

Personal Response to the Vagelos Report

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This is my personal response, as a member of the Rutgers faculty, to the report and recommendations of the New Jersey Commission on Health Science, Education and Training (<http://www.state.nj.us/health/hset/hset.pdf>).

The Commission's report is remarkably candid and informative. It has produced much-needed reflection about improving higher education in New Jersey on the part of the faculty, who are usually too occupied with their individual responsibilities to ask the broad questions that the report asks. Bravo to the Commission for the clarity and importance of its analysis and its proposals. There are three distinct proposals:

1. New Jersey should provide a much higher level of support for higher education from state tax funds.
2. Rutgers should be merged with UMDNJ and NJIT.
3. The enlarged Rutgers should be decentralized—divided into three separate and largely autonomous universities.

I believe that these proposals need to be considered separately, and that clear and honest discussion of the proposals for merger and decentralization must take into account the near certainty that the first proposal, expanded tax support for public higher education, will not be implemented quickly.

I will discuss the three proposals from my perspective as a Rutgers faculty member in Newark. Then I will discuss how merger and decentralization might affect my own school, the Rutgers School of Business – Newark and New Brunswick.

Expanded Support for Public Higher Education in New Jersey

As the report points out, excellence in higher education begins with adequate funding, and New Jersey lags significantly behind other states in its financial support for higher education. To document New Jersey's low level of support for higher education, the report uses data from Illinois State University's Grapevine Survey, which I reproduce in Appendix A. As the data show, New Jersey ranks well below average in the amount of state tax funds devoted to higher education: 32 among 50 states in the amount spent per person, and 41 among 50 in the amount spent as a fraction of personal income.

The other wealthy northeastern states—New York, Connecticut, Massachusetts, and even Pennsylvania—rank even lower than New Jersey on these metrics. All of these states have very strong private universities, where political and business leaders tend to be trained, and historically these leaders have been less interested in public higher education than their counterparts in other regions of the country. But the times are changing. Today economic development depends on much broader access to higher education, and this puts New Jersey at an economic disadvantage, even relative to the other wealthy northeastern states. Harvard, Yale, Columbia, NYU, and the University of Pennsylvania, though private, are very large universities, with relatively large undergraduate bodies and many professional schools, while Princeton, New Jersey's only prominent private university, concentrates its remarkable wealth on remarkably few students. The consequence, as the Commission's report points out, is an exodus of talent. New Jersey ranks third in the nation in out-migration of high school graduates.

Last spring, President Fenster of NJIT and Provost Samuels of Rutgers-Newark used the occasions of their retirement to speak out concerning the urgent need for New Jersey to sharply expand its investment in higher education. The many voices like theirs, together with the attention that has been paid to the Commission's report, gives reason to hope that such an investment will be forthcoming. But the state budget is so overstretched that everyone expects contraction rather than expansion in the short term. So the Commission chose, in its report, to avoid spelling out the magnitude of the expenditure that will be needed to achieve its goals, concentrating instead on proposals for reorganization. This may have been wise, but clear and honest evaluation of their proposals for reorganization requires that we consider how these proposals might work during a lengthy initial period when new resources are very limited. We will get confusion and miscommunication if we instead hide our jockeying for increasingly scarce resources under a pretense that there will be a lot of new money for everything.

Comparison with California and Texas

On several occasions, the report singles out the University of California and the University of Texas as possible models for New Jersey. The comparison with California strikes a positive chord with any faculty member. We all want to see our New Brunswick and Newark campuses rival Berkeley and UCLA. But a realistic assessment must take into account the realities of population size in addition to New Jersey's reluctance to spend for public higher education. California and Texas are the most populous states in the country, and their total expenditure for higher education surpasses that of other states by a larger margin than their population. Here is how they compare with New Jersey:

	Population (2000 census)	× NJ	FY 2002 appropriations for higher ed	× NJ
California	33,871,648	4.0	\$9,468,062,000	5.3
Texas	20,851,820	2.5	\$5,074,633,000	2.8
New Jersey	8,414,350		\$1,794,946,000	

To fill out the picture, here is the other information on the three states from Appendix A:

	FY 2002 appropriations per capita	× NJ	FY 2002 appropriations per \$1000 personal income	× NJ
California	\$274.43	1.3	\$8.23	1.5
Texas	\$237.97	1.1	\$8.26	1.5
New Jersey	\$211.57		\$5.52	

If we acknowledge the lower cost of living in Texas, this suggests that we need a 30% to 50% increase in appropriations for higher education to match the effort that is made by California and Texas. And even then, we would lack the sheer size that permits them to put extra resources into their leading institutions without overly shortchanging the others.

Advantages of a Merged Campus in Newark

For several years, I served as director of the Ph.D. in Management Program, which is offered by Rutgers-Newark campus in cooperation with NJIT. Based on this experience, I am in complete agreement with the Commission's belief that a merged Newark campus would be more effective in encouraging collaboration across disciplines. Immense obstacles to collaboration are created by the differences in rules, requirements, and faculty and student benefits at Rutgers, NJIT, and UMDNJ. Under the present system, so much work goes into administering teaching programs and research grants that cross university lines that there often seems to be no time left to do the teaching and research. In practice, even getting permission to enroll a student from NJIT in a course at Rutgers can sometimes require going nearly to the top of the hierarchies at the two institutions.

One of the most important benefits would be the greater availability of the expertise in the NJIT computer science department to the students and research programs at Rutgers and UMDNJ. Merger would also open the way to the development of much greater strength in statistics and related areas of computer science. Growth in these areas is essential for excellence in many areas of research, including medicine, but this growth on the Newark campus has been stunted by the limited size of each of the institutions.

The Recommended Decentralization

According to the report, the merger of Rutgers, NJIT, and UMDNJ would result in an institution with 36,793 students in New Brunswick, 21,442 in Newark, and 5,566 in Camden, for a total of 63,601. Some comparisons may be helpful:

- The largest university campus in the country, the University of Texas at Austin, has 49,996 students.
- The University of Michigan system has a total of 52,395 students. Of these, 37,595 are at Ann Arbor and the others are at master's level institutions: 6,316 at Flint and 8,484 at Dearborn.

Because of its size, the merged university would obviously need, as the report says, to grant its three geographic locations "significant academic and administrative autonomy".

Among the report's many recommendations about how the new system should be organized, the following seem particularly salient:

- The system's central administration in Trenton should make final determination on major university proposals such as new schools, large capital investments, or significant budgetary increases (p. 78).
- Each of the three universities should make its own decisions about the allocation of resources based on priority areas and longer-term strategic planning (p. 79).
- All three universities should begin by building the quality of their medical schools (p. 87).
- New Jersey should consider a formula-funding system for the three universities. The formula might begin with historic levels of funding and add increases based on price indices and student numbers (p. 89).
- Each university should have a Board of Advisers to serve as a liaison to its local community (p. 88).

The Commission believes that these measures would enhance the ability of the system to attract resources and promote excellence.

Some Thoughts on the University at Newark

The report repeatedly cites the Universities of California and Texas as benchmark systems. In this context, the preceding recommendations might suggest that the two larger of the three universities, the universities at New Brunswick and Newark, would be expected to perform similar tasks for different geographical areas. But we must also remember these points:

- Newark and New Brunswick are only 30 miles apart, closer together than any of the campuses in the California or Texas systems. To a very large extent, they serve the same geographical area.

- Within Rutgers, the Newark and New Brunswick campuses have been dividing responsibility for different areas of professional training, with Criminal Justice, Nursing Law, and Business being located in Newark and numerous other professional schools being located in New Brunswick. There has been a similar partial division of labor within the health sciences, with Nursing and Dentistry at Newark and Pharmacy at New Brunswick.
- The New Brunswick campus, with its vastly larger physical plant and higher historical level of funding, will usually be able to achieve a higher level of excellence than the Newark campus in any particular area to which both campuses decide to give priority.

Until the time comes when New Jersey provides an avalanche of new funds to make the two campuses comparable to Berkeley and UCLA, it may make sense to continue existing divisions of labor between Newark and New Brunswick. This suggests a somewhat stronger role for the central administration of the system than the Commission recommends. Faculties of independent universities will not be deterred from developing competing programs by reviews that are mandated only when the effort reaches the level that would justify the creation of a new school.

Historically, the NJIT and Rutgers-Newark campuses have had lower admissions requirements for undergraduates than the Rutgers-New Brunswick campus, and in recent years the Rutgers-Newark campus has been celebrated for its diversity and its role in providing opportunity for students whose parents have not been college-trained. Provost Steven Diner has articulated a mission for the Newark campus that includes continuing and expanding this role, with substantial increases in undergraduate enrollment. At the same time, he has developed an Honors College within the College of Arts and Sciences, as a way of attracting and holding stronger students and faculty. Like Newark's role in professional education, this vision cannot be sustained unless it is seen as a priority for the state, not just a priority for a local community, and is supported by the central administration of the system.

The health sciences should not be allowed to swallow up all other priorities at Newark. The Commission justifies its recommendation that all three universities make their medical schools their first priority on the grounds that the quality of the medical school "will be the main driver of the Universities' reputation in the health sciences and have the largest impact in drawing top quality faculty and research funding" (p. 87). Whether or not the medical school should be the first priority within the health sciences, there is no persuasive argument here for making it the first priority overall in the merged university. The very fact that the Commission is proposing to rescue UMDNJ by drawing on Rutgers's prestige and success demonstrates that spending on the health sciences is not necessarily the most effective way to build a university's reputation. Certainly California and Texas, the Commission's favorite models, do not see the health sciences as a driver of the reputation of a university in other fields. Instead of putting its medical schools in its academic universities, Texas has separate medical universities, and the University of California has built a health care university in San Francisco instead of developing it at Berkeley.

On page 104 of its report, the Commission recommends that the implementation task force for each new university should include a Community Advisory Group drawn from community leaders at each campus location, including student representatives. I believe that "community" should be interpreted broadly in this context. The new Newark university will be funded by the State of New Jersey, not by the City of Newark or Essex County, and it needs broad political support.

The Rutgers School of Business – Newark and New Brunswick

My own school is in an exceptionally odd position in this discussion, because it spans the Newark and New Brunswick campuses. Created in 1996 by the merger of the Graduate School of Management at Newark with two undergraduate units, one in Newark and one in New Brunswick, we continue to offer separate undergraduate degrees in Newark and New Brunswick. Our masters programs, including the MBA, remain mostly at Newark, but we offer some classes in New Brunswick and other satellite locations. We offer a Ph.D. program in Newark in cooperation with NJIT. (See Appendix B.)

If Rutgers-Newark is merged with NJIT, our school will face yet another merger, this time with the relatively small School of Management at NJIT. This is a minus, because we will be taking over responsibility for programs that are less well funded than the programs at Rutgers. On the other hand, being part of a larger local university in Newark will eventually strengthen our doctoral program, and this is important for recruiting first-rate faculty. The students in all our programs in Newark will have easier access to expertise in computer science and information systems, and eventually we can also expect better support in statistics and economics.

The most important question for our school raised by the Commission's proposals, however, is whether the merger of the Newark and New Brunswick faculties will be undone as part of the proposed decentralization. The merger was carried out at the insistence of the president of Rutgers, Francis Lawrence. At the time, the undergraduate business school in New Brunswick was pushing to develop its own MBA and Ph.D. programs, duplicating programs that already existed in Newark. President Lawrence believed that Rutgers could not afford two full-fledged business schools only 30 miles apart in Newark and New Brunswick. It is hard to disagree with this premise. Business schools are expensive, and even if we hope to see greatly expanded funding for higher education in New Jersey down the road, the many other important priorities in higher education will surely preclude funding of two full-fledged business schools at the level that would be expected of a university of the caliber of Rutgers. No state in the United States has funded two such business schools so close together. However, if the Newark and New Brunswick campuses acquire the autonomy suggested by calling them separate universities, there will be persistent and probably irresistible pressures to develop a full-fledged business school in New Brunswick.

Nearly everyone will agree, I think, with my assertion that New Jersey will not fund two full-fledged business schools at the level expected of Rutgers. Some of my colleagues, however, would favor the development of a full-fledged business school in New Brunswick, with the expectation that it would become Rutgers's flagship business school, while the school at Newark would stagnate. These colleagues see a number of advantages at New Brunswick: its historically higher level of funding, its association with an undergraduate body with higher admission standards, its stronger faculty in the social sciences, and the presence of well-funded research institutes (including RUTCOR, the Rutgers Center for Operations Research) that permit some faculty members in the business school greater freedom to do research and work with doctoral students.

Some of my colleagues have argued that competition between Newark and New Brunswick in business education would be healthy. This does not make sense to me. Competition for funds in the state legislature would be not edifying, and there will be no competition when a richer New Brunswick university and a poorer Newark university go into the academic market place to look for faculty. Rather than competition, we need rational decision-making, either at the level of a central Rutgers administration or the level of a system administration that may need to be somewhat more involved in details than suggested by the Commission's report. We need a clear decision at this state level about where New Jersey's flagship public business education should be located.

As a resident of New Jersey who has spent 30 years in university teaching, 10 of them at Rutgers, I want to devote the rest of my career to improving what Rutgers has to offer, not in competing with my colleagues to determine where it should be offered. I would not object to relocating our joint effort to New Brunswick. But because it seems very unlikely that the state will make this decision, I favor clear decisions that will make our school headquartered in Newark work effectively. So I conclude with the following recommendations:

1. The funding mechanism for the professional schools in Newark should be appropriate for their continuing role as flagship schools for Rutgers and New Jersey. Decentralization should not be pushed to such an extent that the disparity between funding for undergraduate education in Newark and New Brunswick is extended to a disparity between funding for the professional schools in Newark and New Brunswick.
2. The state should provide in Newark funding of the kind that has been provided to New Brunswick through the Rutgers Center for Operations Research and other research centers. Such centers,

which permit top research faculty greater freedom to do research and work with doctoral students, are essential to attracting top-flight faculty for the business school.

Appendix A. Rankings of States on Appropriations of State Tax Funds for Operating Expenses of Higher Education, FY 2002. Copied from <http://www.coe.ilstu.edu/grapevine/table5.html>.

State	Appropriations (\$1000s)	Per \$1,000 Income \$	Rank	Per Capita \$	Rank
Alabama	1,116,129	10.29	13	250.03	16
Alaska	204,837	10.55	10	322.58	3
Arizona	949,926	7.04	33	178.99	41
Arkansas	653,386	10.64	9	242.71	17
California	9,468,062	8.23	22	274.43	11
Colorado	783,421	5.31	45	177.32	42
Connecticut	761,942	5.18	46	222.46	27
Delaware	189,228	7.43	26	237.72	21
Florida	2,822,083	6.00	40	172.11	43
Georgia	1,699,438	7.09	30	202.70	34
Hawaii	349,159	9.95	14	285.26	7
Idaho	330,776	10.32	12	250.40	15
Illinois	2,922,599	7.06	32	234.15	22
Indiana	1,321,191	7.80	23	216.06	31
Iowa	830,226	10.42	11	284.03	8
Kansas	715,585	9.28	18	265.52	14
Kentucky	1,084,605	10.65	8	266.75	13
Louisiana	997,813	9.34	17	223.47	26
Maine	239,892	7.00	35	186.40	40
Maryland	1,297,406	6.88	37	241.38	18
Massachusetts	1,009,921	3.99	49	158.32	48
Michigan	2,273,532	7.65	24	227.56	25
Minnesota	1,382,576	8.36	20	278.07	10
Mississippi	805,964	13.10	2	282.00	9
Missouri	1,049,504	6.60	39	186.41	39
Montana	149,738	7.03	34	165.64	44
Nebraska	525,220	10.84	6	306.61	5
Nevada	346,845	5.48	42	164.69	47
New Hampshire	107,608	2.49	50	85.47	50
New Jersey	1,794,946	5.52	41	211.57	32
New Mexico	611,173	14.46	1	334.16	2

New York	3,574,159	5.14	47	188.00	36
North Carolina	2,442,690	10.74	7	298.40	6
North Dakota	201,497	12.11	3	317.82	4
Ohio	2,205,481	6.74	38	193.91	35
Oklahoma	824,891	9.69	15	238.41	19
Oregon	714,837	7.22	29	205.83	33
Pennsylvania	2,035,092	5.35	44	165.63	45
Rhode Island	174,939	5.43	43	165.19	46
South Carolina	896,773	8.87	19	220.72	29
South Dakota	141,973	7.07	31	187.55	37
Tennessee	1,073,136	6.93	36	186.96	38
Texas	5,074,633	8.26	21	237.97	20
Utah	608,644	11.07	5	268.13	12
Vermont	73,195	4.21	48	119.40	49
Virginia	1,681,646	7.25	28	233.95	23
Washington	1,373,895	7.35	27	229.44	24
West Virginia	392,051	9.58	16	217.56	30
Wisconsin	1,192,913	7.58	25	220.83	28
Wyoming	169,929	12.00	4	343.99	1
Total	63,647,105				
Median		7.50		225.52	

Appendix B. The Organization of Business Education at Rutgers

When I came to Rutgers in 1992, management education at Rutgers was organized into six different units:

1. The Graduate School of Management, which I joined, was headquartered at Newark. It offered a large MBA program, as well as the only Ph.D. program in business at Rutgers. It did not teach undergraduates. Students in the MBA program could take some classes at New Brunswick (and also at some other satellite locations), but they generally had to come to Newark to complete their degrees. All the school's Ph.D. courses were offered on the Newark campus, some in cooperation with NJIT. The school had six departments: Accounting and Information Systems, Finance and Economics, International Business and Business Environment, Management Science and Information Systems, Marketing, and Organization Management.
2. Undergraduate business education at Newark was handled by a business department in the Newark College of Arts and Sciences.
3. Undergraduate education at New Brunswick was handled by a separate School of Business, with an undergraduate program only. The enrollment in this program was capped, resulting in a relatively high grade-point average for its students. In addition to teaching undergraduates, the faculty occasionally participated in the Ph.D. program in Newark. Although it did not have an

MBA or Ph.D. program, it is generally agreed that the eventual development of such programs had been intended when the school was established in the 1980s.

4. The Rutgers Center for Operations Research in Piscataway offered a Ph.D. degree in Operations Research. Some of the faculty in this research center also had joint appointments in the management science department of the New Brunswick school of business.
5. The School of Management and Labor Relations at New Brunswick had undergraduate, masters and doctoral programs. Their work overlapped somewhat with the organization management departments of the School of Business and the Graduate School of Management. It also trained students in personnel administration, a specialty largely absent from the other schools.
6. There was also a School of Business – Camden, offering undergraduate and MBA degrees.

The first three units on this list were merged during the period from 1993 to 1996. The other three units were not affected.

The merged school, still headquartered in Newark and reporting to the Newark provost, is called “the Rutgers School of Business – Newark and New Brunswick.” Its academic programs have not changed substantially since the merger. The Ph.D. and MBA programs continue to be headquartered in Newark. The school teaches two distinct undergraduate programs, one at New Brunswick and one at the Newark.

The consolidation of the faculty has been less thorough than it might have been. For the most part, existing faculty retained the offices at their original locations, and new faculty also tend to have an office at one location and to be identified with that location. Faculty based in New Brunswick have increased their participation in the Ph.D. program but not in the MBA program. Even most MBA classes on the New Brunswick campus are still taught by faculty members with offices in Newark. Each department within the school has members based on both campuses, and many departments alternate meetings and seminars between the two campuses. Videoconferencing is also used. If the merged school continues to exist, I believe that it is important to provide offices in Newark for faculty members who also need offices in New Brunswick because of their undergraduate teaching there. This is important in order to build the faculty cohesion needed for effective program development and the recruitment of new faculty. The cost of multiple offices would be more than repaid by the resulting cohesion and effectiveness of the faculty groups.