutgers will receive $46 million less direct state aid in fiscal 2011, or a total of $262.8 million — slightly more than the $258.5 million the university received in 1994. The state also pays about $140 million for Rutgers faculty and staff fringe benefits.

“We don’t appear to be broken,” McCormick said about why higher education keeps taking a hit. “On May 16, we will graduate 11,000 students and turn them out into the world well prepared for life, learning and work in the 21st century. We do this year after year, and I suppose it’s easy for people to say, ’you know this bridge might fall down, but this university is continuing to do its job, so I think I’ll buy a new bridge.”

But Christie spokesman Michael Drewniak said the budget cuts to higher education are in line with the budget realities: “We really wish that we were operating in the best of all worlds, but unfortunately we are probably dealing with the worst of all possible worlds. Cuts are being felt in every corner of this budget, in every department and program.”

McCormick knows this is a tough year to argue against state aid cuts. But in his recent remarks at a Senate budget committee hearing, the Rutgers president sounded an entrepreneurial tone that might resonate with struggling New Jersey business owners.

Together with more than a dozen fellow presidents of the state’s public and private four-year colleges and two-year community colleges — all facing double-digit cuts in the proposed Christie budget that begins July 1 — McCormick spoke of “the unique role that higher education can play in lifting New Jersey out of its current economic malaise.” The bottom line: fund higher education now and you can count the tax revenues later, as research spins out of the lab and into new profit-making ventures, and college students mature into taxpayers.

The $195 million proposed cut in direct state aid to public and private colleges is just a slice of the fiscal retrenchment on tap for the state.

Montclair State University President Susan Cole, who chaired Christie’s higher education transition team, makes the point that New Jersey has underinvested in higher education for years.

Rutgers is making room for a 40 percent increase in undergraduate business students, thus expanding a lucrative academic sector where student demand is high.

An anonymous donor contributed $10 million for a new $85 million business school building on the Livingston campus, which is expected to open in the fall of 2012. And last October, the business school moved into its new Newark campus, an office tower on Broad Street renovated at the cost of $83 million.

Michael R. Cooper, dean of the business school, said these investments are moving New Jersey into the same league as major business school venues in Boston, New York and Philadelphia. In the fall of 2008, Rutgers began offering a four-year business major on the New Brunswick campus — and received 11,000 applications for 300 seats.

Business school applicants present a higher academic profile: the average high school student admitted is in the top 10 percent of the class, with a mean SAT score of 1,955 of 2,400.

In a few years, Rutgers will have 3,200 undergraduate business majors, up from 1,900 now, said Richard L. McCormick, university president.

Business school students pay slightly higher tuition — for New Jersey residents, this year, it’s an extra $286 on top of the $11,886 tuition and fees. Higher fees also are charged for engineering and pharmacy undergrads, among others.

“A student who gets an education in business is probably going to make more money than a student who gets a degree in history; and the expense of the discipline itself” is costlier, he said.

— Beth Fitzgerald
so many years that the state now ranks 50th in the number of four-year college spaces per 1,000 high school graduates, and leads the nation when it comes to exporting college-bound 18-year-olds. Each year, about 30,000 New Jersey high school graduates leave for out-of-state colleges.

McCormick and other university presidents are asking the Legislature to eliminate a proposed 4 percent cap on their tuition increases next year. This year, the Legislature capped tuition hikes at 3 percent.

"If you have to cut our budget because the state is broke, don’t also squeeze our ability to take care of ourselves," McCormick said.

Rutgers undergraduate tuition is nearly $12,000 a year for in-state students, before room and board. New Jersey is considered a "high tuition/high financial aid" state that channels much of its aid to colleges by way of tuition-aid grants to students. With more than 80 percent of Rutgers students qualifying for some combination of state and federal tuition aid and student loans, McCormick argued that a tuition cap is bad public policy that prevents Rutgers from charging higher tuition to students who can afford to pay full price.

But Christie won’t budge from the 4 percent tuition cap, Drewniak said. "Everyone needs a break in this economy; parents need to send their children to college and this is the right answer for these times."

The budget also proposes merging Thomas Edison State College, in Trenton, into Rutgers, along with the State Library and State Museum — minus the $5.6 million annual state funding for TESC. McCormick said he’s studying the idea. The State Library provides services to hundreds of local libraries across the state, and he’s not sure Rutgers can handle this. "On the other hand, there is much to be said for it. TESC’s great expertise is in serving nontraditional students and online education, and Rutgers is expanding dramatically in those areas."

In the face of declining state funds, Rutgers is chasing alternative revenue streams, including federal research grants, which have doubled in the past eight years to about $300 million; academic summer camps for high school students; and advanced business degrees tailored to working executives who can either pay full tuition or get reimbursed by their employers.

Since Michael J. Pazzani arrived at Rutgers as head of university research in 2005, federal research dollars flowing into the university have doubled to about $300 million a year.

Rutgers has 740 faculty members who are principal investigators on research grants, "and we basically tell them to spend more time in Washington and more time writing proposals," said Pazzani, a computer scientist who left the National Science Foundation for Rutgers. "We redoubled our efforts to go after federal funding because we knew we could no longer rely on the state of New Jersey for really anything other than the core base of education."

But these initiatives can’t replace robust state support, said Mary E. Forsberg, interim president of New Jersey Policy Perspective, a Trenton think tank that has studied this issue.

"If we make it more and more difficult for kids to go to college, we don’t have a future," she said.

E-mail to bfitzgerald@njbiz.com

Economic impact

- $1.4 billion: faculty and staff salaries, spending on goods and services and capital improvements.
- $512.9 million: spending by students and visitors.
- $100 million: state and local tax revenues collected from employees, students and visitors.
- $130.4 million: mortgage payments by Rutgers employees.

Source: Rutgers. All figures are for 2008.