



Fiscal Years 2017-2022 Financial Plan



FY 2017 Operating Budget Highlights

FY2017 Operating Budget Highlights

- FY2017 budget ended with a surplus of \$1.6M, most of which will be used to fund the multi-year salary increments per the union contract.
- Tuition and fees were slightly below budget, primarily due to a decline in graduate enrollment.
- Approximately 50% of the budgetary savings realized in institutional scholarships resulted from the Foundation providing over \$0.5 million in donor directed scholarships to students.
- Consistent with prior years, NJ fringe appropriations were significantly below budget.
- TCNJ Foundation Support was below budget due to scholarships provided directly to students (budget relief).
- Due to positive market performance, the investment portfolio appreciation significantly exceeded the budgeted projection.
- Overall expenditures were below budget primarily due to savings in salaries, fringe benefits and non-salary allocation.
- Additional transfers were made to reserves and quasi-endowment above the budgeted allocation.

Operating Budget Financial Plan (\$ in 000's)			
	FY17 REVISED BUDGET	Actuals & Encumb. @ 6/30/17	Balance @ 6/30/17
RESOURCES			
Tuition and Fees	\$ 122,247	\$ 121,659	\$ 588
Less Institutional Scholarships	(15,524)	(14,270)	(1,254)
Net Tuition and Fees	106,723	107,389	(666)
NJ State Base Appropriations	27,177	27,177	-
Fringe Benefits Appropriations	32,732	24,650	8,082
Room (net of housing allowances)	32,398	32,200	198
Board	14,825	14,829	(4)
TCNJ Foundation Support	1,624	1,207	417
Grants Indirect Cost Recovery	677	894	(217)
Other Sources	10,934	11,637	(703)
Auxiliary Activities	3,677	4,535	(858)
Total Base Financial Plan	230,767	224,518	\$ 6,249
Investment Income	3,908	5,553	(1,645)
TOTAL FUNDING AVAILABLE	\$ 234,675	\$ 230,071	\$ 4,604
EXPENDITURE PLAN			
Compensation	\$ 101,331	\$ 98,480	\$ 2,851
Fringe Benefits	36,443	28,983	7,460
Institutional Commitments	11,796	12,178	(382)
Fuel & Utilities	5,159	5,030	129
Department Non-Salary Allocation	14,486	13,529	957
Computer Hardware & Software	1,870	1,712	158
Library Acquisitions	1,885	1,914	(29)
Contract Food Service	16,700	16,483	217
Debt Service (Principal & Interest)	24,869	24,869	-
Total Base Expenditure Plan	\$ 214,539	\$ 203,178	\$ 11,361
Net Transfers to Capital & Strategic Reserves	10,155	15,281	(5,126)
BOT Quasi-Endowment Transfer	-	500	(500)
Asset Renewal Funding	9,520	9,520	-
TOTAL EXPENDITURE PLAN	\$ 234,214	\$ 228,479	\$ 5,735
BUDGET SURPLUS (SHORTFALL)	\$ 461	\$ 1,592	

Capital and Strategic Reserves

Board of Trustees Approved Reserves Policy

- The College's Board of Trustees approved a reserves policy, the purpose of which is to ensure the financial sustainability of the mission, programs and ongoing operations of the College
- Unrestricted Reserves are intended to provide sources of funding for situations such as significant non-recurring expenses, the asset renewal and replacement program, funding for organizational capacity buildings such as academic lab equipment or investment start-up for strategic initiatives and debt service cushion
- Reserves policy designations are:
 - **Un-expendable Reserves:** The minimum target for the designated Un-expendable Reserves will be equal to six months of the current fiscal year average operating expenses
 - **Expendable Reserves:** Amounts in excess of the minimum target will be designated as Expendable Reserves
 - *The designated Un-expendable and Expendable Reserves are calculated each year after the approval of the annual operating budget and the issuance of the audited financial statements*

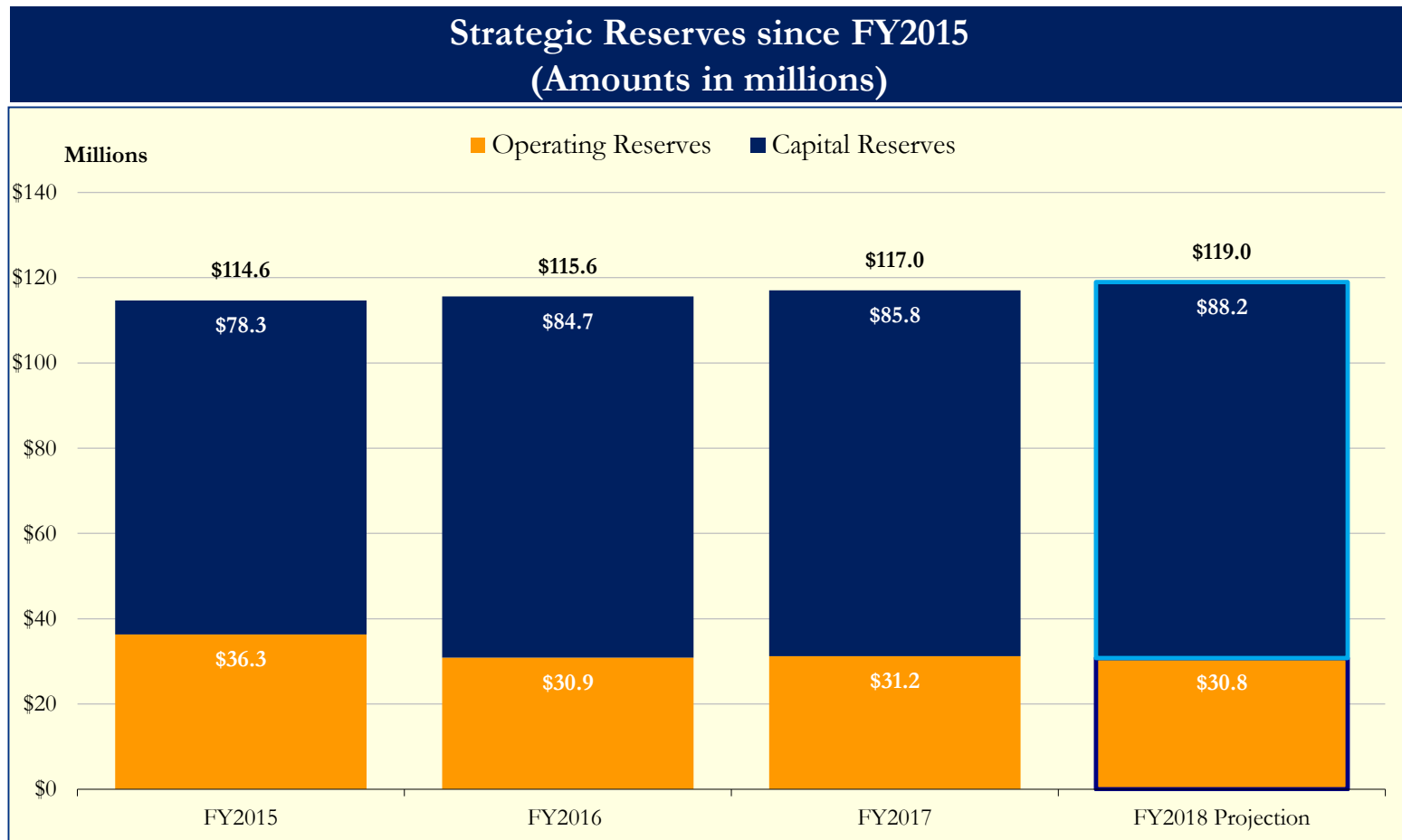
FY2017 Reserves Summary (\$000)

Operating Budgets	Reserve Target Minimum Ratio	FY2017 Operating Budget *	FY2017 Reserves Ending Balance	Designated Un-expendable Reserves	Designated Expendable Reserves
Educational and General Operating	0.50	156,604	57,766	78,302	(20,536)
Housing Operations	0.50	39,393	49,915	19,697	30,219
Student Center Operations	0.50	1,334	9,364	667	8,697
Total	0.59	199,331	117,045	98,666	18,380

* Excludes NJ State funded fringe benefits (non-cash) and transfers to capital and operating reserves

Strategic and Capital Reserves Summary

- Reserves growth have been relatively modest primarily due to funding of capital expenditures over the past two fiscal years, offset by annual transfers to reserves from the operating budgets. At the end of FY2017, the total reserves were **\$117 million**, representing **59% or 7 months** of the operating budget. Reserves are projected to grow to **\$119 million** at the end of FY2018.



Fiscal Year 2017 Reserves

Reserves Category	Description	Beginning Balances	Investment Income & Appreciation	Net Transfers To (From)	Ending Balances
Capital Reserves	Educational & General	\$ 26,087,191	\$ 2,798,562	\$ 506,368	\$ 29,392,121
	Strategic Property Acquisition	1,036,999	-	(510,000)	526,999
	Asset Renewal & Replacement	9,642,266	-	5,515,432	15,157,698
	Housing	28,792,485	1,965,937	1,607,233	32,365,655
	Brower Student Center	19,132,538	788,484	(13,827,044)	6,093,977
	Total E&G Reserves	\$ 84,691,479	\$ 5,552,982	\$ (6,708,011)	\$ 83,536,450
Operating Reserves					
	Brower Student Center	\$ 2,032,379	\$ -	\$ 250,000	\$ 2,282,379
	Educational & General	16,790,866	-	(849,727)	15,941,139
	Strategic Initiatives	1,485,325	-	184,407	1,669,732
	Housing	8,915,928	-	750,000	9,665,928
	Total Housing Reserves	\$ 29,224,497	\$ -	\$ 334,680	\$ 29,559,177
Information Technology & Equipment Reserves					
	Information Technology	\$ 918,518	\$ -	\$ (118,344)	\$ 800,174
	Academic Equipment	248,069	-	181,785	429,854
	Fitness Equipment	200,693	-	-	200,693
	Total Equipment Reserves	\$ 1,367,279	\$ -	\$ 63,442	\$ 1,430,721
Other Reserves					
	Academic Enterprise Funds	\$ -	\$ -	\$ 2,289,902	\$ 2,289,902
	Community Building Fund	197,870	-	(69,328)	128,542
	ADA Project Fund	100,000	-	-	100,000
	Total Other Reserves	\$ 297,870	\$ -	\$ 2,220,574	\$ 2,518,444
	Total Reserves	\$ 115,581,125	\$ 5,552,982	\$ (4,089,316)	\$ 117,044,792

Cash & Investments Overview

Cash and Investment Management

- The cash and investment portfolio, which is managed using guidelines approved by the Board of Trustees, has three components:
 - Working Capital: short-term, liquid balances used to fund operating expenses, invested with low risk aversion and daily liquidity
 - Short-Duration Fixed Income: contingency cash used prudently for unexpected expenses and invested with a goal protecting principal while safely enhancing earnings over cash.
 - Multi-Asset Class: Reserve funds which are the College's primary source of long-term growth. Invested in a balanced, globally diversified strategy to maximize earnings while adhering to the Board approved investment policy objectives and risk tolerance.
- The investment portfolio results are ahead of the budget projections to date for FY2018:
 - The combined portfolio continues to perform well, generating a fiscal year-to-date appreciation of **\$1.7 million** as of August 31, 2017, versus the budgeted projection of **\$4.3 million** for fiscal year 2018.
 - The diversified, multi-asset class component of the portfolio had a market value appreciation of **\$1.2 million or 2.39%** over the two months ended August 31, 2017 versus its blended benchmark of return of **2.36%** for the same period.
 - The Short-Duration Fixed Income portfolio generated investment income of **\$0.44 million or 0.38%** versus its benchmark (Merrill Lynch 0-3 Year US Treasury Index) return of **0.35%** fiscal year to date.

TCNJ Cash and Investments as of August 31, 2017

Portfolio	Strategy	Market Value and Accrued Interest
Short-Duration Fixed Income	1-3 year fixed income portfolio that generates current income and serves as a Working Capital liquidity cushion	\$ 36,515,861
Working Capital	New Jersey Cash Management Fund plus Operating Checking Accounts	43,423,926
Multi-Asset Class	Growth-oriented portfolio targeting above-inflation rate of return in support of the College's long-term goals	51,882,733
Total Cash and Investments		\$ 131,822,520

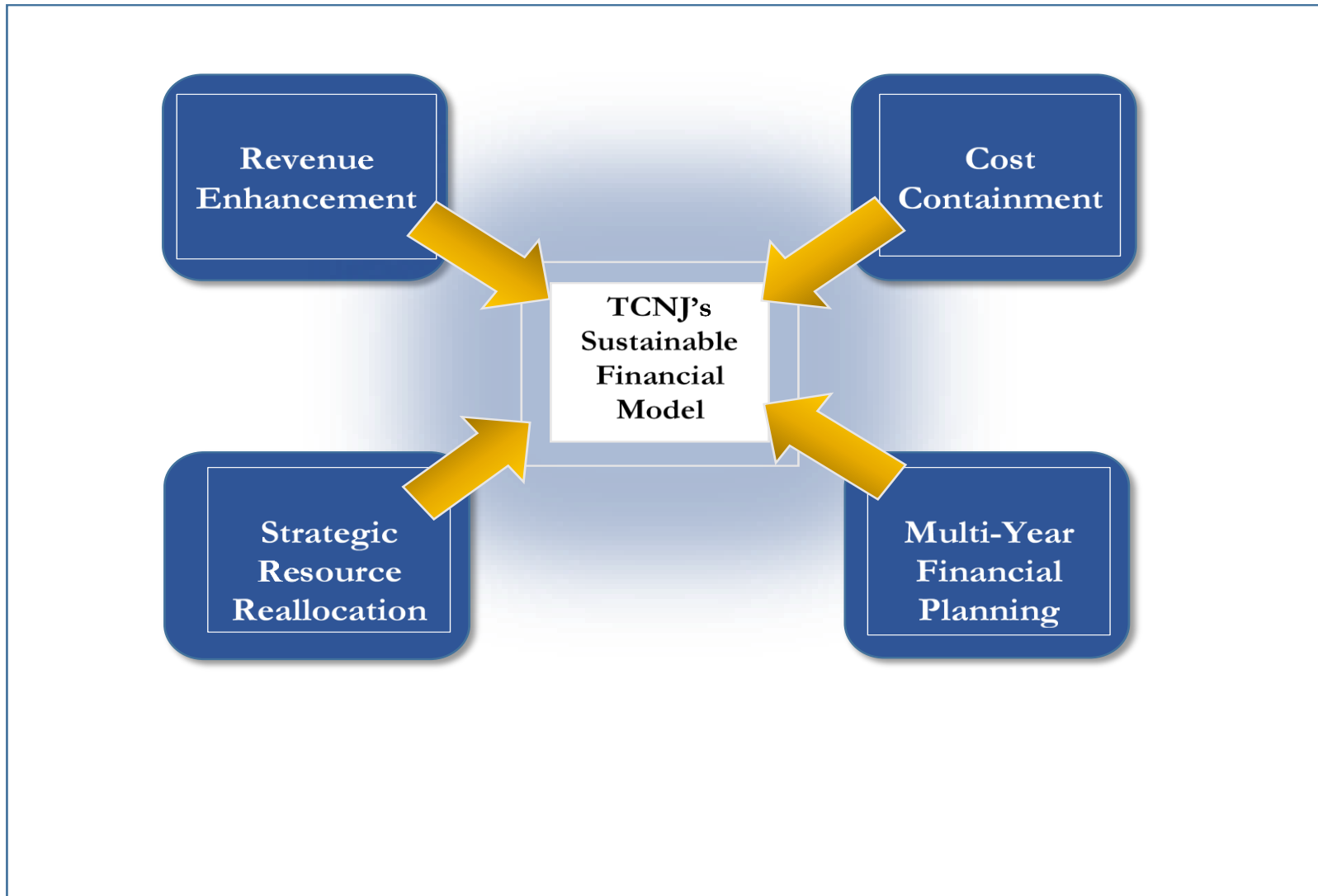
FY 2018 Operating Budget Plan

Fiscal Year 2018 Key Budget Decisions

Some key budget decisions reflected in the Fiscal Year 2018 budget plan:

- ❖ Implemented a comprehensive plan to address the negative enrollment trend in the graduate programs – Adopted a regional graduate tuition rate (in-state rate) for certain counties in Pennsylvania.
- ❖ Targeted undergraduate enrollment growth of 65 more students plus a 2.25% tuition and fees increase for the second consecutive year.
- ❖ The operating budget included estimated salary increases for faculty and staff pending ratification of the union contracts with the State.
- ❖ Funding for 13 new positions to address institutional priorities such as facilities maintenance (STEM and BSC), faculty, student affairs and enrollment management.
- ❖ Address the significant increase in maintenance operating costs of \$1.5 million due to the new STEM building and Brower Student Center renovation.
- ❖ Increase allocation for Information Technology and Library Acquisitions.
- ❖ Allocate reserves funding of \$3.8 million for one-time projects including strategic initiatives.
- ❖ Increased funding for institutional scholarships and waivers over the FY2017 awards of \$14.3 million (\$15.4 million budgeted in FY2018).

Linkage to the College's Strategic Plan – Priority V



Enrollment Trend

Undergraduate Enrollment

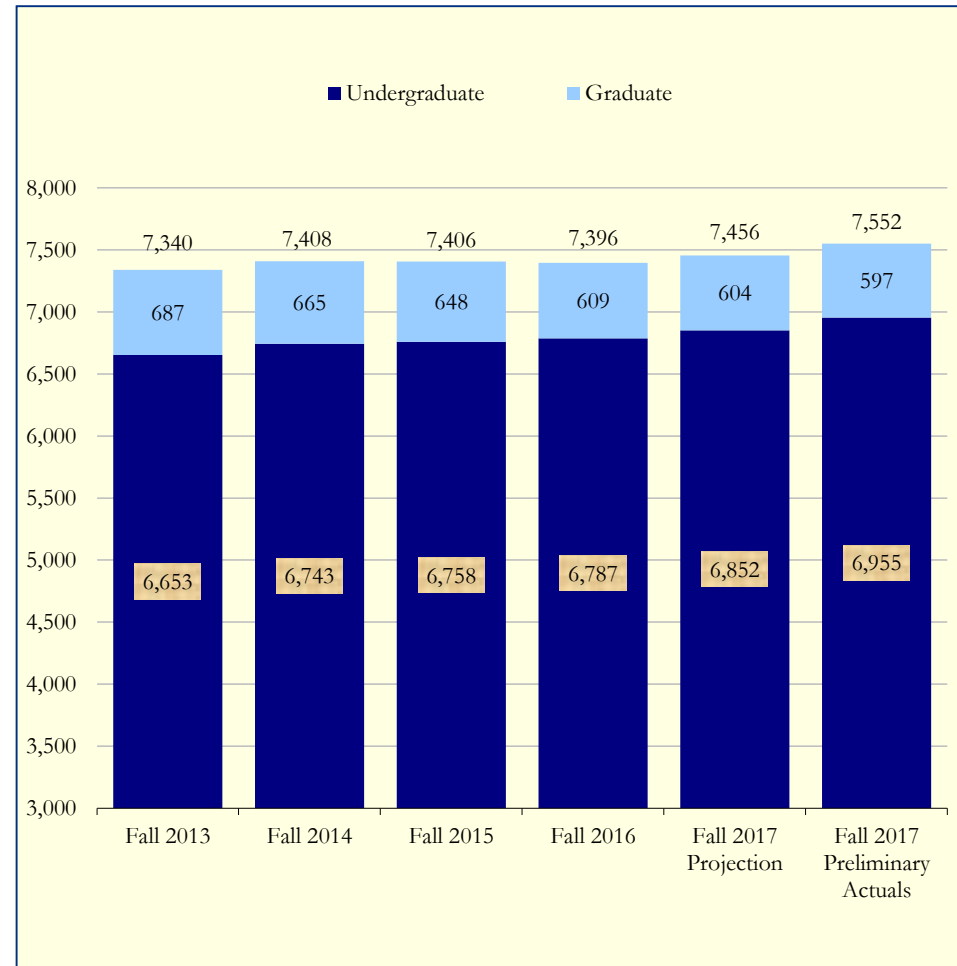
- Over the past 5 years, undergraduate enrollment grew steadily due to the College's targeted efforts to recruit in certain programs that have available capacity (i.e. chemistry, biology, finance, accounting, economics and engineering).
- Fall 2017 enrollment was projected to increase by 65 for a total of 6,852, which includes the following goals:
 - Incoming freshmen class = 1,490
 - Provisional students = 50
 - Transfer students = 240
 - Other (non-matriculated) = 25

Fall 2017 actual enrollment of 7,552 exceed the budgeted projection by 96 students due to the growth in undergraduate students.

Graduate Enrollment

- The total graduate enrollment has seen a consistent decline over the past years, primarily due to the fiscal challenges of regional school districts.
- In an effort to reverse this negative trend, the Office of Graduate Studies has proposed a regional graduate tuition rate (in-state tuition rate) effective FY2018, for Pennsylvania counties within a 40 mile radius of TCNJ's campus.

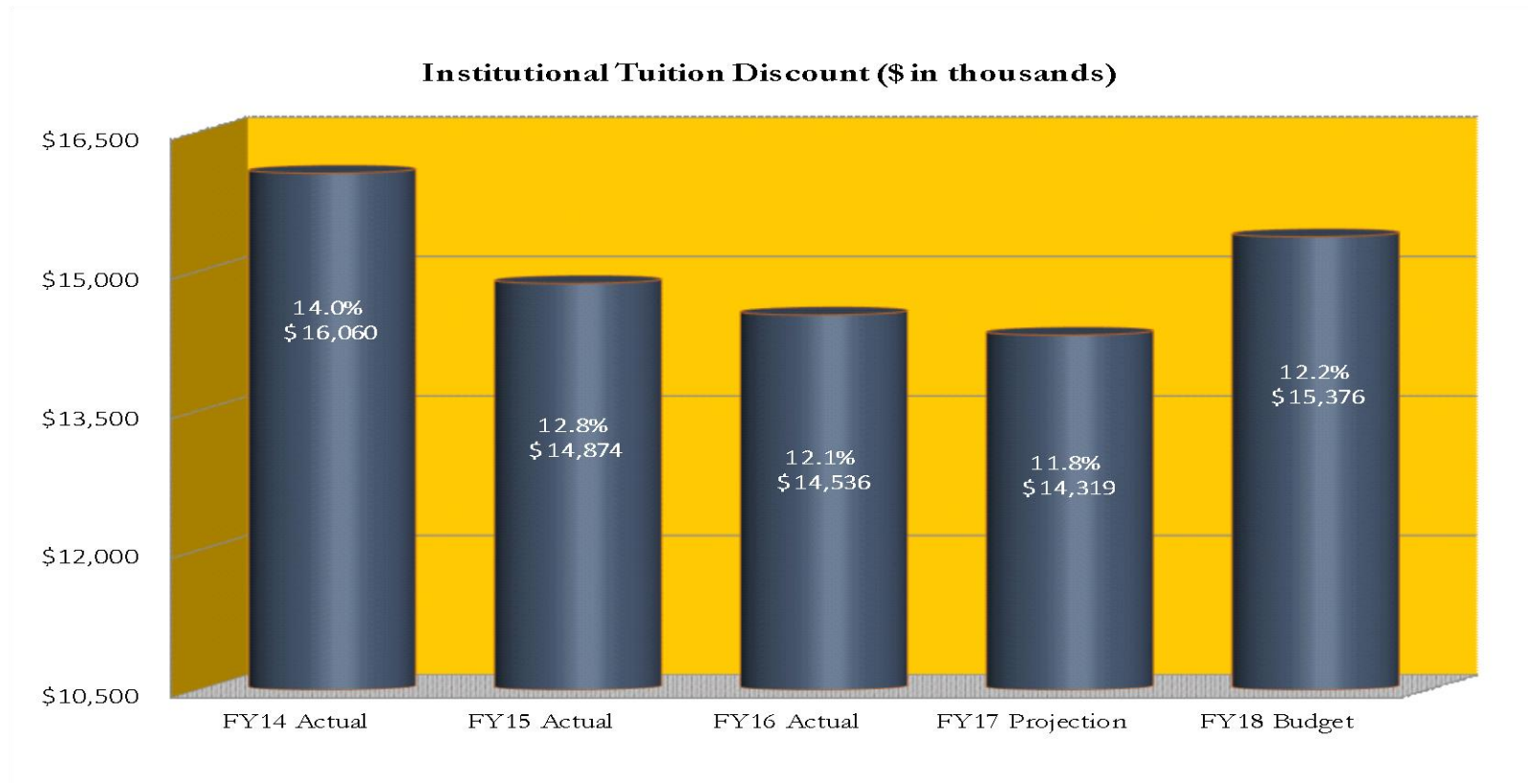
Total Fall Enrollment (Headcount)



Affordability/Access

- TCNJ continues to invest in institutionally funded scholarships and tuition waivers as part of its overall pricing strategy
- The Board approved targeted range for the institutional tuition discount rate is 10% minimum and 16% maximum
- FY2018 budgeted allocation is \$15.4 million, or 12.2%, compared to the FY2017 projection of \$14.3 million, or 11.8%

Institutional Scholarships and Waivers since FY2014



FY2018 Operating Budget Plan

- Fall tuition and fees revenues currently exceeds the budget by approximately \$0.8 million primarily due a higher undergraduate enrollment coupled with graduate tuition on track with its budgeted projection.
- Institutional scholarships are slightly below projection (48% of budget) mainly due to merit-based scholarships.
- Fall room revenue is above budget by \$301,000 while meal plan revenues are on track with its projections.
- NJ State base appropriation is in-line with budget with 2 months of receipts.
- With continued positive market performance, the investment portfolio appreciation \$1.7 million or 39% of the \$4.3 million budget as of the end of August.
- Salary and fringe benefits expenses are on pace with the budget and include the ratified salary increases for the AFT and IFPTE bargaining units.
- The expenditure patterns of the other categories are on track with the budgeted projections.

Operating Budget Financial Plan (\$ in 000's)			
	FY2018 BUDGET	Actuals as of 8/31/17	Balance @ 8/31/17
RESOURCES			
Tuition and Fees	\$ 125,621	\$ 63,267	\$ 62,354
Less Institutional Scholarships	(15,376)	(7,422)	(7,954)
Net Tuition and Fees	110,245	55,845	54,400
NJ State Base Appropriations	27,177	4,530	22,647
Fringe Benefits Appropriations	32,737	3,687	29,050
Room (net of housing allowances)	33,330	16,899	16,431
Board	15,912	8,245	7,667
TCNJ Foundation Support	1,256	10	1,246
Grants Indirect Cost Recovery	687	122	565
Other Sources	10,359	2,527	7,832
Auxiliary Activities	4,987	40	4,947
Total Operating Resources	236,690	91,905	\$ 144,785
Investment Income	4,279	1,663	2,616
TOTAL FUNDING AVAILABLE	\$ 240,969	\$ 93,568	\$ 147,401
EXPENDITURE PLAN			
Compensation	\$ 102,653	\$ 14,482	\$ 88,171
Fringe Benefits	37,381	4,450	32,931
Institutional Commitments	12,571	3,968	8,603
Fuel & Utilities	5,934	577	5,357
Department Non-Salary Allocation	14,548	1,622	12,926
Computer Hardware & Software	2,046	202	1,844
Library Acquisitions	1,963	448	1,515
Contract Food Service	17,427	1,513	15,914
Debt Service (Principal & Interest)	25,215	696	24,519
Total Operating Expenditures	\$ 219,738	\$ 27,958	\$ 191,780
Budget Surplus before Transfers	21,231	65,610	\$ (44,379)
Net Transfers to Capital & Strategic Reserves	10,318	1,664	8,654
BOT Quasi-Endowment Transfer	500	-	500
Asset Renewal Funding	10,295	-	10,295
Total Transfers	\$ 21,113	\$ 1,664	\$ 19,449
NET BUDGET SURPLUS (DEFICIT)	\$ 118	\$ 63,946	\$ (63,828)

Strategic Plan Allocation – Fiscal Year 2018

Recurring Strategic Investment Allocations	Amount	Strategic Plan
Diversity and Inclusion Initiatives	\$ 100,000	Priority I
Professional Development - Staff	100,000	Priority I
Professional Development - Faculty	200,000	Priority I
Comprehensive Fundraising Campaign	240,000	Priority V
Student Leadership Initiatives	176,733	Priority II
Academic Equipment	150,000	Priority IV
Signature Experiences	100,000	Priority II
Instructional Design Technology	631,231	Priority IV
Marketing Initiatives	90,000	Priority III
International Recruitment	130,725	Priority II
Global Initiatives & Recruitment	306,091	Priority II
Community Engaged Learning	155,069	Priority II
Mentored Undergraduate Research	155,000	Priority II
Total FY2018 Allocation = 1.2% of Base Expenditure Plan	2,534,849	
Needs to be at least 2.0% of operating expenses (BOT approved target) =	4,394,756	
Additional amount needed for the 2.0% Minimum Threshold	1,859,907	
FY2018 Strategic Reserve Allocation	3,808,000	

FY2018 Strategic Funding Requests	Amount		
	Recurring	One-Time	Total
Priority I: Attract and retain talented students, faculty, and staff	\$ 400,000	\$ 255,908	\$ 655,908
Priority II: Enhance Signature Experiences	1,023,618	100,000	1,123,618
Priority III: Promote the College's distinctive identity	90,000	85,000	175,000
Priority IV: Physical and technological infrastructure	781,231	3,244,011	4,025,242
Priority V: Achieve a sustainable financial model	240,000	123,081	363,081
Total Strategic Investment Allocations	\$ 2,534,849	\$ 3,808,000	\$ 6,342,849
FY2018 Base Allocation + Strategic Reserve Funding	2,534,849	3,808,000	\$6,342,849
Balance to be Allocated	\$ -	\$ -	\$ -

Strategic & One-time Projects – Fiscal Year 2018

One-Time Project Requests - FY2018				
Name of ActionPak Project	FY2018 Funding Requested	Linkage to TCNJ's Strategic Plan	Strategic Plan Funding Requests	FY2018 Approved Funding Allocation
Academic Affairs:	\$ 533,675		\$ 531,175	\$ 533,675
Graduate Programs Marketing	\$ 50,000	P5	\$ 50,000	\$ 50,000
Academic Equipment	308,675	P4	308,675	308,675
Kendall Hall Teaching Lab	42,500	P1	42,500	42,500
Markerspace	60,000	P2	60,000	60,000
Seed funding - Mort Winston Scholarship Program	40,000	P2	40,000	40,000
Lab Security Locks	2,500		-	2,500
WTSR Broadcast Transmitter	30,000	P1	30,000	30,000
VP for Administration:	\$ 1,537,106	P4	\$ 1,291,512	\$ 1,537,106
Green Hall Office Security	20,000		\$ -	20,000
Digital Camera - Campus Police	7,000		-	7,000
Security Camera Plan	183,512	P4	183,512	183,512
Forensic Study - Co-Gen Plant	30,000		-	30,000
Printer - Large Scale Drawing	6,000		-	6,000
Buildings Chilled Water & Steam Meters - YR1 request for 10 bldgs	300,000	P4	300,000	300,000
Space Management	30,000		-	30,000
Construction Contract - rewrite	50,000		-	50,000
Vehicle Purchases - additional	50,000		-	50,000
STEM Funding Shortfall - Reserves	808,000	P4	808,000	808,000
Fall 2017 Space Needs	52,594		-	52,594
VP for Advancement:	\$ 103,408		\$ 103,408	\$ 103,408
Marketing Initiatives	85,000	P3	85,000	85,000
CSI Implementation (Year 1)	18,408	P1	18,408	18,408

Strategic & One-time Projects – Fiscal Year 2018

One-Time Project Requests - FY2018				
Name of ActionPak Project	FY2018 Funding Requested	Linkage to TCNJ's Strategic Plan	Strategic Plan Funding Requests	FY2018 Approved Funding Allocation
VP for Enrollment Management:	\$ 30,000	P5	\$ 30,000	\$ 30,000
Out-of-state Recruitment Initiatives	30,000		30,000	30,000
Office of General Counsel:	\$ 40,818		\$ -	\$ 40,818
Automated External Defibrillators	40,818		-	40,818
Information Technology:	\$ 1,354,912	P4	\$ 1,354,912	\$ 1,354,912
Classroom BYOD	50,000		50,000	50,000
Technology Equipped Space Improvement	40,000		40,000	40,000
Oracle HCM Cloud	646,000		646,000	646,000
PAWS Major Upgrade	150,000		150,000	150,000
Information Security Enhancement	150,000		150,000	150,000
Oracle Finance Cloud	318,912		318,912	318,912
Student Affairs:	\$ 165,000	P1	\$ 90,000	\$ 165,000
Football Funding Increase	75,000		\$ -	75,000
Student Diversity & Inclusion	15,000		15,000	15,000
Food Insecurity Program	75,000		75,000	75,000
Office of the Treasurer:	\$ 43,081	P5	\$ 43,081	\$ 43,081
CONCUR Travel & Expense System	43,081		43,081	43,081
Total ActionPak Requests	\$ 3,808,000		\$ 3,444,088	\$ 3,808,000
FY2018 Strategic Allocation + Reserves Funding	\$ 3,808,000			\$ 3,808,000
Balance	\$ -			\$ -

Multi-Year Operating Financial Plan

Multi-Year Financial Planning Assumptions

FINANCIAL MODELING ASSUMPTIONS

	FY2018 Budget	FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection
Growth Assumptions					
Operating Budget					
Operating Revenues	2.00%	2.25%	2.50%	2.50%	2.50%
Student tuition and fees - tuition increase	2.25%	2.00%	2.00%	2.00%	2.00%
Student tuition and fees - % change in enrollment mix	0.52%	1.62%	1.92%	1.96%	0.00%
Net student revenue - change in enrollment mix	\$ 640	\$ 1,369	\$ 1,703	\$ 1,813	\$ -
Tuition discount - institutional scholarships & waivers	12.2%	12.0%	11.9%	11.8%	11.7%
Student housing @ 98% capacity - Room & Board	3.00%	3.00%	3.00%	3.50%	3.50%
Federal grants indirect cost recovery	1.50%	1.50%	1.50%	3.00%	3.00%
Other Sources	1.50%	1.50%	1.50%	2.50%	2.50%
Other Operating Expenses	2.50%	2.50%	2.50%	2.50%	2.50%
Salaries & Fringe Benefits (plus new positions)	1.70%	2.25%	2.25%	2.25%	2.25%
Debt Service Savings - bond refunding (\$ in 000's)	\$ (5,345)	\$ (4,070)	\$ (4,067)	\$ (4,045)	\$ -
Maintenance cost increase - STEM , BSC & TW	\$ 1,484	\$ 436	\$ -	\$ -	\$ 550
Nonoperating Revenues	1.50%	1.50%	1.50%	1.50%	1.50%
State of New Jersey appropriations	0.00%	0.00%	0.00%	0.00%	0.00%
State of New Jersey fringe appropriation	0.02%	0.00%	0.00%	0.00%	0.00%
Investment Income	9.50%	10.50%	12.50%	12.50%	12.50%
Capital Contribution (\$ in 000's)	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Food Service	3.50%	3.50%	3.50%	3.50%	3.50%
Fall Enrollment Projections*					
Undergraduate Headcount	6,852	6,914	6,949	6,984	6,984
Graduate Headcount	604	670	728	770	857
Total Headcount	7,456	7,584	7,677	7,754	7,841

* Include non-traditional & summer programs

Multi-Year Operating Financial Plan

OPERATING FINANCIAL PLAN SUMMARY (\$ in 000's)							
	FY2017 Final @ 6/30/17	FY2018 Approved Budget	FY2018 Actuals @ 8/31/17	FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection
<u>Operating Financial Plan</u>							
Operating Revenues							
Student tuition and fees	121,659	125,621	63,267	130,148	135,251	140,613	146,187
Less tuition scholarship allowances	(14,270)	(15,376)	(7,422)	(15,618)	(16,095)	(16,522)	(17,177)
Net Student Tuition and Fees	107,389	110,245	55,845	114,530	119,156	124,091	129,010
State of New Jersey appropriations	27,177	27,177	4,530	27,177	27,177	27,177	27,177
State of New Jersey fringe benefits	24,650	32,737	3,687	32,737	32,737	32,737	32,737
Net student housing and board	47,029	49,242	25,144	50,719	47,209	47,928	53,702
Auxiliary activities	4,535	3,572	40	3,652	3,743	3,837	3,933
TCNJ Foundation Support	1,207	1,256	10	1,285	1,317	1,350	1,384
Other Revenues	12,531	12,461	2,649	12,736	13,047	13,377	13,715
Total Base Financial Plan	224,518	236,690	91,905	242,836	244,386	250,497	261,658
Investment Income & Appreciation	5,553	4,279	1,663	4,729	5,320	5,985	6,733
TOTAL FUNDING AVAILABLE	230,071	240,969	93,568	247,565	249,706	256,481	268,391
Salaries & Fringe Benefits	127,463	140,034	18,932	143,185	146,407	149,701	153,069
Institutional Commitments	12,178	12,571	3,968	12,885	13,207	13,537	13,876
Fuel & Utilities	5,030	5,934	577	6,518	6,681	6,848	7,570
Department Non-Salary Allocation	13,529	14,548	1,622	14,912	15,285	15,667	16,058
Computer Hardware & Software	1,712	2,046	202	2,097	2,149	2,203	2,258
Library Acquisitions	1,914	1,963	448	2,012	2,063	2,114	2,167
Contract Food Service	16,483	17,427	1,513	18,036	18,668	19,321	19,997
Debt Service (Principal & Interest)	24,869	25,001	696	26,870	26,034	26,096	30,382
Total Base Expenditure Plan	203,178	219,524	27,958	226,516	230,493	235,488	245,377
Operating Surplus before Transfers	26,893	21,445	65,610	21,048	19,213	20,994	23,013
BOT Quasi-Endowment Transfer	500	500	-	500	650	1,000	1,000
Strategic Plan & One-Time Projects	1,500	3,808	-	3,000	3,500	3,500	3,000
Asset Renewal Funding	9,520	10,295	-	10,449	6,106	6,198	10,791
Transfers to Strategic Reserves	13,781	6,725	1,664	6,326	7,921	10,039	10,190
Total Transfers	25,301	21,328	1,664	20,275	18,177	20,737	24,980
Net Operating Surplus (Deficit)	1,592	118	63,946	774	1,036	257	(1,967)

Capital and Information Technology Needs

- TCNJ's capital and information technology plans contemplate various campus-wide improvements which are funded through 2018 and funding requests that need to be prioritized thereafter through 2024 as reflected below:

Capital and Information Technology Plans Projects		
Timeline	Projects	Project Budgets
Fiscal Years: 2015 – 2018 Already Funded	Brower Student Center Renovation and Addition	\$ 38 million
	STEM Complex Phase 1 and related projects	76 million
	Information Technology Infrastructure & Academic Equipment Upgrades	14 million
	Science Biology Renovation (design started in July 2015, construction start in 2017)	7 million
Fiscal Years: 2018 – 2024 Funded*	Armstrong Hall Renovation (design to started in Oct 2016)*	8 million
	Roscoe West '34 Renovation	20 million
	Travers-Wolfe Renovation – New Debt (programming underway)**	<u>85 million</u>
		Subtotal: \$ 248 million
Asset Renewal Allocation 2017 – 2024	Education and General Projects	\$54 million
	Housing Projects	<u>\$32 million</u>
		Subtotal: \$ 86 million
FY2018 – 2022	Information Technology Strategic Investments	Subtotal: \$ 9.5 million
Total Capital Funding Requests		Total: \$ 343.5 million

* *Final approval of the project is contingent on the identification of specific funding sources and any proposed new debt will be in compliance with the approved debt policy and through the requisite debt capacity analysis.

STEM Complex and Related Projects

- TCNJ issued bonds with construction funds totaling \$23 million to fund the New STEM Complex, and has secured \$65 million in various sources of State Grant Funding in support of this project and other related projects:
 - \$41 million will go to STEM Complex construction
 - \$6.9 million will be used to fund upgrades in research and learning equipment for the Schools of Science, Engineering and Nursing, Health & Exercise Science
 - \$3.55 million will be used to expand technology infrastructure
 - \$6 million will help fund renovation to the science complex
 - \$8 million will help fund renovation to the engineering building

Breakdown of State Funds and TCNJ Additional Contributions

	General Obligation Bond Act	Higher Education Facilities Trust Fund	Higher Education Technology Infrastructure Fund	Equipment Leasing Fund	TCNJ Required Matching Funds Plus Additional Funding	Higher Education Capital Improvement Fund	Total
Matching Requirement	25% Match	No Match	100% Match	25% of D/S		33% of D/S	
STEM Complex Construction	\$ 40,000,000	-	\$ 1,000,000	-	\$ 28,065,000	-	\$ 69,065,000
Equipment Upgrades	-	-	-	6,900,035	-	-	6,900,035
Expansion of Technology Infrastructure	-	-	3,550,000	-	3,550,000	-	7,100,000
Science & Engineering Funding	-	6,000,000	-	-	-	8,000,000	14,000,000
Total	\$ 40,000,000	\$ 6,000,000	\$ 4,550,000	\$ 6,990,035	\$ 31,615,000	\$ 8,000,000	\$ 97,065,035

Multi-Year Equipment Requests

FY2011- 2018 Total Funding Available	\$ 10,895,570
FY2011- 2018 Reserves Allocation	(3,954,663)
FY2016 - 2017 ELF Funding	<u>(6,900,035)</u>
FY2018 Reserves Balance	\$ 40,872

Schools & Division	FY2011- 2017						Total Allocation
	Budget Allocation	FY 2018 Request	FY 2019 Request	FY 2020 Request	FY 2021 Request	FY 2022 Request	
Arts & Communication Equipment	\$ 1,119,427	\$ 138,500	\$ 188,500	\$ 213,500	\$ 201,500	\$ 228,500	\$ 3,060,427
Engineering Lab Equipment	3,167,580	294,100	294,100	294,100	294,100	294,100	4,638,080
Nursing & Public Health Equipment	514,650	25,835	100,897	100,897	100,897	100,897	944,072
Health & Exercise Science Equipment	-	30,795	110,242	110,242	110,242	110,242	471,762
Science Lab Equipment	4,745,825	170,000	345,000	345,000	380,000	630,000	6,615,825
Fitness Center Equipment	449,509	45,000	50,000	50,000	50,000	50,000	694,509
Library & Humanities and Social Sciences	118,032	35,445	6,220	1,500	1,500	1,500	164,197
Totals	\$ 10,115,023	\$ 739,675	\$ 1,094,959	\$ 1,115,239	\$ 1,138,239	\$ 1,415,239	\$ 16,588,872

Funding Sources

Fitness Center & Equipment Reserves	\$ 3,471,860	\$ 630,547	\$ 90,872	\$ 50,000	\$ 50,000	\$ 50,000	\$ 4,343,279
Operating Budget - Lab Equipment	-	150,000	150,000	150,000	150,000	150,000	\$ 750,000
Equipment Leasing Fund - State Funding	6,900,035	-	-	-	-	-	\$ 6,900,035
Totals	\$ 10,371,895	\$ 780,547	\$ 240,872	\$ 200,000	\$ 200,000	\$ 200,000	\$ 11,993,314
Funding Surplus (Deficit)	\$ 256,872	\$ 40,872	\$ (854,087)	\$ (915,239)	\$ (938,239)	\$ (1,215,239)	\$ (3,625,058)

TCNJ's Debt Profile Summary



Credit Rating Overview

Higher Education Sector Outlook - 2017

Stable – Moody's, S&P and Fitch

Factors supporting Stable Outlook:

- Expectations of sustained aggregate revenue growth
- Solid enrollment
- Net tuition revenue growth (although less certain)
- Ability to reduce salary and benefits cost (lower percentage of tenured faculty)

Concerns

- Affordability (limiting annual tuition increases)
- Regional publics challenged by regional demographics
- State of NJ budgetary imbalance (A2 negative) and level of future funding
- Aging facilities, managing life cycle costs

The College of New Jersey

Moody's A2 (stable); August 2016

S&P A (stable); October 2017

Fitch AA- (stable); August 2016

Strengths:

- Student demand statistics
- Governance
- Operating performance

Offsets:

- Capital needs vs debt capacity
- State operating support and credit
- High debt burden and max annual debt service ("MADS")

- Ratings reflect expected strong demand and growth in cash and investments as well as comfortable debt service coverage levels.
- Expectations above remain despite pressure on state appropriations for operations.
- Comfortable days cash on hand levels and a conservative debt portfolio also support the College's rating.
- Debt burden is high relative to unrestricted resources and MADS represents over 13% of operating expenses.



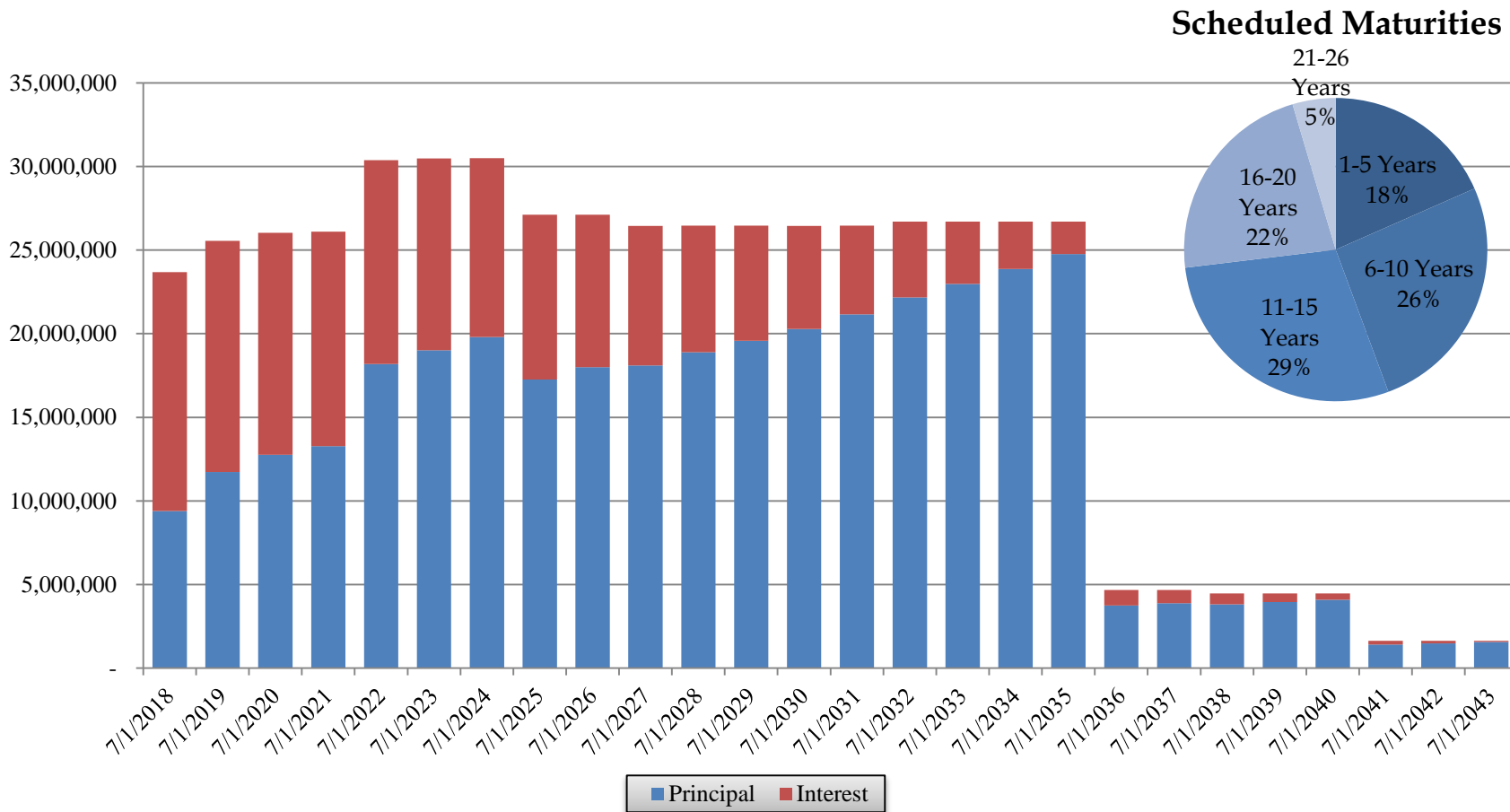


Bonds Outstanding as of July 1, 2017

Issue	Type	Purpose	Amount Issued	Amount Outstanding	Coupon	Maturity	Call Date	Credit Ratings (Underlying)	Credit Support
Higher Education and Dormitory Fund Debt	Fixed	Various Capital Improvements	N/A	9,015,684	various	various	N/A	N/R	None
Series 2008D	Fixed	Current Refunding of 2002D & 1999A	287,790,000	2,465,000	4.00% - 4.75%	7/1/2018	Non-Callable	Aaa/AAA/NR (A2/A/NR)	AGM
Series 2010B	BABs	School of Education Bldg.	41,090,000	2,055,000	5.821% - 5.921%	7/1/2019	Non-Callable	A2/A/AA-	None
Series 2012A	Fixed	Current Refunding of 2002C	26,255,000	9,855,000	5.00%	7/1/2019	Non-Callable	A2/A/AA-	None
Series 2013A	Fixed	STEM Facilities	24,950,000	24,030,000	4.00% - 5.00%	7/1/2043	7/1/2023	A2/A/AA-	None
Series 2015G	Fixed	Advance Refunding of 2008D	114,525,000	114,525,000	3.25% - 5.00%	7/1/2031	7/1/2025	A2/A/NR	None
Series 2016F	Fixed	Advance Refunding of 2008D & 2010B	87,925,000	87,925,000	3.00% - 5.00%	7/1/2040	7/1/2026	A2/A/AA-	None
Series 2016G (taxable)	Fixed	Advance Refunding of 2008D	105,255,000	105,255,000	1.866% - 3.640%	7/1/2034	Non-Callable	A2/A/AA-	None
Total				355,125,684					



Aggregate Debt Service Chart – Principal vs. Interest



TCNJ's Fiscal Reality

Financial Strengths

- + Strong academic profile resulted in stable enrollment and net student revenues
- + Healthy levels of financial reserves providing flexibility to deal with potential revenue or expense pressures, cushion for debt service and asset renewal funding
- + Limited dependency on New Jersey State funding and a proven track record to execute in challenging economic conditions
- + Flexible multi-year strategic operating and capital financial plans and a comprehensive Enterprise Risk Management program
- + Conservative debt structure with no variable rate or derivative exposure and rapid repayment of the current debt over the next 5 to 10 years (\$63.9M to \$156.3M)

Financial Challenges

- Base funding by state has declined but offset by net tuition and fees revenue growth and cost containment initiatives
- Ambitious capital plan and limited debt capacity that is partially mitigated by rapid amortization of principal
- Price sensitivity limiting tuition & fees increase plus constraints on enrollment growth of the traditional student cohort