



BOARD OF TRUSTEES

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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.

Budget FY22

May 11, 2021

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

State of New Jersey

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

State of New Jersey

Ramapo's proposed allocations within the FY22 State Budget

(dollars in thousands)

Operations	\$ 15,574
OBA - regular	1,064
OBA - GSG	1,266
One-time supplemental	<u>700</u>
Total	<u>\$ 18,604</u>

Source <https://www.nj.gov/treasury/omb/publications/22budget/pdf/A-FR.pdf>

COVID Relief Grants

(dollars in thousands)

Higher Education Emergency Relief Fund I *	\$ 2,303
Governor's Emergency Education Relief Fund **	1,603
Coronavirus Relief Fund I **	3,670
Coronavirus Relief Fund II	1,411
Higher Education Emergency Relief Fund II	4,751
Higher Education Emergency Relief Fund III ***	<u>6,200</u>
	<u>\$ 19,938</u>

* 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

Migration of Students

State	Out of State	Into State	Net
New Jersey	31,423	5,064	-26,359

- 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

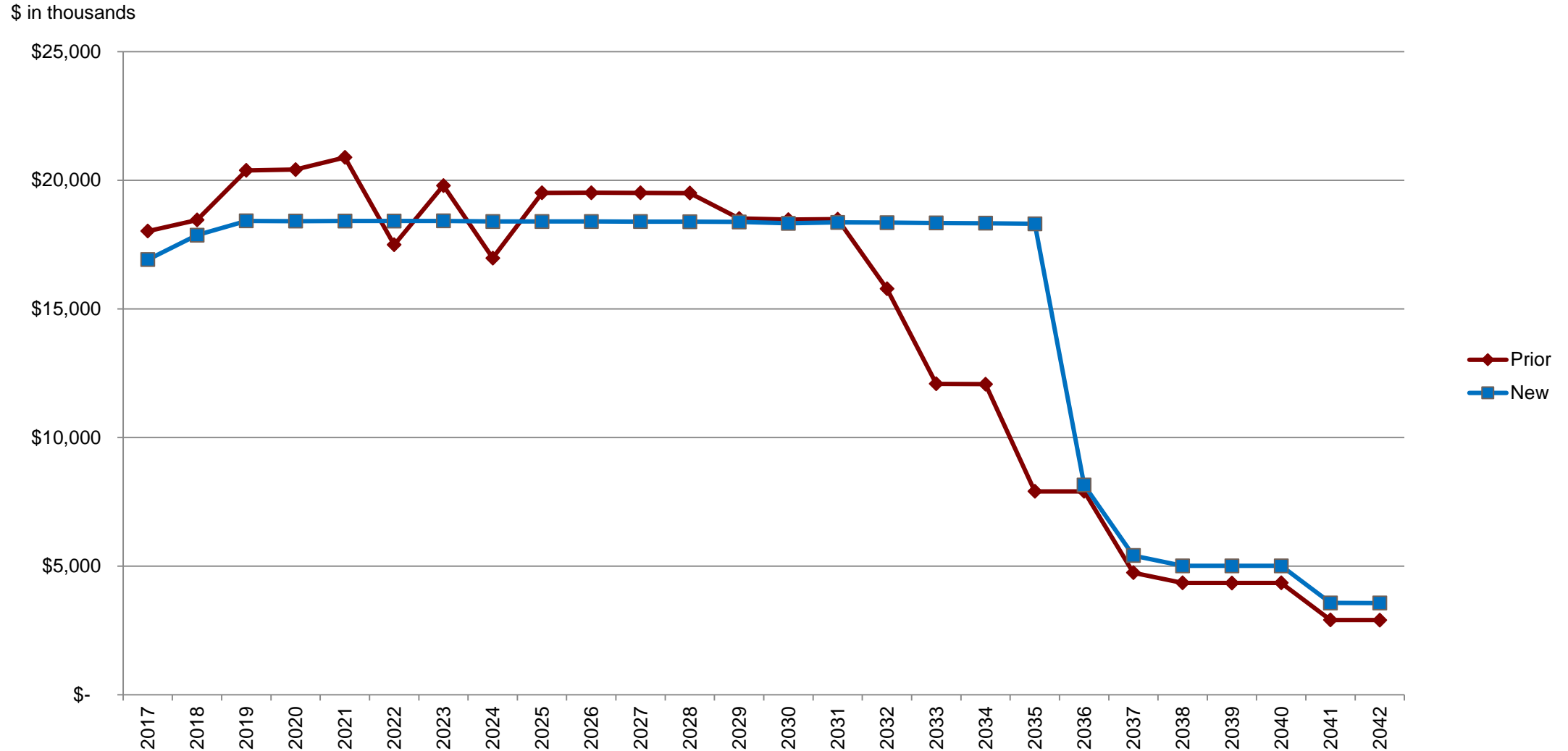
How the College addresses these issues

- 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]

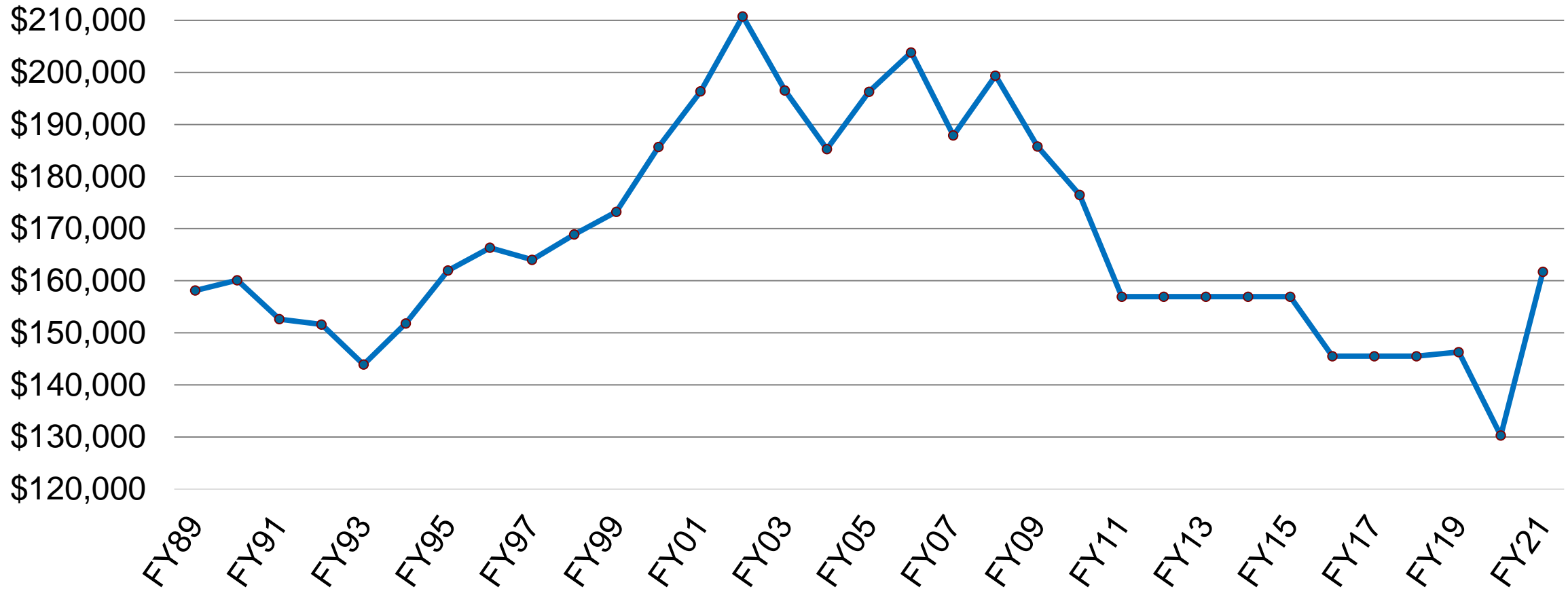
- Increase graduate programs to leverage the existing undergraduate strengths (development of the 4+1)
- The College commits to a balanced budget each year
- FY17 debt restructuring, smoothed future debt service payments
- Seek efficiencies and continue to keep College spend in check
- Continue to look for other sources of revenue and support

Ramapo's Changes in annual Debt Service resulting from Debt Refinance and Issuance FY17



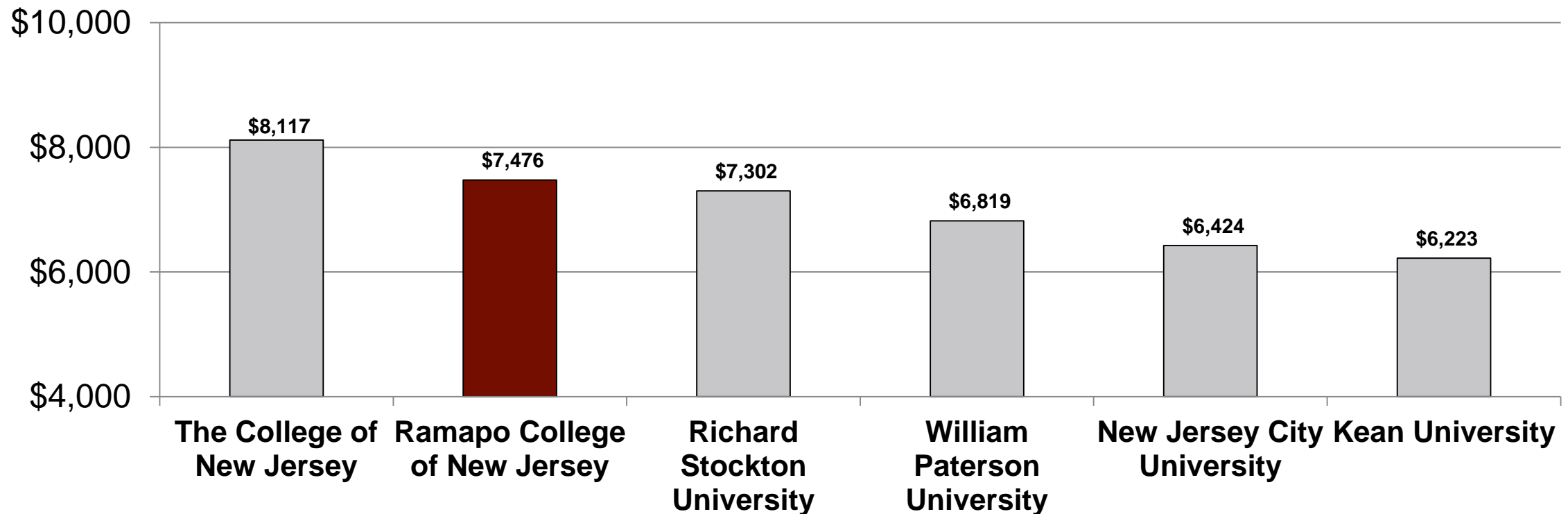
NJ Operational State Appropriations to State Colleges & Universities FY89-FY21

\$ in thousands



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

Fall 2020 (FY21) Tuition & Fee Comparison of New Jersey Public Institutions



Note: TCNJ only charged SC fee in Spring 21
Source: institution websites

BUDGET FY22

Budget Cycle FY22

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

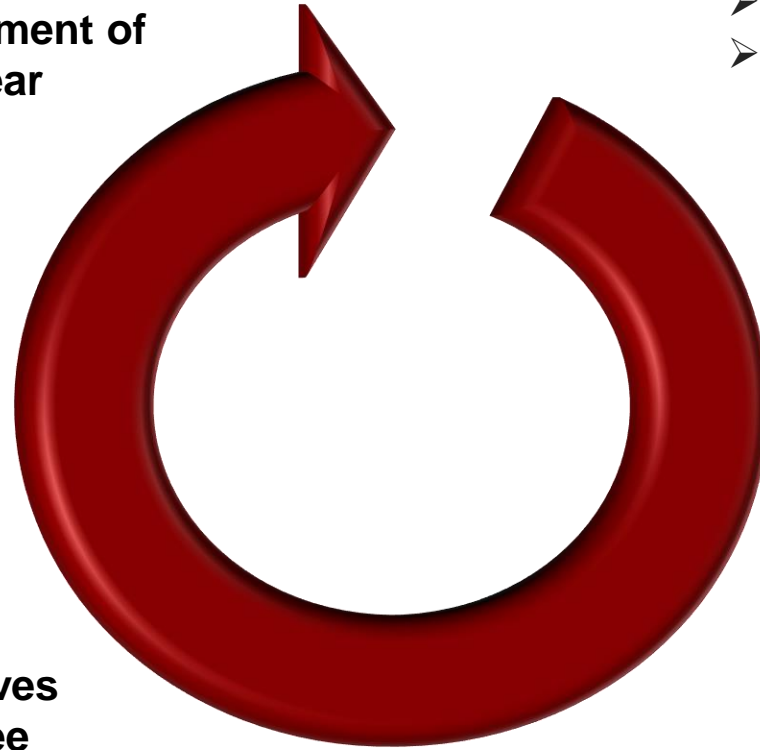
- Units receive new year's budget (Jul)

Step 5

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

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**

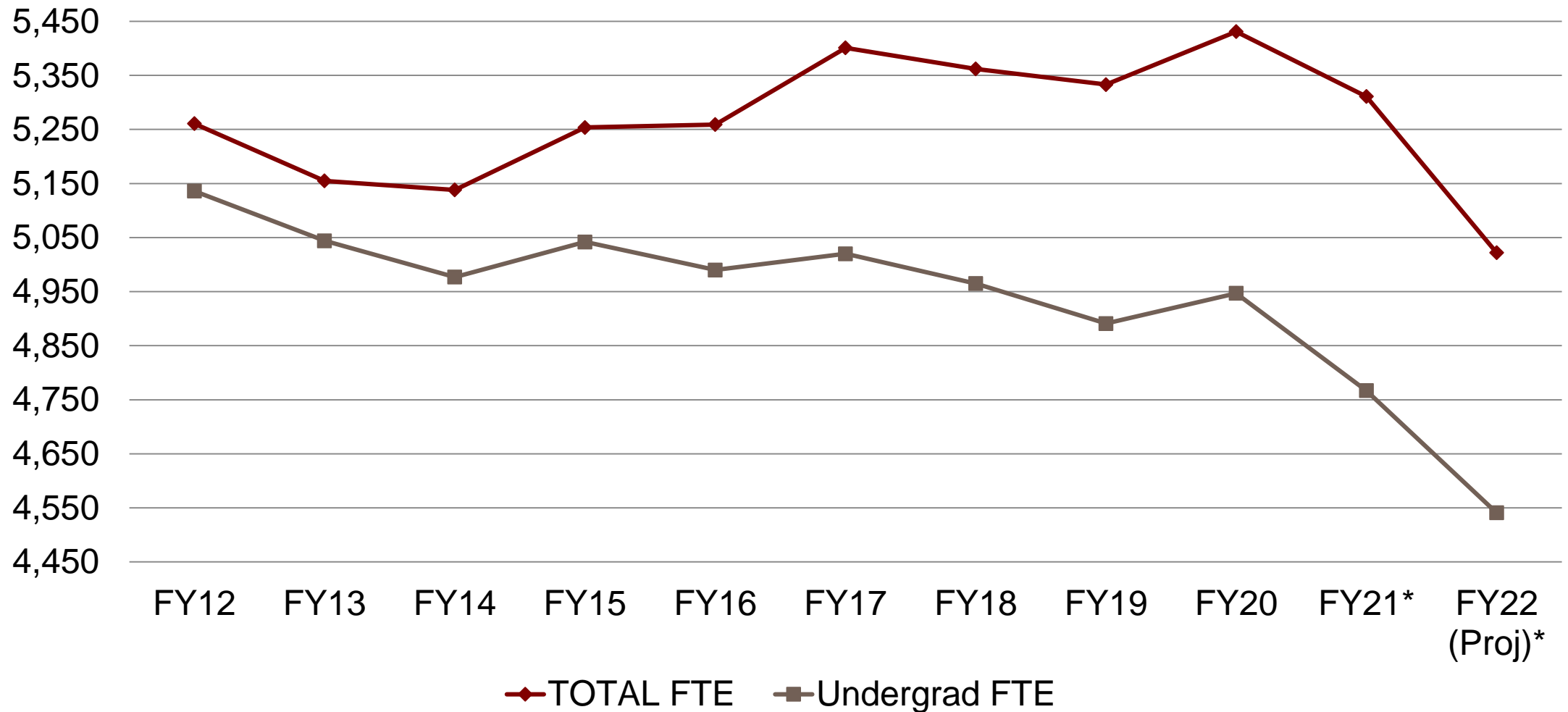
Current Key Budget Assumptions FY22

- 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)

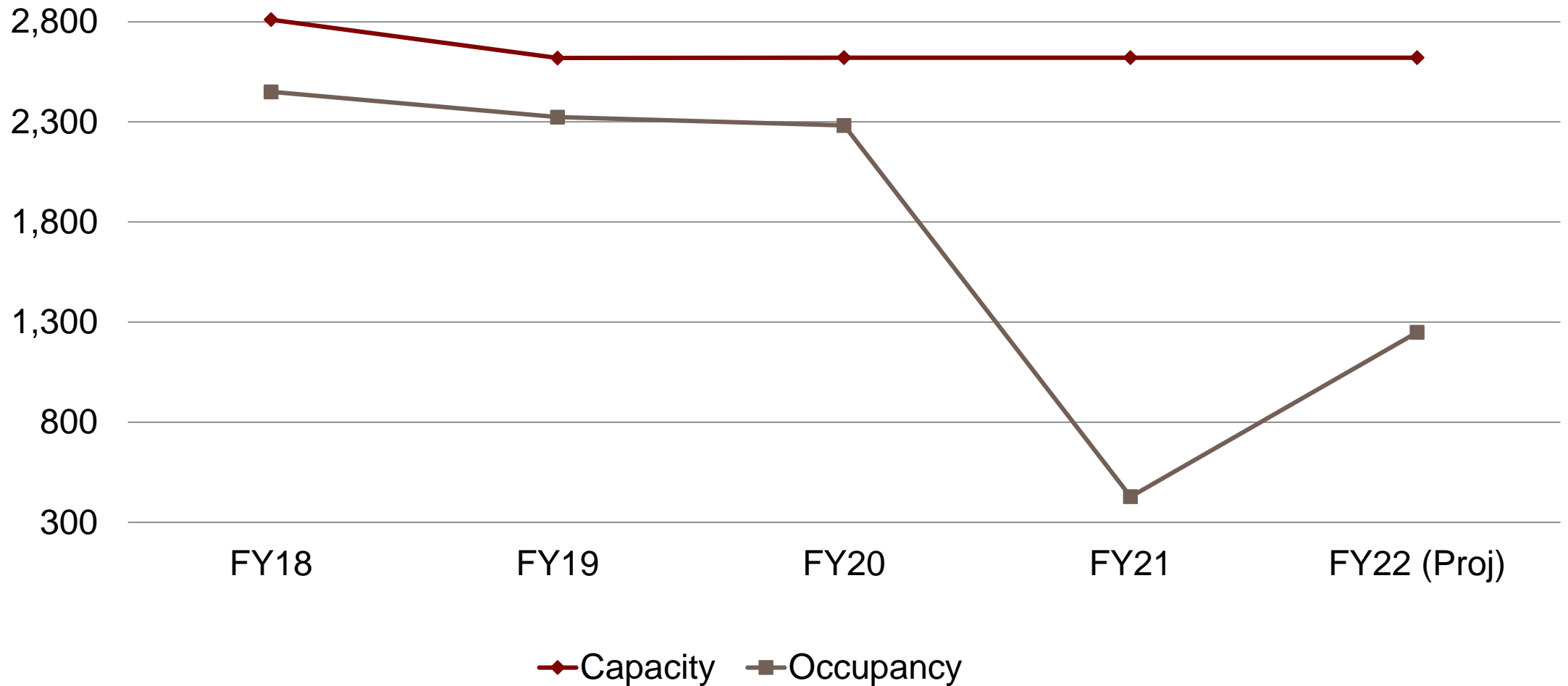


Undergraduate is Fall and Spring enrollment, Graduate is full year enrollment.

*Includes Ramapo @ PCCC

Budgeted Housing Capacity vs Occupancy

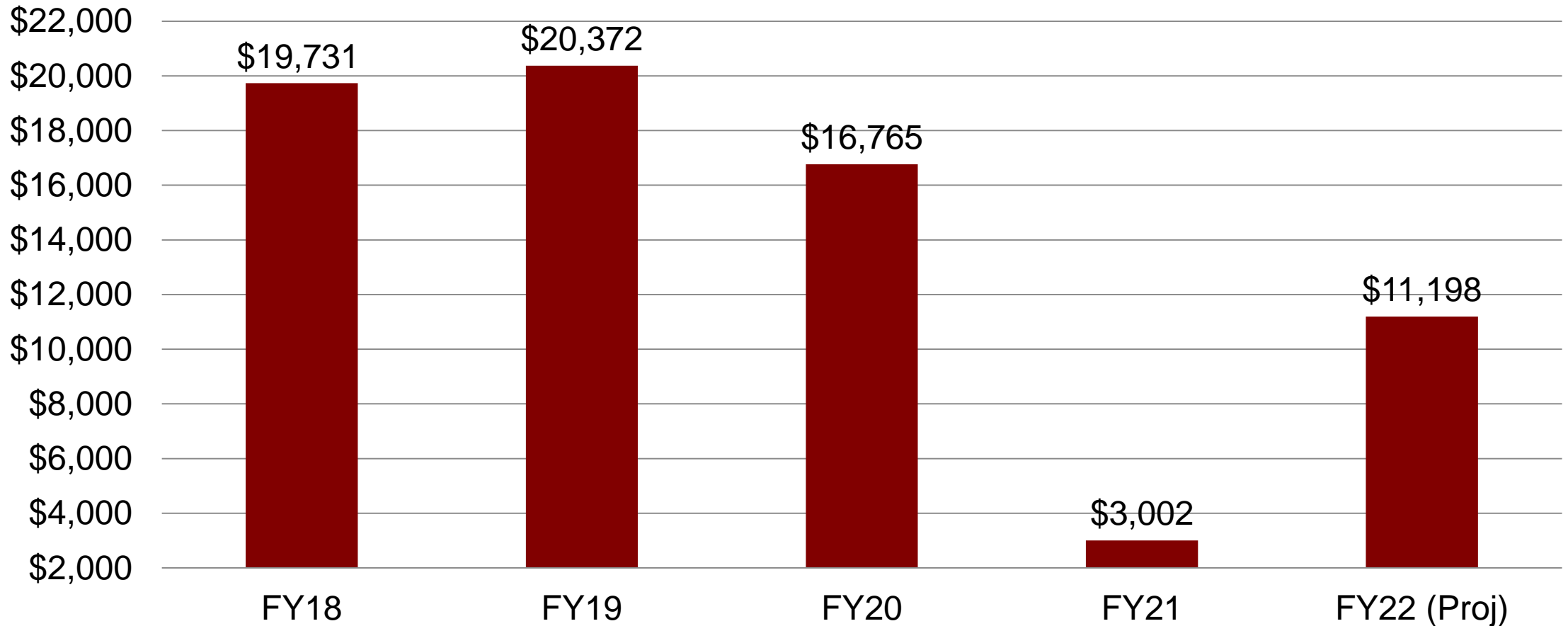
FY18 – FY22 (Proj)



Housing Revenue

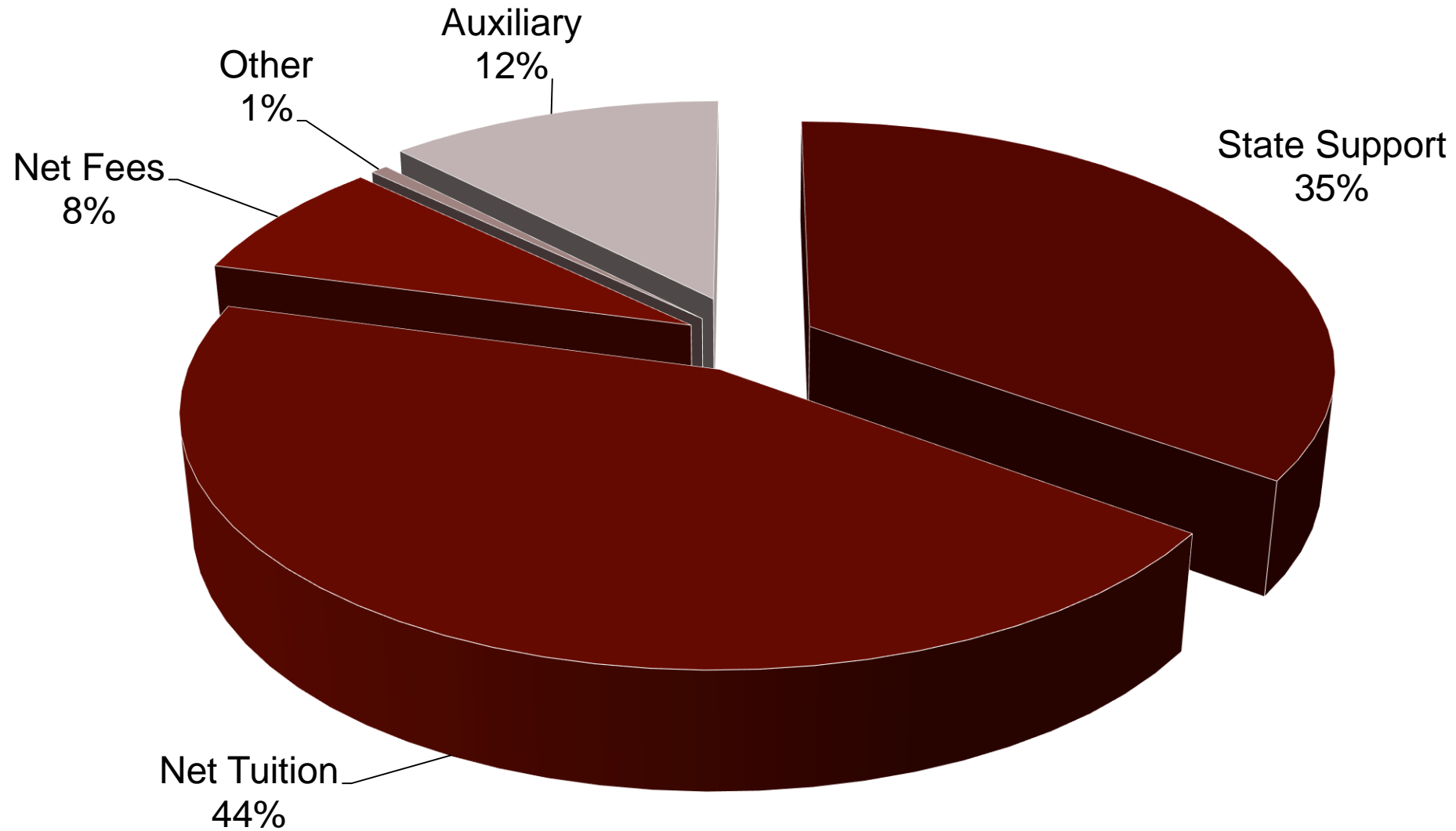
FY18 – FY22 (Proj)

\$ in thousands

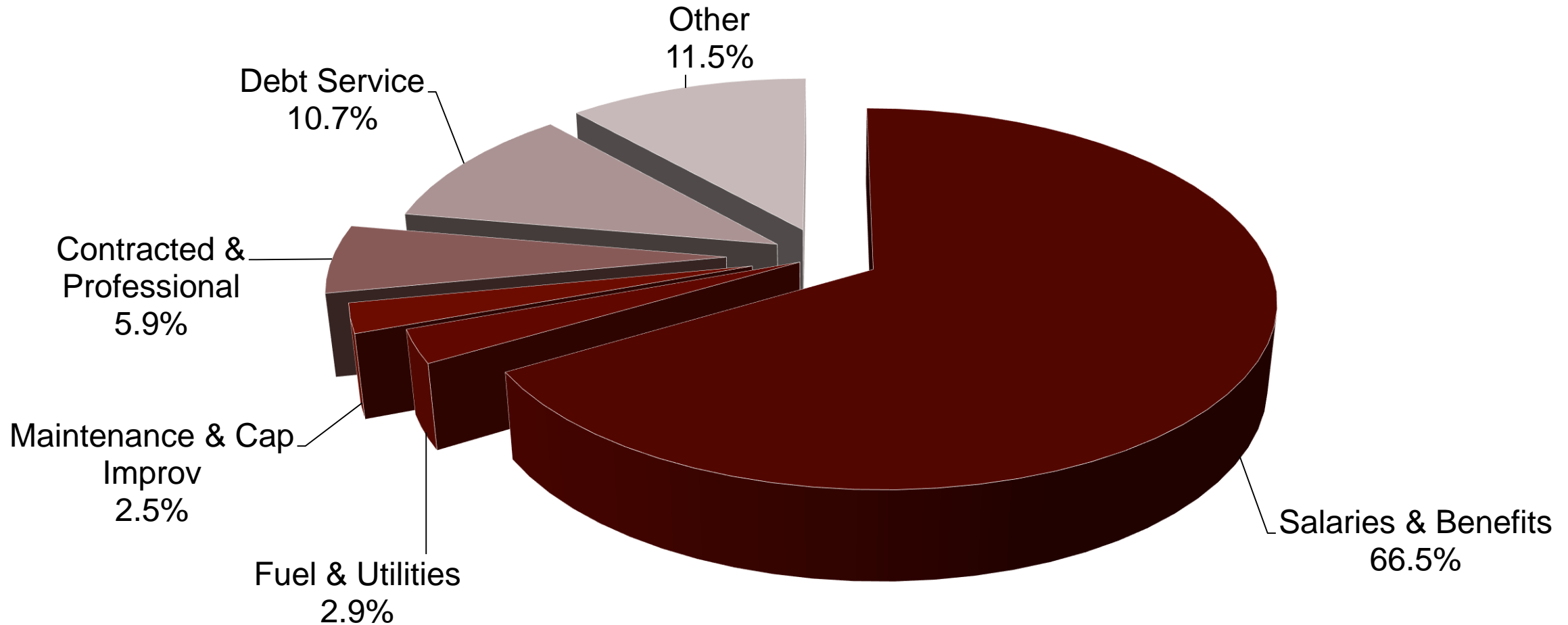


Amounts net of housing waivers.

Sources of Revenues FY22 (Proj)



Expenditures by Category FY22 (Proj)



Current Forecasted FY21 & Budget FY22

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

* 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

