

New Jersey Institute of Technology

FY2018 Budget Development

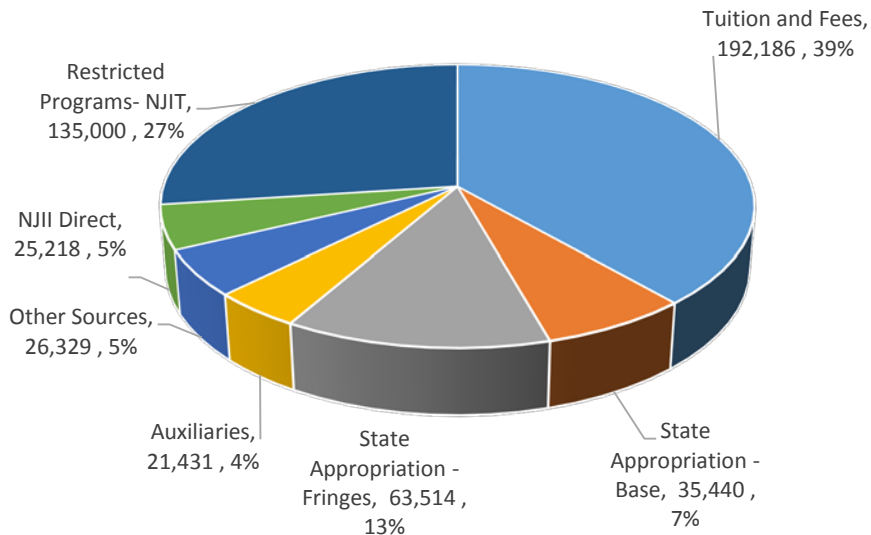
Presented to the Board of Trustees

June 1, 2017

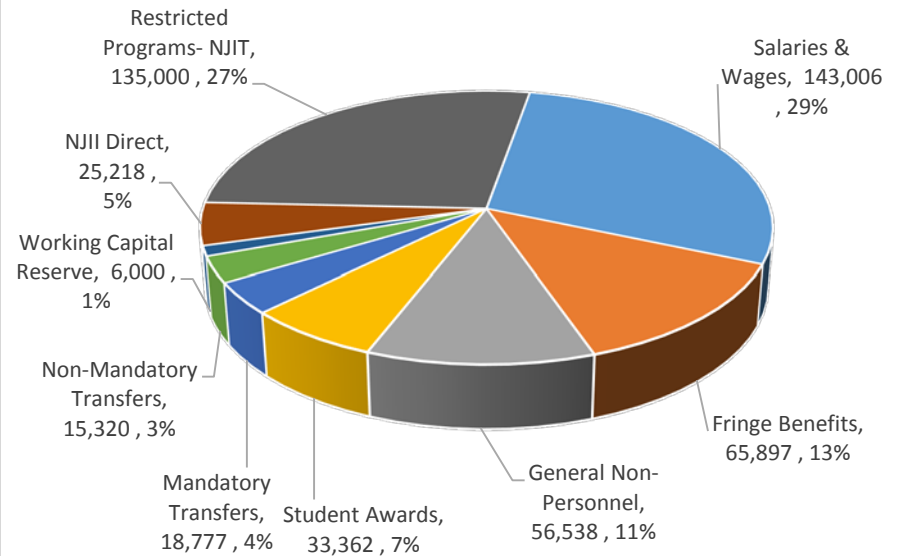
FY2018 Developing Operating Budget

- The developing FY2018 operating budget is the result of a comprehensive, collaborative budget process that began last August with the approval of the Fall 2017 faculty recruitment plan
- The developing FY2018 Operating Budget totals \$499.1M, an overall increase of \$17.0M (3.5%)
- The budget, which includes NJII, is comprised of \$345.5M of unrestricted funds (3.4% increase) and \$153.6M of restricted funds (3.8% increase)

FY18 Developing Revenue Budget= \$499,118 (\$000's)



FY18 Developing Expense Budget= \$499,118 (\$000's)



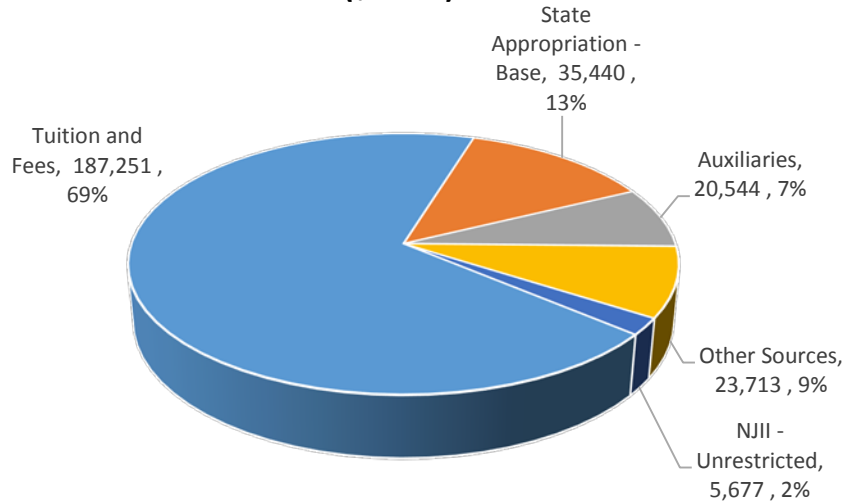
FY2018 Developing Operating Budget

FY2017 Year-End Projected and FY18 Developing Budget

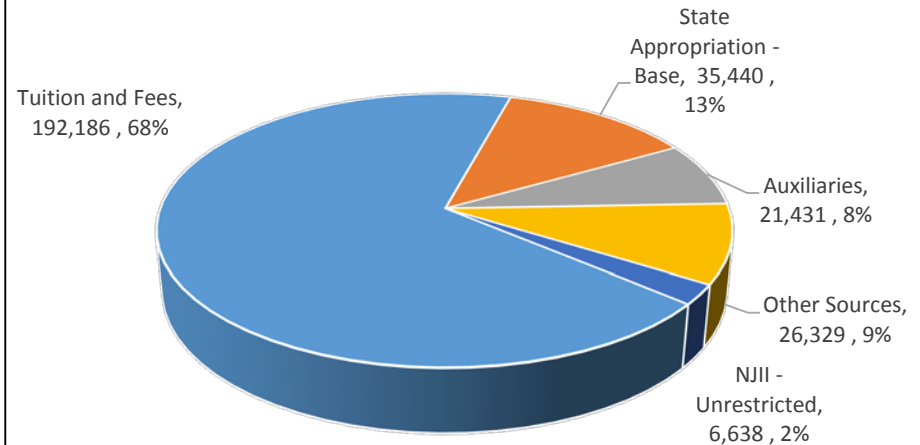
Controllable Unrestricted Funds - Revenue Charts

The below chart displays FY18 controllable unrestricted operating budget components which exclude State-funded fringes and restricted programs

FY17 Controllable Year-End Projected Revenue = \$272,625 (\$000's)



FY18 Controllable Revenue Budget = \$282,024 (\$000's)



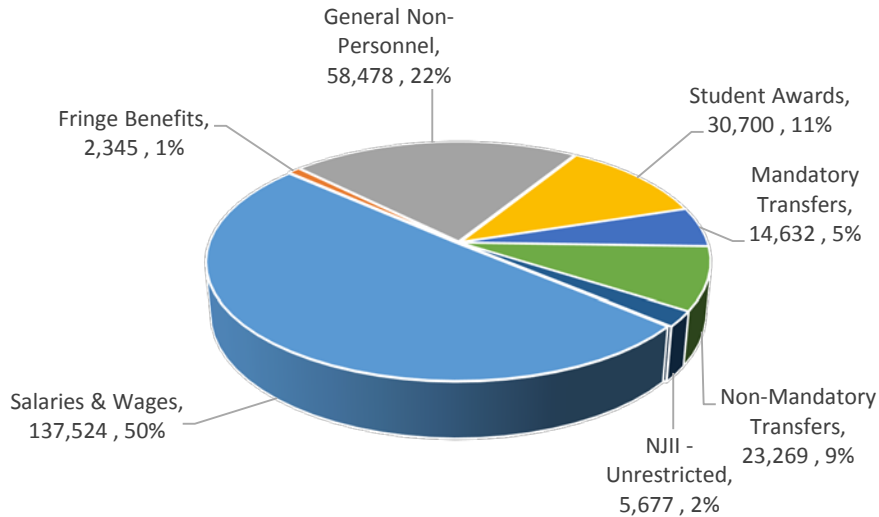
FY2018 Developing Operating Budget

FY2017 Year End Projected and FY18 Developing Budget

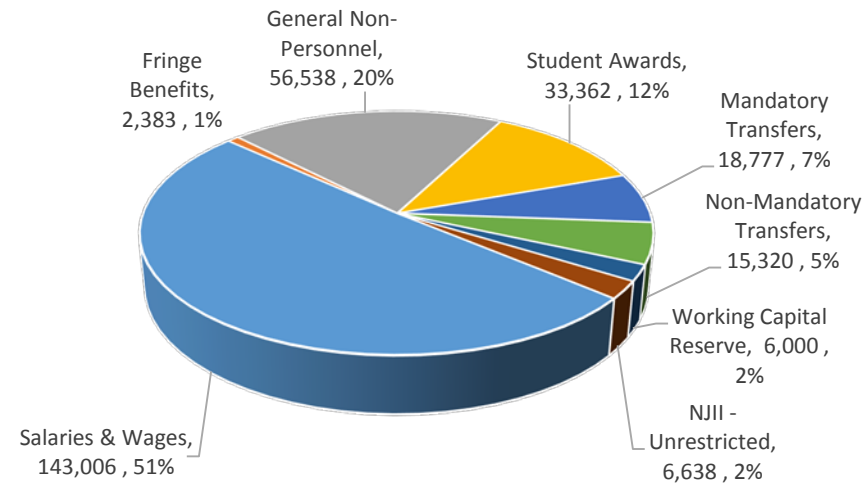
Controllable Unrestricted Funds – Expense Charts

The below chart displays FY18 controllable unrestricted operating budget components which exclude State-funded fringes and restricted programs

FY17 Controllable Year-End Projected Expense = \$272,625 (\$000's)



FY18 Controllable Expense Budget = \$282,024 (\$000's)



FY2018 Developing 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 and 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 Developing Operating Budget

Fall Enrollment History and FY2018 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	△	% △
Undergraduate	8,009	8,293	8,574		281	3.4%
Graduate	2,903	2,726	2,449		(277)	-10.2%
PHD	413	427	443		16	3.7%
Total Enrollment	11,325	11,446	11,466		20	0.2%

⁽¹⁾ Provided by VP Academic Support & Student Affairs (updated 5/9/17)

FY2018 Developing Revenue Budget

Executive Summary (\$000's)

	<u>FY2016</u> <u>Year-End</u> <u>Committed</u>	<u>FY2017</u> <u>Year-End</u> <u>Projections</u>	<u>FY2018</u> <u>Developing</u> <u>Budget</u>	<u>\$ Variance</u> <u>FY2018 /</u> <u>FY2017</u>	<u>% Variance</u> <u>FY2018 /</u> <u>FY2017</u>
<u>Revenues:</u>					
Tuition and Fees	186,303	187,251	192,186	4,935	2.6%
State Appropriation - Base	35,440	35,440	35,440	-	0.0%
State Appropriation - Fringes ⁽¹⁾	52,092	61,536	63,514	1,978	3.2%
Auxiliaries	20,708	20,544	21,431	887	4.3%
Other Sources ⁽²⁾	21,229	23,713	26,329	2,616	11.0%
NJII Direct Unrestricted Income ⁽³⁾	3,796	5,677	6,638	961	16.9%
Subtotal Unrestricted Revenues	319,568	334,161	345,538	11,377	3.4%
NJIT Restricted Programs	125,336	130,900	135,000	4,100	3.1%
NJII Direct Restricted Programs ⁽³⁾	7,936	17,018	18,580	1,562	9.2%
Subtotal Restricted Programs	133,272	147,918	153,580	5,662	3.8%
Grand Total Revenues	452,840	482,079	499,118	17,039	3.5%

(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. The FY18 allocated balances will be adjusted shortly after the 6/30/17 close occurs

(3) See slide 13 for full NJII budget detail

FY2018 Developing Revenue Budget

Revenue Details

(Reflects Changes from FY17 Projected Year-End)

- \$4.9M in additional tuition and fee revenues which is comprised of:
 - \$2.9M increase to undergraduate enrollment
 - (\$3.2M) decrease to graduate enrollment
 - \$5.2M resulting from developing tuition and fee rate increases of: UG In-State (3.0%), UG Out-of-State (3.0%), GR In-State (4.0%), GR Out-of-State (4.0%)
- FY18 Governor's Budget totals \$35.4M, level base State appropriation with FY17
- \$2.0M net increase to State supported fringe benefits which is treated as a pass-through
- \$0.9M increase to Auxiliaries including:
 - \$0.5M of rental income for Residence Hall and Greek Village resulting from a 3% rate increase and projected 97% fall occupancy and 95% spring occupancy
 - \$0.4M in additional parking revenue, Gourmet Dining Services, and vending commissions

FY2018 Developing Revenue Budget

Revenue Details

(Reflects Changes from FY17 Projected Year-End)

- \$2.6M increase to other sources including:
 - \$1.8M NJII assessment of NJIT facilities and administrative overhead
 - \$0.6M of additional investment income due to an improved cash management program
 - (\$0.2M) net change to reset athletic guarantees to \$125K
- \$1.0M increase to NJII Direct unrestricted income is due to an increase in indirect cost recovery and other business income
- \$5.7M increase to NJIT and NJII restricted programs, including grants, contracts, and restricted student awards

FY2018 Developing Expense Budget

Executive Summary (\$'000's)

	<u>FY2016</u> Year-End <u>Committed</u>	<u>FY2017</u> Year-End <u>Projections</u>	<u>FY2018</u> Developing <u>Budget</u>	\$ Variance <u>FY2018 /</u> <u>FY2017</u>	% Variance <u>FY2018 /</u> <u>FY2017</u>
Expenses:					
Salaries & Wages	135,796	137,524	143,006	5,482	4.0%
Fringe Benefits ⁽¹⁾	53,547	63,881	65,897	2,016	3.2%
Subtotal - Personnel	189,343	201,405	208,903	7,498	3.7%
General Non-Personnel ⁽²⁾	57,112	58,478	56,538	(1,940)	-3.3%
Student Awards	28,392	30,700	33,362	2,662	8.7%
Mandatory Transfers ⁽³⁾	18,799	14,632	18,777	4,145	28.3%
Non-Mandatory Transfers ⁽⁴⁾	22,126	23,269	15,320	(7,949)	-34.2%
NJII Direct Unrestricted Expenses ⁽⁵⁾	3,796	5,677	6,638	961	16.9%
Subtotal - Non-Personnel	130,225	132,756	130,635	(2,121)	-1.6%
Working Capital Reserve			6,000	6,000	
Total Unrestricted Expenses	319,568	334,161	345,538	11,377	3.4%
NJIT Restricted Programs	125,336	130,900	135,000	4,100	3.1%
NJII Direct Restricted Programs ⁽⁵⁾	7,936	17,018	18,580	1,562	9.2%
Total Restricted Programs	133,272	147,918	153,580	5,662	3.8%
Grand Total Expenses	452,840	482,079	499,118	17,039	3.5%

(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. The FY18 allocated balances will be adjusted shortly after the 6/30/17 close occurs

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

(4) Includes the year-end fund balance transfer return of FSIP II program(\$1.6M), quasi endowment (\$2M), and working capital reserve (\$2M)

(5) See slide 13 for full NJII budget detail

FY2018 Developing Expense Budget

Expense Details

(Reflects Changes from FY17 Projected Year-End)

- \$5.5M in additional salaries and wages comprised of:
 - \$3.2M increase for faculty recruitment, lecturers / professors of practice, adjuncts, and graduate stipends
 - \$2.1M for contractual salary increases
 - \$0.8M for new operations which include Wellness and Events Center, Makerspace, and additional NJIT shared services staff
 - (\$0.6M) net savings from FSIP II and FSIP III programs
- \$2.0M net increase to State supported fringe benefits which is treated as a pass-through
- (\$1.9M) reduction to general non-personnel is due to annualized value of mid-year base non-personnel reductions and year-over-year variances to allocated balances.

FY2018 Developing Expense Budget

Expense Details

(Reflects Changes from FY17 Projected Year-End)

- \$2.7M increase to student awards:
 - \$1.2M for merit based awards
 - \$0.3M for need based awards
 - \$1.2M impact of proposed tuition and fee rate increases (3% UG and 4% GR)
- \$4.1M increase to mandatory transfers (debt service) which reflects the result of the FY17 Strategic Debt Plan
- (\$7.9M) reduction to non-mandatory transfers:
 - (\$6.0M) primarily due to the FY17 year-end fund balance transfer to FSIP II fund balance payback, endowment, working capital reserve, and other miscellaneous funding transfers
 - (\$1.9M) planned one-time FY18 reduction of capital renewal and replacement projects
- \$1.0M increase to NJII Direct unrestricted expenses includes a NJIT shared services assessment in FY18
- \$6.0M working capital reserve
- \$5.7M increase to NJIT and NJII restricted programs, including grants, contracts, and restricted student awards

FY2018 Developing Operating Budget

FY2018 NJII Operating Budget

	FY16 Year-End <u>Committed</u>	FY17 Year-End <u>Projections</u>	FY18 Developing <u>Budget</u>
<u>NJII Direct Operations:</u>			
<u>Revenues:</u>			
Unrestricted	3,796	5,677	6,638
Restricted Programs	7,936	17,018	18,580
Subtotal NJII Direct Revenues	11,732	22,695	25,218
<u>Expenses:</u>			
Unrestricted	3,796	5,677	6,638
Restricted Programs	7,936	17,018	18,580
Subtotal NJII Direct Expenses	11,732	22,695	25,218
NJII Direct - Surplus / (Deficit)	-	-	-
<u>NJII Seconded Operations:</u>			
<u>Revenues:</u>			
Unrestricted	7,516	4,079	4,039
Restricted Programs	37,150	34,111	36,164
Subtotal NJII Seconded Revenues ⁽¹⁾	44,666	38,190	40,203
<u>Expenses:</u>			
Unrestricted	7,516	4,079	4,039
Restricted Programs	37,150	34,111	36,164
Subtotal NJII Seconded Expenses ⁽¹⁾	44,666	38,190	40,203
NJII Seconded - Surplus / (Deficit)	-	-	-
<u>NJII All Sources:</u>			
Revenues	56,398	60,885	65,421
Expenses	56,398	60,885	65,421
NJII All Sources - Surplus / (Deficit)	-	-	-

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

FY2018 Developing Operating Budget

History of NJIT Tuition & Fee Rates

Tuition & Mandatory Fee History									
	Tuition	Mandatory	Total			5 Year	5 Year	10 Year	10 Year
	Full-time	Fees	Full-time			Average	Average	Average	Average
Fiscal	In State	In-State	In State			Tuition \$	Tuition %	Tuition \$	Tuition %
Year	Annual	Annual	Annual	\$ Δ	% Δ	Δ	Δ	Δ	Δ
1993	3,790	734	4,524	236	5.5%				
1994	3,998	792	4,790	266	5.9%				
1995	4,188	792	4,980	190	4.0%	240	5.1%		
1996	4,378	842	5,220	240	4.8%				
1997	4,638	848	5,486	266	5.1%				
1998	4,958	864	5,822	336	6.1%				
1999	5,250	964	6,214	392	6.7%				
2000	5,508	972	6,480	266	4.3%	343	5.6%		
2001	5,758	972	6,730	250	3.9%				
2002	6,158	1,042	7,200	470	7.0%			502	6.7%
2003	6,758	1,148	7,906	706	9.8%				
2004	7,332	1,168	8,500	594	7.5%				
2005	7,918	1,262	9,180	680	8.0%	661	7.9%		
2006	8,472	1,350	9,822	642	7.0%				
2007	9,066	1,440	10,506	684	7.0%				
2008	9,700	1,650	11,350	844	8.0%				
2009	10,500	1,982	12,482	1,132	10.0%				
2010	10,816	2,040	12,856	374	3.0%	694	5.9%		
2011	11,248	2,122	13,370	514	4.0%				
2012	11,756	2,218	13,974	604	4.5%			592	4.6%
2013	12,400	2,340	14,740	766	5.5%				
2014	12,800	2,466	15,266	526	3.6%				
2015	13,120	2,528	15,648	382	2.5%	491	3.3%		
2016	13,434	2,674	16,108	460	2.9%				
2017	13,602	2,828	16,430	322	2.0%				
2018	13,936	2,992	16,928	498	3.0%				

FY18
developing
Rate →

FY2018 Developing Operating Budget

FY2018 Full-Time Proposed Annual Tuition and Fee Rate Increases

- The recommended balanced budget includes a 2.5% in-state undergraduate tuition rate increase and a 5.8% mandatory fees rate increase for a weighted average tuition and fee rate increase of 3.0%

	<u>Tuition</u>			<u>Mandatory Fees</u>			<u>Total Tuition & Fees</u>				
	\$	△	% △	\$	△	% △	Total \$	\$	△	% △	
<u>Undergraduate</u>											
in-state	\$	334	2.5%	\$	164	5.8%	\$	16,928	\$	498	3.0%
out-of state	\$	770	2.7%	\$	164	5.8%	\$	31,968	\$	934	3.0%
<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%

EMBA Program: \$67,000

Housing & Meal Plan \$12,532

E-Tuition Rate: \$1,248 per credit