Supporting the Mission:
The New Budget Model
Why Create a New Budget Model?

Changes in the Environment

- Greater competition within the higher education sector
- Economic and fiscal realities
- Pressure to grow revenues to meet expenditure demands
- Expectations for accountability, transparency and efficiency
- Academic, fiscal and political imperatives for this change

Answering the Tough Questions

- Are revenue streams being maximized?
- Are costs being managed in the best possible way?
- Are resource allocations aligned with the highest institutional strategic priorities?
Great colleges and universities are transforming traditional, appropriations-based budgeting to an effective resourcing process engaging a broader community in collective strategic decisions about shared priorities.

Source: University of Virginia
Strategic Opportunities

- Provides new potential to diversify and increase revenue streams.
- Facilitates broad-based participation in resource allocation discussions.
- Enables effective joint ventures between academic and administrative departments.
- Encourages campus-wide efficiencies and cost containment practices.
- Provides a framework for the campus community to embrace and align decisions with institutional priorities.
What is the New Budget Model?

**Strategic Plan: Models and Reallocation - Track One**

A revised budget process to support strategic decisions transparently communicated to the TCNJ community (D2):

- The updated Strategic Plan recognized the need for a new financial model in order to support our strategic goal: “Make the Choices Necessary to Provide Educational Excellence on an Affordable, Sustainable Basis.”

- The FY2014 budget plan will be TCNJ’s first attempt at the concept of ALL-FUNDS BUDGETING.

- This budgeting approach was adopted in the interest of promoting increased transparency regarding our budget resources and strategies, with the goal of engaging the campus community in collectively building a sustainable financial model.
THE NEW BUDGET MODEL

Revenue Enhancements
- Enrollment Management Strategies – Winter Term and Freshman Provisional Students
- Targeted Grants & Contracts
- Strategic Summer and January Term Scheduling (including Blended and Online)
- Expand ESLAS and International Initiatives
- Strategic use of Facilities

Institutional Budgeting
- Campus-wide resource allocation discussions
- Funding of Institutional Priorities
- Examination of Recurring Budget Savings
- Monitor Operating Budget Key Performance Indicators
- Develop Capital Budget and Update Reserves Policy Benchmark Targets

Strategic Reallocation of Resources
- Resource allocation to areas most critical to TCNJ’s success
- Investment in IT tools to provide better Decision-Support Metrics
- Multi-Year Financial Plan to manage and track various financial strategies

Operational Excellence
- Solicit campus-wide input for sustainable cost savings strategies
- Review of Academic and Administrative processes to identify efficiencies
- Create inventory of Cost Savings and update impact via TCNJ’s website annually

The College of New Jersey
Potential Revenue Enhancement Strategies

Identify ways to optimize resources which may include, but not be limited to:

1. Expansion of existing graduate programs through curricular redesign/enhancement, “niche marketing,” targeting of different populations;

2. Expansion of winter term (academic calendar implications);

3. Target national and international students as part of out-of-state recruitment strategy;

4. Targeted grant proposals with a focus on opportunities with college-wide implications (e.g. academic equipment acquisition, etc.);

5. Blended learning summer programs (expand and incentivize the current program);

6. Implementation of certificate programs that could be open to non-traditional students (such programs could be offered off-campus or through the blended learning approach).
Cost Containment – “Operational Excellence”

Cost containment will require greater attention in the budget development process by ALL units in order to produce sustainable cost efficiencies across campus.

TCNJ cannot cut our way to excellence, but it is critical that we continue to strive to trim our expenses and control our costs.

Therefore we will be implementing a campus-wide initiative entitled “Operational Excellence” to solicit input on cost savings strategies. This information will be made available on the College’s website and updated periodically to show the impact.

The entire campus should be accountable for helping to reduce costs and create more efficient means of delivering our collective mission. Some examples are strategic procurement, automation of paper-based processes to save time and resources, energy savings, etc.
Strategic Reallocation of Resources

- We must improve our resource allocation strategies to ensure that we are doing the best possible job of allocating our scarce resources toward those areas most critical to TCNJ’s success.

- We must strategically optimize our current revenues and reserve balances to preserve the College’s long-term financial health which is essential to advance the elements of the strategic plan.

- We must make the necessary investments in information technology tools that will provide us with better decision-support metrics.

- These tools will be necessary for the development of a multi-year financial plan to manage our resources strategically and to track the impact of various financial strategies.
Operating Budget Key Performance Indicators

1. Percentage of the operating budget 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 (Tuition Discount Rate) – Maximum = 16% and minimum = 10%.

3. Level of funding allocated for strategic investments – minimum target = 2% of operating expenses.