



To: Members of the Campus Community

From: Lloyd Ricketts, Vice President and Treasurer

Date: January 31, 2022

Budget Planning

The purpose of this memo is to outline the budget development process for fiscal year 2023 (FY23), which begins July 1, 2022. Our overarching goal is to establish a multi-year budget plan (FY23 and FY24) with flexibility and prudence, recognizing that financial and other circumstances in the external and internal environment can change quickly. As we plan for the fiscal years ahead, we recognize that the pandemic and enrollment outlook continue to cause challenges and uncertainty with respect to TCNJ's operations and financial position, as outlined below. We are also mindful of findings emerging from TCNJ's strategy development process, notably the consensus that "business-as-usual" is not an option to sustain the financial health of the college.

Budget Challenges

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

- Pressure to increase the core undergraduate enrollment and the increasing demand for institutional scholarships;
- Uncertain levels of graduate enrollment and other initiatives, such as certificate programs and degree completion opportunities, that can diversify our primary revenue source;
- Elevated inflationary pressures coupled with constraints on tuition and fees pricing to maintain access and affordability;
- Binding implementation of salary program increases negotiated by the state, including COLA deferrals;
- Earmarked State support with required allocation to the Garden State Guarantee program.

Budget Planning Assumptions

Annually, the College develops a set of high-level assumptions to forecast the budget for future fiscal years based on the best economic and financial information available at the time ([see Financial Dashboard](#)). The four budget principles below, established by the Committee on Strategic Planning and Priorities (CSPP) will continue to guide the budget development process for the planning period.



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

Undergirding our budget planning are assumptions for FY23 and FY 24.

- Incoming undergraduate enrollment will remain flat compared to the FY22 budgeted target; enrollment increases will come largely from transfers and provisional students; projections build toward an enrollment goal of 7,500 undergraduate FTE by FY25;
- Without intervention, FTE graduate enrollment will decline by end of FY24 by 4% compared to the FY22 budgeted goal; invest in new, high-demand or niche graduate opportunities (e.g., 4+1 programs, stand-alone master's, certificates in high-demand areas) to relieve pressure on undergraduate enrollment growth
- Fall room occupancy for FY23 and FY24 will hold relatively steady at 3,250, approximately the same levels as fall 2021; by FY25, implement plan to achieve a reduced housing level of ~3,000 largely for students in first two years on campus (e.g., through conversion of doubles to singles and eliminating the most tired residence facilities)
- significant increase (\$5 million over the FY22 budget) in institutional scholarships for FY23 and an additional \$3 million for FY24, bringing the institutional tuition discount rate to 17 percent;
- continued increase in each of the two budget years of \$2 million allocated to deferred maintenance or asset renewal projects, bringing the annual level to \$16 million in FY24);
- maintenance of college reserves at a minimum of six months of operating expenses (roughly \$129 million); set aside \$10 million in debt reserves in each of FY23 and FY24 to ensure payback of future debt commitments;
- strategic investments of a minimum of \$2 million in each of the two fiscal years, with targets to be determined based on priorities of the new Strategic Plan.

Budget Development Strategies

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

1. Invest significantly in institutional financial aid (tuition discount) to recruit an academically motivated and prepared student body from a wide range of backgrounds and talents.



2. Utilize financial tools, including position management and expense management, to preserve TCNJ's core mission of educational excellence with financial sustainability. This may entail cessation or planned reduction of program areas at the college.
3. Reallocate resources to institutional strategic priorities to strengthen TCNJ's overall long-term financial health.

Fiscal Year 2023 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 for FY23. All budget requests should be completed and approved in the **Oracle Planning and Budgeting (PBCS)** system by your respective cabinet officer ***no later than Friday, April 1, 2022.***

The TCNJ budgeting team will offer two PBCS system refresher demonstrations via Zoom on Wednesday, February 2nd at 10 am and Tuesday, February 8th at 1 pm. Google calendar invites with an agenda will be sent to all PBCS users. Should you require additional assistance with your FY23 budget input or have department-specific budget questions, individual training sessions will be offered throughout February. Please use the [FY23 Budget Input Training Schedule](#) to sign up for an available time slot. PBCS user guides are also available on the Treasurer's website (<https://treasurer.tcnj.edu/pbcs/>).

Throughout March and April, divisional leaders will be expected to participate in a budget hearing before the president, treasurer, and key campus constituents from the Committee on Strategic Planning and Priorities and the Budget and Finance Planning Council. This is an opportunity to present a narrative of the budget request, including explicit linkage of budget proposals and reallocations to advance the College's strategic priorities.

In early spring, the treasurer and president will present the preliminary budget plan to union leadership and shared governance groups (CSPP, Faculty Senate, Staff Senate, SGA). The Board of Trustees will conduct the Annual Tuition Hearing at its **May 3rd** public meeting (time TBD), which will also include presentation of a draft multi-year budget plan.

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