

NJIT

New Jersey's Science &
Technology University

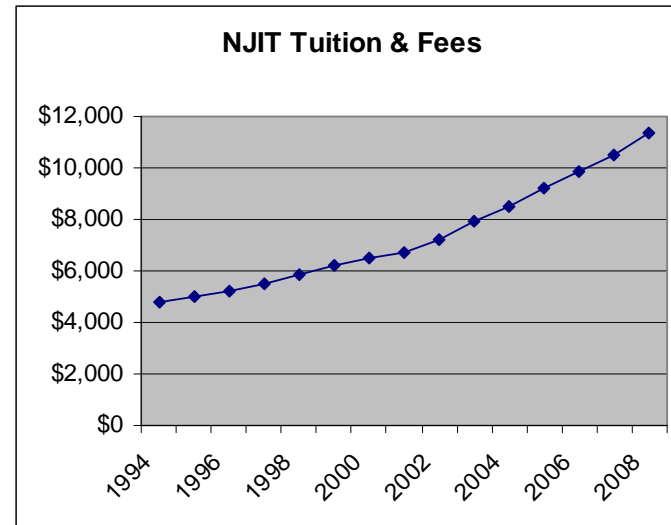
THE EDGE IN KNOWLEDGE

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

Flat State funding implies a buying power reduction

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

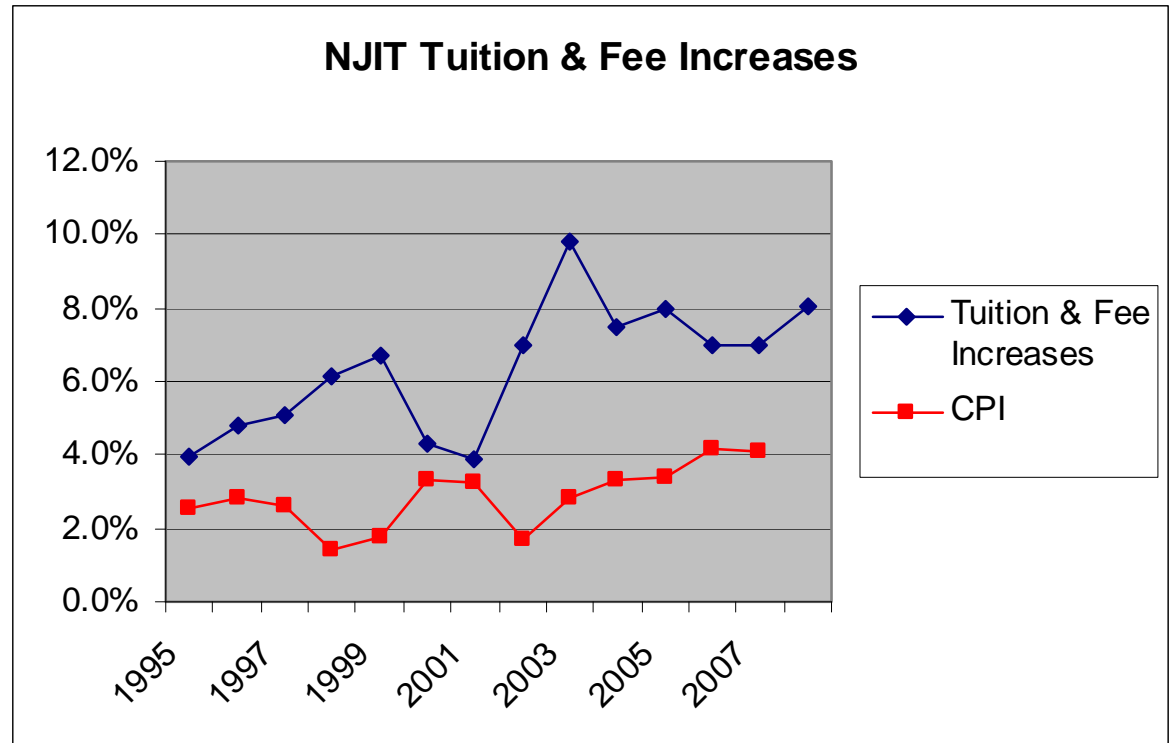


Corzine to Cabinet: Find \$3 billion in budget cuts

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

Saturday, October 13, 2007

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

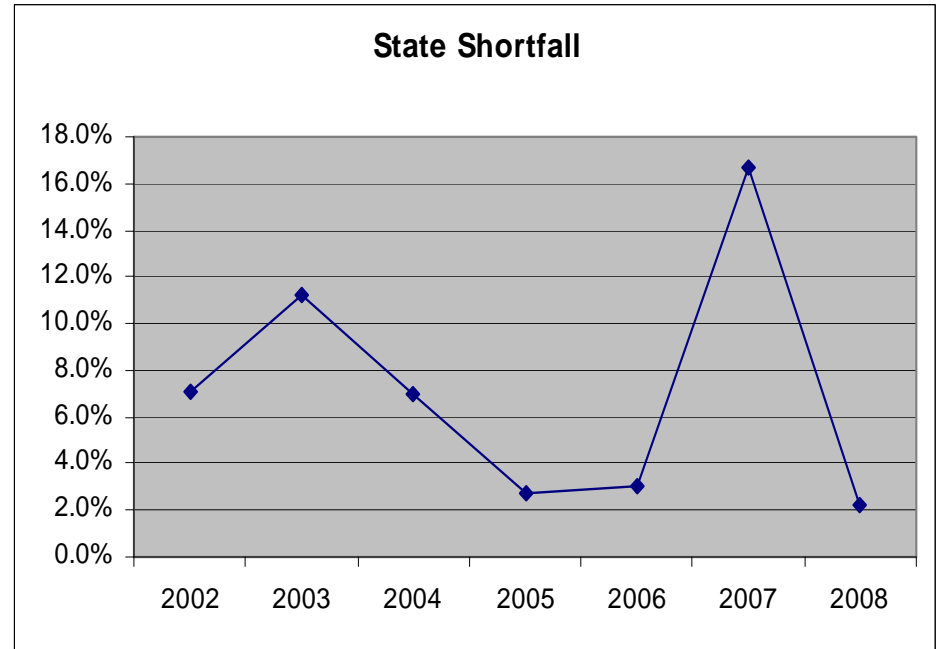
Cut expenditures

Over Constrained Problem?

On the other hand:

State appropriation shortfalls continue

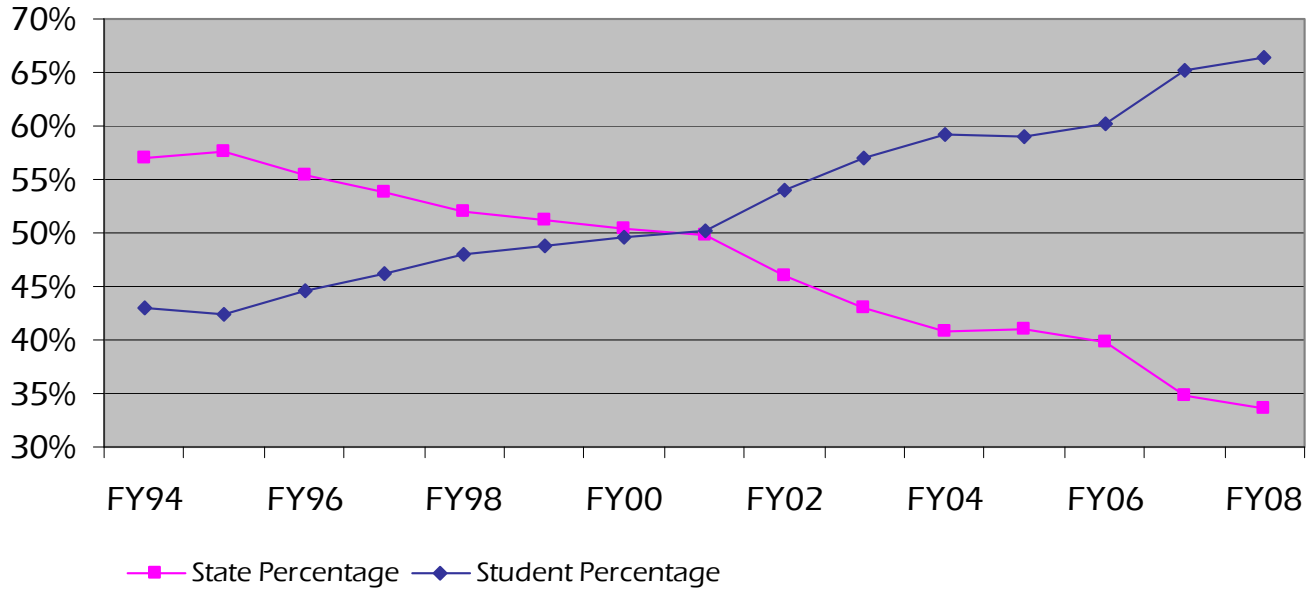
To accommodate, along with limits on tuition increases, from FY03 to FY08 expenditure reductions/reallocations totaled \$27 million or about 14% of the unrestricted budget or equivalent to 28%% of the operating/support personnel budget



Over Constrained Problem?

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

NJIT Percent of Educational Costs FY94-FY08

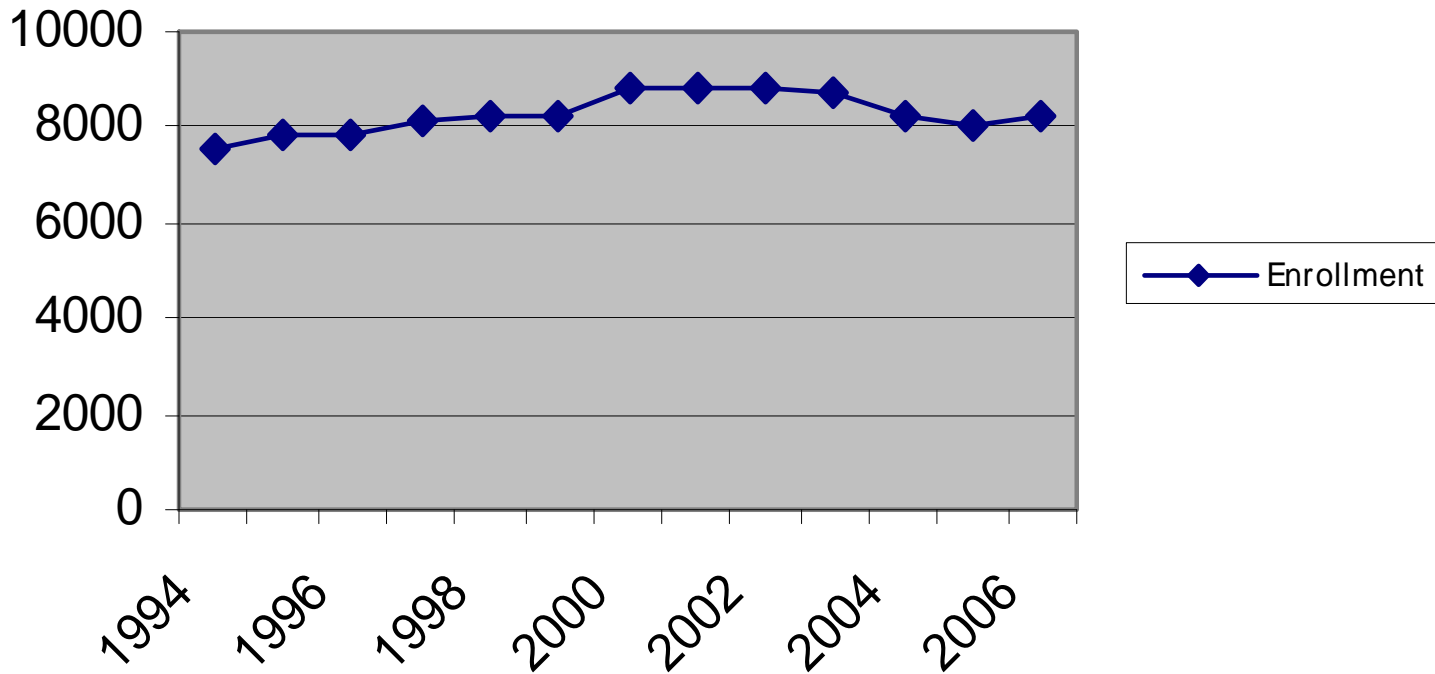


Increased enrollment ↓ State \$\$ per FTE, but provides an “argument” for increased State funding

Student/Faculty

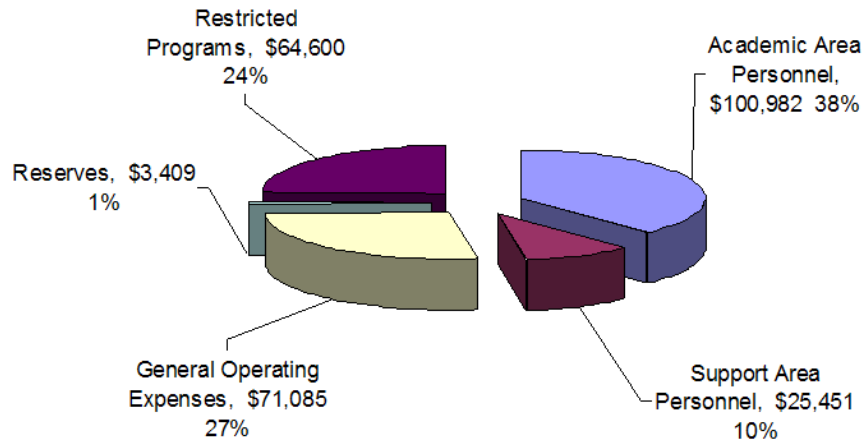
Faculty

Enrollment



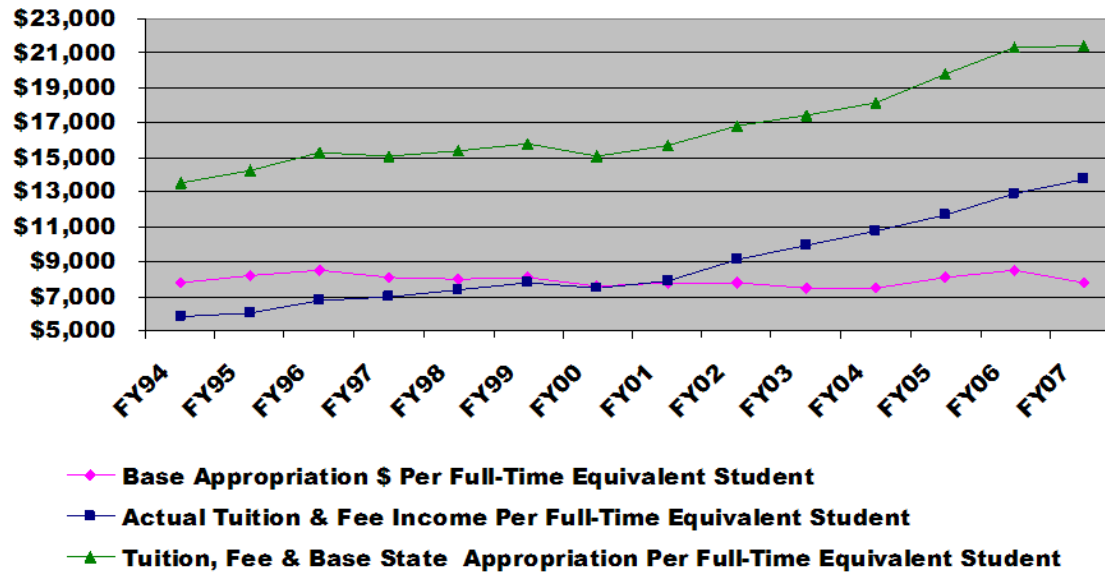
FY2008 Expenses Operating Budget

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%

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

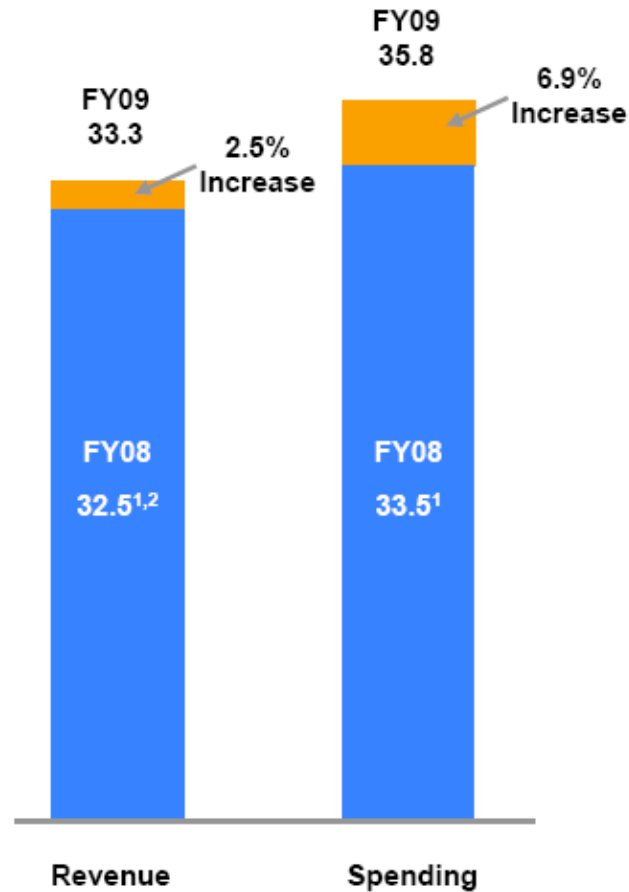
8.5% in operations

Budget Outlook

<http://nj.gov/frdr/pdf/1-30websitetownhall12.pdf>

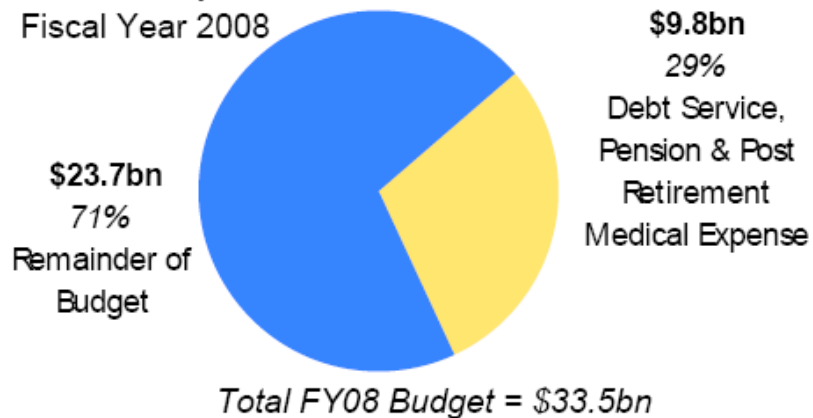
FY09 Projected Structural Deficit: (\$2.5) billion

(\$ in Billions)



Annual Required Contribution

Fiscal Year 2008



30% of expenditures
“mandated”

\$2.3 billion reduction in FY09 to hold at FY08 expenditures spread over \$23.7 billion or 10% reduction in Remainder of Budget

Remainder of Budget

Fiscal Year 2008

