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

• FY08 State budget totaled $33.5B
• FY09 “Built in” increases from contractual obligations, mandatory and statutory increases, and school funding formula costs bring projected FY09 budget to $35.7B
• FY09 revenue projections total $32.5B leaving a $3.2B short fall in revenue to cover projected FY09 budget
• $0.5B of the shortfall covered with carry forward funds from FY08
• Leaving a $2.7B shortfall
30% of expenditures “mandated”

$2.7 billion reduction in FY09 to hold at FY08 expenditures spread over $23.7 billion or 11.4% reduction in Remainder of Budget
Comparison of State Appropriation and Tuition & Fee Income per FTE FY94-FY07 (000's)

- **State Appropriation $ Per Full-Time Equivalent Student**
- **Actual Tuition & Fee Income Per Full-Time Equivalent Student**
- **Tuition, Fee & State Appropriation Per Full-Time Equivalent Student**
State funding per FTE has been flat for about 15 years

The issue:

We have “built ins” as well

- Inflation
- Cost increases: utilities, insurance, etc.
- Contractually mandated salary increases
- Mandated federal/state laws/regulations
Comparison of CPI Adjusted Value of State Appropriation and Tuition & Fee Income per FTE FY94-FY07 (000's)

- CPI Adjusted Value of State Appropriations Per Full-Time Equivalent Students
- CPI Adjusted Value of Tuition & Fee Income Per Full-Time Equivalent Student
- CPI Adjusted Value of Tuition, Fee & Base State Appropriation Per Full-Time Equivalent Student
Increased enrollment ↓ State $$ per FTE, but provides an “argument” for increased State funding
Shortfall = Previous year appropriation less unfunded “built ins”
NJIT State Shortfall

Tuition & Fee Increases
To accommodate appropriation shortfalls and tuition pressures expenditure reductions/reallocations from FY03 to FY08 total $27 million or about 14% of unrestricted budget or equivalent to 14% of the operating budget.
NJIT FY09 Proposed Budget
FY08 State appropriation=$49.1 million
FY08 unrestricted budget=$200.9 million
FY09 State appropriation (proposed)=$44.7 million
Address the shortfall through combination of:
  Enrollment (revenue) increases holding overhead costs fixed
  Reduction of “discretionary” budget insofar as possible
  Minimized tuition and fee increase
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
<table>
<thead>
<tr>
<th>Intended Major</th>
<th>Interest</th>
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<tr>
<td>Business Management</td>
<td>17%</td>
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<tr>
<td>Health Professions</td>
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<tr>
<td>Education</td>
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<tr>
<td>Visual and Performing Arts</td>
<td>9%</td>
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<tr>
<td>Engineering</td>
<td>7%</td>
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<tr>
<td>Biological and Biomedical Sciences</td>
<td>5%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>65%</strong></td>
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