

**New Jersey City University
Board of Trustees – Special Meeting
September 28, 2022**

Public Session Minutes

ATTENDING:

Mr. Joseph Scott, Chair
Mr. Luke Visconti, Vice Chair
Dr. Steven Chang (Zoom)
Mr. Edward Fowlkes
Ms. Alejandra Martinez, *student trustee voting*
Ms. Ashley Pottinger, *student trustee non-voting*
Mr. James Jacobson (zoom)
Mr. Carlos Lejnieks
Mr. Rafael Perez (Zoom)
Dr. Irene Trowell-Harris (Zoom)
Dr. Edward Whittaker (Zoom)
Jason Kroll, Acting President *ex officio*
Mr. Andrés Acebo, Executive Vice President and University Counsel

NOTICE OF MEETING

Mr. Acebo noted that the time, date, location and agenda for this meeting were mailed to the Jersey Journal, the Star-Ledger, Office of the Secretary of State, Senate Majority Office, Council of New Jersey State College Locals and the New Jersey Association of State Colleges and Universities on September 23, 2022. Notice of this meeting was also posted on the University's email system and website.

CHAIR'S REPORT

Mr. Scott thanked the members of the Board and NJCU for their dedicated support Mr. Scott also reflected on the efforts being made by all campus stakeholders and the burden-sharing to protect NJCU's mission.

FY23 BUDGET OVERVIEW

Mr. Durant, Vice President/Chief Financial Officer and Treasurer presented an overview of the FY2022-23 Annual Operating Budget for formal approval and adoption.

MEMORANDUM

September 26, 2022

To: New Jersey City University Board of Trustees

From: Ben Durant, Vice President/Chief Financial Officer and Treasurer (Interim)

Please find detailed below the FY 2022-23 Annual Operating Budget for your formal approval and adoption. This budget, which was reviewed by the Board of Trustees and the campus community on September 12, 2022, at a regularly scheduled public meeting of the Board of Trustees, reflects the University's overall budget plan for the remainder of the current fiscal year. The FY 2022-23 Annual Operating Budget replaces the 90-day interim budget that the University has been operating under since July 1, 2022.

The budget presented to you on September 12, 2022, included a comprehensive plan for addressing the \$22.6 million budget deficit that had previously been identified during the budget development process. The plan included the implementation of several immediate cost containment measures, as well as development of a strategic rightsizing plan that involves both academic and administrative program reviews designed to promote the long-term financial sustainability of the university.

During the September 12, 2022 presentation, staff noted that the projected budget deficit had been reduced by approximately \$10 million, from 22.6 million to \$12.79 million, and that the remainder of the deficit will need to be addressed with other financing sources (i.e., enhanced state support, divestment of fixed assets, additional rightsizing, etc.) over the remainder of the current fiscal year.

BUDGET UPDATES

The following adjustments to the Proposed Budget were made after the presentation to the Board of Trustees on September 12, 2022:

- Approximately \$6.2 million in CARES Act funding has been removed from the revenue totals of the FY 2022-23 operating budget to produce a clearer picture of NJCU's on-going operations and structural deficit. As CARES funding is non-recurring revenue, leaving it in the operating budget as revenue only skewed NJCU's recurring financial activity. With that background, removal of CARES revenue had the effect of initially increasing NJCU's projected budget gap, which stood at \$12.79 million on September 12, 2022, to approximately \$19.0 million before other adjustments.
- Tuition and fee revenue projections increased by \$3.4 million (to \$85.90 million from \$82.50 million), to adjust for an intentionally conservative allowance for doubtful student accounts during the interim 90-day budget period, as well as to reflect better than expected graduate school enrollment numbers that have been reported for the fall semester. This increase in budgeted tuition and fee revenue partially offsets the additional budget gap created by removal of the CARES funding from the operating budget.
- As part of our continuing cost containment and rightsizing efforts, a deeper analysis and technical review of the operating budget revealed that budgeted matching expenses for grant-related activities and budgeted expenses for special funds, including funds the university refers to as "entrepreneurial accounts," were overstated by approximately \$2.0 million.

As a result of the preceding updates and other technical adjustments, the operating budget deficit decreased slightly, from \$12.79 to \$12.67 million. The budget is currently balanced with the use of "Other Financing Sources" that will be identified over the course of the fiscal year.

A summary of the updated operating budget is presented below for your review and approval:

FY 2022-23 Proposed Budget (dollars in thousands)

	September 12th Presentation	FY 2022-23 Proposed Budget	Dollar Change
Revenues			
Tuition & Fees	82,500	85,900	3,400
Auxiliary Enterprises	2,500	2,500	-
Institutional Scholarships	(14,000)	(14,000)	-
Grant Revenue ⁽¹⁾	3,000	5,882	2,882
Grant funded Scholarships	-	(882)	(882)
State Appropriation	33,824	33,913	89
State Paid Fringe Benefits	18,860	19,460	600
All Other Revenue	2,650	2,650	-
Total Revenues	129,334	135,423	6,089
Expenses			
Salaries & Wages	79,562	79,593	31
Grant-related Salaries & Wages	-	4,118	4,118
Fringe Benefits	19,260	19,581	321
Grant-related Fringe	-	697	697
Insurance	600	600	-
Utilities & Maintenance	3,000	3,800	800
Other Non-Personnel Expense	27,216	26,016	(1,200)
Grant-related Non-personnel	-	1,200	1,200
Debt Service	8,710	8,710	-
Capital Outlays	3,775	3,775	-
Total Expenses	142,124	148,090	5,967
Operating Surplus/(Deficit)	(12,790)	(12,667)	123
Non-Operating Revenue (Expenditures)			
Other Financing Sources	12,790	12,667	
Total Non-Operating	12,790	12,667	
Net Surplus (deficit)	-	-	

Notes:

(1) Federal, State & Private Grants as reported in the September 12th presentation was a Net figure that included \$6.2M in non-recurring CARES funding that has been removed from proposed budget to avoid skewing NJCU's recurring operating activity. NJCU's remaining CARES funding and required direct payments to students will nonetheless affect our cash position, though not shown in the operating budget.

CASH POSITION

NJCU's starting cash position on a July 1, 2022, was approximately \$24.24 million. The chart below depicts how the university's cash position will be impacted if the university spends half of its remaining CARES funds on direct student aid, allowing the university to keep the remaining half for institutional support, and must absorb the \$12.67 million operating budget deficit (currently showing in the budget) without a significant infusion of additional cash:

Item	CARES Funds	Working Capital	Total Cash
Cash & Cash Equivalents	12,771,307	11,468,297	24,239,604
Operating Deficit	-	(12,667,000)	(12,667,000)
Direct Student Aid	(6,385,654)	0	(6,385,654)
Total Cash at Year End	6,385,653	(1,198,703)	5,186,950

Based on the above scenario, the university would end the year with less than 25 days cash on hand. As such, adoption of the proposed \$148 million Annual Operating Budget for FY 2022-23 contemplates the continuation of an aggressive rightsizing plan, that includes administrative and academic program realignments, the divestment of non-core fixed assets, and additional equitable financial support from the State of New Jersey for its longest-standing minority-serving/Hispanic-serving four-year institution.

CONCLUSION

The budget presented today for adoption reflects all the budget numbers and narrative as presented on September 12, 2022, except for the budget updates noted above. Given that the budget is reliant on \$12.67 million other financing sources that have yet to be specifically identified to be balanced, staff will provide regular budget updates to the Board of Trustees throughout the fiscal year, to include requesting amendments to the budget that may require Board of Trustee approval.

Mr. Acebo put forward the request to approve the Resolution to approve the Final Fiscal Year 2023 Budget. The motion was moved by Mr. Visconti and seconded by Mr. Jacobson. (Yes-Mr. Scott, Mr. Chang, Mr. Fowlkes, Mr. Jacobson, Mr. Lejnieks, Mr. Perez, Dr. Trowell-Harris, Mr. Visconti, Dr. Whittaker; No-None; Abstention- None). The motion passed.

**NEW JERSEY CITY UNIVERSITY
BOARD RESOLUTION**

FINAL FISCAL YEAR 2023 BUDGET

- WHEREAS: State Colleges and Universities have been authorized to establish revenue, expense, and capital budget projections for the 2022/2023 fiscal year; and
- WHEREAS: The New Jersey City University Board of Trustees on June 27, 2022, approved the tuition rates, room and board rates, and rates for other fees for the 2022/2023 academic year along with a 90-day interim budget to address emergency right-sizing and cost-containment needs; and
- WHEREAS: The University projects that the Governor’s final approved State budget will include University base appropriation of \$33,913,000; and
- WHEREAS: The University prepared its operating and capital budgets for fiscal year 2023 based on projected State appropriation and tuition and fee increases, which projects total operating revenues and expenses at \$148,090,000; and capital expenditures of \$3,775,000; and

WHEREAS: The Board of Trustees has reviewed the updated fiscal year 2022/2023 budget projections at its September 12, 2022 meeting and recommends adoption; and

WHEREAS: The University will provide regular financial updates throughout the fiscal year to the Board of Trustees and recommend any necessary adjustments in furtherance of cost containment strategies; now be it therefore

RESOLVED: That the New Jersey City University Board of Trustees on September 28, 2022 does hereby approve the fiscal year 2022/2023 Operating and Capital Budgets.

REQUEST TO SPEAK

The following individual requested to speak at the public session of the board and were called forward by Mr. Acebo:

AFT Local President Barbara Hildner addressed the Board expressing her appreciation for the explanation of the budget and clarity. Professor Hildner stressed the continued need for collaboration between management and the Union.

Dr. Chris Shamburg, addressed the Board to make a case for greater consideration for graduate education. It's 1/5 of the gross revenue about 1/3 of the net and about 1/20th the conversation. It is something he has been working on through various channels, and wanted to make the Board aware as it makes sense for finances, demography, and mission.

Erie Lugo, Dean/Principal, CSA - University Academy Charter High School and Alumnus addressed the Board regarding the FY23 Budget and partnership with UACHS.

NEXT MEETING

The next Board meeting will be held on February 21, 2023. Which will begin in executive session as voted on at the previous meeting.

The minutes of the executive session will become available to the public when there is no longer a need for confidentiality regarding these matters.

ADJOURNMENT

There being no further business to come before the Board, Mr. Acebo requested a motion for the board to adjourn the meeting. The motion was moved by Mr. Visconti and seconded by Mr. Scott. (Yes-Mr. Scott, Mr. Chang, Mr. Fowlkes, Mr. Jacobson, Mr. Lejnieks, Mr. Perez, Dr. Trowell-Harris, Mr. Visconti, Dr. Whittaker; No-None; Abstention- None). The motion passed and the meeting was adjourned.

Respectfully submitted,

Andrés Acebo
Chief of Staff and Secretary to the Board of Trustees