



**To: Members of the Campus Community**

**From: Lloyd Ricketts, Vice President and Treasurer**

**Date: February 2, 2021**

### **Fiscal Year 2022 Budget Planning**

The purpose of this memo is to provide you with information about the budget development process for fiscal year 2022. As we plan for the fiscal year ahead, COVID-19 continues to cause challenges and uncertainty with respect to TCNJ's operations and financial position, as outlined below. This year's budget will also reflect findings emerging from preparation of the college's strategic framework and inclusive excellence plan. Consequently, we seek to establish the FY22 budget with a great deal of flexibility and prudence, recognizing that financial and other circumstances in the external and internal environment can change quickly.

### **Fiscal Year 2022 Challenges**

We are bearing in mind uncertainties and challenges as we craft a balanced budget that sustains educational excellence while maintaining financial health:

- Unknown incidence and impact of the pandemic's "second wave" and virus variants;
- Uncertain future enrollment levels and housing occupancy;
- Constraints on tuition and fees pricing to maintain access and affordability;
- Binding implementation of salary program increases negotiated by the state, including COLA deferrals;
- Uncertain level of State support, given negative financial impact of the pandemic on the State's economy and outcomes-based metrics that may disfavor TCNJ's strengths

### **Budget Planning Assumptions**

Annually, the College develops a set of high-level assumptions to forecast budget results for the next fiscal year based on the best economic and financial information available at the time. In May 2020, at the height of the pandemic, the Committee on Strategic Planning and Priorities (CSPP) established four budget priorities to guide FY21 budget preparation. These will continue to operate in FY22.

1. *Prioritize the safety of community members*
2. *Maintain long-term financial health without compromising access and affordability*
3. *Favor investments in the core mission: instruction, degree completion and direct student support*
4. *Invest strategically to achieve these priorities*



In addition, the FY22 budget process makes these assumptions.

- fiscal impacts of the pandemic (revenue and expenditure) will extend beyond FY22
- overall enrollment will decline by 3% decline compared to FY21;
- room occupancy will decline by 10% compared to pre-COVID budgeted levels;
- demand for institutional scholarships will increase;
- non-discretionary expenditures, including utilities and maintenance contracts, will increase by 3% overall;
- the college will reduce expenditures and diversify revenues before use of reserves to offset operating budget deficits;
- the college will set aside debt reserves to ensure payback of future debt commitments
- the college will invest based on priorities of the new Strategic Framework.

### Budget Development Strategies

Given challenges and assumptions, we will adhere to the following budget development strategies.

1. Stress test budget scenarios based on projected decreases in enrollment, other revenue categories, and alternative levels of expenditures.
2. Utilize financial tools, including hiring freezes, position management and spending reduction, to preserve TCNJ's core mission and create a safe environment for our community.
3. Reallocate resources to institutional strategic priorities to strengthen TCNJ's overall long-term financial health.

### Fiscal Year 2022 Budget Submission Deadline

Please consult with your Cabinet Officer to determine an internal date within your unit to discuss, review, and submit your budget request. All budget requests should be completed and approved in the **Oracle Planning and Budgeting (PBCS)** system by your respective Cabinet Officer ***no later than April 2, 2021***. PBCS user guides are available on the Treasurer's website (<https://treasurer.tcnj.edu/pbcs/>). The TCNJ budgeting team will offer refresher demonstrations and training sessions at times TBA during the weeks of February 8, 15 and 22. In early April, the Treasurer and President will present the preliminary budget plan to shared governance groups (CSPP, Faculty Senate, Staff Senate, SGA) and union leadership. The Board of Trustees will conduct the Annual Tuition Hearing at its **April 27th** public meeting, which will also include presentation of a draft FY22 budget.

If you have any questions regarding the budget development process, please contact Jennifer LaMarsh, Director of Budget & Fiscal Planning ([lamarshi@tcnj.edu](mailto:lamarshi@tcnj.edu)). Thank you in advance for your cooperation and patience as we navigate building a budget under such extraordinary circumstances.