Open Forum on the FY21 Budget

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
COVID-19
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 outcomes-based measure payment (Ramapo - $0.2 million)
  - Cut many supplemental FY20 allocations (Ramapo - $1 million)
- Extended fiscal year to September 30th
- 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
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>34,928</td>
<td>6,455</td>
<td>-28,473</td>
</tr>
</tbody>
</table>

• New Jersey is 3rd behind California and Illinois

Higher Education – US

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

- The College of New Jersey: $16,943
- Ramapo College of New Jersey: $14,678
- Richard Stockton University: $14,317
- William Paterson University: $13,370
- Kean University: $12,595
- New Jersey City University: $12,413
BUDGET FY21
Budget Cycle FY21

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

Step 4
- Return to Campus assessment
- Scenarios assessed
- Budget Presentation-Open Forum (July)

Step 5
- State announces its FY21 Budget
- Final budget developed for Trustee review (September)

Step 6
- Board of Trustees approves FY21 Budget
- Units receive and review the final budget

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 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)

Undergraduate is Fall and Spring enrollment, Graduate is full year enrollment.
Budgeted Housing Capacity vs Occupancy
FY17 – FY21 (Proj)

Occupancy is an average of Fall & Spring
Housing Revenue (in thousands)
FY17 – FY21 (Proj)
Changes in annual Debt Service resulting from Debt Refinance and Issuance FY17

$ in thousands

- Prior
- New
## Ramapo College - Scenarios

**Fiscal Year 2021 Projections**

$ in thousands

<table>
<thead>
<tr>
<th></th>
<th>Stage 2 Budget in System</th>
<th>Budget with Additional Measures</th>
<th>Base Case With Stage 1 Fall</th>
<th>Stage 1 Fall with Additional Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>$ 80,566</td>
<td>$ 80,566</td>
<td>$ 77,876</td>
<td>$ 77,876</td>
</tr>
<tr>
<td>Auxiliary Enterprise Revenue</td>
<td>13,820</td>
<td>13,820</td>
<td>6,910</td>
<td>6,910</td>
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<tr>
<td>Government Appropriations</td>
<td>44,178</td>
<td>44,178</td>
<td>44,178</td>
<td>44,178</td>
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<tr>
<td>Interest &amp; Other</td>
<td>1,821</td>
<td>1,821</td>
<td>1,821</td>
<td>1,821</td>
</tr>
<tr>
<td>Release of Reserves &amp; Additional Funding</td>
<td>-</td>
<td>6,003</td>
<td>6,003</td>
<td>9,003</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>140,385</td>
<td>146,388</td>
<td>136,788</td>
<td>139,788</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Salaries &amp; Wages</td>
<td>$ 106,576</td>
<td>102,901 (66%)</td>
<td>100,856 (64%)</td>
<td>100,418 (64%)</td>
</tr>
<tr>
<td>Non-Salary Expenditures</td>
<td>31,575</td>
<td>29,996 (19%)</td>
<td>27,328 (17%)</td>
<td>25,961 (17%)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>18,434</td>
<td>18,434 (12%)</td>
<td>18,434 (12%)</td>
<td>18,434 (12%)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 156,585</td>
<td>$ 151,331 (12%)</td>
<td>$ 146,618</td>
<td>$ 144,813 (12%)</td>
</tr>
<tr>
<td><strong>Statement of Net Position</strong></td>
<td>$ (16,200)</td>
<td>$ (4,943) (3.4%)</td>
<td>$ (9,830) (7.2%)</td>
<td>$ (5,025) (3.6%)</td>
</tr>
<tr>
<td><strong>Statement of Net Position %</strong></td>
<td>(11.5%)</td>
<td>(3.4%)</td>
<td>(7.2%)</td>
<td>(3.6%)</td>
</tr>
</tbody>
</table>

(No Fall residential students)
## Assumptions in the Scenarios

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