

18A: 64-3 to 6.6, 18, 19

LEGISLATIVE FACT SHEET

ON *State Colleges - Fiscal autonomy*

N.J.R.S. 18A: 64-3 to 6.6, 18, 19

(1969 Amendment)

LAWS OF 1969

SENATE 256

INTRODUCED Jan. 23

STATEMENT

AMENDED DURING PASSAGE

HEARING

VETO

CHAPTER 145 Aug. 4 (Senate Committee)

ASSEMBLY Substitute for S 256)

BY White, Tamm, Wallwork and 11 others

YES NO

YES NO

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15 charges to students for room and board at State college facilities
16 leased from the New Jersey Educational Facilities Authority.

1 4. Section 18A:64-19 of the New Jersey Statutes is amended to
2 read as follows:

3 18A:64-19. The board of trustees of each State college shall have
4 control and care of the building and grounds owned and used by
5 the state for the college and shall order necessary repairs to the
6 grounds, buildings, and furniture of the college. [The director of
7 the division of budget and accounting in the department of the
8 treasury shall, upon bills approved by the board of trustees of the
9 State college, draw warrants upon the State Treasurer for the
10 payment of the cost thereof.]

1 5. Section 18A:64-21 of the New Jersey Statutes is amended to
2 read as follows:

3 18A:64-21. All professors, associate professors, assistant profes-
4 sors, instructors, supervisors, registrars, teachers, and other per-
5 sons employed by the board of trustees of the State colleges *after*
6 *July 1, 1967* shall have the same rights of tenure, seniority, pension,
7 protection from liability, rights to legal counsel and all other rights
8 and privileges of similar employees of the State Board of Education
9 or the Commissioner of Education on July 1, 1967 in the existing
10 State colleges.

1 6. Section 18A:63-3 of the New Jersey Statutes is repealed.

1 7. This act shall take effect immediately.

STATEMENT

This legislation is designed to grant our State colleges the same degree of fiscal autonomy as the State Legislature has granted Rutgers, the State University, on the premise that our public institutions of higher education should receive similar treatment with respect to fiscal and budgetary controls.

The Citizens Committee of Higher Education which was the primary force for a separate board of higher education included the following statement in their recommendations on May 14, 1966 (paragraph A.2):

“Colleges and universities require a substantial degree of autonomy to develop the initiative, the imagination, and the sense of identity characteristic of strong and vigorous institutions of higher education. This is partly because institutions in which the faculty and administration are entrusted with a large measure of responsibility are, by this very fact, aided in attracting and keeping the most able faculty and staff.”

Autonomy and flexibility which seem to be the intent of P. L. 1966, chapter 302 (Higher Education Act of 1966) are contradicted in its provisions as applied to State colleges. State colleges remain under Public Laws 1944 and 1954 which prohibit the State college boards of trustees from directing and controlling salary policies, expenditures, entering into contracts and agreements, or purchasing lands, buildings, equipment, materials and supplies; employing architects, engineers, et cetera. Public Laws of 1944, chapter 112 and Public Laws of 1954, chapter 48 delegate this authority to other State offices or administrators not in the colleges or the Department of Higher Education.

If we entrust to high quality boards of trustees, college presidents and administrators the tasks of expanding and improving our higher education facilities, then we must entrust them with the tools with which to do the job. One of the most essential tools is the authority to spend the moneys appropriated as the boards of trustees and the college presidents and administrators judge fit, in their expert opinion.

The budget for Rutgers University meets satisfactorily the test of fiscal autonomy. Its current operating budget of over \$32 million was appropriated after presentation by the Board of Governors and the State Board of Education to the Governor and the Budget Director, and upon approval of the Legislature. Once appropriated, the moneys of the operating budget may be transferred for use as needed in the judgment of the Board of Governors and the President of Rutgers, upon approvals made by their own budget staff. The moneys appropriated for capital construction understandably may not be transferred for uses other than specifically specified, without approval of the Budget Director of the State. We should learn to entrust the counterparts of Rutgers in the State colleges to the same extent. Indeed, we must, if we are to expect to attract and hold the highest calibre administrators and members of boards of trustees to these colleges.

Aside from the example of Rutgers, the system recommended is in use in other States. For example, in Ohio each of the 13 State institutions submits a detailed budget to its board of trustees, then to the board of regents, which is the state co-ordinating board and finally to the Director of finance of the state and the legislative committees. Once approved, this "instructional subsidy" is appropriated to each college, and there is freedom to use such funds as may be necessary within that higher educational facility. Each institution thus has true fiscal autonomy.

Under the Higher Education Act, the board of trustees of the State colleges are subjected to unnecessary red tape over promotion of personnel, construction, and transfer of funds. It is the intent of this legislation to provide to the State colleges a degree of general autonomy and fiscal autonomy equal to that which is granted to Rutgers, the State University, the Newark College of Engineering, and the county colleges. This bill will give equal fiscal treatment to all public colleges and thus eliminate a "double standard" with respect to our public institutions of higher education.

Comm.
SENATE AMENDMENTS TO
SENATE, No. 256

STATE OF NEW JERSEY

ADOPTED MARCH 10, 1969

Amend page 1, section 1, line 9, after "colleges", insert "except as otherwise provided by this act".

Amend page 1, section 2, line 4, after "policies", omit "and", insert a ",", and after "guidelines", insert "and procedures".

Amend page 2, section 2, line 20, after "control", insert "in accordance with the general policies and guidelines established by the Board of Higher Education".

Amend page 2, section 2, line 36, after "compensation", insert "of a president".

Amend page 2, section 2, line 41, after "president,", omit "shall have the sole power to".

Amend page 2, section 2, line 46, after "policies", insert "adopted by the Board of Higher Education".

Amend page 3, section 2, line 54, omit "II", insert "11".

Amend page 3, section 2, lines 73 to 80, omit lines 73 through 80 in their entirety and insert a new paragraph k. as follows:

"k. Enter into contracts and agreements for the purchase of lands, buildings, equipment, materials and supplies; for the employment of architects, engineers, and other persons desired in the planning of buildings, equipment and facilities; and for the construction of such buildings, equipment and facilities. In entering into such contracts and agreements, the board of trustees shall be governed by P. L. 1954, chapter 48, but only to the extent of the advertising and bidding requirements set forth therein;"

Amend page 4, section 5, lines 1 to 10, omit section 5 in its entirety.

Amend page 4, section 6, line 1, omit "6.", insert "5."

Amend page 4, section 7, line 1, omit "7.", insert "6.", and after "immediately", insert ", but shall be inoperative for 90 days thereafter".

11 If such failure is not explained to the satisfaction of the director,
12 he shall prepare written charges against such officer and submit
13 the same to the board of trustees forthwith, and serve a copy
14 thereof upon such officer charged with such failure or refusal.
15 Thereupon the board of trustees shall fix a time and place for hear-
16 ing such charges by giving not less than 5 days' notice thereof in
17 writing to such officer and to the director. After due hearing, the
18 board of trustees may take such action as may be necessary, in
19 its judgment, including the recommendation of removal of such
20 officer found guilty of such charges.

1 10. The State Treasurer may prescribe a central payroll and
2 disbursing system for the State colleges when he has determined
3 that such a system is more economical and efficient than alternate
4 systems.

1 11. Whenever, in the case of extravagance, waste or mismanage-
2 ment, it appears to the satisfaction of the Governor that any ap-
3 propriation by a State college is not in the best interest of the State,
4 he may prohibit and enjoin such expenditure or any future ex-
5 penditure under the appropriation and prescribe the terms upon
6 which the same may be made, if at all, by making and signing an
7 order to that effect and serving it on the fiscal officer of such State
8 college, and also serving a certified copy of the order upon the
9 State Treasurer and upon the Director of Purchase and Property,
10 whereupon the order shall immediately become operative. Upon
11 such service future expenditures under the appropriation shall be
12 limited according to the terms of the executive order. The Gov-
13 ernor, in such cases, may make other and further orders as may
14 be necessary or advisable in his discretion which orders shall be-
15 come operative upon such service.

1 12. This act shall take effect 90 days after its enactment.

STATEMENT

It is the intention of the Legislature through these amendments to the Higher Education Act of 1966 that the high degree of self-government given to the State colleges be enhanced through a decentralization of authority and decision-making to the boards of trustees and administrators of the State colleges in the areas specified.

The amendment to section 18A :64-6 is intended to clarify that the Board of Higher Education has the right, responsibility and power to adopt and promulgate policies, guidelines and procedures subject to which decisions are to be made by the trustees of these autonomous State colleges and their administrations.

The additional language in section 18A:64-6 (d) makes explicit the authority of the Department of the Treasury through its Division of Budget and Accounting to control the form and time schedule and all other procedures necessary to insure the orderly and efficient transmission of budget requests. It is intended that the budget will be formulated and the Legislature will appropriate funds for the State colleges in a limited number of primary expenditure accounts.

The effect of the amendment to section 18A:64-6 (e) is to leave the concepts embodied in P. L. 1944, chapter 112, largely intact, while amending it in certain particulars insofar as the State colleges are concerned. Specifically, this amendment permits the board of trustees to designate the president of the college or other person as the fiscal officer having the legal capacity to obligate those college funds which have been appropriated. In addition, the amendment places a clear obligation on the fiscal officer to authorize the expenditure of funds only in accordance with law, appropriations and the stated policies of the board of trustees. Sections 6, 7, 8 and 9 of this act provide procedures and penalties similar to those presently applicable to all other officers of the State who are charged with fiscal responsibility. These provisions offer adequate safeguards against misuse of State funds. This amendment also makes clear that the processing of legal obligations incurred by the responsible fiscal officer of the college by the Division of Budget and Accounting is a ministerial act.

The amendment to section 18A:64-6 (f) implicitly permits the colleges to transfer funds within the primary expenditures accounts established by the Legislature, but it requires that the transfers among these major accounts must be approved by the Chancellor, the Director of the Budget and the Legislative Budget and Finance Director.

As amended, section 18A:64-6 (g) makes the president of the college a member of the board of trustees ex officio but without vote. This is characteristic of other similar boards and commissions within the State.

The amendments to section 18A:64-6 (h) make clear that the colleges have the power to appoint all professional employees subject only to the restriction that the appointments must be made within salary ranges and policies adopted by the Board of Higher Education and concurred in by the Governor. Classified employees will continue to be appointed under existing civil service regulations and procedures.

Section 18A:64-6 (k), as amended, gives to the colleges wide-ranging authority to make purchases and to enter into contracts for materials and services, all in accordance with the policies and procedures prescribed by the Board of Higher Education and concurred in by the State Treasurer and the Director of the Division of Purchase and Property.