



Follow-Up Review Team Report

Effective Date: February 1, 2021

**NEW JERSEY CITY UNIVERSITY
Team Visit: October 1-3, 2023**

Section A: Institutional Representatives

Provide a list of the following institutional representatives at the time of the visit:

Chief Executive Officer (CEO)/President

Mr. Andrés Acebo, President

Chief Academic Officer

Dr. Donna Breault, Acting Provost and Senior Vice President

Chief Financial Officer

Mr. Brian Kirkpatrick, Vice-President of Administration and Finance

Chair of the Board of Trustees

Mr. Luke Visconti

Section B: Institutional Context and Nature of the Visit

Provide a brief introduction to the institution, including a summary of the nature and conduct of the visit. Include the Commission action that directed this visit.

The University is committed to the improvement of the educational, intellectual, cultural, socioeconomic, and physical environment of the surrounding urban region and beyond. Established in 1927 as a training school for teachers, today NJCU is among the most comprehensive universities in the state. Located in Jersey City, NJ, one of the most diverse cities in the nation, and just minutes from New York City, NJCU's College of Arts and Sciences, Education, Professional Studies, and School of Business offer 50 undergraduate degree programs and 30 graduate programs, including emerging and interdisciplinary fields.

The Commission requested NJCU to provide information relating to the “state’s request for an investigation into the [University’s] finances” which was prompted by an article titled “Gov. Murphy calls for investigation into NJCU finances” dated August 5, 2022. The Commission makes use of several types of follow-up reports depending on the nature and severity of its

concern. This request was in the form of a follow up report called Supplemental Information Report (SIR) that was due August 25, 2022 to provide additional information on Standard VI: Planning, Resources, and Institutional Improvement. A second SIR was requested due March 1, 2023 to provide evidence of (1) an update of any investigation(s) related to the Commission action of August 11, 2022 (Standard II), and (2) the adequacy of fiscal and human resources, including physical and technical infrastructure, to support operations (Standard VI). Additionally, NJCU was asked to “inform the Commission about any and all significant developments related to any internal or external investigations surrounding these concerns.” The request of a SIR does not denote non-compliance.

Section C: Requirements of Affiliation

For each requirement of affiliation under review, provide the following.

In the team’s judgment, the institution [*appears to meet / does not appear to meet*] all of the requirements of affiliation.

This judgment is based on a review of the follow-up report, evidence, and interviews with institutional constituencies to clarify information and verify compliance during the team visit.

Provide a brief summary or bulleted points that reflect, collectively, on the institution’s compliance with requirements of affiliation. The summary should reference evidence verified during the review process.

If the team cannot affirm compliance with all of the requirements of affiliation, identify each specific requirement of affiliation and provide a brief narrative describing the non-compliance.

Section D: Standards for Accreditation

STANDARD II – Ethics and Integrity

In the team’s judgment, the institution *appears to meet* this standard.

This judgment is based on a review of the follow-up report, evidence, and interviews with institutional constituencies to clarify information and verify compliance during the team visit.

Summary of Findings

- The institution provided several items of evidence to demonstrate honesty and truthfulness in public relations announcements, advertisements, recruiting and admissions

materials and practices, as well as in internal communications in compliance with Standard II.6, including its August 25, 2022 Supplemental Information Report; its March 1, 2023 Supplemental Information Report; its August 28, 2023 Supplemental Information Report; the report of the New Jersey State Comptroller; and, the statement issued by its Board of Trustees in response to that report.

- In response to the Commission’s requested update, the March 2023 SIR reiterates that the investigation by the State Comptroller was initiated on the basis of inaccurate information reported by the media. In the August 25, 2022 SIR, this inaccuracy was attributed to confusion on the part of the media regarding the accounting distinction between surplus and net position. The institution’s net position decreased substantially from 2014 to 2021 largely due to the implementation of a new pension-related accounting standard in 2015. The SIR goes on to explain that multiple expansion projects coincided with enrollment declines beginning in 2016 to create a structural budget deficit that worsened with the pandemic. Persistent underinvestment in the University by the State of New Jersey is also cited. When a requested State appropriation did not materialize, a financial emergency was declared and subsequent rightsizing actions were undertaken.
- The NJ Office of the State Comptroller issued its report on its investigation. Subsequently, the institution responded to the report on behalf of its Board of Trustees. The institution expressed agreement with the finding that “no funds were misappropriated” and that longstanding budget issues and low enrollment were significant contributors to the financial crisis. The response also notes that “the prior senior administrators whose conduct is discussed in the Report are no longer employed at the University” and the new leadership had worked to decrease the deficit by almost 50%.
- The Comptroller’s investigation raised broader concerns regarding assessment and accountability that demanded attention and became more urgent when a State Monitor for the institution was appointed by the Secretary of Higher Education in August 2023. The position of State Monitor was established by new legislation to provide oversight of fiscal and governance operations for public institutions experiencing financial crisis. To that end, the team requested additional information and interviewed key personnel to further verify sustainability of compliance with:

Standard II.6. honesty and truthfulness in public relations announcements, advertisements, recruiting and admissions materials and practices, as well as in internal communications;

Standard II.9. periodic assessment of ethics and integrity as evidenced in institutional policies, processes, practices, and the manner in which these are implemented.

Specifically, the team reviewed the Comptroller's findings and recommendations to ensure that institutional policies, processes, and practices protecting ethics and integrity are sufficient.

- The team felt that the Board Chair was forthcoming in acknowledging that filling Board vacancies and establishing Board committees is critical to restoring the Board's capacity to fulfill its fiduciary responsibilities. Although the Chair was uncertain of the status of the Governor's approval of proposed members, the State Monitor informed the team that it was his understanding that at least two new members have been approved. The State Monitor also stated that he would be involved in onboarding the new members and is working with the Board to include an annual retreat in the schedule for purposes of training and assessment. The team felt overall that NJCU leadership understands the critical role of its Board of Trustees in ensuring transparency and accountability in internal communication.

Collegial Advice (*Non-binding suggestions for improvement. Where appropriate, team members might consider including a limited number of non-binding suggestions for improvements as they relate to this standard. If no collegial advice is offered, delete this bullet/paragraph.*)

- The team encourages the leadership of the institution to take the recommendations of the State Comptroller's report under consideration and take steps to strengthen its Board of Trustees. In addition to onboarding and training, the team suggests that Board members actively participate in assessment of its policies, processes, and practices.

Team Recommendation(s) (*Institutional action(s) needed for the institution to continue to meet this standard. Select from list of standardized recommendations. If no recommendations are made by the team, write "None".*)

- None.

Recognition of Progress (*Recognize noteworthy progress as it relates to the standard under review.*)

- The institution has made noteworthy progress in reflecting on its identity and mission, reaffirming its commitments, and fostering a spirit of renewal to rebuild trust. The team is confident that the institution is putting the concerns of the past several months behind them but not disregarding the lessons learned.

STANDARD VI – Planning, Resources, and Institutional Improvement

In the team’s judgment, the institution *appears to meet* this standard.

This judgment is based on a review of the follow-up report, evidence, and interviews with institutional constituencies to clarify information and verify compliance during the team visit.

Summary of Findings

- NJCU has developed and distributed a *Recovery and Revitalization Plan: A framework for long-term financial sustainability, mission focus, and student success*. The plan recognizes the importance of concentrating on the institution’s mission to serve the needs of the immediate region, including underserved and first-generation college students from Hudson County. Meetings with the Board members, President, Administration, and representatives from the Governance bodies reinforced this commitment which is a change from the previous administration that appeared to focus on other student groups including international recruitment.
- NJCU has made significant progress in reducing its projected operating loss from approximately \$23 million to \$5.2 million prior to any unbudgeted state funding in seven (7) months. In discussions with NJCU leadership, they indicated that they were working to return to a positive operating margin within two years.
- The publicity that resulted from NJCU’s financial crisis has impacted enrollment at NJCU. Although NJCU has not met its enrollment targets, it believes it will see a rebound in enrollments with the concerted efforts underway to increase enrollment and improve retention, especially for students in their final two years of study.
- NJCU’s interim President and current administration has the support of much of the campus community. This is evidenced through correspondence from governance units including the University Senate and the local AFT union as well as our meetings with the leadership from governance entities. The Board Chair and Board Member who met with the visiting team also expressed support and confidence in the current leadership.
- While significant progress has been made in addressing the financial challenges at NJCU, the NJCU administration recognizes the need to complete an Academic Master Plan as well as a Strategic Enrollment Management Plan. NJCU leadership indicated that these plans would be completed by the end of the 2023 calendar year.

- The role and responsibilities of the state-appointed monitor must remain within MSCHE's expectations regarding responsibilities assumed by NJCU Board and Administration under Standard VII. We were encouraged that the state monitor viewed his role as a collaborator to ensure transparency, appropriate disclosure of operations and responsible stewardship of NJCU's resources. He appears committed to the Board governing and the administration managing NJCU's operations.

Collegial Advice (*Non-binding suggestions for improvement. Where appropriate, team members might consider including a limited number of non-binding suggestions for improvements as they relate to this standard. If no collegial advice is offered, delete this bullet/paragraph.*)

- We strongly recommend that in interactions with the campus and local community, the state monitor keeps the administration and board appropriately informed and includes appropriate administrators when meeting with campus constituents.

Team Recommendation

- *NJCU should demonstrate a financial planning and budgeting process that is aligned with the institution's mission and goals, evidence-based, and clearly linked to the institution's and unit's strategic plans/objectives.* Continued efforts should include 1) adoption and implementation of an Academic Master Plan; 2) adoption and implementation of a Strategic Enrollment Plan; and, 3) continued steps to bring the budget in balance within a reasonable time period.

Requirement(s)

None

Recognition of Progress (*Recognize noteworthy progress as it relates to the standard under review.*)

- NJCU has made significant progress in moving from financial crisis to recovery. Significant improvements in the operating budget have been implemented in a short period of time.

Section E: Applicable Federal Regulatory Requirements

For each federal regulatory requirement under review, provide the following information:

(If none, indicate no federal regulatory requirements were reviewed during this follow-up review)

In the team's judgment, the institution [*appears to meet / does not appear to meet*] all applicable federal regulatory requirements.

This judgment is based on a review of the Institutional Federal Compliance Report, evidence, and interviews with institutional constituencies to clarify information and verify compliance during the team visit.

Provide a brief summary or bulleted points that reflect, collectively, on the institution's compliance with applicable federal regulatory requirements. The summary should reference evidence verified during the review process.

If the team cannot affirm compliance with all of the applicable federal regulatory requirements, identify each specific area and provide a brief narrative describing the evidence needed to demonstrate compliance.

Section F: Review of Third-Party Comments

Section F should not include a summary of third-party comments and should not be read during the Oral Exit Report.

If third-party comments were received in accordance with Commission policy and procedures, describe the process the team used to review them.

If the third-party comments result in a team recommendation or requirement, the team will include those requirements in the proposal for action in the Team Chair's Confidential Brief.

Section G: List of Additional Evidence

Section G does not need to be read during the Oral Exit Report.

List all additional information requested by peer evaluators before or during the visit that was used to verify compliance with Commission standards, requirements of affiliation, policies and procedures, and applicable federal regulatory requirements.

Section H: Follow-Up Report and Process Comments

Section H to be read during the Oral Exit Report if completed.

The team appreciated the transparency and support of the campus community and administrative leadership throughout this process. The commitment to NJCU's mission and its students was very evident. The proposed and ongoing actions, while they may be difficult, are in keeping with NJCU's mission and its promise to its students and the citizens of New Jersey.

This concludes our report. Thank you. (to be removed when I submit the report)