

# **A Higher Education Facilities Bond: The Critical Link to New Jersey's Future Prosperity**

## Compelling Needs

Higher education is critical in the realization of individual success and the most direct path to achieving the American Dream. It is also the foundation for New Jersey's economic prosperity. For too long, New Jersey has deferred the dream of expanding college opportunity and now faces a crisis in college capacity. This failure puts at risk opportunity for individual citizens and economic competitiveness for New Jersey in the 21<sup>st</sup> century.

New Jersey stands out as the number-one net exporter of college-bound high school graduates, even though New Jersey ranks first in the nation in the proportion of high school graduates aspiring to a college education. New Jersey ranks a dismal 45<sup>th</sup> in the nation in the number of public four-year college undergraduate spaces per 1,000 residents. The state does not provide annual capital appropriations to its colleges and universities and has not had a voter-approved facilities bond for higher education since 1988. Current construction paid for by tuition and student fees is a major strain on college affordability.

**The state's 45 senior public colleges and universities, community colleges, and independent colleges and universities request that the Governor and Legislature enact legislation as soon as possible to provide for a \$2.705 billion higher education facilities bond for voter approval in November 2006.**

## Bond Benefits

First and foremost, the bond would help expand college opportunity for New Jerseyans by creating thousands more spaces for state residents at affordable colleges and universities. The bond will also expand economic prosperity through programs to build a more robust New Jersey workforce, especially in high-demand businesses, and produce new knowledge through research that will spur investment and job creation.

The immediate and long-range benefits of a bond include:

- ◆ Expanding college opportunity for low- and middle-income students, keeping college affordable, and developing an educated and engaged citizenry, prepared to participate productively in society and contribute to the economy.

- ◆ Providing high-quality academic facilities and modern technology to keep more of New Jersey's highest-achieving students in-state, stemming the "brain drain," and enhancing the quality and the depth of New Jersey's workforce.
- ◆ Enhancing the state's ability to create new jobs and to stimulate and sustain economic growth, creating an attractive environment for business investment.
- ◆ Enhancing and expanding research that creates new knowledge and technological innovation, builds partnerships with business and industry, attracts new businesses, and garners greater federal and private support for research and development.

#### Current Facilities Are at Capacity

A record number of applicants are knocking on the doors of New Jersey's colleges and universities. Between 2000-2001 and 2008-2009, the number of high school graduates in New Jersey is projected to increase by 19%, the fifth-highest increase in the nation. New Jersey has the highest percentage of high school students graduating in four years, and the highest percentage attending college immediately after graduation. Too many of these students leave New Jersey to pursue a college education and are permanently lost to New Jersey's workforce. New Jersey is the nation's leading net-exporter of high school graduates entering college, a loss totaling about 20,000 students each year.

Even if New Jersey continues to export students at its current high rate, total undergraduate and graduate enrollment in New Jersey is projected to increase between 50,000 and 54,000 between 2002 and 2010 based simply on growth in the college-going population. New Jersey is wholly unprepared to meet this demand. Seen within the larger context, New Jersey's four-year public institutions would need to expand by 70,000 students just to reach the national mean in students served per capita.

#### Current Needs

New Jersey's colleges and universities have identified \$5.8 billion in capital needs. The State budget provides no annual funds for capital construction at the senior public institutions, and the State has not proposed a general obligation bond issue for all of higher education's capital needs since 1988. As a result, students and their families have been shouldering an unfair portion of the construction-cost burden. At the senior public institutions, students and parents

have been paying for state-owned academic facilities through tuition and fees, which help pay the interest on bonds issued by their institutions. Consequently, New Jersey's public colleges and universities are among the most leveraged institutions in the nation, with approximately \$2.5 billion in outstanding debt.

### Proposed Projects

A \$2.705 billion bond for higher education, placed before the voters in 2006, will enable New Jersey's colleges and universities to build their highest-priority facilities, including state-of-the-art instructional and research facilities. New Jersey's colleges and universities estimate that, through these projects, they could enroll an additional 15,000 to 20,000 students annually, thereby expanding college opportunity, retaining more of our best high-school graduates, growing the state's workforce and economy, and expanding the state's research capacity.

Institutions will concentrate on expanding facilities in academic program areas critically important to state needs and in facilities that support educational quality and student achievement and that increase the state's ability to serve more New Jerseyans. Over half of the funds will be dedicated to the most critical areas, facilities in the Life, Environmental and Physical Sciences (28%) and Classrooms, Laboratories and Technology (25%). In addition, 11% will support projects dedicated to the Health Sciences and Clinical Facilities, 10% to projects in the fields of Humanities, the Social Sciences, Education and the Arts, 10% to projects in the fields of Business, International and Communication Studies, Law, and Engineering, 10% to Libraries and Undergraduate and Graduate Student Academic Services, 4% for workforce training, and 2% for land acquisition, infrastructure and administration projects.

The proposed construction projects will benefit all levels of undergraduate and graduate education and all types of higher education institutions in the state. The projects will cover all major regions of the state and are located in twenty different counties.

None of the proposed bond proceeds will be used for revenue-generating facilities, such as residence halls, sports arenas, or student centers.

### The Importance of Higher Education for New Jersey's Citizens

In New Jersey, almost 30% of the population over 25 years of age has at least a bachelor's degree, the fifth-highest percentage in the country. Workers with a college degree

earn 40% more than workers who have only a high school diploma. Taken together, these two facts help explain New Jersey's average per capita income of \$41,332, which is third-highest in the nation.

There are certainly more than economic benefits to providing opportunities for higher education to a large proportion of New Jerseyans. Studies have shown that college graduates are more likely to vote and more likely to participate in professional and trade associations, cultural and arts activities, and community improvement programs. There is a strong and direct relationship between education and citizenship.

#### The Importance of Higher Education for New Jersey's Businesses

Among the many important sectors composing New Jersey's economy, the pharmaceutical and medical technology industries represent an \$8 billion segment. According to the HealthCare Institute of New Jersey, employment in these industries will grow by 14,000 jobs (from 66,000 to 80,000) between 2001 and 2010. Many of these jobs will require at least a bachelor's degree. According to the Heldrich Center for Workforce Development at Rutgers University, "These industries were particularly eager to increase recruitment from New Jersey's college campuses."

Recruiting home-grown graduates is increasingly important to maintain the state's workforce. The Southern Technology Council in 2001 examined the migration behavior of science and engineering graduates at the master's and bachelor's levels. According to a report to the Council from North Carolina State University, "the odds of an individual taking a job in-state increase tenfold" if the person attends college in the same state where he/she attended high school.

The other sectors of New Jersey's economy would also benefit from home-grown employees. Graduates from New Jersey's colleges and universities could help play important roles in health services, education, communications, and financial services throughout the state. In 2004, New Jersey had its best employment growth since 1999, creating over 2 million jobs. Opportunities will expand as New Jersey continues to recover from the 1999-2000 recession.

## The Importance of Higher Education to New Jersey's Economy

New Jersey's colleges and universities collectively serve over 380,000 students, including full-time and part-time undergraduate and graduate students. Together with faculty and staff, it is estimated that New Jersey's college and university communities contribute several billion dollars annually to the state's economy — a sizeable contribution that could grow significantly as a result of the bond. Collectively, New Jersey's colleges and universities are one of the state's largest employers, contributing directly and indirectly to the state's economy. The faculty, staff, students, and visitors generate hundreds of millions of dollars in taxes and business revenues.

The provision of capital improvements and purchases from other service industries has contributed to the state's high ratio of employed citizens. Construction projects at New Jersey's colleges and universities create employment opportunities and bolster the manufacturing and service industries. A U.S. Department of Transportation study concludes that for each \$1 billion of federal spending on highway construction nationwide, 47,500 jobs are generated annually. Clearly, a \$2.705 billion investment in college and university facilities construction would have a similar effect and create many thousands of jobs in New Jersey's building and construction industries.

Expansion of the research capacity of our universities also results in direct economic benefit to the state. Each dollar invested in our research infrastructure brings another dollar of Federal and other research support to the universities. The knowledge-dependent industries in our state, and the new industries arising from developments in science and engineering, value the proximity effects of siting new research and development facilities close to universities that can provide them with access to the forefront of research and a steady stream of highly qualified graduates.

## Public Support

Since 2000, the New Jersey Association of State Colleges and Universities, in cooperation with the other sectors of higher education in New Jersey, has sponsored public-opinion polls to research support among likely voters for expanding the capacity of colleges and universities in New Jersey. The polls were based on scientific, random sampling of New Jersey adults and were conducted by Penn, Schoen & Berland Associates in Washington, D.C.

The results of the polls are consistent. Time and again, residents and likely voters indicate that they favor — often strongly — expanding opportunity and facilities at New Jersey’s institutions of higher education. Responses show that New Jersey’s residents connect increased capacity with access to an affordable college education. Significantly, they are willing to support a major public investment, such as a multi-billion dollar higher education facilities bond issue, even during a time of state budgetary constraint.

The most recent polls, conducted in July and September, 2005, show that, even without having undertaken any explicit public education activities in support of a bond, 60 to 70% of likely voters would already support a \$2 to \$3 billion bond issue for higher education.

### Accountability

By proposing to place the bond issue before the voters as a referendum, New Jersey’s higher education community would not receive the funds without the public’s approval. By passing the referendum, the electorate would be placing its trust in the institutions to spend the funds responsibly.

That trust would be well placed. New Jersey’s colleges and universities have an undeniably excellent record of accomplishment and responsibility in self-financed construction projects. The leadership and staff of each institution have, year after year, efficiently managed the construction of major facilities on their campuses, selecting architects, overseeing construction, and delivering projects on time and on budget. They have achieved high-quality work through a well regulated, cost-effective, and timely process. They have earned the public trust in the work they have done on their campuses, and the polls referred to above clearly indicate that the public holds that trust in the institutional boards of trustees. The boards of trustees of all the institutions of higher education in New Jersey are bound by fiduciary obligations. All the institutions are subject to annual audits, and layers of administrative oversight will ensure that proceeds from a higher-education facilities bond will go where the public intended they should.

### Consequences of Not Addressing Higher Education Facilities Needs

If New Jersey does not address the dire facilities needs at its colleges and universities, thousands of New Jerseyans will be turned away from the New Jersey college of their choice.

Students who are fortunate enough to gain admission will pay a higher price, as institutions are forced to dedicate increasing amounts of tuition and fees to provide the facilities necessary for a high-quality education.

New Jersey's employers will have a smaller supply of New Jersey-educated employees, which will impede business expansion and increase the cost of recruiting a skilled workforce. More of the state's highest-achieving students will choose to attend college out of state, and they will be unlikely to return and contribute to the state's economy. More of the core industries in our knowledge-dependent economy will make their investments in new research and development facilities elsewhere, high-paying jobs will flow to other states, and fewer start-up companies that fuel the next generation of economic growth will see New Jersey as a fertile environment in which to locate.

A capital bond for higher education is long over-due and is a necessary foundation to realize the social and economic potential of New Jersey.

**NEW JERSEY COLLEGES AND UNIVERSITIES  
Proposed Capital Bond Projects**

**PROJECT LISTING BY INSTITUTION**

Rutgers University	\$594 million	p. 3
University of Medicine and Dentistry	\$308 million	p. 13
New Jersey Institute of Technology	\$198 million	p. 19
Montclair State University	\$171.8 million	p. 22
Kean University	\$137.1 million	p. 26
William Paterson University	\$129.9 million	p. 29
Rowan University	\$115.7 million	p. 31
College of New Jersey	\$ 93.4 million	p. 33
Richard Stockton College	\$ 89 million	p. 35
New Jersey City University	\$ 82.8 million	p. 37
Ramapo College	\$ 70.3 million	p. 40
Thomas Edison State College	<u>\$ 10 million</u>	p. 42
	\$2 billion	
Camden County College	\$ 45.6 million	p. 43
Bergen Community College	\$ 44.8 million	p. 45
Brookdale Community College	\$ 40.6 million	p. 46
Essex County College	\$ 40.1 million	p. 49
Middlesex County College	\$ 40.1 million	p. 51
Union County College	\$ 39.1 million	p. 52
Mercer County Community College	\$ 31.3 million	p. 55
County College of Morris	\$ 28.7 million	p. 57
Ocean County College	\$ 28.3 million	p. 58
Burlington County College	\$ 25.8 million	p. 60
Hudson County Community College	\$ 25.4 million	p. 63
Passaic County Community College	\$ 24.1 million	p. 64
Atlantic Cape Community College	\$ 22.9 million	p. 66
Gloucester County College	\$ 22.2 million	p. 68
Raritan Valley Community College	\$ 21.6 million	p. 69
Cumberland County College	\$ 14.7 million	p. 70
Sussex County Community College	\$ 14.5 million	p. 72
Salem Community College	\$ 10.2 million	p. 73
Warren County Community College	<u>\$ 10 million</u>	p. 74
	\$530 million	

Seton Hall University	\$ 24 million	p. 75
Fairleigh Dickinson University	\$ 23 million	p. 76
Princeton University	\$ 20 million	p. 77
Monmouth University	\$ 17 million	p. 78
Rider University	\$ 15 million	p. 79
Stevens Institute of Technology	\$ 11.6 million	p. 80
Drew University	\$ 9.5 million	p. 81
Saint Peter's College	\$ 9 million	p. 82
Georgian Court University	\$ 8.5 million	p. 84
Centenary College	\$ 8.5 million	p. 85
Bloomfield College	\$ 8.1 million	p. 86
Caldwell College	\$ 7.5 million	p. 87
Felician College	\$ 6.7 million	p. 88
College of Saint Elizabeth	<u>\$ 6.6 million</u>	p. 89
	\$175 million	

**Total \$2.705 billion**

**NEW JERSEY COLLEGES AND UNIVERSITIES  
Proposed Capital Bond Projects**

**PROJECT LISTING BY COUNTY**

Atlantic	\$106.9 million	p. 2
Bergen	\$121.8 million	p. 3
Burlington	\$ 25.8 million	p. 4
Camden	\$171 million	p. 5
Cape May	\$ 5 million	p. 6
Cumberland	\$ 14.7 million	p. 7
Essex	\$593.5 million	p. 8
Gloucester	\$130.9 million	p. 10
Hudson	\$128.8 million	p. 11
Mercer	\$169.7 million	p. 12
Middlesex	\$530.9 million	p. 13
Monmouth	\$ 57.6 million	p. 14
Morris	\$ 67.8 million	p. 15
Ocean	\$ 36.8 million	p. 16
Passaic	\$292.8 million	p. 17
Salem	\$ 10.2 million	p. 18
Somerset	\$ 21.6 million	p. 19
Sussex	\$ 24.5 million	p. 20
Union	\$176.2 million	p. 21
Warren	<u>\$ 18.5 million</u>	p. 22

**Total \$2.705 billion**

**NEW JERSEY COLLEGES AND UNIVERSITIES  
Proposed Capital Bond Projects**

**PROJECT LISTING BY PURPOSE/FIELD**

Life, Environmental and Physical Sciences	\$746.5 million	p. 2
Classrooms, Laboratories and Technology	\$676.8 million	p. 4
Health Sciences and Clinical Facilities	\$294.5 million	p. 7
Humanities, the Social Sciences, Education, and the Arts	\$283.5 million	p. 8
Libraries and Undergraduate and Graduate Student Academic Services	\$283.1 million	p. 9
Business, International and Communication Studies, Law, and Engineering	\$269.8 million	p. 11
Workforce Training	\$109 million	p. 12
Land Acquisition, Infrastructure and Administration	<u>\$ 41.8 million</u>	p. 13
<b>Total \$2.705 billion</b>		