

New Jersey Institute of Technology

FY2018 Budget Development

Public Hearing

July 12, 2017



New Jersey Institute of Technology

New Jersey Institute of Technology

Overview of the FY2018 Budget Development Process

- A collaborative, transparent FY18 budget development process began in July 2016 with the approval of the FY18 faculty recruitment plan
- **Throughout the FY18 budget development process:**
 - University community received FY18 budget updates through Faculty Senate and University Senate presentations and month-end status reports
 - Continuously analyzed revenue budgets; including:
 - Fall 2017 enrollment projections were provided in February, updated in June, and are continually reviewed and analyzed using various enrollment and registration metrics. Currently budgeting an overall headcount of 11,486
 - On-campus housing demands are strong and the FY18 budget estimates more than 97% fall occupancy of our approximate 2,000 dorm rooms
 - State funding was increased by \$10M to support Makerspace

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Overview of the FY2018 Budget Development Process

- **July/September 2016**
 - Fall 2017 (FY18) Faculty recruitment and associated start-up packages were approved (23 new faculty positions) consistent with '2020 Vision'
- **November/December 2016**
 - FY18 budget presentation request templates were sent to VP's. VP's then distributed to dean/division heads
 - Department Chair budget discussions occurred with appropriate dean/division head
 - Dean/division head discussions of budget requests occurred with appropriate area VP
 - The value of initial FY18 budget requests totaled \$62.7 million, of which \$18.9 million were in operating requests and \$43.8 million were in capital project requests
- **January/February 2017**
 - VP's submitted FY18 budget requests that included a report on the use of FY17 strategic planning funds, as well as detailing FY18 new requests indicating relevant '2020 Vision' priorities, tactics, and KPIs
 - FY18 VP recommended priority requests totaled \$29.4 million (\$14.8 million in operating requests and \$14.6 million in capital project requests)

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Overview of the FY2018 Budget Development Process

- **March – June 2017**

- Audit and Finance Committee held several FY18 budget development discussions with the university administration. Factors impacting the FY18 budget include enrollment, faculty recruitment, State funding levels, debt service, research activities, facility's needs, WEC and Makerspace operations
- Audit and Finance Committee reviewed in-progress 'scorecards' indicating the status of the FY18 budget
- FY18 development included recognition of required budget increases such as faculty recruitment, student awards, WEC and Makerspace, salary program, debt service, fringe benefits, and utilities
- Impact of the 2017 Strategic Debt Plan was applied to FY18 budget planning, contributing to a \$6.0M working capital reserve

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Overview of the FY2018 Budget Development Process

- **March- June 2017 (Continued)**
 - Various FY18 budget scenarios, including enrollment, funding priorities, capital renewal and replacement projects, and tuition and fee options were reviewed with the Board of Trustees Executive and Audit and Finance Committees
- **July 2017**
 - State Budget finalized and NJIT State funding levels known
 - The proposed balanced FY18 budget and tuition and fee rates will be submitted to Board of Trustees for their consideration at their July 20th meeting

New Jersey Institute of Technology

FY2018 Budget Highlights Overview

FY2018 Proposed Operating Budget

Budget Highlights

The proposed FY2018 Operating Budget:

- Totals \$518.8M, a 6.8% overall increase above FY2017 year-end projected commitments
- This budget is comprised of \$357.0M of unrestricted funds (6.6% increase) and \$161.8M of restricted funds (7.2% increase) and also includes the New Jersey Innovation Institute (NJII)
- Includes \$10M in new state appropriation for Makerspace
- Anticipates a Fall 2017 enrollment of 11,486, an overall increase of 40 students (0.3%)
- Includes an in-state undergraduate 2.85% tuition and fee rate increase (\$234/semester) comprised of a 2.23% tuition and 5.80% fee rate increases
- Includes an in-state graduate 4.0% tuition and fee rate increase (\$438/semester) comprised of a 3.7% tuition and 5.8% fee rate increases
- Establishes a \$6.0M working capital reserve
- FY2018 '**2020 Vision**' funds total \$5.7M. The cumulative investment totals \$74.2M

FY2018 Proposed Operating Budget

'2020 Vision' - Cumulative Investments

- FY2018 **'2020 Vision'** new funds total \$5.7M, which include increases for the below priorities:
 - \$1.7M – Students (merit & need based student awards and increase graduate stipend to \$22K)
 - \$4.0M – Investments (new faculty & lecturers, WEC and Makerspace operations, adjunct rate increase, and expand online graduate programming)
- The four year cumulative investment totals \$74.2M

2020 Vision Investments					
	FY 2015	FY 2016	FY 2017	FY 2018	FY15 - FY18
Strategic Priority	<i>Annual Budget</i>	<i>Annual Budget</i>	<i>Annual Budget</i>	<i>Annual Budget</i>	<i>Cumulative Budget</i>
1 - Students	4,353	6,030	6,030	7,704	24,117
2 - Learning	138	1,140	1,140	1,140	3,558
3 - Scholarly Research	670	714	714	714	2,812
4 - Community	545	794	794	794	2,927
5 - Investments	3,494	7,894	12,730	16,690	40,808
Total 2020 Vision Investments	9,200	16,572	21,408	27,042	74,222

- As of December 31, 2016, the first 18 months of the strategic plan, 38 metrics (86%) have been assessed as green or yellow status which means those KPIs will be approaching or exceeding their goals by FY20 assuming funding levels are maintained

FY2018 Proposed Operating Budget

Fall Enrollment History and FY2018 Enrollment Projection

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>Variance</u>	
	Fall 2015 10th Day Actual	Fall 2016 10th Day Actual	Fall 2017 10th Day Budget ⁽¹⁾	Fall 2017 Budget / Fall 2016 Actual	
				HC	% Δ
Undergraduate	8,009	8,293	8,544	251	3.0%
Graduate	2,903	2,726	2,499	(227)	-8.3%
PHD	413	427	443	16	3.7%
Total Enrollment	11,325	11,446	11,486	40	0.3%

⁽¹⁾ Provided by AVP Enrollment Services as of 6/6/17

FY2018 Proposed Operating Budget

Full-Time Proposed Annual Tuition and Fee Rates

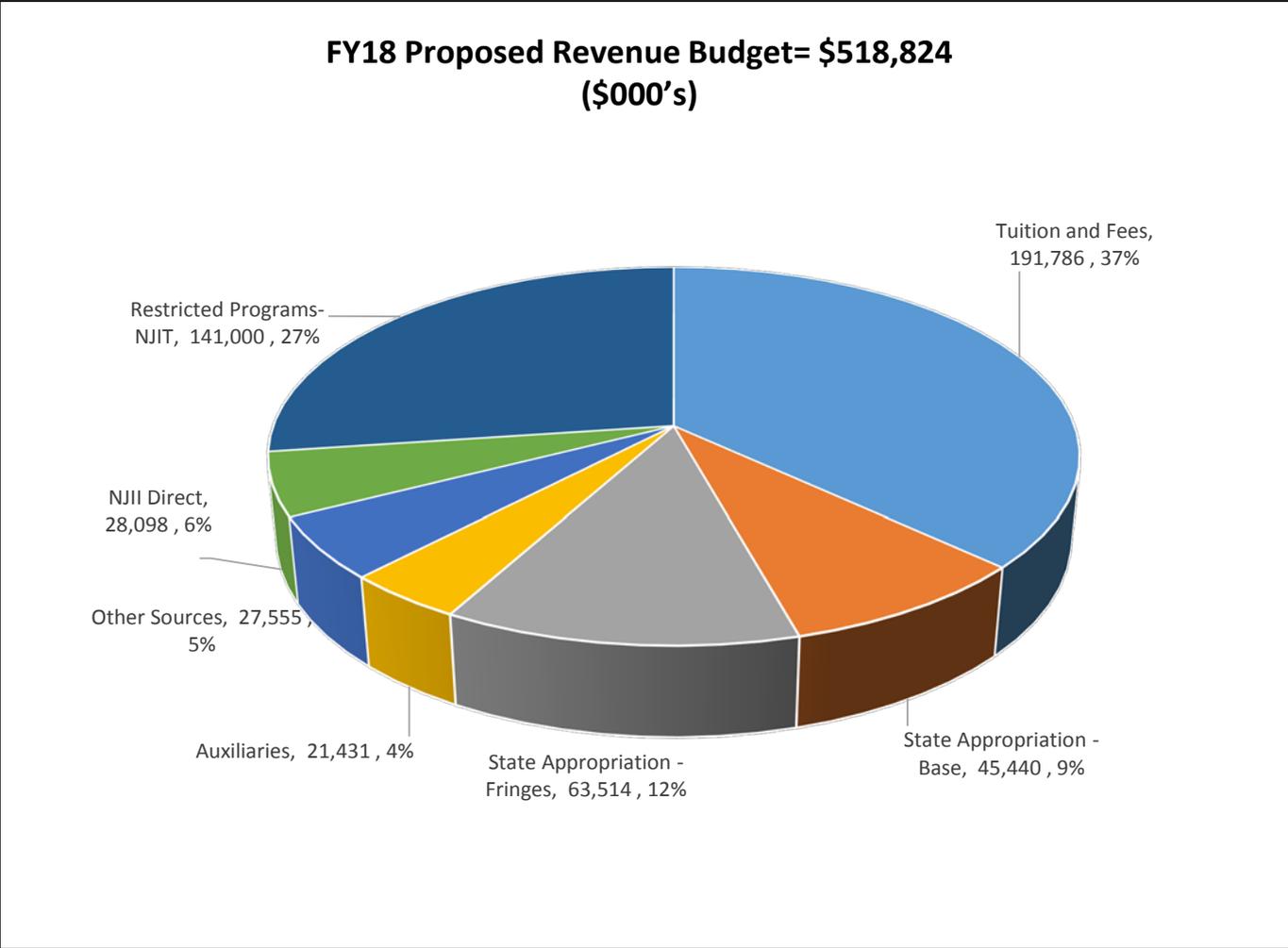
	Tuition				Mandatory Fees				Total Tuition & Fees				
	\$	△	%	△	\$	△	%	△	Total \$	\$	△	%	△
<u>Undergraduate</u>													
in-state	\$	304		2.2%	\$	164		5.8%	\$	16,898	\$	468	2.85%
out-of-state	\$	720		2.6%	\$	164		5.8%	\$	31,918	\$	884	2.85%
<u>Graduate</u>													
in-state	\$	712		3.7%	\$	164		5.8%	\$	22,690	\$	876	4.0%
out-of-state	\$	1,074		3.8%	\$	164		5.8%	\$	32,136	\$	1,238	4.0%

Undergraduate In-State Tuition and Mandatory Fee Rates

Tuition & Mandatory Fee History									
Fiscal Year	Tuition Full-time In State Annual	Mandatory Fees Full-time In-State Annual	Total Full-time In State Annual			5 Year Average Tuition \$	5 Year Average Tuition %	10 Year Average Tuition \$	10 Year Average Tuition %
				\$ Δ	% Δ	Δ	Δ	Δ	Δ
1993	3,790	734	4,524	236	5.50%	240	5.1%	502	6.7%
1994	3,998	792	4,790	266	5.88%				
1995	4,188	792	4,980	190	3.97%				
1996	4,378	842	5,220	240	4.82%				
1997	4,638	848	5,486	266	5.10%				
1998	4,958	864	5,822	336	6.12%	343	5.6%	502	6.7%
1999	5,250	964	6,214	392	6.73%				
2000	5,508	972	6,480	266	4.28%				
2001	5,758	972	6,730	250	3.86%				
2002	6,158	1,042	7,200	470	6.98%				
2003	6,758	1,148	7,906	706	9.81%	661	7.9%	502	6.7%
2004	7,332	1,168	8,500	594	7.51%				
2005	7,918	1,262	9,180	680	8.00%				
2006	8,472	1,350	9,822	642	6.99%				
2007	9,066	1,440	10,506	684	6.96%				
2008	9,700	1,650	11,350	844	8.03%	694	5.9%	592	4.6%
2009	10,500	1,982	12,482	1,132	9.97%				
2010	10,816	2,040	12,856	374	3.00%				
2011	11,248	2,122	13,370	514	4.00%				
2012	11,756	2,218	13,974	604	4.52%				
2013	12,400	2,340	14,740	766	5.48%	491	3.3%	592	4.6%
2014	12,800	2,466	15,266	526	3.57%				
2015	13,120	2,528	15,648	382	2.50%				
2016	13,434	2,674	16,108	460	2.94%				
2017	13,602	2,828	16,430	322	2.00%				
2018	13,906	2,992	16,898	468	2.85%				

FY2018 Proposed Operating Budget

Revenue Summary



FY2018 Proposed Revenue Budget

Summary (\$000's)

	<u>FY2016</u> Year-End <u>Committed</u>	<u>FY2017</u> Year-End <u>Projections</u>	<u>FY2018</u> Proposed <u>Budget</u>	\$ Variance <u>FY2018 /</u> <u>FY2017</u>	% Variance <u>FY2018 /</u> <u>FY2017</u>
<u>Revenues:</u>					
Tuition and Fees	186,303	187,206	191,786	4,580	2.4%
State Appropriation - Base ⁽¹⁾	35,440	35,440	45,440	10,000	28.2%
State Appropriation - Fringes ⁽²⁾	52,092	61,536	63,514	1,978	3.2%
Auxiliaries	20,708	20,649	21,431	782	3.8%
Other Sources ⁽³⁾	21,229	24,306	27,555	3,249	13.4%
NJII Direct Unrestricted Income ⁽⁴⁾	3,796	5,677	7,264	1,587	28.0%
Subtotal Unrestricted Revenues	319,568	334,814	356,990	22,176	6.6%
NJIT Restricted Programs	125,336	134,000	141,000	7,000	5.2%
NJII Direct Restricted Programs ⁽⁴⁾	7,936	17,018	20,834	3,816	22.4%
Subtotal Restricted Programs	133,272	151,018	161,834	10,816	7.2%
Grand Total Revenues	452,840	485,832	518,824	32,992	6.8%

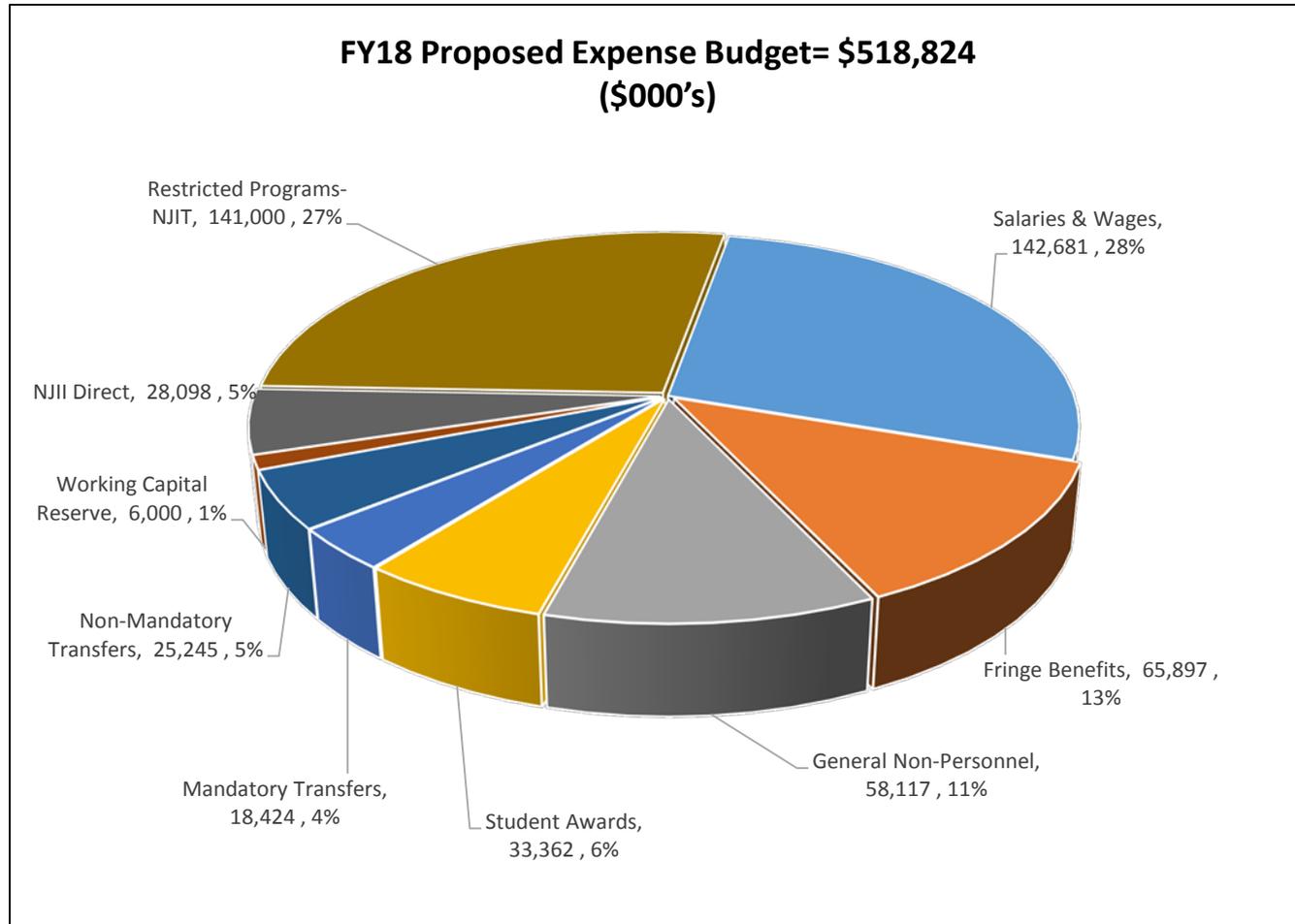
(1) The FY18 increase is due to the \$10M state appropriation for Makerspace

(2) The FY17 increase is due to the OMB fringe benefit rate increase of 18% from FY16

(3) Includes allocated balances for FY16, FY17, and FY18

(4) See slide 15 for full NJII budget detail

FY2018 Proposed Operating Budget Expense Summary



FY2018 Proposed Expense Budget

Summary (\$000's)

	FY2016 Year-End <u>Committed</u>	FY2017 Year-End <u>Projections</u>	FY2018 Proposed <u>Budget</u>	\$ Variance FY2018 / <u>FY2017</u>	% Variance FY2018 / <u>FY2017</u>
Expenses:					
Salaries & Wages	135,796	138,138	142,681	4,543	3.3%
Fringe Benefits ⁽¹⁾	53,547	63,881	65,897	2,016	3.2%
Subtotal - Personnel	189,343	202,019	208,578	6,559	3.2%
General Non-Personnel ⁽²⁾	57,112	57,927	58,117	190	0.3%
Student Awards	28,392	30,613	33,362	2,749	9.0%
Mandatory Transfers ⁽³⁾	18,799	14,632	18,424	3,792	25.9%
Non-Mandatory Transfers ⁽⁴⁾	22,126	23,946	25,245	1,299	5.4%
NJII Direct Unrestricted Expenses ⁽⁵⁾	3,796	5,677	7,264	1,587	28.0%
Subtotal - Non-Personnel	130,225	132,795	142,412	9,617	7.2%
Working Capital Reserve			6,000	6,000	
Total Unrestricted Expenses	319,568	334,814	356,990	22,176	6.6%
NJIT Restricted Programs	125,336	134,000	141,000	7,000	5.2%
NJII Direct Restricted Programs ⁽⁵⁾	7,936	17,018	20,834	3,816	22.4%
Total Restricted Programs	133,272	151,018	161,834	10,816	7.2%
Grand Total Expenses	452,840	485,832	518,824	32,992	6.8%

(1) The FY17 increase is due to the OMB fringe benefit rate increase of 18% from FY16

(2) Includes allocated balances for FY16, FY17, and FY18

(3) Reflects the impact of the Strategic Debt Plan (2017 Series A Bonds)

(4) FY17 includes year-end fund balance transfer supporting FSIP II program(\$1.6M), quasi endowment (\$2M), working capital reserve (\$3.6M).

FY18 includes the \$10M state appropriation for Makerspace

(5) See slide 15 for full NJII budget detail

FY2018 NJII Operating Budget (\$000's)

	FY16 Year-End <u>Actual</u>	FY17 Year-End <u>Projections</u>	FY18 Proposed <u>Budget</u>
<u>Revenues:</u>			
Unrestricted	2,685	5,677	7,264
Restricted Programs	8,863	17,018	20,834
Subtotal NJII Direct Revenues	11,548	22,695	28,098
Unrestricted	7,516	4,079	3,924
Restricted Programs	37,150	34,111	34,808
Subtotal NJII Seconded Revenues ⁽¹⁾	44,666	38,190	38,732
Total Revenues	56,214	60,885	66,830
<u>Expenses:</u>			
Salaries and Wages	15,045	17,008	17,158
Fringe Benefits	4,763	5,500	5,643
Total Personnel	19,808	22,508	22,801
Equipment and Capital Improvements	5,126	3,500	3,675
General Non-Personnel	10,054	13,014	15,978
Consulting / Subcontracts / Task Orders	20,689	21,310	22,376
Shared Services Expenses	537	553	2,000
Total Non-Personnel	36,406	38,377	44,029
Total Expenses	56,214	60,885	66,830
<u>NJII All Sources - Surplus / (Deficit)</u>	-	-	-

(1) NJII Seconded operations are included within NJIT Operating Budget

FY2018 Proposed Capital Projects (\$000's)

Project Type	FY18
VP Requested as of March 31, 2017	
Annual Maintenance Projects	5,024
FY18 Requests - Prioritized	9,651
NCE Dean Suite Expansion and refresh of 5th floor	300
Renovate GITC Suites for Additional YWCCS Labs and Offices	2,000
14 New Researchers for FY18 (Reduce \$3.9M to \$2M CAP)	2,200
York Modifications due to ELF Grant Items-NMR	631
York Modifications due to ELF Grant Items - SEM, TEM, AFM	1,420
Tiernan Hall Lecture Hall 1 Improvements (scope to match budget)	1,350
Lifecycle Replacement of IT Equipment & Infrastructure (REDUCED FROM \$1M to \$500K)	500
Relocate The Learning Center to CKB	450
Renovate former bookstore space	800

FY2018 Original Budget Allocation **14,675** ⁽¹⁾

(1) The original budget allocation for FY18 per the '2020 Vision' plan was established at \$15,204K, the budget was reduced by \$529K to fund the required debt service match for the 2016A bonds.

FY2018 Budget Development

Questions?