

State of New Jersey Commission of Investigation



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SCI RECOMMENDS VAST REFORM OF PUBLIC HIGHER EDUCATION; FINDS ENTIRE SYSTEM VULNERABLE TO WASTE AND ABUSE

TRENTON — The State Commission of Investigation today recommended sweeping reforms in the governance, oversight and accountability of public higher education in New Jersey, finding the entire system vulnerable to waste, abuse and violations of the public trust.

Issuing the final report of a broad-based investigation triggered by revelations of corruption at the University of Medicine and Dentistry of New Jersey (UMDNJ), the SCI concluded that nothing short of comprehensive structural change will protect all state colleges and universities — and the taxpayers' investment in them — from questionable and patently abusive operating practices.

Although UMDNJ has undertaken significant internal reform efforts, the SCI reports states, “The findings of this investigation demonstrate that piecemeal change would be a grossly inadequate strategy in the face of problems whose scope and cause extend well beyond the narrow confines of a single institution. Unless New Jersey is willing to tolerate the risk of history scandalously repeating itself somewhere within this troubled system, wholesale reform is the only sensible and responsible course of action.”

The Commission found that deregulation of higher education more than a decade ago has been a failure from the standpoint of maintaining effective operational oversight accountability and transparency, as evidenced by:

- Additional contracting and procurement abuses and waste at UMDNJ, including favored treatment of vendors in exchange for personal gifts and benefits for university employees.
- Questionable and undocumented travel, business and entertainment expenditures, and lack of budgetary and accounting transparency at Rutgers University.
- Excessive intrusion of politics, including millions of dollars in lobbying expenditures, efforts to solicit state college and university officials for campaign fundraising and influence-peddling in the appointment of institutional governing boards.
- Instances in which state college and university boards of trustees, through action or inaction, exercised questionable due diligence through inappropriate delegation of authority and/or failure to keep abreast of matters carrying fiscal or operational consequences.
- Virtually unrestrained borrowing practices that have saddled New Jersey’s public colleges and universities with some of the heaviest long-term higher-education debt loads in the nation.

In completing this investigation, the SCI took extraordinary and unprecedented steps to ensure the adequacy, practicality and reasonableness of recommendations for systemic reform.

Many prominent individuals and organizations deeply familiar with public higher education in New Jersey were consulted, and their input assisted immensely in the design of viable reforms to strengthen oversight, accountability and transparency while maintaining effective institutional autonomy.

Key recommendations would:

- Elevate the New Jersey Commission on Higher Education into the Governor’s cabinet and empower it to ensure that public higher education – and its proper and effective governance – are priorities.
- Establish a “Sarbanes/Oxley-style” law for public higher education to require that all state colleges and universities adhere to rigorous and uniform standards governing financial management and internal controls.
- Overhaul the composition of state college and university governing boards, revamp the process by which they are appointed and enhance their training and self-oversight responsibilities.
- Enact controls on lobbying by public institutions of higher education and expressly prohibit lobbyists and government-relations personnel, while acting on behalf of such institutions, from soliciting campaign contributions and engaging in partisan political activities.
- Establish a statewide master plan and strengthen due diligence requirements for state college and university capital improvements, maintenance projects and bonded indebtedness.

- Create a Task Force on Higher Education to define and codify state college and university charters in the context of public policy and academic concerns and to make recommendations for the system’s future mission and structure.

“As action is taken to address these and other issues,” the report concludes, “the central challenge will be to avoid going to extremes. A balance must be struck for the proper governance and oversight of public higher education without returning to the tightly regulated, top-heavy and burdensome structure of past state involvement. Institutional autonomy is important and must be retained, but it must be coupled with effective oversight, accountability and transparency.”



The State Commission of Investigation is an independent New Jersey watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of reports are available at the Commission’s offices or via its Web site at www.state.nj.us/sci.