

# The FY 2007 Budget

(In Millions)

	<u>FY2006 Adjusted Approp.</u>	<u>FY2007 Budget</u>	<u>% Change</u>
Opening Surplus	\$ 780	\$ 824	5.6
Revenues			
Income			
Base	10,585	11,720	10.7
Initiatives		(105)	
Sales			
Base	6,716	6,944	3.4
Initiatives		1,433	
Corporate			
Base	2,805	2,463	(12.2)
Initiatives		60	
Other			
Base	8,091	7,829	(3.2)
Initiatives		308	
Total Revenues	<u>\$ 28,197</u>	<u>\$ 30,652</u>	8.7
Lapses	<u>112</u>		
Total Resources	<u>\$ 29,089</u>	<u>\$ 31,476</u>	8.2
Appropriations			
Original	\$ 27,920	\$ 30,875	10.6
Supplemental	<u>345</u>		
Total Appropriations	<u>\$ 28,265</u>	<u>\$ 30,875</u>	9.2
Fund Balance	<u>\$ 824</u>	<u>\$ 601</u>	

Elected Official Meetings:

Governor, Governor's staff

15 Legislators

Committee testimony

Assembly Budget Hearing at NJIT

Additional meetings throughout April, May, and June

## *Growth in Selected Mandated Programs*

(In Millions)

Teachers' Pension and Annuity Fund	\$	744.12
Homestead Rebates		529.80
Charity Care - Replace UI Diversion		300.00
Medicaid Including Long Term Care (Includes \$50 million UI Diversion)		358.04
Pensions State Employees		287.70
G.O. Debt Service Costs		263.46
Salary Increases State Employees		199.95
All Other Debt Service		184.13
Business Employment Incentive Program		169.67
School Construction and Renovation Fund		115.95
Child Welfare Reform		114.98
Education Opportunity Aid (Abbott Districts)		92.00
Local Teachers' Post-Retirement Medical		54.36
State Employees' Active and Retirees Health Benefits		54.15
CBT Constitutionally Dedicated Programs		53.83
Pharmaceutical Assistance Aged and Disabled (PAAD)		52.50
Abbott Preschool Expansion Aid		39.00
Local Employee Benefits		33.50
New Jersey Building Authority Debt Service		30.62
Central Rent, Fuel and Utility Costs		28.10
NJ Transit Operating Subsidy		27.00
TANF Work Activities Case Management		21.00
Senior / Disabled Citizens' Property Tax Freeze		20.50
Pension Bond Debt Service		15.38
DDD Placement Annualization		11.10
Mental Health Community Placements		10.00

**Total=\$3,810.84**

# *FY 2007 Revenue Actions*

(In Millions)

## **Taxes**

Sales Tax - Increase to 7%	\$ 1,085
Sales Tax - Consumer Services	248
Cigarette Tax	80
Corporation Business Tax Surcharge 2.5%	60
Surcharge on New Luxury Car Registrations	17
Realty Transfer Tax Commercial Property >\$1 Million	17
Alcohol Beverage Tax Increase	12
Water Supply Surcharge	12

## **Miscellaneous Revenues**

Sales Tax - Urban Enterprise Zone Reform	100
State Disability Benefit Fund	50
Autonomous Transportation Authorities	38
Improved Tax Collections from Audit and Enforcement Collection	36
State Police Rural Patrol	24
Other	<u>22</u>

**Revenue Solutions** 1,801

Low-Income Refundable Tax Credit (105)

**Total Revenue Actions** \$ 1,696

## FY07 Proposed State Budget (millions)

Item	FY06	$\Delta$ for FY07	% $\Delta$
“Tax” rate $\uparrow$		\$1,696	
Other revenue $\uparrow$		\$914	
Mandated $\uparrow$		\$3,811	+13.5%
Expenditure $\downarrow$		(\$1,201)	-4.3%
Budget	\$28,265	\$2,610	+9.2%

## Reductions

**Higher Education (\$117 million):** Reductions of 10% in the State subsidy to senior public institutions (\$89 million), county colleges (\$16 million) and a 50% reduction in aid to independent colleges (\$12 million), all of which will need to seek the same types of cost efficiencies that the State plans to employ.

## Constraints

**Higher Education (\$122 million):** This Budget does not provide growth for fringe benefits (\$80 million) and salary increases (\$42 million) for senior public colleges;

## Higher Education

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	\$ Change
<b>Senior Public Institutions</b>			
Rutgers University	\$ 356.3	\$ 300.3	\$ (55.9)
UMDNJ	242.9	194.2	(48.8)
NJIT	51.5	45.8	(5.8)
Thomas Edison State College	6.7	5.4	(1.2)
Rowan University	39.5	35.4	(4.1)
New Jersey City University	33.5	30.1	(3.4)
Kean University	43.2	37.8	(5.4)
William Paterson University	42.1	37.8	(4.2)
Montclair State University	50.4	44.8	(5.6)
College of New Jersey	38.0	34.0	(4.0)
Ramapo College of New Jersey	21.4	19.0	(2.4)
Richard Stockton College of New Jersey	25.7	23.0	(2.7)
<b>Subtotal Senior Publics Direct Aid</b>	<b>\$ 951.1</b>	<b>\$ 807.6</b>	<b>\$ (143.5)</b>
Senior Publics Salary Funding	-	-	-
Senior Publics Net Fringe Benefits	545.7	545.7	-
<b>Total Senior Publics</b>	<b>\$ 1,496.7</b>	<b>\$ 1,353.2</b>	<b>\$ (143.5)</b>
<b>Total County Colleges <sup>(a)</sup></b>	<b>223.6</b>	<b>208.1</b>	<b>(15.5)</b>
<b>Total Independent Colleges and Universities</b>	<b>24.0</b>	<b>12.0</b>	<b>(12.0)</b>
<b>Student Financial Assistance</b>			
Tuition Aid Grants (TAG)	208.9	214.7	5.8
Part-time TAG for County Colleges	4.5	4.9	0.5
NJSTARS I & II	8.0	8.0	-
EOF Grants and Scholarships	40.6	40.6	-
Loan Forgiveness for Mental Health Workers	3.5	3.5	-
Other Student Aid Programs	24.0	18.3	(5.7)
<b>Total Student Financial Assistance</b>	<b>\$ 289.4</b>	<b>\$ 290.1</b>	<b>\$ 0.6</b>
<b>Other Programs</b>			
Capital Grants and Facilities Support <sup>(b)</sup>	90.0	98.5	8.5
New Jersey Stem Cell Research Institute	5.5	5.5	-
All Other Programs	18.8	11.6	(7.2)
<b>Total Other Programs</b>	<b>\$ 114.3</b>	<b>\$ 115.6</b>	<b>\$ 1.3</b>
<b>Grand Total Higher Education</b>	<b>\$ 2,148.0</b>	<b>\$ 1,979.0</b>	<b>\$ (169.1)</b>

## FY07 Proposed Higher Ed Budget (millions)

Item	FY06	$\Delta$ for FY07	% $\Delta$	State % $\Delta$
Mandated $\uparrow$		\$122	+5.7%	+13.5%
Expenditure $\downarrow$		(\$291)	-13.6%	-4.3%
Budget	\$2,148	\$1,979	-7.9%	+9.2%

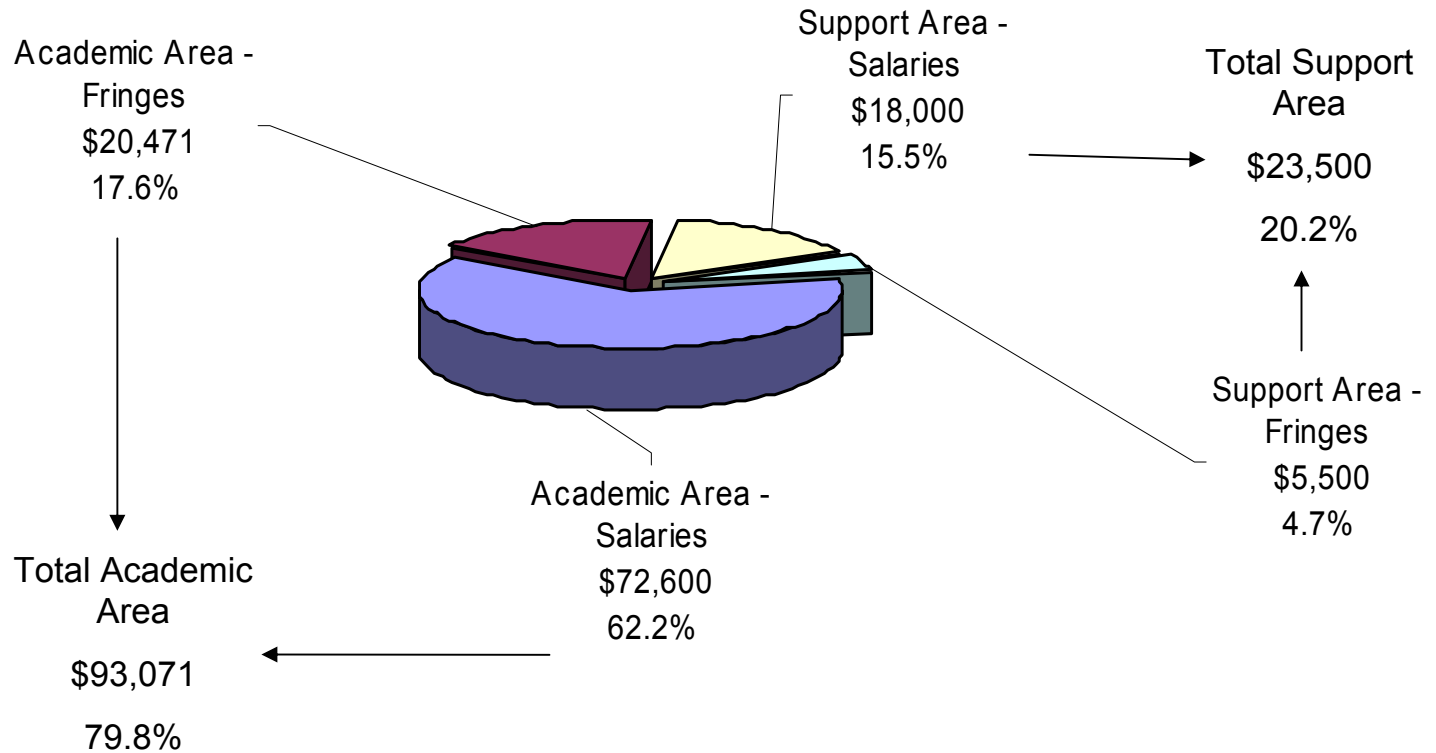
# New Jersey Institute of Technology

## FY 2006 Proposed Operating Budget

Restricted	\$56,200
Unrestricted	\$181,481
<b>Total</b>	<b>\$237,681</b>

### Salary & Benefit Distribution (\$000's)

**\$116,571**

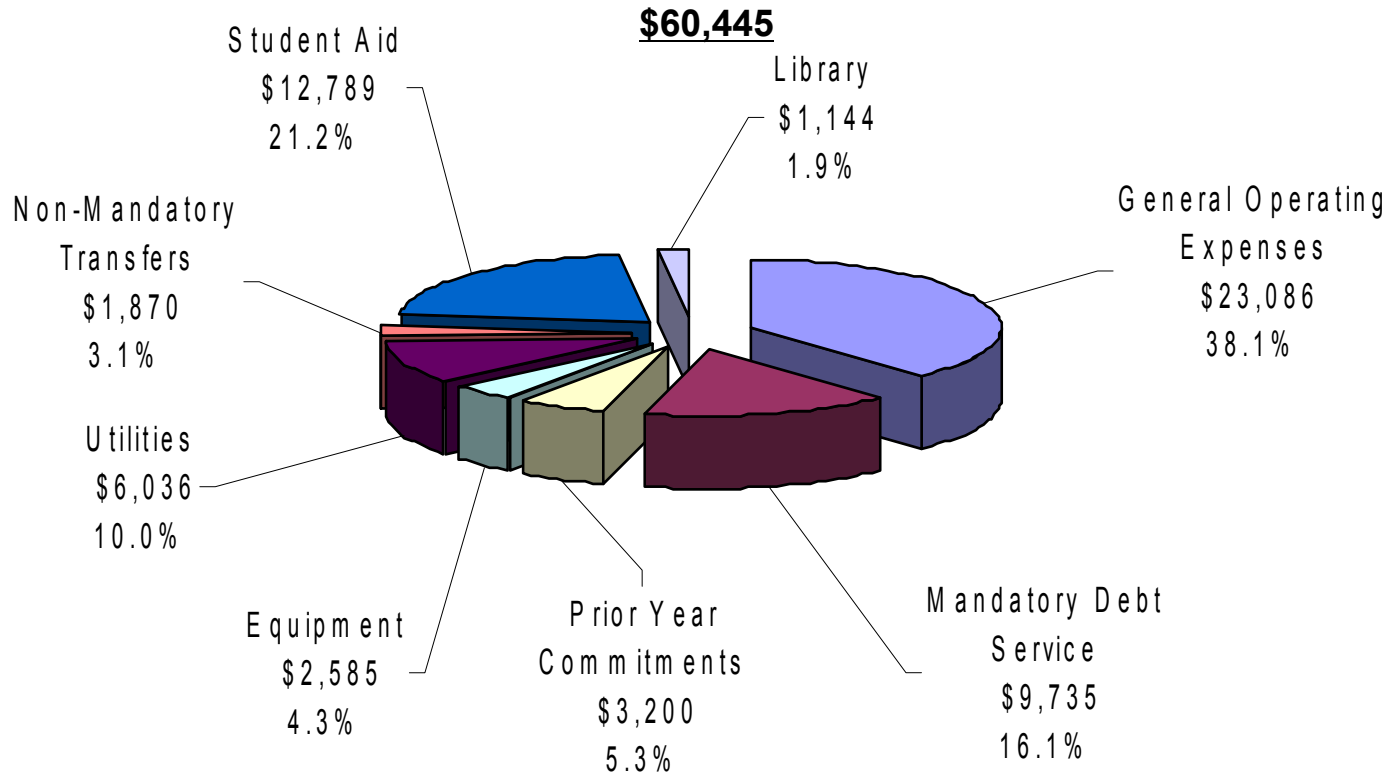


# New Jersey Institute of Technology

## FY 2006 Proposed Operating Budget

Restricted	\$56,200
Unrestricted	\$181,481
<b>Total</b>	<b>\$237,681</b>

### Non-Personnel Expenses (\$000's)



<http://www.njit.edu/publicinfo/pdf/FY06Budget2.pdf>

**NEW JERSEY INSTITUTE OF TECHNOLOGY  
COMPARISON OF FINANCIAL STATEMENT ACTIVITY**

\$000's

UPDATED ON 4/04/2006

<b>FISCAL YEAR</b>	<b>(1) BASE STATE APPROP</b>	<b>(1) STATE FRINGE BENEFITS</b>	<b>TOTAL N J STATE SUPPORT</b>	<b>OTHER SUPPORT</b>	<b>(1) TOTAL INCOME</b>	<b>(2) RESEARCH EXPENSES</b>
FY80	\$15,797	\$1,424	\$17,221	\$10,777	\$27,998	\$2,761
FY97	\$45,608	\$11,371	\$56,979	\$89,801	\$146,780	\$31,571
FY98	\$46,852	\$11,101	\$57,953	\$99,910	\$157,863	\$31,738
FY99	\$48,013	\$11,978	\$59,991	\$104,686	\$164,677	\$31,942
FY00	\$51,490	\$13,119	\$64,609	\$111,830	\$176,439	\$34,965
FY01	\$53,341	\$13,510	\$66,851	\$124,073	\$190,924	\$40,697
FY02	\$52,383	\$15,660	\$68,043	\$134,174	\$202,217	\$40,913
FY03	\$50,221	\$17,165	\$67,386	\$144,673	\$212,059	\$45,554
FY04	\$48,790	\$18,254	\$67,044	\$145,032	\$212,076	(a) \$40,515
FY05	\$50,312	\$19,123	\$69,435	\$149,095	\$218,530	\$39,039
FY06	(3) \$51,512	\$22,700	\$74,212	\$163,469	\$237,681	\$56,200
FY07	(4) \$45,752					

# NJIT

## Review of Annual Operating Budget FY02 - FY07

	State Request	State Appropriation	Fiscal Year Shortfall	% Fiscal Year Shortfall	Tuition/Fee Revenue	Tuition/Fee Revenue	Annual % Increase Tuition	% Tuition Cap	Budget Expenditure Reductions
<b>FY02</b>	56,110	52,133	(3,977)	-7.1%	62,378	N/A	6.9	-	N/A
<b>FY03</b>	55,896	49,621	(6,275)	-11.2%	67,596	5,218	9.7	-	2,896
<b>FY04</b>	52,367	48,690	(3,677)	-7.0%	72,777	5,181	8.5	9.0	3,936
<b>FY05</b>	51,526	50,112	(1,414)	-2.7%	74,462	1,685	8.0	8.0	6,070
<b>FY06</b>	53,131	51,512	(1,619)	-3.0%	80,024	5,562	7.0	8.0	3,303
<b>Cumulative</b>			(16,962)			17,646			16,205
<b>FY07(a)</b>	56,564	45,752	(10,812)	-19.1%					

**(a)proposed**

**New Jersey Institute of Technology**  
**Targeted Cost Containment Measures**  
**FY03 - FY06**  
**(\$000's)**

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<b>Salaries</b>				
• Vacancy budget	1,088		555	
• TEC personnel			752	76
• Administrative stipends for Faculty				100
• Faculty retirements, sabbaticals, and turnover		700		
• A/Y Adjunct faculty teaching additional courses		300		
• Overtime		55		
<b>Utilities</b>				
• Compressed summer schedule		130	130	130
<b>General Operating Expenses</b>				
• University-Wide non-salary expenses	1,808	400		1,500
• Eliminate TEC related expenses		597	648	
• Continuing and Professional Education				125
• Consultants, memberships, events and meetings		84		290
• PC software program				105
• Legal fees				100
• 1-time funding of freshmen PC program from a State grant		1,000		
• Eliminate freshman PC distribution program			1,000	
<b>Student Aid</b>				
• Shift graduate awards to restricted funds				200
• Required graduate awards grant match				200
<b>Mandatory Transfers - Debt Service</b>				
• Debt service refinancing			2,985	
<b>Non-Mandatory Transfers</b>				
• Information Services and Technology support		270		477
<b>University Wide Budget Reserves</b>				
• Reduce budgeted reserve to target		400		
<b>Grand Total Budget Reductions</b>	<b>2,896</b>	<b>3,936</b>	<b>6,070</b>	<b>3,303</b>

<b>FY07 Proposed Governor's Budget (3/31/06)-NJIT (\$000's)</b>					
	<b>FY06 (\$000)</b>	<b>FY07 (\$000)</b>	<b>\$\$Δ</b>	<b>%Δ</b>	
<b>Base Operating Appropriation</b>	<b>\$50,712</b>	<b>\$45,752</b>	<b>(\$4,960)</b>	<b>-9.8%</b>	<b>On Base</b>
<b>Salary Program</b>	<b>\$800</b>	<b>\$0</b>	<b>(\$800)</b>	<b>-100.0%</b>	<b>On Base</b>
<b>Total</b>	<b>\$51,512</b>	<b>\$45,752</b>	<b>(\$5,760)</b>	<b>-11.2%</b>	<b>On Base</b>
<b>Tuition+Fee Revenue</b>	<b>\$79,175</b>	<b>\$79,175</b>	<b>\$0</b>	<b>0.0%</b>	<b>On Tuition+ Fee</b>
<b>Total</b>	<b>\$130,687</b>	<b>\$124,927</b>	<b>(\$5,760)</b>	<b>-4.4%</b>	<b>On Total</b>
<b>Commitments/Needs</b>					
<b>Salary Program</b>			<b>(\$4,225)</b>	<b>-8.3%</b>	<b>On Base</b>
<b>Fringe Benefits</b>			<b>(\$1,500)</b>	<b>-3.0%</b>	<b>On Base</b>
<b>Strategic Plan</b>			<b>(\$2,053)</b>	<b>-4.0%</b>	<b>On Base</b>
<b>Restore FY06 Mid Year Vacancy Reduction</b>			<b>(\$375)</b>	<b>-0.7%</b>	<b>On Base</b>
<b>Graduate Stipends</b>			<b>(\$219)</b>	<b>-0.4%</b>	<b>On Base</b>
<b>Insurance</b>			<b>(\$165)</b>	<b>-0.3%</b>	<b>On Base</b>
<b>Utilities</b>			<b>(\$1,335)</b>	<b>-2.6%</b>	<b>On Base</b>
<b>FY06 Salary Annualization</b>			<b>(\$625)</b>	<b>-1.2%</b>	<b>On Base</b>
<b>Debt Service</b>			<b>(\$836)</b>	<b>-1.6%</b>	<b>On Base</b>
<b>Total</b>			<b>(\$17,093)</b>	<b>-13.1%</b>	<b>On Total</b>
<b>FY07 Vacant Positions</b>			<b>\$3,250</b>		<b>Total</b>
<b>Exercise Contract or Term Options</b>			<b>\$1,040</b>		<b>Est</b>
<b>FY06 Vacancy Savings</b>			<b>\$2,000</b>		
<b>FY06 Non-personnel Savings</b>			<b>\$2,100</b>		
<b>FY06 Operating Reserve</b>			<b>\$1,000</b>		
<b>FY05 Carry Forward</b>			<b>\$570</b>		
<b>Total</b>			<b>(\$7,133)</b>		

## Budget Issues

- Short term-FY07 and a “few” more FY’s
- Long term-Tuition+fees/(Tuition+fees+State)=61% FY06 and projected to be 65% FY07
- Long term issue of enrollment being addressed in multiple ways
- Short term issue of FY07 budget
  - Increase revenue
  - Reduce expenditure

- Short term issue of FY07 budget
  - Increase revenue
    - Auxiliaries-covers the cost of auxiliaries
    - Research-directed funds and recovery of costs (partially)
    - Private funds-for enhancement
    - Tuition and fees
  - Reduce expenditure
    - Operational funds-small
    - Personnel funds-large
      - Limit hiring
      - Reorganizations

- Short term issue of FY07 budget
  - Personnel reduction-exercise contract or term options, vacancies, and attrition
  - Follow thru with Strategic Plans-in “final” year of allocations-not wise to “devastate” business through “disinvestment”
  - Use one-time funds to be paid back later-reduction/commitments too large to be addressed in one year
  - Minimize tuition increase

- Short term issue of FY07 budget-Task Force
  - Examine revenue/expenditure budgets
  - Examine function of various units/programs
    - Efficiencies to be gained
    - Services provided
    - Organizational structure
  - Recommend actions to Senior Staff