



BOARD OF TRUSTEES

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April 25, 2022

NOTICE

The Board of Trustees of Ramapo College of New Jersey will hold its Annual Budget Hearing in public session on Monday, May 10, 2022 at 1:00PM in Trustees Pavilion located at 505 Ramapo Valley Road, Mahwah, NJ.

This hearing presents the proposed budget assumptions and projections for the next Fiscal Year.

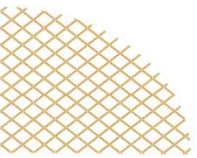
The public may attend this meeting. Official action will not be taken.

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Budget FY23

May 9, 2022



Agenda

- Higher Education
 - COVID-19 Impacts
 - Economics/Environment
 - State of New Jersey Budget

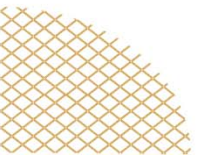
- Ramapo College
 - Historical Perspective
 - Budget FY23
 - Uncertainties Facing Ramapo

- Questions?

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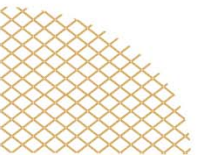
Higher Education



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COVID-19 Impacts



COVID-19 Impacts

- Losses/Expenses/CARES Funds
 - FY20 – Refunds and Credits given (\$5.2 million)
 - FY20 – Loss of State support (\$2.6 million)
 - FY20 – FY22 Additional Expenses incurred
 - FY21/FY22 – CARES Funds received for Ramapo (\$19.9 million)
- Enrollment
 - From FY20 UG cumulative decline to FY22 of approximately 10%
 - FY23 projected lower than actual FY22 enrollment (14.1% decline from FY20)
- Housing Occupancies
 - Pre-COVID-19 FY20 90.6%
 - FY21 – 14.4%
 - FY22 – 63.6%
 - FY23 – projected at 67.6%

CARES Grants

(dollars in thousands)

Higher Education Emergency Relief Fund I *	\$	2,303	FY21
Governor's Emergency Education Relief Fund **		1,603	FY21
Coronavirus Relief Fund I **		3,670	FY21
Coronavirus Relief Fund II		1,411	FY21
Higher Education Emergency Relief Fund II		4,751	FY21
Higher Education Emergency Relief Fund III		<u>6,240</u>	FY22
	\$	<u>19,978</u>	

* Funds received in FY20, but not recognized until FY21

** Included in FY21 Budget

COVID-19 Impacts

- Traditional Predictive Models – not functioning the same
 - Budget
 - Enrollment
- Talent Retention
 - “The Great Resignation”
 - Shortages – Teachers, Nurses and Counselors
- Students
 - Gap Years
 - Straight to Jobs
 - Mental Health
 - Skills Gap for some students

COVID-19 impacts to students

- Mental health severely affected
- Students of color were disproportionately affected
- Lower grades
- Loneliness
- 76% of bachelor degree seeking students reported emotional stress was the reason they considered withdrawing (up 34% since 2020)
- About 30% of these students cited the pandemic and attendance costs impacted their ability to stay enrolled

Areas of student's life negatively impacted by COVID-19

43,000 students who sought treatment at counseling centers in Fall 2020 indicated these areas of life were negatively affected by COVID-19

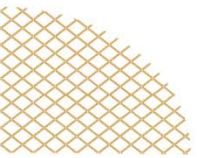
Area of Impact	Percent
Mental health	72%
Motivation or focus	68%
Loneliness or isolation	67%
Academics	66%
Missed experiences or opportunities	60%
Career/employment	44%
Relationships (significant other, family, friends)	43%
Financial	35%
Health concerns (other)	30%
Health concerns (self)	26%
Grief/loss of someone	9%
Food or housing insecurity	9%
Discrimination/harassment	3%
Other (please specify)	1%

Source: Penn State Center for Collegiate Mental Health
https://ccmh.psu.edu/index.php?option=com_dailyplanetblog&view=entry&year=2021&month=02&day=01&id=9:part-1-of-5-covid-19-s-impact-on-college-student-mental-health

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Economics/Environment





MOODY'S
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SECTOR IN-DEPTH
11 April 2022

Send Your Feedback

Higher Education - US

Converging forces will squeeze budgets for many colleges and universities

MOODY'S
INVESTORS SERVICE

SECTOR COMMENT
11 April 2022

Higher Education – US

Macroeconomic factors will influence fall enrollment levels and revenue growth

Send Your Feedback

- In FY23, rising labor costs will drive expense growth in the 4% to 6% range for the second year, compared to 3% to 4% increases over the last decade
- Increased spending on academic and mental health services, and increasing costs of utilities, travel and insurance are straining budgets
- A strong labor market and high inflation threaten to reduce tuition revenue. State funding remains below current inflation and the end of federal pandemic aid will reduce revenue

Net Migration of Students



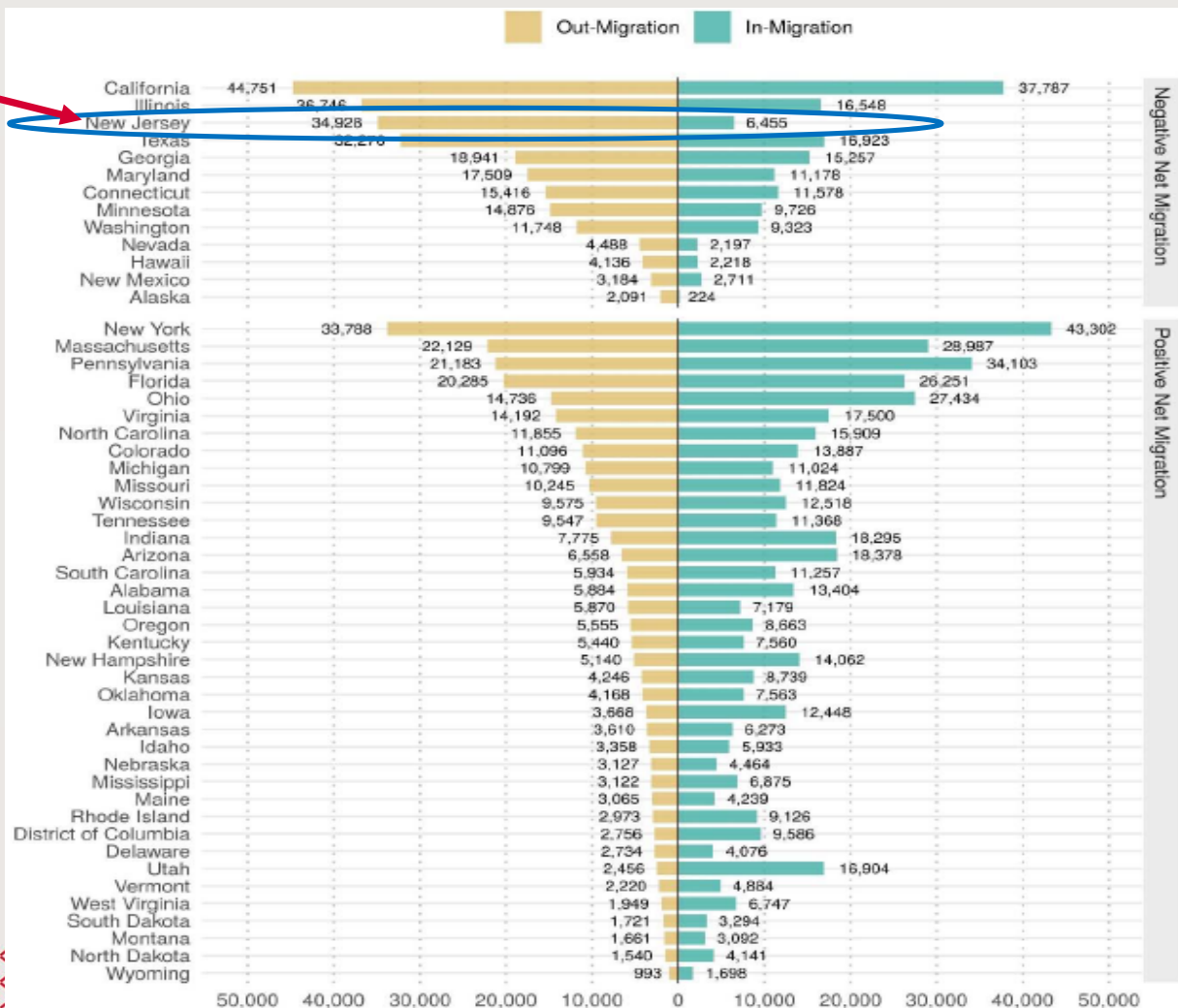
NJ no longer number one in total out of state migration. This data presents the number of first-time degree/certificate-seeking undergraduate students at Title IV institutions who migrate into and out of the state or jurisdiction: Fall 2018

Migration of Students

State	Out of State	Into State	Net
New Jersey	34,928	6,455	-28,473

- New Jersey is 3rd behind California and Illinois in total migration, but is the national leader in the net migration

Student Migration Fall 2018



Source: <https://nces.ed.gov/blogs/nces/post/the-where-of-going-to-college-residence-migration-and-fall-enrollment>

Future High School Graduates

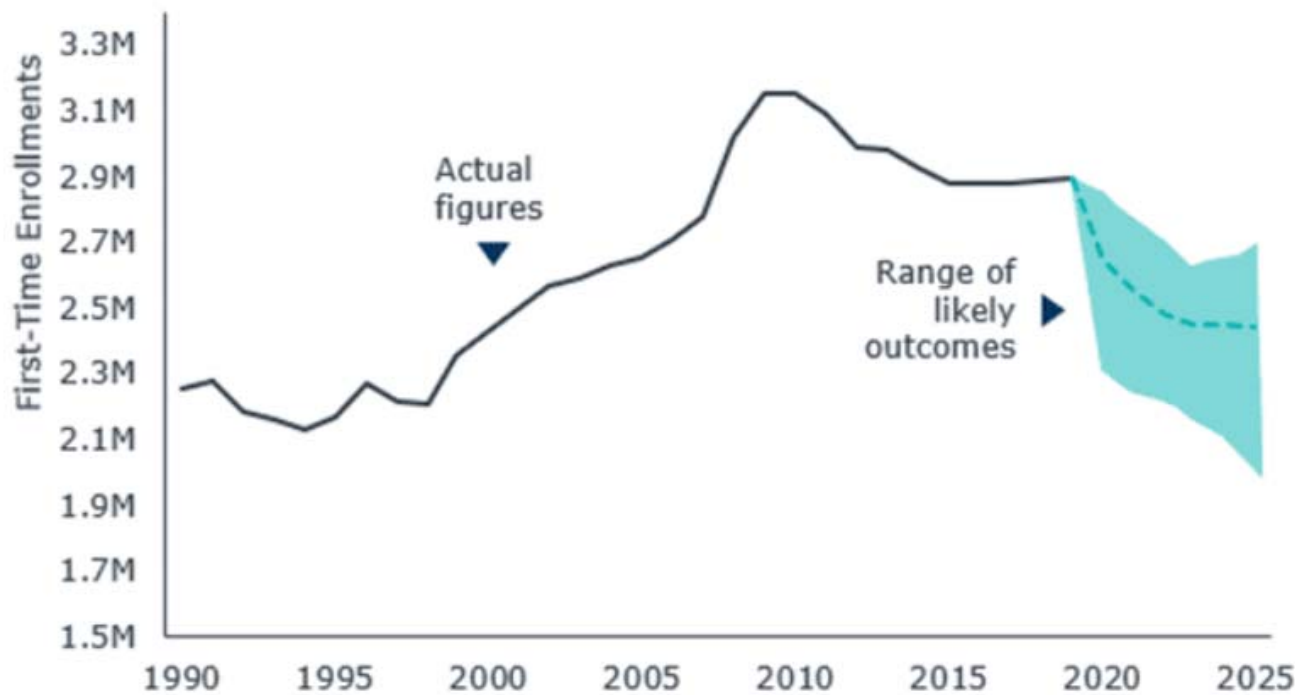


- The overall number of high school graduates will peak in the mid-2020's and then enter a period of modest decline through 2037
- Graduates will peak with the Class of 2025
- The number of high school graduates in New Jersey is expected hold steady or slightly increase until 2025

First Time Enrollments Drop

Projecting the Impact of Increased High School Dropouts and Delayed College Plans

Number of first-time enrollments at 2-year and 4-year institutions, 1990-2025¹



Estimated range of inputs informing outcome:*

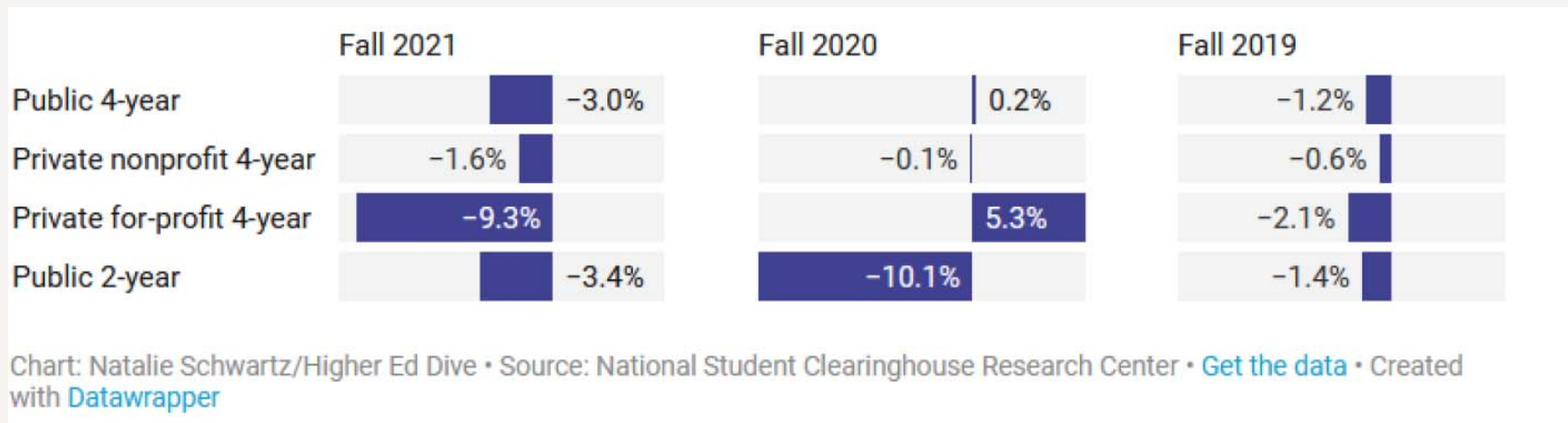
- High school dropouts: 1.2M-2M
- Students delaying matriculation due to financial stress, preference for in-person instruction: 5-40%
- Long-term decline in attendance due to decreased consumer confidence: 1-3x 2008 recession impact

*Range of possibilities is not a statistical model.

Fall 2021 Enrollment drops by 1M

- Colleges enrolled approximately 1 million fewer undergraduate students in Fall 2021 compared to Fall 2019, a decrease of 6.6%
- Graduate enrollment dropped 0.4%
- Every institution type saw enrollment declines in Fall 2021

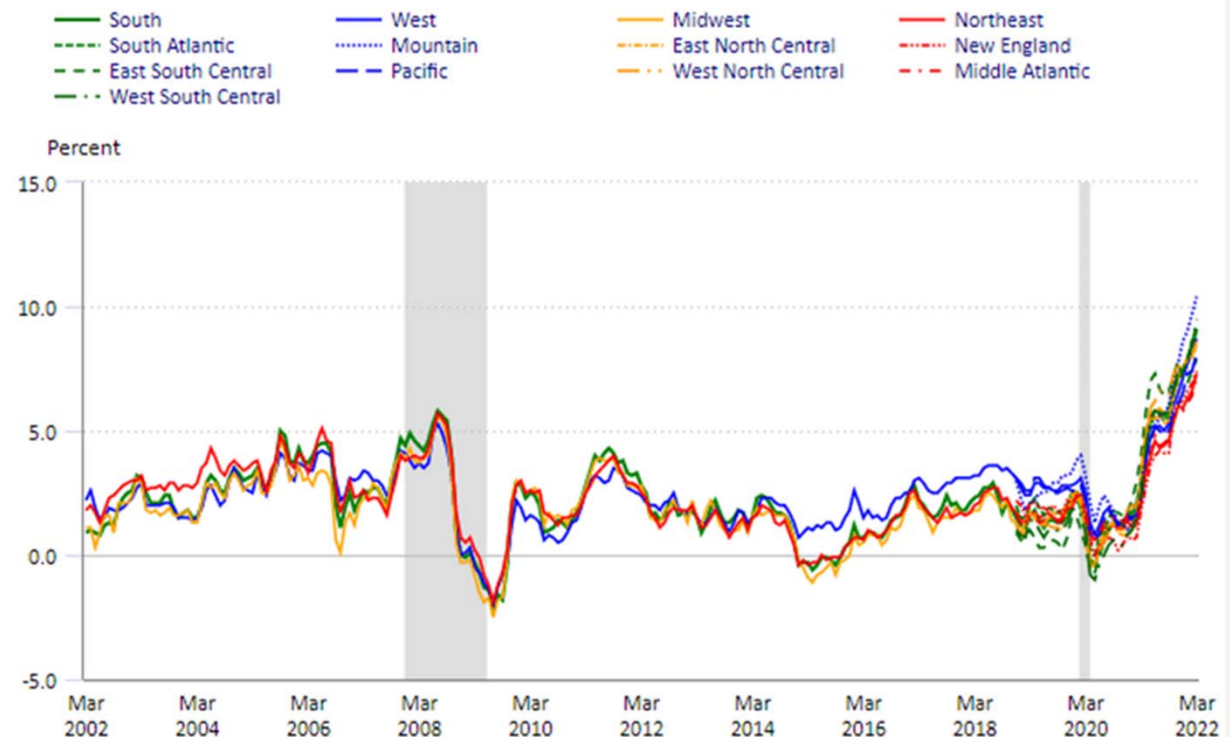
Year-over-year enrollment changes by institution type:



Inflation

- *Inflation measures how much more expensive a set of goods and services has become over a certain period, usually a year*
- The Consumer Price Index (CPI) and the Personal Consumption Expenditures Price Index (PCE) are at their highest level in 40 years in February 2022
- CPI stood at 7.9% for the 12-month period, while PCE came in at 6.4%

12-month percentage change, Consumer Price Index, by region and division, all items, not seasonally adjusted



Data for some metropolitan areas are bimonthly.
Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.

Inflation

Pandemic caused unprecedented spike in demand for goods and residential investment

4-quarter change in share of GDP accounted for by goods consumption and residential investment

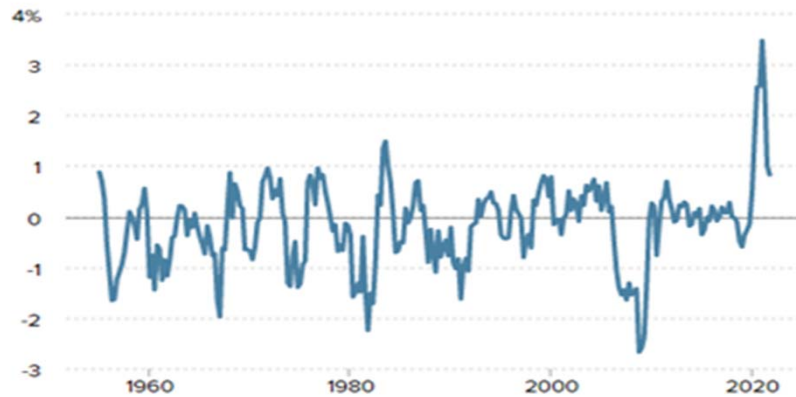


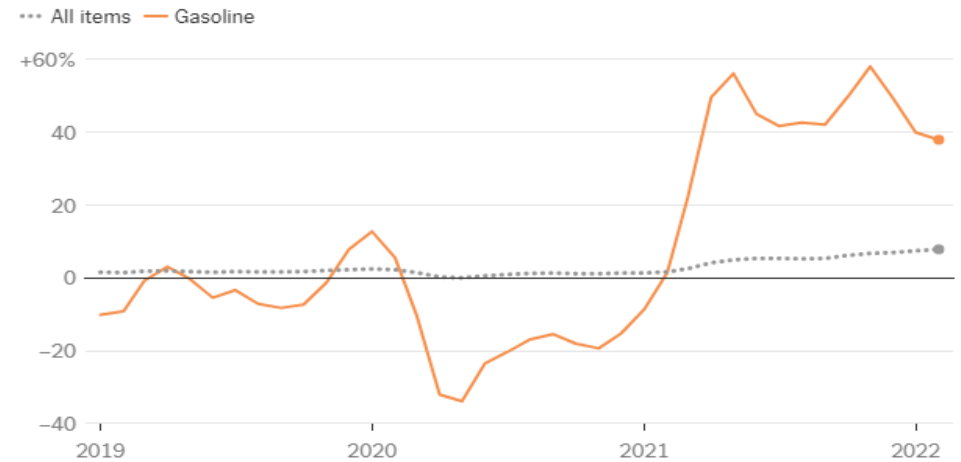
Chart Data

Note: Data from National Income and Product Accounts (NIPA) of the Bureau of Economic Analysis (BEA).

<https://www.epi.org/blog/inflation-and-the-policy-response-in-2022/> Economic Policy Institute

Rising Price of Gas

Year-over-year change in vehicle categories of the Consumer Price Index



Not seasonally adjusted • Source: Bureau of Labor Statistics • By The New York Times

<https://www.epi.org/blog/inflation-and-the-policy-response-in-2022/>

- COVID-19 and the infusion of funds
- Supply change issues
 - Surging demands
 - Production costs (salaries and materials)
- Labor shortages
- Global markets (including the impact of Russia's invasion of Ukraine)
- Politics
- Inflation does not impact all equally
 - Rising food, rents, gas and other consumer goods

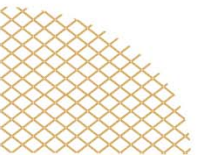
Increasing demands for return on investment from education

- Value and cost of education
- Student debt levels
- Graduation rates and retention
- Employment rates after graduation – what is the case for the need for higher education?

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State of New Jersey Budget



State of New Jersey



- Moody's Investors Service has upgraded New Jersey's credit rating and the State plans to make a \$6.82 billion pension payment
- In Fall 2022, tens of thousands of eligible students will receive free tuition at NJ's public four-year colleges as a result of a \$44 million increase in direct aid through the Outcomes-Based Allocation since 2021 through the Garden State Guarantee
- Increased support for the Educational Opportunity Fund, a higher income threshold for Community College Opportunity Grants to match the Garden State Guarantee's limits, and a new initiative to encourage college completion, to expand access to degrees as widely as possible
- A net reduction of \$17.2m in operating aid for senior publics, with a reallocation of \$25 million to research institutions (mostly Rutgers) to support fringe benefit payments
- In November, the State announced \$418 million investment in construction in grants through its bond programs (applications opening soon)



State of New Jersey



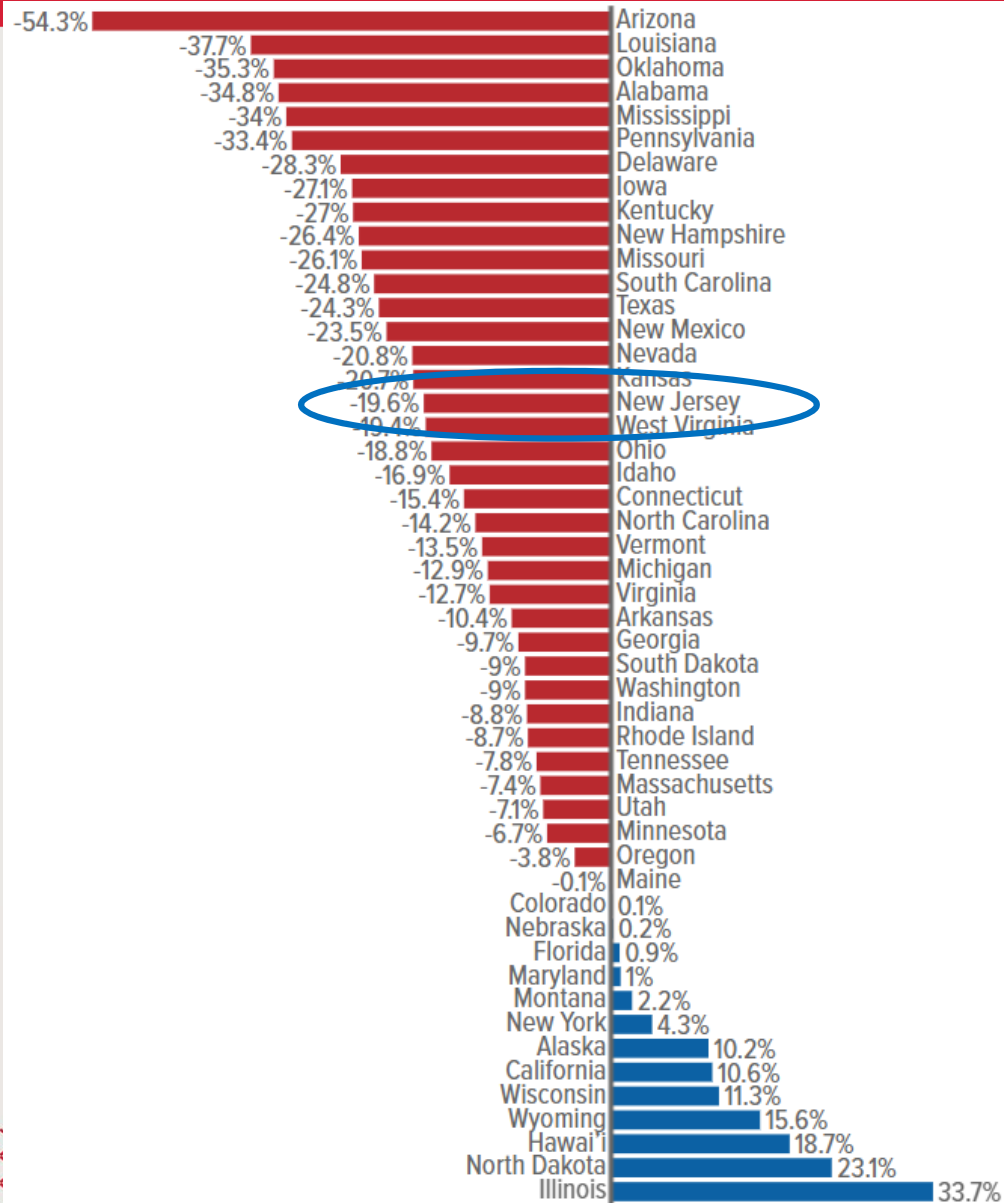
Ramapo's proposed allocations within the FY23 State Budget, as compared to the expected FY22

(dollars in thousands)	Budgeted FY23	Expected FY22
Operations *	\$ 15,574	\$ 15,574
OBA - regular *	1,064	1,064
OBA - GSG	2,289	1,266
Legislative addition *	-	1,640
Property Sale	<u>700</u>	<u>-</u>
Total	<u>\$ 19,627</u>	<u>\$ 19,544</u>
* Operational Total	\$ 16,638	\$ 18,278

Source <https://www.nj.gov/treasury/omb/publications/23budget/FY2023BudgetDetail-FullPDF.pdf>

State Funding for Higher Ed

Percent change in state spending per student, inflation adjusted 2008-2018

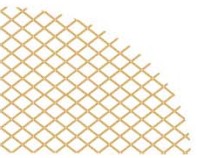


Source: CBPP analysis using College Board Trends in College Pricing 2019 and Bureau of Labor Statistics Consumer Price Index Retroactive Series (CPI-U-RS). <https://www.cbpp.org/research/state-budget-and-tax/states-can-choose-better-path-for-higher-education-funding-in-covid>

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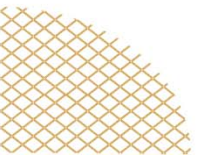
Ramapo College



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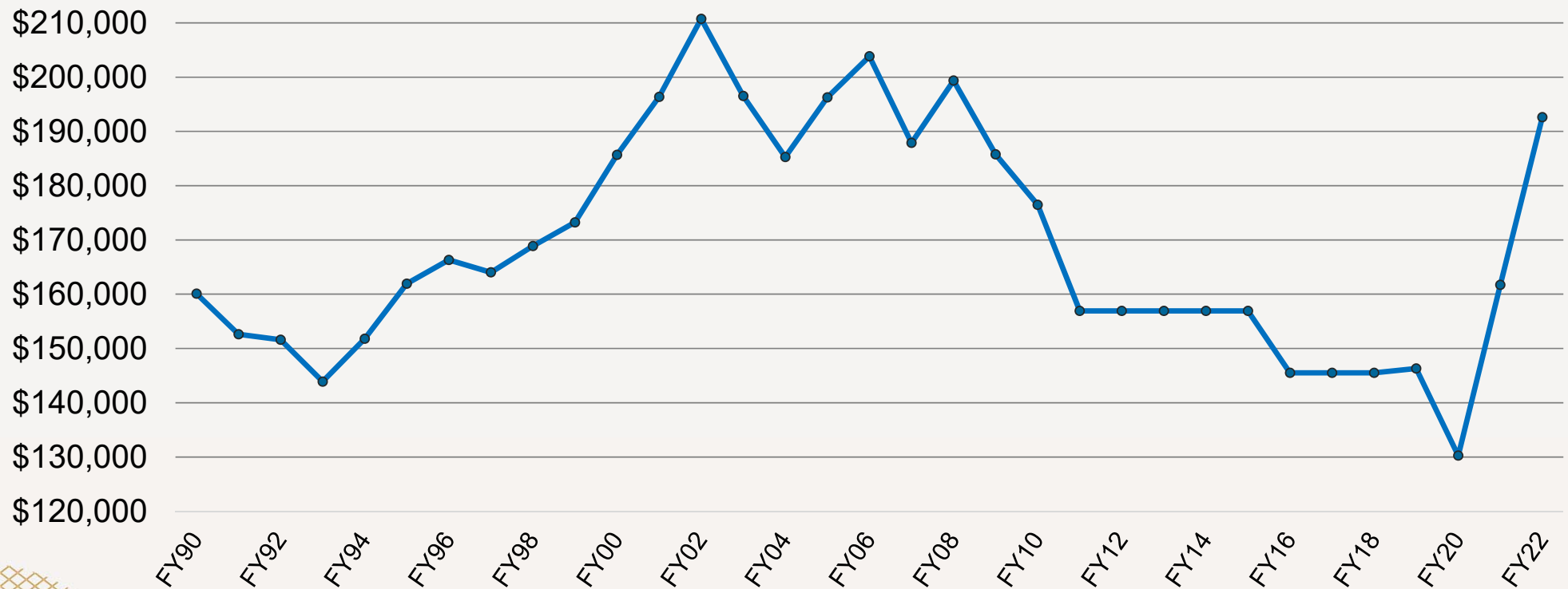
Historical Perspective



NJ Operational State Appropriations to State Colleges & Universities

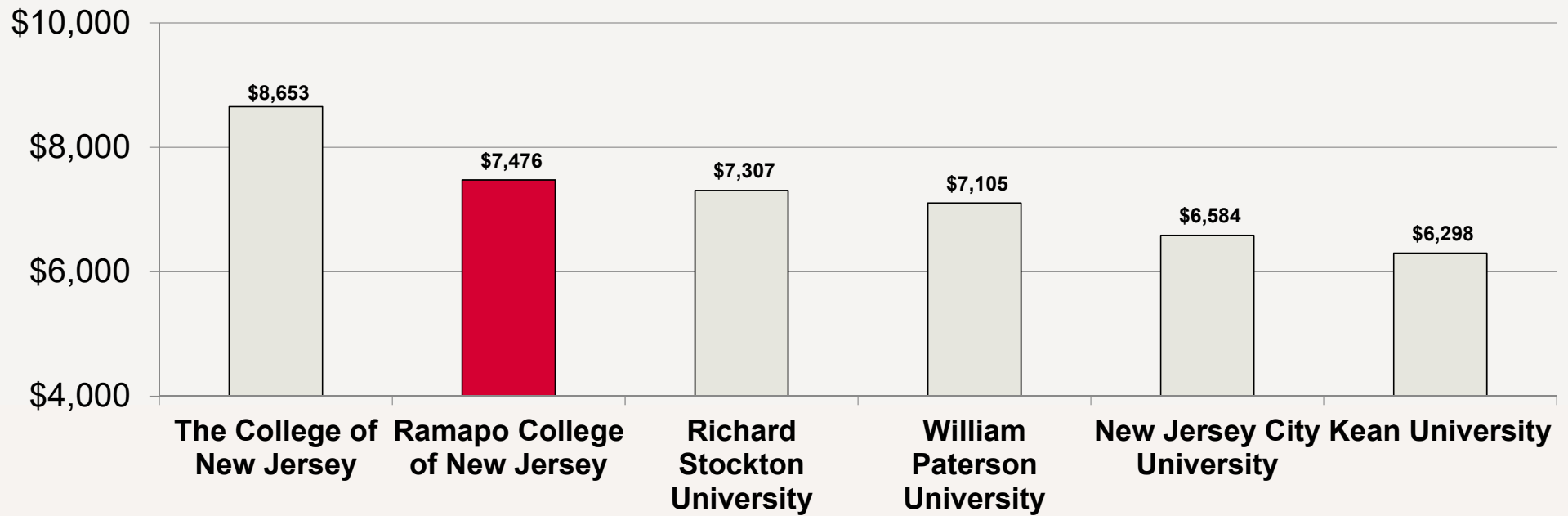


\$ in thousands



TCNJ, Kean, NJCU, RCNJ, Stockton & William Paterson

Fall 2021 (FY22) Tuition & Fee Comparison of NJ Public Institutions



Source: Institution websites

NJ Operational State Appropriations per Student FTE

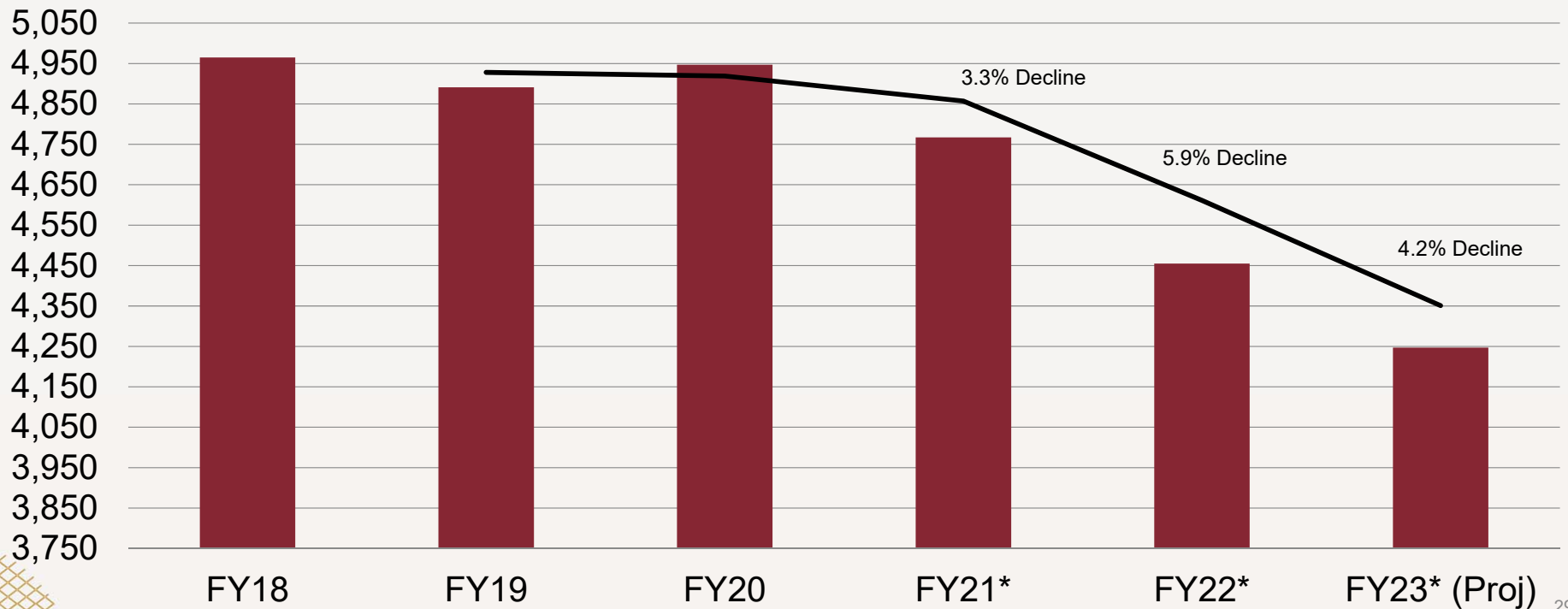
Institution	FY 2020 Total Student FTE	FY 2023 Total Appropriation	FY 2023 Funding per FTE
NJCU	6,391	\$33,663,000	\$5,267
WPU	8,683	\$37,720,000	\$4,344
TCNJ	8,500	\$30,924,000	\$3,638
Kean	12,412	\$41,967,000	\$3,381
Ramapo	6,089	\$19,627,000	\$3,223
Stockton	10,509	\$28,952,000	\$2,755
TESU	3,743	\$10,097,000	\$2,698
<i>Total/Average</i>	56,327	\$202,950,000	\$3,603

Enrollment Trends



Annualized Undergraduate FTE

14.1% Decline in enrollment Projected from FY20 to FY23

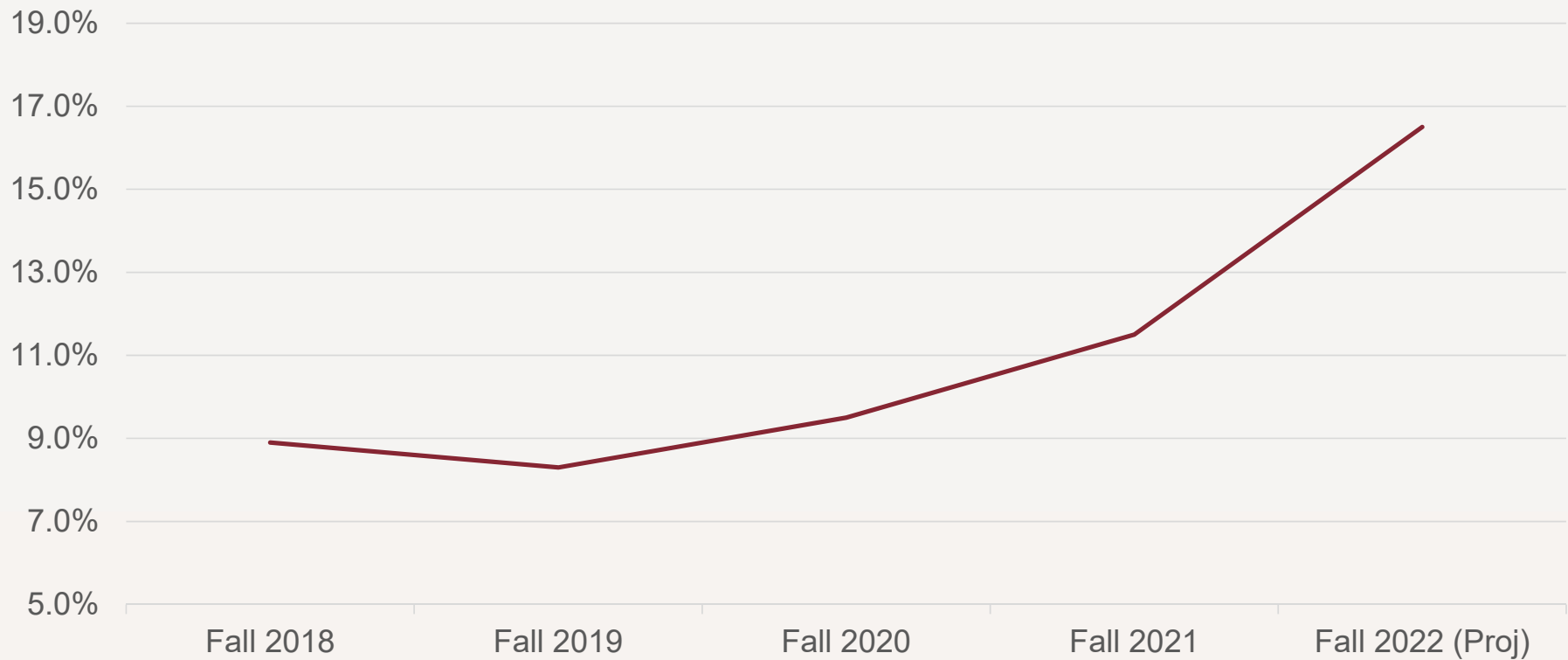


Fall and Spring enrollment - *Includes Ramapo @ PCCC

Enrollment Trends



Tuition Discount History - Undergraduate

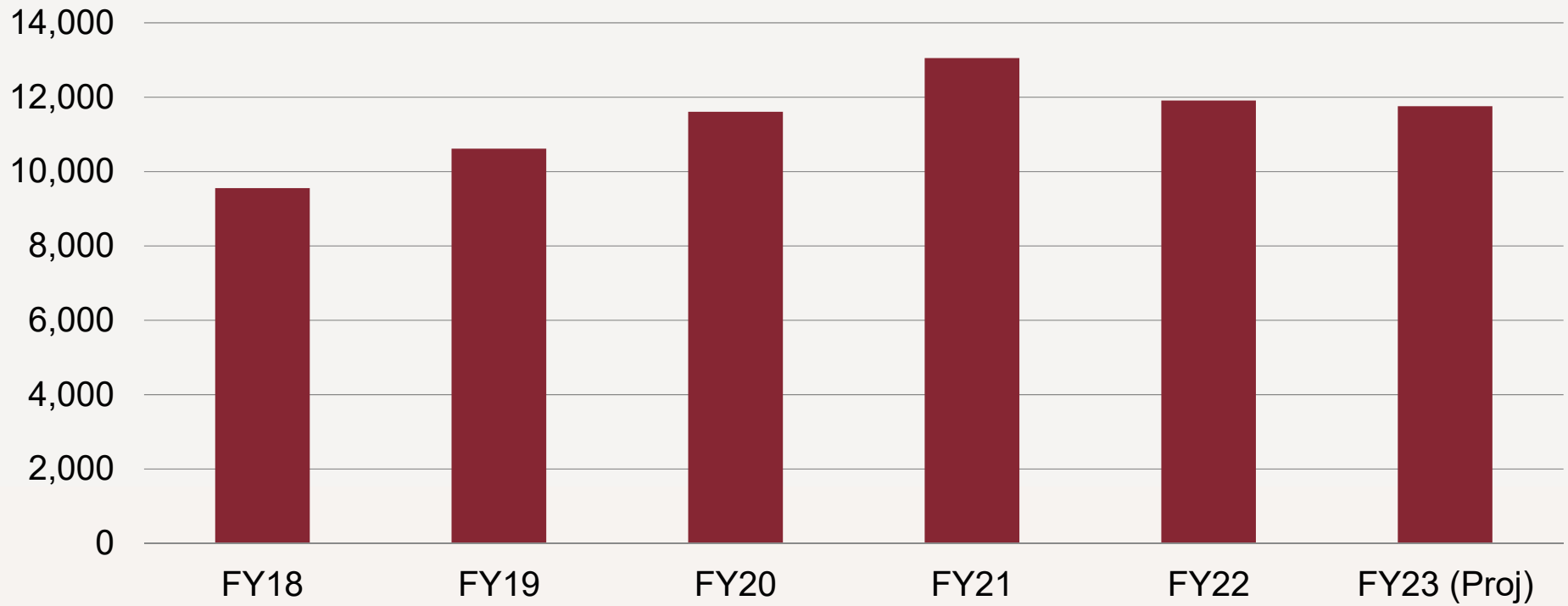


Based upon the Fall tuition discounts (scholarships and waivers given) applied for each year.

Enrollment Trends

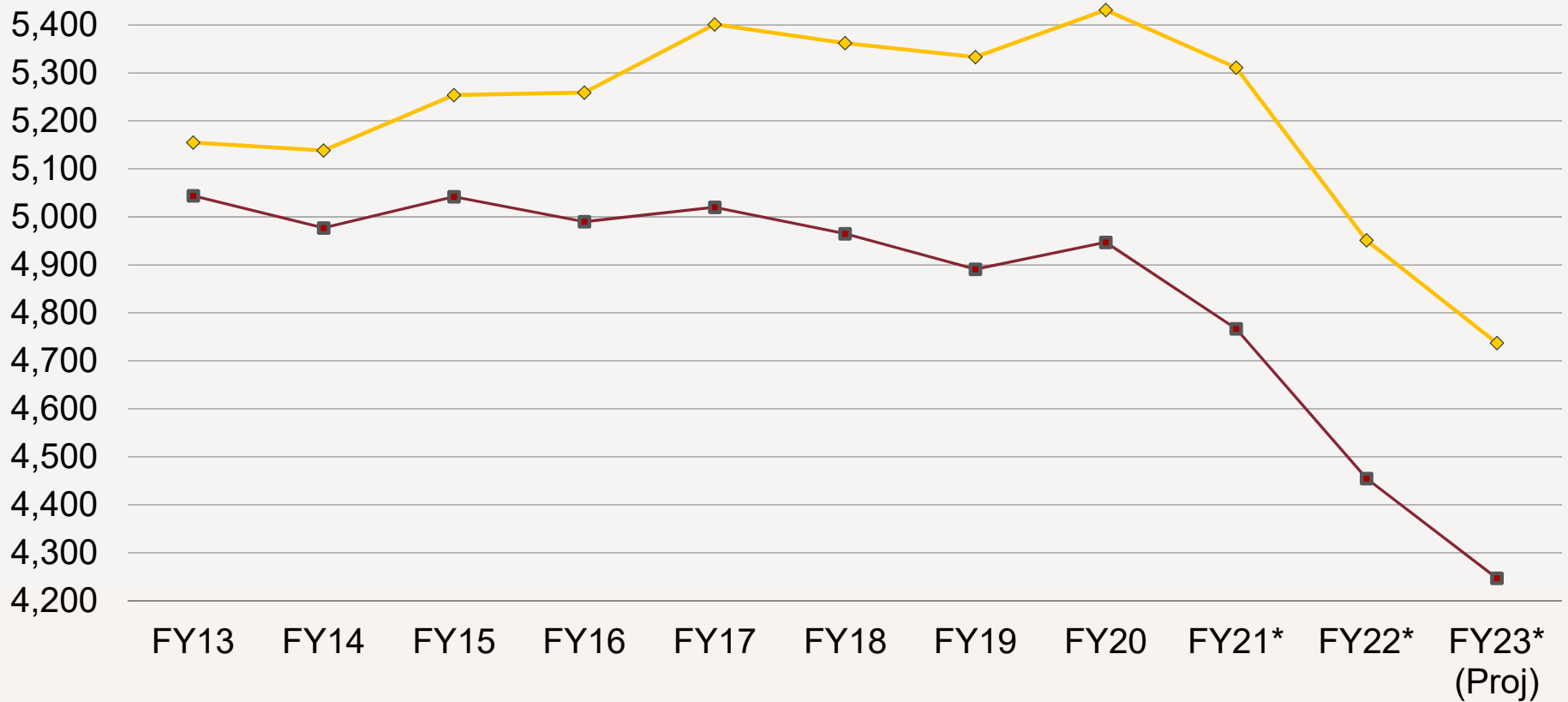


Graduate Credit Hours



Full year enrollment

Annualized Enrollment FY13 – FY23 (Proj)

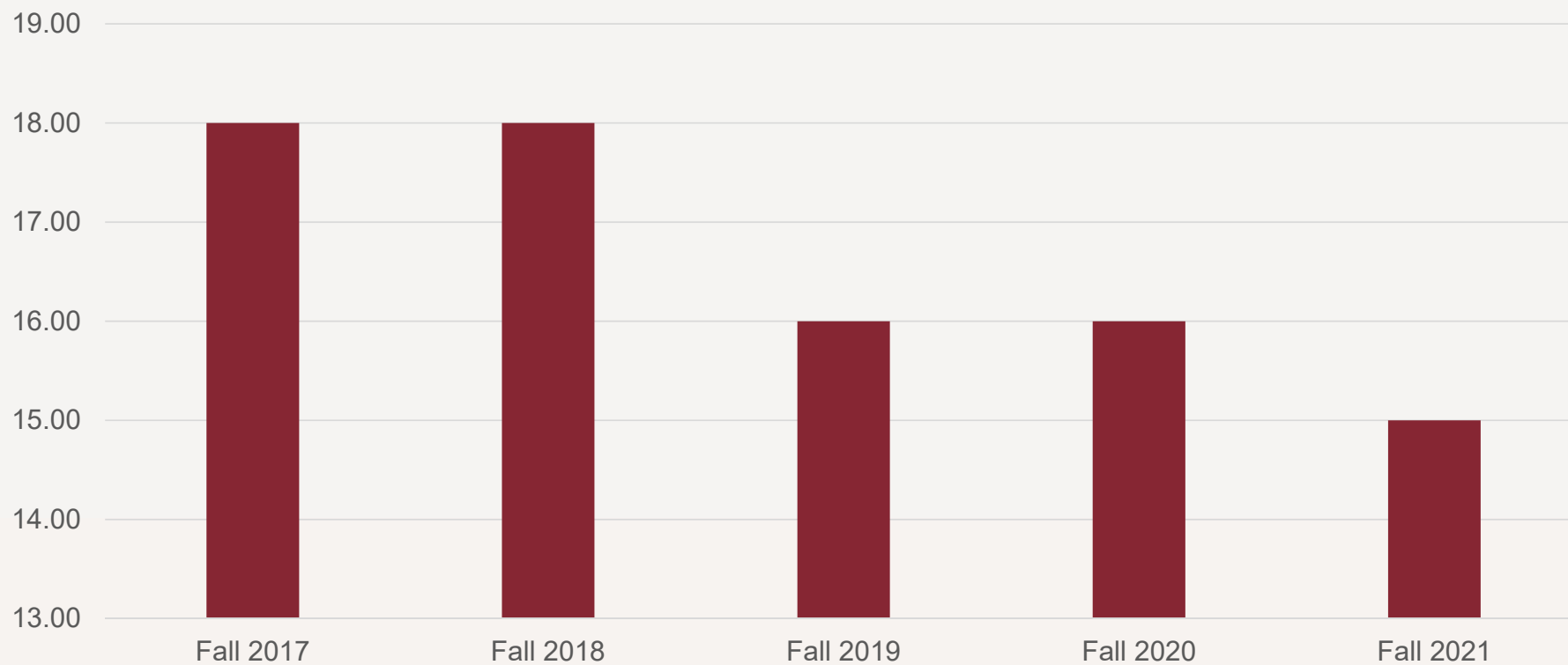


◆ TOTAL FTE ■ Undergrad FTE

Undergraduate is Fall and Spring enrollment, Graduate is full year enrollment.

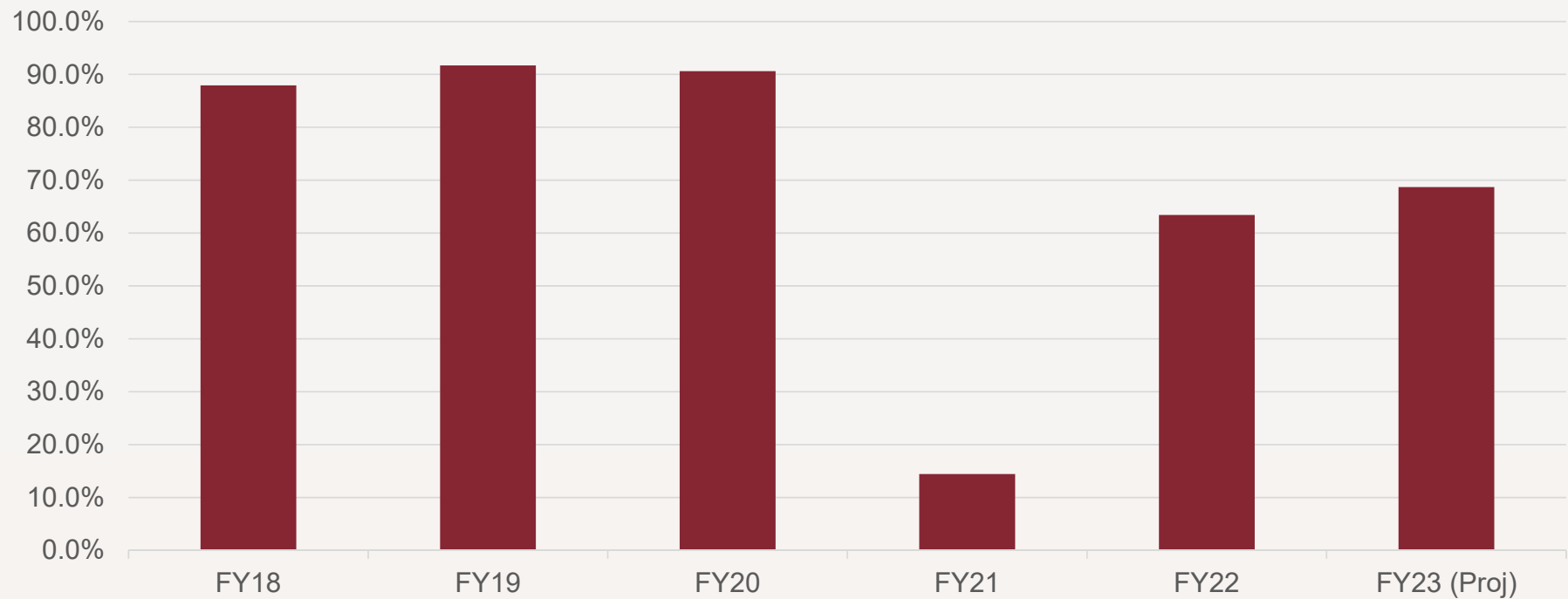
*Includes Ramapo @ PCCC

Student to Faculty Ratio Trends



Housing Occupancy

Percent Occupancy - As of Fall

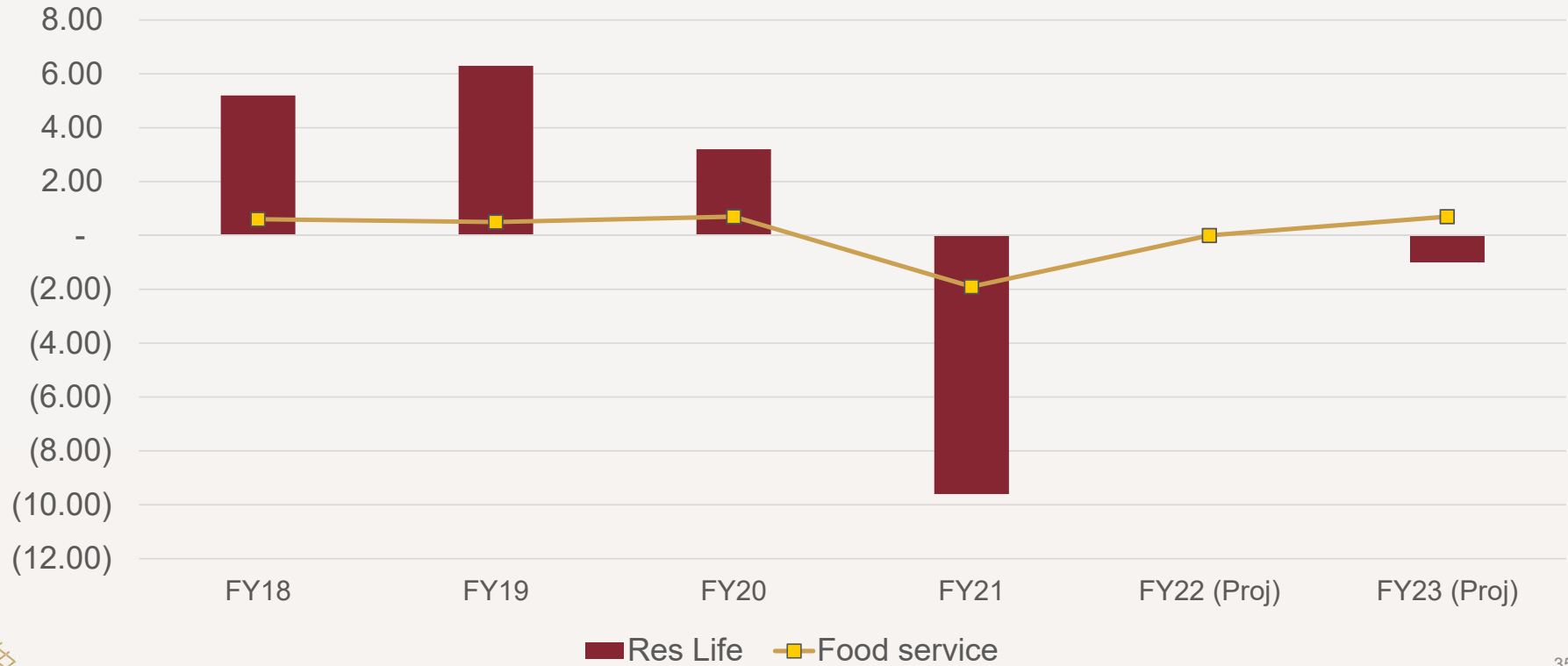


FY19-21 is based on the frozen file, FY22 is actual

Net Auxiliary Projections

\$ in millions

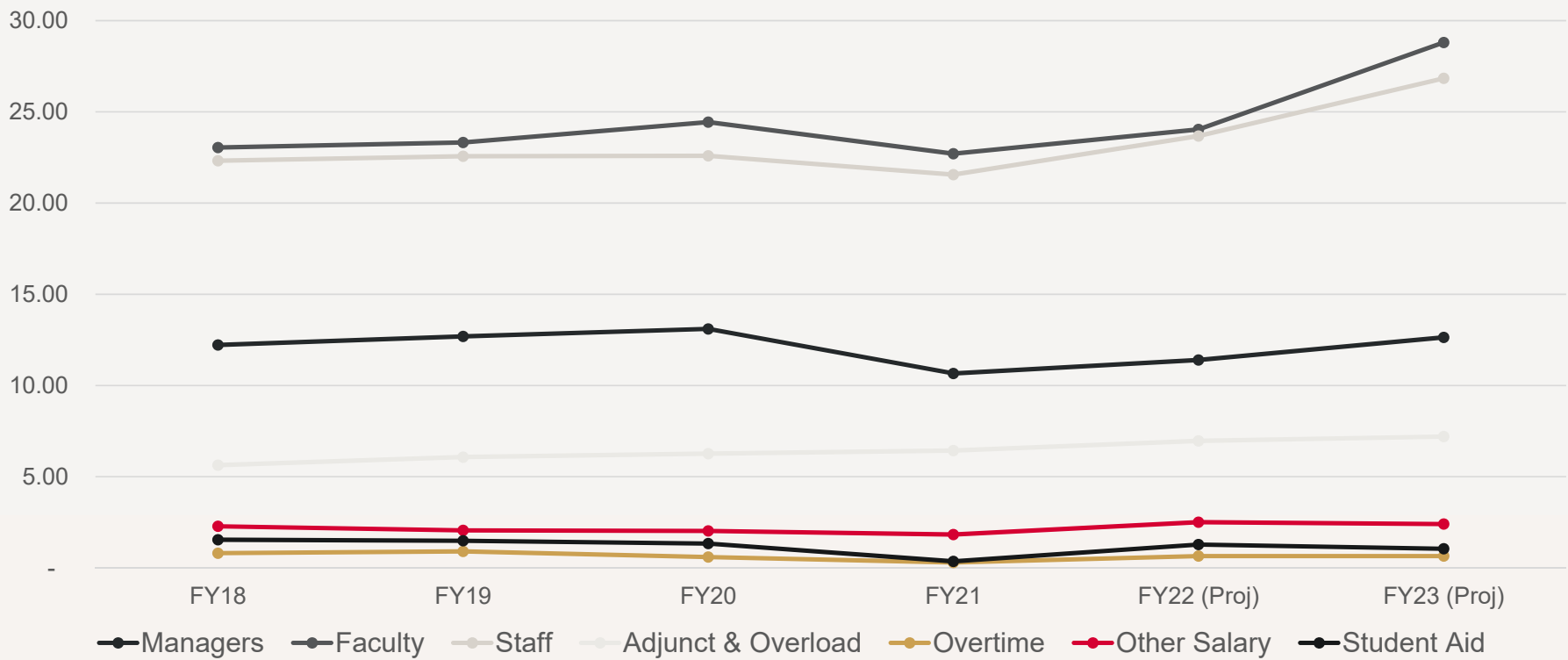
Net Auxiliary Operations



Salary Costs *

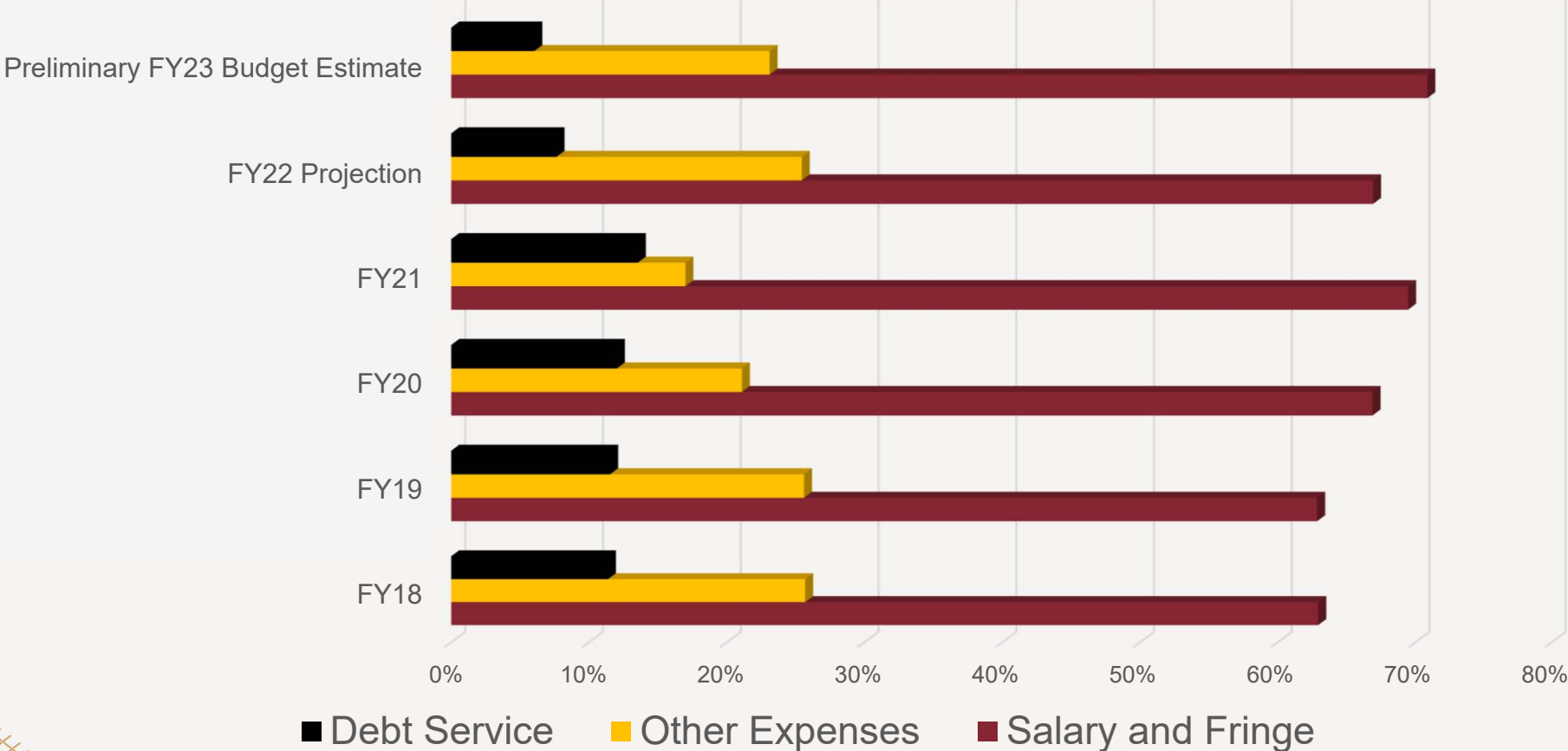


\$ in millions



* Does not include fringe

Expense Categories



What is a Structural Deficit?



“The amount by which a government’s spending is more than it receives in taxes in a particular period, whether the economy is performing well or not.”

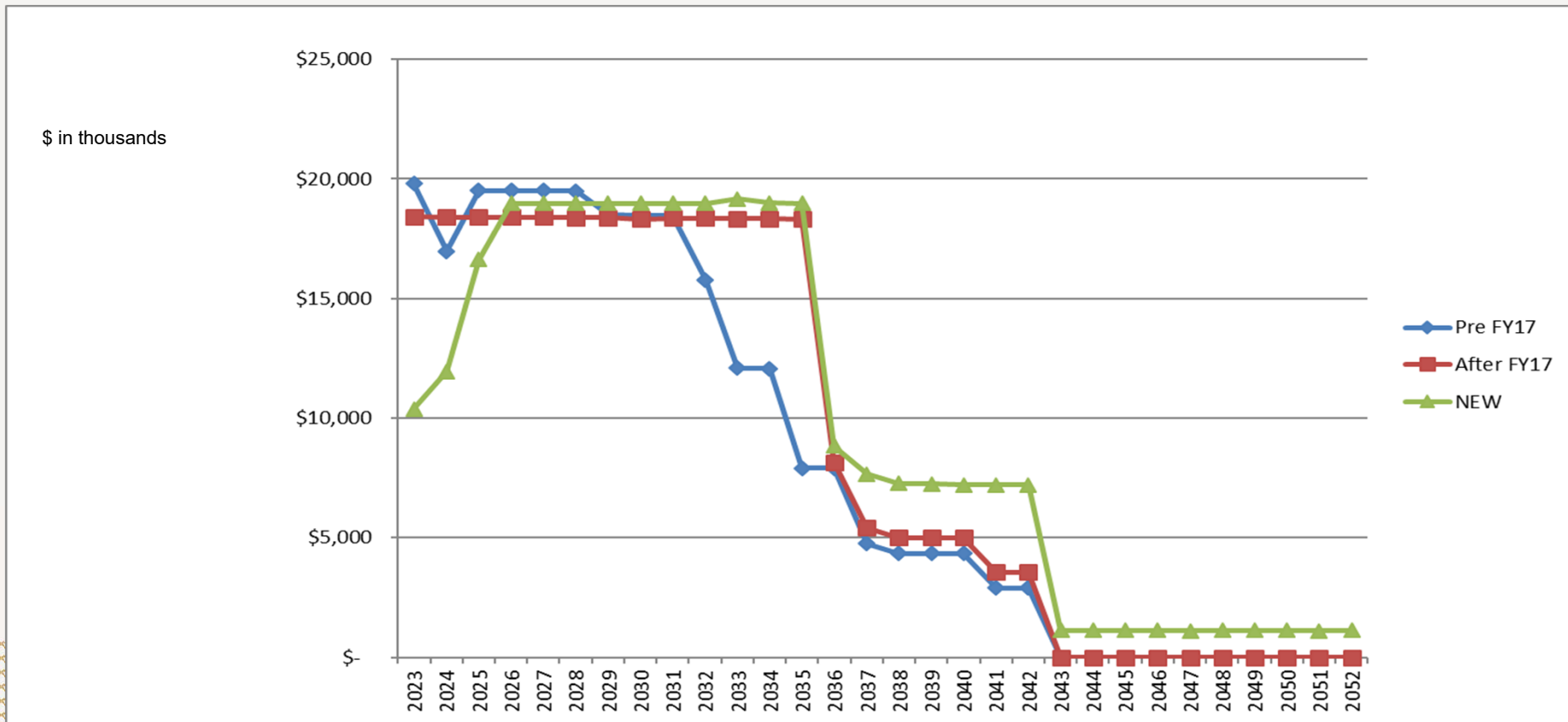
- Sometimes described as a “funding gap”
- When long-term spending exceeds the projected long-term revenues that will be generated by operations
- A model of systemic need for funds that are not generated by operations
- ONLY an issue as the College is committed to keeping tuition increases low and higher education affordable for our students

How the College addresses these issues



- Higher Education has established a model to perform other services to help cover growing operating costs, the most significant being Auxiliary activities
- Increase graduate programs to leverage the existing undergraduate strengths (development of the 4+1)
- The College commits to a balanced budget each year
- Seek efficiencies and continue to keep College spend in check
- Continue to look for other sources of revenue and support
- FY22 debt restructuring, moved principal payments out into later years to free up operational cash

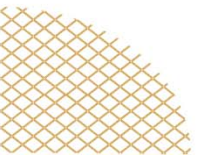
Ramapo's Changes in annual Debt Service resulting from Debt Refinances & Issuances FY17/FY22



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Budget FY23



Budget Cycle FY23



Step 8

- Budget training for unit directors
- Units assessment and adjustment of current budget throughout year

Step 7

- President's State of the College Address (Fall)

Step 6

- Units receive new year's budget, Budget Change requests available (Jul)

Step 5

- Board of Trustees approves budget and tuition & housing updates (Jun)

Step 4

- Budget Presentation-Open Forum (May)
- Final budget developed for Trustee review (Jun)

Step 1

- New fiscal year begins (Jul)
- Submit OMB budget request to State (Nov)

Step 2

- Budget training for unit directors, ongoing
- Budget for units established by account for review
- President's State of the College Address (Spring)

Step 3

- Budget Change Requests submitted through Adaptive (Mar-April)
- Draft proforma and assumptions tested (April)
- Cabinet reviews budget

Principles of Budget Development



- Using resources focused on the Mission of the College – commitment to academic excellence
- The planned use of resources will not exceed estimated resources available
- The College is committed to maintaining resources in order to sustain overall financial health
- Focus is a **Balanced Budget**

Current Key Budget Assumptions FY23



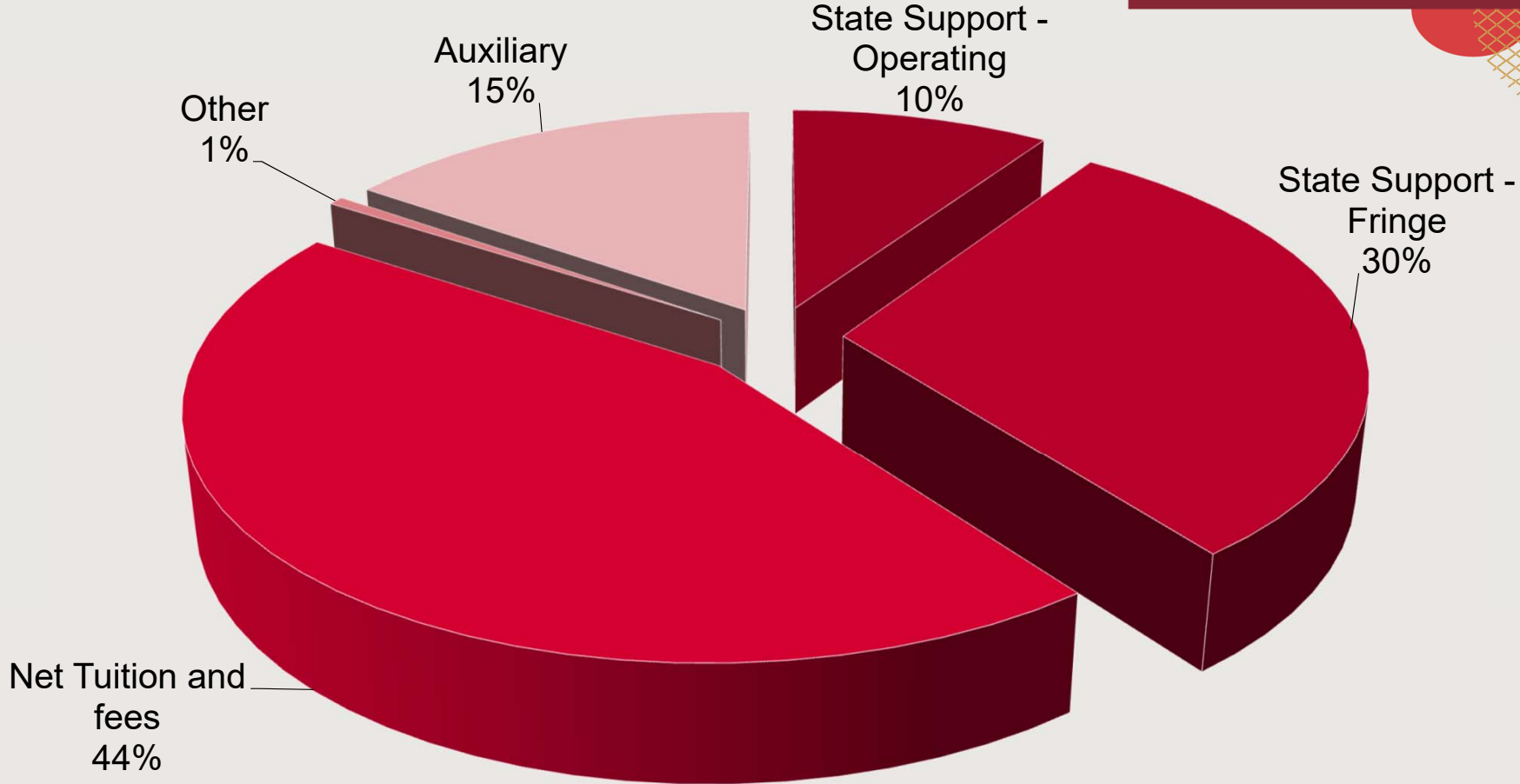
- Currently in model 2.5% for both tuition and housing, however still evaluating impact
- Tuition waivers up approximately 30% from FY22
- Garden State Guarantee is budgeted to cover all expenses associated with this program (no net impact on our operating budget)
- Undergraduate enrollment for FY23 Fall & Spring is projected 4.7% lower than the actual enrollment for the full year ending FY22
- Graduate enrollment for FY23 is budgeted 1.2% less than the actual FY22 results
- Housing at 1,796 and 1,739 residents for Fall and Spring FY23 (67.6% average occupancy as compared to FY22 which had an approximate occupancy of 63.6%)

Current Key Budget Assumptions FY23



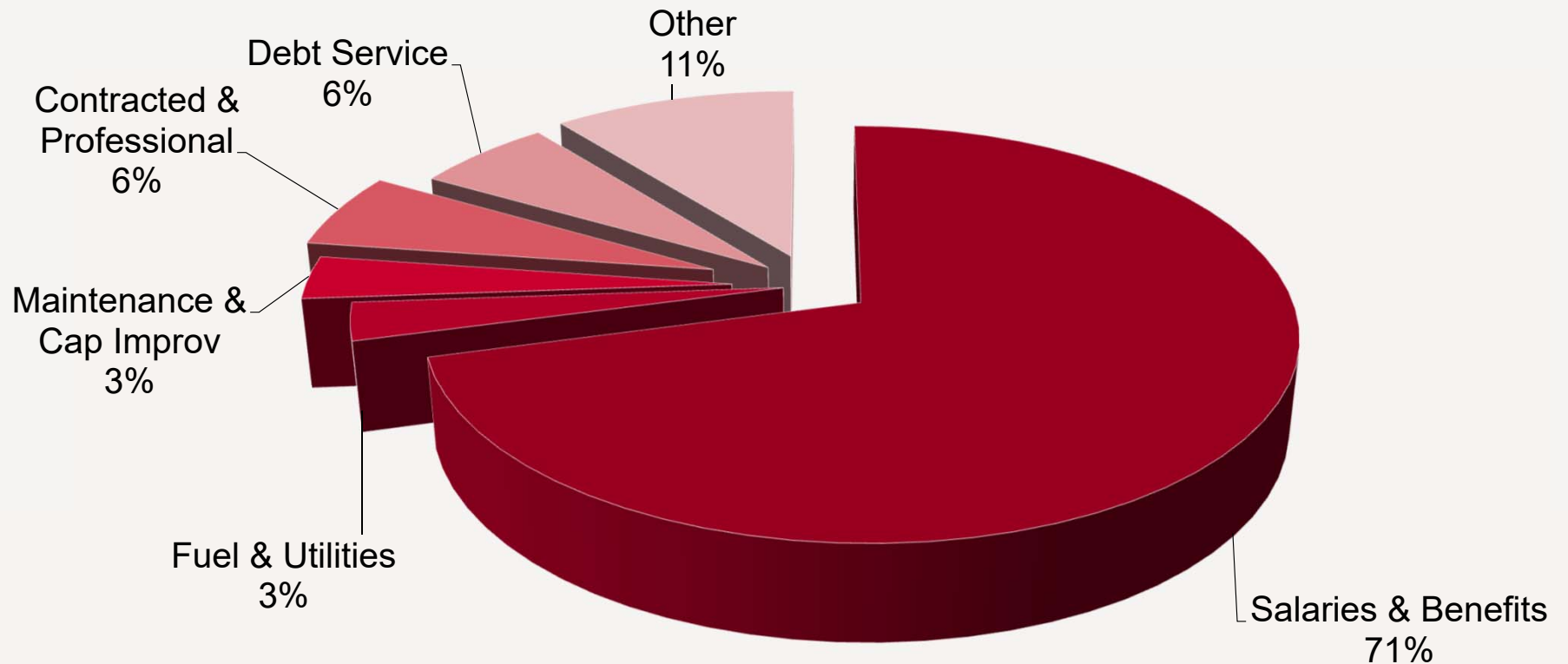
- No COVID-19 funds in the Budget at this time (expenses or grants)
- Full-time fringe rate budgeted at 65%
- Continuation of targeted cuts in non-salary expenditures, **significant** number of positions frozen
- SPIF eliminated, and reductions in utilities and deferred maintenance
- Per agreements, unions will receive deferred Cost of Living Adjustments, plus this year's increments
- Managerial increases included

Sources of Revenues Preliminary FY23 Budget Estimate



Expenditures by Category

Preliminary FY23 Budget Estimate



FY21 Actual, FY22 Projection & Preliminary FY23 Budget Estimate

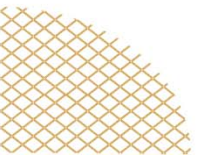
(dollars in thousands)	FY21 Actual	FY22 Projection (as of April 2022 adjusted for debt)	Preliminary FY23 Budget Estimate
Income:			
Net Tuition & Fees	\$ 77,260	\$ 77,077	\$ 73,130
Government Appropriations & Grants	58,764	58,950	65,247
Auxiliary Enterprise Revenue	8,285	21,246	25,185
Interest & Other	407	806	929
Total Income	144,716	158,079	164,491
Expenditures:			
Salaries & Wages	94,463	107,260	121,453
Non-Salary Expenditures	22,781	40,780	39,609
Debt Service	18,364	12,244	10,340
Total Expenditures	\$ 135,608	\$ 160,284	\$ 171,402
Statement of Net Position	\$ 9,108	\$ (2,205)	\$ (6,911)
Statement of Net Position %	6.3%	-1.4%	-4.2%

Projecting the net operations over three years to break even (no use of reserves)

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Other uncertain items that could impact FY23 results

- Additional unfunded mandates, such as changes to union contracts or the Garden State Guarantee, could worsen the College's net position
- Another strain or surge of COVID could restrict operations
- Changes in regulations or operational decisions could result in additional costs not budgeted
- Housing occupancies could differ significantly from Budget
- Further decline in State benefit support or significant changes in the fringe rate
- Decline in student enrollments
- What else???

Future Considerations

- What have we learned from COVID-19?
 - What has worked?
 - What hasn't worked?

- Align our structure and protect ourselves from future events, noting our reliance on auxiliary programs

- Other sources of revenue
 - Additional auxiliary activities, or net revenue producing activities
 - New programs, Masters or Certificate programs

- Fundraising – align with College needs, PNP process, and an all hands on deck strategy aligned with College strategies

- Enrollment/Student Success
 - Maintain strong enrollment management efforts
 - Assess market, needs of students and future considerations
 - Continue efforts to maintain strong retention

- Capital
 - Continue to address deferred maintenance
 - New facilities Master Plan
 - Review expansion and utilize any funding opportunities, including grant funds

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Questions?

