

2011-2012 ECONOMIC IMPACT REPORT



President's Message



Dr. Susan A. Cole

The growth of Montclair State University — from its first class of 187 students in 1908 to its current stature as a university community of 18,500 students — is also a story of growth for the State of New Jersey.

The University makes a significant, positive contribution to the economy and quality of life of its surrounding communities, the region, and the state as a whole. It employs thousands of people, purchases millions of dollars in supplies and services from state vendors, and attracts tens of millions of dollars in out-of-state funding.

The past year has seen the opening of New Jersey's largest university residence facility, The Heights, as part of the first public-private partnership initiated under the 2009 New Jersey Economic Stimulus Act. Montclair State's expanded academic programs, continued growth in enrollment, and a broad range of new and renovated facilities has meant a significant increase in high-quality educational opportunities for New Jerseyans.

We are determined to ensure that Montclair State continues to be an outstanding educational resource and engine of growth for New Jersey and the nation.

A handwritten signature in black ink that reads "Susan A. Cole". The signature is written in a cursive style and is contained within a white rectangular box.



2011-2012 Economic Impact

Montclair State University can take pride in its rich history of bold educational innovation and vital service to the state. Although the University's core mission lies in higher education, it is also an integral part of the New Jersey economy and a steady driver of its growth. In fact, its impact extends well beyond its students and employees to create income and employment for thousands of people throughout the state, many of whom have no direct connection to the University. Now more than ever, when our state and nation are undergoing serious economic difficulties, this tangible economic benefit makes Montclair State an exceptional investment for New Jersey.

2011-2012

Almost 8,500 New Jersey jobs were attributable to Montclair State in 2011.

- **The economic activity traceable to Montclair State (\$396.6 million) was four times its total state funding (\$98.7 million) in 2011.**
- **Montclair State accounts for a large and growing number of jobs.** Including both jobs at the University and jobs that result from its in-state expenditures, almost 8,500 New Jersey jobs were attributable to Montclair State in 2011. To meet expanding student enrollments, the number of full-time faculty and staff positions rose 40% between 2000 and 2011.
- **Montclair State supports New Jersey vendors,** making almost 82% of its \$126 million in purchases from in-state vendors.
- **Montclair State serves as a major source of funds available for investment,** about \$250 million.
- **Montclair State brings significant amounts of money into New Jersey,** more than \$39 million from out-of-state sources in 2011.

Highlights

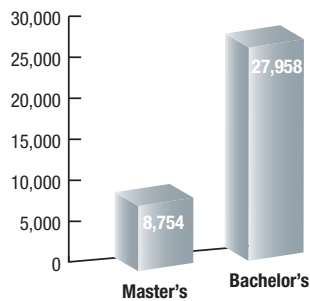
- **Montclair State has expanded to meet the state's educational needs**, boosting undergraduate enrollments by more than 43% and graduate enrollments by almost 18% since fall 2000.
- **The skills Montclair State provides its students stay in New Jersey.** About 91% of students who have earned degrees since 2000 still live and work in New Jersey.
- **Montclair State achieved all of these positive outcomes as New Jersey's share of the University's total revenue declined** from 55.2% in 1995 to 24.5% in 2010. Just between FY00 and FY11, the University's state allocation per full-time-equivalent student plummeted by 44% from \$4,699 to only \$2,606.

*Unless otherwise noted, all references are to fiscal years.

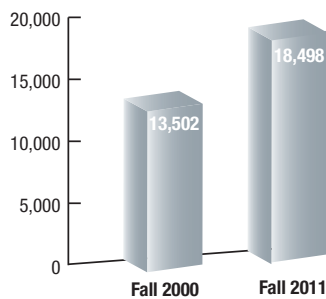
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Training a Work Force

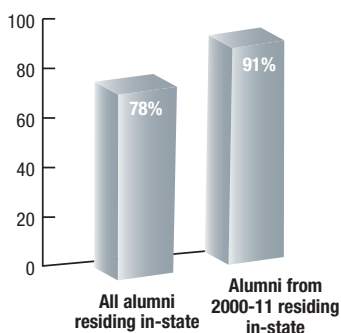
**Total Degrees Conferred
AY2000-11**



Growth in Enrollment



**Montclair State Graduates
Remain in New Jersey**



New Jersey cannot compete economically without a sophisticated work force, but it ranks a disappointing 49th in the nation in seats in public, four-year institutions of higher education per high school graduate. As a result, New Jersey is far and away the largest net exporter of college students in the United States. In the fall of 2008, of the 97,000 freshmen from New Jersey enrolled in degree-granting institutions, over 36,000 students, or more than 37%, enrolled in out-of-state institutions. Their loss to New Jersey was not replaced by a comparable number of students from other states. Many of these expatriates never return to live or work in New Jersey, thereby denying the state the benefits of their intelligence, energy, and ambition. With its knowledge-driven economy, New Jersey has no choice but to increase capacity in its historically under-built system of higher education.

The second largest university in New Jersey, Montclair State has been doing its part to address this grave problem. From 2000 through 2011, it conferred 27,958 baccalaureate and 8,754 graduate degrees. The University has served comparable numbers of non-degree students. During those same years, non-degree undergraduate enrollments in the fall and spring totaled 5,177, visiting summer enrollments amounted to 10,624, and non-degree, post-baccalaureate enrollments in the fall and spring numbered 30,092.

Montclair State has been growing quickly. Between fall 2000 and fall 2011, it boosted undergraduate enrollments by more than 43% and graduate enrollments by almost 18%. Now enrolling 18,498 students, the University granted 68% more degrees in 2011 than it did in 2000. The University's growing reputation has brought an even swifter increase in applications. The College Board reports that Montclair State is the second most popular destination of New Jersey students' SAT scores. In 2011, Montclair State received close to 13,000

applications for 2,300 places in its freshman class, double the number of applications it received a decade ago. More than 4,000 students applied to transfer to the University, another increase of 100% over ten years.

This very significant increase in educational opportunity for New Jersey students has been supported by significant academic and campus life enhancements, including: new degree programs; a 68% increase in classrooms, laboratories, and specialized academic facilities and a 118% increase in on-campus housing for students since 1999; a new performing arts center and art gallery; a new student recreation center; a renovated athletic center; and extensive improvements to campus technology and infrastructure. As a result of expansion of the University's degree offerings, in the fall of 2011, Montclair State offered 54 distinct bachelor's degrees, 40 master's degrees, and 6 doctoral degrees. If concentrations are included, the count rises to 123 different bachelor's and 85 master's degrees.

Montclair State is a true opportunity university. In the fall of 2011, about 42% of freshmen were minority students, and only 35% of their fathers and 35% of their mothers had earned a four-year college degree, so many students were the first member of their family to attend college. In the fall of 2010, more than 38% of freshmen estimated that their family income was below \$50,000.

Although it attracts growing numbers of out-of-state applicants, Montclair State's primary contribution is to the human capital of New Jersey, amply repaying the state for its investment in their education. Of students who earned degrees between 2000 and 2011 for whom data is available, 91% live in New Jersey. Of the 101,402 living graduates for whom data is available, 78% still reside in New Jersey. The skills of many of these graduates would have been lost to New Jersey if they had attended out-of-state universities.

Quality Gets Noticed

Getting beyond the numbers, outside observers have repeatedly called attention to the quality of the education offered by Montclair State:

2011

- *U.S. News & World Report* ranked Montclair State's graduate programs in elementary and secondary teacher education in the top 20 in the nation. The report also ranked Montclair State in the top tier of Northern Regional Universities.
- Montclair State was one of 12 colleges and universities — and the only academic institution in New Jersey — selected to participate in a National Genomics Research Initiative by the Howard Hughes Medical Institute and its Science Education Alliance.
- *Diverse Issues in Higher Education* magazine ranked Montclair State in the top 2% of all schools as a producer of undergraduate degrees for minorities. *Hispanic Outlook in Higher Education* magazine placed the University on its "Top 100 Colleges for Hispanics" list for the 14th year in a row, awarding Montclair State the top ranking in New Jersey.
- For the third consecutive year, *G.I. Jobs* magazine awarded Montclair State the designation of "Military Friendly School," which honors the top 20 percent of colleges, universities, and trade schools that do the most to embrace America's soldiers and veterans.

2010

- *U.S. News & World Report* included Montclair State on its list of "Best Business Schools." *The Princeton Review* also named Montclair State "A Best Business School."
- The nonprofit Education Trust labeled Montclair State a "Top Gainer" and listed it among the top 25 public four-year colleges and universities in the nation for its improvements in minority graduation rates. Montclair State was the only New Jersey institution to break into the top 25. The

University was also ranked in the top 25 nationally in a companion report of "Top Gap Closers," which listed those institutions that were most successful in closing the gap between the graduation rates of minority and non-minority students.

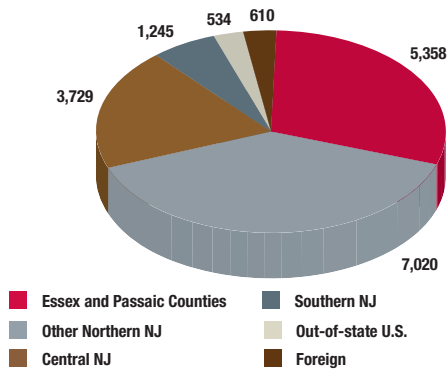
- Montclair State was the only state college in New Jersey to make *Sierra* magazine's list of "Coolest Schools," which recognizes America's most environmentally responsible and forward-looking colleges and universities. Montclair State was also included in the first release of *The Princeton Review's Guide to 286 Green Colleges*.

2009

- The *Forbes* list of "America's Best Public Colleges" ranked Montclair State as #1 in New Jersey and #54 in the nation. A separate listing of "Best Buys" jointly compiled by *Forbes* and the non-profit Center for College Affordability and Productivity ranked Montclair State as #2 in New Jersey and #15 in the Northeast.
- *U.S. News & World Report* ranked Montclair State in the top tier of master's universities in the North.
- Montclair State was named to the 2009 President's Higher Education Community Service Honor Roll — the highest federal recognition a college or university can receive — for its commitment to volunteering, service-learning, and civic engagement.

Montclair State has earned accreditation from 12 different agencies, including the most prestigious accreditation agencies in the fields of business, the arts, teacher education, and audiology.

Sources of Montclair State Students
Fall 2011



Montclair State draws students from an ever-widening geographic base. In the fall of 2011, although 29% of all students hailed from the University's home in Essex and Passaic Counties, 38% came from the rest of northern New Jersey (Bergen, Hudson, Morris, and Sussex Counties), more than 20% from central New Jersey, and almost 7% from the south of the state. Every one of New Jersey's 21 counties was represented. The 6% of students who came from elsewhere were particularly diverse: 30 states and the District of Columbia and 85 foreign countries were represented, with the largest international contingents coming from China (201), India (45), and the Republic of Korea (37).

Collaboration with the Corporate Community

Companies need employees who can communicate, solve problems, and continue to learn in response to evolving economic and social conditions. Montclair State's Center for Career Services and Cooperative Education offers programs designed to produce just such graduates. Between June 2005 and fall 2011, 2,784 students worked an average of 31 hours per week for more than 1,377 organizations in special internship and cooperative education programs. While students gained hands-on experience, they provided their labor and ideas to such well-known (as well as numerous smaller) institutions as:

A.G. Edwards & Sons, Inc.	<i>Dan Rather Reports</i>	Montclair Public Schools	SIRIUS XM Radio
ABC News, <i>Good Morning America</i>	Daughters of Israel	Montclair YMCA	Six Flags Great Adventure
ABC NewsOne	Deloitte & Touche	Montel Williams Show	Smith Barney, Inc.
AFT Local 1904	Disney Worldwide Services, Inc.	Moody's Corporation	Sodexo
Albert Einstein College of Medicine	Donna Karan International	Morgan Stanley Dean Witter	Solomon R. Guggenheim Museum
<i>All My Children</i>	Drug Enforcement Agency	Mountainside Hospital	Sony BMG Music Entertainment, Inc.
American Cancer Society	Duff & Phelps, LLC	Movado Group, Inc	Sony Pictures
Ameriprise Financial Services	EMI Music North America	MSNBC	Sports Authority
Anthropologie	Englewood Hospital and Medical	National Academy of Television Arts & Sciences	Sports Radio 66 WFAN
Apple Montessori Schools	Enterprise Rent-A-Car	National Organization for Women	Standard & Poor's
Applebee's	Entertainment Tonight /Insider	NBA	Standard Chartered Bank
Armani Exchange	Ernst & Young, LLP	NBC Sports	Sundance Channel
Atlantic Health System	ESPN Radio 1050AM	NBC Universal	Superior Court Of New Jersey – Essex
Atlantic Records	Esprit	Neiman Marcus	Superior Court Of New Jersey – Bergen
Avalon Publishing Group	Essex County Hospital Center	Nets Basketball	Target
Avis Budget Group	Extended Stay Hotels	<i>New Jersey Business</i> magazine	TGI Friday's
Baer Consulting	Fair Isaac Corporation	New Jersey Jackals	<i>The Colbert Report</i>
Bally Total Fitness	Fairlawn Health Center	New Jersey Network (NJN)	The Conference Board
Barclay's PGA Tour	<i>Family Circle</i>	New Jersey Performing Arts Center	<i>The Daily Show with Jon Stewart</i>
Barneys New York	Fort Lee Police Department	New Jersey Sports & Exposition	The Donna Karan Company
BASF Corporation	Fox News Channel	New Jersey State Police	The Estee Lauder Companies, Inc.
Bauer Media Group	Fred Astaire Dance Studios	New Line Cinema	<i>The Martha Stewart Show</i>
Bayer HealthCare	GNC	New York Football Giants	The NASDAQ OMX Group Inc.
BBDO	Gold's Gym	New York Life	<i>The New York Times</i>
Bear Stearns	<i>Good Housekeeping</i>	New York Red Bulls	<i>The Rachael Ray Show</i>
Bellevue Hospital Center	<i>Guiding Light</i> (CBS)	New York Sports Club	The Salvation Army
Bergen County Health Department	Hampton Inn & Suites	Newark Beth Israel Medical Center	<i>The View</i>
Bergen County Prosecutor's Office	Harrah's Entertainment Inc.	Newark Liberty International Airport	The Weinstein Company
Berlex Laboratories, Inc.	HealthCare Institute of New Jersey	Newark Public Schools	Time Warner Cable
Best Buy/Geek Squad	Hearst Magazines	NFL Films	TriStar Studios
BET Networks	Hilton Short Hills	New Jersey Department of Corrections	U. S. Department of State
<i>Billboard</i> magazine	<i>Hispanic Outlook in Higher Education</i> magazine	New Jersey Performing Arts Center	U.S. District Court of New Jersey
Bleeker and Sullivan Advertising	Holy Name Hospital	Northwest Airlines	UBS Financial Services, Inc.
Bloomingdales	Homewood Suites	Norwegian Cruise Line America	United Airlines
Cablevision	Horizon Blue Cross Blue Shield of NJ	Novartis Pharmaceutical Corporation	United Health Group
Capitol Records	Houlihan's	NY1 News	United Nations
Cardinal Health Healthcare Marketing	ITT	NYC Board of Education	United Parcel Service
Care Plus NJ, Inc	John Wiley & Sons, Inc.	NYU Medical Center	Universal Music Group
Catholic Charities	Johnson & Johnson	Oppenheimer & Co., Inc.	Universal Pictures
CBS News	Kenneth Cole Productions, Inc.	Outback Steakhouse	<i>USA Today</i>
CBS Sports	King World Productions	Overlook Hospitals	Valley National Bank
Cendant	KPMG	Oxygen Media	Verizon Wireless
Cerebral Palsy of North Jersey	L'Oreal USA	Passaic County Prosecutor's Office	Virgin Mobile USA
Cesna Group,	La Quinta Inns & Suites	Passaic County Superior Court	WABC-TV
Charlie Brown's	LabCorp of America	Pathmark Pharmacy	Wachovia Securities, LLC
Chili's Southwest Grill & Bar	Lea & Perrins, Inc.	<i>People</i> magazine	Walgreens Pharmacy
Chubb Group of Insurance Companies	Liberty Health	Pfizer, Inc.	Walmart
Citigroup	Liberty Science Center	PGA Tour	Walt Disney World Resort
Classic Rock 102.9	Lifetime Television (NY)	Polo Ralph Lauren	Warner Music Group
CNBC	Liz Claiborne, Inc.	PriceWaterhouse Coopers LLP	WCBS-TV
CNN New York	Louis Vuitton North America	Progressive	Wegmans
Coach	Madison Square Garden Network	Prudential Financial	Wells Fargo
Colgate-Palmolive Company	Maimonides Medical Center	Public Relations Society of America	Westchester County Forensic Laboratory
Columbia University	Major League Baseball	Radio Disney 1560 AM	Western Union
Commerce Bank	March of Dimes	Ralph Lauren Childrenswear	Westwood One Radio Sports
Community Food Bank of New Jersey	Marriott Vacation Club International	Rasmussen Reports	Whole Foods Market
Conde Nast Publications	Marvel Comics	Rite Aid Pharmacy	Whoop, Inc.
<i>Cosmopolitan</i> magazine	MBNA	Robert Wood Johnson University	WPIX-TV /CW11 WPLJ FM Radio 95.5
Costco Wholesale	Meadowlands Hospital Medical Center	Roche	Wyeth
County of Middlesex Public Health	Mellon Financial	Saint Barnabas Medical Center	YMCA of Greater Bergen County
Courtyard by Marriott	Mercedes-Benz USA	Scottrade	Yogi Berra Museum
Covenant House – New Jersey	Merck & Co. Inc	<i>Seventeen</i> magazine	Z100/WHTZ Radio
Crane's Mill Retirement Community	Merrill Lynch	Shop Rite Supermarkets, Inc.	
Crowne Plaza	Metropolitan Opera Guild	Showtime Networks, Inc.	
CVS Pharmacy	Miramax	Siemens Corporation	



As Montclair State's Mission Statement declares, "The University will serve as a center for the creation of new knowledge and for the development of innovative applications of existing knowledge." Given Montclair State's growing collaboration with industry, its experience sponsoring highly regarded conferences focusing on issues related to business and the environment, and the breadth of expertise represented by its faculty, the University is a major resource supporting the New Jersey business community. Not only do businesses consult faculty members on topics ranging from economic forecasting to forensic accounting, but students themselves advise local companies.

The **PSEG Institute for Sustainability Studies** was founded in 2009 to play a transformative role in cross-disciplinary research and education to address the sustainability issues of our time. The mission of the Institute is to conduct research, education, and outreach to balance preservation of the Earth's life-support systems with the production of sustainable goods and services.

The **Bristol-Myers Squibb Science Teaching and Learning Center** houses Montclair State's Professional Resources in Science and Math (PRISM) program, which helps numerous school districts improve science and mathematics teaching by designing professional development programs. PRISM scientists, educators, and classroom teachers are content-area specialists in curriculum, professional development, and pedagogy. PRISM is also home to an interactive science broadcasting program for K-12 students, "The Rainforest Connection Live," a collaborative venture with the Smithsonian Tropical Research Institute in Panama and the New Jersey Education Research and Education Network.

Generously funded by grants from Roche and Merck, the **Science Honors Innovation Program (SHIP)** is a research-intensive program for undergraduates majoring in one of the disciplines of the College of Science and Mathematics. Because SHIP provides financial support for student research, travel to conferences and workshops, summer stipends, and scholarships, it is an unparalleled opportunity for undergraduates to get involved in the research community, get a head start on graduate school, and compete for awards, fellowships, and admission to doctoral programs.

The **Novartis Graduate Fellows** program recruits the best graduate student with a focus on programs that would steer him or her to the pharmaceutical industry and covers the full cost of tuition for a master's degree plus an annual research stipend.

The **Sokol Institute for Pharmaceutical Life Sciences** is home to a research partnership with Celgene Corporation, the fifth largest biopharma company in the world, to identify new drug targets for treating neglected parasitic diseases like river blindness and elephantiasis. These diseases affect the lives of over 120 million people and place over one billion people at risk of infection in endemic areas.

The **Battelle Memorial Institute** has opened a regional office on the campus of Montclair State to house the Battelle Environmental Assessment & Monitoring Section of its Environmental Solutions product line. Battelle is the world's largest independent research and development organization.

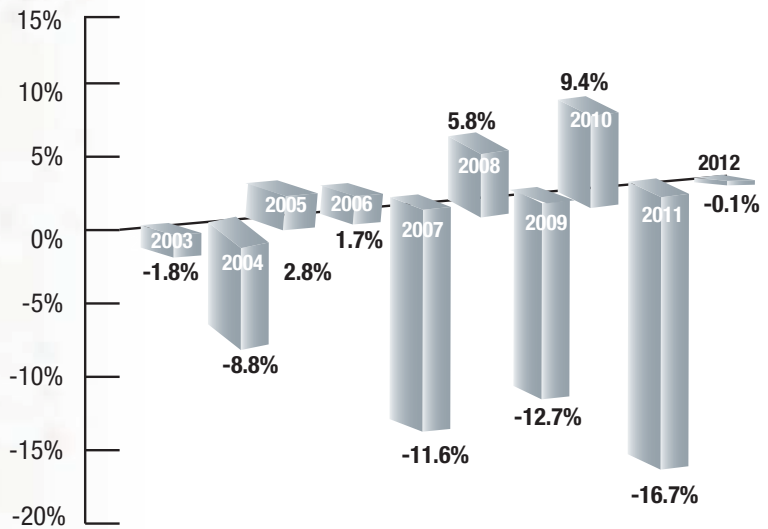
SIROM Scientific Solutions is an incubator company located at Montclair State specializing in cost-effective, environmentally friendly solutions to problems of environmental contamination.

Under the auspices of their instructors, a group of 50 students are providing technical and managerial assistance to four local companies as part of **The Strategist** program of the School of Business. This 16-week program is assisting the precision device company Topcon America, the manufacturing firm Marcal, America's largest party supply company Party City, and Lincoln Park Medical Center. Teams of students address strategic issues for these organizations by conducting market analysis, developing data collection protocols, employing analytical tools, and making recommendations to their executive teams.

Revenue — An Increasingly Self-Reliant Institution

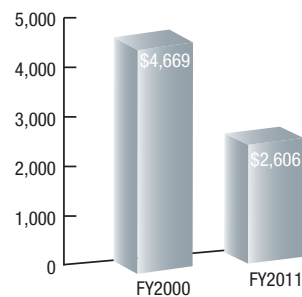
University revenue in 2011 was \$332 million. New Jersey has cut inflation-adjusted direct appropriations for its public colleges and universities six times in the last ten years. Between 2005 and 2010, New Jersey ranked 45th in the nation in its percentage increase in appropriations per full-time-equivalent student in higher education, -16.9% compared to a national average of -3.2%.

Change in Inflation-Adjusted Direct State Appropriations for New Jersey's Public Colleges and Universities, FY2001-11



As a result of declining state support for higher education and growing enrollment demand by New Jersey's high school graduates, the University's state allocation per full-time-equivalent student plummeted by more than 44% – from \$4,669 to \$2,606 – between 2000 and 2011, and that figure is not adjusted for inflation. As a result, Montclair State receives less state support per full-time-equivalent student than any other senior public institution of higher education in New Jersey. Its support is only two-thirds that of the average of other colleges and universities in the sector.

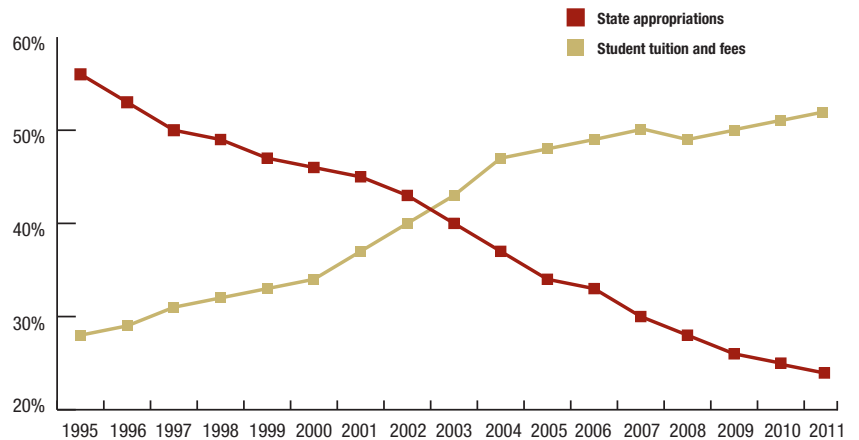
Montclair State's Declining Per-Student State Allocation



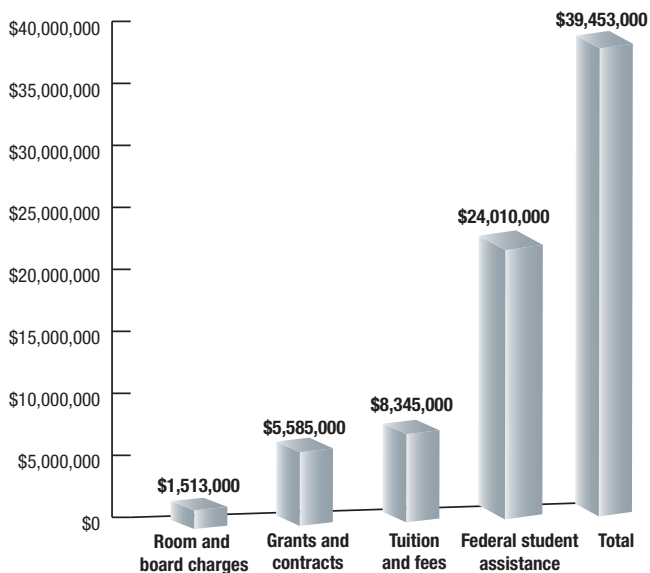
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The share of total University revenue derived from state appropriations declined from 55.2% in 1995 to only 24.5% in 2011. Montclair State has necessarily become more dependent on other sources of revenue. Student tuition and fees in particular rose from about one-third of revenue in 2000 to more than half in 2011. Even so, the University's 2012 annual tuition of \$7,690 for full-time, in-state undergraduates is the fourth lowest among New Jersey's senior public institutions.

Major Sources of Revenue, 1995-2011



Revenue from Out-of-State Sources, FY2011

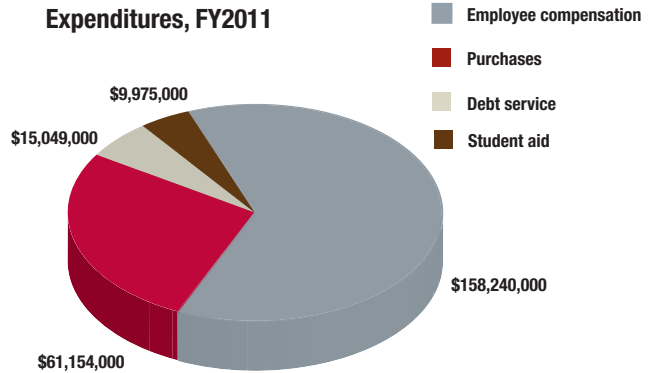


The University has redoubled its efforts to attract private money. To mark its centennial, Montclair State succeeded in raising \$60.3 million – 20% above its target – from over 23,000 donors during its “Campaign for a Second Century,” which ran from July 2001 through September 2008. Since then, the University has received another \$18.8 million. Montclair State is also aggressively seeking external grants. It succeeded in attracting almost \$70 million of such money from 2000 to 2011, of which more than half came from the federal government. During that period, the University’s annual income from external grants shot up almost 230%. Montclair State brought more than \$39 million into New Jersey from all out-of-state sources in 2011. Federal student assistance exceeded \$24 million and charges to out-of-state students approached \$10 million.

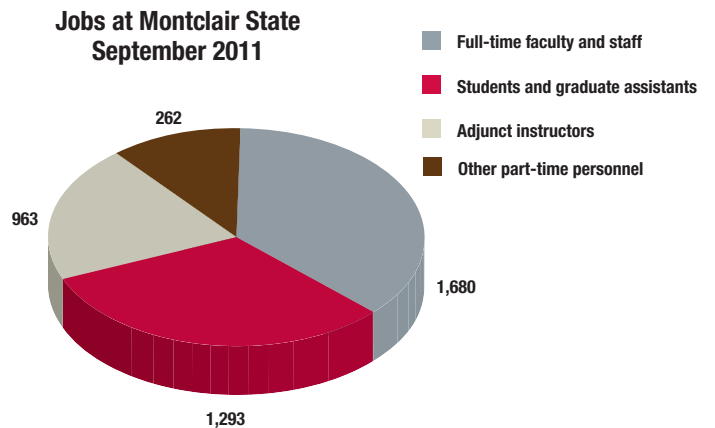
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Expenditures — A Major New Jersey Employer

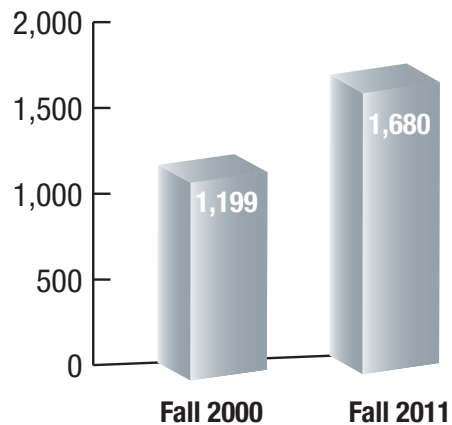
Montclair State spent more than \$244 million on operating expenditures and another \$65 million on capital expenditures in 2011. Gross employee compensation accounted for 64.7% of the operating budget, followed by purchases from vendors (25%), debt service (6.2%), and student aid (4.1%).



The University has a strong, direct impact on the state economy by means of the jobs it provides. In September 2011, Montclair State employed almost 4,200 people. To meet expanding student enrollments, the number of full-time faculty and staff positions rose 40% between 2000 and 2011.



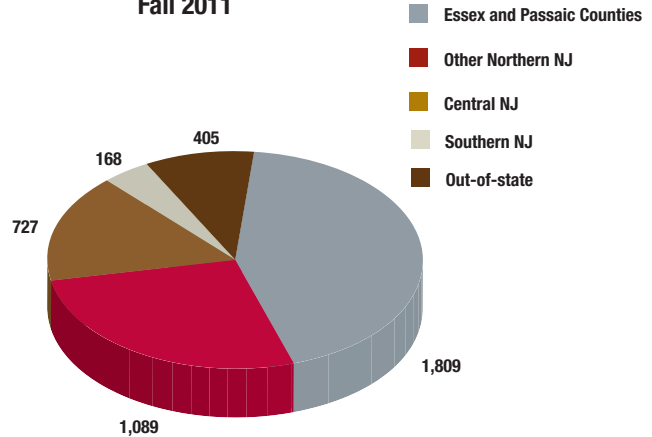
Full-Time Faculty and Staff Positions



More than 90% of Montclair State's employees live in-state, paying New Jersey property, income, and sales taxes. And the University draws its employees from across New Jersey. Many employees live in Essex and Passaic Counties, but about 47% live elsewhere in the state, including 895 employees from central and southern New Jersey.

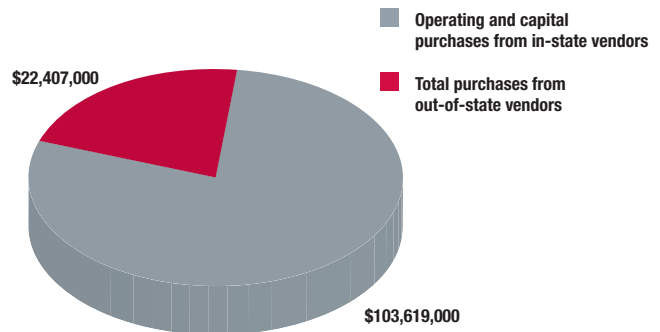
Of the \$126 million of purchases from vendors for both operating and capital expenditures in 2011, more than 82% went to New Jersey vendors.

**Homes of Montclair State Employees
Fall 2011**



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Supporting New Jersey Vendors, FY2011



Disinterested outside observers have repeatedly praised Montclair State's financial management. Moody's Investor Services and Fitch Ratings have assigned the University credit ratings of A2 and A respectively, and in a debt capacity review, Barclays Capital cited such factors as:

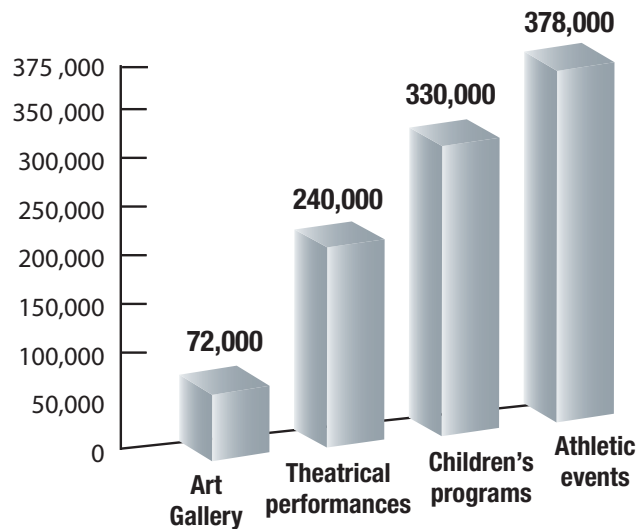
- strong student demand;
- consistently positive financial operations despite a tight state funding environment, reflecting diligent financial management;
- demonstrated growth in financial resources and liquidity; and
- a strategically focused management team.



Stimulating New Jersey's Economy

To calculate their short-term economic impact, many universities rely on the Ryan-New Jersey Model, a modified form of the classic Caffrey and Isaacs Model developed for the American Council on Education. These models estimate an institution's economic impact by means of the direct and indirect contributions it makes to cash flow in its host economy. Montclair State's direct, in-state expenditures (including capital expenditures) totaled \$103.9 million in 2011. University employees and students accounted for another \$59.9 million and \$34.5 million respectively, making for total direct expenditures within New Jersey of \$198.3 million.*

Attendance of Events, FY2000-11



This figure underestimates the University's true impact. It does not attempt to include the effects of hosting visitors at athletic, artistic, and other events. From 2000 through 2011, athletic events at Montclair State enjoyed attendance of almost 378,000 spectators. Theatrical performances drew about 240,000 guests to the campus during the same period and, in addition, 330,000 children attended special programs on campus. Attendance at the University's George Segal Gallery between 2000 and 2011 added another 72,000 visitors.

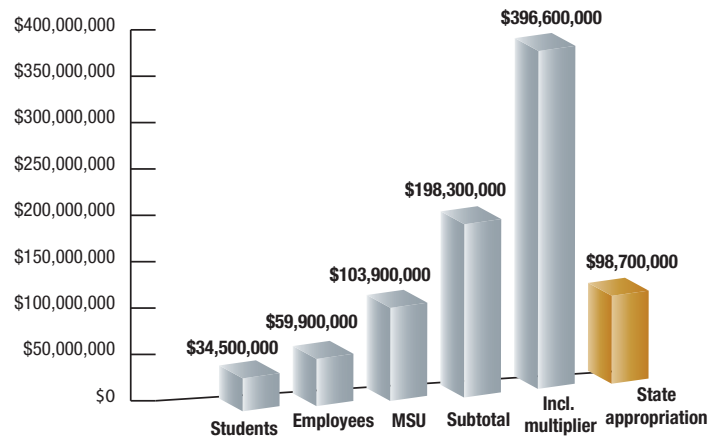
Montclair State's direct, capital, and university employee and student spending totaled \$198.3 million in 2011.

* This report relies on data from the U.S. Census Bureau, the U.S. Department of Labor's Bureau of Labor Statistics, and the U.S. Department of Commerce's Bureau of Economic Analysis to derive conservative estimates of consumer spending.

In addition, to measure short-term economic impact accurately, it is necessary to apply a multiplier to direct spending to capture the indirect, “ripple effect” of an institution’s expenditures. The individuals and businesses whose incomes are directly affected by an institution’s spending themselves spend or invest some of those dollars locally, creating additional income and employment for thousands of people, many of whom have no direct connection to the institution. Economic impact studies produced by other universities in the region conservatively estimate that every dollar spent generates another dollar’s worth of in-state economic activity. If this multiplier of 2 is applied to estimate the combined effect of direct and indirect spending, Montclair State’s total short-term economic impact on New Jersey in 2011 becomes \$396.6 million — four times the state’s \$98.7 million total funding of the University.

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In-State Expenditures Attributable to Montclair State, FY2011



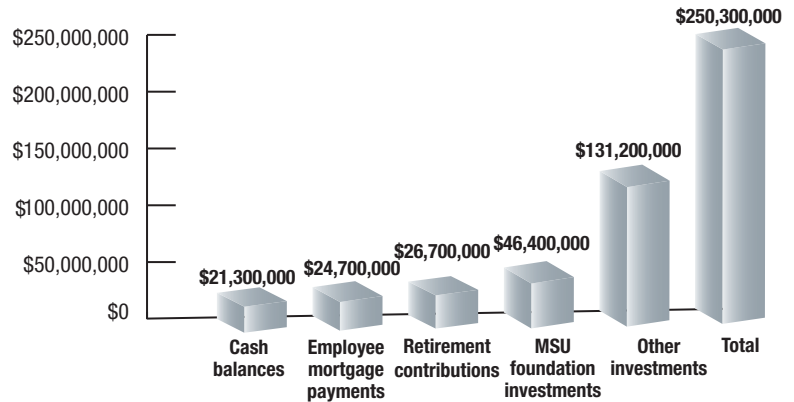
Spending naturally translates into jobs. Applying a conservative coefficient to expenditures of \$199 million yields an estimate of 5,512 jobs attributable to direct spending by the University, its employees, and its students. Even without counting graduate assistants and student workers, when its own employees are included, a total of 8,497 New Jersey jobs were attributable to Montclair State in 2011. Montclair State not only drives job growth, but also heightens wages and salaries throughout the state. Because the University both stimulates demand for local businesses and directly competes with them for employees, average compensation in the area is higher than would be the case without it. As a result, Montclair State’s presence benefits all workers in New Jersey.

Almost 8,500 New Jersey jobs were attributable to Montclair State in 2011.

There is a powerful relationship between education and economic success.

The University also makes a sizeable contribution to New Jersey's credit base. At the end of fiscal year 2011, Montclair State's cash balance in banks totaled \$21.3 million, and the market value of Montclair State University Foundation investments and other University investments amounted to \$46.4 million and \$131.2 million respectively. Employee mortgage payments and University and employee contributions to retirement systems added another \$24.7 million and \$26.7 million. All told, the University was thus a source of about \$250.3 million in investment funds.

Montclair State as a Source of Investments Funds, FY2011



The Long-Term Economic Impact of Higher Education

The facts and figures cited above speak only to Montclair State's short-term impact. The University's long-term impact is measured by its contribution to students' earnings. There is a powerful relationship between education and economic success. The U.S. Census Bureau estimated in 2003 that, compared to the lifetime earnings of a high school graduate, holders of a bachelor's degree earn an additional \$900,000 and holders of a master's degree earn an additional \$1.3 million. University graduates are thus likely to spend, save, and invest more and pay more in taxes than peers who lack university degrees, and more than 79,000 Montclair State alumni are spending, saving, and investing their money and paying taxes here in New Jersey.

All told, the University was a source of about \$250.3 million in investment funds.



Conclusion

Montclair State University is committed to serving the educational needs of New Jersey. The University has also had a significant impact on New Jersey by serving as an engine of economic growth for the entire state. And because Montclair State's impact has only grown over time, with enrollments and investments steadily increasing, the University has continued to make a positive and stabilizing contribution to New Jersey's economy even as other sectors have experienced downturns. Although this contribution comes as a by-product of the University's core mission of teaching and scholarship, it represents a tangible economic impact that materially benefits the citizens of New Jersey and returns their investment many times over.

Montclair State People in the 21 Counties of New Jersey

county	employees	students	alumni
Atlantic	27	173	522
Bergen	461	3,652	15,438
Burlington	29	213	806
Camden	21	159	537
Cape May	3	43	196
Cumberland	9	55	146
Essex	1,306	2,989	13,703
Gloucester	14	102	270
Hudson	190	1,241	3,422
Hunterdon	32	145	1,120
Mercer	49	189	968
Middlesex	214	1,120	3,920
Monmouth	131	788	4,585
Morris	336	1,632	10,086
Ocean	64	471	3,252
Passaic	503	2,369	9,854
Salem	1	24	66
Somerset	68	355	2,575
Sussex	102	495	2,652
Union	200	940	4,191
Warren	33	192	1,096

Appendix: A Note on Methodology

The methodology used to calculate short-term economic impact is commonly referred to as the Ryan/New Jersey model. It represents a modified form of the classic economic impact model developed by John Caffrey and Herbert Isaacs for the American Council on Education.* A number of institutions have relied on the Ryan/New Jersey model over the past two decades, and it has undergone several modifications.†

The major difference between the Caffrey and Isaacs and Ryan/New Jersey models is that the latter substitutes estimated values derived from available data for information collected from surveys of faculty, staff, and students. Many institutions found that they needed to make this substitution because survey response rates were often very low due to the sensitive nature of the information being requested. The calculation variables substituted for survey data are:

1. an estimate of non-housing expenditures for an average middle-income family in New Jersey;
2. an estimate of in-state expenditures for employees and students;
3. an estimate of the percentage of New Jersey residents who rent;
4. an estimate of the median rent in New Jersey;
5. an estimate of in-state spending on non-housing items by non-local, full-time employees;
6. an estimate of average annual college-related expenditures by full-time students;
7. an estimate of average annual college-related expenditures by part-time students;
8. the coefficient for estimating jobs attributable to University expenditures; and
9. a multiplier.

* John Caffrey and Herbert H. Isaacs, 1971, *Estimating the Impact of a College or University on the Local Economy*, Washington, D.C.: American Council on Education.

† Research and Planning Committee, 1983, *Handbook for Conducting a Study of the Economic Impact of a Community College*, Lincroft, NJ: Council of County Colleges of New Jersey. G. Jeremiah Ryan, 1985, "A Shortcut to Estimating Economic Impact," *Community/Junior College Quarterly* 9:197-214. College Outcomes Evaluation Program, 1989, *Procedures Manual for the Assessment of Community/Society Impact at New Jersey Institutions of Higher Education*, Trenton, NJ: New Jersey Department of Higher Education. College Outcomes Evaluation Program, 1990, *Handbook for Calculating Short-Term Economic Impact at New Jersey's Institutions of Higher Education*, Trenton, NJ: New Jersey Department of Higher Education. G. Jeremiah Ryan and Patricia Malgieri, 1992, *Economic Impact Studies in Community Colleges: The Short Cut Method, Second Edition*, Resource Paper No. 48, National Council for Resource Development.

The data for the charts in this report were obtained from the following Montclair State University offices: Institutional Research, Advancement Services, Budget and Planning, Research and Sponsored Programs, Treasury and Finance, and Human Resources, as well as the New Jersey Association for State Colleges and Universities.

Calculation Variables Used in 2011 Economic Impact Study		
	Estimate	Source
Estimate of non-housing expenditures for "all consumer units" in the New York Metropolitan Statistical Area (MSA)	0.74	2009-10 Consumer Expenditure Survey, Bureau of Labor Statistics, U.S. Dept. of Labor (Table 21—Northeast MSAs)
Estimate of in-state expenditures for employees and students	0.75	2007 Economic Census, U.S. Census Bureau
Estimate of the percentage of state residents who rent	0.34	2010 American Community Survey, U.S. Census Bureau
Estimate of the state-wide median monthly rent	\$1,114	2010 American Community Survey, U.S. Census Bureau
Estimate of annual in-state spending on non-housing items by non-local, full-time employees	\$2,435	Equals 5% of disposable income of non-local, full-time employees
Estimate of average annual college-related expenditures by full-time students	\$2,200	Montclair State Financial Aid Office (as reported in the 2010-11 Common Data Set)
Estimate of average annual college-related expenditures by part-time students	\$870	Equals 36% of estimated expenditures for full-time students based on FT versus PT credit loads.
Coefficient for estimating jobs attributable to expenditures	0.0000278	2003 Bureau of Economic Analysis, U.S. Dept. of Commerce via American Assoc. of Universities
Multiplier	2.0	Conservative figure used by Rutgers and other regional universities in their economic impact studies

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