

New Jersey Institute of Technology

FY23 Budget Strategy & Outlook

Presented to the Strategic Planning Steering & Academic
Strategic Planning & Budget Priority Joint Committee

November 15, 2021



New Jersey Institute of Technology

Fiscal Stewardship Priorities

**Fiscal Health &
Long-Term Planning**

**Control Expense
Growth**

**Diversify & Grow
Revenues**

1. Secure financial position by budgeting for reserves and targeting operating margins in line with improving or maintaining credit ratings
2. Change campus mindset & budget model from “incremental budgeting” to a resource allocation and generation model based on ROI decision-making where appropriate
3. Activate University-Wide Strategic Planning Committee to align resources with 2025 priorities
4. Target annual tuition & fees rate changes in line with peer institutions
5. Limit reliance on one-time funding sources for recurring expenses

FY22 Revised Budget & FY23 Baseline Forecast

	FY2021 Year-End Actual	FY2022 Approved Budget	FY2022 Anticipated Changes	FY2022 Revised Budget	FY2023 Preliminary Base	FY2023 Anticipated Changes	% Change from FY22 Revised
REVENUES (\$000's)							
Tuition & Fees	207,513	210,399	4,634	215,033	220,433	5,400	2.5%
State & Federal Aid	123,601	121,900	1,095	122,995	104,734	(18,261)	-14.8%
Auxiliaries	14,696	18,518	2,357	20,875	25,994	5,119	24.5%
Other Misc & Allocated Balances	24,768	34,711	1,355	36,066	22,065	(14,001)	-38.8%
NJIT Direct	16,073	16,000	-	16,000	16,000	-	0.0%
Total Unrestricted Revenues	386,651	401,528	9,441	410,969	389,226	(21,743)	-5.3%
Total Restricted Funds	177,904	184,925	-	184,925	184,925	-	0.0%
Grand Total Revenues	564,555	586,453	9,441	595,894	574,151	(21,743)	-3.6%
EXPENSES (\$000's)							
Personnel	215,143	226,292	1,351	227,643	234,346	6,703	2.9%
General Non-Personnel	64,335	77,019	2,968	79,987	74,245	(5,742)	-7.2%
Transfers - Capital & Debt Service	37,664	37,318	915	38,233	37,808	(425)	-1.1%
Student Awards	38,865	42,299	(540)	41,759	50,830	9,071	21.7%
University Reserve	-	2,600	-	2,600	3,979	1,379	53.0%
NJIT Direct	17,067	16,000	-	16,000	16,000	-	0.0%
Total Unrestricted Expenses	373,074	401,528	4,694	406,222	417,208	10,986	2.7%
Total Restricted Funds	177,904	184,925	-	184,925	184,925	-	0.0%
Grand Total Expenses	550,978	586,453	4,694	591,147	602,133	10,986	1.9%
Net Operating Surplus / (Deficit)	13,577	-	4,747	4,747	(27,982)	(32,729)	

FY23 Budget Strategy & Process: Expenditures

The FY23 Budget Development process will incorporate the following multi-dimensional approach:

Controlling Expenditure Growth:

- Tie spending for new initiatives to ROI, 2025 Strategic Plan Priorities and KPIs
- Utilize zero-based budgeting for non-personnel categories and part-time personnel
- Strategic workforce planning by VPs
- Eliminate obsolete and redundant programs and services; Identify economies

Reductions must be workable and achievable in a relevant time frame and should not negatively impact other functional areas or services to students.

FY23 Budget Strategy & Process: Revenue

The FY23 Budget Development process will incorporate the following multi-dimensional approach:

Diversify & Grow Revenues

- Activate University-Wide Strategic Planning Committee with key focus on data driven analysis and decision support addressing:
 - Enrollment Management (Yield, Retention and Persistence, Student Awards, Online & Global Initiatives, Transparency of Recruitment)
 - Maximize External Funding Sources (Federal, State, Research, Industry, Fundraising, Sponsorships)
 - Facility Rental & Commercialization Opportunities
 - Auxiliary Operations (Housing, Parking, Bookstore, Retail)

State Funding Challenges & Opportunities

PROGRAMS:

- Garden State Guarantee (GSG)

- Outcomes Based Allocation (OBA)

- Special Appropriation / State Priority Requests:
 - Polytechnic Adjustment Aid: \$9.5M
 - Two centers within the College of Engineering: \$5.0M
 - The NJ Center for Environmental Forecasting, Engineering and Policy
 - The NJ Center Resilient Living, Human and Built Infrastructure

- State Funded Fringe Benefits

Garden State Guarantee (GSG) Program Summary

The Garden State Guarantee is a State supported “last dollar” financial aid program providing two years of free tuition **for years three and four** at four-year institutions of higher education for New Jersey students with family Adjusted Gross Income (**AGI**) **equal to or less than \$65K** annually, with a sliding scale covering tuition and mandatory fees up to \$80K AGI.

Program Requirements Include:

- Adopt and publicly offer a **predictable pricing guarantee** to all full-time undergraduate students enrolling in the fall of 2022
- Must be the student’s 1st bachelor’s degree
- Must file FAFSA and provide any requested documents
- Sliding scale - \$65K to \$80K AGI – 50% remaining tuition and mandatory fees awarded
- Must meet the standards of Satisfactory Academic Progress
- If a student exhausts their Pell or TAG and meets all other requirements NJIT must fund unmet need.

In FY22, NJIT received a down-payment of \$2.488M. Preliminary FY23 assumes flat year-over-year State funding.

Outcomes Based Allocation (OBA) Program Summary

The Outcomes-Based Allocation (OBA) Model is a State supported initiative that takes into account: three components:

- Total degrees awarded
- Number of degrees awarded to URM students
- Percent of students who qualify for need-based State and federal aid

NJIT has received the following shares of OBA program funding:

- FY20 - \$2.070M
- FY21 - \$2.091M
- FY22 - \$2.091M (5.9% of entire OBA program)

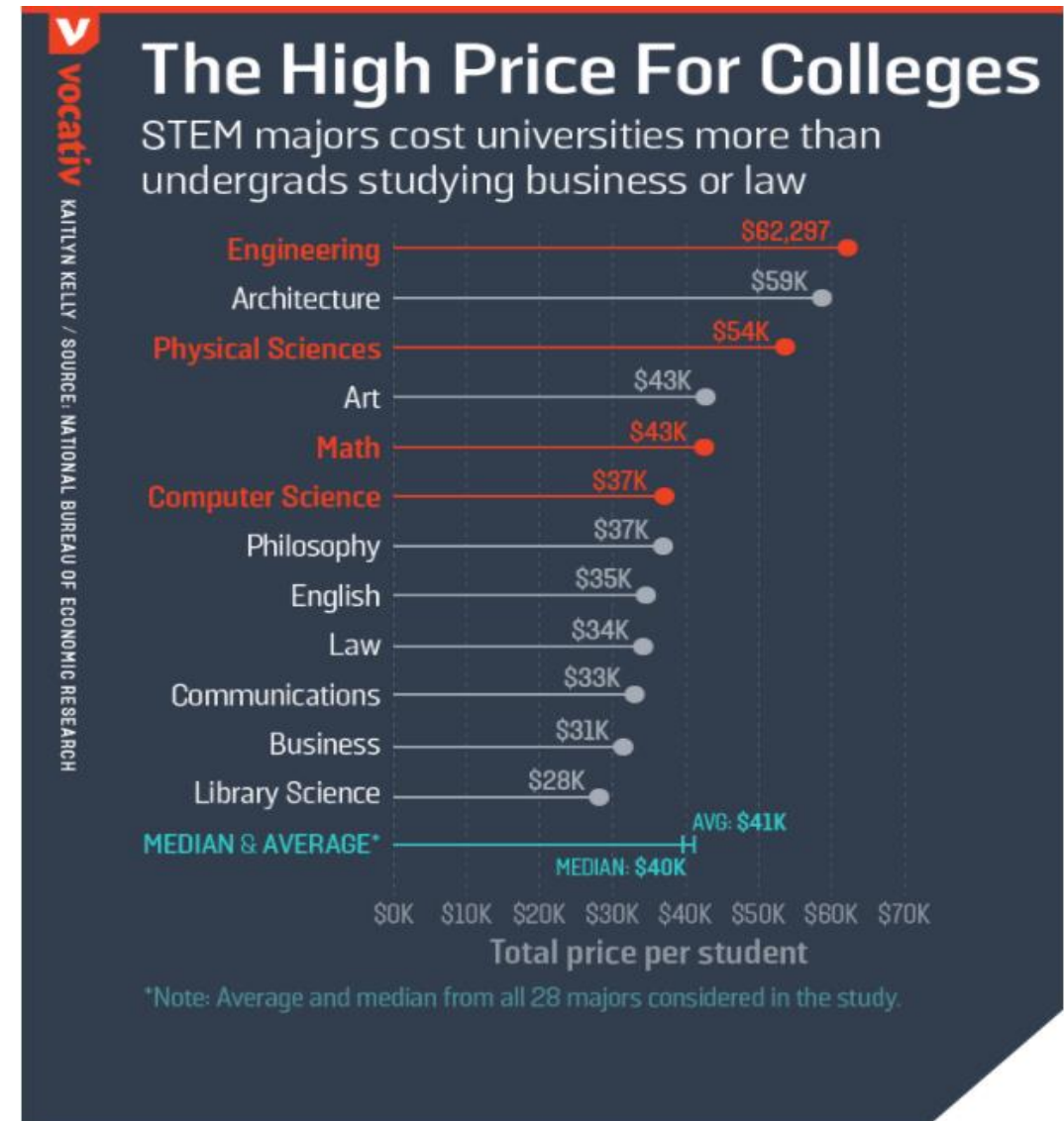
Conversations are on-going with the State and senior public officials regarding additional “mission metrics” to be used in determining the allocation of OBA funding in FY23.

State Priority Request for FY23: Polytechnic Adjustment Aid

As New Jersey's public polytechnic university, NJIT educates approximately 30% of the State's engineers and scientists and is a top 20 national university producing 60% of African American and Hispanic engineers. We are home to colleges of architecture, computing, and engineering that are among the largest in the region.

Rationale:

- **NJIT awards the majority of its degrees -- 87% -- in the more costly STEM disciplines of engineering, physical sciences, computing, math**
- On average, STEM represent **only 22%** of the degrees awarded by all other NJ four-year public
- **Estimated need: \$9.5M+ /year for more costly degree programming**



State Priority Requests for FY23: COE Proposals

Two centers having public policy impact are proposed for a total of \$5M

- **The NJ Center for Environmental Forecasting, Engineering and Policy**
 - The Center will collect, store, disseminate and analyze environmental data about New Jersey in the service of decision makers in government and industry and the citizenry.
 - **Areas of focus:** Forecasting and mitigation of climate change on NJ and its impact on human health, biodiversity, ecosystems, sea level rise, the economy (particularly agriculture), and water quality and supply
- **The NJ Center for Resilient Living, Human and Built Infrastructure**
 - The Center will provide a real time, dynamic view of New Jersey's infrastructure assets (urban interconnected living and human eco- and social systems and built infrastructure) and their state of use and availability.

State Supported Fringe Benefits

Numerous conversations are currently being held with the State related to rising cost implications of State Supported Fringe Benefits.

- FY22 State Budget includes \$10M for fringe costs for the research institutions.
 - NJIT's share = \$1.065M based on FTE and HERD derived allocation
- NJ OMB & OSHE – Sponsored Programs Specific Fringe Benefit Rate
 - In response to an offer from NJ OMB/OSHE, NJIT will be requesting an adjusted fringe benefit rate to make our rate more competitive for grant proposals.
- FICA Recovery
 - NJIT is requesting FICA recovery for all State Funded full-time and part-time employees instead of only those that are State pension-eligible
 - Potential \$500K-\$800K improvement to revenue recovery from State

NJIT 2025: Preliminary Strategic Plan Investments

(\$000's)	Revised Budget	Additional	Total
	FY22 Total	FY23 Investments	Investments
<u>Priority</u>			
Students	697		697
Faculty & Research	1,470	1,615	3,085
Resources / Digital	3,147	3,298	6,445
Resources / Human Resources	732	(150)	582
Resources / Physical	440		440
Prominence	1,062		1,062
NJIT 2025 - Priority Funding	7,548	4,763	12,311

Estimated two year total = \$19.858M

FY23 Budget Development Process

Oct - Dec

Annual Budget Development process begins. VP's evaluate, prioritize and propose requests to be presented for consideration. All requests must be linked to 2025 Strategic Plan priorities and indicate ROI

May - Jul

Enrollment projections and Residence Hall occupancy are confirmed. State Appropriation is finalized and Budget Schedules are prepared for public hearing and BOT action. BOT reviews and adopts annual budget and tuition and fee rates.



Jan - Feb

VP's present recommended operating and capital budget requests for consideration. Governor's proposed budget is released including NJIT's recommended appropriation.

Mar - Apr

VP's and Senior Staff prioritize budget requests based on available funding and aligned with 2025 Strategic Plan. Tuition and Fee scenarios are developed for upcoming year and Budget Development Status is reviewed with BOT and Audit & Finance committees.

Budget Solutions & Strategies

Fiscal Health & Long-Term Planning

- Change budget model approach from “incremental” to ROI driven investments
- Budget for unrestricted operating reserve & margins in line with rating agency assessment metrics

Control Expense Growth

- Assign & assess ROI metrics for all strategic priority requests
- Review faculty & staff recruitment including turnover targets in conjunction with Strategic workforce planning by VPs
- Review CRR budget
- Review base non-personnel & part-time personnel budgets for efficiencies
- Eliminate obsolete and redundant programs
- Review University Funded Merit Awards

Diversify & Grow Revenues

- Strategic Revenue Planning:
 - Tuition & fees / Housing rates
 - Enrollment planning
 - NJIT online programs
 - NJIT global
 - Facility rental & commercialization opportunities
- Indirect Cost Recovery Revenue & ICR Return Program
- State Budget Funding (Base & Special Appropriations Advocacy)