

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## SENATE, No. 3848

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3848 (1R).

This amended bill provides for the merger of Bloomfield College with Montclair State University, expands the powers and property of Montclair State University, and expands the State college risk management group.

The amended bill provides a pathway for Bloomfield College, an independent college, to become a school of Montclair State University. The bill updates the law that established Bloomfield College to reflect the current governance structure of Bloomfield College. The bill further permits the college to merge or consolidate with another nonprofit corporation formed and operated primarily for educational purposes.

Under the amended bill, Montclair State University will have the care, custody, control, and title of any property the institution acquires as part of a merger or consolidation with another nonprofit corporation formed and operated primarily for educational purposes, subject to the visitorial powers of the Secretary of Higher Education at the request of the Governor and the conveyance terms for any property owned by the New Jersey Educational Facilities Authority.

Additionally, the amended bill makes numerous changes, clarifications, and additions to the powers and duties of the board of trustees of Montclair State University, including the power or duty to:

- modify its corporate seal;
- approve the establishment or discontinuance of educational programs, departments, or schools;
- enter into contracts and agreements with other public institutions of higher education and their subsidiaries and affiliates; and
- merge or consolidate, including through or with subsidiary corporations created by the university, with one or more other nonprofit corporations.

Additionally, the amended bill provides that:

- any public employees of the university who may be assigned to support any joint venture, subsidiary corporation, partnership, or other jural entity of the university will continue to be deemed public employees; and
- the university may elect to not be represented by the Attorney General in any matter in which the university is solely responsible for any potential liability.

The amended bill authorizes Montclair State University to be a participating contracting unit in a joint purchasing agreement.

The amended bill also extends the law protecting any trustee or officer of Montclair State University from personal liability for any debt, obligation, or liability of the university to any debt, obligation, or liability incurred by or on behalf of a university subsidiary or affiliate.

The amended bill further permits cooperative use of the buildings or facilities of public institutions of higher education, or of its subsidiaries or affiliates, with one or more other public institutions of higher education, subject to certain requirements established by the New Jersey Educational Facilities Authority.

Current law authorizes two or more State colleges or universities to form a State college risk management group and to participate in joint liability funds, risk management programs, and related services provided by the group, subject to certain regulatory oversight by the Commissioner of Banking and Insurance. This bill renames the groups as “public” college risk management groups and permits all four-year public institutions of higher education to enter into these groups and programs.

Finally, the amended bill maintains the current structure for the Statewide collective negotiations units at Montclair State University, and clarifies that any person who becomes an employee of Montclair State University or a subsidiary corporation of the university through a merger or consolidation with another entity, is to be deemed a public employee, become a member of the Statewide collective negotiations unit which encompasses the employee’s position as applicable, and be represented by the majority representatives of that unit.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

- specify that unit work performed by employees of Montclair State University is not transferred to a subsidiary corporation, limited partnership, general partnership, or joint venture or to persons employed by those entities;
- clarify that mergers or consolidations with subsidiary corporations created by the university after the effective date of this bill will not require the approval of the Office of the Attorney General;
- clarify that any employee of Montclair State University is to continue to be covered by collective negotiations agreements

that were in effect on and after the effective date of P.L.2017, c.178; and

- make a technical change.

**FISCAL IMPACT:**

The Office of Legislative Services does not have sufficient information to make a comprehensive analysis of the fiscal impact of this bill. Bloomfield College publicly released a summary of the Agreement and Plan of Merger but notes that the full agreement will not be made available until the merger has been executed. The summary provided by Bloomfield College does not include information on the anticipated costs of the proposed merger. Similarly, Montclair State University has not publicly released information on the anticipated costs of the proposed merger.

Bloomfield College's assets and liabilities will be assumed by Montclair State upon the merger. Bloomfield College listed \$35.7 million in total liabilities, including \$32.5 million in long-term debt, in its FY 2022 financial statements. Its assets totaled \$93.9 million, including \$62.5 million in property and equipment and \$31.3 million in non-property assets.

About 1,200 Bloomfield College students are expected to become part of Montclair State University after the merger, and between 120 and 130 Bloomfield College employees will transition to employment at Montclair State University.