

***** APPROVED ON 7/23/20 *****

New Jersey Institute of Technology

FY2021 Six-Month Budget

Presented to the Board of Trustees and
Audit & Finance Committee

July 23, 2020



New Jersey Institute of Technology

FY2021 Six-Month Budget Revenue Assumptions @ 7/6

- 1) Tuition and Fees: -\$6.7M (-5.9%)
 - a) Summer enrollment +715 (+23.6%)
 - b) Fall enrollment decline of -493 (-4.5%) UG+48, GR-541
 - c) No proposed rate changes to tuition, required fee, housing or meal plans
- 2) State Appropriation: -\$13.8M (-27.7%)
 - a) \$3.9M base appropriation from Jul – Sep, \$0 Oct – Dec
 - b) 93% recovery of fringe benefits
- 3) Federal Programs: +\$6.7M – (50% annual awards)
 - a) Higher Education Relief Fund (HERF) = \$5.1M
 - b) Governor’s Emergency Education Relief Fund (GEERF) = \$1.6M
- 4) Auxiliaries: -\$2.4M (-20.0%)
 - a) Residence Hall / Greek Village – 82% occupancy
- 5) ICR, Investments, and Other Miscellaneous (-\$1.5M) -18.3%
- 6) Fund Balance Reserves and Allocated Balances (+\$0.2M) – (see page 2 for details)
- 7) NJII Unrestricted operations (+\$0.4M) +5.9%
- 8) Restricted programs (-\$14.8M) -15.4%

FY2021 Six-Month Budget – Revenues

(\$'000's)

	FY20 Six-Month <u>Revenues</u>	FY21 @ 7/6 Six-Month <u>Revenues</u>	FY21 @ 7/6 to FY20 Six-Month <u>\$ Change</u>	FY21 @ 7/6 to FY20 Six-Month <u>% Change</u>
Tuition and Fees	114,014	107,315	(6,699)	-5.9%
State Appropriation (Base & Fringes)	49,913	36,099	(13,814)	-27.7%
Federal Programs (HERF & GEERF)	-	6,707	6,707	
Auxiliaries	12,083	9,668	(2,415)	-20.0%
ICR, Investments, Other Misc	8,125	6,642	(1,483)	-18.3%
(A) Fund Balance Reserve	-	1,208	1,208	
(B) Fund Balance - Personnel Strategies	-	4,006	4,006	
(C) Allocated Balances - PO / Start-Up	10,969	5,957	(5,012)	-45.7%
Subtotal NJIT Revenues	195,104	177,602	(17,502)	-9.0%
NJIT Unrestricted Operations	6,938	7,349	411	5.9%
Total Unrestricted Revenues	202,042	184,951	(17,091)	-8.5%
NJIT Restricted Programs	85,588	72,750	(12,838)	-15.0%
NJIT Direct Restricted Programs	10,609	8,621	(1,988)	-18.7%
Total Restricted Programs	96,197	81,371	(14,826)	-15.4%
Grand Total Revenues	298,239	266,322	(31,917)	-10.7%

- A. \$1.2M – Anticipated Fund Balance Usage based on current assumptions
- B. \$4.0M – FY20 personnel plan savings of \$2.1M applied toward FY21 operating expenses, and \$1.9M fund balance loan to cover estimated voluntary separation payouts
- C. \$6.0M – FY20 prior year PO's and prior year balances (Start-Up's and Center for Solar Research)

FY2021 Six-Month Budget Expense Assumptions @ 7/6

- 1) Personnel: -\$4.9M (-4.4%)
 - a) Salary Program Freeze
 - b) Hiring Pause
 - c) Includes 10 faculty and 15 non-tenure track faculty hires
 - d) Level funding of adjuncts and graduate UCAN students
 - e) Personnel strategies savings (see page 5)
 - f) Fringe Benefits – Full-Time = 50.4% Part-Time = 9.2% PHD UCAN = 7.0%
- 2) Debt Service: +\$0.05M (0.5%) includes deferring \$15M 2015A step coupon payment
- 3) Capital Renewal & Replacement: -\$4.9M (-44.0%)
 - a) Facilities = \$5.1M
 - b) Information Systems & Technology = \$1.2M
- 4) Student Awards: -\$0.7M (-3.7%) anticipates use of an additional \$2.1M from endowment
- 5) General non-personnel: -\$7.0M (-16.1%)
- 6) NJII Unrestricted operations: +\$0.4M (5.9%)
- 7) Restricted programs: -\$14.8M (-15.4%)

FY2021 Six-Month Budget – Expenses

(\$'000's)

	FY20 Six-Month <u>Expenses</u>	FY21 @ 7/6 Six-Month <u>Expenses</u>	FY21 @ 7/6 to FY20 Six-Month <u>\$ Change</u>	FY21 @ 7/6 to FY20 Six-Month <u>% Change</u>
Salaries & Wages	76,186	71,762	(4,424)	-5.8%
Fringe Benefits	35,094	34,598	(497)	-1.4%
<i>Personnel Subtotal</i>	111,280	106,360	(4,920)	-4.4%
Debt Service	9,743	9,795	52	0.5%
CRR/IST Capital	11,184	6,264	(4,920)	-44.0%
Student Awards	19,490	18,766	(724)	-3.7%
University Reserve	-	-	-	
General Non-Personnel	43,407	36,417	(6,990)	-16.1%
<i>Non-Personnel Subtotal</i>	83,824	71,243	(12,582)	-15.0%
Subtotal NJIT Expenses	195,104	177,602	(17,502)	-9.0%
NJII Unrestricted Operations	6,938	7,349	411	5.9%
Total Unrestricted Expenses	202,042	184,951	(17,091)	-8.5%
NJIT Restricted Programs	85,588	72,750	(12,838)	-15.0%
NJII Direct Restricted Programs	10,609	8,621	(1,988)	-18.7%
Total Restricted Programs	96,197	81,371	(14,826)	-15.4%
Grand Total Expenses	298,239	266,322	(31,917)	-10.7%
Budget Surplus / (Shortfall)	-	-	-	

FY2021 Six-Month Budget – Personnel Strategies @ 7/6 (\$000's)

a	Personnel Programs:	6 Months	Comment
1	Voluntary Furlough	206	Program as of 6/29 - Period Covers 6/8 - 7/31
2	Senior Leadership Compensation Reduction	467	Overall average compensation savings of 15% (six-months)
3	ABP Over the State Pension Cap Contribution	267	100% recorded by 12/31
4	Involuntary Furlough & Vacation Bank Giveback	3,538	Combination of Furlough days and Vacation Bank Givebacks
5	Staff Voluntary Separation Program	159	3 Accepts out of 47 eligible employees
6	Non T/TT Voluntary Separation Program	-	0 Accepts out of 29 eligible employees
7	T/TT Voluntary Separation Program	859	9 Accepts out of 108 eligible employees
Subtotal Personnel Programs		5,496	
Other related personnel actions:			
b	Additional Costs Due to Voluntary Separations	(43)	Adjunct support for instruction
c	Projected VSIP Incentive Payouts	(1,909)	Based on employee participation above
d	FY21 Vacation Accrual - Accounting Policy Change	934	Revised accrual language to be approved at the November A&F meeting
e	Fund Balance Loan - VSIP Payments	1,909	Fund balance payback (\$636K annually) FY22 - FY24
Subtotal - Other related personnel actions		891	
Grand Total - Savings from Personnel Programs		6,387	

FY2021 Six-Month Budget – Pending Factors

1. FY21 State Budget (Gov. presents on 8/25; effective 10/1/20-6/30/21)
2. Budget Recovery Bond Act (\$5 Billion Federal Loan to State)
3. Usage restrictions on Federal Funds
4. Potential for additional CARES Act funding
5. Fall enrollment & residence halls occupancy
6. Potential for COVID-19 resurgence & impact on Residence Halls, Parking and Meal Plan commissions revenue

FY2021 Six-Month Budget – Executive Conclusion @ 7/6

(\$000's)

CURRENTLY PROPOSED SIX-MONTH BUDGET

	<u>6 Months</u>
a Current Budget Shortfall @ 7/6/2020	(7,595)
b Personnel Programs - Realized Savings (see slide 5)	6,387
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Six-Month Budget Shortfall (Current Assumptions)	(1,208)

ALTERNATE SCENARIOS: PROLONGED PHASE 2

c Scenario 1: 50% Res Hall Occupancy, Reduced Parking & Meal Commissions	(2,648)
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Adjusted Six-Month Budget Shortfall (Scenario 1)	(3,856)
d Scenario 2: 25% Res Hall Occupancy, Reduced Parking & Meal Commissions	(4,340)
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Adjusted Six-Month Budget Shortfall (Scenario 2)	(5,548)