



New Jersey City University
Board of Trustees
2039 Kennedy Boulevard
Jersey City, NJ 07305-1597
njcu.edu

**New Jersey City University Board of Trustees
SPECIAL PUBLIC MEETING NOTICE**

**September 28, 2022
2:00 P.M.**

Agenda

- I. Roll Call
- II. Welcome
- III. Chair's Report
 - A. FY23 Budget Presentation (B. Durant)
- IV. Committee Chair Reports
 - A. Executive Committee (Action Items)
 - 1. Resolution approving FY23 Budget
- V. Old Business
- VI. New Business
- VII. Next Regular Public Meeting – Tuesday, February 21, 2023, to convene in executive session.
- VIII. Adjournment

SCHEDULE

2:00 p.m. Public Session – New Jersey City University
2039 John F. Kennedy Boulevard, Jersey City
Hepburn Hall, Gothic Lounge Room 202,

Individuals that wish to address the New Jersey City University Board of Trustees must submit a request to speak form accessible from the following university webpage in accordance with Board policy:

<https://www.njcu.edu/about/administration-governance/board-trustees/speaker-request-form>

A copy of the terms for addressing New Jersey City University's Board of Trustees may be obtained at the following link:

[https://www.njcu.edu/about/administration-governance/board-trustees/terms-addressing-new-jersey-city-universitys-board-trustees.](https://www.njcu.edu/about/administration-governance/board-trustees/terms-addressing-new-jersey-city-universitys-board-trustees)

New Jersey City University Proposed Budget
FY 2022-23

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.

**New Jersey City University Proposed Budget
FY 2022-23**

- 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.

New Jersey City University Proposed Budget
 FY 2022-23

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 Captial	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.

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.