



TCNJ THE COLLEGE OF
NEW JERSEY

Annual Tuition Hearing and Strategy Alignment FY2023

*TCNJ Board of Trustees
Public Meeting
May 3, 2022*

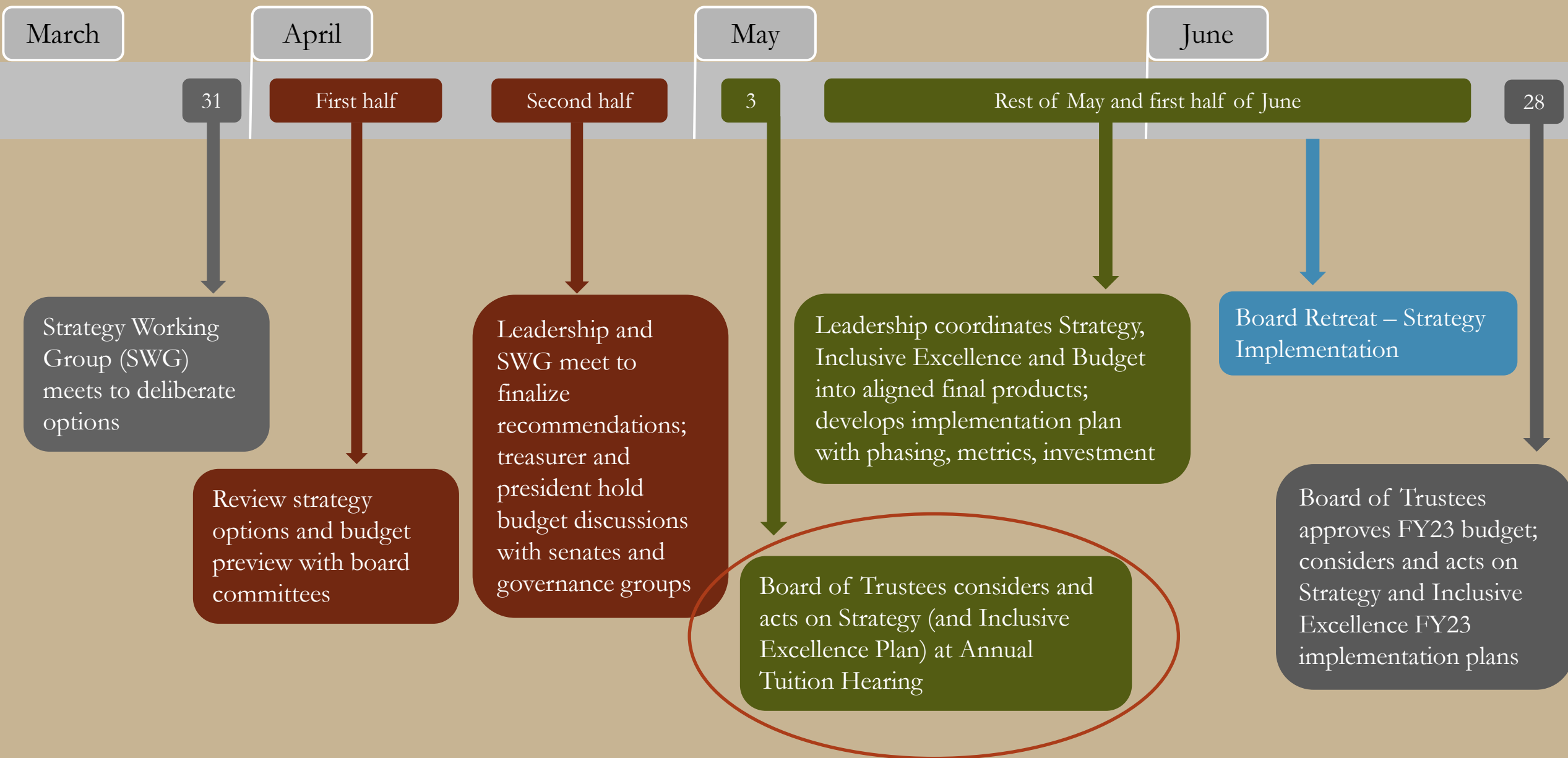
*President Kate Foster
Treasurer Lloyd Ricketts*



Presentation

1. Strategy and Budget Alignment
2. Strategic Context
3. FY23/24 Budget Building
4. Board Policy Considerations
5. Discussion

Strategy and Budget Alignment



Strategic Context: Budget Aim

To achieve educational excellence with financial sustainability, we will develop a multi-year budget and investment plan that reflects strategic decisions, including transformative investments and resource reallocation.



FY23 Strategic Context: Circumstances, Levers and Interventions

Circumstances

- Decrease in number of traditional-age students
- Increase in competition for tradition-age students
- Financial aid wars/increase in tuition discount rates
- Increased demand for support services, including mental health and academic support
- Demand for more a diverse, equitable and inclusive institution
- Demand for upgraded housing and other facilities/equipment
- Expenditures outpacing revenues
- Stagnant state funding
- Rising cost of college/student debt levels
- Eroding public support for college

Levers

- Mission & Strategy
- Institutional priorities
- Enrollment size and mix
- Tuition and fee rates
- Housing options; Room and board rates
- Financial aid allocations
- Quality and relevance of academic offerings
- Employee headcount
- Cost containment and efficiencies
- Fundraising/development
- Reserves
- Partnerships
- Grants

Interventions

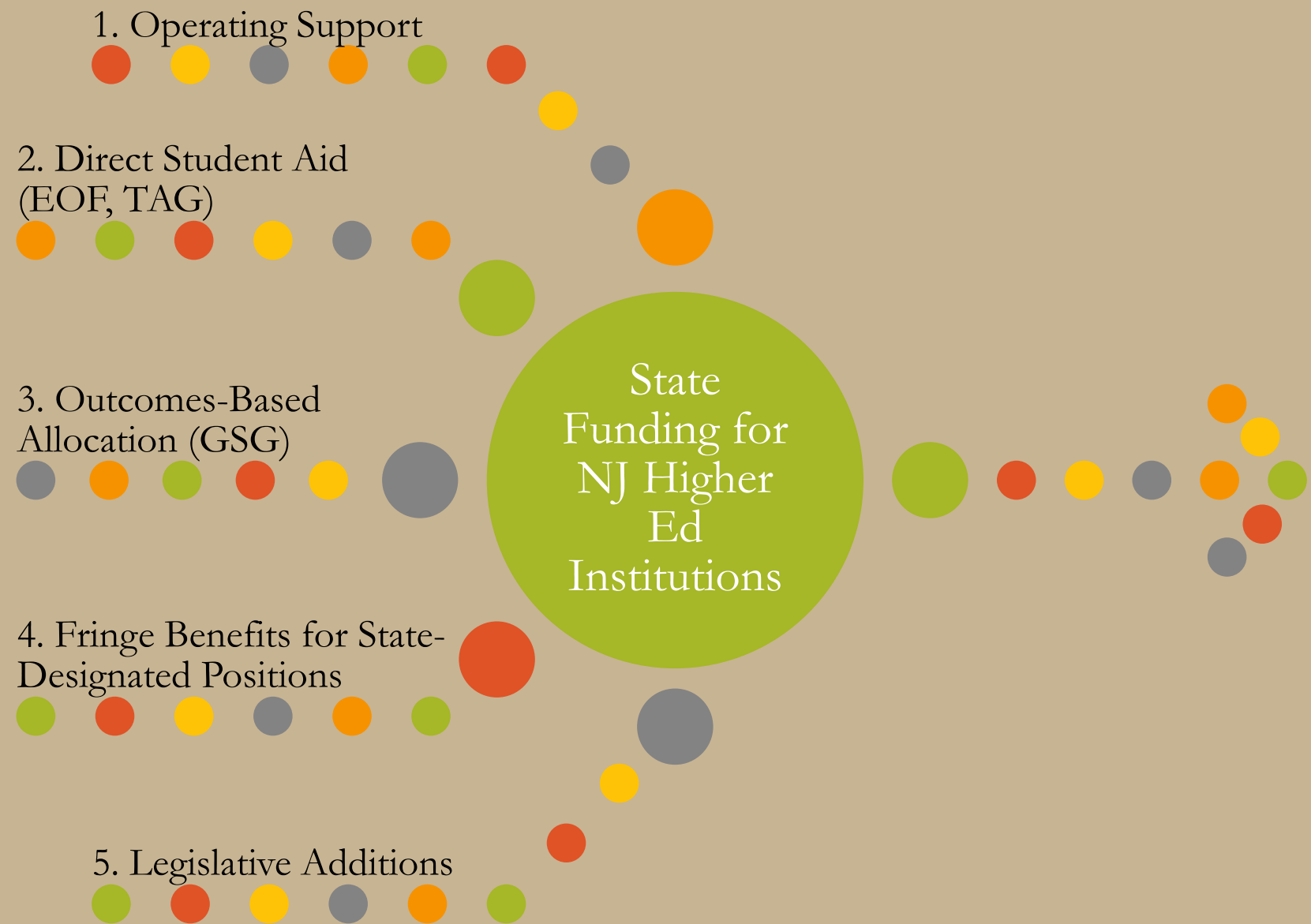
- Nurture a culture of operating strategically
- Implement strategy, frontloading revenue production and expense management, while seeding long-term opportunities
- Adjust “dials” to ensure educational excellence with financial sustainability
- Invest in non-undergraduate initiatives
- Deploy financial aid to achieve goals
- Hold tuition and fees to at or below COL levels
- Invest in foundational priorities in marketing, physical and digital tech, and strategy team
- Build relations with state funders and advocates
- Employ vacancy management; realize efficiencies and savings

FY23 Strategic Context: Fiscal Considerations

- Undergraduate enrollment size and aid requirements drive near-term financial outcomes
- Budget relief could come from graduate, dual, transfer, and continuing education but no strong track record of growth
- Inflation coupled with constraints on tuition and fees increases puts pressure on finances
- Built-in compensation accelerator from state-negotiated salary increases, including COLA deferrals
- Flat state operational support beyond required allocation to the Garden State Guarantee program



Strategic Context: State Support for Higher Education



TCNJ FY23 Estimated Revenues	
Source	Amount
Operating	\$27.6m
Direct Student Aid	\$8.3m
Outcomes-Based	\$3.3m
Fringe Benefits	\$38.3m (use only \$22.9 for 859 positions; additional 259 positions requested)
Legislative Additions	\$5m requested over three years

Strategic Context: Strategic Investments in FY23

Strengthen the undergraduate experience:

- Increased investment in institutional aid ~\$3.6M
- Investment in student success and advising ~\$225K
- Increased support for transfers ~\$170K
- Funds for residential partnership consultancies ~\$75K

Expand impact and reach beyond the traditional undergraduate core

- Graduate and Continuing Ed structure and personnel ~\$850K
- 4+1 programs ~\$60K
- Dual enrollment pilot program ~\$40K

Build internal capacity

- Marketing for recruitment and brand visibility ~ \$1.8 million
- Physical and digital infrastructure investment ~ +\$1 million (AR allocation)
- Strategy team ~ \$500K; Grants team ~ \$200K
- Inclusive Excellence Strategy year one ~\$100K



**\$8.6m in
strategic
investment**

FY23/24 Budget Building: **Givens** and **Assumptions**

Undergrad Enrollment

- FY23: return to FY22 budgeted level (~154 over FY22 actual) with growth supplemented by transfers and provisional cohorts
- FY24: +120 FTE over FY23

Grad Enrollment

- FY23 credit hours flat vs FY22 actuals (~25 below FY22 budget)
- FY24: slight increase to level below FY22 budget

Room Occupancy

- FY23/24: 3,350 beds (~150 over FY22 actual)

Institutional Aid

- FY23: + \$3.6 million to \$20.8m
- FY24: TBD, +\$2 million modeled

State Appropriation

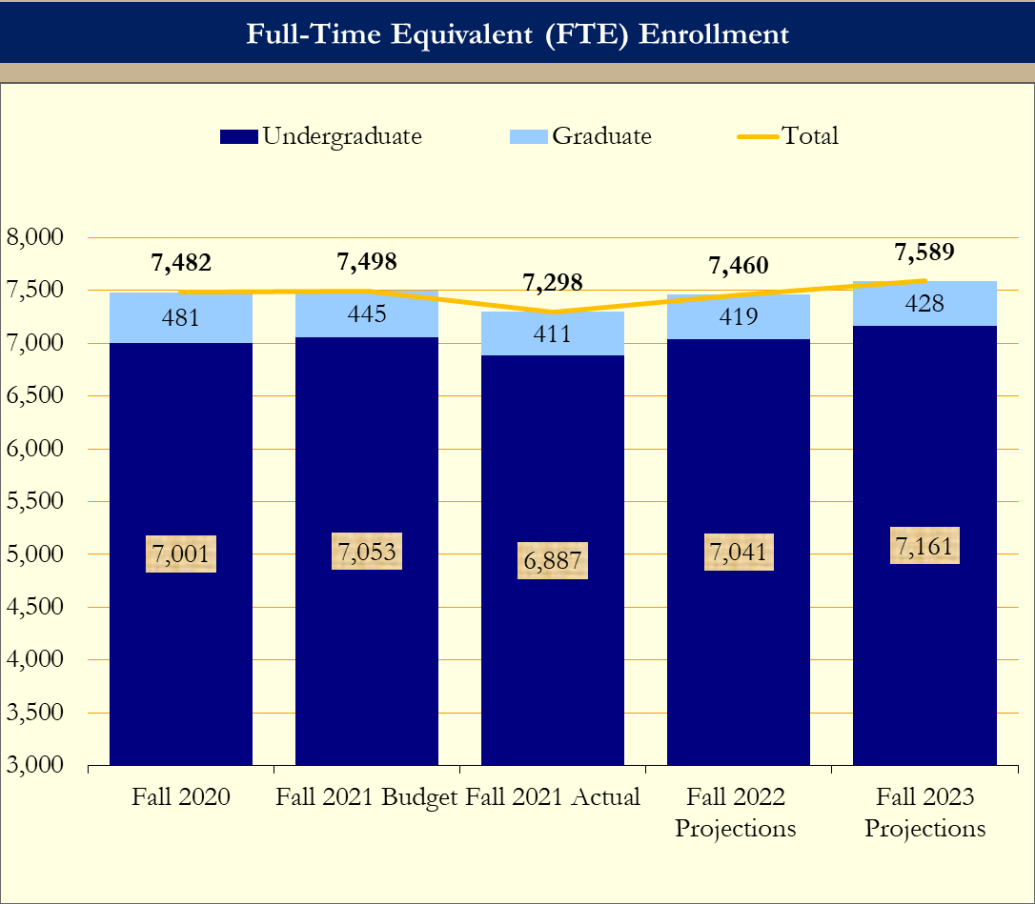
- FY23: +2.9% to fund Garden State Guarantee

Expenses

- Compensation up 4.0%
- Utilities and fuel projected up 9%

Tuition & Fees

- FY23: +3.95% (vs. CPI of 8.5% as of March 2022)
- FY24: TBD, +3.5% modeled



FY23 Budget Building: Preliminary Plan After Assumptions (\$ in 000's)

FY23 Operating Budget Plan	
SOURCES OF FUNDS	
Tuition & Fees	147,171
Room & Board	50,245
State Appropriations	69,232
Foundation Support	6,341
Investment Income/appreciation	6,015
Auxiliary Revenue	4,839
Federal Aid - COVID-19	1,800
Other (includes NJRM)	8,445
TOTAL SOURCES	\$ 294,087
USES OF FUNDS	
Compensation (includes fringe)	166,050
Institutional Scholarships & Tuition Waivers	23,273
IT Hardware & Software	6,627
General Operating	19,508
Library Acquisitions	2,038
Other expenses (includes NJRM)	8,289
Mandatory costs:	75,234
Maintenance & Utilities	15,057
Contract Food Service	16,606
Asset Renewal Allocation	14,000
Net Transfers (includes D/S liquidity & investment earnings)	12,243
Other Waivers (include GSG allocation)	2,489
Debt Service	14,840
TOTAL USES OF FUNDS	\$ 301,018
Projected Budget Surplus (Deficit)	\$ (6,931)

Preliminary
Budget Surplus (Deficit)
of (\$6,931,000)

Preliminary deficit reflects:

- *negotiated compensation raises plus COLA (\$5.5 million)*
- *investment in financial aid (\$3.6 million)*
- *increase in asset renewal allocation (\$2 million)*
- *significant increase in mandatory debt service (\$6 million)*

...partially offset by

- *student charges (tuition and fees, room and board)*
- *Foundation and Federal one-time funding totaling \$4.8 million*
- *vacancy savings of \$1.8 million*

FY23 Budget Building: Revised Plan after Adjustments (deviations from preliminary \$ in 000's)

FY23 Operating Budget Plan	
REVENUE ENHANCEMENTS	
Preliminary Budget Deficit	\$ (6,931)
TBD	-
TDB	-
TOTAL SOURCES	\$ (6,931)
Expense Optimization	
Vacancy management -TBD	(3,500)
Administrative Reorganization	(500)
Procurement cost savings	(500)
Administrative Efficiencies (services, supplies,etc.)	(2,000)
TOTAL COST REDUCTIONS	\$ (6,500)
Projected Budget Surplus (Deficit)	\$ (431)

Revised
Budget Surplus (Deficit)
of (\$431,000)

Sample Adjustments

- Partial outsourcing of building services (no layoffs) ~\$1 million
- Reorganization and partial outsourcing in Finance and HR ~\$1.0 million
- Holding selected vacant positions across the campus ~\$2.5 million

FY23 Budget Building: Tuition, Room & Board Pricing

Academic Year Item	FY 2018	FY2019	FY2020	FY2021	FY2022
Undergraduate Tuition (In-State)	\$12,632	\$12,947	\$13,239	\$13,239	\$13,603
Undergraduate Mandatory Fees	\$3,517	\$3,604	\$3,684	\$2,858	\$3,684
Room & Board	\$12,881	\$13,617	\$14,048	\$13,416	\$13,752
Total Annual Expenses In-State	\$29,030	\$30,168	\$30,970	\$29,513	\$31,039
Annual Tuition & Fees Increase (decrease)	2.35%	2.5%	2.0%	(4.9%)	2.75%
Annual Room & Board Increase (decrease)	2.5%	3.20%	3.16%	(4.5%)	2.51%
Overall Annual Increase (decrease)	2.40%	2.70%	2.52%	(4.7%)	5.17%*

* Restoration of mandatory fees to Pre-Covid-19 levels

FY23: Modeling tuition & fee increases	For every 1% increase in Tuition & Fees	Amount per Student	Scenario A: T&F increase @ 3.95%	Scenario B: Tuition increase @ 4.45%	Scenario C: Tuition increase @ 4.95%
	Undergrad Tuition (In-State)	\$136	\$537	\$605	\$673
	Undergrad Mandatory Fees	\$37	\$146	\$146	\$146
	Additional cost per student		\$683	\$751	\$819

FY23: Given undergraduate enrollment of 7,000 FTE, each additional 1% in tuition & fees yields ~ **\$1.2M in revenue.**

Board Policy Considerations: Tuition Pricing Proposal

- Many NJ colleges and universities charge a flat rate for a fixed number of courses or credit hours, with addition charge for credits taken above a maximum per semester
- TCNJ charges flat tuition rate for 12+ credit hours per semester and no charge for extra courses or credits

	Flat Rate Credits	Flat Rate In-State	Per Credit In-State	Overload	Overload Charge
New Jersey Institute of Technology	12-19	\$9,008	\$753.00	Over 19 credits	Per credit
Rutgers New Brunswick (School of Engineering)	12+	\$8,847	\$927.00	N/A	N/A
TCNJ*	12+	\$8,653	\$645.00	N/A	N/A
Rutgers New Brunswick (SAS)	12+	\$7,902	\$843.00	N/A	N/A
Ramapo College of New Jersey	12-18	\$7,476	\$467.00	Over 18 credits	Per credit
Stockton University	12-20	\$7,307	\$562.00	Over 20 credits	Per credit
Rowan University (Glassboro Campus)	12-17	\$7,188	\$569.00	Over 17 credits	Per credit
William Paterson	12-19	\$7,105	\$456.00	Over 19 credits	Per credit
Montclair State University	12-18	\$6,649	\$443.00	Over 18 credits	Per credit
New Jersey City University	12+	\$6,584	\$436.00	N/A	N/A
Kean University	12-19	\$6,297	\$480.00	Over 19 credits	Per credit
Thomas Edison State College	9+	\$3,579	\$399.00	N/A	N/A

Board Policy Considerations: Tuition Pricing Proposal

- Many NJ colleges and universities charge a flat rate for a fixed number of courses or credit hours, with addition charge for credits taken above a maximum per semester
- TCNJ charges flat tuition rate for 12+ credit hours per semester and no charge for extra courses or credits

Proposal:

- Beginning with the Spring 2023 semester, institute a package pricing rate for a fixed number of course units per semester/academic year. A course unit is 4 credit hours.
- Allow students to take up to 9 course units over the Fall and Spring semesters in any of the following combinations:
 - 4.5 units in fall & 4.5 units in spring; *or*
 - 4 units in fall & 5 units in spring; *or*
 - 5 units in fall & 4 units in spring
- Exempt programs that require more than the normal semester course load, namely engineering and a few education programs

Potential Benefits

- Changes in student behavior may lead to an improvement in on-time graduation, academic resiliency and student mental health
- Incremental tuition revenue will be generated from fall/spring overloads

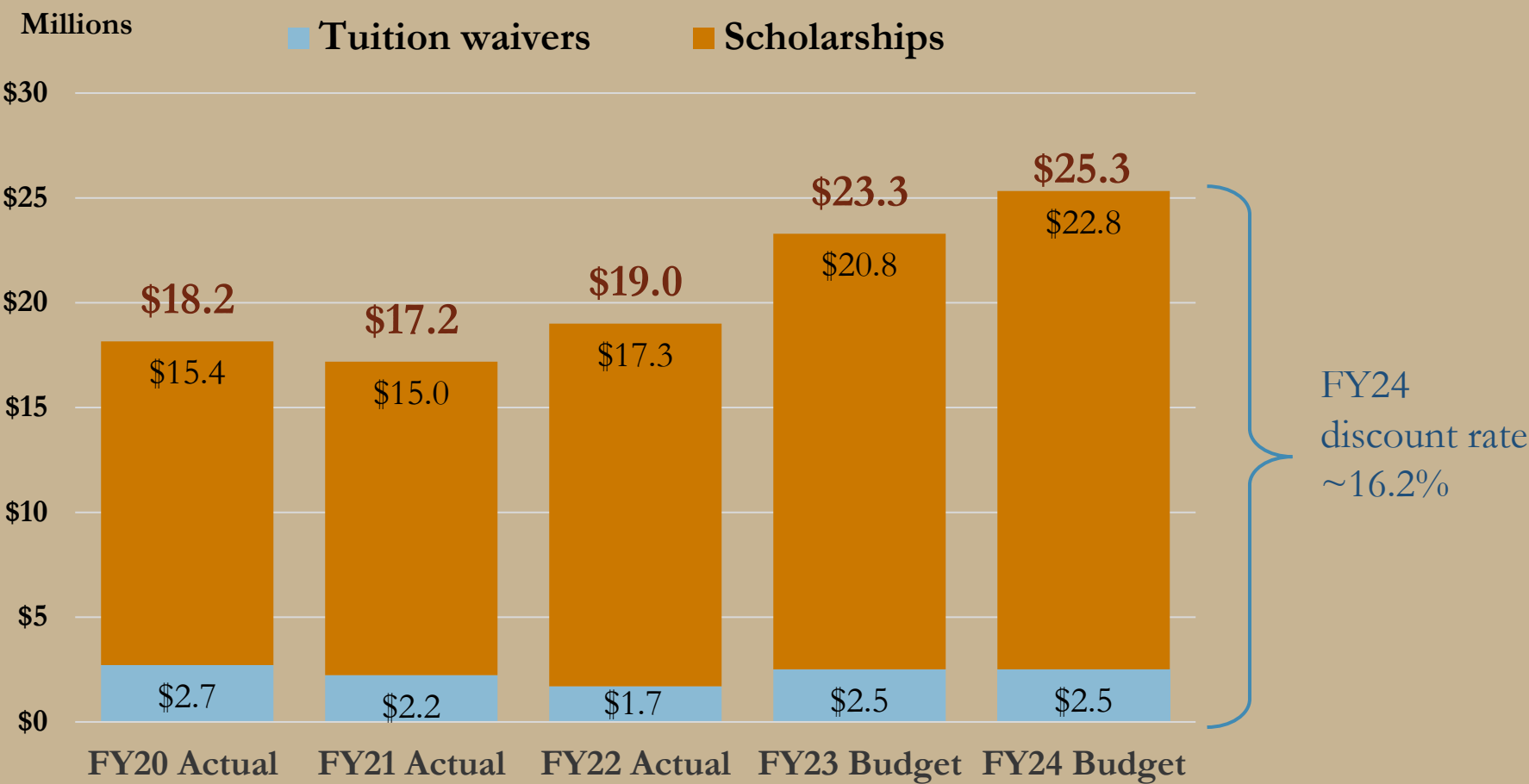
Board Policy Considerations: Tuition Discount

TCNJ Board Policy

Tuition discount
(institutional financial aid/gross tuition revenue)
should range between
10% and 16%

Board Consideration

Raise tuition discount
range maximum to
18%

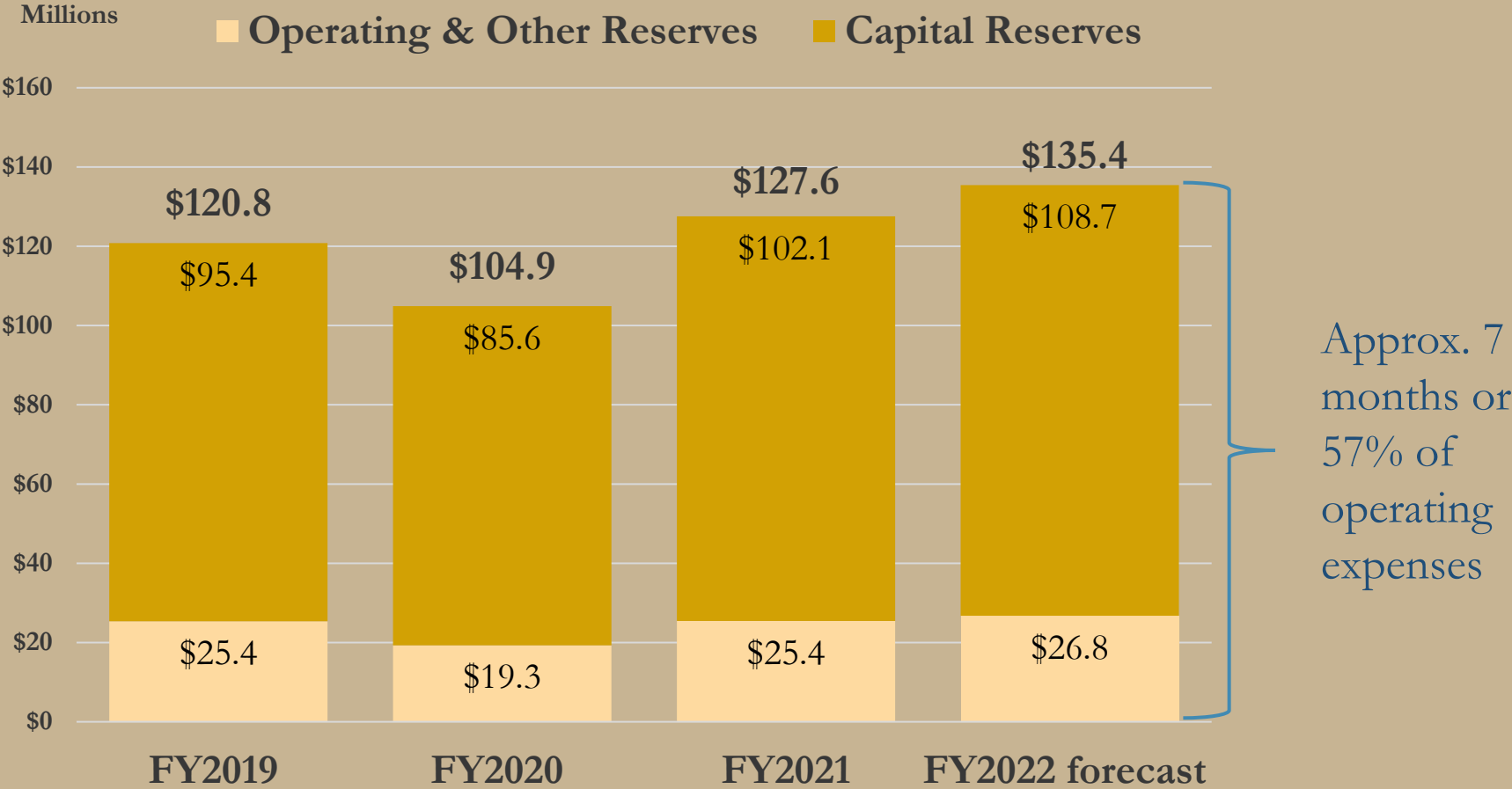


Board Policy Considerations: Reserves Policy

Reserves Policy

TCNJ Board Policy
Must keep a minimum of 6 months operating expenses (*excluding state-paid fringe benefits*) in reserves, including 2-years of debt service in capital reserves.

Board Consideration
Use a portion of reserves to accelerate progress on strategy.





TCNJ THE COLLEGE OF
NEW JERSEY

Discussion and Public Hearing