

Faculty Senate Leadership Meeting
Thursday November 5, 2020
Webex

Agenda

Discussion Items:

1. Status of FY20 Financial Statements (discussion only)
2. Status of FY21 Six Month Budget
3. Proposed FY21 Annual Budget
4. FY22 Budget Development Timeline
5. JP Morgan Bank Transition



**NEW JERSEY INSTITUTE OF TECHNOLOGY
SR. VP FOR FINANCE & CFO
MONTHLY FINANCIAL STATUS REPORT
AS OF SEPTEMBER 30, 2020**

EXECUTIVE SUMMARY

The Executive Summary provides the September 30th status of three important financial measures, the FY21 six-month budget, cash balances, and investments and managed endowment. Additional details on these measures are provided on the subsequent pages.

1. **FY21 Six-Month Board-approved Operating Budget** - YTD actual results continue to be performing well and the six month budget totaling \$266.3M is expected to be achieved.
 - a. Summer and fall semester tuition and fees total \$112.3M which is \$5.0M above the approved six-month budget of \$107.3M
 - b. State appropriation for Oct - June has been approved by the State which restores base funding to pre-COVID-19 levels from Oct - June 2021. We anticipate receiving \$10.9M for Oct - Dec appropriation which was not factored into the approved six-month budget. Additionally, \$3.7M for Phase III of the Medical Devices Innovation Cluster was approved
 - c. Auxiliary income totals approximately \$6.7M with a six month projection totaling 7.0M, \$2.7M below budget
 - d. Federal Programs (CARES Act) expected awards total \$10.4M, \$3.7M above the budget
 - e. All other revenue and expenses are projected to be on, or near the approved budget

Note: A FY21 annual operating and capital budget has been prepared for November Board of Trustee review and action.

2. **Cash balances** - The University's overall cash balance remains strong and totals \$107.0M compared to \$116.2M at 9/30/19, a decrease of \$9.2M (-8%). A major component of this decrease is due to a first quarter State appropriation reduction of \$6.2M.
3. **Investments and Managed Endowment**
 - a. **Managed Endowment** – As of 9/30/20, the portfolio market value totals \$138.0M compared to \$119.9M at 9/30/19, an increase of \$18.1M (15.1%). The Joint Investment Committee continues to assess the portfolio with PFM Asset Management.
 - b. **Operating funds** – Cash balances in various operating accounts have generated \$1.4M interest income in the first three months of FY21.

SR. VP FOR FINANCE & CFO
MONTHLY FINANCIAL STATUS REPORT
AS OF SEPTEMBER 30, 2020
SUPPORTING DETAILS

1. **FY21 Six-Month Operating Budget:** The six-month operating budget totals \$266.3M, including both NJIT and NJII operations and consists of an unrestricted budget of \$184.9M and a restricted budget of \$81.4M. Through the end of September, unrestricted income totals \$145.7M compared to \$154.6M through 9/30/19, a reduction of \$8.9M (5.8%) - Components include:
 - a. Tuition and fees are exceeding the \$107.3M budget by approximately \$5.0M.
 - i. For comparison purposes, Summer 2020 tuition and fees were \$2.8M above Summer 2019 actual, and Fall 2020 tuition and fees were \$2.2M lower than 9/30/19 results.
 - b. State Appropriations – Received Q5 appropriation of \$3.92M. State appropriations for Oct - June have been approved by the State, including \$10.9M in Oct - Dec appropriations. Additionally, \$3.7M to support the Medical Devices Innovation Cluster was approved.
 - c. Federal Programs (CARES Act) – Proposed budgets have been submitted to OSHE for GEERF (\$3.2M) & CRF (\$7.2M) programs. These awards exceed the six-month budget by \$3.7M
 - d. Auxiliary income totals approximately \$6.7M (primarily housing, student parking, and meal plan commissions) compared to the \$9.7M budget. This decline is primarily due to less on-campus housing (65%) compared to the expected 82%. At this time, the revised fall projection for auxiliary income is \$7.0M, \$2.7M less than the six-month budget
 - e. All other operating expenses and restricted programs are performing on, or close to budget

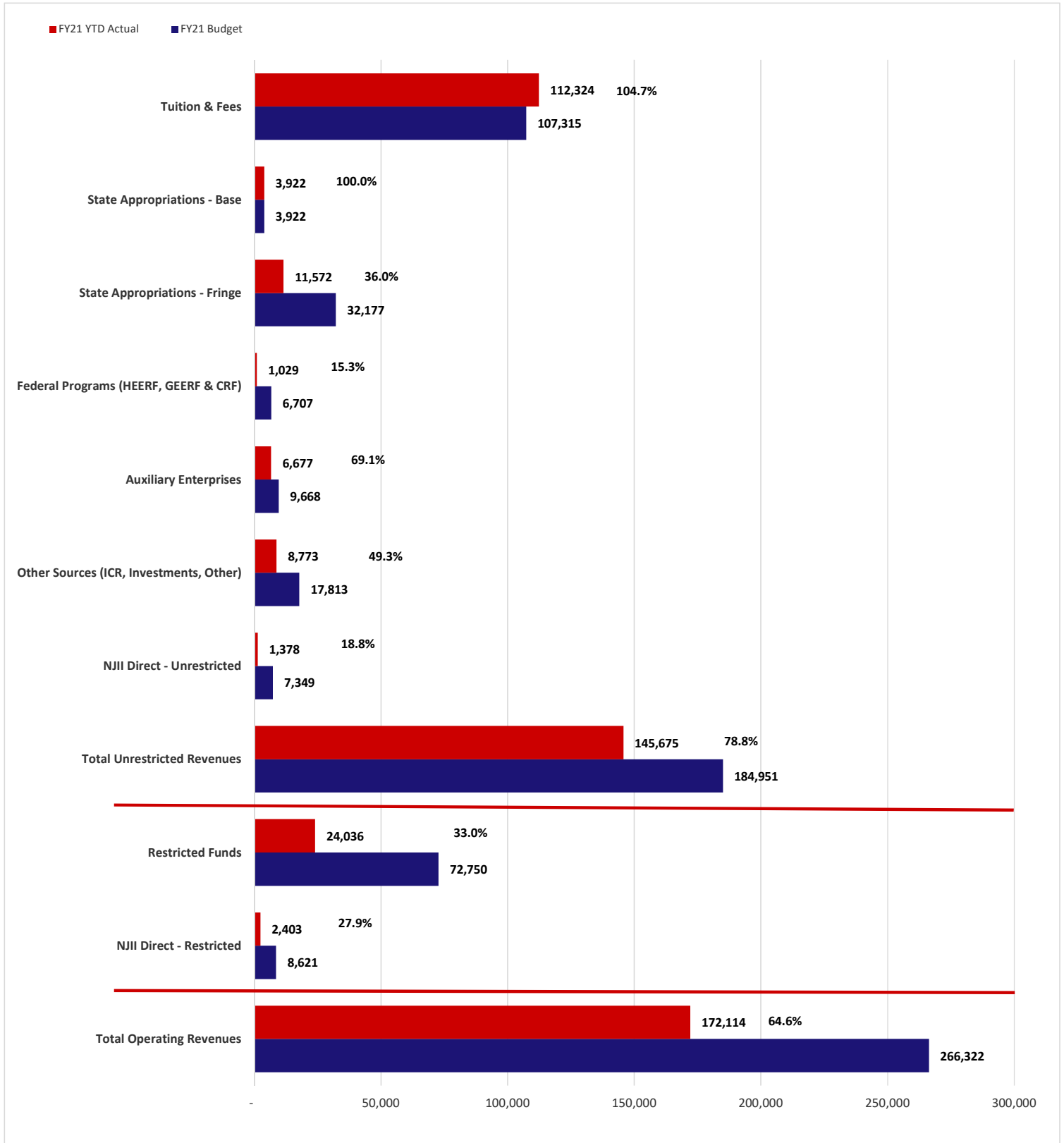
Note: A FY21 annual operating and capital budget has been prepared for November Board of Trustee review and action.

2. **Cash balances:** Currently, the University banking operations are primarily through Wells Fargo Bank, though we are currently transitioning to J.P. Morgan Chase. September month-end status:
 - a. The year-to-year decrease in cash balances of \$9.2M is primarily due to first quarter State appropriation reduction, the timing of FICA reimbursements, and facilities project spending, partially offset by external grant accounts receivable cash receipts and unexpended CARES Act funds.
3. **Investments:** The University invests operating funds with Wells Fargo, J.P. Morgan, and PFM Asset Management. The Joint Investment Committee oversees PFM Asset Management investment decisions involving the managed endowment. September month-end status:
 - a. **Managed Endowment** – The market value has increased to \$138.0M compared to \$119.9M at 9/30/19, an increase of \$18.1M (15%). Note that the current year value includes the addition of \$3.7M from the former Alumni Association.
 - b. **Operating funds** – As of September 30, 2020, the operating fund generated \$1.4M in interest income compared to approximately \$1.6M for all of FY20.

Respectfully submitted:
Edward J. Bishof Sr.
Sr. VP for Finance and CFO

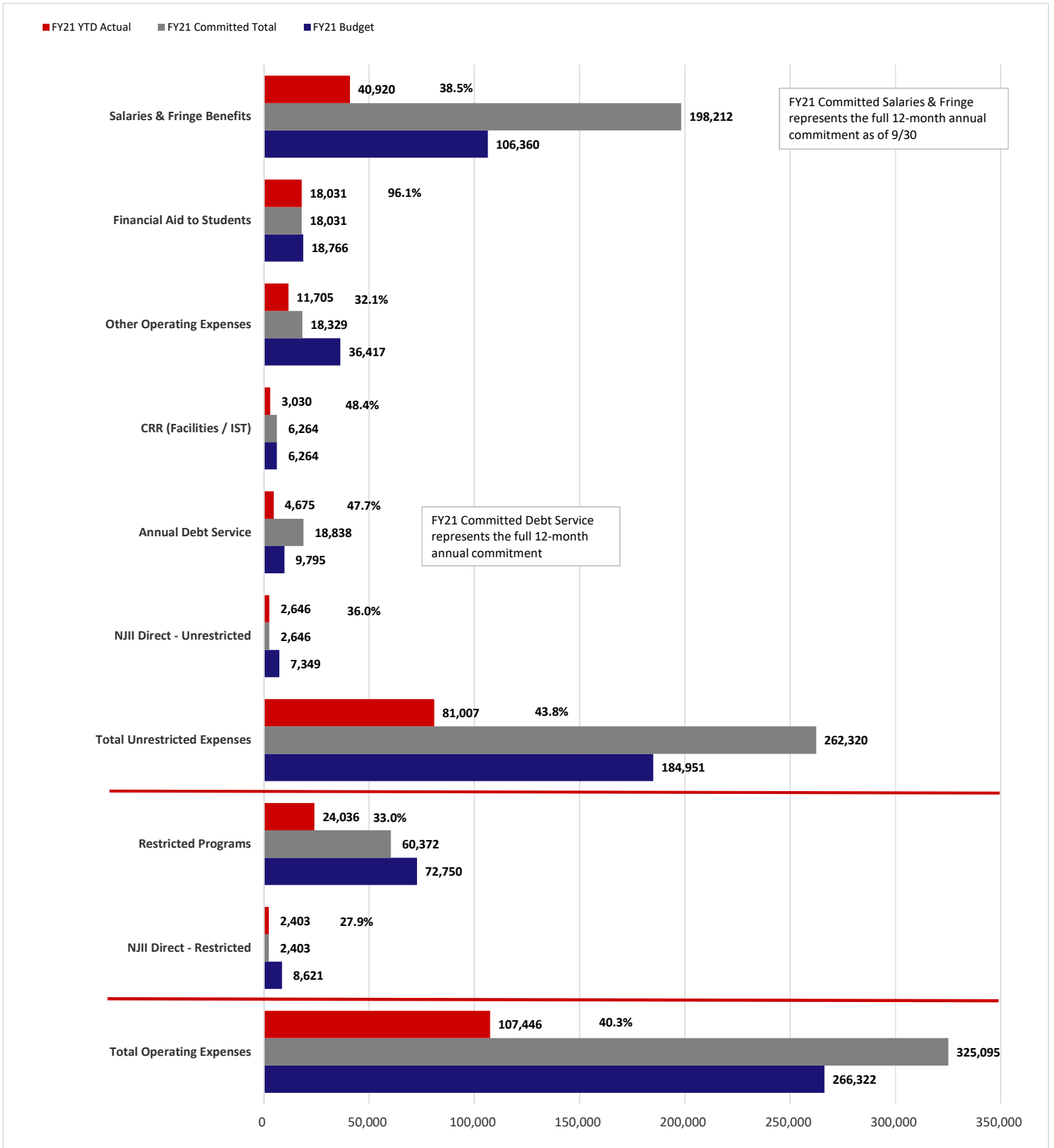


**NEW JERSEY INSTITUTE OF TECHNOLOGY
FY21 SIX-MONTH OPERATING BUDGET STATUS
REVENUES AS OF SEPTEMBER 30, 2020
(\$000's)**





**NEW JERSEY INSTITUTE OF TECHNOLOGY
FY21 SIX-MONTH OPERATING BUDGET STATUS
EXPENSES AS OF SEPTEMBER 30, 2020
(\$'000's)**



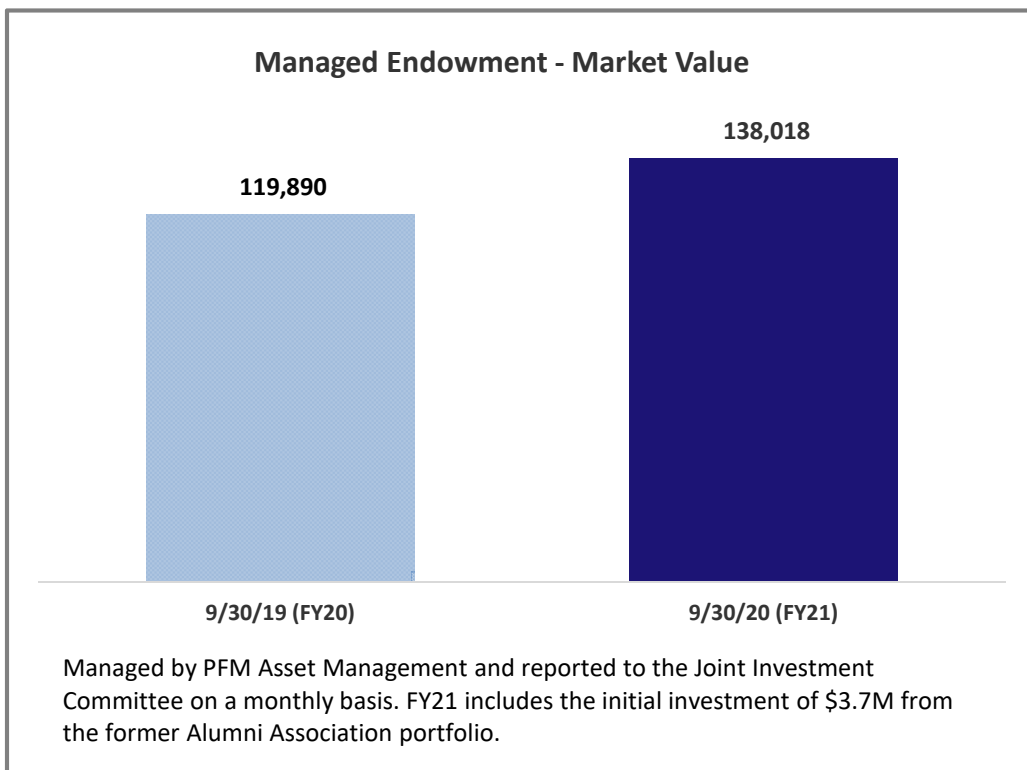
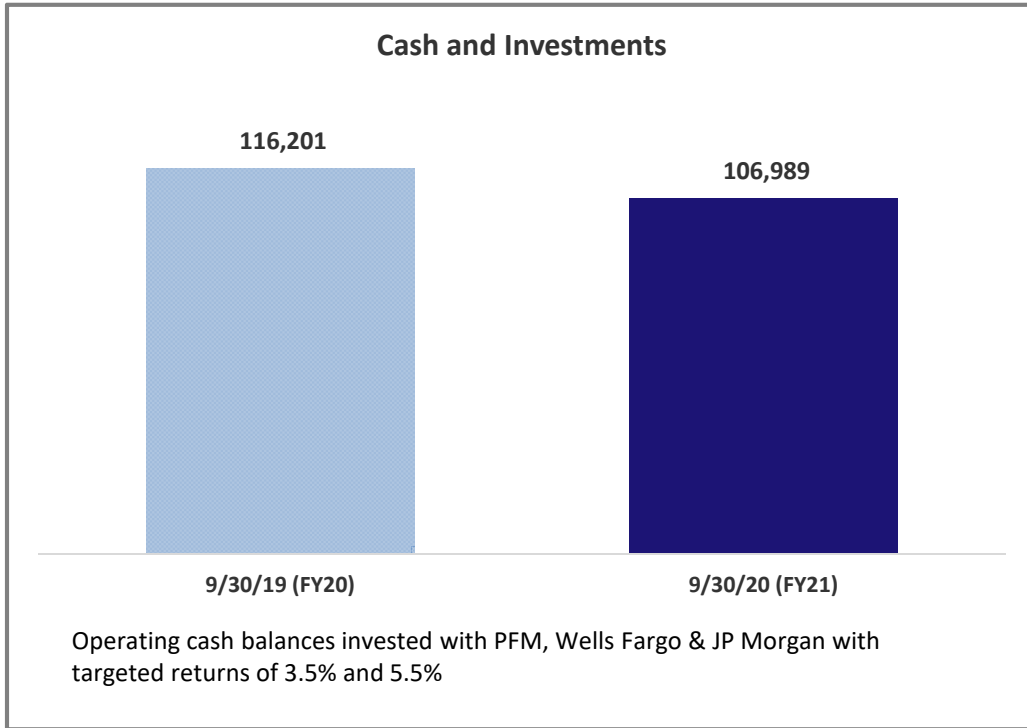
FY21 Committed Salaries & Fringe represents the full 12-month annual commitment as of 9/30

FY21 Committed Debt Service represents the full 12-month annual commitment

(1) FY21 Committed includes YTD actual expenses, balance of FY21 current salary commitments, annual debt service payments and open purchase orders. Note that total committed personnel and annual debt service exceed their respective six-month budget as these represent full year commitments.

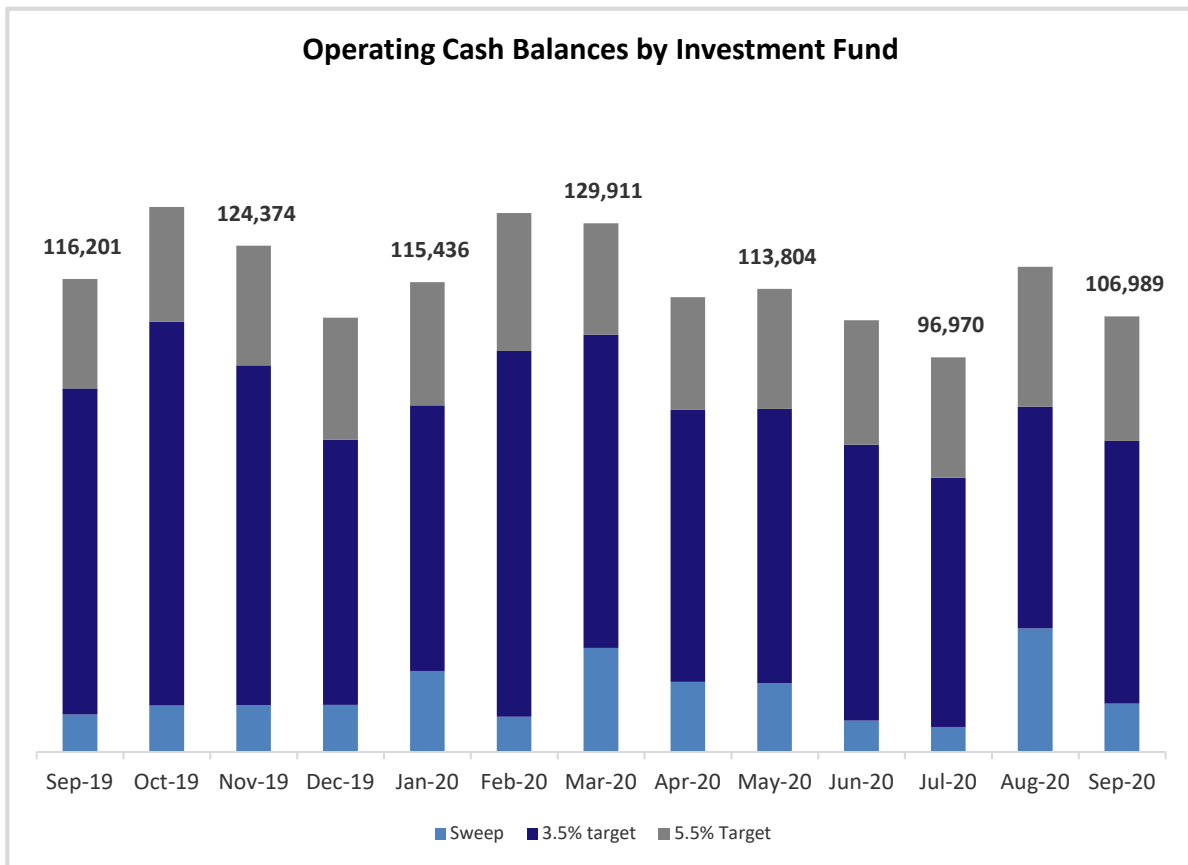
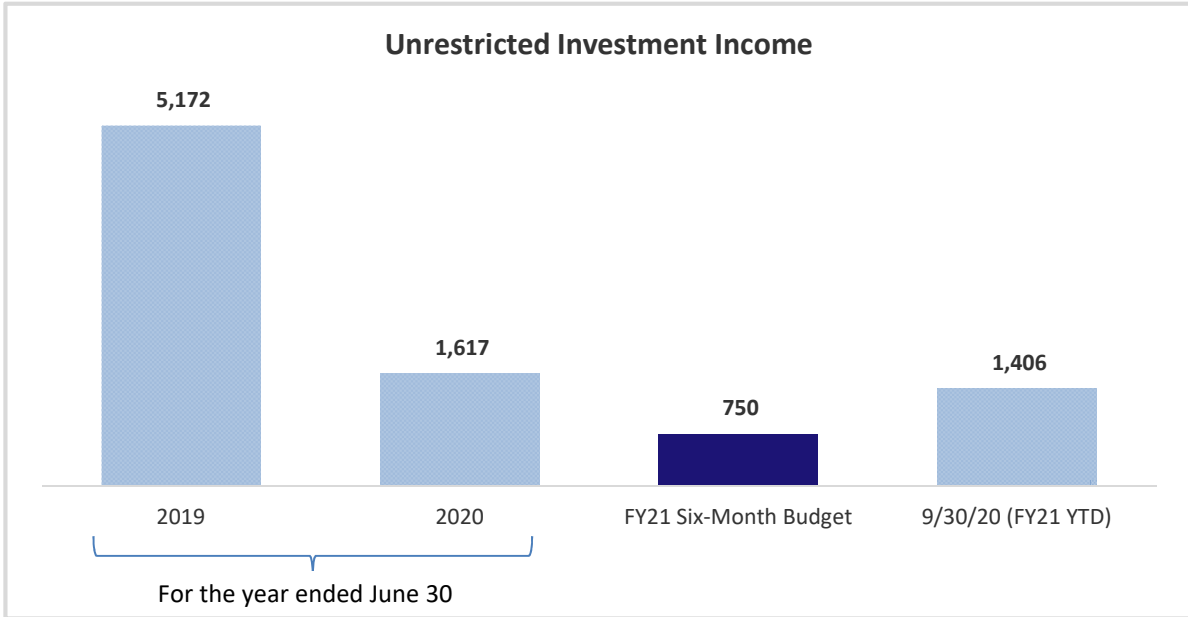


**NEW JERSEY INSTITUTE OF TECHNOLOGY
CASH & INVESTMENTS AND MANAGED ENDOWMENT
YEAR - OVER - YEAR COMPARISON
(\$000's)**





**NEW JERSEY INSTITUTE OF TECHNOLOGY
UNRESTRICTED INVESTMENT INCOME & OPERATING CASH
(\$000's)**



New Jersey Institute of Technology

PROPOSED FY2021 Annual Operating & Capital Budget

Pending Board of Trustee review and approval at their November 12, 2020 Board meeting

Faculty Senate Leadership Meeting

November 5, 2020

KEY TAKEAWAYS

- FY21 Tuition, Fees, and Auxiliaries: \$11.7M less than FY20 actual (-5.1%)
 - Summer FY21: +780 students from Summer FY20 (+\$2.8M)
 - Fall FY21: -331 students from Fall FY20 and Spring FY21: -514 students from Spring FY20 (-\$9.7M)
 - Residence Hall Occupancy – FY21: 65% Fall / 63% Spring (-\$3.1M)
 - Parking & GDS commissions – FY21 (-\$1.7M)
- FY21 State Appropriation: +\$5.992M (+17.4%) above FY20 actual
 - Includes \$3.7M in Supplemental Capital Funding
- FY21 Federal Programs: +\$17.6M above FY20 actual
 - Represents CARES Act awards
 - Anticipates 2nd half in CRF funds from NJ OSHE (\$7.2M)
- FY21 ICR & Other Misc.: -\$2.5M below FY20 actual (-13.0%)
 - Indirect Cost Recovery -\$1.1M
 - Event Rentals / Athletics -\$1.0M
 - All Other Misc. -\$0.4M

FY21 Annual Budget – Revenues (\$000's)

(\$000's)	FY2020 Year-End Actual	FY2021 Proposed Annual Budget
Revenues		
Tuition & Fees	208,893	202,005
State Appropriation	34,384	40,376
State Appropriation - Fringe Benefits	56,048	60,451
Federal Programs	2,047	19,670
Auxiliaries	18,672	13,849
Indirect Cost Recovery & Other Misc.	19,393	16,879
Allocated Balances	11,872	9,971 ⁽¹⁾
NJII Operations	12,481	13,349
Total Unrestricted Revenues	363,790	376,550
Total Restricted Programs	170,473	170,121
Grand Total Revenues	534,263	546,671

(1) Allocated Balances consists of \$2.9M prior year commitments, \$3.1M Startup Balances, \$2.1M FY20 vacation giveback and \$1.9M Voluntary Separation Incentive Program

KEY TAKEAWAYS

- Salaries & Wages +\$2.1M (+1.4%) from FY20 Year-End
 - No repeat of mandatory personnel savings programs anticipated for Jan-Jun 2021
 - Includes \$1.9M net staff recruitment budget
- CRR Facilities / IST -\$2.8M from FY20 Year-End
 - \$10.6M Facilities
 - \$2.9M IST
 - \$3.7M Supplemental Medical Devices Cluster Phase 3
- Student Awards +\$2.3M (+6.3%) from FY20 Year-End
 - New summer awards and 100% online international students (flex-path program) +\$1.6M
 - UG discount rate remains level to prior years (34%)
- General Operating +\$3.0M (+4.8%) from FY20 Year-End
 - Includes \$2.7M in COVID testing and supplies
- \$3.5M Pandemic Contingency Reserve is available to begin to address any adverse budget conditions that may arise

FY21 Annual Budget – Expenses (\$000's)

(\$000's)	FY2020 Year-End Actual	FY2021 Proposed Annual Budget
Expenses		
Personnel		
FT / PT Salaries & Wages	147,958	150,046
Fringe Benefits	64,261	67,948
Subtotal Personnel	212,219	217,994
Non-Personnel		
CRR (Facilities / IST)	20,109	17,277
Debt Service	18,743	18,838
Student Awards	36,535	38,853
General Operating	63,703	66,750
Pandemic Contingency Reserve	-	3,489
Subtotal Non-Personnel	139,090	145,207
Subtotal NJIT Unrestricted Expenses	351,309	363,201
NJII Unrestricted Expenses	12,481	13,349
Total Unrestricted Expenses	363,790	376,550
Total Restricted Programs	170,473	170,121
Grand Total Expenses	534,263	546,671
Budget Surplus / (Shortfall)	-	-

KEY TAKEAWAYS

- Facilities
 - Annual Maintenance \$6.3M
 - Weston & Cullimore Lecture Halls \$2.3M
 - Research Labs \$2.0M
- Information Systems & Technology
 - Networking \$1.8M
 - Classrooms & Research \$0.9M
 - Other \$0.2M
- Research Project
 - Medical Devices Innovation Cluster – Phase 3 – Supplemental State Funded Capital Project

FY21 Capital Renewal & Replacement (CRR) Budget (\$000's)

1) Facilities	10,650
2) Information Systems & Technology	2,927
3) Research	3,700
GRAND TOTAL CRR	17,277

FY2022 Budget Development Timeline

November-December

- Preliminary Fall 2021 & Spring 2022 enrollment provided by Admissions
- Budget Office prepares:
 - Revenue assumptions and preliminary projections
 - Expense assumptions and preliminary projections including: student awards, debt service, bargaining unit contractual increases, faculty recruitment, CRR – facilities & IST funding levels

January

- FY22 Personnel Book is distributed for review by Vice Presidents
- FY22 Initial Budget Scorecard is developed
- 2025 Strategic plan funding priorities and tactics developed with Sr. Staff

February - March

- **FY22 Governor's Budget is introduced**
- Revised fall enrollment and other revenue and expense updates are incorporated into Budget scorecard

April

- FY22 Budget Status presentations are made to the Joint Session of the Strategic Planning Steering Committee & Committee on Academic Strategic Planning & Budget Priorities as well as to the University Senate Committee on Finances
- FY22 Budget Scorecard and Tuition and Fee rate scenarios are prepared
- Budget development status is reviewed with Board of Trustee Executive and Audit and Finance Committees

May-June

- Draft Operating and Capital / Technology Budget presentations are prepared
- Draft Tuition and Fee Rates prepared
- Board of Trustee Retreat on June 10, 2021- Draft materials reviewed

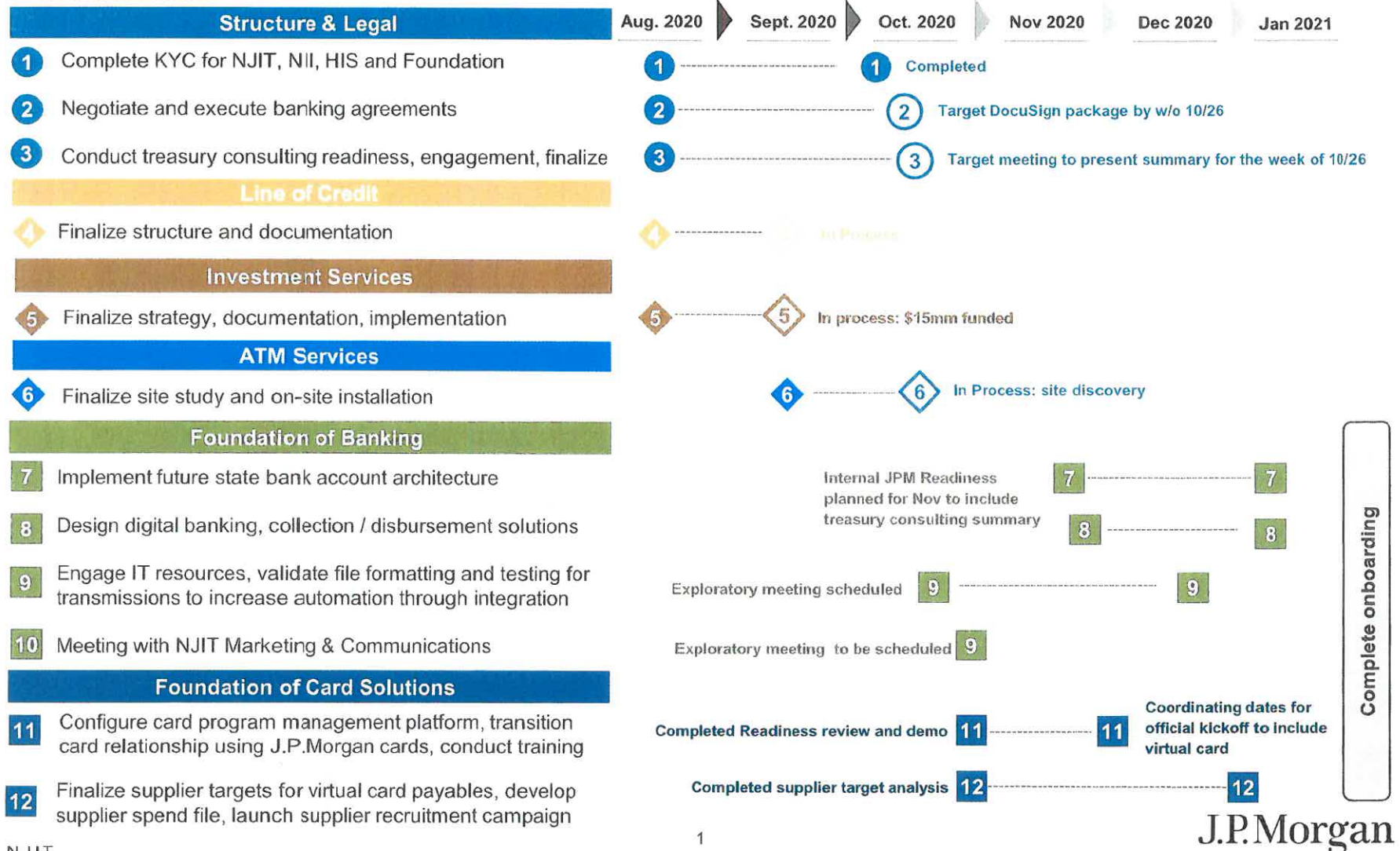
July

- FY22 State Appropriation is finalized
- FY22 Budget Schedules are prepared for:
 - Public Hearing scheduled for early July
 - Board of Trustee action on Thursday, July 22

Building on a Strong Foundation - NJIT Illustrative Implementation Roadmap

A phased approach to maximize resources

Date started: 08/17/20



NJIT

Note: Sample timeline above is dependent on NJIT's timeline, resources and progress