

Faculty Senate Leadership Meeting  
January 28, 2021  
3pm – 4pm  
Webex

Agenda

Discussion Items:

1. Status of FY20 Financial Statements.....page 1
2. FY21 Budget:
  - a. CFO Executive Summary @ 12/31/20.....page 7
  - b. Mid-Year Budget Review.....page 14
  - c. HEERF Award (\$13.798M) - (discussion only)
  - d. NJIT @ Jersey City Budget Status and Projection.....page 15
3. FY22 Budget Development.....page 17
4. Bank Transition Timeline.....page 18
5. Time & Effort Automation/Certification Timeline.....page 19
6. Baker Tilly Internal Audit Schedule.....page 20
7. Other Items?

DRAFT 1/15/21

# New Jersey Institute of Technology

## Executive Summary

Fiscal Year 2020 Audited Financial Statements

## KEY TAKEAWAYS

Net Position, June 30, 2020 – \$262,197

Net Position, June 30, 2019 – \$283,145

Change in Net Position – (\$20,948)

### Revenues: \$27.0 (6.2%) decrease

- 18.0 decrease in State appropriations  
- \$13.0 related to fringe benefits and \$5.0 related to direct appropriations
- \$5.0 decrease in investment income
- \$4.0 decrease in auxiliary revenue
- \$4.0 decrease in gifts and bequests
- \$4.0 increase in other nonoperating revenues due to CARES Act funds

### Expenses: \$3.0 (0.6%) decrease

- \$13.0 reduction in OPEB and pension expense
- Partially offset by:
  - \$3.0 increase in operation and maintenance of plant primarily due to repairs and maintenance and utility expense
  - \$5.0 increase in salary expense
  - \$2.0 increase in scholarship expense

## Statement of Revenues, Expenses, and Changes in Net Position (Dollars in millions)

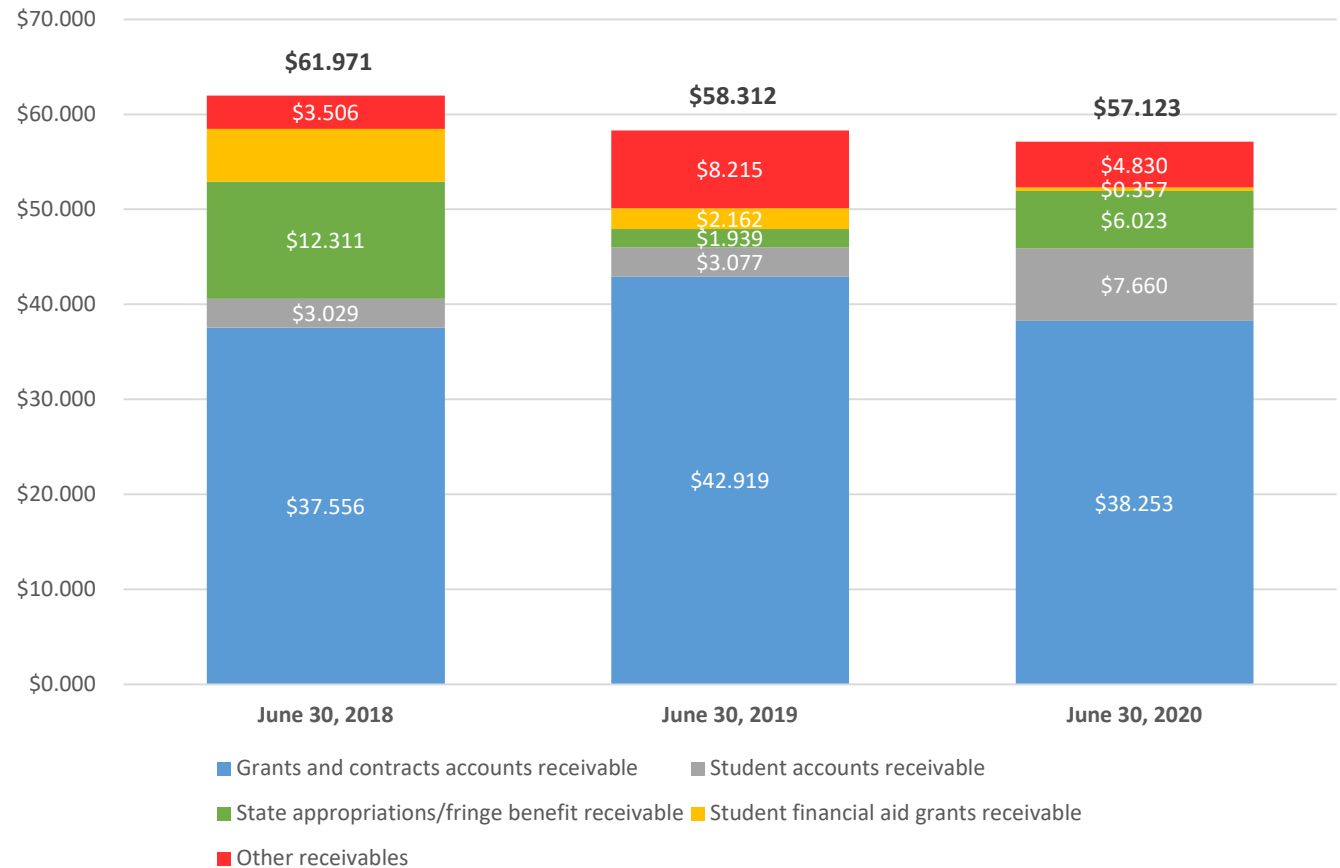


## KEY TAKEAWAYS

The overall decrease from June 30, 2019 to June 30, 2020 of \$1.189 is primarily due to:

- Other Receivables is primarily made up of Program Services, Pledges, and Student Loan Receivables. The decrease is principally attributable to a FY19 \$3.0 pledge as well as a decrease in program services accounts receivable.
- Decrease in student financial aid grants receivable principally related to the timing of reimbursement from the State of New Jersey relating to Tuition Aid Grant (TAG).
- Increase in State appropriations/ fringe benefit receivable of \$4.084, principally related to timing of FICA reimbursement.
- Increase in student accounts receivable of \$4.583 due to new student loan program with payments extending after June 30<sup>th</sup> and the impact of COVID-19.
- Decrease in grants and contracts receivable of \$4.666.

## Accounts Receivable, Gross (Dollars in millions)



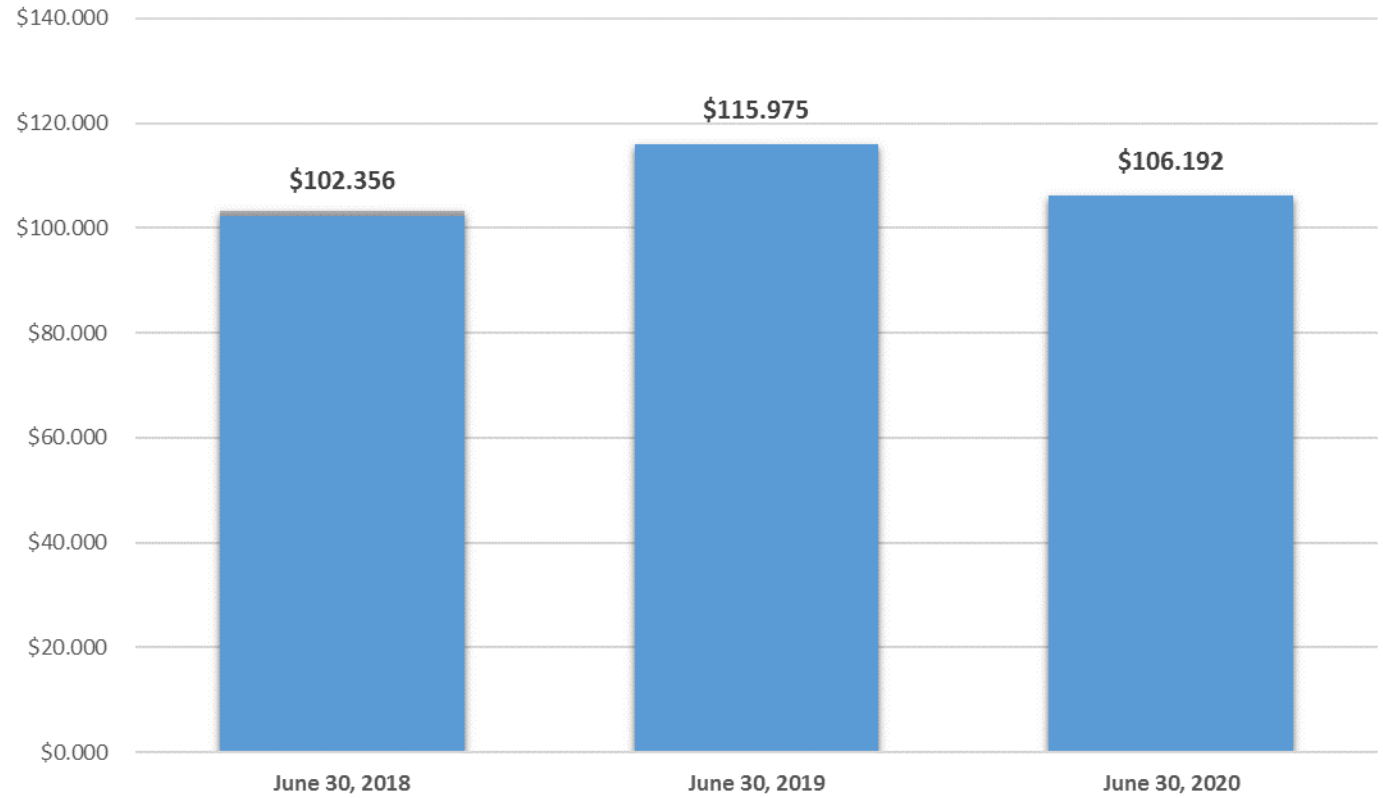
## KEY TAKEAWAYS

The overall decrease from June 30, 2019 to June 30, 2020 of \$9.783 is primarily due to the deappropriation of State funds and the timing of FICA reimbursement.

### Unrestricted Investment Income, Net of Fees

- FY18: \$3.099
- FY19: \$5.174
- FY20: \$1.617

## Cash and Cash Equivalents and Investments (Dollars in millions)

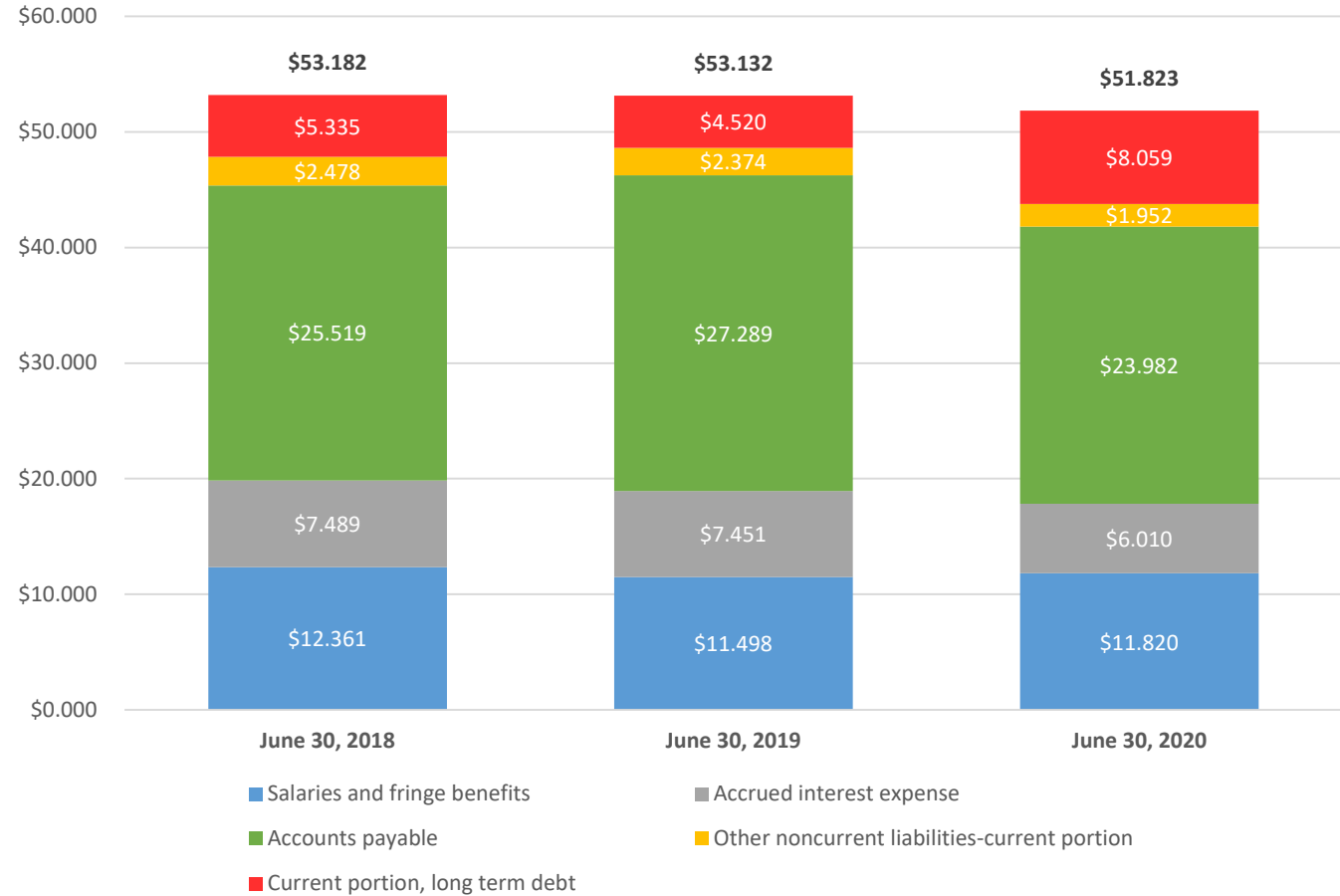


## KEY TAKEAWAYS

The overall decrease from June 30, 2019 to June 30, 2020 of \$1.309 is primarily due to:

- Reduction of accounts payable – construction and accrued interest expense
- Partially offset by an increase in current portion, long term debt, principally related to the financing of a portion of the purchase price of a strategic property acquisition and NJIT's Paycheck Protection Program loan.

## Accounts Payable, Accrued Liabilities, and Current Portion, Long Term Debt (Dollars in millions)



## KEY TAKEAWAYS

### Impact

#### Fiscal Year 2020

Revenue: State appropriations –  
\$1.128

Expenses: Fringe benefits – \$1.128

Net Position – no impact

#### Fiscal Year 2019

Revenue: State appropriations –  
\$11.386

Expenses: Fringe benefits – \$11.386

Net Position – no impact

State of New Jersey's proportionate  
share of total OPEB liability  
attributable to NJIT:

2020 – \$188.943

2019 – \$248.332

## Financial Impact of GASB No. 75 (Dollars in millions)

The University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), in fiscal year 2018. GASB 75 addresses accounting and financial reporting for postemployment benefits other than pensions that are provided to employees of governmental employers. Under N.J.S.A. 52:14-17.32, the State is required to pay for the other postemployment benefits (OPEB) coverage for eligible retirees.



**NEW JERSEY INSTITUTE OF TECHNOLOGY  
SR. VP FOR FINANCE & CFO  
MONTHLY FINANCIAL STATUS REPORT  
AS OF DECEMBER 31, 2020**

**EXECUTIVE SUMMARY**

The Executive Summary provides the December 31<sup>st</sup> status of three important financial measures, the **FY21 annual budget, cash balances, and investments and managed endowment**. Additional details on these measures are provided on the subsequent pages.

**1. FY21 Annual Board-approved Operating Budget totals \$546.7M. Per the comprehensive mid-year budget review, we anticipate the overall budget will be achieved. Highlights include:**

- a. Year-to-date tuition and fees total \$194.5M, 96% of the FY21 budget which reflects a \$2.6M decrease from FY20. Spring 2021 registrations are currently underway and actual revenue will be known by late January.
- b. Auxiliary income totals \$13.2M, 95% of the annual budget. This income reflects a \$7.6M decrease from FY20 due to fewer residence hall students, meal plans and student parking. Final Spring residency, parking, and meal plans will be known by late January.
- c. The FY21 annual Base State appropriation totals \$36.7M compared to \$30.7M received last year. However, year-to-date actual totals \$16.1 compared to \$20.2M.
- d. Federal Programs (CARES Act) will be \$5.069M below the approved \$19.670M budget due to a revised 2nd half State funding formula. The budget change was rebalanced in November through various revenue and expense changes. The revised Federal Program (CARES Act) funding is expected to total \$14.6M.
- e. **Additional Federal Stimulus Funds were approved on 12/27/20.** The official NJIT allocation has not been determined. Preliminary estimates indicate NJIT could receive \$13.6M, of which at least \$4.055M must be used for direct student financial support. **To the extent possible, the remaining balance will be applied to the FY22 budget.**

**2. Cash balances** - The University's overall cash balance remains strong and totals \$114.6M compared to \$106.7M at December 31, 2019, an increase of \$7.9M (+7.4%). A major reason for this is an increase in annual investment income of \$5.1 million over year-over-year.

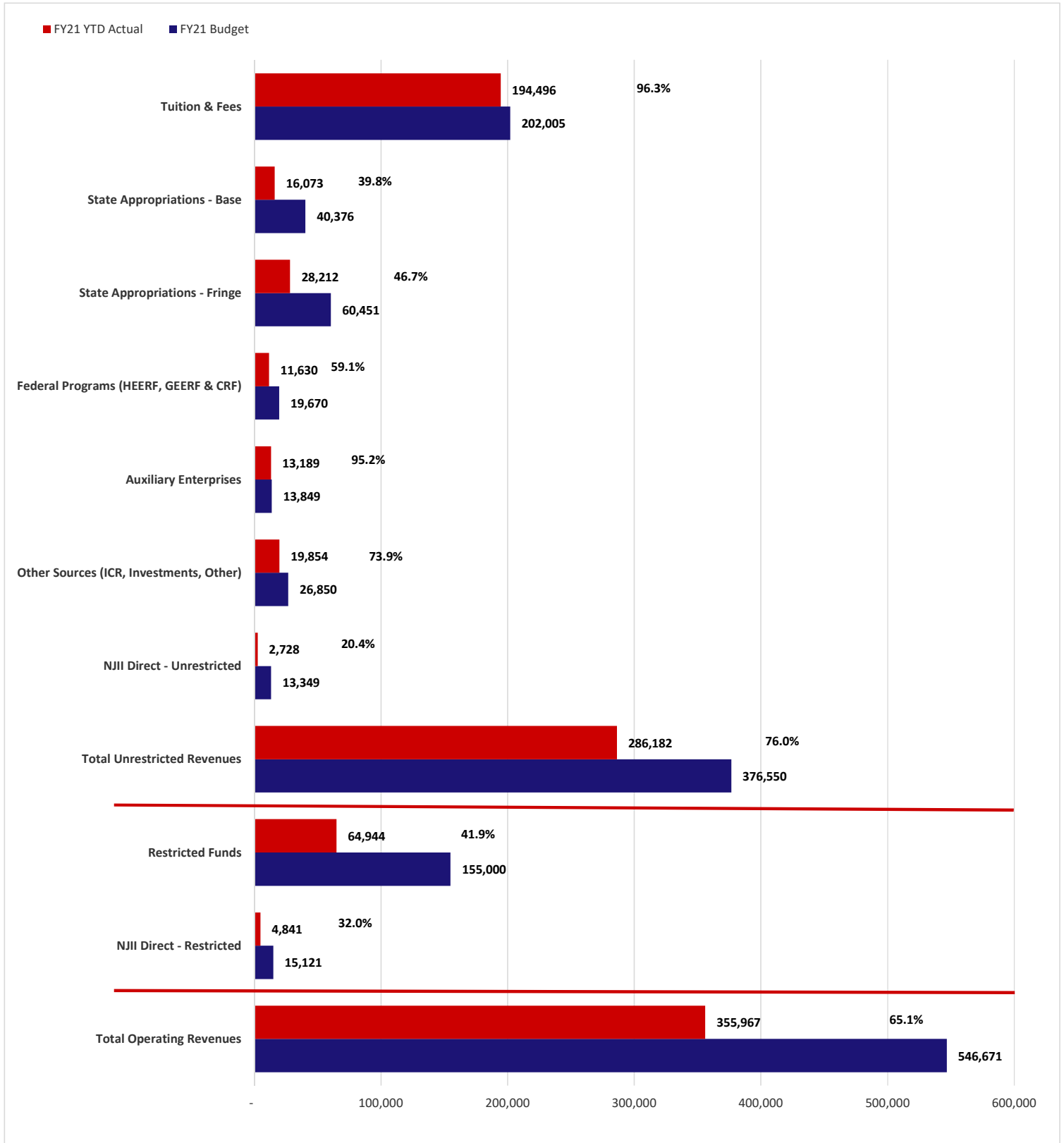
**3. Investments and Managed Endowment**

- a. **Managed Endowment** – As of December 31, 2020, the portfolio market value totals \$150.5M compared to \$129.3M at December 31, 2019, an increase of \$21.2M (+16.4%). Note that the current year value includes the former Alumni Association valued at \$3.9M.
- b. **Operating funds** – Cash balances in various operating accounts have generated net investment income of \$7.7M in the first six months of FY21, compared to the annual budget of \$2.168M. The market continues to experience substantial fluctuations. NJIT has de-risked its portfolios to limit volatility, possible losses and to secure gains achieved year to date.



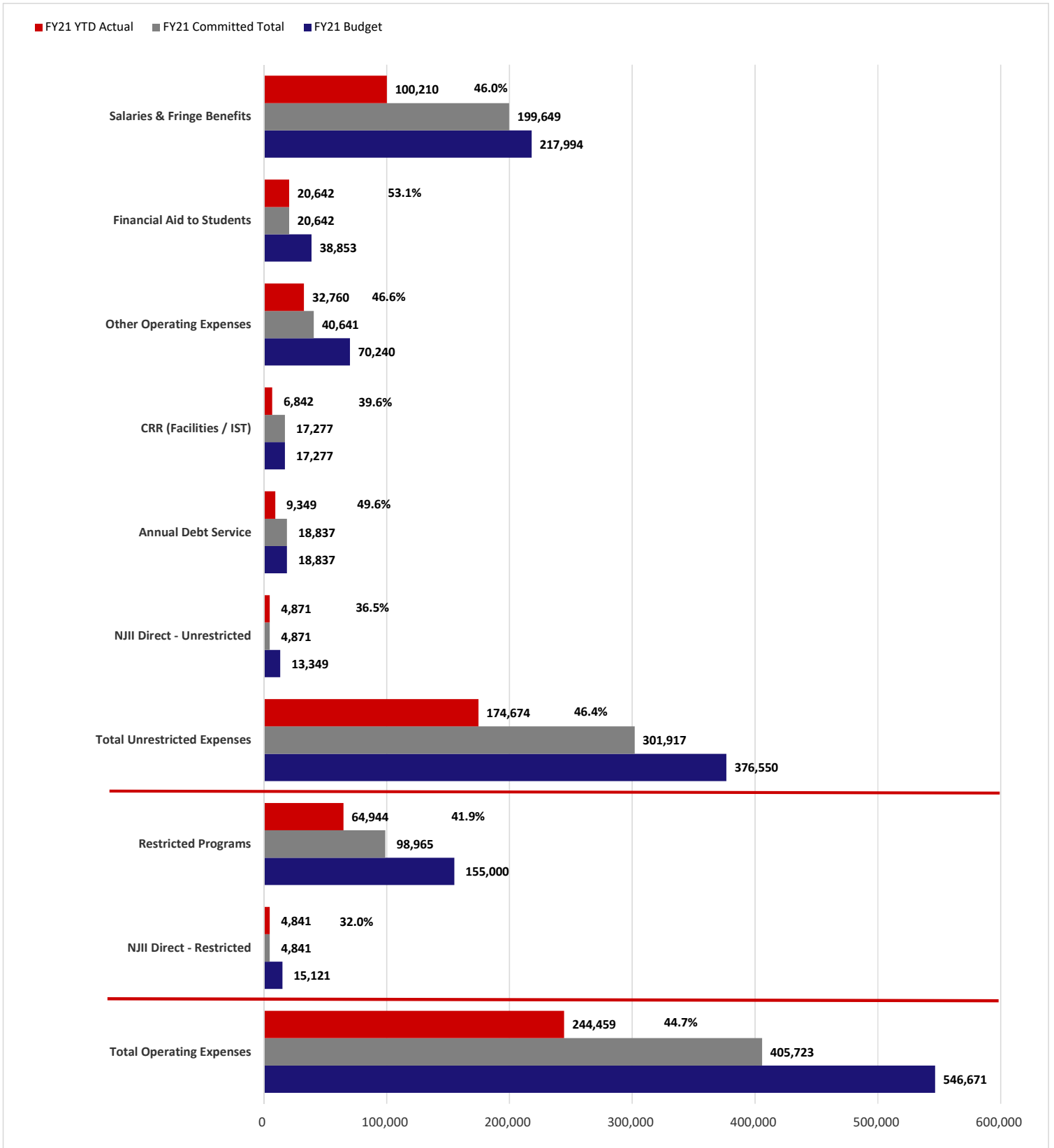


**NEW JERSEY INSTITUTE OF TECHNOLOGY  
FY21 ANNUAL OPERATING BUDGET STATUS  
REVENUES AS OF DECEMBER 31, 2020  
(\$000's)**





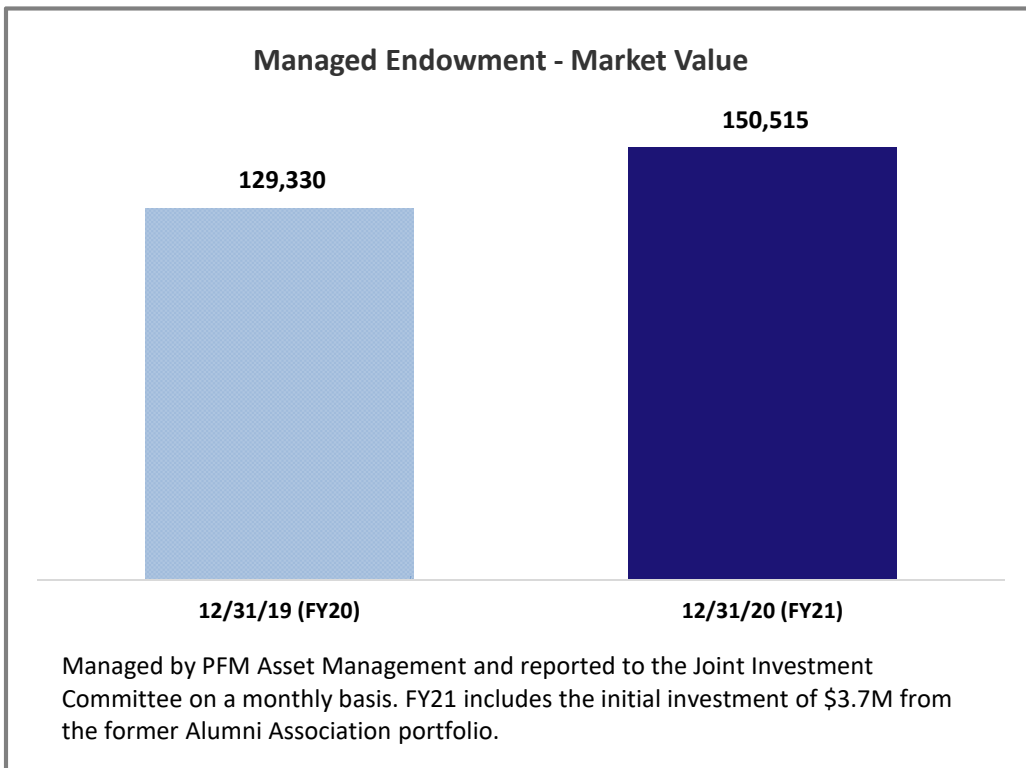
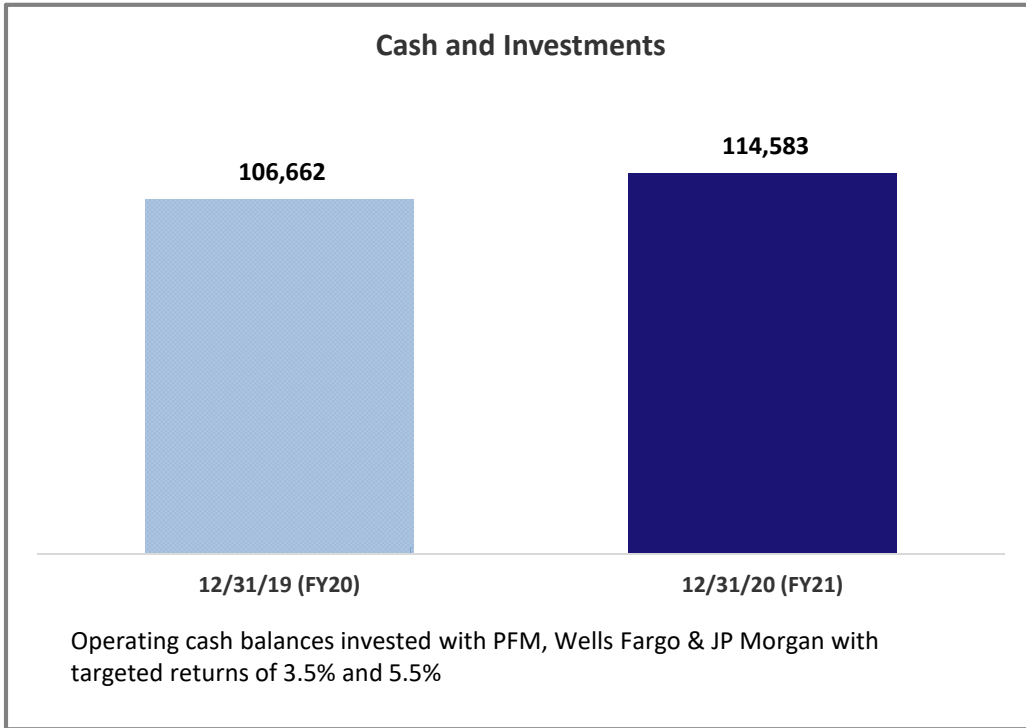
**NEW JERSEY INSTITUTE OF TECHNOLOGY**  
**FY21 ANNUAL OPERATING BUDGET STATUS**  
**EXPENSES AS OF DECEMBER 31, 2020**  
 (\$'000's)



(1) FY21 Committed includes YTD actual expenses, balance of FY21 current salary commitments, annual debt service payments and open purchase orders.

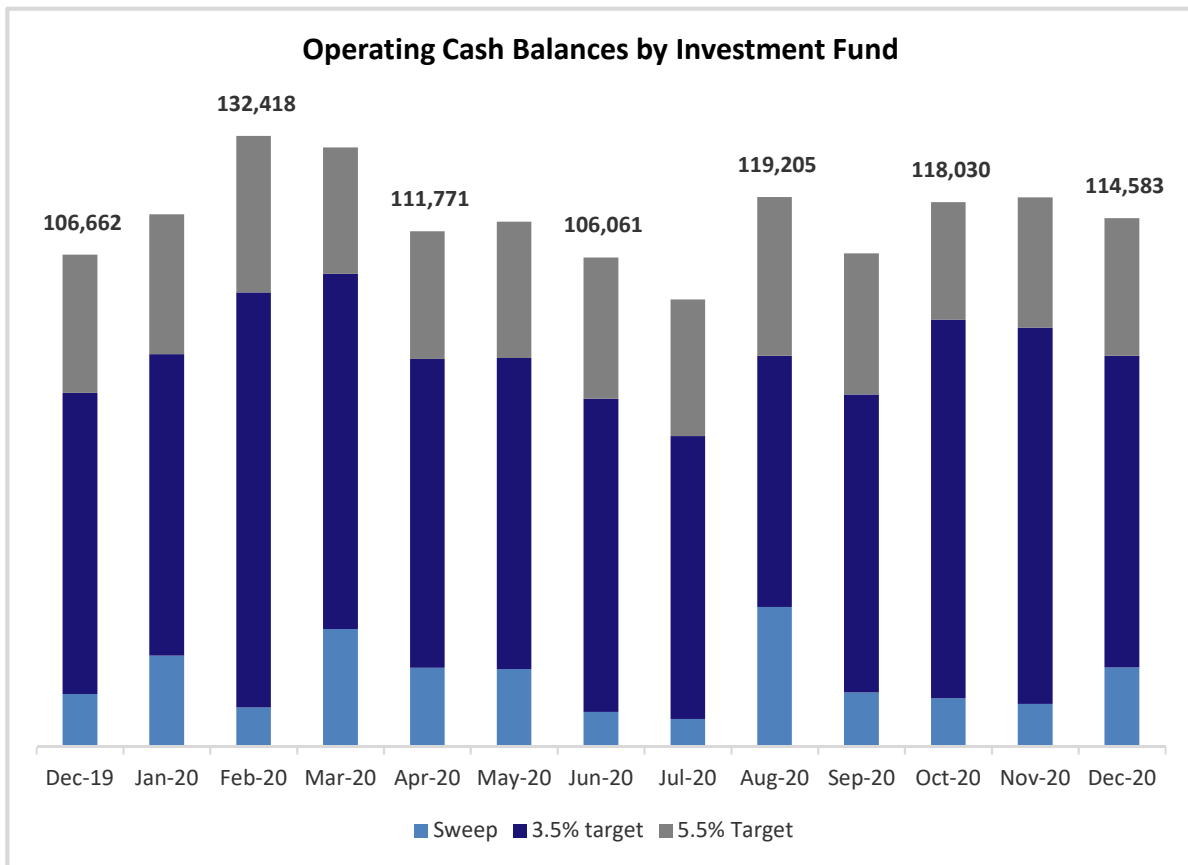
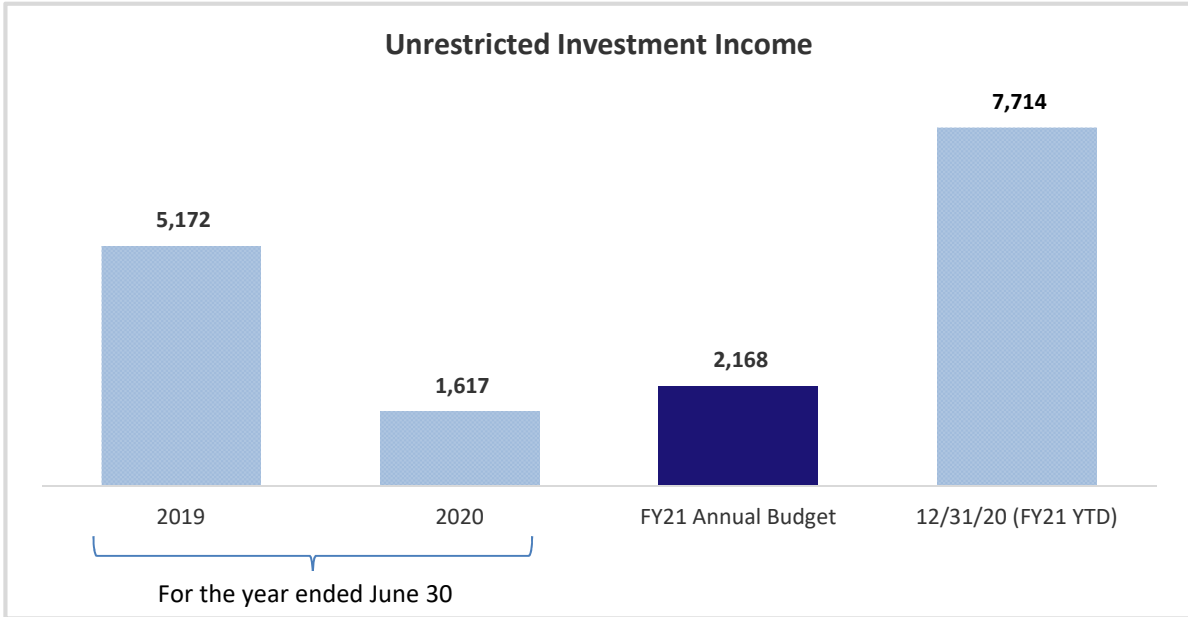


**NEW JERSEY INSTITUTE OF TECHNOLOGY  
CASH & INVESTMENTS AND MANAGED ENDOWMENT  
YEAR - OVER - YEAR COMPARISON  
(\$000's)**





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



## Accounts Receivable Trend

		<b>Fall 2020 (B)</b>	<b>Fall 2019 (B)</b>		
<i><b>Undergraduate</b></i>		<b>As of 12/31/20</b>	<b>As of 12/31/19</b>	<b>Variance</b>	<b>%</b>
Balance Due > \$7,500 (A)		\$ 3,054,891	\$ 2,664,068	\$ 390,824	14.7%
Headcount		252	224	28	12.5%
Balance Due < \$7,500 (A)		\$ 2,001,366	\$ 1,683,045	\$ 318,321	18.9%
Headcount		663	798	(135)	-16.9%
Payment Plans		\$ 1,753,150	\$ 1,676,666	\$ 76,484	4.6%
Headcount		1,117	1,328	(211)	-15.9%
		<b>\$ 6,809,408</b>	<b>\$ 6,023,779</b>	<b>\$ 785,629</b>	<b>13.0%</b>
<i><b>Graduate/Doctorate</b></i>					
Balance Due > \$7,500 (A)		\$ 443,887	\$ 607,675	\$ (163,788)	-27.0%
Headcount		30	45	(15)	-33.3%
Balance Due < \$7,500 (A)		\$ 282,228	\$ 348,336	\$ (66,108)	-19.0%
Headcount		176	216	(40)	-18.5%
Payment Plans		\$ 525,485	\$ 513,865	\$ 11,620	2.3%
Headcount		302	328	(26)	-7.9%
		<b>\$ 1,251,600</b>	<b>\$ 1,469,877</b>	<b>\$ (218,276)</b>	<b>-14.8%</b>
Total Fall AR		<b>\$ 8,061,008</b>	<b>\$ 7,493,655</b>	<b>\$ 567,353</b>	<b>7.6%</b>
Total Fall AR Headcount		<b>2,540</b>	<b>2,939</b>	<b>(399)</b>	<b>-13.6%</b>
Total Non Active Student AR		\$ 2,319,889	\$ 1,991,287	\$ 328,603	16.5%
Headcount		619	488	131	26.8%
Total AR Gross		\$ 10,380,897	\$ 9,484,942	\$ 895,955	9.4%
Headcount		3,159	3,427	(268)	-7.8%
Bad Debt Reserve		\$ (4,051,422)	\$ (2,220,063)	\$ (1,831,359)	82.5%
Total AR Net		<b>\$ 6,329,475</b>	<b>\$ 7,264,879</b>	<b>\$ (935,404)</b>	<b>-12.9%</b>
<b>(A) Balances include amounts due for previous semesters</b>					
<b>(B) Excludes Winter and Spring upcoming semesters</b>					

# Grants Management Billings & Collections (Follow-up): Status Update

- All variances between the grants billing system and general ledger have been eliminated
- PIs and grant accountants receive monthly aging and payroll reports
- Administrative changes have been enacted to positively impact grants administration
- Process improvements and services to the NJIT research community continue

<b>Notable Billing Improvements*</b>	<b>December 2019</b>	<b>June 2020</b>	<b>December 2020</b>
Unbilled expenses 181 days old	\$5,500,108	\$795,697	\$131,161
Billed but unpaid over 181 days	\$7,603,222	\$1,613,942	\$319,273

## **FY2021 - Mid-Year Review Status as of 1/14/21**

**Pending – awaiting confirmation of budget target**

All other items have been reviewed and confirmed

1. Tuition, Fees, and Academic Programs
  - a. Winter Program – Tuition & Fees
  - b. Spring enrollment projections – tuition, fees, and awards**
  - c. Student Accounts Receivable and reserves for bad debt
  - d. PHD program – tuition, stipends, and awards
  - e. NJIT @ Jersey City program
  - f. EMBA Program
  - g. LIXEN BS in Financial Technology Program
  - h. NJIT Global Campus – Online programs
  - i. Adjunct Expenses
  - j. Pre-College & EOP Programs
  - k. Per Occurrence Fees
  - l. Student Senate & GSA balances
  
2. Research
  - a. Indirect Cost Recovery (ICR) Projection
  - b. Grant Match
  - c. Grant Receivables & reserves for bad debt
  
3. Other Programs / Expenses
  - a. Residence Halls and Greek Village Occupancy Levels**
  - b. Parking Revenues
  - c. NJII Operations, including non-credit program activities
  - d. IT Transformation Project – Funding Needs
  - e. Federal CARES Funding – CRF Adjustment and Future potential funding
  - f. GDS Commissions (Meal Plans / Retail Food Sales / Vending)
  - g. Facility & Event Rentals
  - h. State Fringe Benefits – FICA / FTE Over the Cap**
  - i. Investment Income
  - j. Vacancy List Balances – Full time personnel
  - k. Student, hourly staff and overtime usage
  - l. General Non-Personnel
  - m. Insurance programs
  - n. Debt Service
  - o. Unrestricted Giving**

**New Jersey Institute of Technology  
 FY20-FY23 NJIT @ Jersey City  
 Enrollment Plan vs Actual Results & Revised Projections**

Fiscal Year	Original Budget Plan - March 18, 2019 <sup>(1)</sup>				Revised Actual/ Projections - January 2021			
	Summer	Fall	Spring	Total Credit Hours	Summer	Fall	Spring	Total Credit Hours
FY20		35	62	582		33	56	553
FY21	75	128	156	2,043	62	74	92	1,386
FY22 <sup>(2)</sup>	147	207	226	3,246	80	80	80	1,440
FY23 <sup>(2)</sup>	202	261	269	4,035	95	95	95	1,710

<sup>(1)</sup> Original budget plan has been adjusted to exclude professional training programs since this function has been transferred to NJIT

<sup>(2)</sup> Projections provided by Dean YWCC



## New Jersey Institute of Technology

NJIT@Jersey City - Actual Results FY20 and FY21 - FY23 Projections

As of 1/21/2021

Account Type	Account Desc	FY2020	FY2021		FY22 - FY23 Preliminary Future Year Estimates	
		Year-End Actual	FY21 Budget	FY21 Year-End Projections	FY22 Projections (1)	FY23 Projections (1)
<b>Income</b>	Net Tuition (2)	495,376	1,118,790	1,137,683	1,293,120	1,535,580
	University Fees	112,940	198,000	197,727	191,360	227,240
<b>Total Net Tuition &amp; Fees</b>		<b>608,316</b>	<b>1,316,790</b>	<b>1,335,410</b>	<b>1,484,480</b>	<b>1,762,820</b>
<b>Direct Operating Expenses</b>						
	Faculty Salaries	62,677	134,396	129,496	208,496	208,496
	Adjuncts		28,800	41,400	41,400	51,750
	Administrative Salaries	57,978	130,002	130,242	130,345	164,682
	Student, Hourly, and Overtime	5,181	2,800	750	2,200	3,500
	Benefits	56,115	133,885	134,786	174,787	193,164
<b>Subtotal Personnel</b>		<b>181,950</b>	<b>429,882</b>	<b>436,674</b>	<b>557,228</b>	<b>621,592</b>
	Equipment	3,960	27,675	29,485	7,000	7,000
	Supplies	5,125	8,500	3,000	5,000	6,000
	Travel, Meals, Meetings, Registratn	15,025	7,245	6,000	8,000	10,000
	Other Major Operating Expenses (3)	415,024	548,680	626,310	657,500	673,700
<b>Subtotal Non-Personnel Expenses</b>		<b>439,134</b>	<b>592,100</b>	<b>664,795</b>	<b>677,500</b>	<b>696,700</b>
<b>Total Direct Expenses</b>		<b>621,084</b>	<b>1,021,983</b>	<b>1,101,469</b>	<b>1,234,728</b>	<b>1,318,292</b>
<b>Annual Impact to University Budget</b>		<b>(12,768)</b>	<b>294,807</b>	<b>233,941</b>	<b>249,752</b>	<b>444,528</b>
<b>Original Budget Plan Net Income +/-</b>		<b>(265,884)</b>		<b>676,167</b>	<b>971,990</b>	<b>2,989,580</b>
<b>Variance - Actual Results to Plan</b>		<b>253,116</b>		<b>(442,226)</b>	<b>(722,238)</b>	<b>(2,545,052)</b>

(1) FY22 & FY23 reflect enrollment growth only applying current Jersey City rates of \$898/CH and university fee, does not include award discounts applied in FY20 & FY21

(2) Includes tuition & fee awards for Fall 19 through Summer 20. Effective Fall 2020, Jersey City location has a separate per credit tuition rate of \$898/CH

(3) Largest component is the rental costs for 101 Hudson Street, Jersey City FY21 = \$508K. Also includes marketing and internet usage

## KEY TAKEAWAYS

- The FY21 Budget is balanced due to numerous operational decisions regarding enrollment and residence hall occupancy. In addition, the budget required one-time revenues and expense savings (see noted items) that are, ideally, not repeated in subsequent budgets.

## FY22 Budget Development

### FY21 Annual Budget Includes:

### **\$27.8M** One-Time Sources: Revenues & Savings

1. \$6.8M - Personnel Savings Programs – voluntary programs totaling \$2.5M and mandatory programs totaling \$4.3M
2. \$14.6M – Federal/State CARES funding
3. \$3.3M Quasi-endowment usage for student awards
4. \$1.4M Endowed Chairs for fall semester
5. \$1.7M Restricted / Discretionary fund usage

## **NJIT Banking Implementation of JPM Chase**

### **Completed:**

Initial contracts

Business review and configuration

Line of Credit of \$8M

Investments

Banking agreements and account structures

Credit card agreements

ATM agreements

### **In Progress:**

Credit Cards for executives and student leadership – February 1<sup>st</sup>

Credit cards for Anthony Travel – February 1st

Student investment account – February 1st

Cash vault – February 1st

System security and user administration – February 1<sup>st</sup>

Banking go live – Waiting on BAI specs and check testing February 15th

NJII banking – February 15<sup>th</sup>

ATM installations for WEC and Student Center – Mid February

Receivables/Lock Boxes go live – March 1<sup>st</sup>

Remote deposit and check scanners – March 1st

Chrome River credit card interface – March 31st

Credit Cards for accounts payable – Banner issues/configuration – March 31st

Marketing new process - ongoing

# **Fall 2020 Effort Certification Timeline**

**(using the automated Banner HR Effort Reporting System)**

## **January 15 – 29, 2021**

- System testing for effort certification and preparation of training materials

## **Week of February 1st**

- Soft go live of system for users

## **Week of February 8th**

- Public announcement and training opportunities for PIs (training opportunities to continue throughout the certification period)

## **March 31, 2021**

- Deadline for PIs to certify Fall 2020 effort reports on their grants

## **Week of April 19th**

- Baker Tilly conducts an internal audit of the automated T&E system

## **June 1, 2021**

- Baker Tilly audit report discussed with the Audit and Finance committee

# Internal Audit Status Update

#	Internal Audit Status Update	Type of Internal Audit Activity	Status/Next Steps	Audit Committee Reporting
1	Grants Management – Billings & Collection (Follow-up)	Internal Audit	Complete	November 2020
2	Assess & Benchmark C-CAPS	Internal Audit	Complete	November 2020
3	Gift Acknowledgement Processes and Protocols	Internal Audit	Complete	February 2021
4	Student Fees & Assessments Billing Processes	Internal Audit	In process	April 2021
5	Grants Management Follow-up: Time & Effort Certification Compliance	Internal Audit	Planning	May 2021
6	CARES Act Compliance	Internal Audit	February 2021	June 2021
7	Planned Giving Processes and Protocols	Internal Audit	March 2021	June 2021
8	NJII – Business Systems and Internal Controls	Internal Audit	Planning	June 2021