



# NJCU

NEW JERSEY CITY UNIVERSITY



FY 2023 Budget Plan

## New Jersey City University

9/12/22

# Summary of Income Statements

## FY 2017 to FY 2022

From FY2017 to FY2022, NJCU experienced multiple years of structural deficits. Contributing factors include:

1. A significant increase in tuition discounting.
2. Tuition revenue shortfalls due to a shrinking enrollment market caused year-over-year enrollment declines totaling more than 15%, dramatically accelerated by the COVID-19 pandemic.
3. Increased fixed costs due in part to an aggressive expansion of NJCU's geographic footprint, as well as significant growth in academic and athletic programming.

### Historical Revenues, Expenses, Changes in Net Position (dollars in thousands)

	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	FY 2020 (Audited)	FY 2021 (Audited)	FY2022 (Unaudited)
Operating Revenues	102,717	101,930	101,415	100,900	95,097	96,400
Nonoperating Revenues	49,651	63,087	57,111	53,827	<b>80,965</b>	53,286
Less Operating Expenses	(161,778)	(175,509)	(170,768)	(165,630)	(160,674)	(152,170)
Less Nonoperating Expenses	(7,500)	(7,159)	(7,485)	(8,581)	(9,337)	(11,357)
Add Capital Grants and Gifts	19,520	4,027	3,172	-	225	-
Increase (decrease) in net position	<b>2,610</b>	<b>(13,624)</b>	<b>(16,555)</b>	<b>(19,484)</b>	<b>6,276</b>	<b>(13,841)</b>

# Net Position Summary

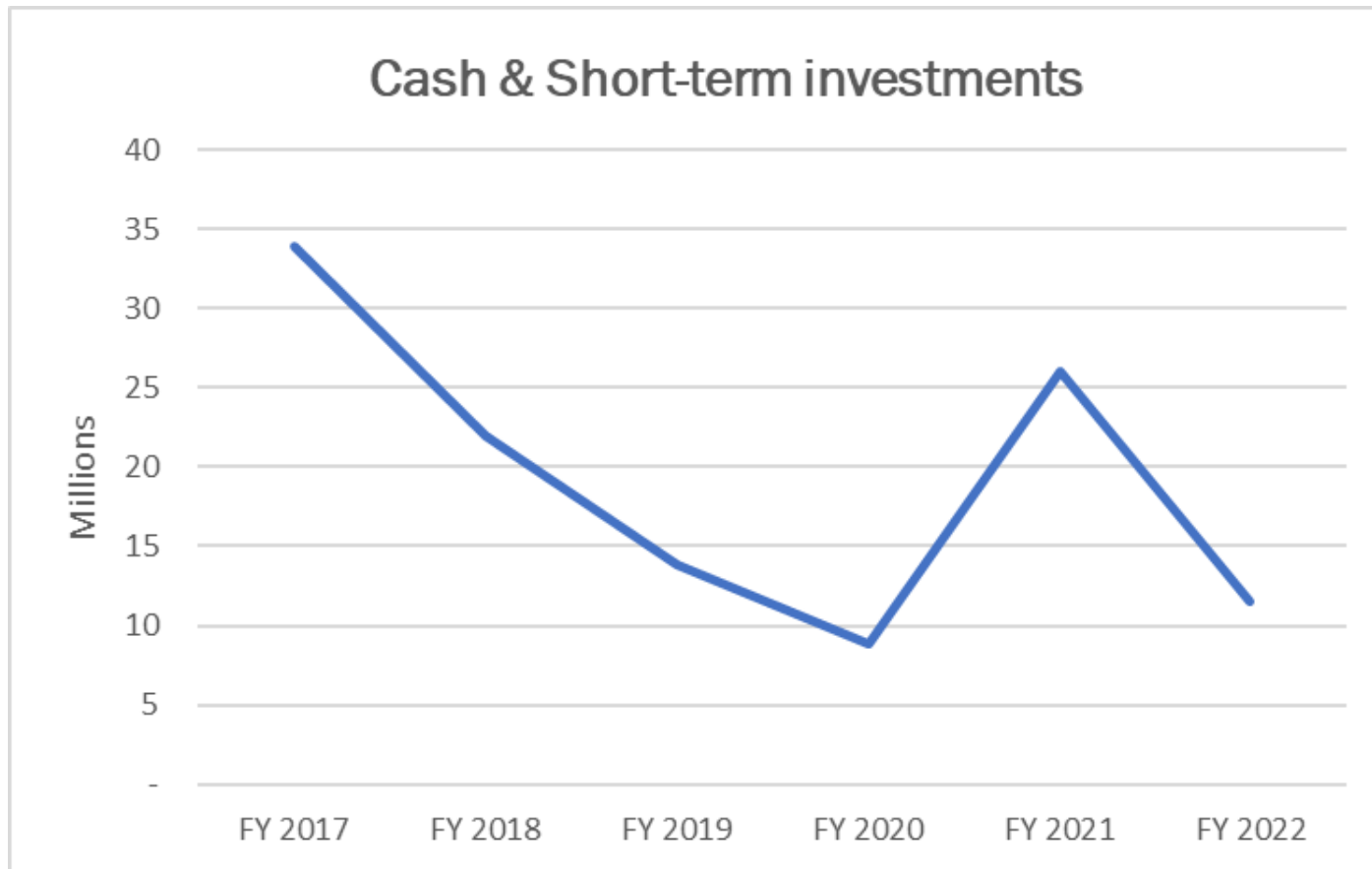
- The media has recently referred to NJCU’s Net Position as a “surplus”. Net position is not a surplus
- Net position is also being discussed without the necessary context. Media sources fail to mention GASB 68, a new pension-related accounting standard that was required by the governmental accounting standards board (GASB), beginning in 2015.
- NJCU’s Net Position is currently negative (\$61M), but only because of GASB 68. NJCU’s Net Position would be \$84M without the 2015 change in accounting standards.

Fiscal Year	Physical			Total	Less GASB68 Impact	Adjusted Net Position
	Plant	Restricted	Unrestricted			
2014	57,299	8,252	43,167	<b>108,718</b>	-	-
2015	60,303	6,967	(72,798)	<b>(5,528)</b>	(115,406)	<b>109,878</b>
2016	57,452	5,019	(82,823)	<b>(20,352)</b>	(122,498)	<b>102,146</b>
2017	74,030	5,076	(96,848)	<b>(17,742)</b>	(134,320)	<b>116,578</b>
2018	86,110	5,155	(122,631)	<b>(31,366)</b>	(141,520)	<b>110,154</b>
2019	89,446	5,183	(142,550)	<b>(47,921)</b>	(145,259)	<b>97,338</b>
2020	85,970	5,378	(158,753)	<b>(67,405)</b>	(146,401)	<b>78,996</b>
2021	81,262	4,446	(146,837)	<b>(61,129)</b>	(144,952)	<b>83,823</b>

## Notes:

- 1) Adopted GASB 68 - Pensions in 2015
- 2) Unrestricted includes long-term pension liability

# Cash Position FY 2017 to FY 2022



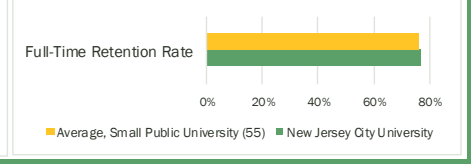
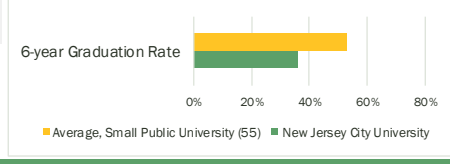
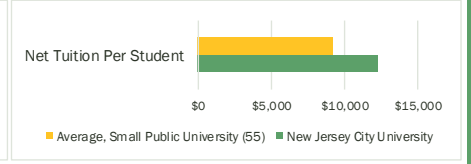
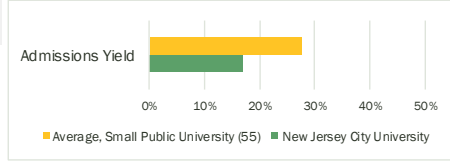
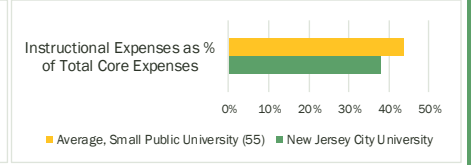
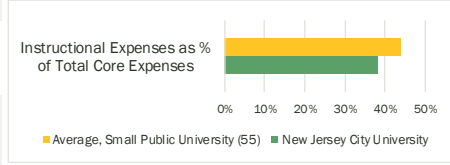
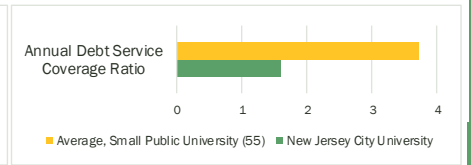
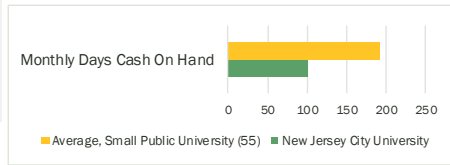
Item	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	FY 2020 (Audited)	FY 2021 (Audited)	FY 2022 (Unaudited)
Cash	27,585,256	15,535,028	9,772,147	8,153,780	51,117,860	21,605,652
Short-Term Investments	6,340,379	6,428,744	4,060,454	4,130,804	2,632,393	2,633,952
Unspent Stimulus Funds	-	-	-	(3,407,004)	(27,676,909)	(12,771,307)
<b>Total Cash/Cash Equivalents</b>	<b>33,925,635</b>	<b>21,963,772</b>	<b>13,832,601</b>	<b>8,877,580</b>	<b>26,073,344</b>	<b>11,468,297</b>

# Key Performance Indicators

How does NJCU compare to Other Small, Public Universities?

## New Jersey City University Key Performance Indicators Executive Dashboard

Key Performance Indicator	New Jersey City University	Average, Small Public University (55)	Difference
<b>Financial Health</b>			
Total Cash & Investments to Operating Expenses	0.4	1.4	(1.0)
Monthly Days Cash On Hand	101	192.6	(91.6)
Operating Margin %	2.50%	4.20%	-1.7%
Annual Debt Service Coverage Ratio	1.6	3.7	3.7
Government Appropriations per Student	\$7,582	\$9,180	(\$1,598)
<b>Cost Structure</b>			
Instructional Expenses as % of Total Core Expenses	38.0%	43.7%	-5.7%
Institutional Support Expenses as a % of Total Core Expenses	14.0%	14.9%	-0.9%
Academic Support Expenses as a % of Total Core Expenses	7.0%	9.6%	-2.6%
Salaries, Wages & Benefits as a % of Total Expenses	61.0%	56.0%	5.0%
Salaries & Wages for Instruction as a % of Total Instruction	75.0%	59.87%	15.1%
Salaries & Wages for Institutional Support as a % of Total I.S.	54.0%	49.24%	4.8%
Student-to-Faculty Ratio	14	15.38	(1.4)
<b>Market Demand</b>			
Admissions Yield	17.0%	27.6%	-10.6%
Net Tuition Per Student	\$12,341	\$9,285	\$3,056
Average Net Price for Students Awarded Aid	\$14,029	\$14,450	(\$421)
Total Tuition Discount (%)	40.40%	41.10%	-0.7%
Total Applicants	6,545	5,667	878
Total Enrolled	1,077	1,014	63
<b>Student Success</b>			
6-year Graduation Rate	36.00%	52.49%	-16.5%
Full-Time Retention Rate	77.00%	75.87%	1.1%



## FY 2023 Budget Outlook (dollars in thousands)

Due to current financial and enrollment trends, NJCU is projecting a structural budget deficit of **\$22.6 million** for FY 2023 on a modified-cash budgetary basis. The projected budget reflects an 8% decline in enrollment, partially offset by an overall 3% tuition rate increase.

	FY 2022	FY 2023	\$	%
Revenues	Estimate	Base Budget	Change	Change
Tuition & Fees	86,485	82,500	(3,985)	-4.61%
Auxiliary Enterprises	2,935	2,500	(435)	-14.82%
Institutional Scholarships	(14,445)	(14,000)	445	-3.08%
Federal, State & Private Grants	2,253	3,000	747	33.16%
State Appropriation	30,924	33,824	2,900	9.38%
State Paid Fringe Benefits	21,619	21,000	(619)	-2.86%
Other Revenue/Real Estate Proceeds	3,160	2,650	(510)	-16.14%
<b>Total Revenues</b>	<b>132,931</b>	<b>131,474</b>	<b>(1,457)</b>	<b>-1.10%</b>
<b>Expenses</b>				
Salaries and Wages	88,491	87,478	(1,013)	-1.14%
Fringe Benefits	22,378	21,400	(978)	-4.37%
Insurance	477	600	123	25.79%
Utilities	3,273	3,000	(273)	-8.34%
Other Non-Personnel Expense	34,109	28,946	(5,163)	-15.14%
Debt Service	9,374	8,710	(664)	-7.08%
Capital Outlays	4,027	4,000	(27)	-0.67%
<b>Total Expenses</b>	<b>162,129</b>	<b>154,134</b>	<b>(7,995)</b>	<b>-4.93%</b>
<b>Surplus(Deficit)</b>	<b>(29,198)</b>	<b>(22,660)</b>	<b>6,538</b>	

# FY 2023 Budget Outlook: Physical Plant and Infrastructure Needs

NJCU has identified at least **\$25.93M** in **critical** infrastructure needs.

Location	Type	Request	Estimated Cost
Hepburn Hall	Critical Needs	(2) qty High Pressure Boilers	2,000,000
Hepburn Hall	Critical Needs	(1) qty Roof Mounted - Air Handler Unit	350,000
Hepburn Hall	Critical Needs	Steam and Condensate Underground Piping from Boiler Plant to Garage	500,000
Grossnickle	Critical Needs	Electrical System, Plumbing system, sprinkler system	20,000,000
Rossey	Critical Needs	(1) qty Air Cooled Chiller Assembly for HVAC	500,000
JMAC	Critical Needs	(2) qty low pressure boilers	250,000
VAB	Critical Needs	(1) Cooling Tower Assembly	250,000
Library	Critical Needs	(1) Air Cooled Chiller Assembly - HVAC	750,000
Library	Critical Needs	Water Main Piping Replacement	150,000
Charter School	Critical Needs	(2) qty low pressure boilers	250,000
Vodra Hall	Critical Needs	Air conditioning units upgrades	350,000
Coop Dorm	Critical Needs	(1) Elevator Assembly	500,000
West Campus V.	Critical Needs	Heating Concerns and upgrades	75,000
<b>SUBTOTAL</b>			<b>25,925,000</b>

# FY 2023 Budget Outlook

## Physical Plant and Infrastructure Needs

NJCU has identified another **\$479,500** in **basic** capital and infrastructure needs.

Location	Type	Request	Estimated Cost
Vodra Hall	Basic Needs	Ceiling tiles throughout hallways	20,000
Vodra Hall	Basic Needs	Bathrooms- change shower curtains	55,000
Vodra Hall	Basic Needs	widow shades all rooms	18,000
Vodra Hall	Basic Needs	LED lighting building wide	70,000
Vodra Hall	Basic Needs	Redo carpets in all hallways	30,000
Coop Dorm	Basic Needs	Replace ceiling tiles	18,000
Coop Dorm	Basic Needs	LED Lighting building wide	54,000
Coop Dorm	Basic Needs	Bathrooms- change shower curtains	55,000
Coop Dorm	Basic Needs	Kitchen Cabinets	50,000
Coop Dorm	Basic Needs	Kitchen Floors	3,500
Coop Dorm	Basic Needs	Kitchen Ceiling	12,000
Coop Dorm	Basic Needs	Kitchen needs new appliances	9,000
West Campus V.	Basic Needs	Replace mirrors in music rooms	25,000
West Campus Village	Basic Needs	Fix back doors and courtyard gate to prevent use as entry/exit points	10,000
West Campus Village	Basic Needs	Front entrance turnstiles	50,000
<b><i>SUBTOTAL</i></b>			<b>479,500</b>



# FY 2023 Budget Outlook

## Physical Plant and Infrastructure Needs

NJCU has identified another **\$8,595,500** in **strategic** capital and infrastructure needs.

Location	Type	Request	Estimated Cost
Vodra Hall	Strategic Needs	Water fountain filtration stations; replace furniture; add kitchen; install remote access key system.	1,090,000
Coop Dorm	Strategic Needs	Renovate lobby and RA office; install water fountain infiltration systems; add TVs in lounges; entrance upgrades; add study lounge; update existing lounges and install new furniture; install additional washers and dryers; replace furniture and mattresses in all rooms; install remote access key system; add CCT cameras throughout residence hall	1,157,000
West Campus V.	Strategic Needs	Organize RHD, RA and PS office to be more student and user friendly; install CCT cameras in elevators; upgrade gym equipment; complete furniture upgrade; convert 2nd floor lounge into kitchen space; install remote access key system; wireless LAN upgrade;	582,000
School of Business	Strategic Needs	Wireless LAN Upgrade - School of Business	100,000
University-Wide	Strategic Needs	Fire Suppression System for Secondary Data Center	70,000
University-Wide	Strategic Needs	Campus Network Upgrade (Cisco)	2,000,000
University-Wide	Strategic Needs	Data Storage Network and Server Upgrade Project	500,000
University-Wide	Strategic Needs	F5 BIG IP Local Traffic Manager	200,000
University-Wide	Strategic Needs	Contingency Funds for Inflationary Adjustments	2,896,500
<b>SUBTOTAL</b>			<b>8,595,500</b>
<b>GRAND TOTAL</b>			<b>35,000,000</b>

## Summary of Key Points

- Multiple years of operating deficits are the result of:
  - shrinking enrollment market/declines in enrollment
  - Covid 19 pandemic
  - Increases in institutional aid
  - aggressive expansion of NJCU's real estate footprint
  - significant growth in academic and athletic programs.
  
- Net position has declined, due largely to a new pension-related accounting standard (GASB 68) required in 2015.
  
- NJCU receives **\$7,582** in government appropriations per student compared to an average is **\$9,180** for small, public universities.
  
- A \$22.6 million budget deficit is projected for FY 2023.
  
- **NJCU is requesting accelerated allotments of its state appropriation.**
  
- NJCU has identified at least **\$35 million** in capital/infrastructure needs



## **Rightsizing Phase I: Immediate Cost Containment**

1. Managerial reduction-in-force
2. Vacant position eliminations
3. Salary Reductions and Furloughs
4. Organizational Consolidation
5. Operating Budget Reductions
6. Initial Academic Rightsizing

# Rightsizing Phase I: Immediate Cost Containment

Timeframe for Implementation	Description of Rightsizing Effort	Impact of Decision			
		Short-Term	Long-Term	Type	Total
1 to 6 months	Contractually required union raises	538,580	-	R	538,580
	Severance/vacation payout costs	182,000	-	NR	182,000
	Eliminated 10% of active managerial workforce	(1,301,234)	-	R	(1,301,234)
	Cut salaries of upper management	(444,298)	-	R	(444,298)
	Furloughs of 5 to 15 days for 56 managers	(303,722)	-	NR	(303,722)
	Reduce adjunct instruction budget	(2,000,000)	-	R	(2,000,000)
	Reduce salary budget for student workers	(862,000)	-	R	(862,000)
	Reduced salary budget for bonuses and overtime	(360,000)	-	R	(360,000)
	Vacant position eliminations/freezes	(1,686,982)	-	R	(1,686,982)
	Operating budget cost containment	(1,954,000)	-	R	(1,954,000)
6 to 12 months	Initial Academic Program Consolidation/Discontinuation	-	(1,145,250)	R	(1,145,250)
	Consolidation of upper management structure	-	(533,094)	R	(533,094)
> 12 months	Shared-service arrangements with other Universities	TBD	TBD	R	-
	Further Academic Program Consolidation/Discontinuation	TBD	TBD	R	-
					-
<b>Total Savings</b>		<b>(8,191,656)</b>	<b>(1,678,344)</b>		<b>(9,870,000)</b>

Note: R equals recurring savings; NR equals non-recurring savings

# FY 2023 Budget Outlook (dollars in thousands)

## Immediate Cost Containment

The proposed budget includes approximately **\$10M** in cost containment measures that have been identified within 60 days of the 90-day interim budget. The projected FY 2023 remains out of balance by \$12.8M, requiring a cash infusion from other financing sources.

	FY 2022 Estimate	FY 2023 Base Budget	FY 2023 Proposed	\$ Change	% Change
<b>Revenues</b>					
Tuition & Fees	86,485	82,500	82,500	-	0.00%
Auxiliary Enterprises	2,935	2,500	2,500	-	0.00%
Institutional Scholarships	(14,445)	(14,000)	(14,000)	-	0.00%
Federal, State & Private Grants	2,253	3,000	3,000	-	0.00%
State Appropriation	30,924	33,824	33,824	-	0.00%
State Paid Fringe Benefits	21,619	21,000	18,860	(2,140)	-10.19%
Other Revenue/Real Estate Proceeds	3,160	2,650	2,650	-	0.00%
<b>Total Revenues</b>	<b>132,931</b>	<b>131,474</b>	<b>129,334</b>	<b>(2,140)</b>	<b>-1.63%</b>
<b>Operating Expenditures</b>					
Salaries and Wages	88,491	87,478	79,562	(7,916)	9.05%
Fringe Benefits	22,378	21,400	19,260	(2,140)	10.00%
Insurance	477	600	600	-	0.00%
Utilities	3,273	3,000	3,000	-	0.00%
Other Non-Personnel Expense	34,109	28,946	27,216	(1,730)	5.98%
Debt Service	9,374	8,710	8,710	-	0.00%
Capital Outlays	4,027	4,000	3,775	(225)	5.63%
<b>Total Operating Expenditures</b>	<b>162,129</b>	<b>154,134</b>	<b>142,124</b>	<b>(12,010)</b>	<b>7.79%</b>
<b>Operating Surplus(Deficit)</b>	<b>(29,198)</b>	<b>(22,660)</b>	<b>(12,790)</b>	<b>9,870</b>	
<b>Non-Operating Revenue (Expenditures)</b>					
Other Financing Sources	0	0	12,790		
<b>Total Non-Operating</b>			<b>12,790</b>		
<b>Net Surplus (Deficit)</b>	<b>(29,198)</b>	<b>(22,660)</b>	<b>0</b>		

## Summary of Rightsizing Progress to Date

- Immediate cost containment measures are being implemented that will generate approximately **\$10 million** in FY23 savings.
- NJCU has reduced its authorized employee headcount from **790 full-time positions to 752**, a 5% reduction in employee headcount within 60 days of the interim 90-day budget's adoption.
- Full-time positions were reduced through a managerial reduction-in-force, vacant position eliminations, and a “hard” freeze on other vacant positions.
- Additional cost containment measures implemented include pay-cuts to upper management, furloughs, and reductions to supplemental instruction costs (i.e., adjunct budgets).
- Operating budgets (non-personnel) are being reduced to approach base levels, generating approximately \$1.73 million of the \$10 million in savings identified to date.

## FY 2023 Rightsizing Phase II

### Next Steps (October 1, 2022, and beyond):

1. Realign programs, resources and focus on the community of Jersey City and Hudson County
2. Acceleration of the monthly allotment of FY23's \$30M+ state budget appropriation.
3. Determine appropriate level of enrollment that the university can exceptionally serve.
4. Continue administrative & academic program right-sizing
5. Request \$35M in ARP funds for capital/infrastructure needs to address student, staff, and faculty retention and experience.
6. Request \$15M+ Higher Education Infrastructure Trust grant by October 2022 deadline.
7. Request increase to base appropriation for FY 2024.
8. Real Estate Sales
9. Ft Monmouth exit