NOTICE

In accord with the schedule of meetings for 2020-21, the Board of Trustees of Ramapo College of New Jersey will hold its Annual Budget Hearing in public session on Tuesday, May 11, 2021 at 10:00AM via WebEx.

EVENT LINK: https://ramapo.webex.com/ramapo/onstage/g.php?MTID=e515098e5562379c823a1f68a1f43cc42
EVENT NUMBER: 161 807 2128
EVENT PASSWORD: BudgetHearing

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.
Agenda

- COVID-19 Impacts
- State of New Jersey Budget and Grants
- Higher Education Environment
- Budget FY22
- Uncertainties Facing Ramapo
- Questions
COVID-19 IMPACTS
Ramapo’s FY20 COVID Impacts

- Credits and refunds given to students for room, board, and parking fees ($5.2 million)
- Loss of State support ($2.6 million)
- Additional expenses incurred for COVID ($0.4 million)
- Pulled back SPIF, capital and deferred maintenance. Halted all non-mission critical expenses, and expenses not needed while remote (including commencement) (over $4 million)
- Froze open positions, reviewed open searches to suspend and Cabinet furloughs began in May ($1.2 million)
Ramapo’s Projected COVID Impacts

• FY21
  • Increased costs for addressing COVID (e.g. PPE purchases, modifications of campus for safety and conversion to remote)
  • Stage 2 Plan - Hybrid model of in-person classes and remote
  • Employee furloughs and hiring freeze
  • COVID relief grant funds – expected amount $19.9 million
  • Housing Occupancies were at 16.3%

• FY22
  • Continuation of offering a mix of course delivery modes that allow for on-campus and remote learning, with an expected increase of courses with on-campus presence
  • Housing Occupancies at 47.7%
  • Enrollment projections lower than prior year actuals
  • Continuation of increased costs for COVID
STATE OF NEW JERSEY BUDGET AND COVID RELIEF GRANTS
FY22 Budget Highlights

• Proposal includes first full pension payment in more than 25 years - a total payment of nearly $6.4 billion is planned

• The Community College Opportunity Grant (CCOG) program, which allows thousands of qualified students to earn an associate’s degree tuition-free, was signed into law to permanently protect this program for the future

• New proposal – the Garden State Guarantee (GSG), which will provide the first-two years of study at one of the four-year public colleges and universities tuition-free to thousands of eligible students ($50 million new funds added)

• The budget also includes nearly $2.8 million in new funding for Educational Opportunity Fund (EOF) grants
Ramapo’s proposed allocations within the FY22 State Budget

(dollars in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>$15,574</td>
</tr>
<tr>
<td>OBA - regular</td>
<td>1,064</td>
</tr>
<tr>
<td>OBA - GSG</td>
<td>1,266</td>
</tr>
<tr>
<td>One-time supplemental</td>
<td>700</td>
</tr>
<tr>
<td>Total</td>
<td>$18,604</td>
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</table>

Source: https://www.nj.gov/treasury/omb/publications/22budget/pdf/A-FR.pdf
COVID Relief Grants

(dollars in thousands)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education Emergency Relief Fund I</td>
<td>$2,303</td>
</tr>
<tr>
<td>Governor's Emergency Education Relief Fund</td>
<td>$1,603</td>
</tr>
<tr>
<td>Coronavirus Relief Fund I **</td>
<td>$3,670</td>
</tr>
<tr>
<td>Coronavirus Relief Fund II</td>
<td>$1,411</td>
</tr>
<tr>
<td>Higher Education Emergency Relief Fund II</td>
<td>$4,751</td>
</tr>
<tr>
<td>Higher Education Emergency Relief Fund III</td>
<td>$6,200</td>
</tr>
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</table>

$19,938

* Funds received in FY20, but not recognized until FY21
** Included in FY21 Budget
*** Award estimated, as not yet received
HIGHER EDUCATION
ENVIRONMENT
Net Migration of Students

NJ no longer number one in net 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

<table>
<thead>
<tr>
<th>State</th>
<th>Out of State</th>
<th>Into State</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey</td>
<td>31,423</td>
<td>5,064</td>
<td>-26,359</td>
</tr>
</tbody>
</table>

- New Jersey is 3rd behind California and Illinois in total migration, but is the National Leader in the Net Out of State Migration

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, in the form of Auxiliary activities.

  [Note: RL & Dining in FY20 covered $7.4 million in debt services, and still generated a net $3.9 million for the College, despite refunds given]

- Increase graduate programs to leverage the existing undergraduate strengths (development of the 4+1)

- The College commits to a balanced budget each year

- FY17 debt restructuring, smoothed future debt service payments

- Seek efficiencies and continue to keep College spend in check

- Continue to look for other sources of revenue and support
Ramapo’s Changes in annual Debt Service resulting from Debt Refinance and Issuance FY17

$ in thousands

$ - $5,000


Prior

New

$5,000

$10,000

$15,000

$20,000

$25,000
NJ Operational State Appropriations to State Colleges & Universities FY89-FY21

$ in thousands

TCNJ, Kean, NJCU, RCNJ, Stockton & William Paterson
Fall 2020 (FY21) Tuition & Fee Comparison of New Jersey Public Institutions

The College of New Jersey
Rampapo College of New Jersey
Richard Stockton University
William Paterson University
New Jersey City University
Kean University

Note: TCNJ only charged SC fee in Spring 21
Source: institution websites
BUDGET FY22
Budget Cycle FY22

Step 1
- New fiscal year begins (Jul)
- Submit OMB budget request to State (Nov)

Step 2
- Budget training for unit directors
- Budget for units established by account for review
- Budget Change Requests submitted through Adaptive (Feb-Mar)

Step 3
- Cabinet reviews budget
- Draft proforma and assumptions tested (April)

Step 4
- Budget Presentation-Open Forum (May)
- Final budget developed for Trustee review (Jun)

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

Step 6
- Units receive new year’s budget (Jul)

Step 7
- President’s State of the College Address

Step 8
- Budget training for unit directors
- Units assessment and adjustment of current budget throughout year
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 FY22

- No tuition increase is included at this time

- No GSG program or other program for socio-economically challenged students is included

- Undergraduate enrollment for FY22 Fall & Spring is projected 4.7% lower than the actual enrollment for the full year ending FY21

- Graduate enrollment for FY22 is projected 11.6% lower than the actual FY21 results

- Housing at 1,250 residents for both Fall and Spring FY22 (47.7% occupancy as compared to FY21 which had an approximate occupancy of 16.3%)

- COVID-19 surveillance testing costs budgeted for residential students and athletes
Current Key Budget Assumptions FY22

- Full-time fringe rate at 55%

- Continuation of targeted cuts in non-salary expenditures and freezing of select vacant lines

- Continuation of the hiring freeze in FY22

- All unions to receive the FY21 deferred Cost of Living Adjustments (COLA), plus FY22 COLA and step increments

- Managerial merit increases budgeted

- Currently no furloughs budgeted
Annualized Enrollment FY12 – FY22 (Proj)

Undergraduate is Fall and Spring enrollment, Graduate is full year enrollment.
*Includes Ramapo @ PCCC
Budgeted Housing Capacity vs Occupancy
FY18 – FY22 (Proj)

Occupancy is an average of Fall & Spring
Housing Revenue
FY18 – FY22 (Proj)

$ in thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>FY18</td>
<td>$20,372</td>
</tr>
<tr>
<td>FY19</td>
<td>$19,731</td>
</tr>
<tr>
<td>FY20</td>
<td>$16,765</td>
</tr>
<tr>
<td>FY21</td>
<td>$3,002</td>
</tr>
<tr>
<td>FY22 (Proj)</td>
<td>$11,198</td>
</tr>
</tbody>
</table>

Amounts net of housing waivers.
Sources of Revenues FY22 (Proj)

- State Support: 35%
- Net Tuition: 44%
- Net Fees: 8%
- Auxiliary: 12%
- Other: 1%
Expenditures by Category FY22 (Proj)

- Salaries & Benefits: 66.5%
- Fuel & Utilities: 2.9%
- Maintenance & Cap Improv: 2.5%
- Contracted & Professional: 5.9%
- Debt Service: 10.7%
- Other: 11.5%
# Current Forecasted FY21 & Budget FY22

<table>
<thead>
<tr>
<th></th>
<th>FY21 Original Budget</th>
<th>FY21 Forecast (as of April 2021)</th>
<th>FY22 Budget Estimate</th>
<th>Net FY21 and FY22 Compared to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>$75,483</td>
<td>$77,730</td>
<td>$79,881</td>
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<tr>
<td>Government Appropriations &amp; Grants*</td>
<td>49,337</td>
<td>65,339</td>
<td>53,696</td>
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<tr>
<td>Auxiliary Enterprise Revenue</td>
<td>13,730</td>
<td>8,935</td>
<td>18,724</td>
<td></td>
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<tr>
<td>Interest &amp; Other</td>
<td>1,219</td>
<td>152</td>
<td>945</td>
<td></td>
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<tr>
<td><strong>Total Income</strong></td>
<td><strong>139,769</strong></td>
<td><strong>152,156</strong></td>
<td><strong>153,246</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>98,637</td>
<td>96,161</td>
<td>114,401</td>
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</tr>
<tr>
<td>Non-Salary Expenditures</td>
<td>26,615</td>
<td>22,444</td>
<td>39,237</td>
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<tr>
<td>Debt Service</td>
<td>18,366</td>
<td>18,366</td>
<td>18,366</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$143,618</strong></td>
<td><strong>$136,971</strong></td>
<td><strong>$172,004</strong></td>
<td></td>
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<tr>
<td><strong>Statement of Net Position</strong></td>
<td>$(3,849)</td>
<td>$15,185</td>
<td>$(18,758)</td>
<td>$(3,573) $276</td>
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<tr>
<td><strong>Statement of Net Position %</strong></td>
<td>-2.8%</td>
<td>10.0%</td>
<td>-12.2%</td>
<td></td>
</tr>
</tbody>
</table>

* Includes HEERF III, but award not received yet.
UNCERTAINTIES FACING RAMAPO
Other uncertain items that could impact FY22 results

Negatives

• The award for the $6.2M grant under the American Rescue Plan (HEERF III) has not yet been received, but these funds were included in the FY21 projection, and are needed to cover deficit in FY22

• 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 force another lockdown and restrict operations

• Changes in regulations or operational decisions could result in additional costs not budgeted or decreases to enrollment
Other uncertain items that could impact FY22 results

**Positives**

- Possibility of housing occupancies increase to pre-COVID levels (back to 88% occupancy)
  - Housing revenue could increase approximately $9.6M
  - Food Service revenue could increase approximately $1.5M
- Furloughs were not budgeted, and can be added in order to address shortfalls
- The managerial salary increase could be reduced or eliminated during the year to address operational issues
- Additional expenditures can be reduced depending on the operational need
- Future COVID relief grants could be awarded in FY22
Future Considerations

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

- How can we adjust our structure to better protect ourselves from future events, noting our reliance on auxiliary programs.

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

- 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
QUESTIONS