

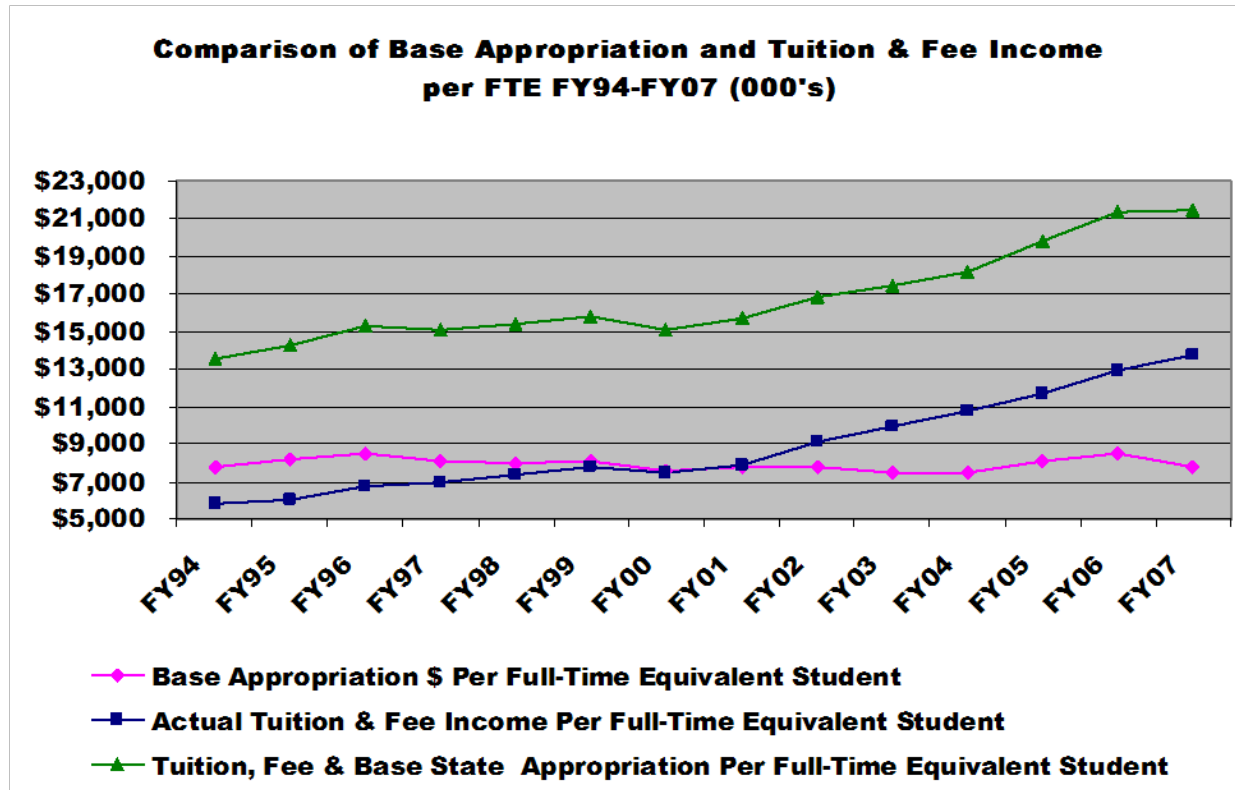
NJIT



New Jersey's Science &
Technology University

THE EDGE IN KNOWLEDGE

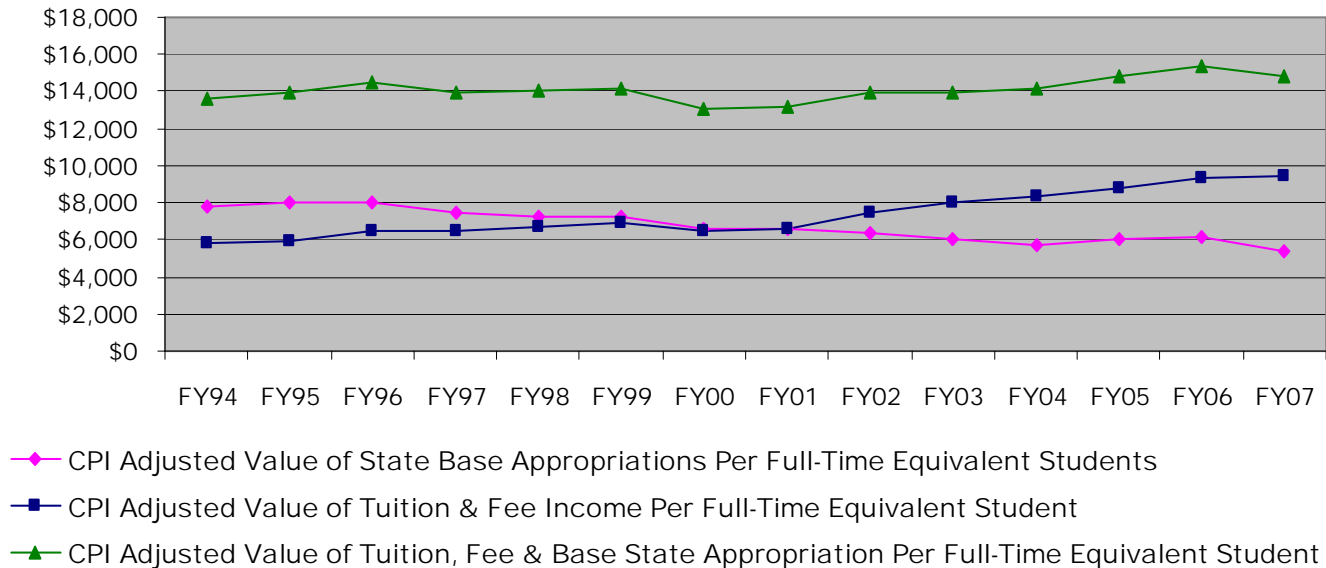
Some Financial Givens



State appropriations per student have not (will not) change in the near future; very best case is they stay flat; pressure on state budget is to ↓ higher ed appropriations

Some Financial Givens

Comparison of CPI Adjusted Value of Base Appropriation and Tuition & Fee Income per FTE FY94-FY07 (000's)



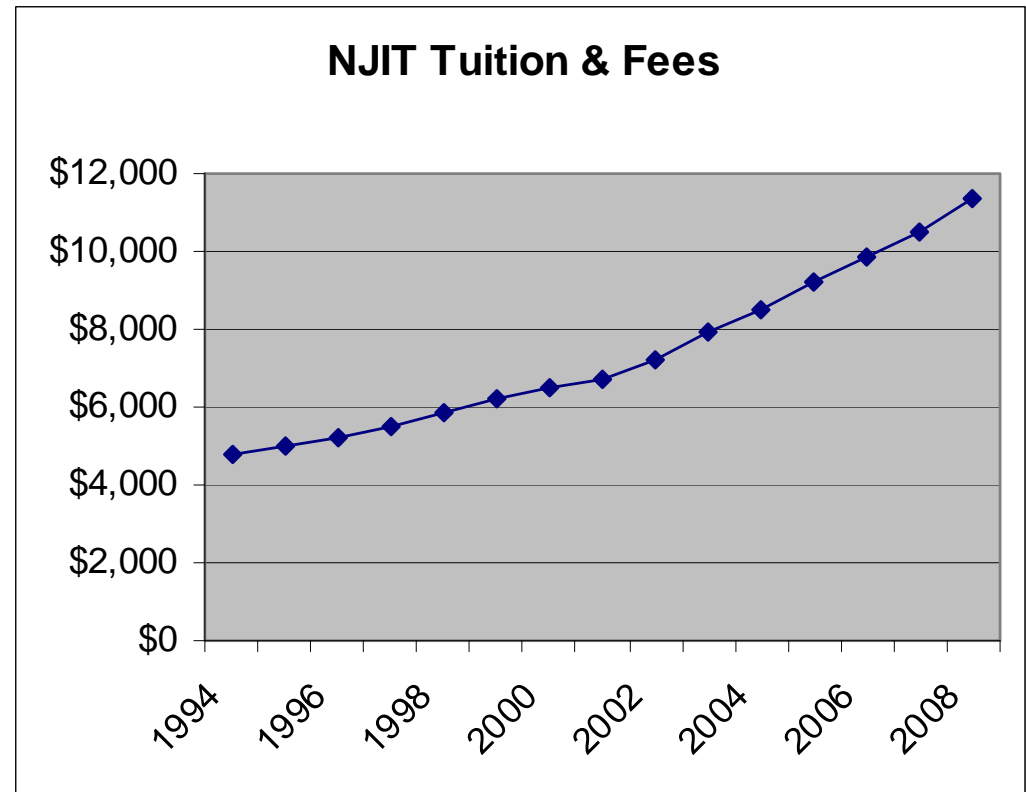
Flat State funding implies a buying power reduction

Corzine to Cabinet: Find \$3 billion in budget cuts

Only school aid, rebates appear safe as governor looks to avert fiscal disaster next year

Saturday, October 13, 2007

Pressure is to ↓ tuition increases; comes from State, public, Trustees to keep education affordable

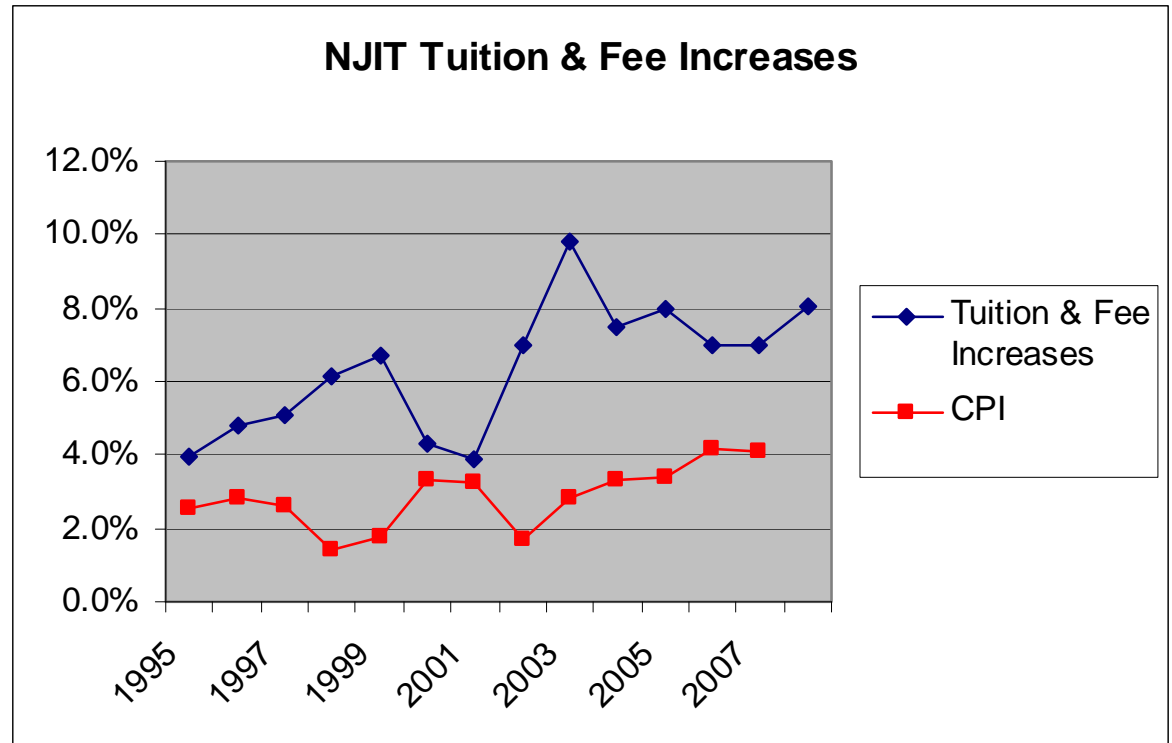


Corzine to Cabinet: Find \$3 billion in budget cuts

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Trustees (by law) set tuition, and the message is the increase **MUST** ↓



Over Constrained Problem?

One the one hand, State, public, Trustees say:

Don't raise tuition

Tuition should not rise faster than the rate of inflation

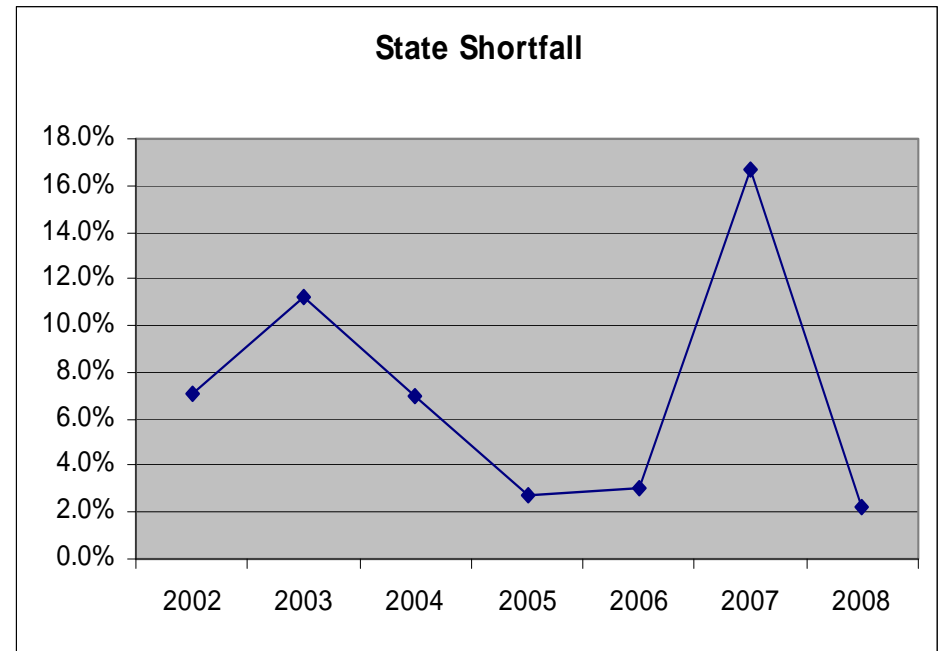
Cut expenditures

Over Constrained Problem?

On the other hand:

State appropriation shortfalls continue

To accommodate, along with limits on tuition increases, from FY03 to FY08 expenditure reductions/reallocations totaled \$27 million or about 14% of the unrestricted budget or equivalent to 28%% of the operating/support personnel budget

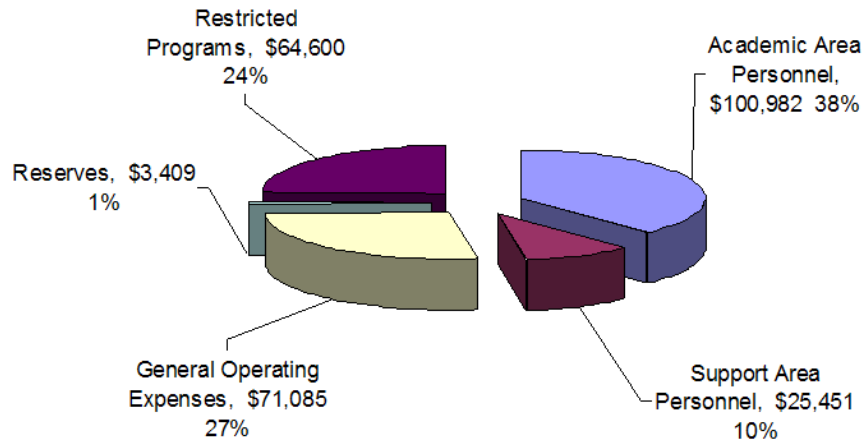


Over Constrained Problem?

- Continued tuition increases as over the past 7 years will not be approved
- State appropriations will not increase, likely decrease
- Further “cuts” to accommodate the conflicting pressures not likely realistic
- Enrollment increases, with efficiencies, will address the conflicting pressures for the foreseeable future
- Ultimate “solution” is stable, predictable state funding to accommodate at minimum inflation and salary programs

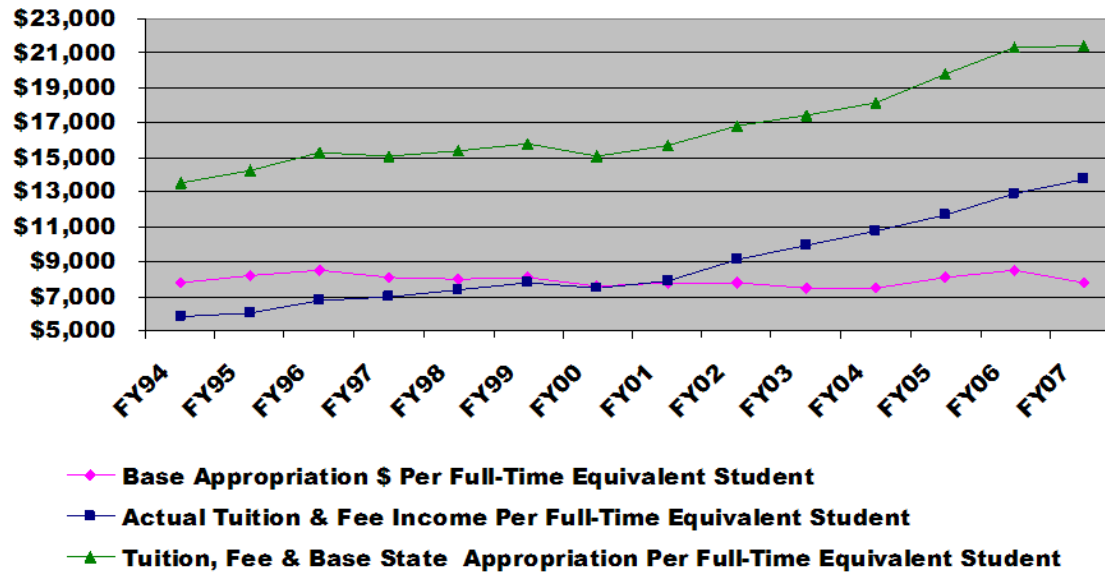
FY2008 Expenses Operating Budget

Expenses = \$265,527
(\$000's)



The “overhead” of delivering the educational program is about 100%

Comparison of Base Appropriation and Tuition & Fee Income per FTE FY94-FY07 (000's)



At current tuition and fee revenues per FTE, 15 FTE (22 students) demonstrates, on the macro scale, a need for additional faculty

Enrollment increase through

- Increasing applications
 - e.g., increased contact pool; enhanced web site, more personal HS contacts; more Grad Open Houses, etc.
- Efficient processing of applications
 - e.g., more instant decision days; auto processing of grad applicants; etc.
- “New” program implementation
 - some repackaging of options, courses, etc.; respond to prospective student interest; broaden base into new, but related, areas

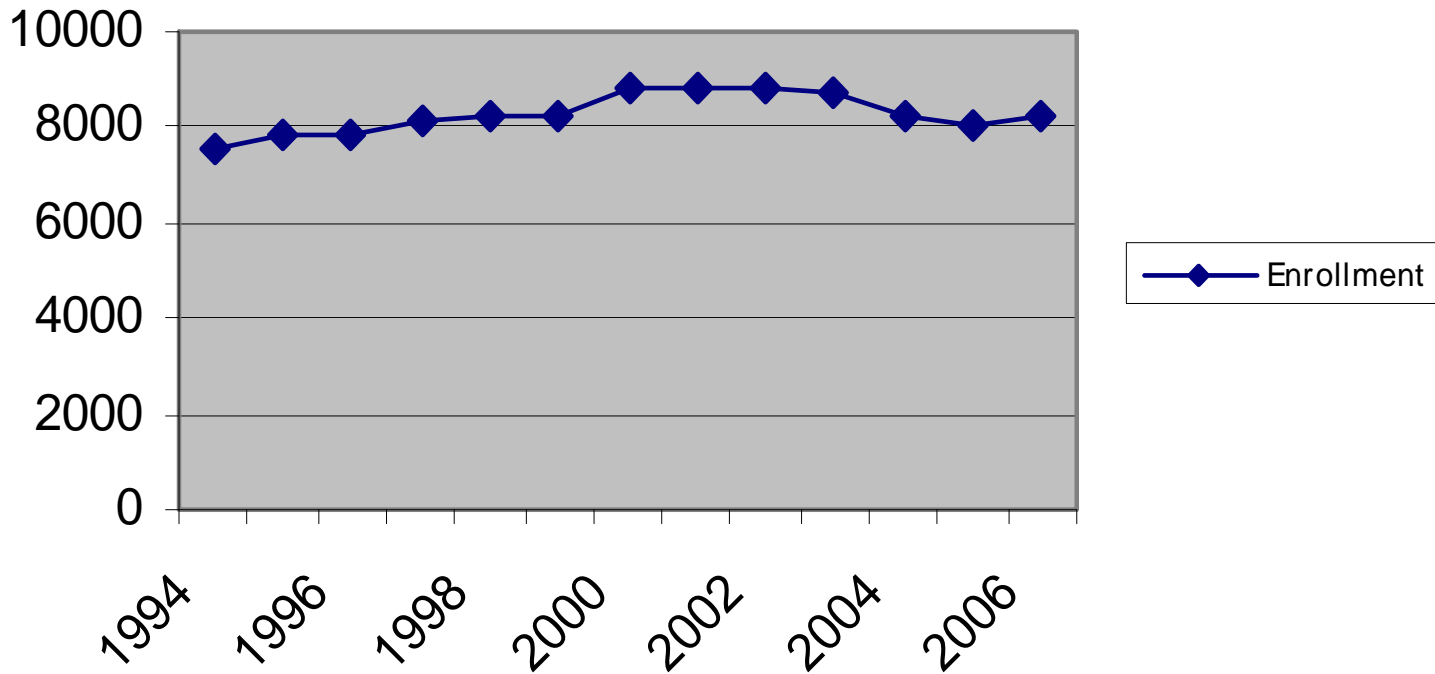
NJ 2007 College-Bound Seniors Intended Majors

| Intended Major | Interest |
|------------------------------------|------------|
| Business Management | 17% |
| Health Professions | 16% |
| Education | 11% |
| Visual and Performing Arts | 9% |
| Engineering | 7% |
| Biological and Biomedical Sciences | 5% |
| Total | 65% |

Student/Faculty

Faculty

Enrollment



| New Jersey Enrollments | | | |
|-------------------------------|---------|---------|----------|
| | 2002 | 2006 | % Change |
| Stockton | 6,538 | 7,212 | 10.3% |
| Montclair | 14,673 | 16,076 | 9.6% |
| Kean | 12,779 | 13,050 | 2.1% |
| Ramapo | 5,494 | 5,499 | 0.1% |
| TCNJ | 6,948 | 6,934 | -0.2% |
| Rowan | 9,685 | 9,578 | -1.1% |
| Wm. Pat | 10,924 | 10,599 | -3.0% |
| Rutgers | 51,480 | 49,760 | -3.3% |
| NJCU | 9,097 | 8,522 | -6.3% |
| NJIT | 8,828 | 8,209 | -7.0% |
| | | | |
| | 136,446 | 135,439 | -0.7% |
| | | | |
| Community Colleges | 138,924 | 154,085 | 10.9% |
| | | | |
| Independents | 60,315 | 65,508 | 8.6% |
| | | | |
| Data from CHE report | | | |

| Program Changes from 2000 to 2006 | | | |
|--|--------------|----------------|----------------------------|
| Institution Name | Added | Removed | % Chng 00 to 06 |
| Drexel University | 21 | 1 | 51.20% |
| University of Missouri-Rolla | 15 | 0 | 26.60% |
| Georgia Institute of Technology | 7 | 2 | 21.10% |
| Stevens Institute of Technology | 12 | 0 | 17.20% |
| Carnegie Mellon | 51 | 2 | 15.60% |
| Illinois Institute of Technology | 22 | 6 | 13.20% |
| Florida Institute of Technology | 17 | 3 | 11.60% |
| NYIT | 10 | 8 | 9.70% |
| Cooper Union | 0 | 0 | 9.30% |
| University of Alabama in Huntsville | 3 | 0 | 8.00% |
| University of Delaware | 8 | 0 | 6.90% |
| University of Maryland-Baltimore | 6 | 1 | 3.00% |
| Virginia Tech | 9 | 3 | 2.20% |
| Clemson University | 12 | 1 | -0.90% |
| New Jersey Institute of Technology | 3 | 0 | -6.90% |
| Rensselaer Polytechnic Institute | 13 | 0 | -7.30% |

Strategy to Address the Competing Demands of:

- Imposed restrictions on tuition increases
- Reduced State appropriations
 - ✓ Budget “cuts”
 - ✓ Enrollment gains with fixed overhead costs
 - ✓ Cover new program costs on a cash flow basis: tuition revenue needs to exceed costs
 - ✓ Float upfront costs of new programs through allocations from budgeted reserve/unrestricted portion of short term investment pool with payback
 - ✓ Existing program funding enhanced through new program cash flow over cost

Conclusions

“Business” is different than 15 years ago

We need to behave as a tuition driven institution

Need to be competitive

- Environmentally (campus physical plant/college neighborhood/student life)
- Programmatically

Budget Outlook

Likely at least a 4% reduction in base appropriation: \$2 million reduction

Salary program: \$4 million

Equivalent tuition increase: 12%

Equivalent FTE enrollment increase: 430

Equivalent “cut”: 3% in unrestricted budget (10 faculty positions), or

6% in operations and support personnel, or

8.5% in operations