



To: Members of the Campus Community

From: Lloyd Ricketts, Vice President and Treasurer

Date: April 28, 2016

Fiscal Year 2017 Budget Planning

The purpose of this memo is to provide you with information about the budget development process for fiscal year 2017. Over the past few years, the College has implemented modifications to its [Annual Budget Cycle](#) to better integrate budget planning and assessment so that funding allocations can be explicitly linked to institutional priorities.

As we plan for the fiscal year ahead, the overall financial context in which the College operates remains challenging for fiscal years 2018 and beyond. In the last three fiscal years, TCNJ's base state appropriation has declined or remained flat. Because the State continues to face fiscal pressures, it is likely that this pattern of reduced or flat funding will continue. Other fiscal realities include projected maintenance costs increase for new and renovated facilities, an increasing demand for need-based institutional scholarships and student support services, coupled with constraints on the level of tuition and fees increase in order to maintain affordability for our students.

Committee on Strategic Planning and Priorities Budget Decision-Making Principles & Process Approved by the Board of Trustees

The following principles, in order of importance, will guide budget decision making:

- **Preserve the health, safety and security** of our students, faculty, staff and visitors.
- **Preserve the integrity and excellence** of the educational programs and services through which the College realizes its mission.
- **Preserve the institutional integrity** of the College, including our obligations to staff, faculty, and students (e.g., scholarships).

In implementing these principles, decisions will also be guided by the institutional strategic priorities, in particular, the need to preserve and enhance the College's long-term financial well-being.

Fiscal Year 2017 Budget Challenges

The following is a summary of some of the key budget challenges that will need to be addressed in developing the 2017 fiscal year budget plan:

1. Ensure budgeted resources are aligned with the new Strategic Plan priorities.



2. The State negotiated salary program (step increases and/or cost of living adjustments) will more than likely be another unfunded mandate from the State. Because the union contracts are under negotiations with the State, TCNJ will not know the cost of the salary program until the contracts are finalized.
3. Due to the lack of vacant positions plus the addition of new positions over the past four fiscal years, the entire budgeted salary savings (\$1.5 million in FY2016) will not be available to help balance the budget in FY2017. Additionally, 11 new faculty and staff positions are reflected in the FY2017 budget plan.
4. There will continue to be constraints on tuition and fees increases, as well as an increasing demand for need-based institutional scholarships.
5. The pattern of reducing the net state appropriation to offset state-funded fringe benefit costs might continue. Based on the Governor's proposed budget, TCNJ's base state appropriations will remain flat as long as the proposed fringe benefit savings are also approved by the State Plan Design Committee. If the fringe benefit savings are not realized, an offsetting reduction in base state appropriations may be necessary. **Note:** *FY2016 net appropriation was reduced by \$2.1M.*
6. Enrollment capacity will remain limited. An overall enrollment plan that accounts for the projected number of graduating students plus the historical rate of student attrition was developed and incorporated into the budget planning assumptions.

Fiscal Year 2017 Operating Budget Goals

With the above noted challenges and constraints in mind, we are fully committed as a public institution to prudent management of the College's finances. As such, TCNJ will adhere to the following operating budget goals:

1. Produce an operating budget that reflects an alignment with the College's strategic initiatives and priorities.
2. Require departments to carefully examine their non-salary budget plus vacant positions and demonstrate that resources are effectively allocated towards the divisions'/schools' strategic priorities.
3. Identify revenue streams to support institutional strategic initiatives.
4. Utilize the web-based budget development software (**BudgetPak**) to develop budget funding requests that are explicitly linked to the College's strategic priorities.

Fiscal Year 2017 Budget Planning Assumptions

Annually, the College develops a set of high-level assumptions to forecast budget results for the next fiscal year. These assumptions are based on the best economic and financial information available at the time. Below is a summary of the assumptions and processes we will work with for this coming fiscal year:



1. Assume that your department non-salary budgets will be funded at the current levels (FY2016 base budget) except for mandatory increases within the institutional commitment category.
2. Review your department's budget vs. actual expenditure trends over the past few years and consider your needs for FY2017 to identify areas where reallocation of funds might be necessary to better support your operations. Incorporate these reallocations in your budget request in BudgetPak to minimize the need for reallocations during the fiscal year. The 4 Year Comparison by School/Division web report under the Departments Operating Budgets menu is a useful report to see expenditure trends (enter % in the Account box).
3. Any new funding request for strategic projects **MUST** be entered as an ActionPak in the BudgetPak software. Such requests must be consistent with the strategic initiatives for your areas of responsibility and should be explicitly linked to the priorities in [TCNJ's Strategic Plan](#). Again, because the funding constraints remain a reality, it is essential that you look to reallocating funds or to other funding sources (i.e. F&A funds, Enterprise Funds, Unrestricted Foundation funds) where possible to support strategic priorities.

Linkage of Resources to Strategic Priorities

One of TCNJ's key budget performance indicators is to allocate at least two percent of operating expenses to strategic investments. Please review your department's budget allocation against the five priorities articulated in [TCNJ's Strategic Plan](#) to ensure all resources associated with advancing the strategic priorities can be identified and accurately reported. The BudgetPak user guide will include instructions on how to link any existing budget allocations to these strategic priorities.

Fiscal Year 2017 Budget Submission Deadline

BudgetPak will be available on Friday, April 29, 2016 and all budget requests should be completed and approved in the system by your respective Cabinet Officer **no later than Monday, May 23, 2016** because the system will be unavailable for further updates after that date. BudgetPak, including a user guide and other budget information, can be accessed from: <http://treasurer.tcnj.edu/budget-reports/>. Please contact the Office of the Treasurer at x2186 if you have any questions regarding the development of your FY2017 budget.

The Board of Trustees is scheduled to meet on **July 5, 2016**, and traditionally the fiscal year budget is presented for approval at this meeting. You will be notified on the status of your budget request once the board approves the fiscal year 2017 budget.

Thank you in advance for your cooperation.