

# Annual Budget Hearing FY21

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July 22, 2020

# Agenda

- Introduction
- COVID-19
  - State of New Jersey
  - Ramapo's FY20 COVID Impacts
  - Ramapo's FY21 Projected COVID Impacts
- Higher Education Environment
- Budget FY21
- Uncertainties Facing Ramapo
- Questions

# INTRODUCTION

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# COVID-19

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# State of New Jersey

- Froze almost \$1 billion in appropriations
  - Cut half the operational support for the months of March – June from Higher Education (Ramapo - \$2.4 million)
  - OSHE withheld the last out-comes-based measure payment (Ramapo - \$0.2 million)
  - Cut many supplemental FY20 allocations (Ramapo - \$1 million)
- Extended fiscal year to September 30<sup>th</sup>
- FY21 Cut support for July – September for operations (\$2.0 million for Ramapo)
- Projected shortfalls of revenue estimated at nearly \$10 billion over the remaining FY20 and through the end of FY21

# Ramapo's FY20 COVID Impacts

- Credits and refunds given 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)
- CARES Act Funding for the institution came in to assist with losses (\$2.3 million)

# Ramapo's FY21 Projected COVID Impacts

- Increased costs for addressing COVID (e.g. PPE purchases, modifications of campus for safety and conversion to remote)
- Stage 2 Plan - Looking at a hybrid model of in-person classes and online
- Loss of State operational support
- Employee furloughs
- FY21 GEER money awarded (\$1.6 million)
- HEER funds may also be awarded (awaiting application)

# HIGHER EDUCATION ENVIRONMENT

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# 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

## Migration of Students

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

- New Jersey is 3<sup>rd</sup> behind California and Illinois

# Net Migration of Students

MOODY'S  
INVESTORS SERVICE

## SECTOR COMMENT

24 June 2020

✓ Rate this Research

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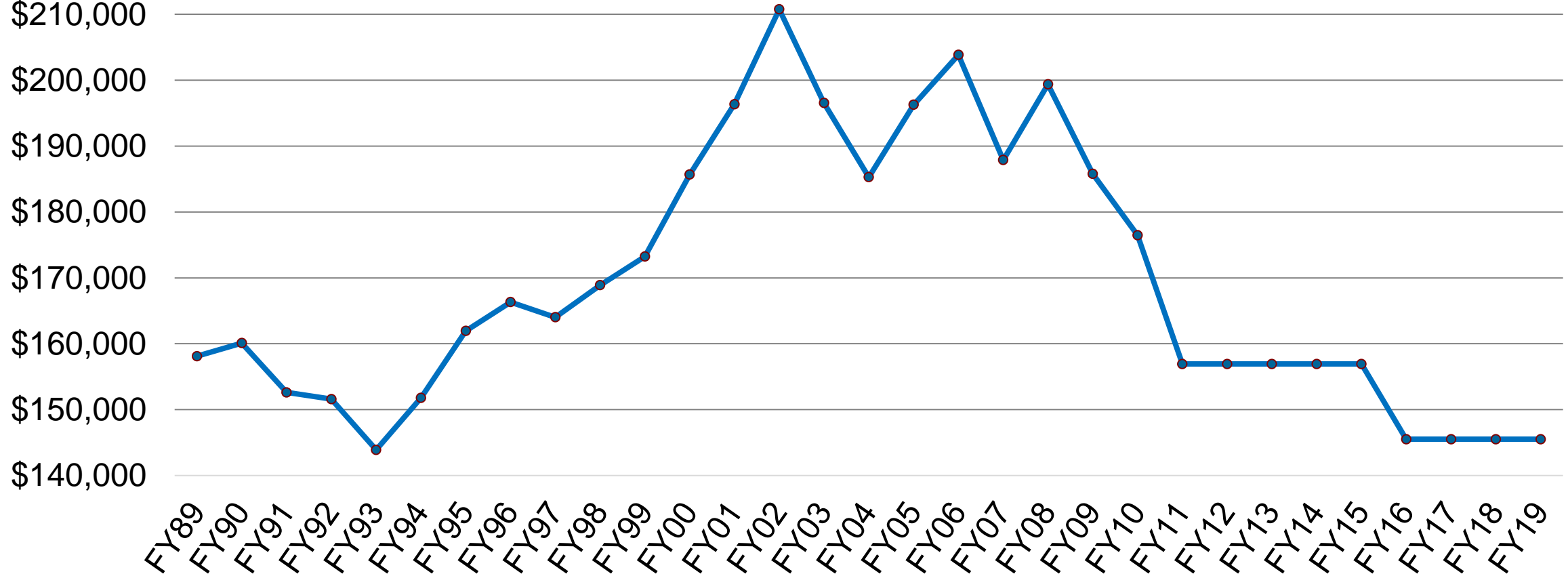
## Shifts in student migration would benefit some universities and harm others

The coronavirus pandemic is likely to drive shifts in student behavior, with more students choosing to enroll closer to home for health and safety reasons as well as in a search for affordable alternatives. Universities and colleges in states with a higher reliance on nonresident students will face reduced enrollment in the fall if students decide to remain near home. In contrast, universities in states that have typically exported a larger share of students could increase enrollment. Newly released migration data from the National Center for Education Statistics ([NCES](#)) fall enrollment survey highlights the states where universities have the most to gain or lose. Economic conditions point to public universities and community colleges garnering greater market share.

**States with large percentage of out-of-state students are vulnerable to shifts in student migration**

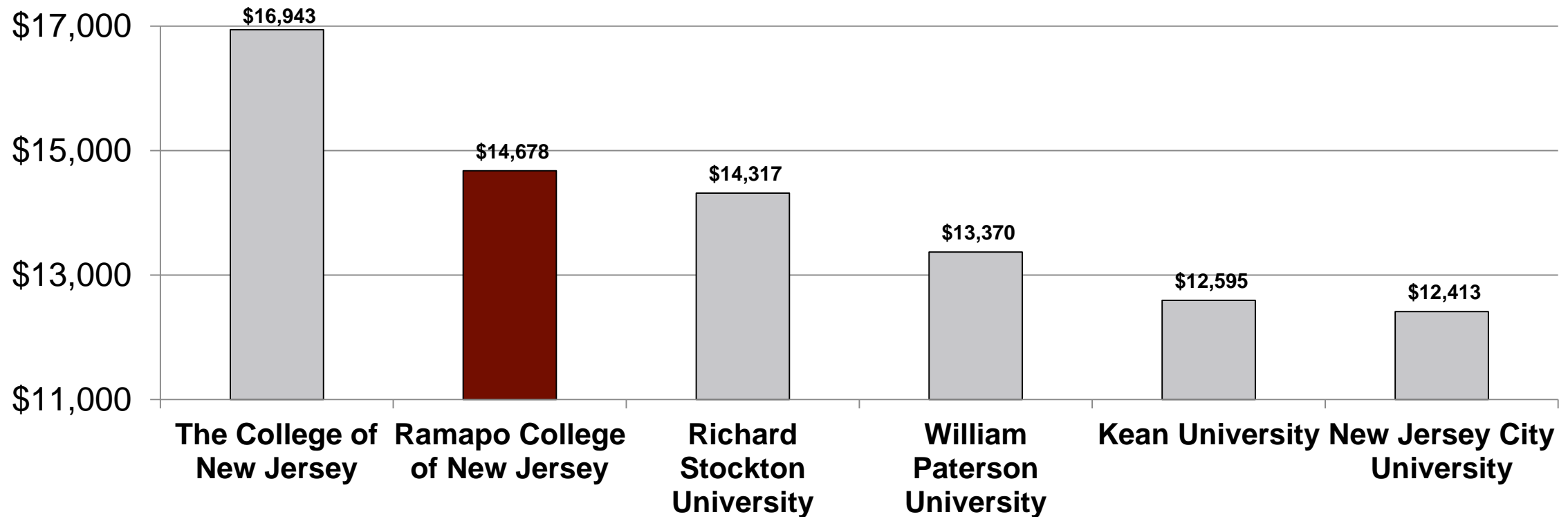
# NJ Operational State Appropriations to State Colleges & Universities FY89-FY19

\$ in thousands



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

# FY20 Tuition & Fee Comparison of New Jersey Public Institutions



# BUDGET FY21

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# Budget Cycle FY21

## 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

## Step 6

- Board of Trustees approves FY21 Budget
- Units receive and review the final budget

## Step 5

- State announces its FY21 Budget
- Final budget developed for Trustee review (September)

## Step 4

- Return to Campus assessment
- Scenarios assessed
- Budget Presentation-Open Forum (July)

## Step 1

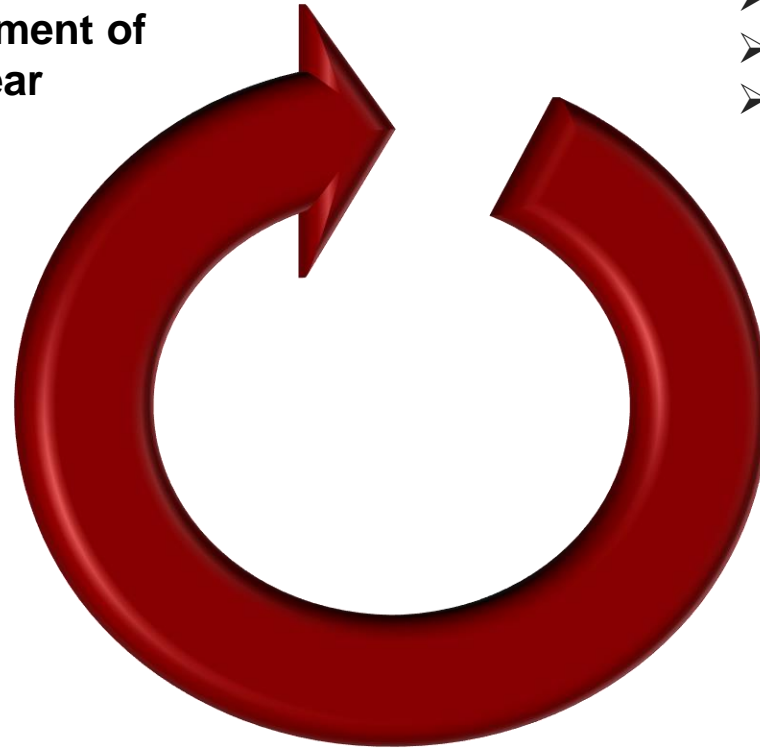
- Review potential needs in FY21
- Focus on the first three month needs
- Ask VPs to review expenditures

## Step 2

- Discussion with Board operating scenarios
- Load in draft three months operations

## Step 3

- VPAF continues to review ALL expenditures
- All vendors are questioned for discounts or more favorable payment terms



# 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 Baseline Budget FY21

## Current Key Assumptions:

- Base State operational support lower by 12%
- Tuition and fee increase of blended 1.9% approved by Board of Trustees
- Full-time fringe rate at 50%
- Targeted cuts in non-salary expenditures, elimination of select vacant lines, reduction in SPIF, utilities and capital funding, including managerial increases
- Projecting a 7.2% decrease in undergraduate enrollment over FY20 levels
- Two new graduate programs offered, DNP and MSDS
- Graduate enrollment projected to decrease 4.9% over FY20 levels
- Housing occupancies at 38% in fall and 38% in spring, 55% reduction over FY20

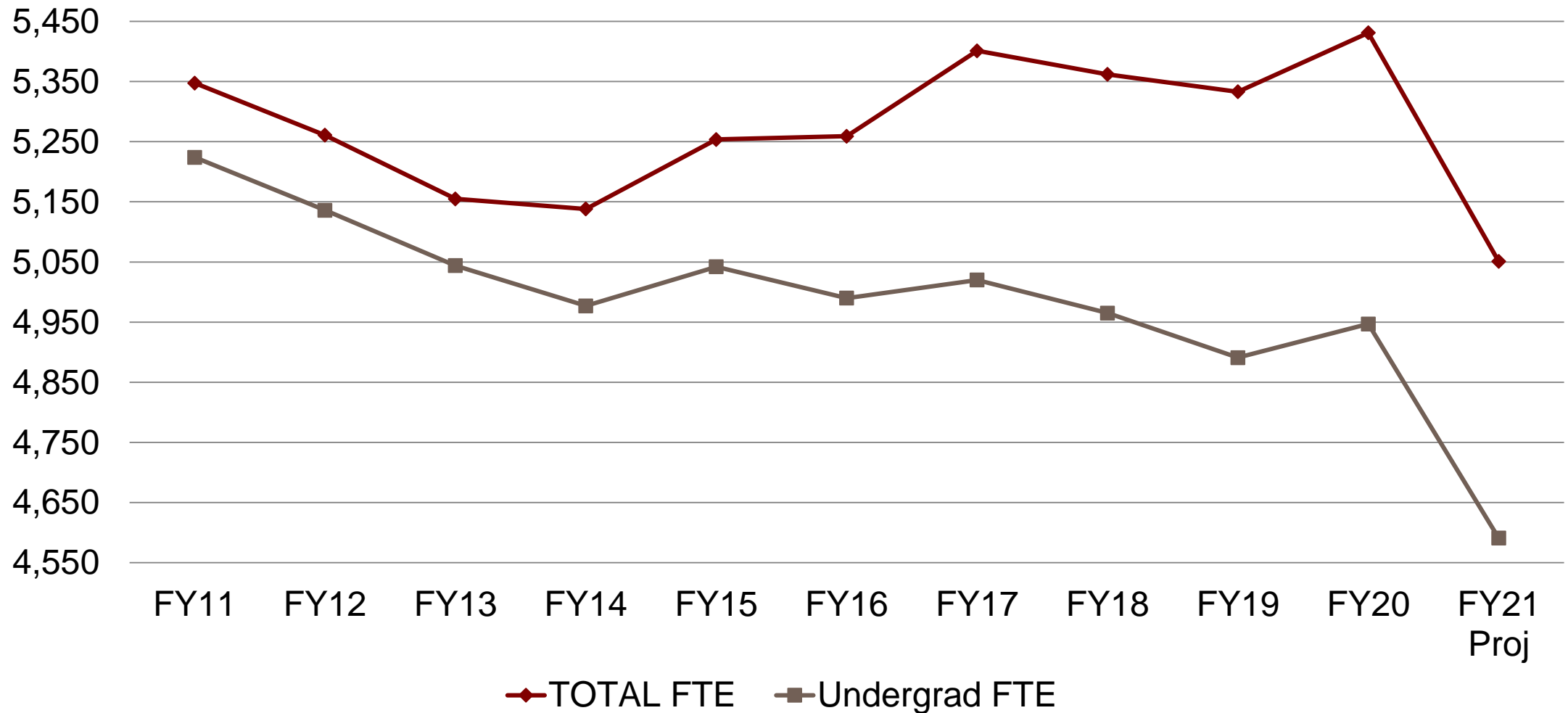


# Current Baseline Budget FY21

## Additional Key Assumptions:

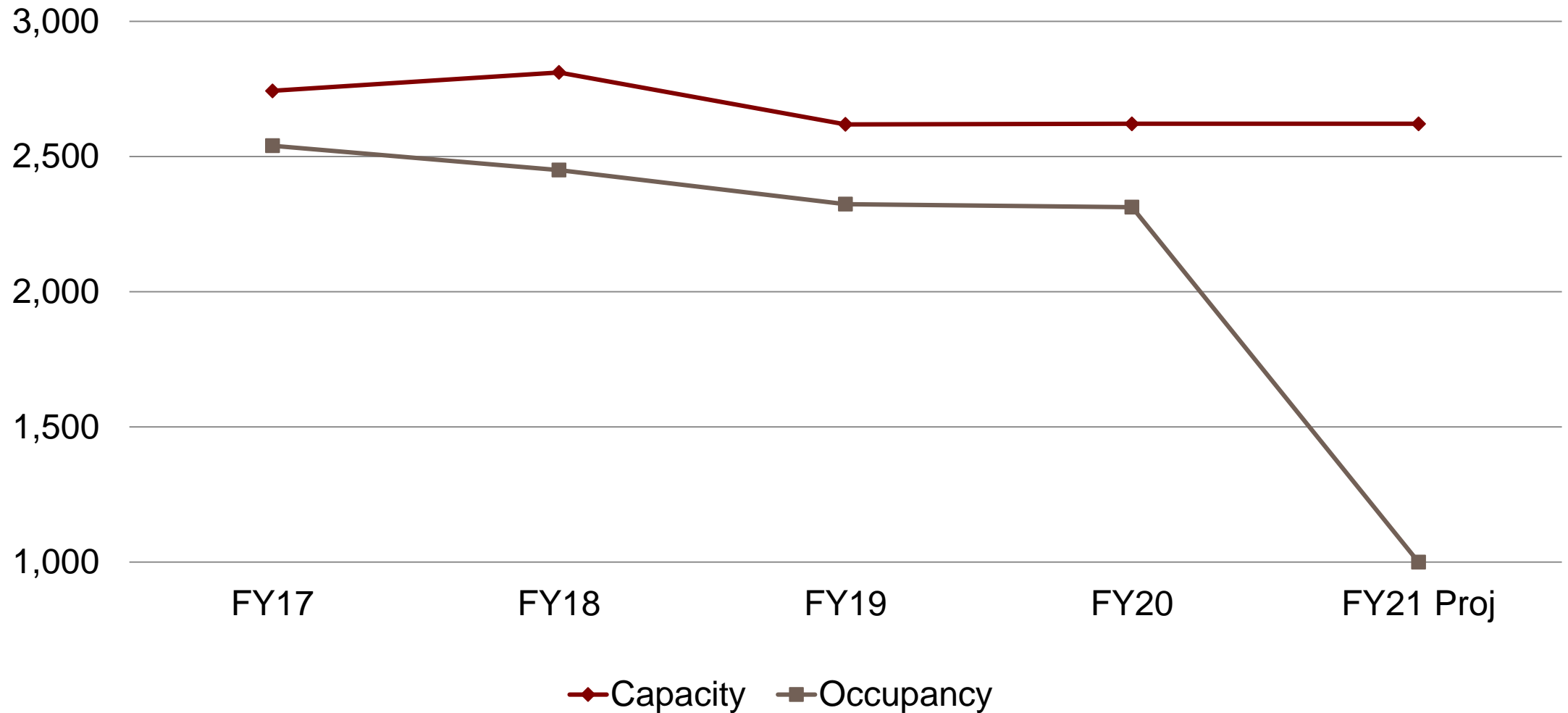
- All unions have postponed the FY21 Cost of Living Adjustment
- Union step increments remain in all years
- AFT, CWA & Managers will take approximately 12 days furlough
- IFPTE will take 36 days furlough

# Annualized Enrollment FY11 – FY21 (Proj)



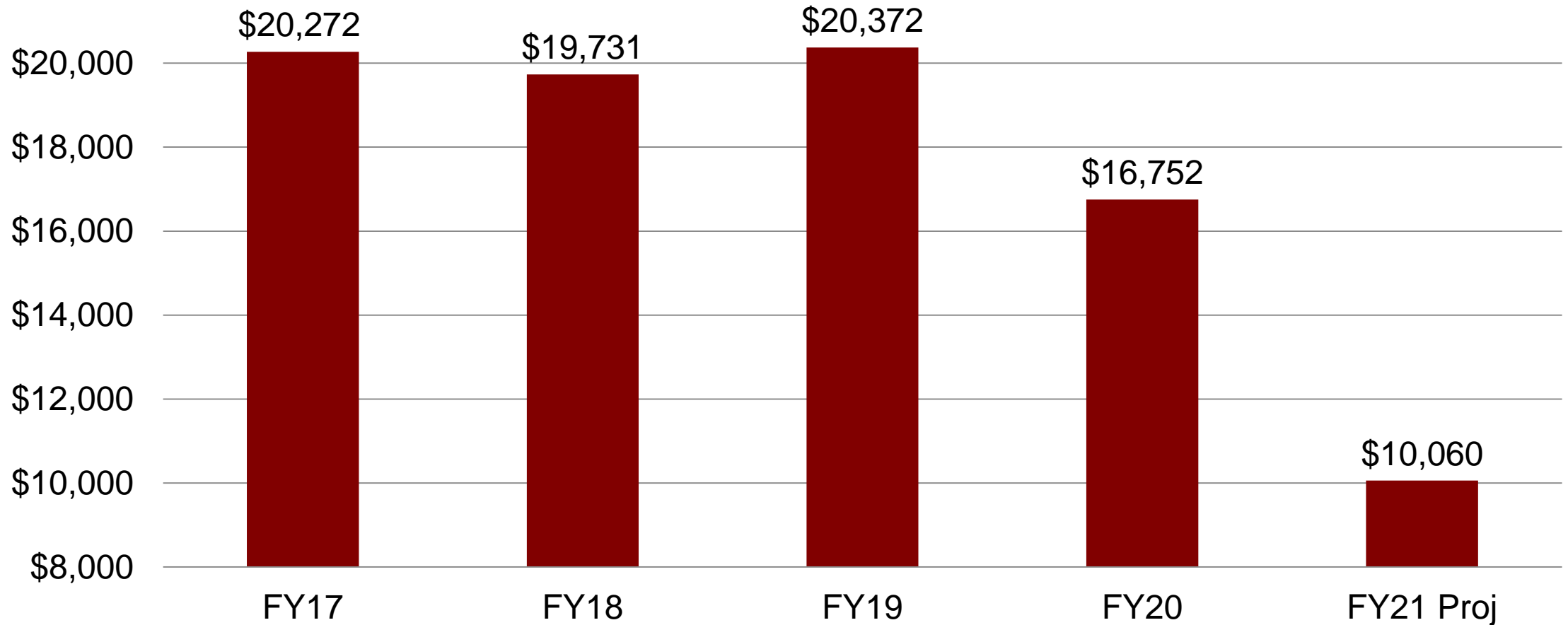
# Budgeted Housing Capacity vs Occupancy

## FY17 – FY21 (Proj)

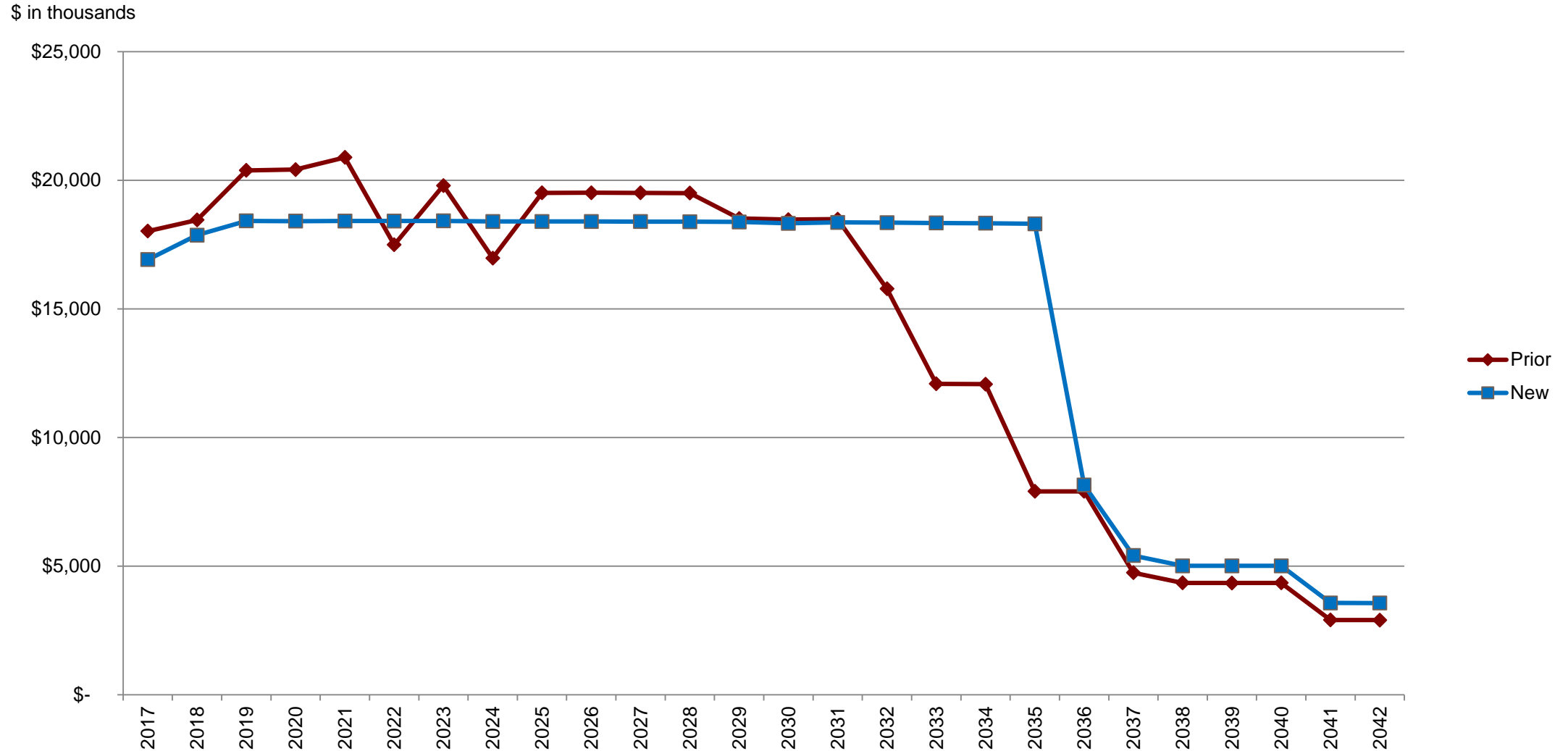


# Housing Revenue (in thousands)

## FY17 – FY21 (Proj)



# Changes in annual Debt Service resulting from Debt Refinance and Issuance FY17





# Ramapo College - Scenarios

## Fiscal Year 2021 Projections \$ in thousands

	(No Fall residential students)			
	Stage 2 Budget in System	Budget with Additional Measures	Base Case With Stage 1 Fall	Stage 1 Fall with Additional Measures
<b>Income</b>				
Net Tuition & Fees	\$ 80,566	\$ 80,566	\$ 77,876	\$ 77,876
Auxiliary Enterprise Revenue	13,820	13,820	6,910	6,910
Government Appropriations	44,178	44,178	44,178	44,178
Interest & Other	1,821	1,821	1,821	1,821
Release of Reserves & Additional Funding	-	6,003	6,003	9,003
<b>Total Income</b>	<b>140,385</b>	<b>146,388</b>	<b>136,788</b>	<b>139,788</b>
<b>Expenses</b>				
Salaries & Wages	106,576 68%	102,901 66%	100,856 64%	100,418 64%
Non-Salary Expenditures	31,575 20%	29,996 19%	27,328 17%	25,961 17%
Debt Service	18,434 12%	18,434 12%	18,434 12%	18,434 12%
<b>Total Expenses</b>	<b>\$ 156,585</b>	<b>\$ 151,331</b>	<b>\$ 146,618</b>	<b>\$ 144,813</b>
<b>Statement of Net Position</b>	<b>\$ (16,200)</b>	<b>\$ (4,943)</b>	<b>\$ (9,830)</b>	<b>\$ (5,025)</b>
<b>Statement of Net Position %</b>	<b>(11.5%)</b>	<b>(3.4%)</b>	<b>(7.2%)</b>	<b>(3.6%)</b>

# Assumptions in the Scenarios

	(No Fall residential students)			
	<u>Stage 2 Budget in System</u>	<u>Budget with Additional Measures</u>	<u>Base Case With Stage 1 Fall</u>	<u>Stage 1 Fall with Additional Measures</u>
<b>Assumptions:</b>				
	Tuition and fees blended increase 1.9%			
	Occupancy at 38% (1,000 beds)			
	Stage 2 - 34 courses approved on campus			
	No managerial increases			
	No COLA's for unions			
	Increase costs for implementation of COVID-19			
		Union and manager furloughs		
		Additional expense cuts		
		More salary reductions		
		Release of reserves & additional funding		
			Reduction of some fees	
			Loss of residential housing and dining for Fall	
			More salary cuts	
			Reduction of some expenditures for Aux	
				Increase in release of reserves
				More salary cuts
				More expense cuts

# UNCERTAINTIES FACING RAMAPO

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# Other uncertain items that could impact FY21 results

- Tuition/Fee structure, and loss of revenue
- Increased expenses addressing COVID-19
- Movement from Stage 2 - back to 1 or forward to 3
- Further decline in State support or significant changes in the fringe rate
- Melt or further decline in student enrollments and housing estimates
- Additional CARES Act Federal Funding could move forward
- Wave two of the virus
- More guidance on addressing the pandemic, additional costs
- What else?

# Balancing Measures to Consider

- Short-term fixes (180 change from the prior year)
- Assessment of staffing levels, organizational structures and open positions
- FY21 items:
  - Further cuts to non-salary lines
  - Additional review of staff costs, reallocation of personnel
  - Reserves will be released
  - Debt restructure – potential deferral of principle payments
  - Declare financial exigency

# QUESTIONS

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