

Governor Phil Murphy has called for an investigation into New Jersey City University's dramatic change in financial standing, which led NJCU to declare a financial emergency.

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New Jersey City University is facing scrutiny from the state government following a financial collapse that saw a dramatic reversal of fortune with the institution reportedly going from a surplus of \$108 million in 2013 to a deficit of \$67 million amid plans to expand NJCU's campus.

Last week Governor Phil Murphy, a Democrat, called for an investigation into the university's finances.

"These figures, if true, are deeply troubling, and require an immediate, independent investigation to understand how the financial situation deteriorated so rapidly over an eight-year period," Murphy wrote in a [letter to the state's comptroller](#)

(https://d31hzhk6di2h5.cloudfront.net/20220805/1c/ac/85/c7/1093fd18d229ec4620f25dbd/Letter_to_Comptroller_-_8.5.22.pdf) formally requesting an investigation.

Now it appears that state authorities are poised to open such an investigation.

Now NJCU, a minority-serving institution which enrolls around 6,000 students, many low income and first-generation, is in the crosshairs of state investigators as the fall semester nears.

The Financial Collapse

According to faculty members and local media, NJCU went from a surplus to a major deficit within the span of less than a decade under the leadership of former president Sue Henderson, who resigned last month, earning a potential payout of \$10 million (<https://www.insidehighered.com/quicktakes/2022/07/22/njcu-president-cashes-amid-financial-emergency>), amid a financial emergency, which has the Board of Trustees seeking a \$10 million lifeline to keep the university afloat. (NJCU has disputed (<https://www.njcu.edu/about/news/2022/07/statement-about-dr-sue-hendersons-employment-contract>) that Henderson will be awarded the full payout.)

Faculty members have pointed to a number of alleged financial missteps by Henderson, largely related to ambitious expansion projects that have drained university coffers and failed to pay off.

Under her leadership, NJCU built a new business school, extended its campus to nearby Fort Monmouth -- which one state official is now urging NJCU to surrender to another college (<https://www.nj.com/hudson/2022/08/state-senator-calls-for-njcu-to-turn-over-fort-monmouth-to-another-state-university.html>) -- and aimed to expand the campus by building a new performing arts center and luxury apartments.

Prior to Henderson's departure, employees noted -- in a University Senate resolution (<https://www.njcu.edu/sites/default/files/docs/2021-10/Motion%20for%20Vote%20of%20No%20Confidence%20in%20President%20Sue%20Henderson.pdf>) -- critical of her leadership -- numerous other factors, such as "changes in state contribution to the university budget; changes in student enrollment and retention; adjustments to guarantee pensions, and other reasons."

Enrollment and retention challenges have weakened NJCU finances, Francis Moran, a political science professor and president of NJCU's University Senate told *Inside Higher Ed* via email. According to university figures, NJCU fell from enrollment of 7,951 total students in fall 2019 to 5,841 students this fall, though officials note those numbers will likely increase before the semester begins.

"I think the main
