



TCNJ

THE COLLEGE OF NEW JERSEY

FINANCIAL REPORT HIGHLIGHTS FISCAL YEAR 2019

**Business & Infrastructure
Committee of the Board of Trustees**

June 18, 2019

Fiscal Year 2019 Cash & Investments

The cash and investment portfolios which are managed using guidelines approved by the Board of Trustees, has three components:

- **Working Capital:** short-term, liquid balances used to fund monthly operating expenses. Assets are invested with low risk aversion and a goal of safely meeting daily liquidity.
- **Contingency Cash:** short-term, used for meeting contingency and unexpected expenses. Assets are invested with a goal of protecting principal while safely enhancing earnings over cash.
- **Core Cash:** reserve funds that are not expected to be used in the near-term. Funds are invested in a balanced, globally-diversified approach meant to maximize earnings and guided by TCNJ's investment policy objectives and risk tolerance.

As of **April 30, 2019**, the investment portfolio appreciated by **\$4.6 million** due to the significant improvement in the stock market.

- The diversified, or multi-asset class, component of the portfolio accounted for **\$2.9 million** of the appreciation;
- The Short-Duration Fixed Income portfolio generated a return of **\$1.1 million** year-to-date, while the working capital segment was up by **\$0.65 million**.

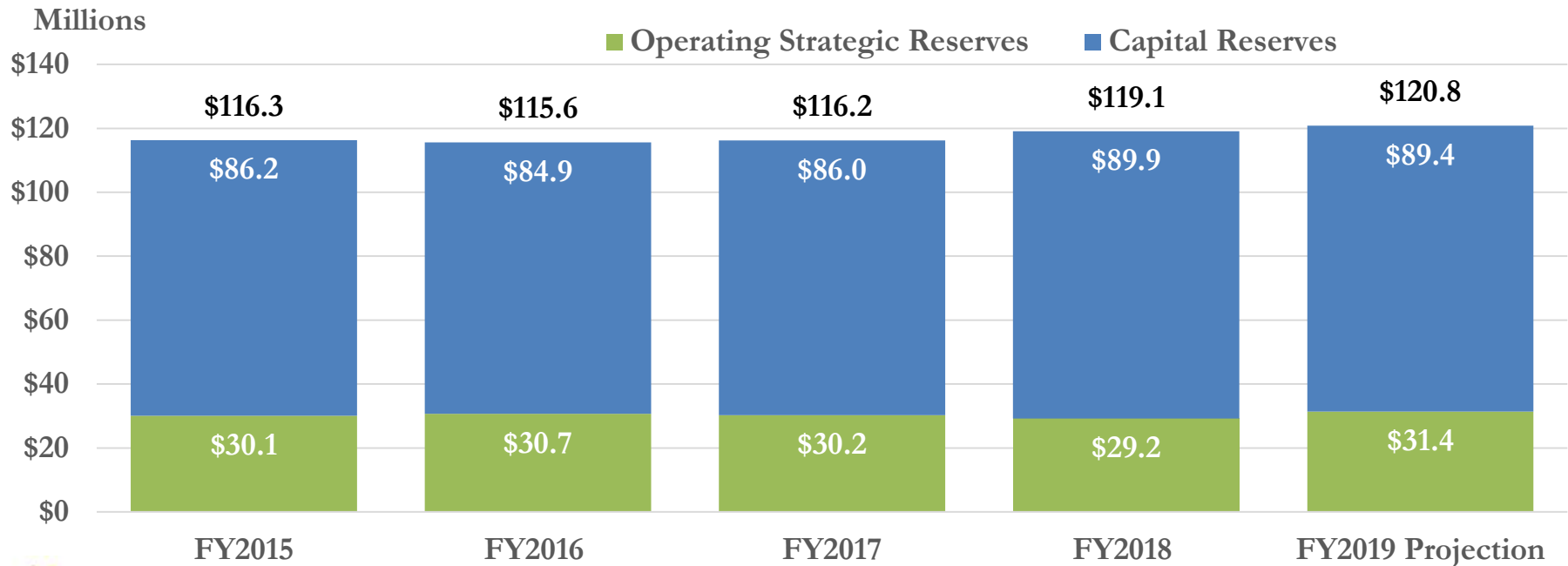
Portfolio Segment	Investment Strategy	Balance 6/30/2018	Balance 12/31/2018	Balance 4/30/2019
Working Capital	Utilized for working capital expenditures, needed on a day-to-day basis	\$ 13,305,049	\$ 38,079,547	\$ 38,603,789
Contingency Cash	Supplemental to working capital, short-term funds needed over a longer period of 6-months to 1-year	39,380,267	36,843,305	37,339,016
Core Cash	Operating Reserves, funds not needed within the next 1 to 10 years	55,486,792	51,746,427	58,418,343
Total Cash & Investments		\$ 108,172,108	\$ 126,669,279	\$ 134,361,148

Cash and Investment Guidelines

Investment Segments	Objective	Board Approved % Allocation	Balance at 4/30/19	FY19 Investment Income and Gains at 4/30/19	Guidelines	Investment Vehicles
Working Capital	Safety/ Capital Preservation	10 - 30% \$13.4 - \$40.3 million Target 20% \$26.9 million	\$38.6 million NJ Cash Mgmt Fund and Operating Checking Accounts	\$ 655,044	Duration: Daily Liquidity Quality: AA or better Benchmark: BoA/ML 90 Day Treasury Bill Index	New Jersey Cash Management Fund, Operating Checking Accounts, Money Market Funds, Commercial Paper, US Treasuries and Notes and Certificate of Deposits
Contingency Cash	Capital Preservation/ Yield Management	25 - 45% \$33.6 - \$60.5 million Target 35% \$47 million	\$37.3 million PFM Fixed Income Portfolio	\$ 1,072,809	Duration: < 5 Year Quality: A3 or better Benchmarks: BoA/ML 0-3 Year Treasury Index Barclays Aggregate Bond BoA/ML US High Yield Index	Fixed Income and Cash Equivalents
Core Cash PFM Multi Asset Class Managed Portfolio (MACM) 70% Equity 30% Fixed Income	Yield Management/ Total Return/ Flexibility	30 - 65% \$40.3 - \$87.3 million Target 45% \$60.5 million	<div> \$17 million MACM Fixed Income Portfolio </div> <div> \$41.4 million MACM Equity Portfolio </div>	\$ 2,914,952	Duration: < 10 Year Quality: A3 or better Benchmarks: S&P 500, Russell Indices, EAFE, MSCI Emerging Markets, Barclays Aggregate Bond, BoA/ML US High Yld Index, FTSE NAREIT Equity and REIT Index	Domestic Equities, International Equities, REITs, Inflation Hedge, Fixed Income and Cash Equivalents
			Total Core \$58.4 million			
			TOTAL \$134.4 million	\$ 4,642,805		

Capital & Strategic Reserves (\$ in millions)

- Reserves growth have been relatively modest primarily due to its usage to supplement funding for capital projects, including the STEM building, Brower Student Center renovation, other asset renewal projects and matching funds for the Information Technology Infrastructure grant award.
- At the end of **FY2018**, the total reserves were **\$119.1 million**, representing **62% or 7.4 months** of the operating budget, exceeding the **50% minimum** benchmark established by the Board of Trustees. **Fiscal Year 2019 projection** represents **62% of 7.2 months** of the operating budget.



Fiscal Year 2019 Budget Plan

Fiscal Year 2019 Budget Sources & Uses of Funds

FY2019 Operating Budget Plan

SOURCES OF FUNDS

Base Revenue Budget (net of Scholarships)		\$ 237,004,000
College Operating Budget	176,596,000	
Housing, CMS & Student Center	60,408,000	
Net Tuition Increase & Enrollment Growth		2,642,000
Net Room & Board Increase		1,801,000
Fringe Benefits Appropriation		6,462,000
Other Revenues, net		2,341,000
TOTAL SOURCES		\$ 250,250,000

USES OF FUNDS

Base Expenditures & Transfers		\$ 235,623,000
Fringe Benefits		6,246,000
Compensation (salary program)		3,494,000
Debt Service		1,869,406
Meal Plan		489,000
Reserves Funding		(849,865)
Institutional Commitments, net		2,865,000
Maintenance & Utilities	450,000	
IT Hardware & Software	950,000	
Supplies & Other Expenses	488,000	
Asset Renewal Allocation	632,000	
Library Acquisitions	345,000	
TOTAL USES OF FUNDS		\$ 249,736,541

Projected Budget Surplus (Deficit)	\$ 513,459
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Fiscal Year 2019 Budget Highlights

- ❖ **Undergraduate** tuition & fees revenue is above the budget by over **\$1.7M** primarily due a higher overall enrollment of both in-state and out-of-state. However, majority of this was offset by the increase in scholarships of **\$0.9M** above the budgeted allocation.
- ❖ **Graduate** tuition and fees revenue are significantly below the budget by approximately **\$1.5M due to the continued enrollment decline.**
- ❖ Net tuition & fees are below budget by **\$0.7M** but this will be moderated by additional summer tuition and fees revenue.
- ❖ Room revenue (net of allowance) is below budget due to lower than usual spring occupancy and meal plan revenue is also below its projection. This will be offset by additional summer camps rental activities.
- ❖ New Jersey State appropriations (including fringe) are in-line with the budget and historical trends.
- ❖ Due to the positive market performance through April, the investment portfolio has improved significantly.
- ❖ Salary and fringe benefits are on-track with the budget due to the recording of payroll accruals.
- ❖ Majority of the other expense categories are on pace with the budgeted projections based on previous years spending patterns.

Fiscal Year 2019 Operating Budget Plan

Operating Budget Financial Plan (\$ in 000's)

	Prior Year Actuals @ June 2018	Current Year Budget	Current Year Actuals @ May 31, 2019	Available Budget Balance	\$ Change from Prior Year
RESOURCES					
Undergraduate Tuition and Fees	\$ 117,518	\$ 119,599	\$ 121,290	\$ (1,691)	\$ 3,772
Graduate Tuition and Fees	9,818	10,571	9,071	1,500	(747)
Less Scholarships & Waivers	(15,324)	(15,516)	(16,424)	908	(1,100)
Net Tuition and Fees	112,012	114,654	113,937	717	1,925
NJ State Base Appropriations	27,177	27,177	24,912	2,265	(2,265)
Fringe Benefits Appropriations	26,765	33,227	24,682	8,545	(2,083)
Room (net of housing allowances)	33,657	34,709	34,149	560	492
Board Plans	15,675	16,424	15,886	538	211
TCNJ Foundation Support	1,218	1,281	1,089	192	(129)
Insurance Assessment (NJASCU)	3,088	3,545	2,962	583	(126)
Other Sources	8,463	7,817	9,532	(1,715)	1,069
Auxiliary Activities	5,370	5,845	4,213	1,632	(1,157)
Total Base Financial Plan	233,425	244,679	231,362	13,317	(2,063)
Investment Income & Gains	5,605	5,571	4,643	928	(962)
TOTAL RESOURCES	\$ 239,030	\$ 250,250	\$ 236,005	\$ 14,245	\$ (3,025)

Fiscal Year 2019 Operating Budget Plan

Operating Budget Financial Plan (\$ in 000's)

	Prior Year Actuals @ June 2018	Current Year Budget	Current Year Actuals @ May 31, 2019	Available Budget Balance	\$ Change from Prior Year
EXPENDITURE PLAN					
Salary & Fringe Benefits	\$ 137,466	\$ 147,206	\$ 130,821	\$ 16,385	\$ (6,645)
Other Commitments	757	1,085	625	460	(132)
Fuel & Utilities	6,304	6,205	5,521	684	(783)
Campus Maintenance Costs	4,776	5,523	4,585	938	(191)
Maintenance Operating Projects	2,273	2,075	1,827	248	(446)
Insurance - NJASCU Consortium	3,957	4,345	4,017	328	60
Subscription & Memberships	783	855	781	74	(2)
General Operating Allocation	11,423	10,520	9,564	956	(1,859)
Professional Services Fees	2,455	2,771	2,055	716	(400)
Advertising & Recruitment	673	867	539	328	(134)
Operating Budget Contingency	23	552	36	516	13
IT Hardware & Software	5,183	6,133	5,001	1,132	(182)
Library Acquisitions	1,797	2,142	1,963	179	166
Admin. Overhead & Turnover Savings	(774)	(996)	(65)	(931)	709
Contract Food Service	17,252	17,741	16,788	953	(464)
Debt Service (Principal & Interest)	25,215	26,870	26,870	-	1,655
Total Base Expenditure Plan	\$ 219,563	\$ 233,894	\$ 210,928	\$ 22,966	\$ (8,635)
Other Transfers	(1,200)	69	17	52	1,217
Enterprise Carryforward Balance	340	(149)	(2,779)	2,630	(3,119)
Net Reserves Transfers	9,283	5,628	(275)	5,903	(9,558)
Asset Renewal Allocation	9,663	10,295	10,295	-	632
TOTAL EXPENDITURE PLAN	\$ 237,649	\$ 249,737	\$ 218,186	\$ 31,551	\$ (19,463)
BUDGET SURPLUS (SHORTFALL)	\$ 1,381	\$ 513	\$ 17,819	\$ (17,306)	\$ 16,438

E&G Budget Key Performance Indicators

E & G Budget Key Performance Indicators

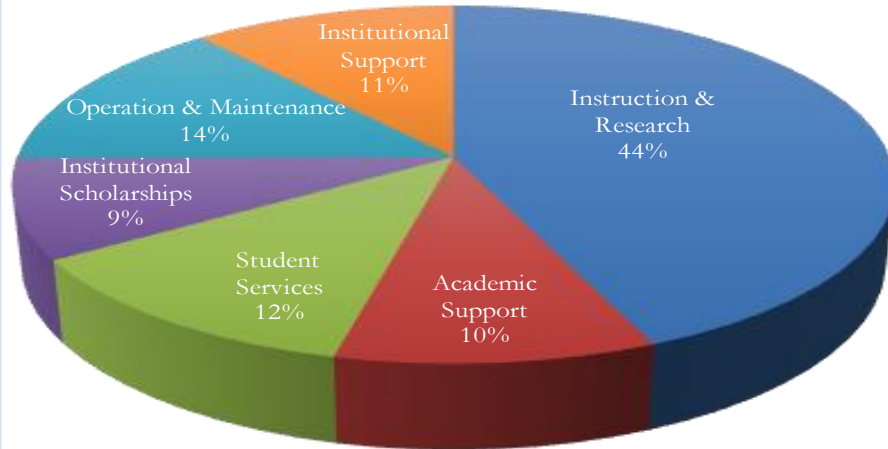
Key Budget Performance Indicators approved by the Board of Trustees:

1. Direct Student Support - Percentage of the Educational & General (E&G) operating budget excluding debt service & capital transfers 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.***

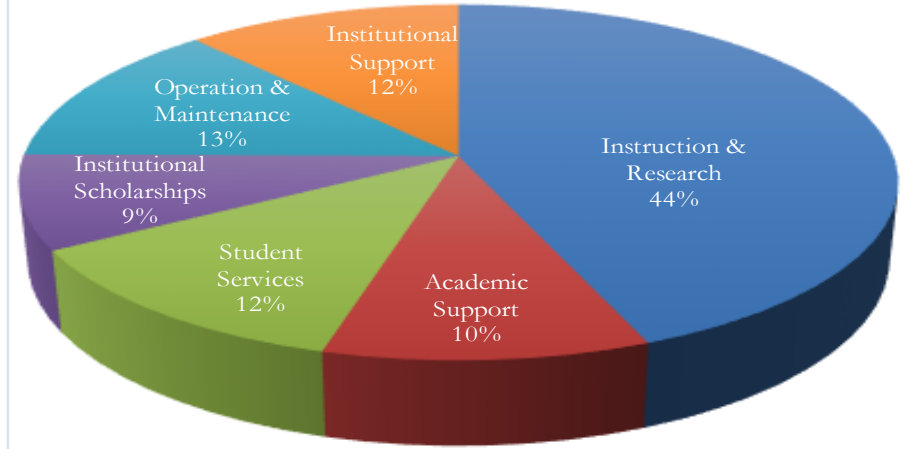
Direct Student Support – 67% Minimum Allocation

	FY2016 Actual	FY2016	FY2017 Actual	FY2017	FY2018 Actual	FY2018	FY2019 Budget	FY2019
Instruction & Research	\$ 67,999	44%	\$ 68,590	44%	\$ 74,012	44%	\$ 79,443	44%
Academic Support	15,509	10%	16,448	11%	17,294	10%	18,958	10%
Student Services	18,780	12%	19,449	12%	20,590	12%	22,200	12%
Institutional Scholarships	14,536	9%	14,270	9%	15,324	9%	15,516	9%
Direct Student Support	\$ 116,824	75%	\$ 118,757	76%	\$ 127,220	75%	\$ 136,117	75%
Operation & Maintenance	21,745	14%	21,525	14%	23,636	14%	23,748	13%
Institutional Support	17,251	11%	16,309	10%	19,034	11%	21,253	12%
Total	\$ 155,820	100%	\$ 156,591	100%	\$ 169,890	100%	\$ 181,118	100%

FY2018 Actual



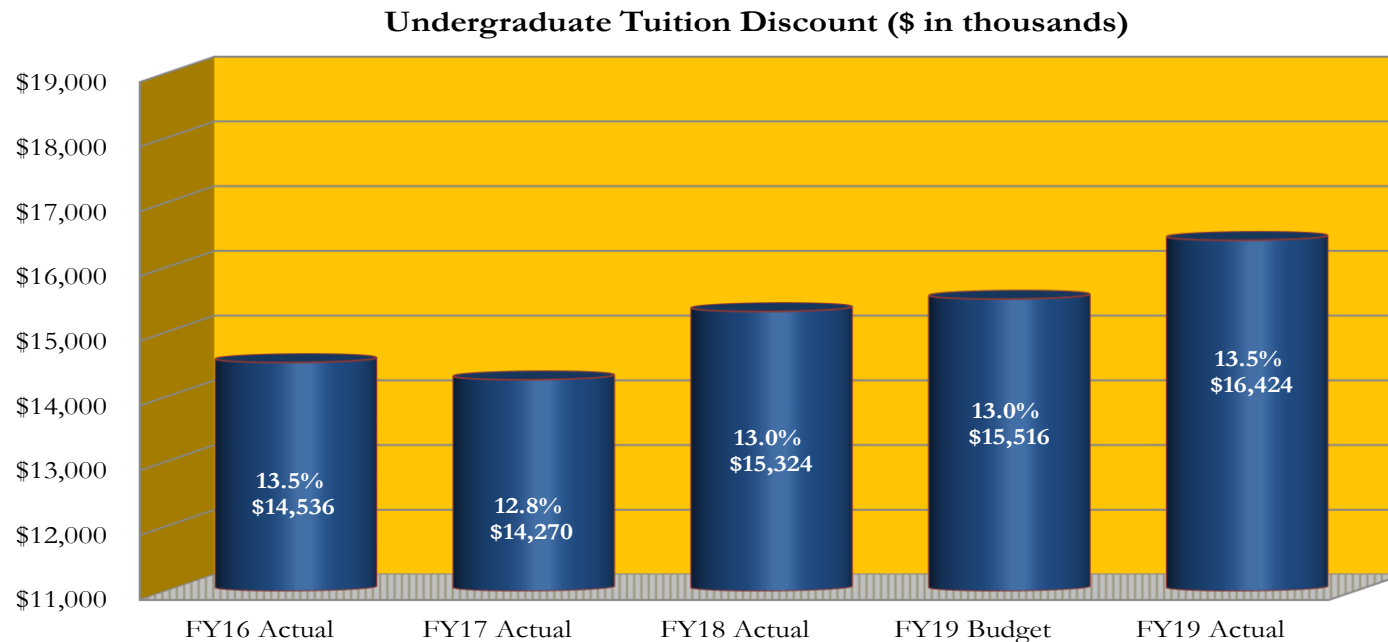
FY2019 Budget



Affordability & Access – 10% to 16% Target Range

- TCNJ continues to invest in institutional scholarships and tuition waivers as part of its overall pricing strategy.
- FY2019 allocation increased to **\$15.6 million** compared to FY2018 actual of **\$15.3 million**, a 13% institutional tuition discount rate.
- As of May 31, 2019, the actual scholarships awards exceeded the budgeted allocation by **\$0.9 million**.

Institutional Scholarships and Waivers since FY2016



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	250,000	Priority V
Student Leadership Initiatives	180,000	Priority II
Academic Equipment	150,000	Priority IV
Signature Experiences	75,000	Priority II
Instructional Design Technology	580,000	Priority IV
Marketing Initiatives	114,000	Priority III
International Recruitment	144,875	Priority II
Global Initiatives & Recruitment	321,370	Priority II
Community Engaged Learning	300,000	Priority II
Mentored Undergraduate Research	309,745	Priority II
FY2019 Base Budget Allocation	2,824,989	
Needs to be at least 2.0% of operating expenses (BOT approved target) =	4,677,888	
Additional amount needed for the 2.0% Minimum Threshold	1,852,899	
FY2019 One-Time Strategic Allocation	3,265,316	

FY2019 Strategic Funding Allocation	Amount		
	Recurring	One-Time	Total
Priority I: Attract and retain talented students, faculty, and staff	\$ 400,000	\$ 216,260	\$ 616,260
Priority II: Enhance Signature Experiences	1,330,989	500,000	1,830,989
Priority III: Promote the College's distinctive identity	114,000	85,000	199,000
Priority IV: Physical and technological infrastructure	730,000	1,936,656	2,666,656
Priority V: Achieve a sustainable financial model	250,000	527,400	777,400
Total Strategic Allocation	\$ 2,824,989	\$ 3,265,316	\$ 6,090,305

Percentage of Operating Expenses	1.3%	1.5%	2.7%
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Questions?

