

NJIT



New Jersey's Science &
Technology University

THE EDGE IN KNOWLEDGE

From NJ FY 2009-10 Budget

“Of the amounts hereinabove appropriated for senior public institutions of higher education, an amount up to 5.25% of the appropriation for each senior public institution of higher education shall be withheld until the **institution certifies** to the Director of the Division of Budget and Accounting in the Department of the Treasury that the **institution has: 1) achieved or will achieve personnel related cost savings through wage freezes, furloughs, or other actions that provide savings equivalent to Fiscal Year 2010 savings that the negotiated self-directed furlough program for civilian State employees will achieve;**”

From NJ FY 2009-10 Budget

“The senior public institutions of higher education having expressed a commitment to limit tuition increases, the amounts hereinabove appropriated from federal economic stimulus funds for senior public institutions of higher education shall be withheld until the institution certifies to the Director of the Division of Budget and Accounting in the Department of the Treasury that the institutions increase in its in-state undergraduate 2009-10 tuition rates and required educational and general fees does not exceed 3% above the institution’s in-state undergraduate 2008-09 tuition rates and required fees.”

What does the budget language imply for us?

“cost savings through wage freezes, furloughs, or other actions that provide savings equivalent to Fiscal Year 2010 savings that the negotiated self-directed furlough program for civilian State employees will achieve”

⇒ Required 3.8% reduction in projected FY10 personnel costs (rounded to 4.0%), which is equivalent to ten furlough days

What issues does the FY10 appropriation present?

- \$3 million stimulus money is one-time
- 3% tuition & fee increase cap limits revenue
- State salary pattern pushes increases into FY11 & FY12

Overall impact is that:

- Larger savings than required personnel related cost savings are needed in FY10 to address the FY11 and FY12 budgets
- Which requires the FY10, FY11, and FY12 budgets to be addressed as a package

Projecting the FY10, FY11, and FY12 budgets

FY10: 3.5% projected FY10 salary expense eliminated but 3.1% of salary expense reduction yet to be identified

FY11 and FY12 using:

- Historical tuition & fee increases 8%

- Enrollment growth projections

- State salary pattern implied (to the extent known)

- No federal stimulus funding

- Flat State funding

FY11: out of balance by 3.0% of salaries

FY12: balanced

Issues for us to resolve

- Identify at least 3.1% in personnel related cost savings
- Identify additional FY10 funds to carry forward to FY11

Issues to be resolved

- Allowed FY11 and FY12 tuition & fee increase
- State funding
- FY11 and FY12 salary program