Finance

Town Hall

FEBRUARY 25, 2021

RUTGERS
University Finance
and Administration

Before We Begin...

Everyone has been placed on mute by the host.

If you have questions for the presenters, use the Q&A function.

We will address questions at the end of each presentation.

If you want to talk with other participants, please use the chat.

Welcome

J. Michael Gower

Executive Vice President - Chief Financial Officer

University Treasurer

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Today's Agenda

MAIN TOPICS

Welcome

Institutional Planning and Operations Update

Mid-Year Financial Report

Lease Administration
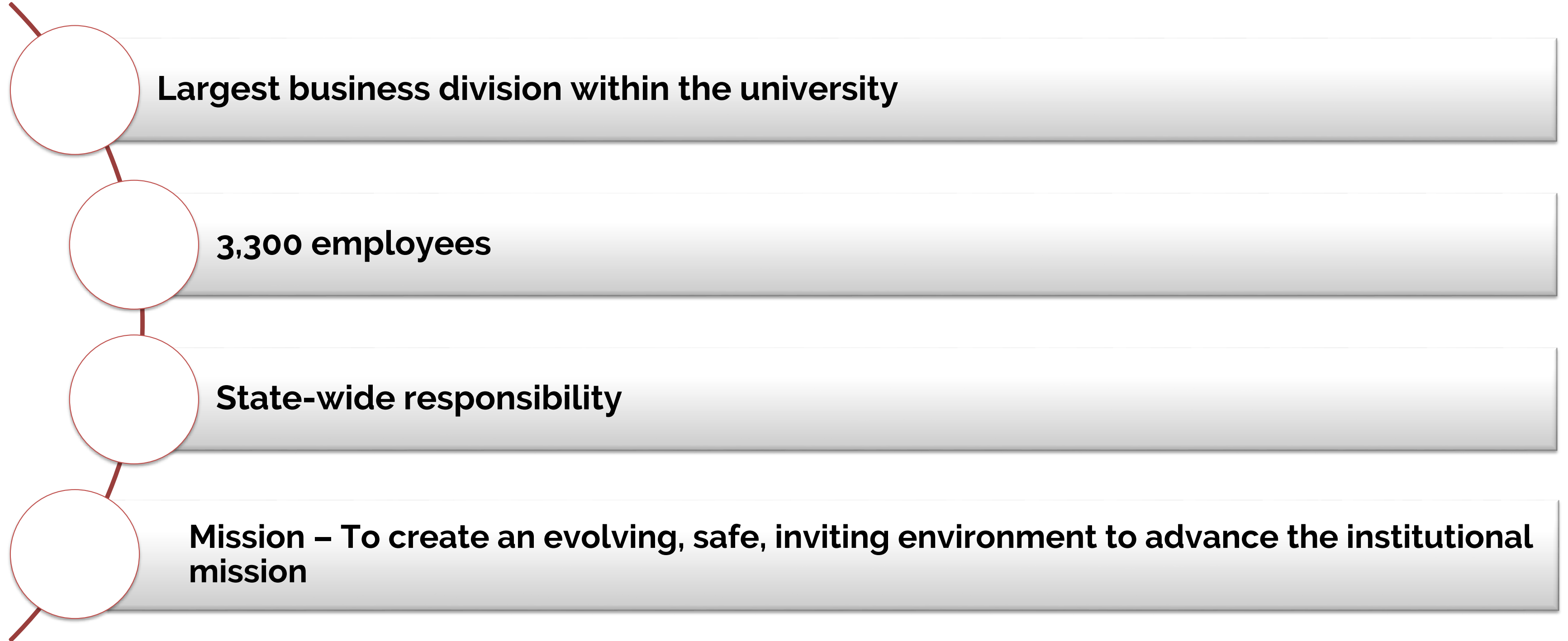
Project Management Office

Close

Institutional Planning and Operations

SUPPORTING TODAY, ENVISIONING TOMORROW

Henry Velez

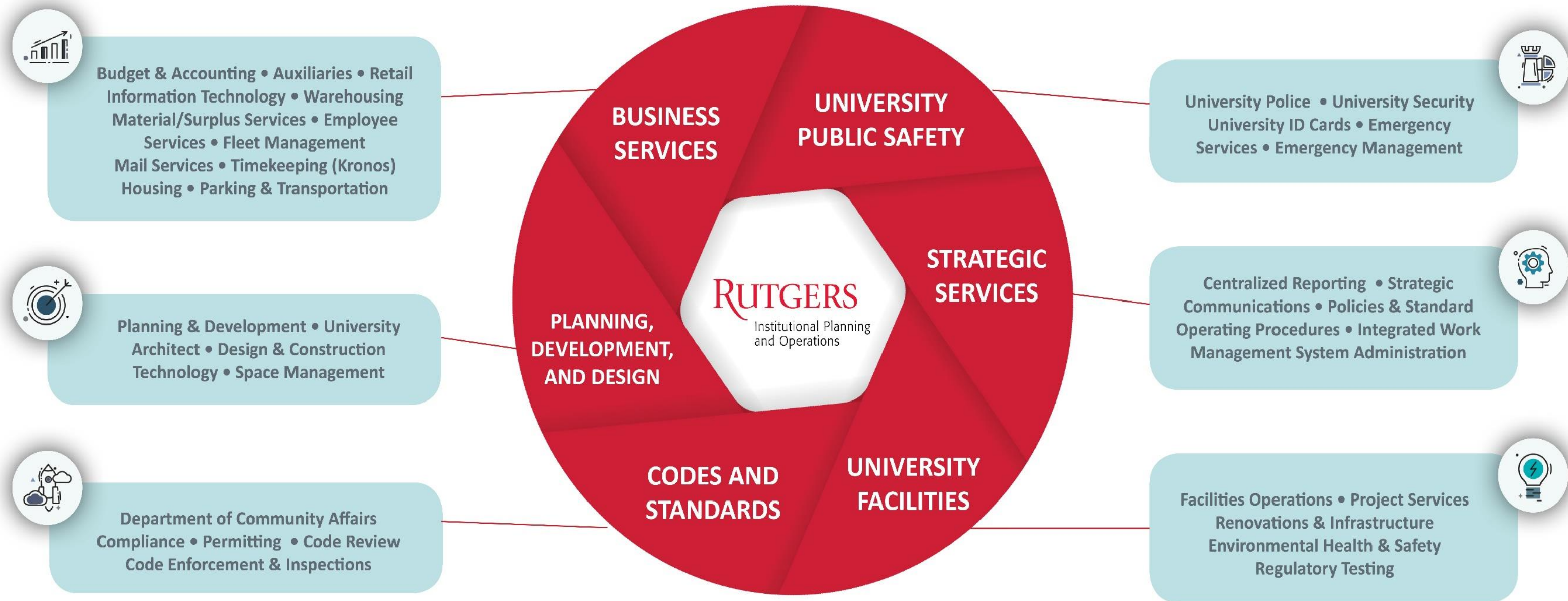Vice President, Institutional Planning and Operations

RUTGERS
University Finance and Administration

Overview

- Largest business division within the university

- 3,300 employees

- State-wide responsibility

- Mission – To create an evolving, safe, inviting environment to advance the institutional mission

Overview

Six Functional Areas

Unite under a common purpose: Supporting Today, Envisioning Tomorrow

Budget & Accounting • Auxiliaries • Retail Information Technology • Warehousing Material/Surplus Services • Employee Services • Fleet Management Mail Services • Timekeeping (Kronos) Housing • Parking & Transportation

University Police • University Security University ID Cards • Emergency Services • Emergency Management

Planning & Development • University Architect • Design & Construction Technology • Space Management

Centralized Reporting • Strategic Communications • Policies & Standard Operating Procedures • Integrated Work Management System Administration

Department of Community Affairs Compliance • Permitting • Code Review Code Enforcement & Inspections

Facilities Operations • Project Services Renovations & Infrastructure Environmental Health & Safety Regulatory Testing

BUSINESS SERVICES

UNIVERSITY PUBLIC SAFETY

STRATEGIC SERVICES

PLANNING, DEVELOPMENT, AND DESIGN

CODES AND STANDARDS

UNIVERSITY FACILITIES

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Institutional Planning and Operations

What We Do

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Institutional Planning and Operations

What We Do

To learn more about Institutional Planning and Operations (IP&O), visit our website at https://ipo.rutgers.edu/

Our six functional areas Service Level Agreements can be found at https://ipo.rutgers.edu/ipo-service-level-agreements

Facts & Figures

MAIL SERVICES

Packages Delivered **477,376**

Outgoing Metered Mail **2,208,100**

Incoming Mail **1,993,003**

Walk-up Customer Service **48,602**

RECORDS MANAGEMENT

New Boxes Received **9,309**

Records Request **4,768**

File Returns **1,296**

Flat Box/Barcode Label Request **9,980**

Total Record Boxes in Storage **165,221**

BUILDING & MAINTENANCE

Total Number of Buildings **979**

Total Gross Square Footage **30,062,454**

Total Acreage **6,163**

Current Replacement Value **29,572,098,141**

Current Deferred Maintenance Liability **4,827,754,621**

Work Orders Addressed **103,275**

Service Calls **59,413**

TRANSPORTATION

Ridership **10,379,839**

Facts & Figures

UNIVERSITY POLICE DEPARTMENT

9-1-1 Emergency Calls **44,400**

9-1-1 Text **239**

Police Calls for Service **83,841**

Police Incident Reports **3,509**

Non-Emergency Calls **254,516**

Alarm Signals **539,942**

Computer Aided Dispatch **133,074**
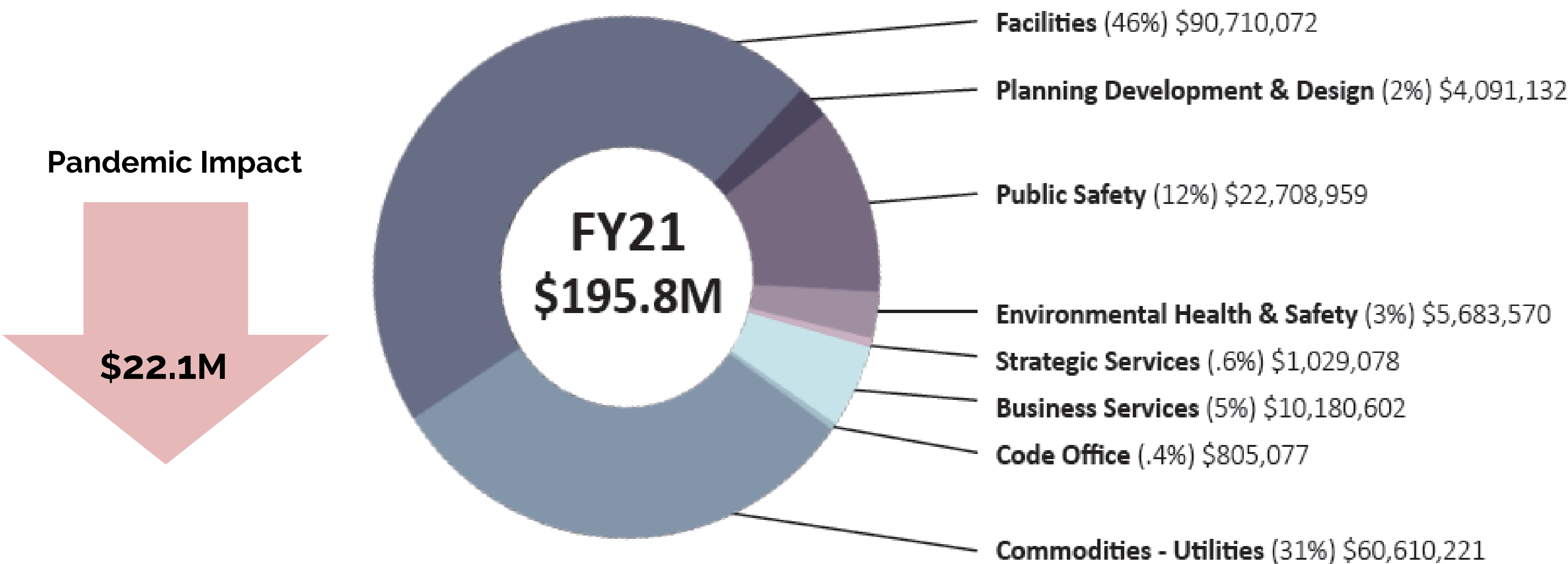
Protection of Minor Training Completed **6,544**

EMERGENCY SERVICES

Emergency Responses **13,223**

Emergency Medical Services **1,871**

Psychiatric/Medical Incidents **233**

Fire System Bureau Response **14,399**

Fire Inspections **14,569**

Defense Driving / CPR Training Completed **238**

ESO Life Safety Inspections **4,381**

Emergency Response Major Incidents **607**

IDENTITY & ACCESS MANAGEMENT

Card Readers **5,131**

Total ID Cards Printed **35,639**

Photo Approvals **29,803**

Add Access Request **25,023**

Remove Access Request **27,823**

Scheduling Request **4,255**
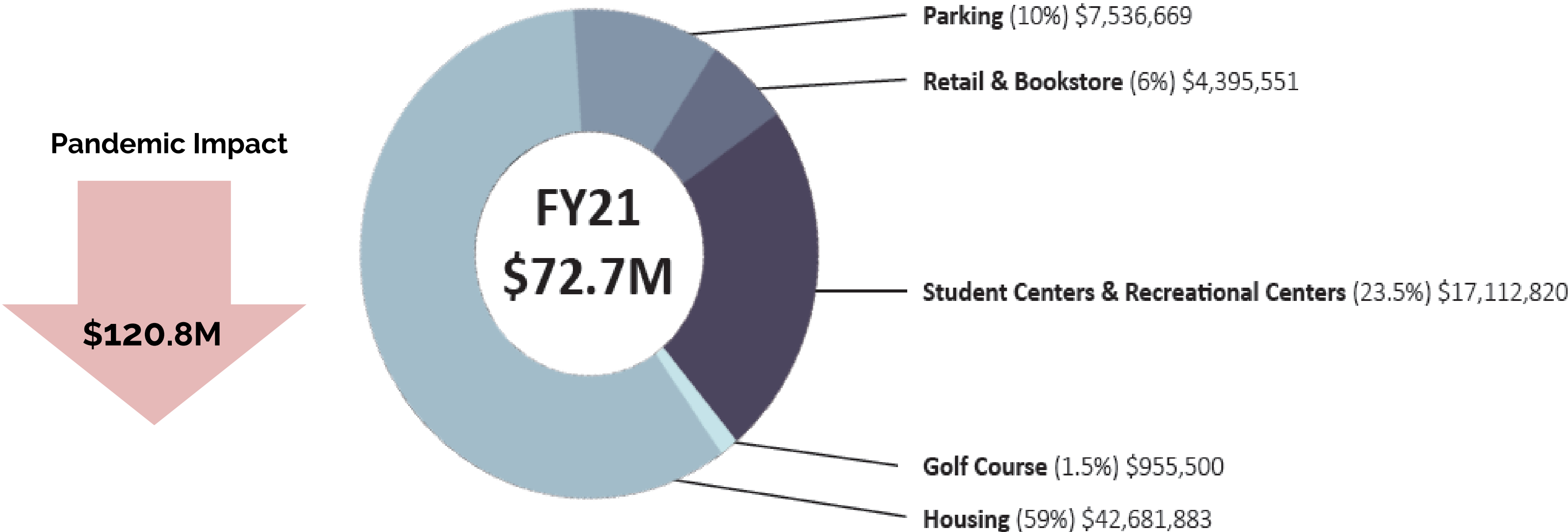
Add Users to Database **349**

Facts & Figures

Pandemic Impact

$22.1M

FY21 $195.8M

Facilities (46%) $90,710,072

Planning Development & Design (2%) $4,091,132

Public Safety (12%) $22,708,959

Environmental Health & Safety (3%) $5,683,570

Strategic Services (.6%) $1,029,078

Business Services (5%) $10,180,602

Code Office (.4%) $805,077

Commodities - Utilities (31%) $60,610,221

Facts & Figures

RESPONSIBILITY CENTERS' BUDGET

Pandemic Impact

$120.8M

FY21
$72.7M

Parking (10%) $7,536,669

Retail & Bookstore (6%) $4,395,551

Student Centers & Recreational Centers (23.5%) $17,112,820

Golf Course (1.5%) $955,500

Housing (59%) $42,681,883

Preparing Our Buildings and Campuses

Communicating to Our Community

- Centralized and comprehensive COVID website
- *Return to Rutgers* document
- COVID dashboard
- Regular communications (many methods)
- Public Service Announcement videos
- Presentations and "road shows"

Protecting People

- Mandatory training
- Rutgers-provided face coverings
- Plexiglass barriers where separation is difficult
- Personal Protective Equipment stockpile/supply chain
- Employee screening app (My Campus Pass)
- Online COVID Observation Reporting Form
- COVID Alert NJ app

Preparing Our Buildings and Campuses

Population Control

- Prohibition of casual visitors
- Restriction on meetings
- Prohibition of events
- Restricted access to buildings
- Visitors' log

Social Distance

- Reduced occupancy/de-densification
- Distance/cue decals on floor
- Seat markers (Sit Here/Do Not Use)
- Social distance reminders (downloadable PDFs and table tent cards)

Preparing Our Buildings and Campuses

Occupancy Calculations

- Offices
- Academic settings
- Clinical settings
- Research facilities
- Residence halls
- Libraries and computer labs

Signage

- Building entrances (It's Up to Us)
- Circulation markers
- Stairs and elevators
- Restrooms
- Room occupancy limitations
- Exit Here/Enter Here

Preparing Our Buildings and Campuses

Sanitization

- Hand sanitizer stations at all common areas
- Frequent cleaning high-touch and common spaces
- Revised cleaning schedules and methods
- Disinfect wipes for fleet vehicles

Building Operations & Maintenance - Systems

- Flush plumbing systems
- Ensure proper operations – HVAC and controls systems
- Filter upgrades where appropriate
- Outside air increases where appropriate
- Ensure no high-density spaces in use
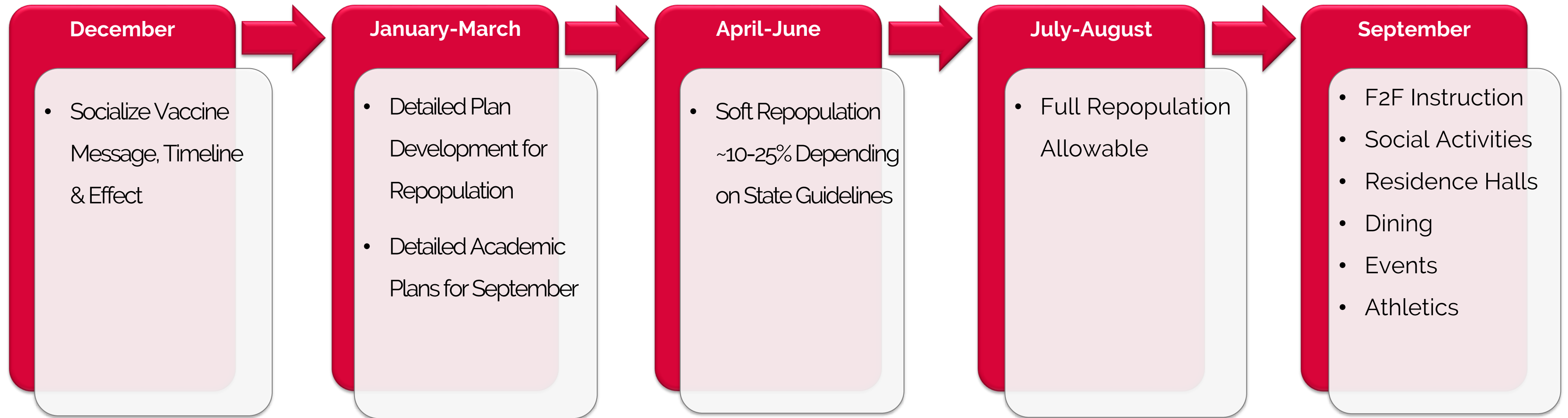
Preparing Our Buildings and Campuses

FAST

- **F**acilities **A**ssessment **S**pecial **T**eams system established to assist units setup their work areas to meet R2R guidelines
- Materials and supplies for direct order and delivery from IP&O warehouse (access through the Marketplace portal)

Coordination with State

- Governor's Office
- Office of the Secretary of Higher Education
- Department of Health

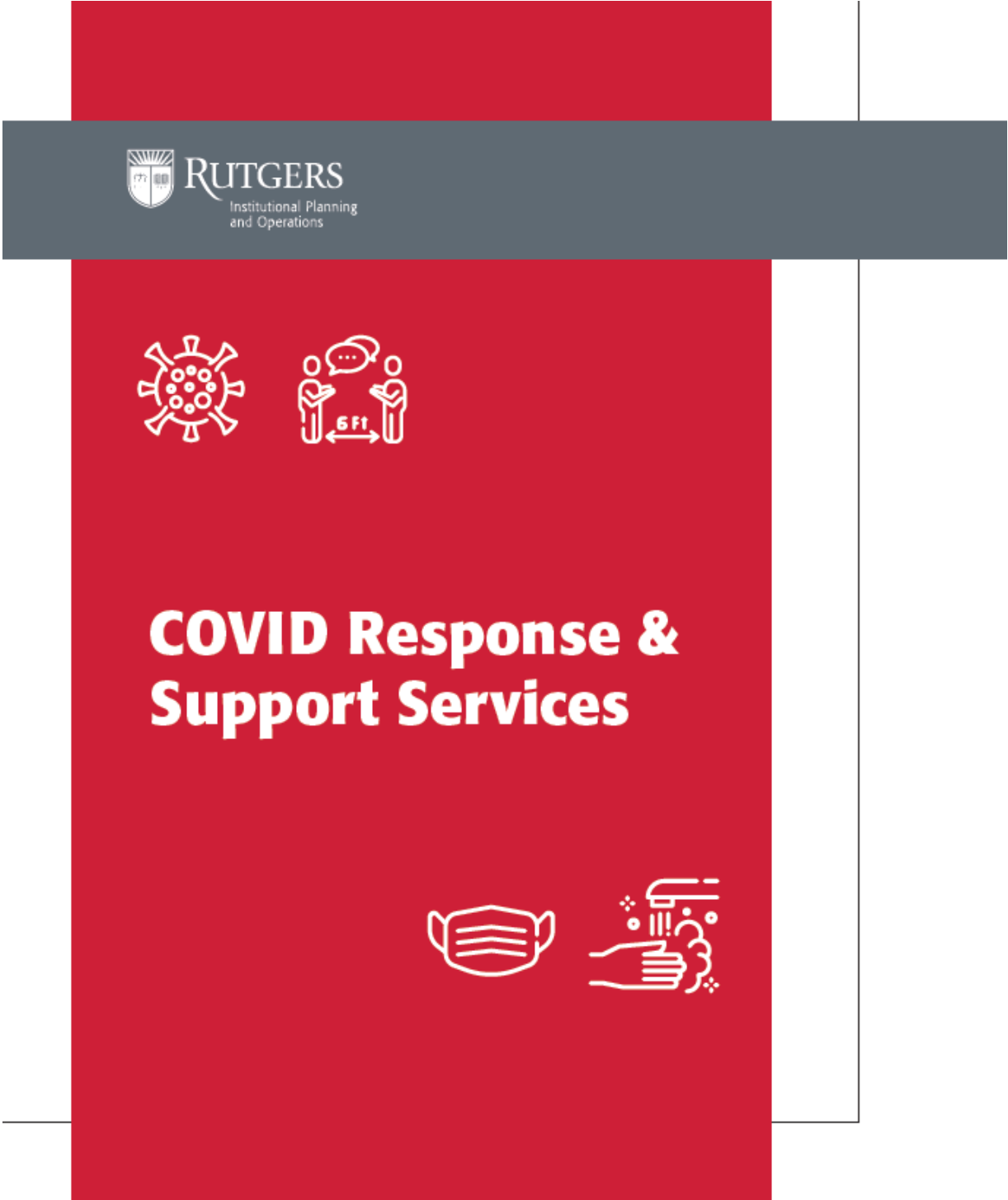# Preparing Our Buildings and Campuses

PLANNING TIMELINE

December
- Socialize Vaccine Message, Timeline & Effect

January-March
- Detailed Plan Development for Repopulation
- Detailed Academic Plans for September

April-June
- Soft Repopulation ~10-25% Depending on State Guidelines

July-August
- Full Repopulation Allowable

September
- F2F Instruction
- Social Activities
- Residence Halls
- Dining
- Events
- Athletics

Resources

Return to Rutgers Guidebook

https://coronavirus.rutgers.edu/returning-to-rutgers-guidebook/

Developing and Creating Repopulation Plans – Quick Reference Guide

https://ipo.rutgers.edu/sites/default/files/Our%20Path%20Forward.pdf

Universitywide COVID-19 Website

https://coronavirus.rutgers.edu/

Supporting Our Community

Operations

Safety & Training

Communications

Committees

Campus Repopulation

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Institutional Planning and Operations

COVID Response & Support Services

SUPPORTING TODAY, ENVISIONING TOMORROW

Click the image to access the e-book

Supporting Our Community

Rutgers continues to place the highest priority on the health, safety and wellbeing of its faculty, staff and students, as well as the community. Rutgers Institutional Planning and Operations has kept the University operationally sound, safe and prepared during the COVID-19 pandemic.

Supporting Today, Envisioning Tomorrow

WEAR A FACE-COVERING

6 FT.
WATCH YOUR DISTANCE

WASH YOUR HANDS

FY 2021 Financial Report

THROUGH DECEMBER 2020

David Moore

Associate Vice President and Chief Budget Officer

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FY 2021 Revenues – December Report

Dollars in thousands

		FY 2018	FY 2019	FY 2020	FY 2021		
		Dec Actual vs Budget	Dec Actual vs Budget	Dec Actual vs Budget	Budget	Dec Actual	Dec Actual vs Budget
	Revenue (Sources of Funds)						
1	Student Tuition and Fees	51.42%	51.92%	51.72%	1,284,807	669,002	52.07%
2	Federal and State Student Aid	50.56%	54.04%	51.34%	265,710	128,420	48.33%
3	Federal Appropriation	67.56%	55.73%	73.22%	7,324	2,811	38.38%
4	Allocated University Support	0.00%	0.00%	0.00%	0	0	0.00%
5	NJ State Appropriations	50.09%	49.95%	50.07%	437,032	220,749	50.51%
6	State Paid Fringe	48.13%	49.90%	50.38%	431,008	217,981	50.57%
7	Grants and Contracts	42.44%	43.52%	52.71%	528,965	321,585	60.80%
8	Facilities and Administrative Recoveries	52.13%	49.87%	51.71%	118,816	61,933	52.12%
9	Gift and Contribution Revenue	33.31%	49.22%	46.76%	38,104	20,999	55.11%
10	Endowment and Investment Income	30.74%	52.88%	44.76%	57,051	29,973	52.54%
11	Healthcare Revenue	46.82%	47.05%	48.83%	526,582	288,400	54.77%
12	Affiliated and Housestaff	48.90%	50.37%	46.12%	410,019	157,683	38.46%
13	Other Sources Revenue	54.52%	62.24%	53.07%	112,280	38,904	34.65%
14	Auxiliary Revenue	47.32%	53.10%	51.77%	102,807	18,824	18.31%
15	**Total Revenue**	**48.51%**	**50.25%**	**50.64%**	**4,320,505**	**2,177,264**	**50.39%**

Most revenue sources are on track with the established university budget and overall total except Auxiliary Enterprise which is behind due to fewer students choosing to live on campus while purchasing meal plans and parking permits.

FY 2021 Expenses – December Report

Dollars in thousands

Expense (Uses of Funds)	FY 2018 Dec Actual vs Budget	FY 2019 Dec Actual vs Budget	FY 2020 Dec Actual vs Budget	FY 2021 Budget	FY 2021 Dec Actual	FY 2021 Dec Actual vs Budget
16 Salaries and Wages	49.12%	49.63%	50.43%	2,194,421	1,092,378	49.78%
17 Fringe Benefits	46.90%	47.01%	46.36%	691,448	328,056	47.44%
18 Total Compensation	48.44%	48.98%	49.43%	2,885,869	1,420,435	49.22%
19 Supplies and Other	52.60%	48.10%	54.26%	249,984	106,523	42.61%
20 Scholarships and Fellowships	50.22%	50.98%	50.61%	455,943	217,834	47.78%
21 Travel	50.45%	51.03%	50.05%	36,328	3,580	9.85%
22 Plant Operation and Maintenance	48.30%	50.68%	51.48%	122,931	55,991	45.55%
23 Debt Service - Principal and Interest	38.53%	50.00%	49.92%	182,317	90,763	49.78%
24 Other Operating Expense	38.91%	55.31%	44.41%	250,939	116,314	46.35%
25 Professional Services	53.18%	49.64%	49.80%	269,675	124,388	46.12%
26 **Total Expense**	**48.23%**	**49.59%**	**49.60%**	**4,453,986**	**2,135,827**	**47.95%**

Most expense categories are trailing behind prior year actuals due to the overall effort to reduce discretionary spending while instituting an overall hiring freeze and halting new capital planning and associated spending.

Lease Administration

Project Overview & Update

Ernie DiSandro

Associate Vice President and University Controller

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Lease Administration

BACKGROUND, SCOPE & APPROACH

Governmental Accounting Standards Board (GASB)

- Organization that establishes financial accounting and reporting standards for U.S., state, and local governments

GASB Statement No. 87, Leases (GASB 87)

- New standard on lease accounting, establishes single approach to accounting for and reporting leases
- All leases are categorized as financing
  - Lessee required to recognize liability; lessor required to recognize asset
- Will become effective on July 1, 2021

Scope & Approach

- University's Lease Portfolio – ~800 leases, ~2,500 assets
- Compliance with GASB 87
- Lease Management Program
- Lease Management & Accounting Solution and Processes

Project Management Office
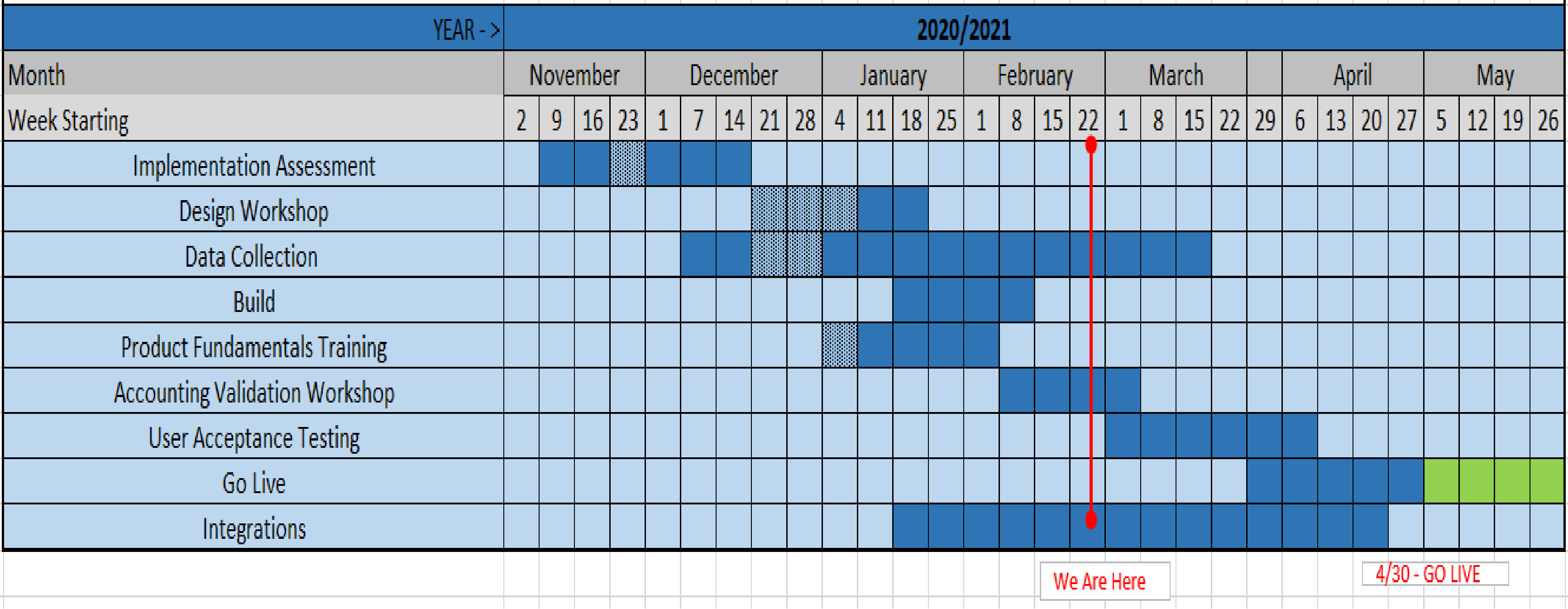
Key Project Updates

John Fahey

Associate Vice President, Project Management Office Executive

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Lease Administration: Project Implementation

Component	Status	Comments
Project Team Formation	*Complete*	• Controller's Office, Tax Services, Procurement Services, Institutional Planning & Operations, Real Estate (IP&O), Treasury, Office of Information Technology, UFA Project Management Office
Lease Identification	*Complete*	• Real estate leases (lessee and lessor contracts) • Non-real estate leases (office equipment, laboratory, other)
System Selection	*Complete*	• Request for Proposal process • Lease Accelerator/EZ Lease Solutions
Data Abstraction	*In Progress*	• Majority of leases abstracted • Real estate vs. equipment approach
BPR & SOPs/Procedures	*In Progress*	• Business process review completed; adjustments will be made, as needed • Units will develop standard operating procedures, processes as we near implementation
System Implementation	*In Progress*	• Design workshops completed • Accounting validation • Configuration and integrations • Testing • Timeline (see next slide)
Change Management	*In Progress*	• See next slide

Lease Administration: System Implementation Timeline

YEAR ->	2020/2021																										
Month	November				December					January				February				March					April				May	
Week Starting	2	9	16	23	1	7	14	21	28	4	11	18	25	1	8	15	22	1	8	15	22	29	6	13	20	27	5	12	19	26
Implementation Assessment																														
Design Workshop																														
Data Collection																														
Build																														
Product Fundamentals Training																														
Accounting Validation Workshop																														
User Acceptance Testing																														
Go Live																														
Integrations																														

We Are Here

4/30 - GO LIVE

Lease Administration

ENGAGEMENT (CHANGE MANAGEMENT, COMMUNICATIONS, & TRAINING)

Activities to Date

- Communication to finance leadership community (Jul. 27, 2020)

- Online and face-to-face training for project team on lease abstraction, embedded lease identification, lease administration system (ongoing)

Future Activities

- Communication to finance leadership community (early-mid March)

- Change management plan

  o Chancellor-led and central units

  o End-user impact – reinforce multi-line purchase order set up; collaboration among units, Real Estate and Procurement Services on lease contract changes; inform Procurement Services of equipment deliveries, returns, end of term decision, physical audit of lease equipment, etc.

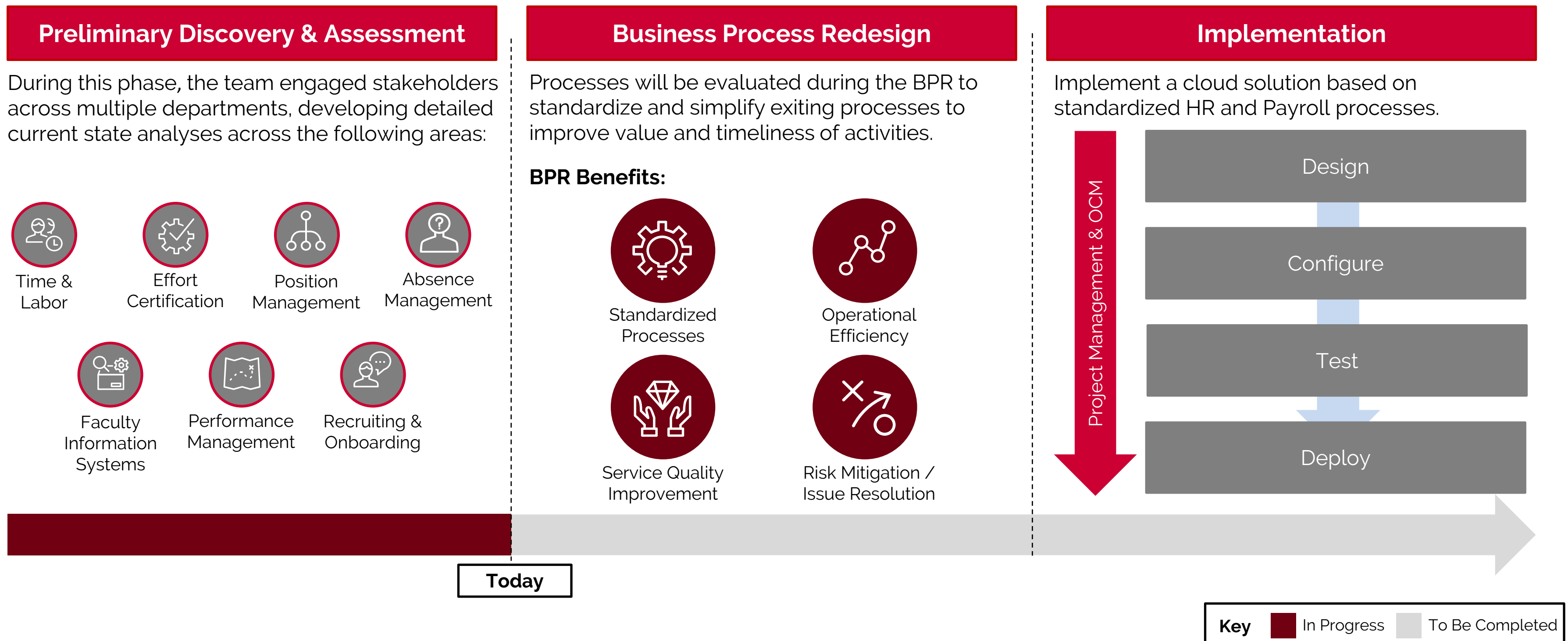 o Reporting post-launch (Apr. 30, 2021)

Human Capital Management (HCM)

The implementation consists of reviewing people, process, and technology within Human Resources and Payroll across Rutgers University.
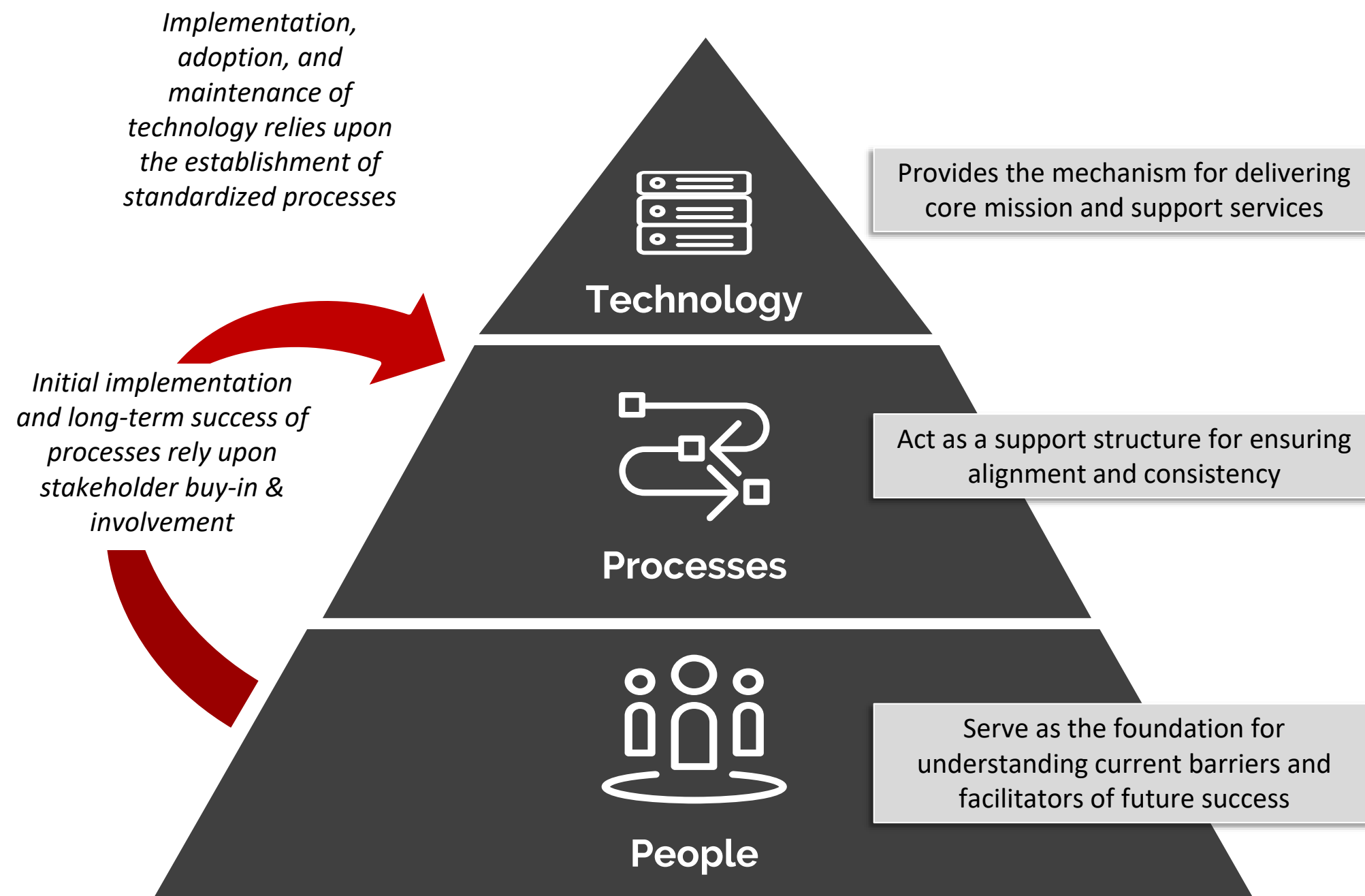
Where Are We Now?

The project team has started discovery and is assessing business process redesign

Preliminary Discovery & Assessment

During this phase, the team engaged stakeholders across multiple departments, developing detailed current state analyses across the following areas:

- Time & Labor
- Effort Certification
- Position Management
- Absence Management
- Faculty Information Systems
- Performance Management
- Recruiting & Onboarding

Business Process Redesign

Processes will be evaluated during the BPR to standardize and simplify exiting processes to improve value and timeliness of activities.

BPR Benefits:

- Standardized Processes
- Operational Efficiency
- Service Quality Improvement
- Risk Mitigation / Issue Resolution

Implementation

Implement a cloud solution based on standardized HR and Payroll processes.

Project Management & OCM

- Design
- Configure
- Test
- Deploy

Today

Key — In Progress — To Be Completed

Next Steps

1 — Gain alignment on BPR next steps with the HCM Executive Committee

2 — Conduct HR & Payroll Business Process Redesign

3 — Begin system implementation by kicking off design

Chart of Accounts: Vision

CoA PHASE 2

Simple
Each segment will have a single purpose, streamlining process, reporting and usability.

Efficient
The simplicity of the new chart allows the user to spend more time analyzing and less time reconciling.

Enduring
The new chart structure aligns with HR and financial system now and the foreseeable future.

Design a simple, efficient, and enduring chart of accounts that aligns with the organizational structure and addresses business needs.

What benefits will we gain?

- **Streamlined department segment** that represents the actual organizational structure used in financial and human resources systems
- More **consistent and robust** financial reporting across the university
- **Enhanced** transaction management and tracking capability
- **Simplified and standardized** project accounting

How are we doing it?

Collaborate: Gather input from Chancellor and central administration units to ensure the proposed changes meet the university's needs

Refine: Validate the chart mapping, reconcile data, and pinpoint unit training needs

Socialize: Open lines of communication and feedback to provide project updates and include unit leadership for local/intra-unit information exchange

When are we doing it?

Fall 2020 – Kick-off planning, engage universitywide financial community to validate the proposed design

Spring 2021 – Conduct conference room pilot

Fall 2021 – Begin pre-deployment testing

July 2022 – Target for implementing the new chart

Why are we doing it?

Reduce complexity and optimize the university community's experience

Eliminate unnecessary cross validation rules, duplications, and data entry errors

Improve upon previous chart enhancements and prepare the university for the future

What Are We Doing?

Current CoA Structure									
Unit* (3)	Division (4)	Organization (4)	Location (4)	Fund Type** (3)	Business Line (4)	Account (5)	Activity (4)	IntraUnit (3)	Future Use (5)

* Primary Balancing Segment

** Secondary Balancing Segment

Future CoA Structure (Proposed)									
Unit* (3)	Department (4)	Program (4)	Future Use2 (4)	Fund Type** (3)	Expense Class (4)	Account (5)	Initiative (4)	IntraUnit (3)	Future Use (5)

The chart of accounts structure will not change.

- Four segments will be repurposed
- Five segments will have no material changes
- Location segment will most likely change to Future Use

Where Are We Now?

PROJECT SETUP

- Created the project team and infrastructure
- Established and engaged the governance teams
- Established the engagement teams and processes

CHART OF ACCOUNTS DESIGN AND PROTOTYPE

- Defined the proposed implementation approach
- Confirmed the chart of accounts high-level design proposal
- Configured and tested prototype instance w/ Enterprise Data Management Cloud Service (EDMCS)
- Developed and started socializing the proposed conversion scope

ENGAGEMENT

- Held campus and central Chief Business Officer kickoff meetings
- Engaged the integration partners and third-party vendors

Where Are We Going?

|	
Stakeholder Design Meetings	❏ **Complete stakeholder design meetings** • Invitations will be sent the coming weeks • Focus will be on department listings developed during 2018 project • Validate approach for location usage through examples • Introduction to program and initiative usage
CoA Phase 2 Design Scope and Approach	❏ **Deploy EDMCS mapping tool that stakeholders will use to validate new values, mappings** • This will enable areas to modify and validate mappings ❏ **Confirm conversion scope and approach** • Includes confirmation of how non-converted data will be made available ❏ **Complete internal and external system and process impact analysis** ❏ **Complete detailed design, including cross-validation rules**

Resources
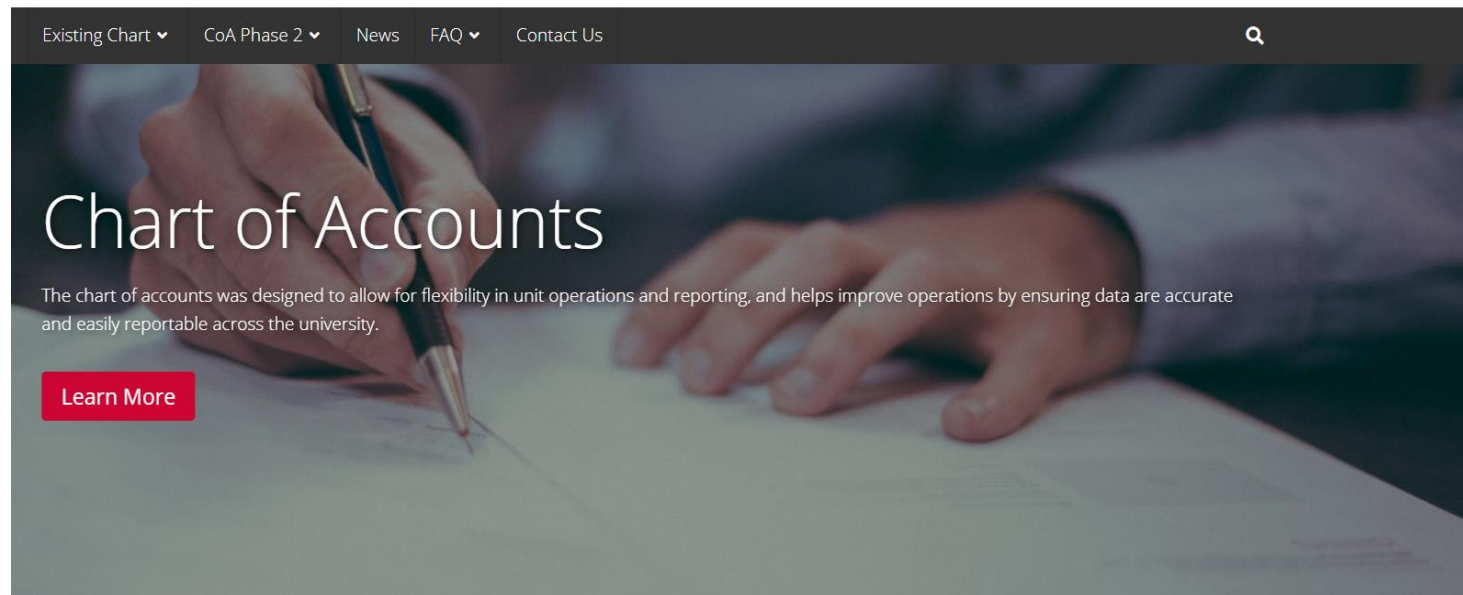
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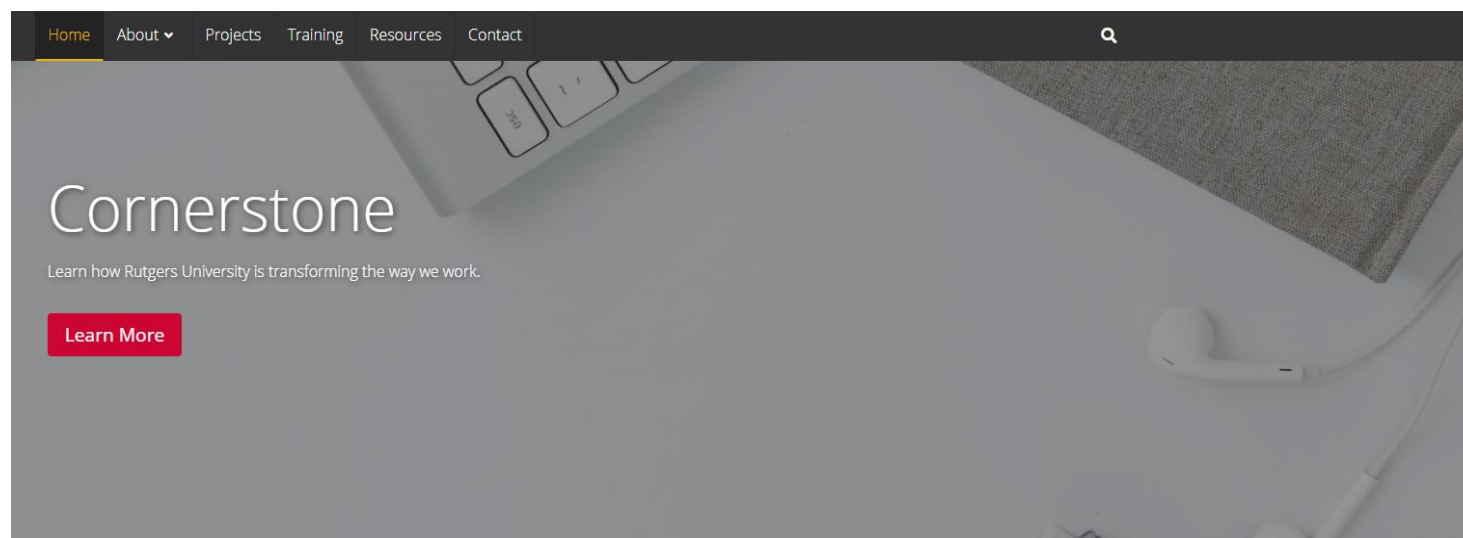
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Questions?

Please share your questions in the Q&A section.

Thank You!

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