

New Jersey City University
Supplemental Information Report

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August 25, 2022

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\$156 million in debt. (Exhibit A). While this is technically true, this suggestion is made without context and implies that funds were squandered because of poor managerial decision-making.

Budget and Finance team has conducted brainstorming sessions to identify ways to generate savings and diversify revenue streams, has inventoried all contracted services to determine the necessity and appropriate scope of those services, and is in the process of completing a forensic review of NJCU's non-personnel budget to accurately budget all fixed costs. (Exhibit G). These crisis teams, along with the other rightsizing efforts that NJCU has implemented, are all focused on tailoring the University's services to its mission and its students while focusing on cost saving measures and long-term sustainability.

In late 2020, the University engaged the services of the rpk Group, a higher education consultancy firm that helps colleges and universities address the disruption plaguing the traditional industry business models. NJCU retained rpk Group to conduct an academic portfolio and administrative services efficiency review and initiated a culture of constant evaluation of operational competitiveness and maximum resiliency to best serve our unique student population and community.⁴

This exercise was largely met with a coordinated resistance by some faculty. Campus inclusive steering teams and data teams were charged with driving assessments of the strengths and weakness of the University's academic portfolio, streamlining administrative services to reduce costs, evaluating return on investments on student success efforts, and establishing data lenses to facilitate resource allocation models to better align strategy and mission. Moreover, in 2021 NJCU refinanced \$38.5 million of its existing debt spread across the Series 2007F, Series 2008F, Series 2010F, and Series 2016D bonds. (Exhibit C). As a result of this, NJCU achieved \$23.1 million of cash flow relief through fiscal year 2029, \$21.7 million of which will be realized from full-year 2022 through full-year 2026. (Exhibit C). As part of this refinancing, NJCU was also able to extend the final maturity of its old debt from full-year 2037 to full-year 2052, which will provide the University with long-term savings.

Additionally, the University has requested that the State of New Jersey advance its annual appropriation of approximately \$31.8 million. Typically, this appropriation is provided to the University in monthly installments. Given the University's financial situation, the University has requested a six month advance of this appropriation, which would immediately provide a cash infusion and increase the University's cash on hand. Even if the State does not grant the University's request for an advance, the timing of the University's declaration in June, which was well before the University could budget for tuition payments and federal Pell grant monies, means that the University's financial position will improve with the imminent start of the fall semester.

As a result of NJCU's continued commitment to its mission, it is reducing the physical scale of its operations. NJCU is in the process of evaluating the divestment of certain monetizable real property. The divestments will provide both a cash infusion for the University as well as the elimination of long-term expenses associated with the development of real estate. To that end, the University has suspended or terminated many of its contracts with outside vendors and is

⁴ The assessment and review findings and recommendations have not been fully implemented yet. However, many of the data sets were based on historical data from 2018-2020. Nevertheless, significant voluntary faculty and staff separations have been facilitated along with significant reductions in course-released time and adjunct budgets.

5. All areas of the university will undergo a thorough structural and operational review - utilizing the administrative services review and academic portfolio analyses facilitated by the rpk Group study - to determine the most prudent and cost-effective way to address core mission priorities and student needs. (Exhibit K).
6. Consideration of diversity, equity and inclusion will guide the University's downsizing efforts to ensure its continuous commitment to a culture of open-mindedness, compassion, and inclusiveness among individuals and groups.

Key Policy Shifts

To support the downsizing initiative and ensure development of a responsible balanced budget, NJCU has implemented the following policy shifts:

1. NJCU has implemented a 90-day interim budget to facilitate development of a deliberate budget action plan to address the University's structural budget deficit and ensuing financial exigency.
2. Stringent spending guidelines were approved with the interim budget, limiting expenses to fixed and mandatory costs, and other operating costs necessary to fund the basic operations of campus. No discretionary, non-essential, or new spending will be allowed during the interim budget period.
3. All vacant positions are currently frozen, with limited exceptions being granted on a case-by-case basis to support mission critical objectives and activities.
4. The University has switched from budgeting on a full-accrual basis to a modified-cash basis for development of its FY 2023 budget. Expenditures will continue to be budgeted

enrollment trends;

2. Campus Wide Reorganization
Reorganize upper management and other administrative structures to promote improved efficiency, effectiveness, and communication;
3. Administrative Consolidation
Consolidate the management of internal support functions (i.e., Information Technology) to reduce overlap and unnecessary redundancy;
4. Operational Efficiency
Reduce non-faculty workforce levels to optimize administrative efficiency,
5. Academic Efficiency
Reduce the number of full-time faculty posi

Exhibit F: Listing of crisis Priority teams dated July 11, 2022;
Exhibit G: Budget Finance Crisis Priority Team;
Exhibit H: