



TCNJ

THE COLLEGE OF NEW JERSEY

ANNUAL TUITION HEARING FISCAL YEAR 2019

Board of Trustees Public Meeting

April 17, 2018

Statement of Principles: Tuition and Fees

Introduction

- P.L. 18A:64-1 et seq., the Higher Education Restructuring Act of 1994, gave significant new responsibilities to Boards of Trustees. Among them are:
 - To set tuition and fees; however, prior to the date of the adoption of a tuition or fee schedule or an overall institutional budget, and with reasonable notice thereof, the governing board shall conduct a public hearing at such times and places as will provide those members of the college community who wish to testify with an opportunity to be heard.
 - The hearing will be held at The College of New Jersey, and will be open to the general public.
 - Mindful of their statutory responsibility, the Trustees offer the following statement to be circulated as part of the notice of the annual hearing and to be read at the beginning of each hearing.

February 23, 1995

Statement of Principles: Tuition and Fees

Principles

- The cost of delivering a quality, cost effective undergraduate education at The College of New Jersey is the central issue in establishing tuition and fees. That cost is defined annually.
- The rationale for use of public funds in support of higher education is that higher education exists primarily to serve the public good.
- The Trustees have the responsibility to provide vigorous advocacy for state support and to rigorously review institutional expenditures so that they may certify the cost-effective implementation of the college's mission in service to the citizens of New Jersey.
- Students are required to share in the cost of higher education because it confers a personal benefit. However, the Trustees recognize that the public good is not served if the cost of attending The College of New Jersey bars access, and pledge that state and federal financial aid, combined with institutional resources, will be managed to ensure access.

February 23, 1995

Statement of Principles: Tuition and Fees

Conclusion

- Thus, when determining tuition and fees, the Trustees strike a balance between what students pay, and what the state and federal governments pay. That balance must take into account the finite costs of a quality education and that concomitantly, when, after rigorous internal cost control, state support decreases, tuition must increase if quality is to be preserved.

Governor's FY2019 Higher Education Proposed Budget

Colleges and Universities

- Governor Murphy's proposed budget includes funding of **\$2.4 billion** for higher education.
- The FY2019 budget provides overall funding in direct operating aid fringe benefits for the State's senior public institutions of higher education at **\$1.379 million**, which represents an increase of **\$2.5 million**.
- **TCNJ's base appropriation is expected to remain flat at \$27.18 million and \$33.17 million allocated to fund fringe benefits for the 859 state-authorized positions at TCNJ.**
- State appropriations for Community Colleges is recommended at **\$188.5 million**.
- The Governor has proposed **\$50 million in additional funding** to support the goal of tuition-free community college.

Governor's FY2019 Higher Education Proposed Budget

The budget proposal provide **\$1.0 million** for the Independent College and University similar to the FY2018 allocation.

Student Financial Assistance

- Tuition Aid Grant (TAG) funding will be increased by \$7.0 million over FY2018 level, to a total of **\$432.9 million**.
- The Educational Opportunity Fund will be increase by \$1.5 million to a total of **\$45.3 million** in FY2019 according to the Budget in Brief document.

Other Program

- The budget includes **\$2 million** to establish a **Center on Gun Violence Research** at an institution of higher education that will work with state partners as a multi-disciplinary data-collection group to produce recommendations for reducing gun violence.

CSPP Budget Decision-Making Principles & Process

The budget planning and development will be guided by the following Board of Trustees approved resource allocation principles in order of importance:

1. Preserve the health, safety and security of our students, faculty, staff and visitors.
2. Preserve the integrity and excellence of the educational programs and services through which the College realizes its mission.
3. 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.

Updated April 9, 2008

Linkage to the College's Strategic Plan – Priority V

Creating A Sustainable Financial Future

Mission, Vision, Values and Strategic Priorities

Financial Sustainability

TOP DOWN

BOTTOM UP

1

Grow Revenues

- Campus units will become more engaged in the process of identifying sustainable revenue generating initiatives
- TCNJ will move towards a campus defined by dynamic revenue enhancement (versus modest incremental strategies)

2

Control Expenses

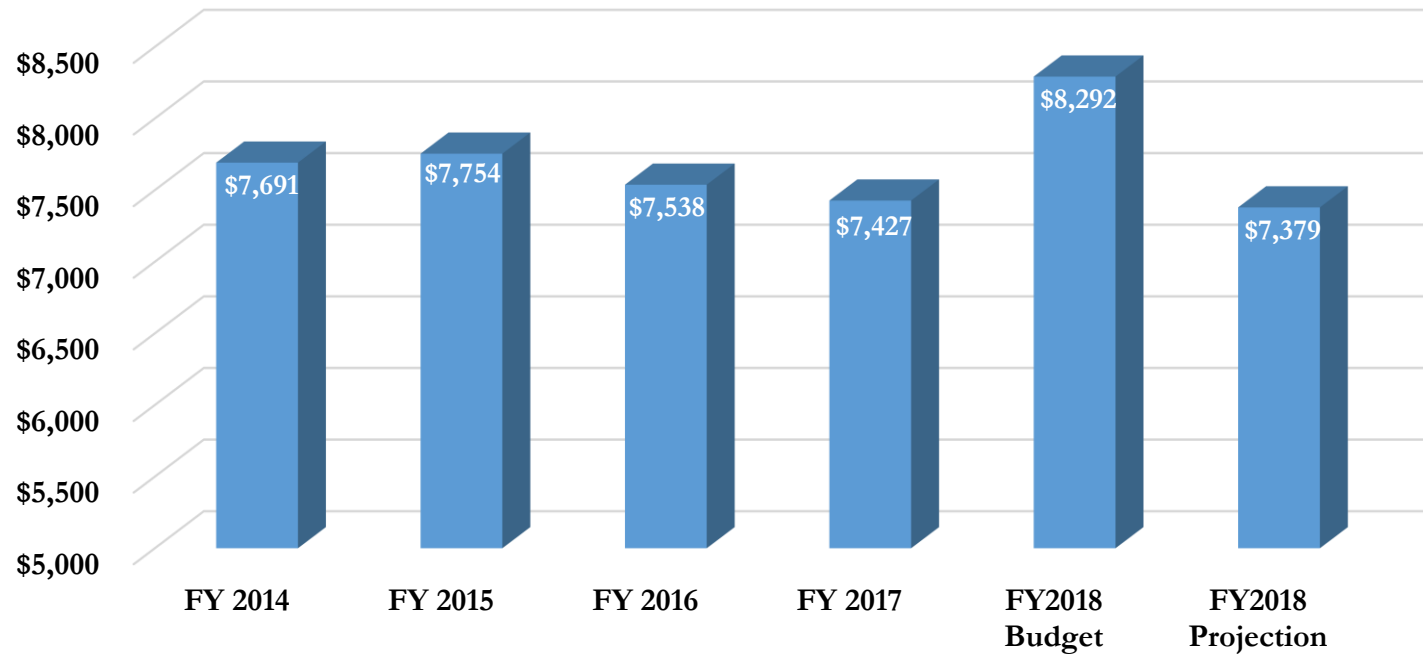
- We will review academic and administrative processes to identify organizational efficiencies
- Engage key constituents campus-wide to identify sustainable cost containment/avoidance strategies

3

Resource Allocation

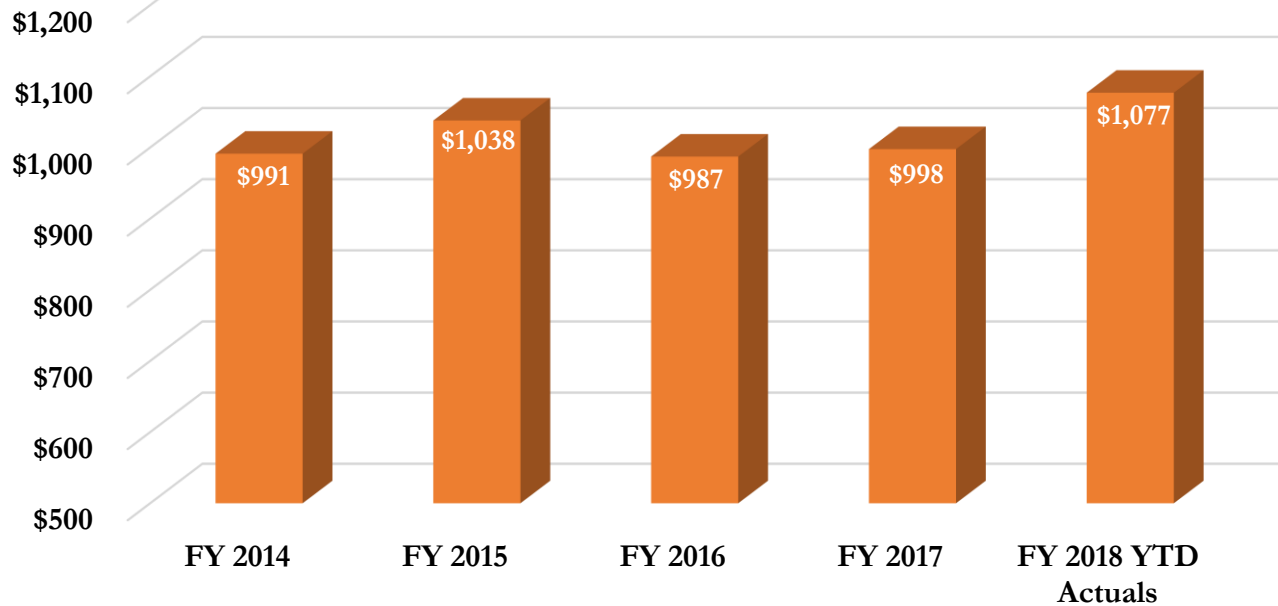
- Ensure that we are undertaking “**Growth by Substitution**” by allocating our limited resources towards TCNJ’s highest institutional priorities
- Continue to build multi-year financial plans that integrate capital and operating budgets priorities

State Appropriations per FTE Student



	FY 2014	FY 2015	FY 2016	FY 2017	FY2018 Budget	FY2018 Projection
Base Appropriation	\$ 29,317,000	\$ 29,317,000	\$ 27,177,000	\$ 27,177,000	\$ 27,177,000	\$ 27,177,000
Fringe Appropriation	23,762,000	24,530,000	25,262,000	24,530,000	31,824,000	25,326,000
Total State Appropriations	\$53,079,000	\$53,847,000	\$ 52,439,000	\$ 51,707,000	\$ 59,001,000	\$52,503,000
Fall FTE Enrollment	6,901	6,944	6,957	6,962	7,115	7,115
State Appropriations per FTE	\$ 7,691	\$ 7,754	\$ 7,538	\$ 7,427	\$ 8,292	\$ 7,379

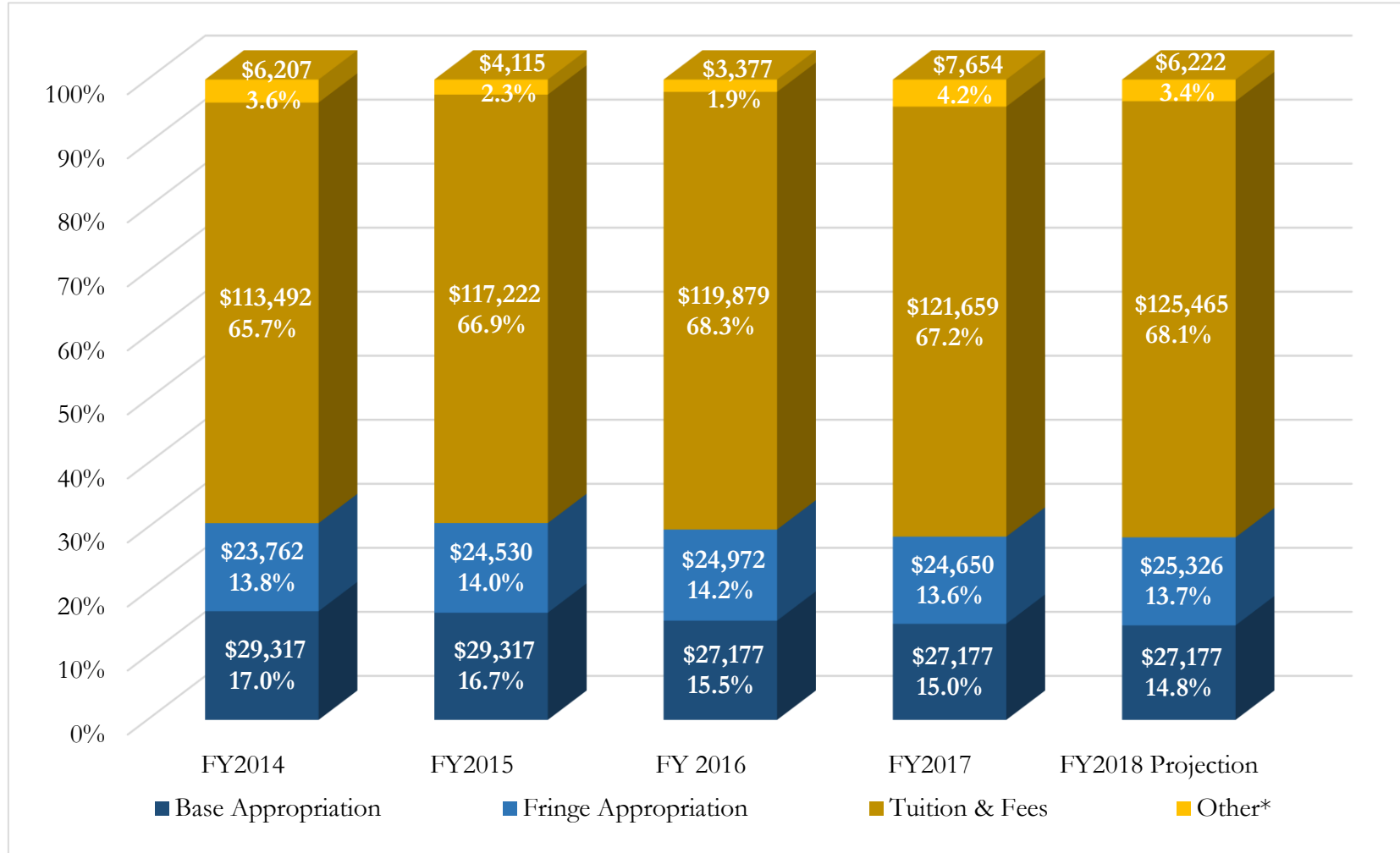
State Financial Aid per FTE Student



	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 YTD Actuals
Educational Opportunity Fund	\$ 724,931	\$ 742,256	\$ 748,659	\$ 741,616	\$ 644,279
Tuition Aid Grant & Other	6,115,682	6,464,890	6,119,351	6,204,139	7,017,952
Total State Financial Aid	\$ 6,840,613	\$ 7,207,146	\$ 6,868,010	\$ 6,945,755	\$ 7,662,231
Fall FTE Enrollment	6,901	6,944	6,957	6,962	7,115
State Financial Aid per FTE	\$ 991	\$ 1,038	\$ 987	\$ 998	\$ 1,077

State Appropriations and Tuition & Fees

The following graph illustrates state appropriations and tuition & fees as a percentage of the College's education & general operating budget:



*Other primarily includes investment earnings and TCNJ Foundation support.

Key Budget Performance Indicators

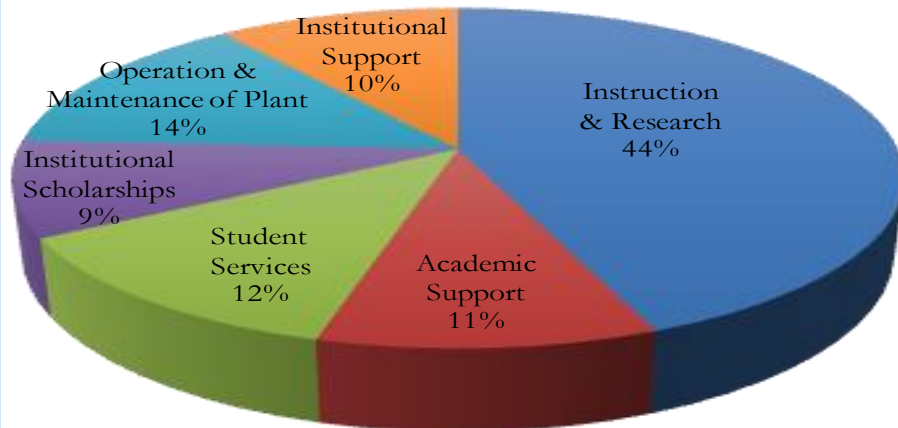
Key Budget Performance Indicators approved by the Board of Trustees:

1. Percentage of the operating budget allocated to direct student support (instruction & research, academic support, student services and institutional scholarships & waivers) ***should be no less than 67% of the total educational & general operating expenses.***
2. Affordability/ Access – Level of funding allocated for institutional scholarships & waivers (Institutional Tuition Discount) – ***Maximum = 16% and minimum = 10%.***
3. Level of funding allocated for strategic investments – ***minimum target = 2% of operating expenses.***

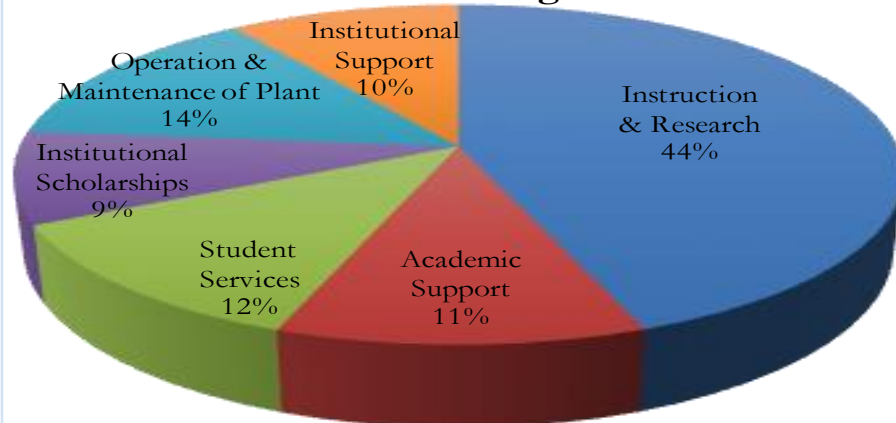
Direct Student Support – 67% Minimum Allocation

	FY2015 Actuals	FY2015	FY2016 Actuals	FY2016	FY2017 Actuals	FY2017	FY2018 Budget	FY2018
Instruction & Research	\$ 66,187	43%	\$ 67,999	44%	\$ 68,590	44%	\$ 77,467	44%
Academic Support	15,224	10%	15,488	10%	16,448	11%	20,159	11%
Student Services	17,034	11%	18,805	12%	19,387	12%	21,052	12%
Institutional Scholarships	14,874	10%	14,536	9%	14,270	9%	15,376	9%
Direct Student Support	\$ 113,319	74%	\$ 116,828	75%	\$ 118,695	76%	\$ 134,054	76%
Operation & Maintenance of Plant	21,814	14%	21,745	14%	21,525	14%	24,024	14%
Institutional Support	17,027	11%	17,250	11%	16,255	10%	17,292	10%
Total Education & General	\$ 152,160	100%	\$ 155,823	100%	\$ 156,475	100%	\$ 175,370	100%

FY2017 Actual



FY2018 Budget

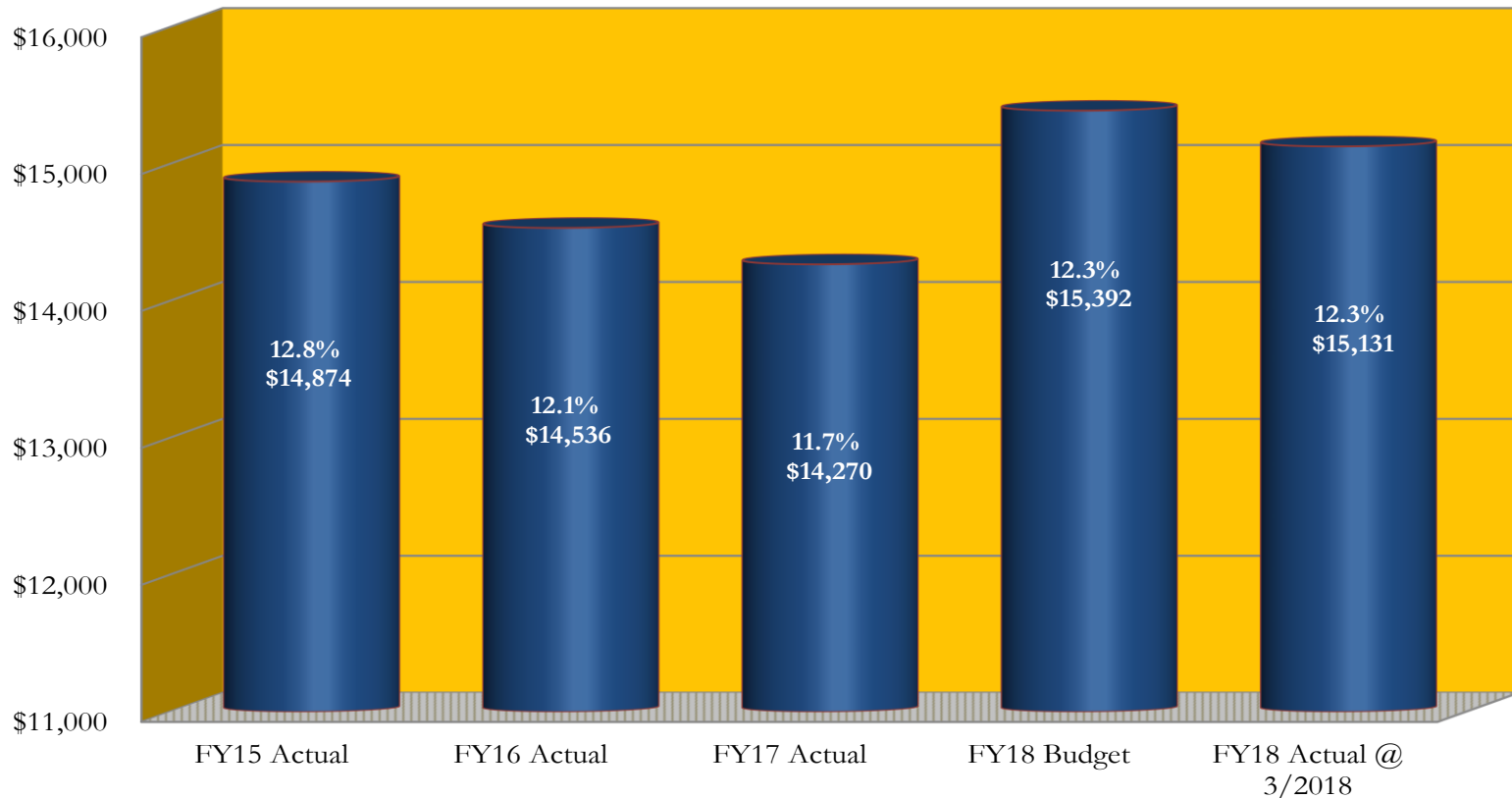


- **Academic Support:** Expenses that support the institution's primary missions of instruction, research, and public service; including the retention of educational materials (e.g., libraries), services that assist academic functions such as deans and administrative support and management to the school's mission.
- **Institutional Support:** Expenses for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations.
- **Student Services:** Expenses incurred for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.
- **Operations and Maintenance of Plant:** Expenses for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant..

Affordability & Access – 10% to 16% Target Range

- TCNJ continues to invest in institutionally funded scholarships and tuition waivers as part of its overall pricing strategy
- FY2018 allocation increased to \$15.4 million, or 12.3%, compared to the FY2017 actual of \$14.3 million, or 11.7%

Institutional Tuition Discount (\$ in thousands)



Strategic Plan Allocation – 2% Minimum Allocation

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	
FY2018 Base Budget Allocation	2,534,849		
Needs to be at least 2.0% of operating expenses (BOT approved target) =	4,430,904		
Additional amount needed for the 2.0% Minimum Threshold	1,896,054		
FY2018 One-Time Strategic Allocation	3,808,000		
	Amount		
FY2018 Strategic Funding Requests	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 Allocation	\$ 2,534,849	\$ 3,808,000	\$ 6,342,849
Percentage of Operating Expenses	1.1%	1.7%	2.9%

Key Budget Challenges

Below are some of the key budget challenges that TCNJ will need to address:

- ❖ Enrollment growth to reverse the negative trend in fall to spring undergraduate retention and the recent decline in graduate enrollment.
- ❖ Price sensitivity will continue to limit tuition & fees increase and thus pose a greater challenge to TCNJ's strategic priority of achieving a sustainable financial model while maintaining quality and affordability for its students.
- ❖ The State's operating support has been flat or declined over the past few years and with its continuing fiscal challenges, this trend is likely to persist.
- ❖ Increased operating costs are projected for Information Technology Cloud-based projects.
- ❖ Limited funding (excluding approximately \$1.9 million in Academic Enterprise Reserves) available for the multi-year academic equipment requests.
- ❖ Potential issuance of \$65M in new debt to fund Travers & Wolfe asset renewal project.
- ❖ Enrollment growth projections after FY2022 currently under development.
- ❖ **Growth by Substitution:** Develop a plan that reallocates resources to areas of institutional strategic priorities that will strengthen TCNJ's overall long-term financial health.

TCNJ Enrollment Trend

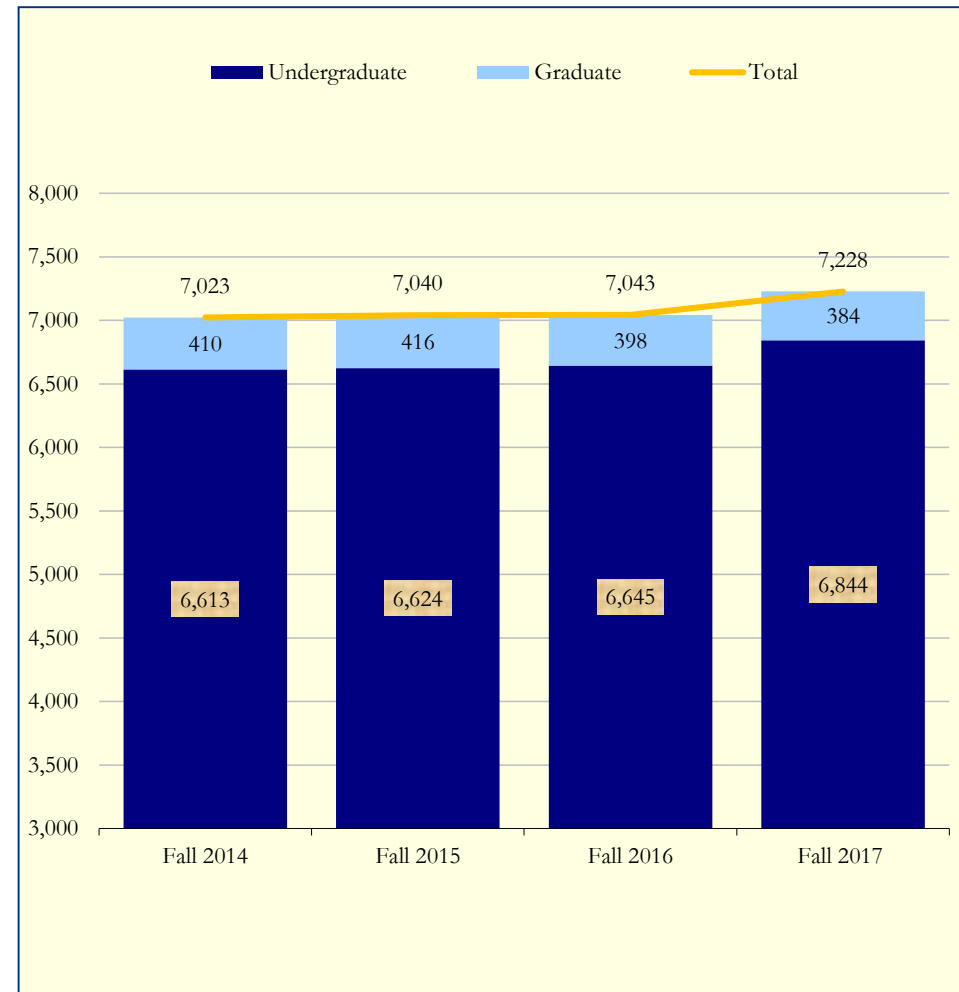
Undergraduate Enrollment

- Over the past 4 years, undergraduate fall FTE enrollment grew steadily due to the College's targeted efforts to recruit in certain programs that have available capacity.
- Meanwhile, graduate FTE enrollment has declined slightly during that same time period.
- Undergraduate enrollment is projected to increase by 70 for fall 2018, which includes the following goals:
 - Incoming freshmen class = 1,560
 - Provisional students = 50
 - Transfer students = 240
 - Other (non-matriculated) = 25

Graduate Enrollment

- In an effort to reverse the graduate enrollment negative trend, the College has adopted a regional graduate tuition rate (in-state tuition rate) effective FY2018, for Pennsylvania counties within a 40 mile radius of TCNJ's campus.
- Fall 2018 graduate enrollment is projected to increase by 20.

Full-Time Equivalent (FTE) Enrollment



Multi-Year Budget Planning Assumptions

FINANCIAL MODELING ASSUMPTIONS

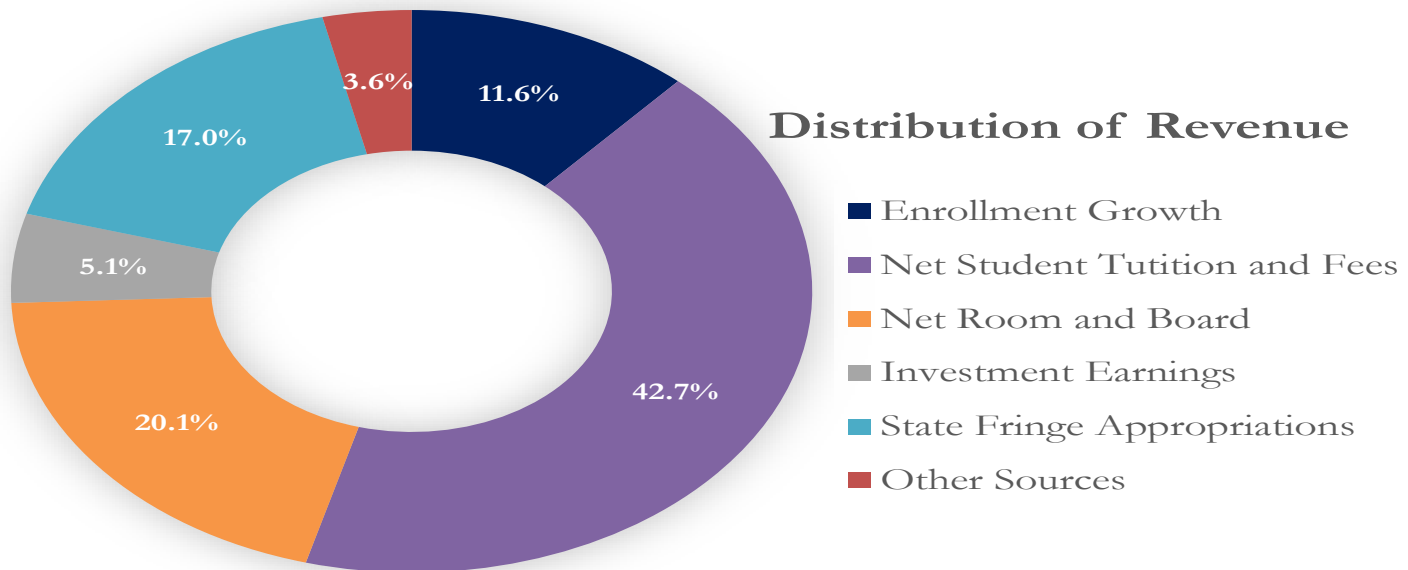
	FY2018 Budget	FY2019 Projection	FY2020 Projection	FY2021 Projection	FY2022 Projection	FY2023 Projection	FY2024 Projection	FY2025 Projection
Growth Assumptions								
Operating Budget								
Operating Revenues	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Tuition and fees rate increase	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Student tuition and fees - % change in enrollment mix	0.53%	1.60%	1.92%	1.98%	0.00%	0.00%	0.00%	0.00%
Net student revenue - enrollment growth (\$ in 000's)	\$ 719	\$ 923	\$ 722	\$ 662	\$ 1,098	\$ -	\$ -	\$ -
Tuition discount - institutional scholarships & waivers	12.2%	12.0%	11.9%	11.8%	11.7%	11.5%	11.5%	12.5%
Total Bed Count	3,927	3,927	3,927	3,366	3,366	3,906	3,906	3,906
Occupancy Rate	98.3%	98.5%	98.5%	100.0%	100.0%	99.0%	99.0%	99.0%
Occupied Beds	3,860	3,868	3,868	3,366	3,366	3,867	3,867	3,867
Average Rental Rate	12,983	13,372	13,773	14,187	14,612	15,051	15,502	15,967
Housing Allowances Rate	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Housing Rental Rate Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Federal grants indirect cost recovery	1.50%	1.50%	1.50%	3.00%	3.00%	3.00%	3.00%	2.50%
Other Sources	1.50%	1.50%	1.50%	2.50%	2.50%	2.50%	2.00%	2.00%
Other Operating Expenses	2.50%	2.00%	2.25%	2.25%	2.25%	2.50%	2.50%	3.50%
Salaries & Fringe Benefits (plus new positions)	1.70%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Debt Service Savings - bond refinancing (\$ in 000's)	\$ (5,345)	\$ (4,070)	\$ (4,067)	\$ (4,045)	\$ -	\$ -	\$ -	\$ -
Maintenance cost increase -STEM & BSC (\$ in 000's)	\$ 1,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonoperating Revenues	1.50%	1.50%	1.50%	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%	0.00%	0.00%	0.00%
State of New Jersey fringe appropriation	0.02%	4.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment Income	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Contract Food Service	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Note: Higher Education Price Index (HEPI) data show that inflation for colleges and universities was **3.7%** for FY2017, more than doubling the **1.8%** rate reported for FY2016.

Source: Commonfund Institute 2017 Update.

Sources of Revenue Increases (\$ in 000's)

FY 2018 Base Revenue Budget		\$ 239,244
Enrollment Growth	923	
Net Student Tuition & Fees	3,401	
Net Room & Board	1,601	
Investment Earnings	407	
State Fringe Appropriations	1,353	
Other Sources	285	
FY2019 Revenue Increase		7,970
TOTAL SOURCES		\$ 247,214



Sources of Expense Increases (\$ in 000's)

FY 2018 Expenditure Plan

\$ 238,962

Meal Plan Increases	604
Salary Program Funding	2,999
State Fringe Benefits	1,353
Net Transfer to Reserves	204
Discretionary Allocation	280
Debt Service	1,869
Institutional Commitments:	
Fuel & Utilities	119
Computer & Library	83
Software Maintenance	252

FY2019 Expenditure Increase

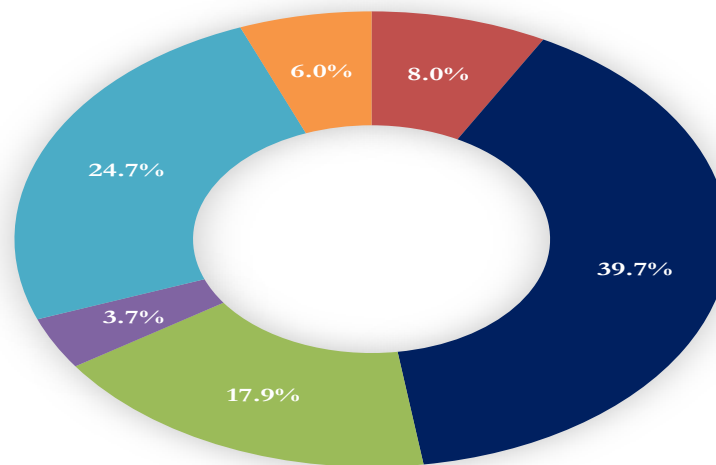
7,763

TOTAL USES

\$ 246,725

Projected Budget Surplus

\$ 489



Distribution of Increase

- Meal Plan Increase
- Salary Program Funding
- State Fringe Benefits
- Discretionary Allocation
- Debt Service
- Institutional Commitments

Tuition, Room & Board Pricing

Mandatory Charges (Academic Year)	FY 2014	FY 2015	FY 2016*	FY 2017	FY 2018
Undergraduate Tuition & Fees (In State)	\$ 14,709	\$ 15,004	\$ 15,446	\$ 15,814	\$ 16,169
Undergraduate Tuition & Fees (Out of State)	\$ 25,115	\$ 25,617	\$ 26,378	\$ 26,991	\$ 27,598
Room & Board	\$ 11,350	\$ 12,226	\$ 12,570	\$ 12,881	\$ 13,200
Annual Tuition Increase	2.50%	2.00%	3.00%	2.25%	2.25%
Annual Fees, Room & Board Increase	2.90%	2.30%	2.80%	2.41%	2.42%
Overall Annual Increase	2.26%	2.11%	2.93%	2.35%	2.35%

For every 1% increase in Student Charges	Amount per student
Undergraduate Tuition & Fees (In State)	\$ 162
Undergraduate Tuition & Fees (Out of State)	\$ 276
Room & Board	\$ 132

* In FY2016, the net state appropriation was reduced by \$2.1 million, or 7.3%, to offset state-funded fringe benefits.

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 operating and capital financial plans
- + 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

- State operating support as a percentage of the budget has declined over the past 5 years 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 fairly rapid repayment of debt
- Price sensitivity and affordability concerns continue to limit tuition & fees increase coupled with the constraints on enrollment growth of the traditional student cohort

On Campus Communication

- Committee on Strategic Planning and Priorities
- Faculty Senate
- Staff Senate
- Student Government
- Union Leadership
- Deans Council

Presidential and Staff Meetings with Legislature

- Individual Meetings
- Assembly and Senate Hearings
- Participation with New Jersey Presidents Council

Advocacy Networks

- TCNJ Specific Advocacy through Website (*SGA, Parent Listserv, Alumni Networks and Other Constituency Groups*)

Questions?

