

## **Presidents Remarks – TCNJ Public Board Meeting – July 11, 2006**

Thank you Madame Chairwoman. I will limit my remarks today to what is most on everyone's minds—the TCNJ budget plan, including the setting of tuition and fees.

I wish to begin with the obvious: this has been the most difficult, most painful, and most stressful budget deliberation in the recent history of The College. The difficulties centered on the draconian recommendations for cuts to state support for higher education that were part of Governor Corzine's original budget proposed on March 21, 2006. These difficulties were exacerbated by specific events on the campus (including the horror and sadness surrounding John Fiocco, Jr.'s death), as well as events completely outside our sphere of influence. There was the personal loss and chaos associated with the June 28-30 flooding in our region and most powerfully the state government's delay in approving a state budget, including the historic shutdown of state government.

During this period, I was continually humbled and gratified by the support, advice and advocacy that came from so many members of our community. Faculty, staff and students were actively engaged. But The College is particularly indebted in this recent struggle to our exceptionally generous alumni, trustees, and friends – including those friends in the legislature that from the beginning of the discussion advocated for some restoration of funds for higher education. Our alumni were involved as never before and members of our board of trustees served as trusted advisors throughout the spring. Without these advocates and supporters, the negative impact of the state's dismal financial circumstance would have been substantially worse on the operations of TCNJ.

From the beginning of the discussion, I was committed that TCNJ would resolve this financial crisis with a plan that included both expenditure cuts and increases in revenue. Because it would have been irresponsible to put the majority of the burden on students and their families, we began our work by focusing on expenditure cuts. This focus, while always difficult, was particularly difficult this year as TCNJ had faced significant cuts on state support over the last 4 years. We can take pride in what we accomplished over that period: balancing our books while retaining quality and not laying off one single employee. It is in that context, that we faced this fifth year of even more substantial cuts in state resources – cuts that required even deeper expenditure cuts.

However, we always knew that our plan for FY'07 would have to include increased revenues. Early on we increased our goal for annual fund private gifts by \$500,000 (a 50% increase); we increased our undergraduate enrollment by over 100. But eventually, we knew that tuition and fees would have to be increased as well. We had responsible plan based on a series of scenarios – ranging from no restoration to a restoration of 50% of the cut as proposed in the governor's March address. As has happened in the last 3 years, the appropriation bill passed by the legislature and signed by the governor this past weekend includes language that establishes a tuition cap. Thus, over the last several days, we have had to modify our institutional plan that had been shared with the board with the intent of their exercising their statutory authority to set The College's tuition and fees. Instead, the plan we bring for action follows the legislatively established cap of 8%

increase in tuition for “in-state” undergraduate students. We have received confirmation this morning by way of Jane Oates, that the cap on tuition was only for “in-state” undergraduates, which allows us to follow our plan to gradually reduce any subsidy from state support for out of state students.

It is in this context, that I can report the news about the restoration that is included in the appropriation bill. I am pleased to report that the bill passed by the legislature and signed by the governor includes restoration of the following resources to the College’s budget: full restoration of the cost of the increase in fringe benefits negotiated by the state and approximately 25% of the cut to the base appropriation included in the Governor’s March proposed budget (The legislature had in fact restored the Outstanding Scholar Recruitment Program; however, Governor Corzine red-lined that addition). The original cut to the College budget was \$12.1 million; with the final restoration, the cut to the College budget is approximately \$8 million. It is important to underline that these cut totals do not recognize any increase in expenses due to inflation, utility costs, workman’s compensation, insurance, or other types of non-discretionary institutional obligations.

The restoration has allowed us to avoid several of the more devastating actions that were included in the plan developed to address the Governor’s original budget proposal. In our restoration plan, we sought to address the most pressing personnel issues first and then identified non-personnel cuts that could have threatened our commitment either to the safety and health of our community or to the academic core. The restoration includes the following: we will not close the institution for the week of January 2-8, 2007; we will reduce the cuts in personnel expenditure captured through attrition; we will not cut the library acquisition budget; and we will be able to budget a reduced maintenance project line in the general operating budget. We hope to support a small pool for increase for the non-unit staff at range 29 and below; however, language in the appropriation bill has caused us to delay such action as we seek clarification of its meaning and intent.

While some of this is good news, I must stress that we have had to make some very difficult decisions and sacrifices to balance this budget. And we will need to continue to make such decisions as we move through next year. Let me provide the highlights of some of these expenditure cuts and some discussion of the impact of these decisions.

#### Non-Personnel Expenditure Reductions:

Over \$400,000 has been cut from departmental allocations, institutional commitments, office equipment, maintenance equipment and vehicles.

Over \$400,000 has been cut from maintenance projects.

Over \$500,000 has been cut from information technology.

While none of these cuts threatens the quality of the core of the enterprise, there will be little if any flexibility in departmental expenditures; we will have to depend on older

office and maintenance equipment; only the most necessary maintenance projects will be addressed this year. There will be a deferment of our standard 4 year replacement cycle of information technology with limited upgrades to only the most critically needed desktop machines, and limited upgrades to central and department servers. There will be significant reductions in acquisition of new academic & administrative department requested software and hardware and deferred network upgrades could increase the risk of network failures.

The debt service for the co-generation plant (\$675,000) has been moved from the general fund to capital reserves. As a consequence, large scale asset renewal projects (typically covered by capital reserves) may need to be deferred (including repairs to roofing systems, building envelopes, heating and cooling systems, athletic fields, signage, walkways, and other campus physical assets).

Over \$230,000 has been saved in energy savings programs and the gas hedge program.

Phase 1B of the Student Administration project, comprised of the Student Financials and Financial Aid modules, has been delayed for at least 2 years. We will be operating in two separate systems for a longer period than originally planned (This decision will allow us to cover the state's obligation for our already admitted OSRP students from reserves rather than from general operating funds).

The budget for travel has been cut by \$100,000.

#### Personnel Expenditure Reductions:

Up to \$1.5 million will be cut from non-faculty personnel through attrition. These cuts through attrition are particularly difficult because over the last four years, as we protected the academic core, we already made substantial cuts in this area (approximately \$2 m).

There are no salary increases for senior management.

Every area of the college has cut personnel through attrition. While this plan is manageable, there will be consequences. There will be a reduction in plant services; construction projects and move requests will take longer. There will be a reduction in networking services; there will be a postponement of software upgrades, administrative system maintenance and enhancement, a reduction in training and services in information technology, and an increase in User Support Staff response time. No new 'smart' classrooms will be created in FY'07. There will be a reduction in community outreach events, promotion of college events, and editorial services for the campus clients; publications will be minimized and the frequency of web updates will be reduced.

Even with these limitations, there will be no compromise to our commitment to the safety of our students, faculty, and staff, to the integrity of our institutional data, or to our emergency and crisis communications. We will continue to provide key student services and programming, albeit with reduced levels of staffing.

13 full-time tenure track faculty lines are being held open this year, an increase over last year, but not as high as the year we were incorporating the participants in the early retirement plan. Over the last 5 years, we have held between 5 and 20 faculty positions open. As in years past, holding full-time faculty positions open will result in an increased use of adjunct faculty and larger class sizes. This transfer of responsibility results in fewer full-time faculty available for such activities as student mentoring and advising, and curricular development and assessment.

There is an additional \$200,000 decrease in allocation for personnel: \$100,000 for temporary faculty and \$100,000 from the athletics department.

Because some of these reductions will simply have to be reversed in years to come and because there is a current projection for a large state deficit in FY'08, it is necessary that we continue to review all programs, systems, and procedures at the college. If we are to retain the quality of the core of TCNJ's mission, we simply have no choice.

I requested a comprehensive review of all graduate programs last summer. That review, which began in earnest Spring 2006, must continue in the coming year. The first stages of that review has resulted in the major modification of graduate student waivers and stipends, saving over \$800,000, and yielded a first set of recommendations for the consideration of closure for 7 graduate programs in 2 schools.

Other areas and programs must also be reviewed for possible closure. These discussions will follow the process for program closure developed by the Committee on Planning and Priorities, approved by the Board of Trustees, and followed in the recommendation to be acted on today regarding the closure of the Child Care Center.

I have charged Dean of Admission, Lisa Angeloni, to conduct a thorough review of our undergraduate scholarship programs for major modification to be implemented for the Fall '07 entering students.

My meetings with members of the Committee on Planning and Priorities over the last several months have been very enlightening. I believe that several members of the Committee are in the audience and I want to take this opportunity to thank them publicly. Their insights have been very helpful as we crafted this response to a historic cut in higher education support in New Jersey. With their counsel and input, consultation with the appropriate faculty, staff, and union leadership, we will be able to follow the extraordinarily difficult course charted for us next year. That course is to continue the history of excellence that is TCNJ, while examining all aspects of the enterprise.

There is no choice but to create a balanced budget. But if we accomplish a balanced budget but do not preserve the quality of our institution, we have failed ourselves, our students, the state, and most importantly this wonderful institution. And as we try to accomplish this very difficult task, we must navigate political land mines as well as the threat of damage to this institution's sterling reputation. This is an extraordinary place

that we hold in trust. We owe it our best efforts and our best thought. Lazy answers that are founded on the fantasy of simple answers for complex questions and narrowly self serving needs are not only unhelpful, they can be damaging. We are better than that; TCNJ certainly is.

All of us must recognize that the state of New Jersey faces a structural deficit that simply must be rectified; as a public institution, we must be part of putting that house in order. In its 150 year history, this institution has been responsive to the needs of the state, its citizens, and the students we serve. I have no doubt that we will continue to do so. We must continue to breathe life into our mission statement which asserts: "Proud of its public service mandate to educate leaders of New Jersey and the nation, The College will be a national exemplar in the education of those who seek to sustain and advance the communities in which they live."

Thank you.