



## **LONG-TERM CAPITAL PLANNING AND SUPPORT RECOMMENDATIONS FOR NEW JERSEY HIGHER EDUCATION**

### **Introduction**

*A Blueprint for Excellence*, the long-range plan for higher education in New Jersey, identifies strategic goals and objectives to sustain a higher education system that supports individual opportunity and the state's success in a global economy. The recommendations herein for long-term capital support policies for higher education represent the tactical implementation of one part of that strategic plan.

According to a recent report by James W. Hughes and Joseph J. Seneca<sup>[1]</sup>, New Jersey is facing unprecedented competition for high-quality economic growth as regional, national, and global forces threaten the state's position as an economic leader. During the first half of this decade, the state has lost a considerable number of high-paying jobs, and there has been significant erosion in technology-based economic assets. The report points out the critical need for the state to "create and sustain an economic and entrepreneurial environment conducive to the growth of new, high-knowledge-content, high-value-added businesses." And it calls for long-term, strategic investments in the economic infrastructure, including the colleges and universities, to foster the much-needed high-technology economic development.

Ongoing state capital support for New Jersey's colleges and universities is essential, because these institutions are fundamental in shaping the state's future. The campus facilities located across the state must meet the needs of sophisticated and diverse students. They must support the changing needs of the workplace. They must be equipped to facilitate cutting-edge research and the development of knowledge. And they must ensure access, excellence, and affordability across all segments of the population.

As noted in *A Blueprint for Excellence*, New Jersey stands at a crossroads. A handful of states will separate themselves from the others by harnessing the intellectual power of their colleges and universities to propel their economies forward and to increase the quality of life for all residents. Strategic, ongoing capital investments in higher education are necessary to firmly establish New Jersey among those states.

### **Principles to Guide State Support for Capital Needs**

The following principles are proposed to guide policy development and the allocation of state funds for higher education capital projects.

1. State support for higher education capital projects should be based on a statewide capital plan for higher education that prioritizes New Jersey's educational and economic development needs and coordinates state support for eligible colleges

and universities in the state<sup>[2]</sup>.

2. State funding for higher education capital needs should be provided within the context of overall need for state support of higher education access, excellence, and affordability, recognizing that enhanced physical capacity has implications for concomitant increased state operating support and increased funding for student financial aid.
3. State support for major capital construction and renovation should require state and institutional commitment to preservation and maintenance of the new/renovated facilities over the long-term and include state and institutional support to eliminate existing deferred maintenance on campuses.
4. State support for higher education capital needs should include coordinated state review and best practices oversight of the use of state funds.

## Policy Components

Consistent with these principles, three components are recommended below to constitute a state policy for long-term funding assistance for higher education capital needs.

### I. Preservation and Maintenance for Public Institutions

- Support preservation and maintenance at the three public research universities and eight state colleges and universities by a minimum of 1.5 percent of replacement value annually, with 1.0 percent of the funds from the state and a minimum of 0.5 percent from the institutions.
- Each institution would receive one percent of its replacement value for non-auxiliary buildings, and funds must be used in the following order of priority:
  1. Deferred health/safety projects or emergency situations
  2. Deferred compliance requirements that have not met timelines
  3. Scheduled health/safety projects
  4. Deferred renovation and renewal of classroom/library/laboratory buildings
  5. Compliance projects with deadlines approaching
  6. Other renovation and renewal projects
- Periodically increase Chapter 12 for the community colleges as has been the practice in the past, to assist with preservation and maintenance at the two-year public institutions.

### II. Long-Term Financing

- Support a long-term investment to initiate the statewide capital plan for higher education as soon as possible, providing state assistance for existing renovation and construction needs at the eligible institutions.
- The investment in the capital plan will support the state economy through 1.) research and workforce development, 2.) enhanced prosperity and the provision of comprehensive education for New Jerseyans, 3.) growth of new markets, 4.) increased opportunities for business/university collaborations and knowledge transfer, and 5.) increased institutional competitiveness.
- Projects supported by the state investment will address high-priority state educational and economic development needs through the coordinated capital plan for eligible institutions.

- In development of the statewide capital plan for higher education, consideration will be given to institutional assessments of facilities needs within the context of educational and economic development priorities.

### **III. Recurring Investment to Assist With Renovation and Construction**

- Establish a state mechanism(s) to provide recurring funds for renovation and construction to enhance the quality and competitiveness of the system and avoid long periods without state assistance.
- Consider the development of one or more mechanisms, such as:
  - An endowment from which funds are distributed based on state priorities
  - A dedicated funding stream from which funds are distributed based on state priorities
  - An annual appropriation for high-level state and institutional priorities

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[1] “New Jersey’s New Economy Growth Challenges,” Rutgers Regional Report, Issue Paper Number 25, July 2006, by James W. Hughes, Dean, Edward J. Bloustein School of Planning and Public Policy and Joseph J. Seneca, University Professor, Edward J. Bloustein School of Planning and Public Policy.

[2] Eligible colleges and universities include the public research universities, state colleges and universities, community colleges, and independent institutions eligible for state funds under the Aid to Independent Colleges and Universities Act.