Agenda

- Key trends in higher education
- How trends are affecting Ramapo College
- Budget process
- Financial outlook
- Next steps
Key Trends in Higher Education

- Shrinking state support
- Student demographics
- Economic influences
  - Tuition growing at a rapid pace
  - Student loan debt
  - Moderating “sticker” price
Educational Appropriations per FTE
Percent Change by State, Fiscal 2008-2013

Note: Dollars adjusted by 2013 HECA, Cost of Living Adjustment, and Enrollment Index
Source: State Higher Education Executive Officers, State Higher Education Finance, 2013
High School Graduates (Northeast) from 1996-97 to 2027-28

We are here

605,514

527,126

Note: 1996-97 to 2008-09 are actual reported graduates, 2009-10 to 2027-28 are projected graduates.
Source: http://knocking.wiche.edu/explore
Tuition revenue grows at public universities in response to diminishing government support

Source: Moody’s MFRA
Student loan debt has grown by 511% over this period.

In the first quarter of 1999, just $90 billion in student loans were outstanding. As of the second quarter of 2011, that balance had ballooned to $550 billion.
Moderating “Sticker” Price

Price of a Bad Economy

“The overall discount rate for all undergraduate students at the institutions surveyed also grew in 2012 to a new high of almost 40 percent.”

Wall Street Journal, May 7, 2013
HOW TRENDS ARE AFFECTING RAMAPO COLLEGE
Ramapo College
Shrinking State Support

Base Appropriation per FTE

FY09 $3,770
FY10 $3,418
FY11 $3,210
FY12 $3,135
FY13 $3,197
FY14 Est $3,240
FY15 Proj $3,257
FY16 Proj $3,260
FY17 Proj $3,253
Annualized Enrollment
FY09 - FY17 (Proj)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total FTE</th>
<th>Undergrad FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>5,096</td>
<td>4,988</td>
</tr>
<tr>
<td>FY10</td>
<td>5,325</td>
<td>5,223</td>
</tr>
<tr>
<td>FY11</td>
<td>5,317</td>
<td>5,224</td>
</tr>
<tr>
<td>FY12</td>
<td>5,228</td>
<td>5,145</td>
</tr>
<tr>
<td>FY13</td>
<td>5,133</td>
<td>5,046</td>
</tr>
<tr>
<td>FY14</td>
<td>5,089</td>
<td>4,978</td>
</tr>
<tr>
<td>FY15 Proj</td>
<td>5,080</td>
<td>4,952</td>
</tr>
<tr>
<td>FY16 Proj</td>
<td>5,112</td>
<td>4,948</td>
</tr>
<tr>
<td>FY17 Proj</td>
<td>5,150</td>
<td>4,959</td>
</tr>
</tbody>
</table>
Tuition & Fees Had Been Growing at a Rapid Pace

Source: US Bureau of Labor Statistics; Annual Average Index US City Averages, all items.

CPI vs. % Inc T&F


4x CPI

at CPI
FY14 Tuition & Fee Comparison to New Jersey Public Schools

- New Jersey Institute of Technology: $15,218
- The College of New Jersey: $14,730
- Ramapo College of New Jersey: $13,499
- Rowan University: $13,388
- Richard Stockton University: $12,380
- William Paterson University: $12,322
- Montclair State University: $11,918
- Kean University: $11,318
- New Jersey City University: $10,918
- New Jersey City University: $10,653

Tuition and fees range from $10,000 to $16,000 across these institutions.
## Student Indebtedness

### RCNJ vs. Peers

<table>
<thead>
<tr>
<th>School</th>
<th>Avg. Indebtedness of 2011 Grads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jersey City</td>
<td>$17,310</td>
</tr>
<tr>
<td>Kean</td>
<td>$25,119</td>
</tr>
<tr>
<td>Montclair</td>
<td>$28,070</td>
</tr>
<tr>
<td>Ramapo</td>
<td>$28,995</td>
</tr>
<tr>
<td>William Paterson</td>
<td>$29,314</td>
</tr>
<tr>
<td>Rowan</td>
<td>$31,895</td>
</tr>
<tr>
<td>Stockton</td>
<td>$32,255</td>
</tr>
<tr>
<td>TCNJ</td>
<td>$32,754</td>
</tr>
</tbody>
</table>

*Source: 2011 Project on Student Debt*
## Perceived Blurred Lines between Public and Private Cost

### Increased Competition from Private Colleges/Universities

<table>
<thead>
<tr>
<th>Overlap Colleges</th>
<th>YOY % Change (2011-2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rutgers University</td>
<td>3%</td>
</tr>
<tr>
<td>Montclair State University</td>
<td>4%</td>
</tr>
<tr>
<td>College of New Jersey</td>
<td>18%</td>
</tr>
<tr>
<td>William Paterson</td>
<td>4%</td>
</tr>
<tr>
<td>Rowan</td>
<td>-2%</td>
</tr>
<tr>
<td>Seton Hall University</td>
<td>73%</td>
</tr>
<tr>
<td>Stockton</td>
<td>21%</td>
</tr>
<tr>
<td>Monmouth University</td>
<td>8%</td>
</tr>
<tr>
<td>Rider</td>
<td>18%</td>
</tr>
<tr>
<td>Univ. of Delaware</td>
<td>19%</td>
</tr>
<tr>
<td>Drexel University</td>
<td>46%</td>
</tr>
<tr>
<td>Quinnipiac University</td>
<td>26%</td>
</tr>
</tbody>
</table>
BUDGET PROCESS
Principles of Budget Development

- The planned use of resources will not exceed estimated resources available.
- The College is committed to building and maintaining reserves in net assets in order to sustain overall financial health.
Budget Cycle
Strategic Budget Planning & Assessment

Step 1
- New fiscal year begins, re-evaluate based on prior year, first draft of budget (Jul)

Step 2
- Submit budget requests to State (Nov)
- Units submit funding requests (Oct-Dec)

Step 3
- Cabinet reviews budget requests
- Draft proforma & assumptions tested (Jan-Apr)

Step 4
- Budget Presentation-Open Forum
- Final budget
- Trustee review (May-June)

Step 5
- Board of Trustees approves budget and tuition & fee increase (Jun)

Step 6
- Units receive budgets & notification of funding requests (Jul)

Step 7
- President’s college address
- Communicates fiscal & strategic initiatives (Sept)

Step 8
- Annual performance reviews
- Institutional performance assessment (Oct)
WHERE DO OPERATING FUNDS COME FROM?
Revenues

- State support
  - Appropriation
  - Employee benefits – “authorized positions”
- Student tuition & fees (net)
- Auxiliary services
- Other revenues
Sources of Revenues

2015 est.

State Support, 28.4%
Net Tuition, 30.7%
Fees, 12.8%
Other, 1.7%
Auxiliary, 26.4%
WHAT DO OPERATING FUNDS SUPPORT?
Expenditures by Category

2015 est.

- Salaries & Benefits, 61.4%
- Debt Service, 13.5%
- Contracted & Professional, 8.0%
- Maintenance & Cap Improv, 2.4%
- Fuel & Utilities, 3.3%
- Other, 11.3%
FINANCIAL OUTLOOK
Current Baseline Budget May Be Optimistic

Key Assumptions:

- Flat appropriation
- Continued benefit support at current levels (49.43%)
- Stabilized undergraduate enrollments
- Growth in graduate enrollments
- Housing occupancies at 88% in fall and 83% in spring (based on 3019 capacity)
<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E &amp; G Revenues</strong></td>
<td>106,918,534</td>
<td>108,183,768</td>
<td>108,186,534</td>
</tr>
<tr>
<td><strong>Auxiliary Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>147,305,326</td>
<td>148,555,468</td>
<td>148,559,892</td>
</tr>
<tr>
<td><strong>E &amp; G Expenditures</strong></td>
<td>114,304,976</td>
<td>116,118,691</td>
<td>116,319,023</td>
</tr>
<tr>
<td><strong>Total Auxiliary Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>151,500,263</td>
<td>153,856,632</td>
<td>153,969,651</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Revenues over Expenditures</strong></td>
<td>(4,194,937)</td>
<td>(5,301,164)</td>
<td>(5,409,759)</td>
</tr>
</tbody>
</table>
Balancing Measures Implemented

- Increase in out-of-state enrollments
- Growth in graduate enrollments
- Closed Print Shop
- Cost savings/ efficiencies in Residence Life
<table>
<thead>
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<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>E &amp; G Revenues</td>
<td>112,416,130</td>
<td>113,468,153</td>
<td>114,838,705</td>
</tr>
<tr>
<td>Auxiliary Services</td>
<td>40,290,719</td>
<td>39,820,582</td>
<td>39,459,350</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>152,706,849</td>
<td>153,288,735</td>
<td>154,298,055</td>
</tr>
<tr>
<td>E &amp; G Expenditures</td>
<td>118,444,695</td>
<td>120,258,234</td>
<td>122,560,587</td>
</tr>
<tr>
<td>Total Auxiliary Expenditures</td>
<td>37,186,425</td>
<td>37,750,853</td>
<td>37,877,128</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>155,631,120</td>
<td>158,009,087</td>
<td>160,437,715</td>
</tr>
<tr>
<td>Excess (Deficit) of Revenues</td>
<td>(2,924,271)</td>
<td>(4,720,351)</td>
<td>(6,139,660)</td>
</tr>
</tbody>
</table>
Downside Scenarios

- Reduction in state appropriations
- Further decline in state benefit support
- Decline in student enrollments
Managing Resources

- Reallocate resources to highest priorities
- Manage and control costs
Revenue Enhancements

- Maximize residence hall space and use
- Increase enrollments
  - Non-traditional & graduate
- Expanded offerings in the Center for Innovative and Professional Learning
- Increase foundation support
- Revise investment policy
- Modest tuition and fee increase
Expense Cuts and Cost Savings

- Defeasance of two bond issues
- Analysis of staffing structures
- Continue to review efficiencies
Future Considerations

- **Affordability**
  - Continue to balance budget
  - Forecasting 3 years to plan for the future
  - Work to maintain affordability for students
  - Increase fundraising efforts

- **Enrollment**
  - Maintain enrollment management efforts
  - Continue efforts to strengthen student engagement and retention
  - Increase marketing and website focus
  - Leverage financial aid strategically

- **Capital**
  - Continue to address deferred maintenance
  - Improvement and renewals/ Campus Master Plan

- **Focus on the Core**
  - Operate with discipline
  - Stay true to our core purpose
  - Funding/costing strategic plan initiatives
Next Steps

- Campus leadership/ budget meeting
- Finalize proforma budget
- Recommend tuition & fees adjustment
  - In the vicinity of the Consumer Price Index
- Board of Trustees approves budget
Budget Goal:

Financial Sustainability

Photo credit: http://funwithbarbandmary.blogspot.com/2013/05/hello-from-home-front.html