

New Jersey Institute of Technology

Budget Presentation to the Faculty Senate

- FY17 Budget Highlights
- FY17 Budget Status
- Status of Business Process Improvements
- Budget Development Calendar

November 10, 2016

New Jersey Institute of Technology

FY17 Budget Highlights

FY2017 Approved Budget Highlights

Overview

(Reflects Changes from FY16 Projected Year-End)

- The proposed FY2017 Operating Budget is \$451.7M, an overall increase of \$25.2M (5.9%) and is comprised of \$327.7M of unrestricted funds and \$124.0M of restricted funds
- FY2017 '**2020 Vision**' funds total \$4.8M (\$1.5M for new Faculty hires, \$3.3M for CRR). The 3 year cumulative investment totals \$47.2M. '**2020 Vision**' priorities include increased enrollments with higher students' profile, a focus on student success, investment in faculty, improving student/faculty ratios, and reinvigoration of research through new and renovated facilities
- The FY2017 Operating Budget includes the establishment of a \$2.5M reserve
- The recommended balanced budget includes an in-state undergraduate 1.25% tuition rate increase and 5.76% fee rate increase for a weighted average 2.0% increase

	FY17 Recommended Full-Time Tuition and Fees						
	<u>Tuition</u>		<u>Fee</u>		<u>Total Tuition & Fees</u>		
	\$ Δ	% Δ	\$ Δ	% Δ	\$	\$ Δ	% Δ
Undergraduate							
in-state	84	1.25%	77	5.76%	8,215	161	2.00%
out-of-state	277	2.00%	77	5.76%	15,517	354	2.33%
Graduate							
in-state	254	2.75%	77	5.81%	10,907	331	3.13%
out-of-state	376	2.75%	77	5.81%	15,449	453	3.02%

FY2017 Approved Budget Highlights

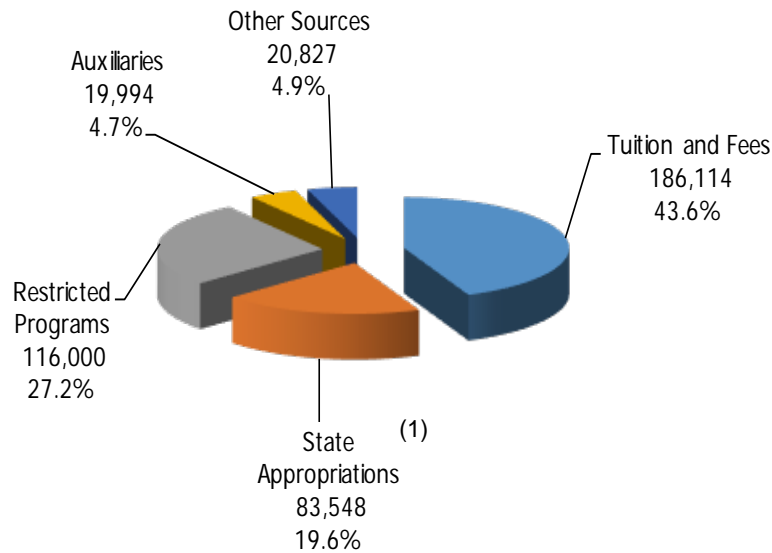
Overview (continued)

- Unrestricted Funds: \$17.2M (5.5%) growth is due to:
 - \$9.0M (4.8%) due to anticipated enrollment of 11,585 (2.3% increase) and the recommended tuition and fee rate increase
 - \$4.9M increase in State Supported Fringe Benefits
 - \$2.8M increase to other revenue sources, which includes an additional \$2.4M carryover of prior year commitments and \$0.4M increase in indirect cost recoveries resulting from increased research activities
 - \$0.5M increase to Auxiliaries

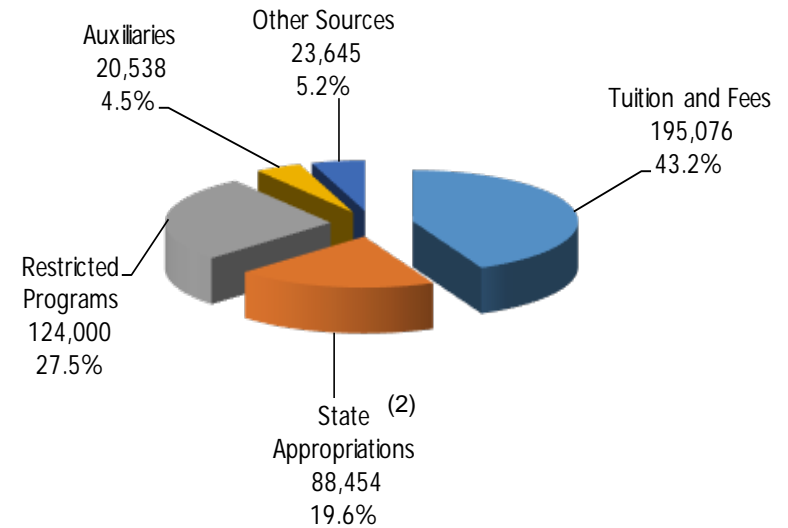
- Restricted Funds: \$8.0M (6.9%) growth includes grants, contracts, and restricted student awards

FY2016 Year End Projected and FY17 Approved Budget All Funds - Revenue Charts

Total FY16 Year End Projected Revenue = \$426,483
(\$000's)



Total FY17 Budget Revenue = \$451,713
(\$000's)



(1) FY16 State Appropriation includes: \$35.440M Base Appropriation, \$48.108M Fringe Benefits

(2) FY17 State Appropriation includes: \$35.440M Base Appropriation, \$53.014M Fringe Benefits

FY17 Approved Budget

Controllable Unrestricted Funds - Components

(Excludes State-Funded Fringes and Restricted Programs)



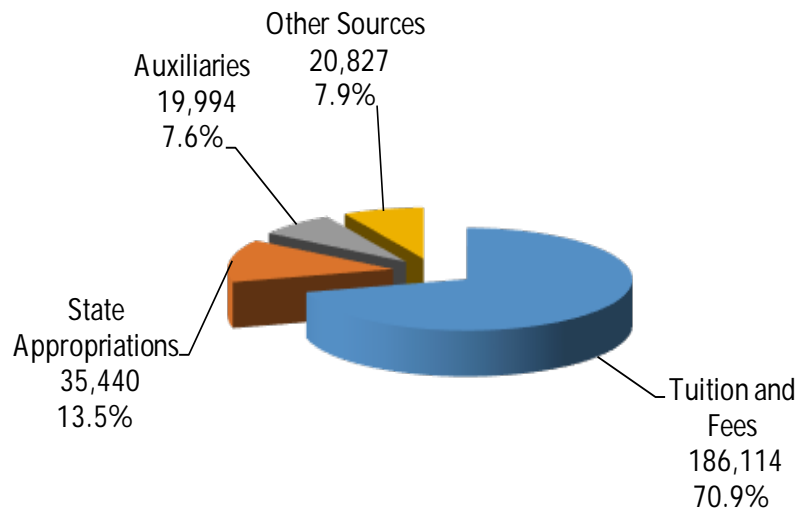
FY2016 Year End Projected and FY17 Approved Budget

Controllable Unrestricted Funds - Revenue Charts

(Excludes State-Funded Fringes and Restricted Programs)

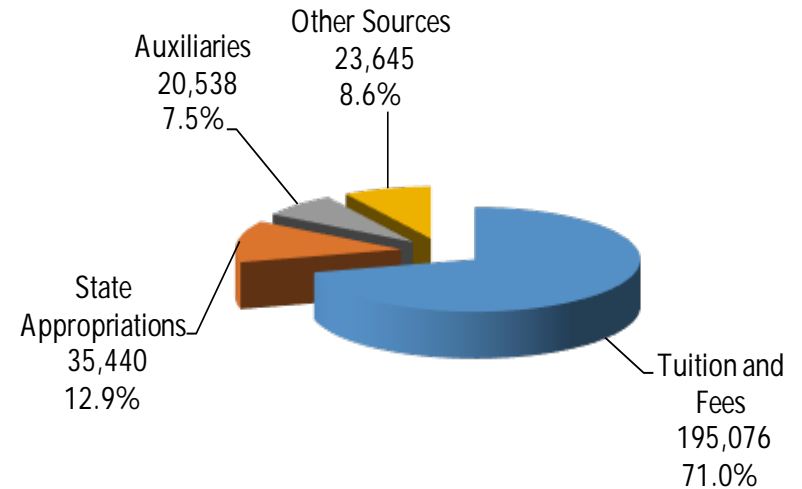
Total FY16 Year End Projected Revenue = \$262,375

(\$000's)



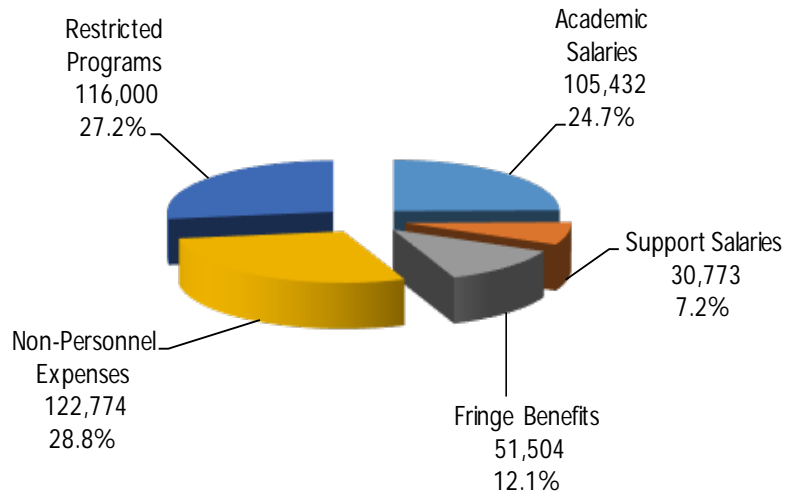
Total FY17 Budget Revenue = \$274,699

(\$000's)

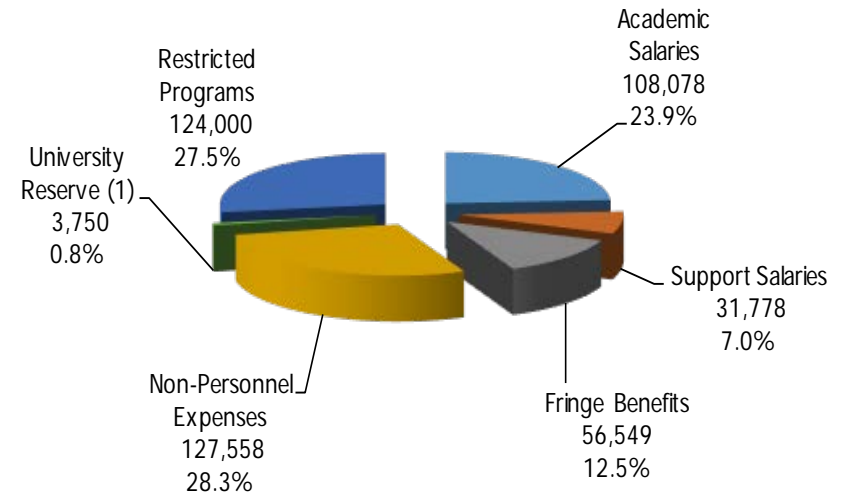


FY2016 Year End Projected and FY17 Approved Budget All Funds - Expense Charts

Total FY16 Year End Projected Expenses = \$426,483
(\$000's)



Total FY17 Budget Expenses = \$451,713
(\$000's)

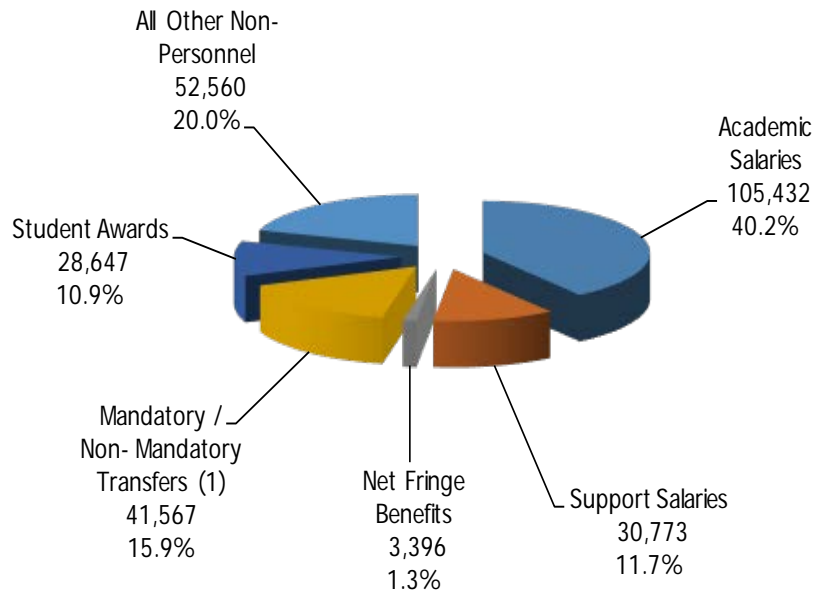


(1) FY17 University Reserve includes \$2.5M General University Reserve and \$1.25M State Health Benefit Program Reserve.

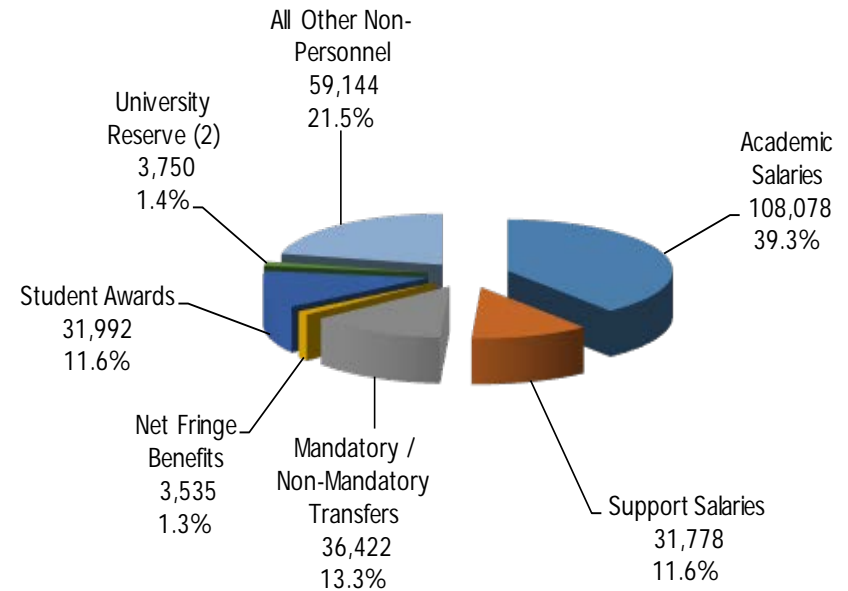
FY2016 Year End Projected and FY17 Approved Budget Controllable Unrestricted Funds - Expense Charts

(Excludes State-Funded Fringes and Restricted Programs)

Total FY16 Year End Projected Expenses = \$262,375
(\$000's)



Total FY17 Budget Expense = \$274,699
(\$000's)



(1) Anticipates \$3.7M projected year-end transfer to the working capital reserve and \$1.6M returned from FSIP II Program.

(2) FY17 University Reserve includes \$2.5M General University Reserve and \$1.25M State Health Benefit Program Reserve.

FY2017 Approved Budget Highlights

Revenue Details

(Reflects Changes from FY16 Projected Year-End)

- \$9.0M increase to Tuition and Fees due to additional enrollment and approved tuition and fee rates, including:
 - \$4.2M additional base tuition and fee revenue
 - Projected enrollment of 11,585, an increase of 260 (2.3%) above Fall 2015
 - Projected revenue includes typical Fall to Spring attrition
 - \$4.2M additional tuition and fee revenue, due to recommended tuition and fee rate increases of: UG In-State (2.0%) UG Out-of-State (2.3%) GR In-State (3.1%) GR Out-of-State (3.0%)
 - \$0.6M increase in other tuition, including: Pearson Programs, EMBA, Pre-College, and summer and winter programs

FY2017 Approved Budget Highlights
Revenue Details (Continued)
(Reflects Changes from FY16 Projected Year-End)

- \$4.9M (10.2%) net increase to State Supported Fringes
- \$2.8M increase to Other Sources including:
 - \$2.4M increase in carryover of prior year commitments
 - \$0.4M increase in indirect cost recoveries from external grants
- \$0.5M increase to Auxiliaries including:
 - \$0.2M additional Residence Halls and Greek Village (2% rate increase)
 - \$0.3M additional parking fees from increased employee and student rates
- \$8.0M (6.9%) growth in restricted programs, which includes grants, contracts, and restricted student awards

FY2017 Approved Budget Highlights

Expense Details

(Reflects Changes from FY16 Projected Year-End)

- \$1.5M –Net budget impact of 20 new Faculty, including year 1 start-up (new start-up packages total \$5.4 Million spread over 3 fiscal years)
- \$3.3M – New funds supporting Capital Renewal and Replacement (CRR)
 - FY17 CRR budget totals \$16.0M (see page 11 for details)
- \$3.3M (11.7%) increase to student awards, resulting in a total budget of \$32.0M, due to an increased number of high achieving new and returning students
- \$5.0M increase to employee benefits, most of which are State supported
- \$1.9M salary turnover target (1.1%) Faculty and (2.2%) Staff
- \$1.25M State Health Benefits Program Reserve
- \$0.9M for non-personnel related inflation
- \$8.0M (6.9%) growth in restricted programs, which includes grants, contracts, and restricted student awards

FY17-FY20 Approved Capital Budgets (\$000's)

Project Type	FY16	FY17 Funds	Use FY16 Fund Avail	FY18	FY19	FY20	FY16-FY20 Total
Annual Maintenance Projects	3,235	4,509		5,000	5,100	5,775	23,619
FY17 Requests - Funded from FY16 Budgets							
GITC - Equip/Furnish Big Data Lab in GITC 4219		-	275				
Fenster - 3rd Floor Conference Room 325 - 1/2 NJIT & 1/2 Panasonic		-	200				
GITC - Equip/Furnish Cyber Security Research Center in GITC 4323		-	300				
Theater - Single person personnel lift		-	14				
Furniture for Reception Area of HR		-	10				
Theater - Scene Life Safety and Code Compliance		-	10				
Theater - Grand curtain replacement and rigging correction		-	7				
FY17 Requests - VP Recommended							
Cypress - Exterior Façade Phase 1 (EMERGENT REPAIR REQUIRED)		3,100					
GITC - Front steps (EMERGENT REPAIR REQUIRED)		250					
GITC - Factory Floor Renovation to Collaborative Learning; Makerspace		1,000					
Campbell - Pre-College Renovations and move		1,200					
CAB - Renovation of 2nd Floor		1,250					
New Faculty Laboratories (Placeholder)		2,000					
Lifecycle replacement of IT equipment and Infrastructure		575					
Student Mall - Bursar and Registrar Renovations for service improvements		545					
Campus Wide - Learning communities - total 3 @\$150,000		150					
Cullimore - Relocation of CSLA Dean's Office to 2nd Floor		750					
Relocation of Bookstore and Associated Rearrangements		350					
GITC - NCE Dean to Kupfrian		375					
Subtotal Major Capital Project Requests	9,487	11,545	816	10,996	12,045	14,981	59,054
							-
Total Requested Projects	12,722	16,054		15,996	17,145	20,756	82,673
'2020 Vision' CRR Budgets	12,722	16,054		15,204	17,145	20,756	
Budget Surplus / (Overage)	\$ -	\$ -		\$ (792)			
FY17 Budget Change from FY16		3,332					

FY2015 Year End Committed, FY2016 Year End Projected, and FY2017 Approved Budget - Executive Summary (\$000's)

<u>Income</u>	<u>FY2015 Year End Committed</u>	<u>FY2016 Year End Projected</u>	<u>FY2017 Approved Budget</u>	<u>\$ Δ FY2017 / FY2016</u>	<u>% Δ FY2017 / FY2016</u>
Tuition and Fees	169,320	186,114	195,076	8,962	4.8%
State Appropriation - Base	37,696	35,440	35,440	-	0.0%
State Appropriation - Fringe Benefits ⁽¹⁾	43,194	48,108	53,014	4,906	10.2%
Auxiliaries	18,904	19,994	20,538	544	2.7%
Other Sources ⁽²⁾	19,133	20,827	23,645	2,818	13.5%
Subtotal Operating Revenue	288,247	310,483	327,713	17,230	5.5%
Restricted Programs	106,000	116,000	124,000	8,000	6.9%
Grand Total Revenues	394,247	426,483	451,713	25,230	5.9%
Expense					
Academic Area Salaries	94,544	100,689	108,078	7,389	7.3%
FSIP III Program		4,743		(4,743)	-100.0%
Subtotal - Academic Year Salaries	94,544	105,432	108,078	2,646	2.5%
Support Area Salaries	29,342	30,773	31,778	1,005	3.3%
Fringe Benefits ⁽¹⁾	43,513	51,504	56,549	5,045	9.8%
Subtotal - Personnel	167,399	187,709	196,405	8,696	4.6%
General Non-Personnel ⁽²⁾	46,715	52,560	59,144	6,584	12.5%
Student Awards	24,534	28,647	31,992	3,345	11.7%
Mandatory Transfers	19,727	18,797	18,795	(2)	0.0%
Non-Mandatory Transfers ⁽³⁾	29,872	22,770	17,627	(5,143)	-22.6%
Subtotal - Non-Personnel	120,848	122,774	127,558	4,784	3.9%
State Health Benefits Program Reserve	-	-	1,250	1,250	0.0%
University Reserve			2,500	2,500	0.0%
Subtotal Operating Expenses	288,247	310,483	327,713	17,230	5.5%
Restricted Programs	106,000	116,000	124,000	8,000	6.9%
Grand Total Expenses	394,247	426,483	451,713	25,230	5.9%
Surplus/ (Deficit)	-	-	-	-	

(1) Fringe Benefits (Income and Expense) does not include impact of GASB 68, which will be included in year-end financial reporting only and has no cash impact.

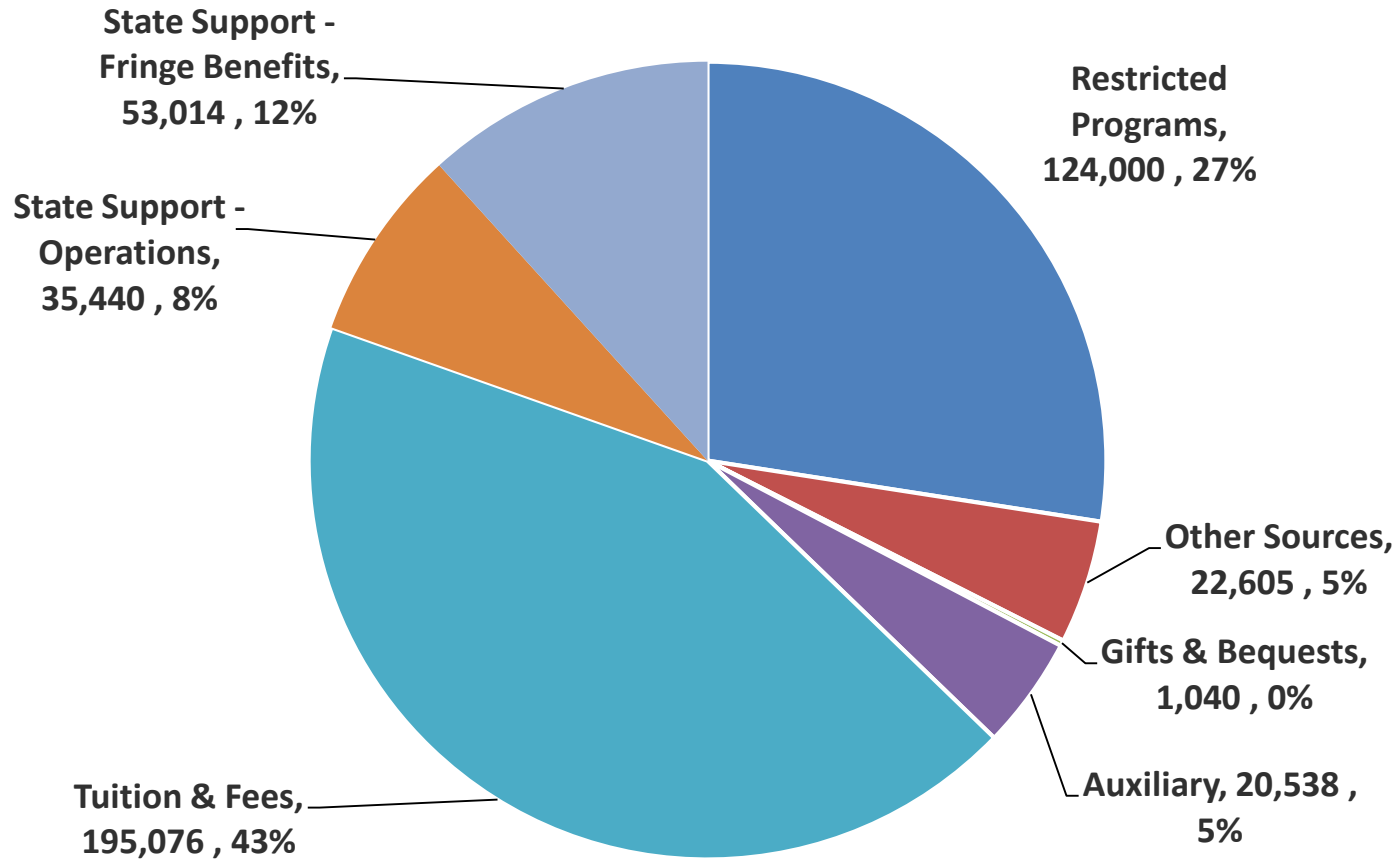
(2) Includes \$2.4M of prior year commitments above FY16 year-end projected.

(3) Anticipates \$3.7M projected year-end transfer to the working capital reserve and \$1.6M returned from FSIP II Program.

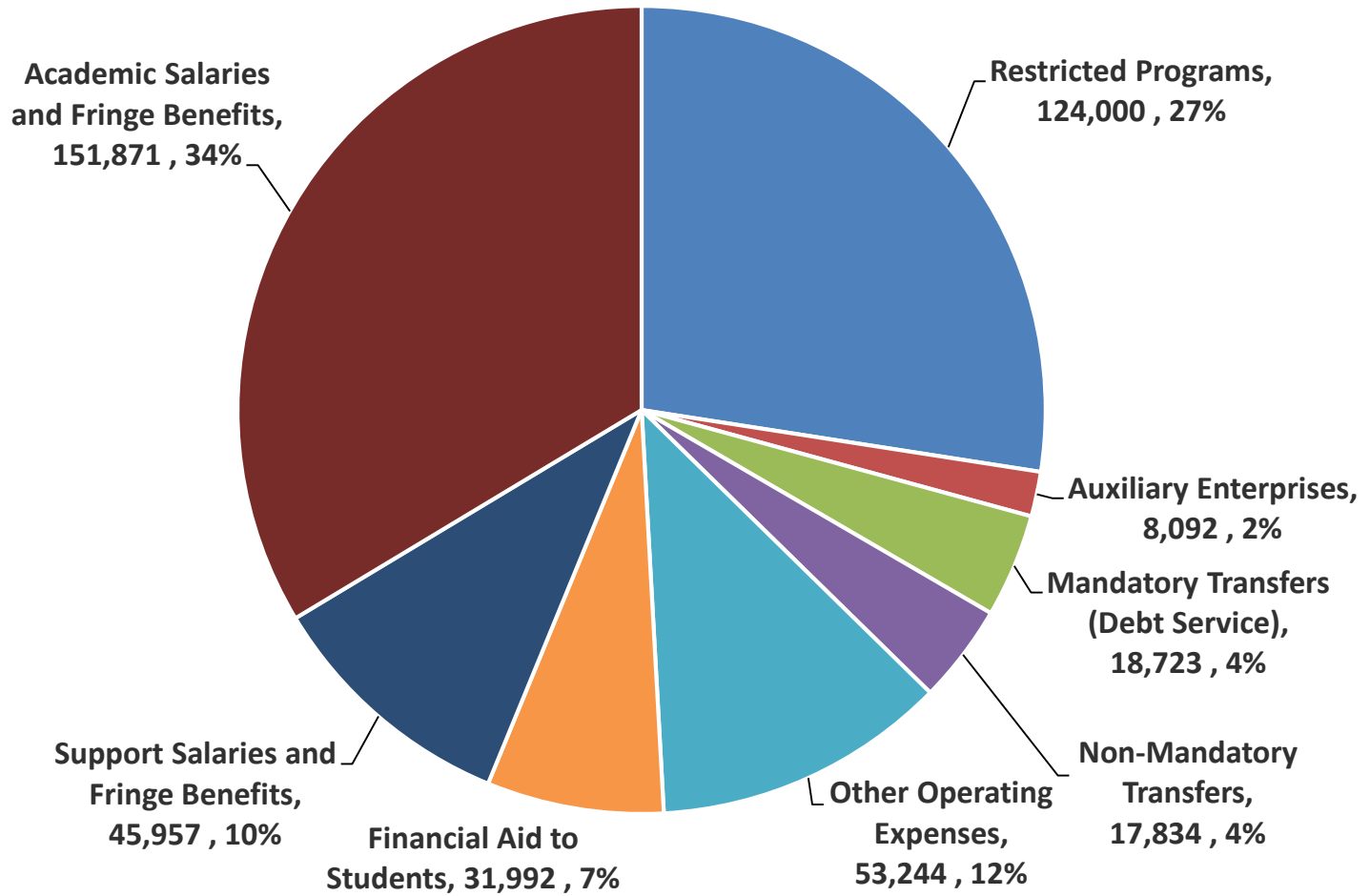
New Jersey Institute of Technology

FY17 Budget Status
As of October 31, 2016

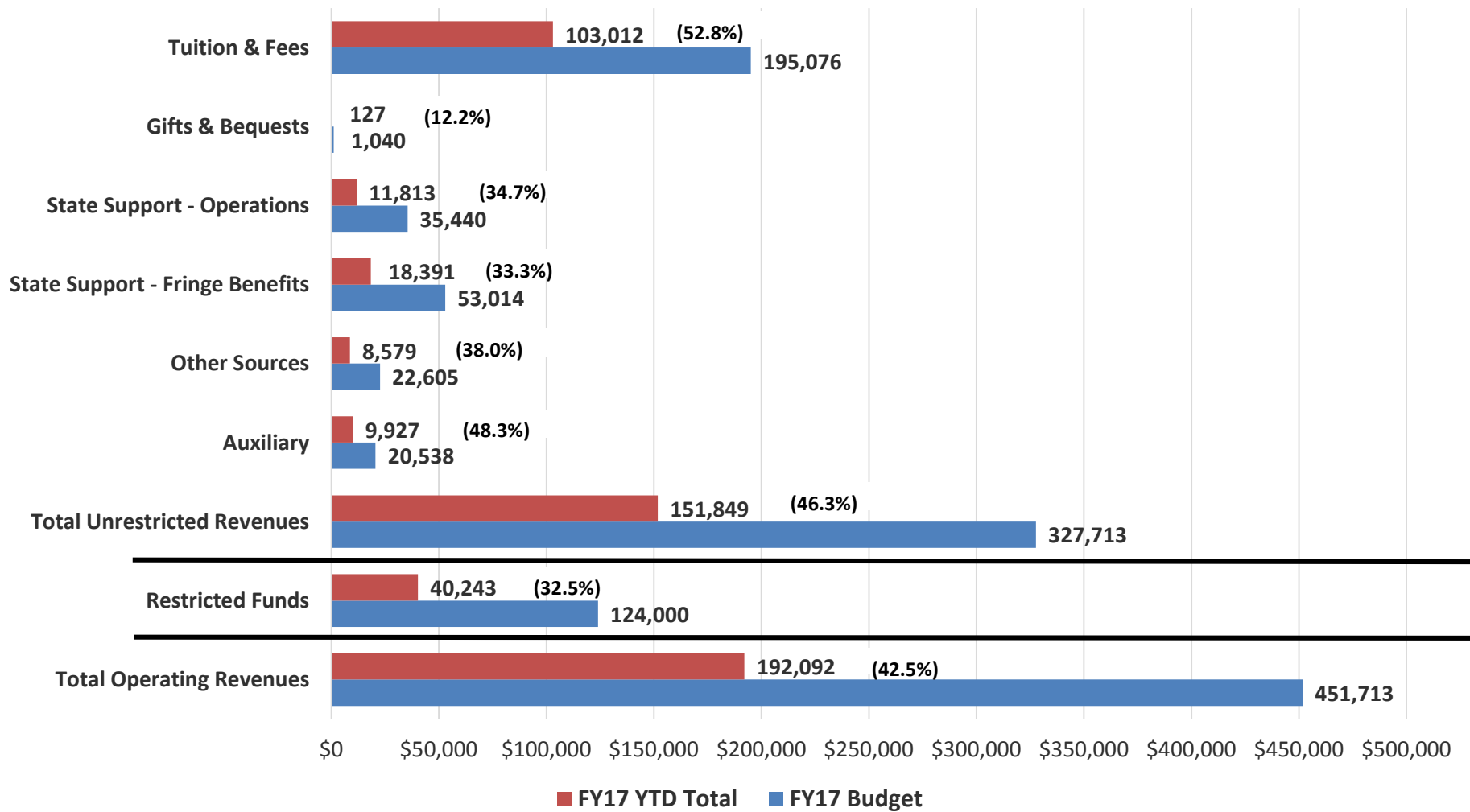
FY17 Operating Budget \$451,713 (\$000's) Revenue Components



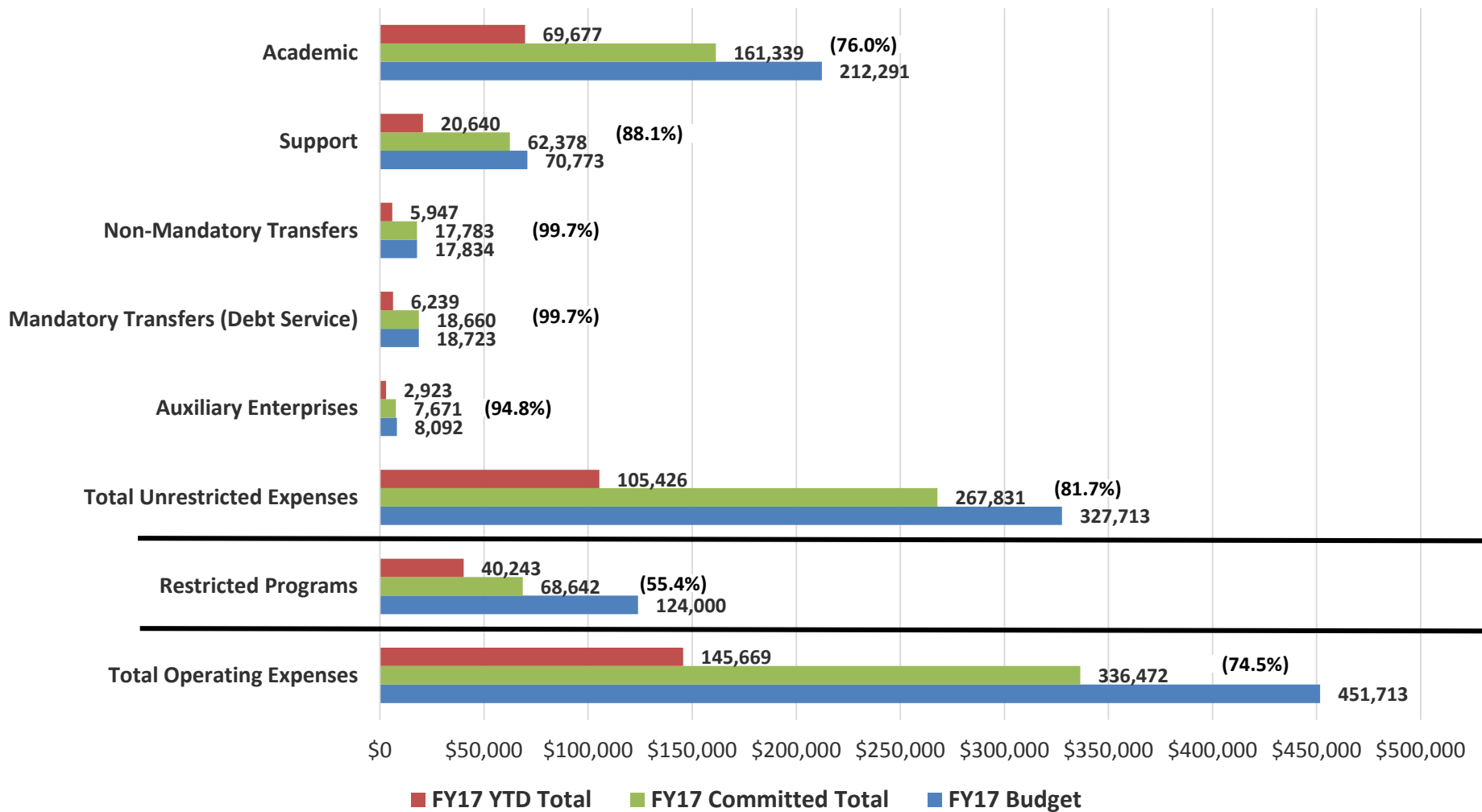
FY17 Operating Budget \$451,713 (\$000's) Expense Components



FY17 Operating Budget \$451,713,000
Revenue Components: Budget vs. YTD Total (\$000's) and Percentages
As of October 31, 2016



FY17 Operating Budget \$451,713,000
Expense Components: Budget vs. YTD Total vs. Total Committed (\$000's) and Percentages
As of October 31, 2016



New Jersey Institute of Technology

Status of Business Processes Improvements

“ADAPT 2016” Initiative

Adjustability

Dependability

Accountability

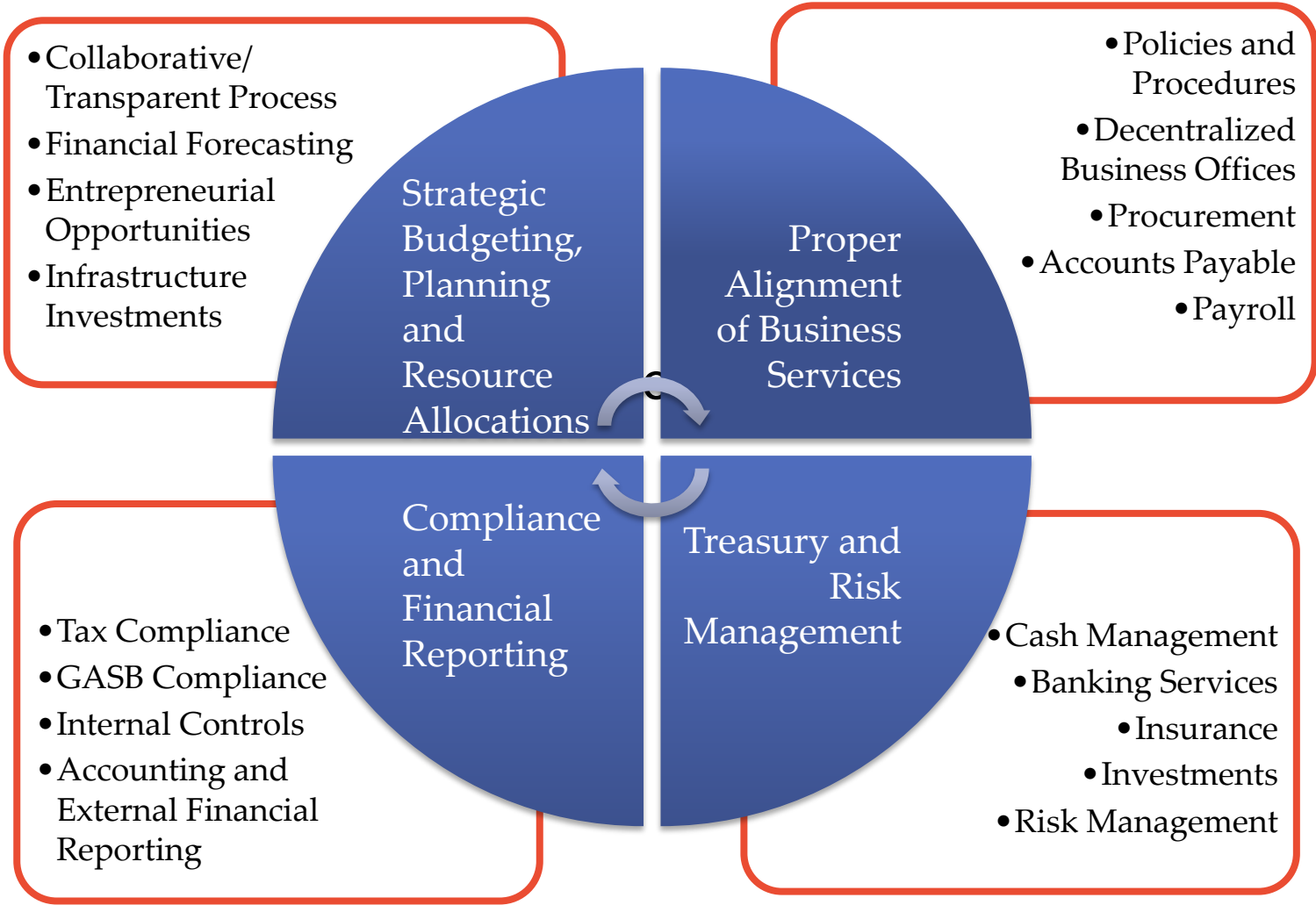
Perseverance

Teamwork

The ‘**ADAPT 2016**’ initiative has the goal of researching and implementing business service improvements to the university community in a collaborative and transparent process.

This initiative will establish a ‘best practices’ approach to business operations; an approach that promotes speed and process efficiencies but also ensures accountability.

Proper Alignment of Finance Area Functions



Finance Division Recent Accomplishments

Over the past year, NJIT's Finance Division has made many business improvements that result in operating efficiencies, improved customer service, high standards of accountability, and improved leveraging of university assets.

Notable accomplishments include:

- Created a 'shared services' budget management relationship between the Budget Office and the Provost's Office and VP Academic Support & Student Affairs
- Established a mileage reimbursement rate of \$0.54 per mile
- Finalized and began implementing the new Wells Fargo agreement
- Partnered with Baker Tilly to plan and conduct annual outsourced internal audits
- Received 'unmodified' audit report on the FY16 financial statements
- Realignment of the Finance Organization

FY17 Goals & Objectives

The goals for this upcoming fiscal year support both the ‘**ADAPT 2016**’ initiative and ‘Continual Quality Improvement’ (CQI) initiatives.

FY17 Goals & Objectives include:

- Continue to develop transparent and collaborative relationships
- Develop informative financial dashboards
- Researched contract with a Travel Management Company
- Update travel reimbursement and purchasing policies and procedures
- Explore and implement a university card program
- Thoroughly review and update the procurement data entry process, from training end-users, to reviewing approval levels, to purchasing a new catalog-driven Procure-to-Pay System (i.e. UniMarket/SciQuest)
- Develop financial statement ratio analyses comparing our key performance metrics to those at our peer universities
- Expand employee direct deposit to 100%

New Jersey Institute of Technology

Budget Development Calendar

Budget Development Calendar

July/ September

- Faculty recruitment and associated start-up packages are approved and advertising begins for the following fiscal year
- Future Year Budget/Financial Planning Model is updated reflecting the approved operating budget

October / November

- The State Budget Submission is finalized for the upcoming fiscal year and sent to NJ Office of Management and Budget (OMB)
- A detailed budget 'scorecard' is developed that reflects all changes to the current year budget and the initial enrollment projection are provided for the future year budget. An executive summary is also developed for presentation purposes
- Vice Presidents begin developing budget priority requests for new funding supporting the '2020 Vision'

December

- Current year budget changes are applied to the future year Budget/Financial Planning Model

Budget Development Calendar

January / February

- Develop and distribute the Personnel Book for the upcoming fiscal year to respective Vice President's areas for review
- Updated enrollment projections are provided by the VP Academic Support and Student Affairs
- Budget Presentations occur. Each Vice President aggregates and presents the proposed new strategies and initiatives (above the current year's base budget). The Provost and CFO will inform and collaborate with the University Senate Strategic Planning Steering Committee and the Faculty Senate Committee on Academic and Strategic Priorities, in addition the Finance Committee of the University Senate. Proposals are linked to '2020 Vision' tactics, metrics, and KPIs. Presentation would include, as applicable:
 - Update on new faculty recruitment and start-up packages for the upcoming year
 - University Lecturers, adjuncts and staff recruitment requests
 - Student Awards
 - Equipment and general non-personnel
 - Capital and technology projects
- The Governor's Budget for the upcoming fiscal year is introduced, which includes a recommendation for the NJIT appropriation (Legislative process continues through June)
- Vice Presidents complete their review of the Personnel Book for the upcoming FY with any questions resolved by the Budget Office by mid-February

Budget Development Calendar

March / April

- Preliminary non-personnel budgets are established in Banner
- New initiatives are prioritized by Sr. Staff which includes feedback from the University Senate Strategic Planning Steering Committee and the Faculty Senate Committee on Academic and Strategic Priorities, in addition the Finance Committee of the University Senate
- An updated detailed budget 'scorecard' is prepared that reflects all changes to the future year, including current enrollment projections, budget presentation requests, and tuition and fee rate options
- Budget Development status is reviewed with Board of Trustee Executive and Audit and Finance Committees

May / June

- Budget Scorecard and Tuition and Fee rate scenarios are prepared
- Draft Operating and Capital/ Technology Budget presentations are prepared
- Draft Tuition and Fee Rates schedule is prepared
- Budget Development status reviewed with Board of Trustee Executive and Audit and Finance Committees

July

- State Appropriation for the new FY is finalized
- Budget Schedules for the new FY are prepared for Board of Trustee action on Proposed Tuition and Fee rate Schedule
 - Proposed Operating and Capital Budgets