



# RUTGERS

## Treasurer's Town Hall

***J. Michael Gower***

*Executive Vice President, University Finance and Administration  
University Treasurer*

March 28, 2019  
Busch Student Center

- **Welcome**
- **Employee Service Center**
- **Mid-Year Review**

Mike Gower

Carolyn Knight-Cole  
Joseph Blundo

David Moore  
Ernie DiSandro



## **Chief Budget Officer, and Assistant Vice President, Financial Planning and Budgeting**

- Leadership and management of the University Budget Office
- Strategic partner and member of the Finance and Administration Leadership Team
- Develop and implement budget practices and policies for the entire university as they relate to budget, financial planning and reporting
- Facilitate the development, implementation and management of the university's annual budgets and long-term financial plans, including quarterly budget reports and variance analyses



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## **Employee Service Center**

***Carolyn Knight-Cole***

*Associate Vice President, Human Resources Operations*

***Joseph Blundo***

*Director of Shared Services, Human Resources*

## *What are the drivers?*

**28K+**

Size of the workforce supported



**400+**

People who perform HR and Payroll activities across Rutgers



**155K+**

Inquiries UHR responded to in 2017



**130K+**

Transactions processed by HCM in 2017



**1 : 257.6**

Ratio of employees served to HR FTE



**Rutgers is creating a customer focused service center that provides select HR and Payroll services to all employees in an efficient, simplified, and friendly manner**

## *Why are we doing it?*



***Improve Customer Experience***



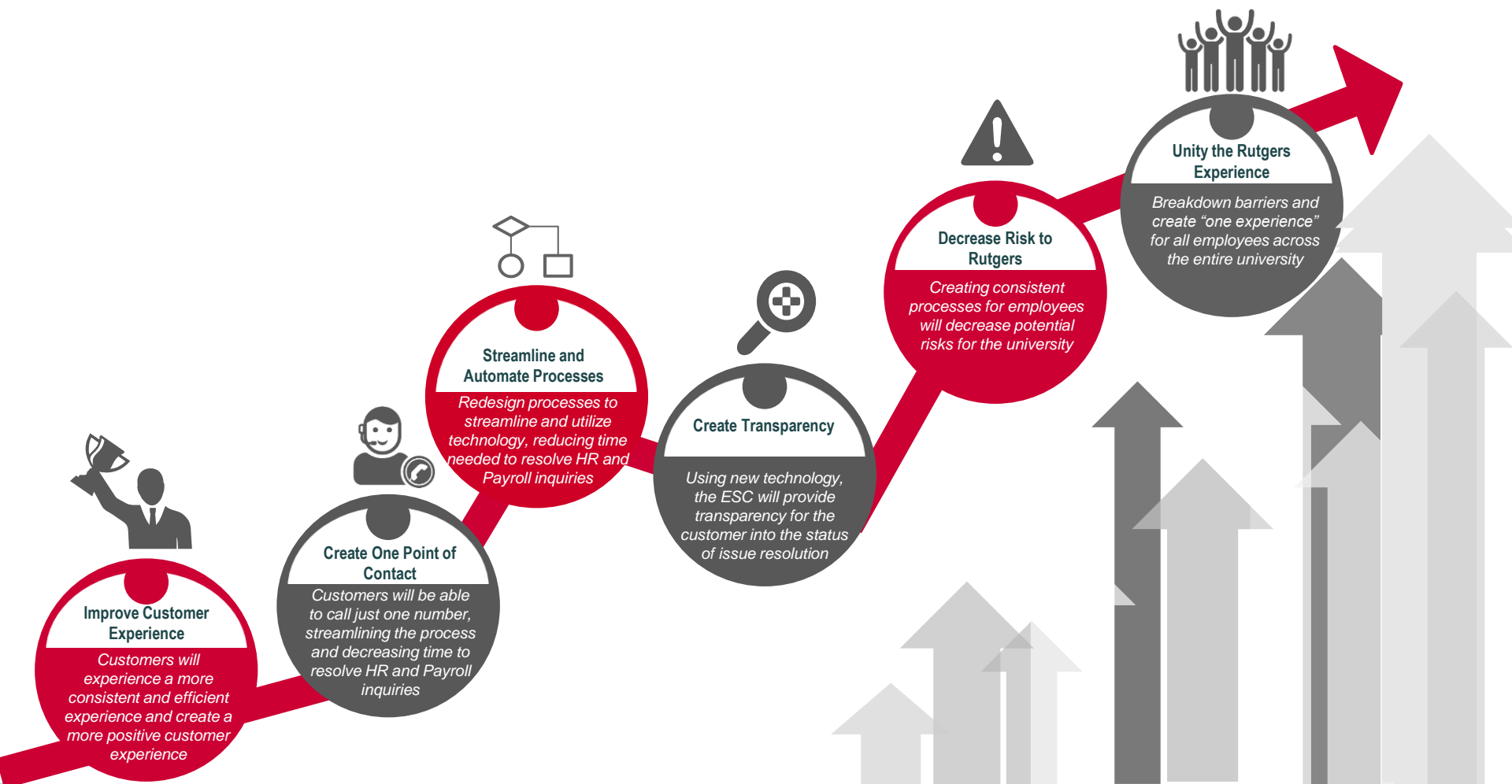
***Focus Employees on Value-Add Work***



***Simplify and Automate the Process***



***Unify the Rutgers Experience***



**1** Number to  
call for all  
HR and  
Payroll  
inquiries

**The service  
center will be  
located in  
ASB II  
and will serve  
all campuses**



Service Center will serve all faculty and staff



Hours have not been determined yet



Walk-in capability will not exist in the service center but will remain in areas where it exists today



All customers can directly contact the service center

Our journey to operationalize the service center is now in the phase that will lead us to go-live



**Kick Off**  
**May 2018**

## Design

Focuses on planning how the service center will operate, including the services, processes, facilities and technology needed as well as begins building awareness about the effort

## Implement

Focuses on implementing the CMS and the telephony, finalizing processes and knowledge content, onboarding and training service center employees and preparing the organization to be ready for the change



**Operational**  
**Summer 2019**

## Optimize

Focuses on measuring and monitoring service center operational performance, improvements to the technology, and driving the organization to a new way of working

**We are here**



One major activity during the Design phase, was the collaborative effort between UHR, Payroll, and subject matter experts to redesign the processes



**82.5** hours spent in design sessions



**92** original processes identified



**34** review sessions held



**21** process narrative sessions held



**84** actual processes designed for the service center

Another Design milestone was the decision that services will go-live in multiple phases to provide the best opportunity to deliver enhanced customer service

### ESC Phasing Decision

- Phasing strategy will be completed by service (based on overall readiness) as opposed to campus
- Focus go-live operations on:
  - **Providing enhanced employee self service (Tier 0) and issue resolution (Tier 1) on all services to all Rutgers employees**
  - **Provide specialized support (Tier 2) on an initial set of HR/Payroll services to all Rutgers employees**
- During the 3-12 months post go live, start providing specialized support (**Tier 2**) for remaining services



### Key Benefits

- Creates an **immediate and tangible benefit** for Rutgers employees
- Directly **addresses one of the biggest pain points** associated with current HR and Payroll services
- **Minimizes time and level of effort** required for go live operations
- **Minimizes impact** on existing Rutgers workforce
- Allows Rutgers to **minimize risk** by phasing additional services into the ESC over time based on readiness, degree of impact, and other factors

# Two primary criteria were used to determine which services will go-live initially

## Leadership Determined Readiness Criteria

### Quick Wins

*Expected ability to transition a service with minimal level of effort and limited risks, and demonstrate tangible improvements post transition.*

### Significant Value to RU

*Degree that key stakeholders (customer, functional, Exec. leadership, public, etc.) would directly benefit from expected improvements to the service as a result of the transition.*

## ESC Go-Live (Mid-2019)

### HCM

- Personal Data Changes

### Payroll Services

- Former Employee Services
- Kite & Key Deductions

### Benefits

- Benefits Administration

### OEE & OLR/ALR

- Track Grievances
- Track Investigations/ Accommodations

### Payroll Services

- Pending Job Change Repository

### Leave Administration

- Initiate and Resolve
- Leave Insurance

## ESC Phase 2 Transition (3-12 months post Go-Live)

### Absence Reporting

- System Access and Processing

### HRIS

- Data Requests
- System Access Inquiries

### Learning and Development

- Course Inquiry Management

### Operations

- Employee Services

### HCM

- Employee Job Data Changes

### Recruitment

- Manage Requisition
- Candidate Screening and Extension of Offer
- PeopleAdmin Administration
- Pre-Hire Screening and On boarding

## ESC Phase 3 Transition (TBD)

### Faculty Services

- Manage Requisition
- Candidate Screening and Extension of Offer
- PeopleAdmin Administration
- Pre-Hire Screening and On boarding

### Legend

HCM – Human Capital Management  
OEE – Office of Employment Equity  
OLR – Office of Labor Relations  
ALR – Office of Academic Labor Relations  
HRIS – Human Resources Information System

## Customers will be able to receive the following services immediately upon go-live of the service center

Personal Data Changes	Former Employee Services	Kite and Key Deductions	Pending Job Change Repository	Benefits Administration	Leave Administration
As employee information changes, such as name or address, the service center will handle those changes	As former employees need W-2s or other payroll verifications, the service center will answer their inquiries	When customers purchase technology at the Kite and Key store, the service center will verify that employees are eligible for deductions	As employees need modifications to their pay, departments can call into the service center to track payment modifications to mitigate overpayment	When employees need to enroll in benefits or submit benefit claims, the service center will be the go-to for type of benefit information	Employees who need to take leave will contact the service center to initiate the process and manage it end-to-end including for temporary disability and FMLA

## Benefits

Increased autonomy for employees and a decrease in the volume of calls for the HCM department	Decreased volume of calls to the payroll department to allow them to handle more complex issues	Decreased likelihood of overpayment to employees	Improved consistency and clarity of benefit information	Simplified process, increased privacy for employees, reduced risks related to inconsistent administration of leaves
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The culmination of the design work has prepared us to begin implementation of the service center

### Results from Design Phase Critical to Implementation

Portfolio of services and the new manner in which they will be delivered

Organizational structure of the service center (*pending final approval*)

Initial plan for staffing and training service center employees

Case Management System ready for implementation

Future state process documentation that will set the foundation for the Standard Operating Procedures (SOPs)

A facility plan for a dedicated service center space in ASBII

**Operational  
Service  
Center**

During the implement phase, we will focus on completing key activities to successfully stand up the service center



Develop Knowledge Management Content



Develop Standard Operating Procedures (SOPs) for the service center



Develop Service Level Agreements for the service center



Design, develop and deliver training to prepare service center employees for operations



Prepare the Rutgers community to adopt the changing ways of working



Conduct User Acceptance Testing to prepare for go-live

One of our major activities now is beginning the implementation of the enabling technology that will serve as the backbone of the service center



*We selected a partner with an industry-leading technology that will enable the service center to improve the overall customer experience*

### **ServiceNow Functionality**

- Tracking of tickets and progress until the issue is resolved
- Enhanced self-service capability and electronic submission capability
- A consistent knowledge base for all customers and customer service representatives
- Potential email ticket submission and live chat options are being considered

***The knowledge base and portal to access ServiceNow are currently being developed and designed***

## Let's Stay Connected!

### How to Reach The Team

- Go on our project website for updated information
  - [www.discover-  
uhr.Rutgers.edu/service-center](http://www.discover-uhr.Rutgers.edu/service-center)
- Use the project mailbox to submit questions to the project team
  - [escp@Rutgers.edu](mailto:escp@Rutgers.edu)

### How the Team will Reach You

- Website content will be updated to reflect decisions and the most relevant information
- Presentations at new and existing forums will continue
- Project updates will be shared with leadership to help disseminate as applicable

**We will also reach out to subject matter experts for input into Knowledge Management, Service Level Agreements, etc.**





Questions?



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## Mid-Year Review

***David Moore***

*Chief Budget Officer and Assistant Vice President, Financial Planning  
and Budgeting*

***Ernie DiSandro***

*Interim University Controller*



## Budget Development

- Enterprise Planning and Budgeting Cloud Services (EPBCS)
  - Position-based budgeting: Workforce Planning and Position Management
  - Development of units' revenues and expenses leading to Net Income Report; enhanced core functionalities
  - Forecasting that fosters continuous year-round planning
- Profitability and Cost Management Cloud Services (PCMCS)
  - Development and allocation of Responsibility Center Management (FY 2020 entered on Feb. 28)



## Increasing Revenues and Controlling Expenses



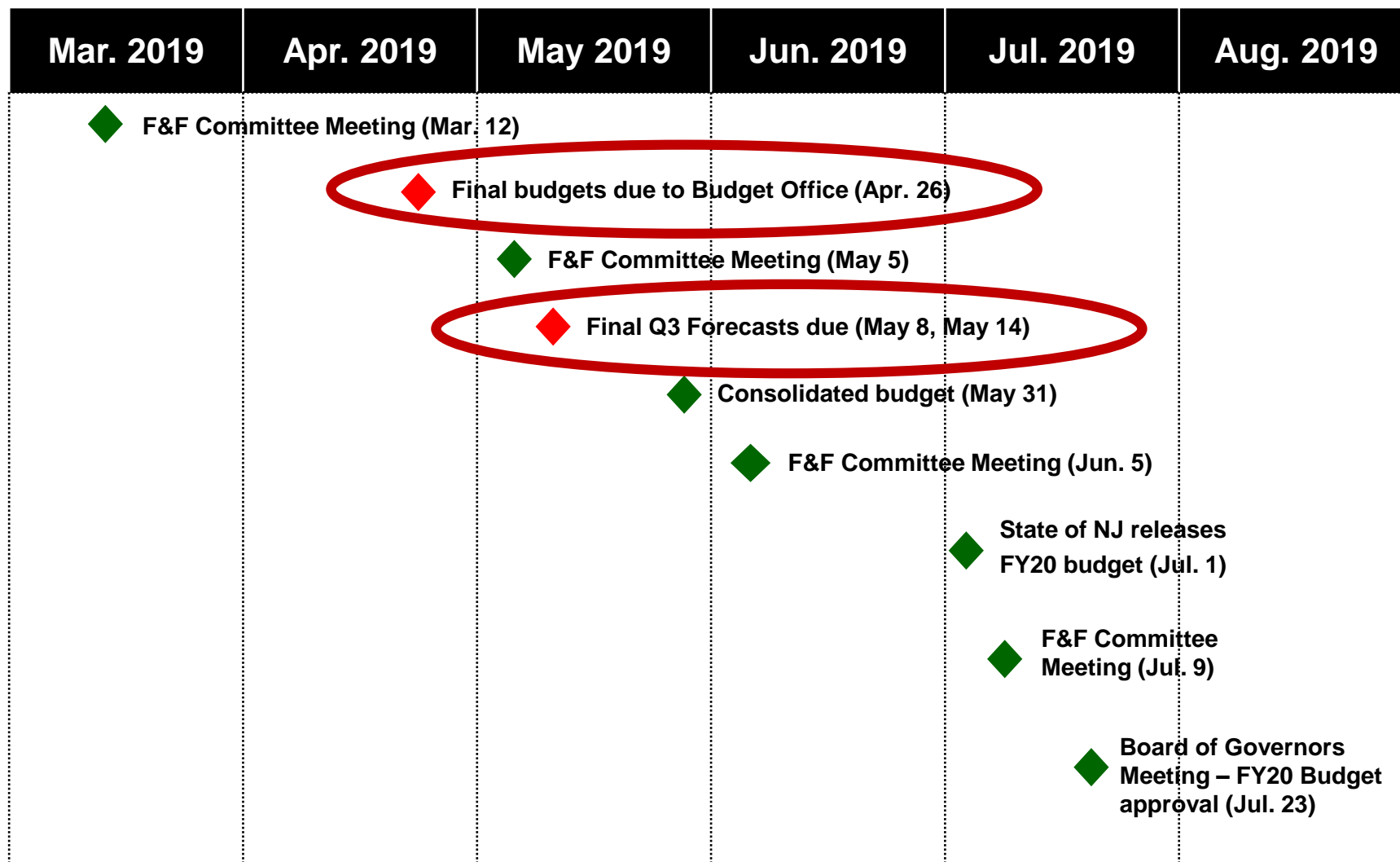
### **FY 2019 Second Quarter Forecast** *\$ in Millions*

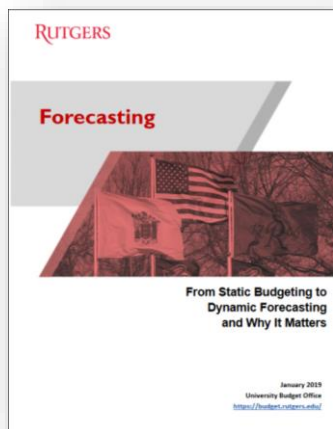
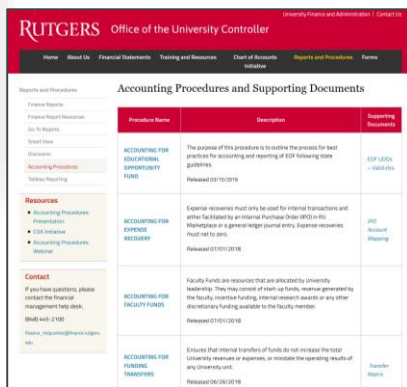
Revenue Total                \$4,359,097

Expense Total                \$4,331,692

Surplus / (Deficit)        \$    27,405  
before Transfers

*Favorable increase compared to budget  
of approximately \$15 million or 121%*



Procedure Name	Description	Supporting Documents
ACCOUNTING FOR EDUCATIONAL OPPORTUNITY FUND	The purpose of this procedure is to outline the process for local practices for assessing and reporting of EOP following state guidelines. Released 03/10/2019	EOP GUIDES - 5062.xlsx
ACCOUNTING FOR EXPENSE REDUCTION	Expense reductions must only be used for internal transactions and other facilitated by an Internal Purchase Order (IPO) in RAS. Reimburse or a general ledger journal entry. Expense reductions must not be used. Released 07/01/2018	IPD Accounting - 5062.xlsx
ACCOUNTING FOR FACULTY FUNDS	Faculty Funds are resources that are allocated by University leadership. This may consist of start-up funds, research generated by the faculty, incentive funding, internal research awards or any other discretionary funding available to the faculty member. Released 07/01/2018	
ACCOUNTING FOR FINANCIAL TRANSFERS	Ensures that internal transfers of funds do not increase the total University resources or expenses, or misstate the operating results of any University unit. Released 06/04/2018	Transfer Matrix

Click an image to access the website, materials

- **EPBCS Support**
  - Scheduled upon request by units
  
- **EPBCS Manuals**
  - Budget Course Pathway Hyperion Planning  
(Log in to Canvas)
  
- **Forecast White Paper**
  - *From Static Budget to Dynamic Forecasting, and Why It Matters*  
(University Budget Office website)
  
- **Accounting Procedures**
  - Reports and Procedures  
(University Controller's Office website)

- Rutgers' \$712.5 million in annual research and development expenditures (as of FY2017) place us among the nation's top public universities
- Rutgers' R&D expenditures exceed those of all other New Jersey colleges and universities combined
- Rutgers has 300 research centers and institutes around the state
- Rutgers research has a compound annual growth rate (CAGR) of 4.2% since 2014
- In FY2018, Rutgers received 3,402 research awards, 74 of which were valued at more than \$1 million
- Initial FY2018 Higher Education Research and Development (HERD) survey data shows 4% growth in expenditures over FY2017



# What Are Facilities and Administrative Costs?

## Direct Costs

*These are generally what people think about when it comes to federal support for research projects—they solely support the actual research that is about to take place.*

### Includes:



Laboratory supplies



Certain research equipment



Salary support for researchers and lab personnel



Travel for conducting research or disseminating research results

## Total Costs

## Facilities and Administrative (F&A) Costs

*F&A covers a portion of infrastructure & operational costs related to federally-funded research that cannot be attributed to a single project (and that the university wouldn't have incurred if it weren't conducting research on behalf of the sponsor).*

### Includes:



#### Facilities

- Building depreciation
- Equipment depreciation
- Interest
- Operations and maintenance
- Library



#### Administrative

- General administration
- Departmental administration
- Sponsored projects administration
- Student administration and services

## Rate-Setting Process



### Calculation

- Universities use rules defined by OMB<sup>1</sup> and audited financial data
- Rate is based on an average for the institution



### Negotiation

- F&A rates are submitted to and rigorously reviewed by the university's "cognizant agency" (DHHS<sup>2</sup>)
- University and cognizant agency negotiate a rate normally effective for 2-5 years



### Charging

- Negotiated rate is applied to subset of the direct costs of each research project
- Negotiated federal F&A rate is used for all agencies—universities don't negotiate different rates for different agencies

## F&A Cost and Rate Trends

# 20-85%

Range of F&A rates across the United States

# 53%

Average negotiated F&A rate for universities across the United States

# 55%

Rutgers University's negotiated F&A rate for FY19

1. Office of Management and Budget  
2. Department of Health and Human Services

Source: EAB interviews and analysis; APLU, [FAQs about F&A Costs of Federally Sponsored University Research](#); Higher Education Research and Development (HERD) Survey, FY16; Nature, [Indirect costs: Keeping the Lights On](#).

## Some Common F&A Myths...



Direct costs are the only “real costs” of research—F&A **diverts dollars away** from supporting actual research



F&A is a centrally administered “**tax**” on research that allows universities to “**profit**”



F&A is arbitrarily determined and represents a “**slush fund**” for universities, providing little benefit to researchers

## ...Don't Align with Realities



F&A **costs are real costs**, without which faculty and universities would not be able to conduct any research



F&A is a **partial reimbursement** for **costs already incurred** by the university to support research. The university *never* recovers full costs.

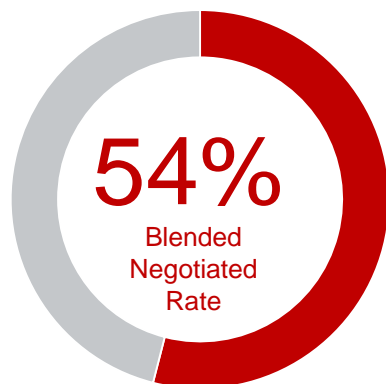


F&A rate is **negotiated** with the federal government through a rigorous process and **strategically reinvested** in the research enterprise

Source: EAB interviews and analysis.

## Rutgers University (Organized Research)

**FY18 \$88.4M in unrecovered F&A**



## Recovery Challenges



Federally-negotiated rate is always lower than actual costs



Administrative portion of F&A is capped at 26%

## National Outlook

**34%**



Average effective F&A recovery rate

**\$5B+**



Total F&A not recovered by all doctoral institutions in FY16



Some federal agencies cap F&A (e.g., USDA)



Some non-federal sponsors only offer reduced or no F&A (e.g., foundations)

**\* If Rutgers would have achieved the average effective rate it would have meant another \$17M in FY18**

Source: EAB interviews and analysis; Higher Education Research and Development Survey (HERD) [Table 2](#) and [Table 16](#), FY2012-FY2016; Nature, [Indirect costs: Keeping the Lights On](#).

## **Reality of F&A Rates (and the negotiation process)**

- Negotiated rate is almost always less than the actual calculated rate
  - Even if all sponsors paid the applicable negotiated rate, Rutgers is not fully recovering its actual F&A costs
  - But not all sponsors pay the full rate, reducing the proportion recovered even more

## **Importance of Maximizing F&A Recovery**

- Applying the F&A rate represents recovery of costs **already incurred** by the University and which benefited the sponsors
- F&A recovery is a critical component of the University's budget and necessary to support a sustained investment in the research enterprise

## **Principal Investigator Perspective (and the challenge it brings)**

- Waiving or lowering the applicable F&A rate increases the portion of the budget available for salaries, supplies, and other direct costs

## **Application of Rate**

- Modified Total Direct Costs (MTDC) is defined in federal regulations and refers to the costs against which the F&A rate is applied – not all costs on a research grant are charged the F&A rate
- Federal research awards generally must be charged the F&A rate negotiated with the federal government
  - Some kinds of federal awards may be required to apply a different F&A rate because of regulations or statutes (e.g., National Institute of Health research training grants and K awards, some federal flow-through awards)
- Other sponsors may be charged different F&A rates established by the University but variations from the established F&A rates require approval from our cognizant agency

## **Use of DUNS**

- 13 total (Data Universal Numbering System) DUNS numbers including 9 DUNS numbers under RBHS
- Under the new agreement, we are required to phase out the use of RBHS Employer Identification Number (EIN)/DUNS
- Need a decision on which DUNS are to be requested under the Rutgers EIN for RBHS

		PRIOR TO July 1, 2018	EFFECTIVE July 1, 2018 - June 30, 2023		
			7/1/2018 - 6/30/2019	7/1/2019 - 6/30/2021	7/1/2021 - 6/30/2023
ORGANIZED RESEARCH					
	Rutgers	55%	55%	56%	57%
	RBHS	59%			
INSTRUCTION					
	Rutgers	53%	53%	53%	53%
	RBHS	N/A			
OTHER SPONSORED ACTIVITIES					
	Rutgers	37.2%	37.2%	37.2%	37.2%
	RBHS	26.1%			
NATIONAL TRANSIT INSTITUTE (NTI)		14%	14%	14%	14%
OFF-CAMPUS (ALL)		26%	26%	26%	26%

- **Open Sessions**
  - Open Information Sessions are scheduled on all campuses.
- **Training**
  - Ongoing training and education sessions are being planned and will be available throughout FY19 and beyond.
- **Inquiries**
  - Please direct questions to the below contacts, also provided in previous campus F&A communication.

Type of Question	Who to Contact
Proposal and Pre-Award	Chrissa Papaioannou at <a href="mailto:cp847@ored.rutgers.edu">cp847@ored.rutgers.edu</a> Diane Ambrose at <a href="mailto:ambrosdm@ored.rutgers.edu">ambrosdm@ored.rutgers.edu</a>
Post-Award	Angelo Chrisomalis at <a href="mailto:gca@ored.rutgers.edu">gca@ored.rutgers.edu</a>
General F&A	A. Chea Smith at <a href="mailto:cost@finance.rutgers.edu">cost@finance.rutgers.edu</a>

- **New F&A Agreement and Information**
  - Cost Analysis & Reporting Website  
<https://costanalysis.rutgers.edu/facilities-and-administrative-cost-rates-0>





Questions?



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