



## Office of the Treasurer Strategic Plan

### Dashboard of Benchmarks and Progress – Fiscal Years 2017 to 2019

Updated, January 2018

#### TCNJ Mission Statement

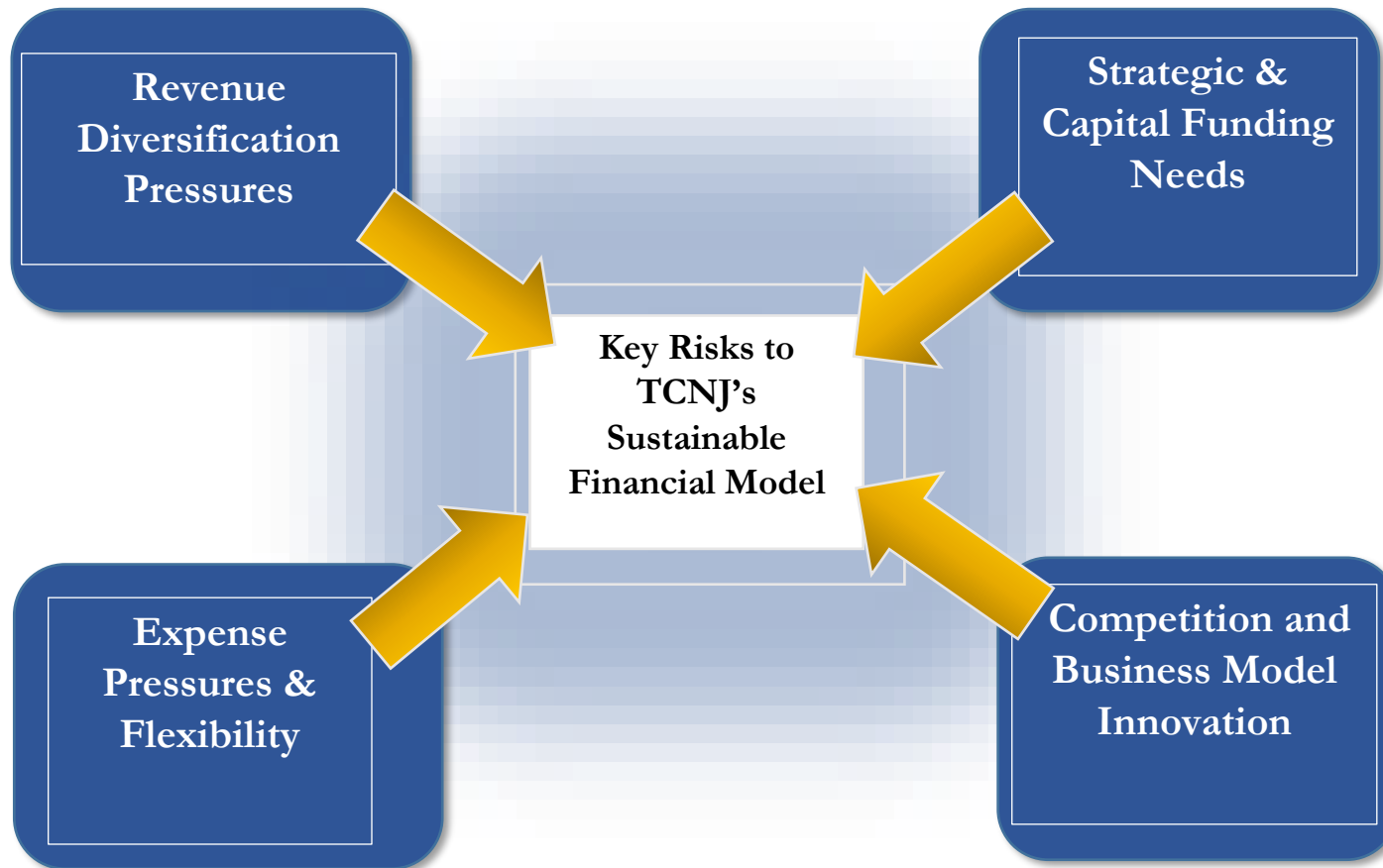
The College of New Jersey, a nationally recognized public institution founded in 1855 as the New Jersey State Normal School, is a primarily undergraduate and residential college, with targeted graduate programs. Grounded in the liberal arts, TCNJ's personalized, collaborative, and rigorous education engages students at the highest level within and beyond the classroom. TCNJ believes in the transformative power of education to develop critical thinkers, responsible citizens, and lifelong learners and leaders. The College empowers its diverse students, staff, and faculty to sustain and enhance their communities both locally and globally.

#### Division Mission Statement

The Office of the Treasurer is responsible for the College's strategic financial planning, including investments and debt management, internal controls, accounting, budgeting, procurement services, student accounts and payroll. We strive to execute our fiduciary responsibilities effectively by engaging in continuous business process improvement and by providing a wide array of value-added and customer-centered support services for students, faculty, staff and external constituents.

#### Strategic Objective and Financial Sustainability Framework

Preserve the College's long-term financial health which is essential to achieve a sustainable financial model. Cognizant of our responsibility to allocate resources strategically and to keep the cost of education at TCNJ affordable, the College has identified areas for focused review and strategies to ensure the maintenance of the College's long-term financial health. The changing landscape for financial support of public higher education suggests that these institutions need new ideas to inform and shape their business models and practices. The College of New Jersey is not immune to these risks as reflected in the diagram below:



# Creating A Sustainable Financial Future

Mission, Vision, Values and Strategic Priorities

Financial Sustainability

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 an **Incentive-Based Budget Model** (versus an incremental budget model)

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

TOP DOWN

BOTTOM UP

## **Benefits of Incentive-Based Budget Models (Huron Consulting Group)**

- Translates strategic goals into management and operating plans;
- Let strategy, not history, drive resource allocation;
- Facilitates two-way discussions between entities, a joint understanding of markets, and annual discussions about institutional priorities;
- Optimizes incentives with the potential to create win-win opportunities across an entire institution.

## **Strategic Budget Imperative - Why Growth by Substitution?**

### **1. To Preserve Mission-Critical Activities**

Protect mission-critical but financially dependent programs from harm in the new budget model and build institutional reserves for strategic investments.

### **2. To Create Unit-Level Financial Accountability and Incentives**

Allocate some revenues and costs to align unit-level operational responsibility with institution-wide financial imperatives. Provide incentives to Schools/Departments for sustainable revenue diversification.

### **3. To Align Resource Allocation with TCNJ's Strategic Plan**

Align budget resource allocation with institutional strategic goals through performance metrics, seed funding, affordability and long-term financial sustainability.

### **4. To Achieve Operational Excellence**

Effective management of resources and the relentless pursuit of efficient academic and administrative operations so additional investments can be made in the most important programs and services offered by TCNJ.

# Strategy-Focused Budgeting Process

- How do we expect to end the year?
- What course corrections do we need to implement?

- How do year-end financial results impact current year forecast?
- What does this mean for our funding allocations for the new Fiscal Year projects?















- Where are we on strategic plan?
- What new initiatives will move us forward?















**Critical Enablers**  
 Data Access and Reliability  
 Fact-Based Decision-Making













- Do we agree on the performance metrics?
- Final sign-off and communication of metrics, rationale & expectations

- How do our strategic discussions change the multi-year integrated financial plan?
- How much \$\$ savings/efficiencies can we realize?



- What initiatives will we fund?
- What savings/efficiencies will we implement?







Goals	Actions Steps	Implementation		Metrics/Comments
		Status	Direction	
<b>1. Reallocate Resources to Address Strategic Priorities – Strategic Plan Linkage: Priority V</b>				
<b>1A.</b> Clarify strategic budget priorities and be disciplined in strategic allocation of resources.	Examine the entire portfolio of available campus resources & activities to appropriately consider trade-offs when determining strategic investments.			ALLFUNDS Budget Model implemented. Strategy-Focused Budgeting Process Cycle updated – see budget cycle link.
<b>1B.</b> Support comprehensive budget decisions, ensuring that up-front investments & ongoing costs are considered and addressed for all strategic initiatives.	Establish base level funding allocation for strategic and one-time projects (minimum = 2% of operating budget). Develop multi-year strategic investment budget plan.			BOT approved the 2% base allocation. FY2017 and FY2018 allocations = \$4.4M or 2.1% and \$6.3M or 2.9%, respectively - see budget report.
<b>1C.</b> Develop an incentive-based budget model that promotes student success and encourages innovation and entrepreneurship. Current operating model = Incremental-based Budgeting.	Engage Huron Consulting to assist with the implementation of an incentive-based budget model. Key stakeholder groups (Cabinet, Deans, Finance and Budget Planning Council and CSPP) will be invited to participate.			Implement incentive-based budget model effective for Fiscal Year 2020.
<b>2. Create Strategies for Sustainable Cost Savings – Strategic Plan Linkage: Priority V</b>				
<b>2A.</b> Identify effective cost avoidance/containment strategies and communicate results of cost savings initiatives to campus community.	Implement campus-wide cost containment <b>“Operational Excellence”</b> project. In FY2017, bond refinancing resulted in significant debt service savings for the next five years.			Approximately <b>\$23 million</b> in debt service savings over 5 years (FY17 through FY2021) - see Strategic Plan Priority V update.
	Finance and Budget Planning Council to play an integral role in this effort. Input needed from the campus community on the areas of focus.			Annual cost containment target of <b>\$100,000</b> established. Track proposals and success via TCNJ's website.
<b>2B.</b> Promote and incentivize cross-divisional collaboration for cost savings and revenue generation.	Develop new revenue sharing models with the departments (i.e. indirect cost recovery, off-site partnerships, etc.)			RN-BSN off-site programs net revenue sharing model may be used as a template.

Goals	Actions Steps	Implementation		Metrics/Comments
		Status	Direction	
<b>3. Build Financial Models to Support Institutional Priorities – Strategic Plan Linkage: Priority V</b>				
<b>3A.</b> Develop a multi-year operating and capital budget cycle, along with key financial performance indicators.	Multi-year financial plans and KPIs developed. Presented to Trustees and various governance groups.			Financial plans are refined as needed -see financial plan link
<b>3B.</b> Provide more easily accessible and user-friendly software to support the development of budgets and long-term financial planning.	Implement new budget development software with enhanced funding requests linked explicitly to the TCNJ's Strategic Plan.			Cloud-based budget software (Budgetpak) implemented and Blackboard financial web reports adopted in FY2018.
<b>3C.</b> Conduct a debt capacity/affordability assessment to guide future borrowing. Revise the debt policy and refinance debt to ensure long-term financial sustainability.	Confidential debt affordability assessment completed by Moody's and S&P in August 2016 and shared with the Trustees. Revised debt policy approved by the Trustees and debt refinancing completed in August 2016.			Revised Debt Policy approved by the Trustees. Confidential assessment by Moody's and S&P shared with the BOT and Cabinet. Debt refinancing completed in August 2016.
<b>3D.</b> Integrated Strategic Financial Modeling and Forecasting Budget System.	Implement Oracle Cloud Strategic Finance to integrate financial forecasting of operating and capital budgets.			Multi-year budget planning and forecasting with what-if scenarios. Target date =9/2018.
<b>4. Adopt Best Practices in Financial Systems Technology – Strategic Plan Linkage: Priority IV</b>				
<b>4A.</b> Oracle Cloud Financials and Payroll offers a broad suite of modules and capabilities designed to empower modern finance and deliver customer success with streamlined processes and increased productivity.	Partner with the Chief Information Officer and Vice President for Information Technology to implement Oracle Cloud Financials and Payroll Cloud products.			Various Cloud modules – see Business Case Executive Summary presented to the BOT. Target dates = FY19 & FY20.
<b>4B.</b> Adopt best practices for employee Travel Management System and Procurement Card usage and management.	Implementation of “Concur” that will streamline the employee travel processes. Revised the College’s P-Card processes.			Enhancements to the Travel and P-Card processes with campus input. Target dates = February and June 2018.
<b>4C.</b> Enhance Performance Assessment – Develop Executive Strategic and Financial Performance Dashboards.	Partner with direct reports to develop an Executive Reporting Dashboard to track the division key performance metrics.			Implement a cloud-based solution. Target date = July 2018.

Goals	Actions Steps	Implementation		Metrics/Comments
		Status	Direction	
<b>5. Ensure the Integrity of Financial Reporting &amp; Processes – Strategic Plan Linkage: Priority V</b>				
<b>5A.</b> Adopt effective and prudent financial management policies and procedures.	Implement policies and procedures to manage Investments, Debt, Reserves and Liquidity.			See BOT approved Financial Policies on <a href="#">Treasurer's office website</a> .
<b>5B.</b> Maintain effective and transparent fiscal management practices.	Publish Annual Key Financial Performance Indicators, Bond Rating Agency Reports, Audited Financial Statements and Budget Performance Reports on TCNJ's website.			See Annual Report, KPI, Rating Agencies Reports, Financial Audits, plus other Presentations posted on <a href="#">Treasurer's office website</a> .
<b>5C.</b> Optimize resource allocation to support strategic initiatives and preserve long-term financial health.	Monitor and update multi-year reserves projections (including metrics) and review with the Trustees and campus governance groups.			Strategic Reserves Balance exceeds Minimum Target Ratio of 50% of operating expenses - see Budget Report.
<b>6. Implement Enterprise Financial Risk Management</b>				
<b>6A.</b> ERM deep dive efforts are intended to provide a holistic evaluation of the select risks to better identify the direction, mitigation, and to further imbed risk management into day-to-day activities of the College.	In collaboration with the ERM Committee, oversee the implementation of TCNJ's Enterprise Risk Management Program.			ERM Deep Dives results presented to the BOT for majority of the initial 27 risks that were identified. Deep Dives for Phase 2 risks will continue in FY2018.
<b>6B.</b> Ensure that best practices internal controls are adopted throughout the financial operations.	Develop internal controls best practices and provide campus-wide training			See <a href="#">Internal Controls page</a> on the <a href="#">Treasurer's Office website</a> .
<b>6C.</b> Revenue Diversification ERM Deep Dive	In partnership with the Provost, lead the ERM deep dive efforts for revenue diversification.			Workgroup to be identified from Academic and Administrative units.



Goals	Actions Steps	Implementation		Metrics/Comments
		Status	Direction	
6D. Conduct Internal Controls Self-Assessment of TCNJ's Key Business Processes	Investments, Student Accounts and Payroll Operations reviews will be conducted during FY2018.			Due to staff capacity limitation, external resources will used to conduct these reviews.

Symbol Key			
Status Symbol	Description	Direction Symbol	Description
	Goal Met or Exceeded		Performance improved from the previous FY
	In Progress		No Change from previous FY
	Goal Not Achieved		Performance decline from previous FY

# How Can We Optimize the Resource Allocation Model?

There will be opportunities for campus-wide feedback throughout the process!

**Starting Point**

Engagement of Cabinet, CSPP and Budget & Finance Planning Council

Huron to facilitate discussions around resource allocation models in Higher Education with Cabinet, CSPP and Budget & Finance Planning Council

## Principles

Articulate the overall resource allocation strategy of TCNJ that will guide the decision-making

## Model Structure

Identify the key revenue and expense elements that will be used to guide the resource allocation model

## Revenue Enhancement & Cost Efficiencies

Define how revenues and/or cost savings will be allocated in the budget plan for the institution and provide the desired incentives for departments

**Implementation Target = FY2020**



Office of the Treasurer  
Strategic Plan Summary

STRATEGIC OBJECTIVE							ACCOUNTABILITY
Preserve the College's long-term financial health which is essential to achieve a sustainable financial model.							
BENCHMARKS/METRICS (\$ in millions):	FY2017	FY2018	FY2019	FY2020	FY2021	Total	
<b>Operational Excellence - Cost Savings</b>							
Debt Portfolio Refinancing	5.30	5.30	4.10	4.10	4.00	22.80	Ricketts/LaMarsh
Procurement Card Business Process Redesign	-	0.01	0.01	-	-	0.02	Ricketts/Watson
Procurement Contracts - Rebid negotiations	0.25	0.10	0.10	0.10	0.10	0.65	Kapur/Ricketts
<b>Financial Systems Technology</b>							
Finance & Payroll Cloud Implementation	(0.40)	(0.70)	(1.20)	(0.40)		(2.70)	Finance Team
Strategic Budgeting & Financial Modeling	-	(0.30)	-	-	-	(0.30)	Finance Team
Travel Management System - Concur & TMC	-	(0.05)	(0.03)	(0.03)	(0.03)	(0.12)	Finance Team
<b>Financial Risk Management</b>							
Investments Internal Controls Assessment	-	(0.02)	(0.03)	(0.03)	(0.04)	(0.12)	Ricketts/Van Nostrand
Payroll Business Process Assessment	-	(0.02)	-	-	-	(0.02)	Hastie/Ricketts
Student Accounts Internal Controls Assessment	-	(0.02)	-	-	-	(0.02)	Sferra/Ricketts
<b>Strategic Reallocation of Resources</b>							
Incentive-based Budget Model	-	(0.06)	(0.04)	-	-	(0.10)	Treasurer/Provost
Executive Financial Performance Dashboards	-	(0.03)	-	-	-	(0.03)	Ricketts/Van Nostrand
Debt Affordability Assessment	(0.06)	-	-	-	-	(0.06)	Ricketts
<b>NET INCREASE IN FINANCIAL RESOURCES</b>	<b>\$ 5.10</b>	<b>\$ 4.22</b>	<b>\$ 2.92</b>	<b>\$ 3.75</b>	<b>\$ 4.04</b>	<b>\$ 20.01</b>	
<b>\$ - Revenue increase/cost savings (budget allocation/expense)</b>							