



TCNJ THE COLLEGE OF
NEW JERSEY

FY23 Operating Budget

*TCNJ Board of Trustees
June 28, 2022*

*President Kate Foster
Treasurer Lloyd Ricketts*

FY23 Budget Building: **Givens** and Assumptions

Enrollment

- Undergrad: 154 over FY22 actual
- Grad: modest increase from 475 to 501

Room Occupancy

- 3,350 beds (150 over FY22 actual)

Tuition & Fees

- +3.95% (vs. CPI of 8.6% as of May 2022)

Institutional Aid

- + \$3.6 million to \$20.8m

State Appropriation

- +2.9% to fund Garden State Guarantee

Expenses

- Compensation up 4.0%
- Debt Service up \$6.3 million
- Utilities and fuel up 9%
- Personnel Management (vacancy savings): \$5.7 million
- Administrative & procurement cost savings: \$2.4 million



Proposed FY23 budget: **Balanced Budget, with Small Surplus**

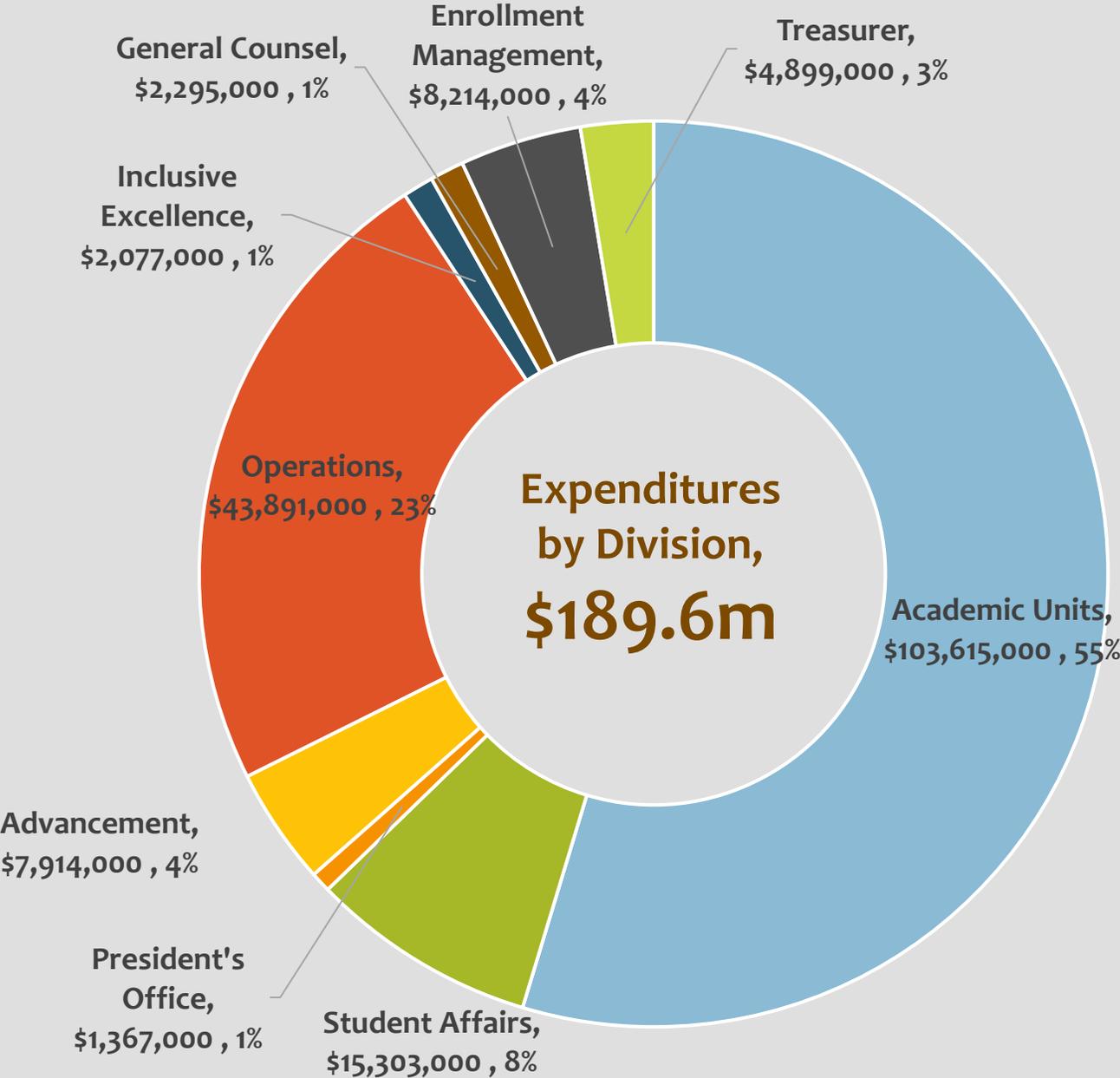
- All-funds budget of **271.5 million**, with projected surplus of \$390,000
 - 15.8% or \$37M increase in revenues
 - 10.3% or \$24.2M increase in expenses
 - \$13.4M increase in transfers highlighted by room and board increase, investment earnings, and post-Covid increases in compensation
- \$5.7M in personnel management savings; \$2.4M in additional expense management
- One-time FEMA funding of \$2.3 million for Covid expenses
- Foundation unrestricted gift of \$3M
- Increases in debt service (up \$6.3M), asset renewal, meal plan costs and general operating expenses
- Strategic investments of \$7.5M, offset by various levers

Pending

- Legislative request to increase TCNJ's state-funded positions by 259 FTE ~\$5.4 million in fringe benefits

| BUDGET PLAN (\$ in 000's) | | | | |
|---|-------------------|------------------|----------------------|---------------------------|
| | FY2021 Actuals | FY2022 Budget | FY2022 Projection | FY2023 Budget Proposed |
| Operating Financial Plan | | | | |
| Operating Revenues | | | | |
| Tuition & Fees | 134,941 | 141,740 | 136,852 | 147,191 |
| Less tuition scholarship allowances | (16,933) | (17,806) | (19,028) | (23,273) |
| Net Student Tuition and Fees | 118,008 | 123,934 | 117,824 | 123,918 |
| State of New Jersey appropriations | 28,708 | 30,062 | 30,062 | 30,924 |
| State of New Jersey fringe benefits | 22,906 | 38,308 | 28,031 | 38,308 |
| Room and Board | 8,397 | 41,402 | 45,438 | 50,245 |
| Auxiliary Activities | 2,285 | 3,571 | 2,567 | 4,869 |
| TCNJ Foundation Support | 2,581 | 4,341 | 4,341 | 6,341 |
| Federal Grants (CARES + FEMA) | 12,941 | 6,498 | 8,439 | 2,333 |
| Other Revenues | 6,328 | 7,668 | 7,618 | 8,525 |
| Base Funding Plan | 202,155 | 255,784 | 244,320 | 265,462 |
| Investment Income (losses) | 15,485 | 6,484 | (9,813) | 6,015 |
| Total Revenues | 217,639 | 262,268 | 234,508 | 271,477 |
| Expenditures | | | | |
| Salaries & Wages | 105,713 | 119,531 | 117,945 | 123,106 |
| Fringe Benefits | 29,543 | 40,824 | 33,272 | 39,356 |
| Maintenance & Utilities | 11,186 | 16,373 | 16,247 | 14,482 |
| General Operating Expenses | 9,815 | 18,558 | 15,339 | 19,777 |
| Other Expenses | 5,631 | 11,595 | 7,375 | 8,477 |
| Computer Hardware & Software | 5,055 | 6,074 | 6,535 | 6,627 |
| Library Acquisitions | 1,953 | 2,076 | 2,051 | 2,038 |
| Contract Food Service | 2,989 | 12,247 | 14,804 | 16,606 |
| Debt Service (Principal & Interest) | 7,749 | 8,586 | 8,586 | 14,840 |
| Total Expenditures | 179,633 | 235,864 | 222,154 | 245,308 |
| Operating Surplus before Transfers | 38,006 | 26,404 | 12,354 | 26,169 |
| Debt Liquidity Reserves | 10,000 | 10,000 | 10,000 | 10,000 |
| Asset Renewal Transfers | 6,000 | 13,000 | 13,000 | 14,000 |
| Transfers to (from) TCNJ Affiliates | (297) | (146) | (146) | (124) |
| Other Transfers, net | 19,500 | 2,983 | (11,450) | 1,902 |
| Total Transfers | 35,203 | 25,838 | 11,405 | 25,778 |
| Net Operating Surplus (Deficit) | 2,803 | 567 | 950 | 390 |

Proposed FY23 budget: Budget by Division



| | |
|--------------------------------------|---------|
| Auxiliaries (Housing, BSC, CES) | \$55.1m |
| NJ Risk Management | \$4.9m |
| Other (includes E&G Transfers + D/S) | \$21.5m |

\$81.5m

\$189.6m + \$81.5m = \$271.1m

Proposed FY23 Budget: **Strategy Alignment**

| Strategic Investments | Change from FY22 |
|---|-------------------------|
| Expand transfers pathways from four-year and community colleges + dual-enrollment pilot | (\$260,000) |
| Bolster marketing to attract applications, increase visibility, and highlight brand | (\$800,000) |
| Expand graduate and continuing education structure and programming (includes 4+1 programs and other pathways) | (\$710,000) |
| Support larger and more diverse cohorts (provisional support, academic advising support center, mentoring & coaching) | (\$570,000) |
| Increase investment in institutional financial aid | (\$3,600,000) |
| Create/hire strategy team and expand support for grants and sponsored research | (\$400,000) |
| Fund FY23 projects in We Are TCNJ: A Strategy for Inclusive Excellence | (\$100,000) |
| Conduct residential housing analyses | (\$75,000) |
| Enhance physical capacity for high-quality educational experiences with new modalities | (\$1,000,000) |
| Net estimated investments | (\$7,515,000) |

| Lever Adjustments | Change from FY22 |
|--|-------------------------|
| Grow undergraduate population (154 FTE) | \$2,100,000 |
| Increase residential occupancy (150 FTE) | \$1,480,000 |
| Increase graduate student average credit hours | \$490,000 |
| Achieve expense management (administrative efficiencies/procurement savings) | \$2,500,000 |
| Net estimated resources | \$6,570,000 |
| Net strategic funding surplus (deficit) | (\$945,000) |

FY23 Budget Building: Key Financial Performance Indicators

| Indicator | Why it Matters | How It's Measured | Time-Specific Performance Goal | FY2020 Actual | FY2021 Actual | FY2022 Forecast | FY2023 Budget Projection | Status: FY2023 Budget Projection |
|--------------------------------------|---|--|--|---------------|---------------|-----------------|--------------------------|--|
| Operating Budget Surplus | The annual surplus or deficit indicates whether the college is living within its means | Excess revenue over expenses and transfers / total revenues | Operating surplus between 2 and 4% annually | 0.1% | 1.3% | 0.4% | 0.1% |  Below Goal |
| Change in Net Tuition Revenue | In competitive markets, significant increase in tuition discount may add risk to financial health | YOY change in net tuition and fees | No less than CY annual % increase in tuition and fees | 4.5% | (2.6%) | 0.0% | 5.20% |  Achieve Goal |
| Reserves Ratio | Healthy reserves provide financial flexibility and security and enable the college to weather market or operational downturns | Level of reserves/total operating budget less non-cash fringe appropriations | Reserve ratio consistently above the BOT approved minimum threshold of 50% | 51% | 71% | 57% | 55% |  Achieve Goal |
| Debt Ratio | A high debt ratio limits financial flexibility and jeopardizes the ability to pursue new opportunities | Annual payment on debt/total operating budget | No more than 10% with a goal of 8% by 2025 | 10.9% | 3.9% | 3.4% | 5.5% |  Achieve Goal |

Recommended for Approval: **FY23 Budget**

| SOURCES OF FUNDS | | | |
|---|-------------|-----------------------|---------------|
| Tuition& Fees | | 147,191,000 | |
| Less Scholarships & Waivers | | (23,273,000) | |
| Net Tuition & Fees | | 123,918,000 | 45.6% |
| State Appropriations | | 69,232,000 | 25.5% |
| Auxiliaries (Housing, BSC & CES) | | 55,113,000 | 20.3% |
| Federal Grants | | 2,333,000 | 0.9% |
| Other (include NJRM, Fdn & Investment Income) | | 20,881,000 | 7.7% |
| TOTAL SOURCES | | \$ 271,477,000 | 100.0% |
| | | | |
| USES OF FUNDS | | | |
| Compensation | | | |
| Salary | 123,106,000 | | |
| Fringe Benefits | 39,356,000 | | |
| Total | | 162,462,000 | 59.9% |
| General Operating | | 19,777,000 | 7.3% |
| IT Hardware & Software | | 6,627,000 | 2.4% |
| Library Acquisitions | | 2,038,000 | 0.8% |
| Other Costs | | 80,183,000 | 29.6% |
| <i>Contract Food Service</i> | 16,606,000 | | 6.1% |
| <i>Debt Service</i> | 14,840,000 | | 5.5% |
| <i>Utilities & Maintenance</i> | 14,482,000 | | 5.3% |
| <i>Other (include NJRM, AR & Transfers)</i> | 34,255,000 | | 12.6% |
| TOTAL USES | | \$ 271,087,000 | 100.0% |
| | | | |
| BUDGET SURPLUS (DEFICIT) | | 390,000 | 0.14% |

| FULL TIME STUDENTS (Flat Rate Over 12 Credits) / 3 Units | | AMOUNT CHANGE | | |
|--|---------------------|----------------------|--------------------|----------------|
| | FY 2022 | FY 2023 | AMOUNT | PERCENT |
| UNDERGRADUATE - NEW JERSEY RESIDENT | | | | |
| TUITION | 13,602.86 | 14,140.17 | 537.31 | 3.95% |
| GSF/CAPITAL | 3,111.68 | 3,234.59 | 122.91 | 3.95% |
| STUDENT CENTER FEE | 272.82 | 283.60 | 10.78 | 3.95% |
| STUDENT ACTIVITY FEE | 299.56 | 319.56 | 20.00 | 6.68% |
| TOTAL | \$ 17,286.92 | \$ 17,977.92 | \$ 691.00 | 4.00% |
| UNDERGRADUATE - OUT OF STATE RESIDENT | | | | |
| TUITION - Junior & Senior Cohorts | 25,910.50 | 26,933.96 | 1,023.46 | 3.95% |
| GSF/CAPITAL | 3,111.68 | 3,234.59 | 122.91 | 3.95% |
| STUDENT CENTER FEE | 272.82 | 283.60 | 10.78 | 3.95% |
| STUDENT ACTIVITY FEE | 299.56 | 319.56 | 20.00 | 6.68% |
| TOTAL | \$ 29,594.56 | \$ 30,771.71 | \$ 1,177.15 | 3.98% |
| TUITION - Freshman & Sophomore Cohorts | 19,044.00 | 19,796.24 | 752.24 | 3.95% |
| UNDERGRADUATE - ROOM & BOARD | | | | |
| ROOM CHARGE | 9,706.06 | 9,948.71 | 242.65 | 2.50% |
| BOARD (ALA CARTE 1) | 4,046.24 | 4,195.14 | 148.90 | 3.68% |
| TOTAL | 13,752.30 | 14,143.85 | 391.55 | 2.85% |
| TOTAL COST | | | | |
| In-State Undergraduate | \$ 31,039.22 | \$ 32,121.77 | \$ 1,082.55 | 3.49% |
| Out-of-State -Freshman & Sophomores | \$ 36,480.36 | \$ 37,777.84 | \$ 1,297.48 | 3.56% |
| Out-of-State -Juniors & Seniors | \$ 43,346.86 | \$ 44,915.57 | \$ 1,568.71 | 3.62% |
| CARD SERVICE FEE (FALL AND SPRING) | \$ 20.00 | \$ 20.00 | - | 0.00% |
| Pass through annual charge for all students without personal insurance effective 8/1/2022 to 7/31/2023: | | | | |
| UNDERGRADUATE STUDENT HEALTH INSUI | \$ 2,274.00 | \$ 2,450.00 | 176.00 | 7.74% |
| GRADUATE STUDENT HEALTH INSURANCE | \$ 2,274.00 | \$ 2,450.00 | 176.00 | 7.74% |



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Discussion

