



MEMORANDUM

**DATE:** February 3, 2020

**TO:** Area Vice Presidents  
Departmental Leaders  
Budget Managers

**FROM:** Jim White, Vice President/Chief Financial Officer  
Luis Morales, Budget Officer & Risk Manager

**SUBJECT:** Operating and Capital Budget Planning Process: FY2021, FY2022, FY2023

Welcome to a new semester and the beginning of the fiscal year budget process for FY2021, FY2022 and FY2023. We are starting the process early to give everyone plenty of time to engage in this process, which is a critical component of the NJCU annual planning cycle. Included in this memo are key dates as well as a brief overview of the process. The process for building the operating and capital budgets will be different from prior years:

- **Base Operating Budgets** will stay at current adjusted levels for FY2020, as of April 1, 2020, as a starting point. Because inflation is low and our investment in strategic priorities remains high, we will focus on deploying our limited resources to the most strategically important initiatives.
- **Requests for Funds** to cover items beyond your current operating budget must be included in a BudgetActionPack and will be considered with all other requests as the final budget is assembled. We recognize that most additional requests have not been funded in the past few years due to the many funding needs of NJCU. However, it is still quite valuable to understand your prioritized funding requests; in the event that funds are available, knowledge of your prioritized needs helps us in allocating available funds. Each BudgetActionPack should be denoted as a one-time single-year or multi-year request.
- The **Capital Budget** includes facilities, technology, and academic equipment. Requests are reviewed and follow the same larger approval process as the operating budget.

[Operating and Capital Budget Planning Process Key Dates FY2021, FY2022, FY2023](#)

02/03	BudgetActionPack access available to area Vice Presidents, Departmental Leaders and Budget Managers
02/07	Staffing reports sent to area Vice Presidents for verification and updating
02/28	Operating Budget proposals due Capital Budget proposals due Staffing reports due Prioritized budget requests due Draft FY2021 Enrollment – Draft FY2021 Revenue Forecast



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03/02 – 03/06	Phase I Capital Budget review meeting
03/16 – 03/30	Phase I Operating Budget meetings held with area Vice President’s, departmental leaders and budget managers
03/23 - 03/27	Phase II Capital Budget final meeting
04/06 – 04/20	Phase II Operating Budget final meetings
May (TBD)	Finance and Budget Committee – 2021 Budget approval
June (TBD)	Board of Trustees – 2021 Budget approval
July (TBD)	Final Operating and Capital Budgets available for viewing in PeopleSoft

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Support is available throughout this process. We look forward to working with you to ensure the success of NJCU’s academic programs for FY2021, FY2022 and FY2023. Please feel free to contact us.

**Jim White, Vice President/Chief Financial Officer**  
**Luis Morales, Budget Officer & Risk Manager**

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**[Operating and Capital Budget Planning Process: FY2021, FY2022, FY2023](#)**

**Operating Budget - Components, Process and Resources:**

The operating budget represents NJCU’s estimated revenues and expenditures for a fiscal year based on current strategic priorities. Our strategic plan highlights affordability, infrastructure, innovation, and integration. Please communicate any plans to undertake any new initiatives, so we can incorporate strategic fit into our planning.

**Components & Process**

Revenues and non-personnel expenses are budgeted within BudgetActionPacks, and the Budget Office has worked to streamline the process by consolidating these accounts for funds. We’d like to incorporate solid budgets for restricted funding this year wherever possible.

**Student Enrollment and Revenue Forecast**

As the revenue-generating areas for NJCU is core enrollment, undergraduate and graduate students, the FY2021 Operating Budget will include the FY2021 Enrollment/Revenue by Program/School/Department so that we can more efficiently and effectively align FY2021 Revenue with FY2021 Expenses. This part of the FY2021 Budget Process will engage Academic Affairs, Student Affairs, Dean’s Office and Department Heads.

**Presidential Strategic Innovation Fund – 2% Operating Budget Reduction**

As part of the FY2021 Operating Budget, all Divisions, Departments and Cost Centers will implement a 2% budget reduction for FY2021. This budget reduction will be utilized to fund the FY2021 Presidential Strategic Innovation Fund. The discretion as to how to fully implement this 2% budget reduction will be at the discretion of each Vice President, Dean, Department Chair, Director, etc... The general guidelines for the 2% budget reduction is provided below:



- Includes All Personnel Budget Categories including Full-Time, Part-Time, Contract, Adjunct, Student Assistant, Temporary, etc...
- Includes All Operating Budget Categories including Travel, Consulting, Supplies, etc...
- Excludes All Fringe Benefit Categories
- Excludes All Fixed and/or Formal Contractual Obligations as of July 1, 2020

#### Grant and Other Revenue Funding

Any revenue-generating areas for NJCU – excluding core enrollment - such as Special Programs and International Programs (Study Abroad), and others are asked to complete a revenue budget for each activity within BudgetActionPacks. Revenue assumptions and other relevant drivers should be documented within BudgetActionPacks or otherwise conveyed to the Budget Office.

#### Expenses – Non-Personnel

All accounts other than salary and benefit accounts are referred to as expense accounts within BudgetActionPacks. For FY2021, the expense budget allocation is equal to the FY2020 allocation, in most cases. Area vice-presidents may re-allocate line item budgets as desired as long as transfers within or between units unit net to zero. Please note where funds are moving to and from in the comments, along with a short justification for the transfer.

#### Expenses – Personnel

Personnel expenses are budgeted primarily outside of BudgetActionPacks as follows:

- New faculty positions: The Provost, in discussion with the respective academic deans, will propose any new faculty positions.
- New staff positions: Requests for new staff positions should be included in the BudgetActionPacks. Please note that ALL requests for new positions MUST be included in the budget submission in BudgetActionPacks in order to be considered for inclusion in the FY2020 budget.
- Existing positions: The Budget Office, in cooperation with the Office of Human Resources, will make calculations for all salary and benefit budgets, including annual increases and position changes. Departments are therefore not required to make provisions for this part of the budget and it will not be included in the budget templates. A staff listing will be provided to each area vice president, with a request to verify that all authorized positions (filled and unfilled) are included and assigned to the correct department cost center.

#### **Capital Budget - Components, Process and Resources:**

The capital budget is the NJCU financial plan for the acquisition of capital assets, major equipment, new construction, building improvements and renovations to College-owned facilities required to support the Strategic Plan. All capital budget requests are reviewed and follow the same approval process as the operating budget; i.e., the CFO, the President, and the Finance and Executive Committees of the Board, with final approval by the full Board of Trustees. The current dollar minimum per item for capitalization of certain asset purchases is \$1,000. In all cases, the Chief Financial Officer is the final authority on determining capital versus operating expense budget decisions. Note: If you need help determining whether a proposed project or item would be considered a capital or operating expense, please contact the Chief Financial Officer. If both capital and operating expenses exist in one project, please indicate the associated operating budget need in your capital budget request.



Capital budgets include technology, academic equipment, and facilities (or space). Technology is further divided between academic technology and administrative systems. Recommendations made by representatives from all of the aforementioned areas will be considered during the budget review and approval process. Please note that standard maintenance requests are handled by work orders that may be submitted throughout the year by area Vice Presidents or their representatives to the Office of Physical Plant as needs arise.

### **Summary**

We thank you for your support, hard work, and collaboration in the NJCU budget process. We understand and appreciate the work required by all areas of NJCU. We also understand that it can be frustrating to go through this process and not receive funding for all of (or any of) your new requests. However, please understand that we, in conjunction with the senior leadership of NJCU, undertake to deliver a budget that first and foremost serves our students. That translates into striking a balance among several objectives:

1. Making NJCU as affordable as possible for our students;
2. Investing in the top strategic priorities of NJCU; and,
3. Ensuring the ongoing financial viability of NJCU.

Again, we thank you all for your support of the FY2021 budget process!