



# RUTGERS

## Treasurer's Town Hall

***J. Michael Gower***

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

January 7, 2019

Rutgers Business School–Newark

Rutgers Business School–New Brunswick

- **Welcome**
- **Endowment Office**
- **Finance Data Analytics and Reporting**

Mike Gower

Jason MacDonald

Ernie DiSandro



- Implement university's Investment Policy under direction of Joint Committee on Investments of the Board of Governors and Board of Trustees, and Executive Vice President for Finance and Administration and University Treasurer
- Administer endowment's activities consistent with Investment Policy and best practices for public universities and the investment industry
- Recommend to the Joint Committee strategies and investment opportunities that will meet allocation strategies for the endowment
- Support university's missions by collaborating with RU Foundation and university community to increase understanding of the endowment's mission and work



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***Jason MacDonald***  
*Chief Investment Officer*

**Who?**

Responsible for investment management of all endowment assets. RU Foundation transfers endowment funds raised to our office. Governed by Joint Committee on Investments, which reports to and consists of members from the Board of Trustees and Board of Governors.

**What?**

Endowment, or long-term investment pool (LTIP), is 2,500 (approx.) individual endowment funds created by donors to pay for scholarships, endowed chairs, etc. to support a variety of causes. The endowment pays out 4% of its market value annually to support these funds.

**Why?**

In an environment where state support is dwindling, the value of higher education is questioned, and pressure on revenue increases; long-term growth and health of endowment assets are key.

Larger endowment → larger annual payout → lower financial pressure

**How?**

1. Exceptional fundraising
2. Solid returns
3. Downside protection

## Create an Endowment Office that is part of the fabric of the University

- Create a culture focused on superior investment returns and promote creativity
- Establish buy-in on strategy, acceptable levels of risk, time horizon, investment targets, etc.
- Maintain an environment where values are observed with as much discipline as the investment approach:
  - **Integrity** – Ethical, accountable, and fair in all dealings
  - **Flexibility** – The commitment to change is a fundamental part of individual and organizational development
  - **Humility** – An open, feedback driven organizational culture that promotes teamwork, personal expression, self-awareness and freedom

**A healthy endowment and superior fundraising lead to...**

- Fulfillment of institutional mission
- Support of specific programs, projects, priorities that advance strategic plan
- Enhancement of educational experiences and students' professional prospects
- Acceleration of research into some of society's most pressing needs and humanity's most perplexing problems
- Strengthening of economic, social and cultural development of the State

**The Endowment Office's impact on the university**

- Intern program
- Increased transparency and collaboration – “Taking Down Silos”
- Active management

Function	Governing Body / Individual Role
Committee	Joint Committee on Investments
Committee Chair	Tilak Lal, Board of Trustees Member
Consultant	FEG
Staff	Jason MacDonald, Chief Investment Officer Lou Kish, Investment Operations Manager





Long-Term Investment Pool (LTIP) is unitized and operated like a mutual fund with shares owned by individual endowments

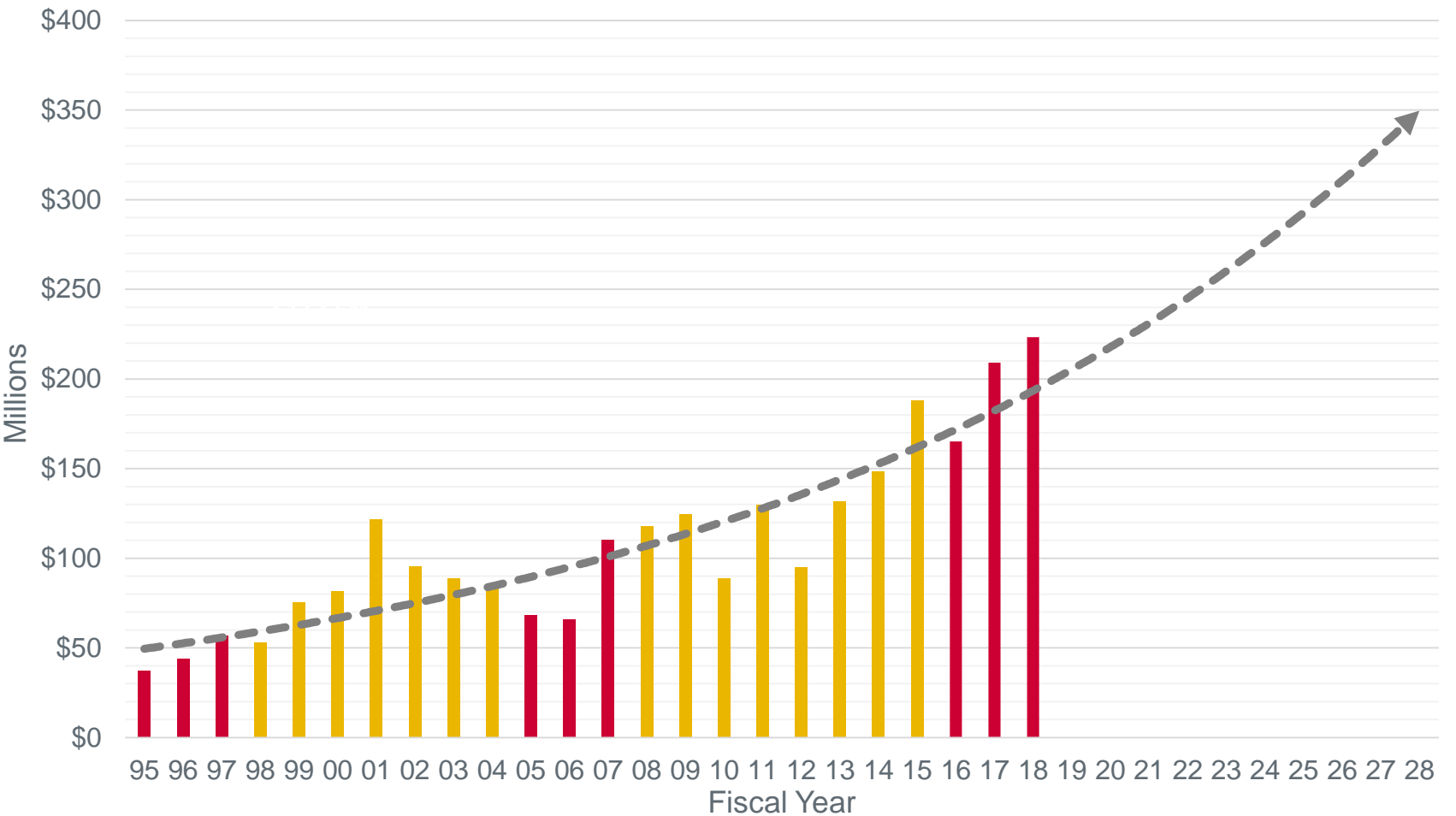
- Endowments “buy shares” of the LTIP when Rutgers receives those specific funds
- Shares are purchased at current market value of the LTIP
- Spending from Endowments is calculated using a rolling 13-quarter average market value in order to smooth volatility

## Types of Endowment Pools

Classification	Definition
<b>Long Term Investment Pool (LTIP)</b>	LTIP, or Pooled Endowment Fund, consists of true endowed funds, term endowed funds, and quasi-endowed funds. Incorporates the long-term fund for the Board of Governor’s and the Board of Trustee’s. Other funds that are <b>separately-invested</b> as required by donors.
<b>True Endowment</b>	Funds received from donors, organizations, or other external sources that are held in perpetuity. The income (real income, realized gains, unrealized gains) is available to the university to be spent as directed by the donor.
<b>Term Endowment</b>	Similar to above, except funds are held for a specified period of time.
<b>Quasi Endowment</b>	Funds designated by the University to be treated like a true endowment; no donor restrictions and the principal may be invaded.



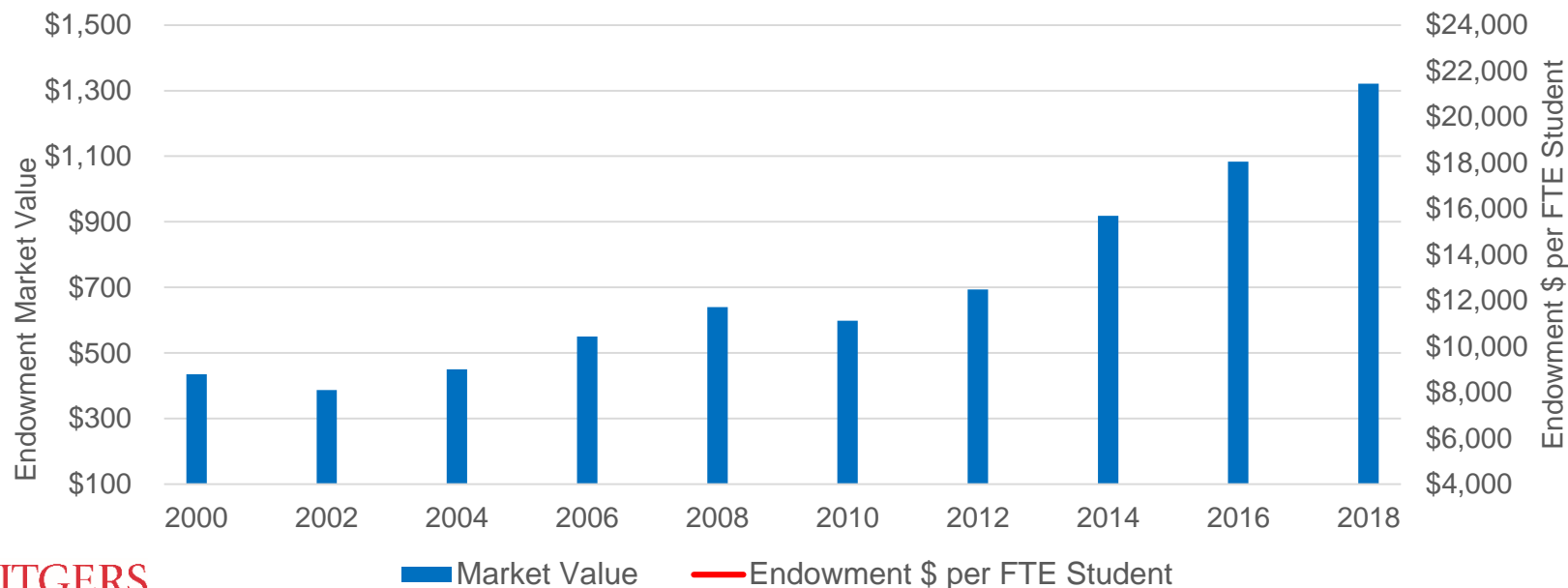
Fiscal Years 1995 - 2018

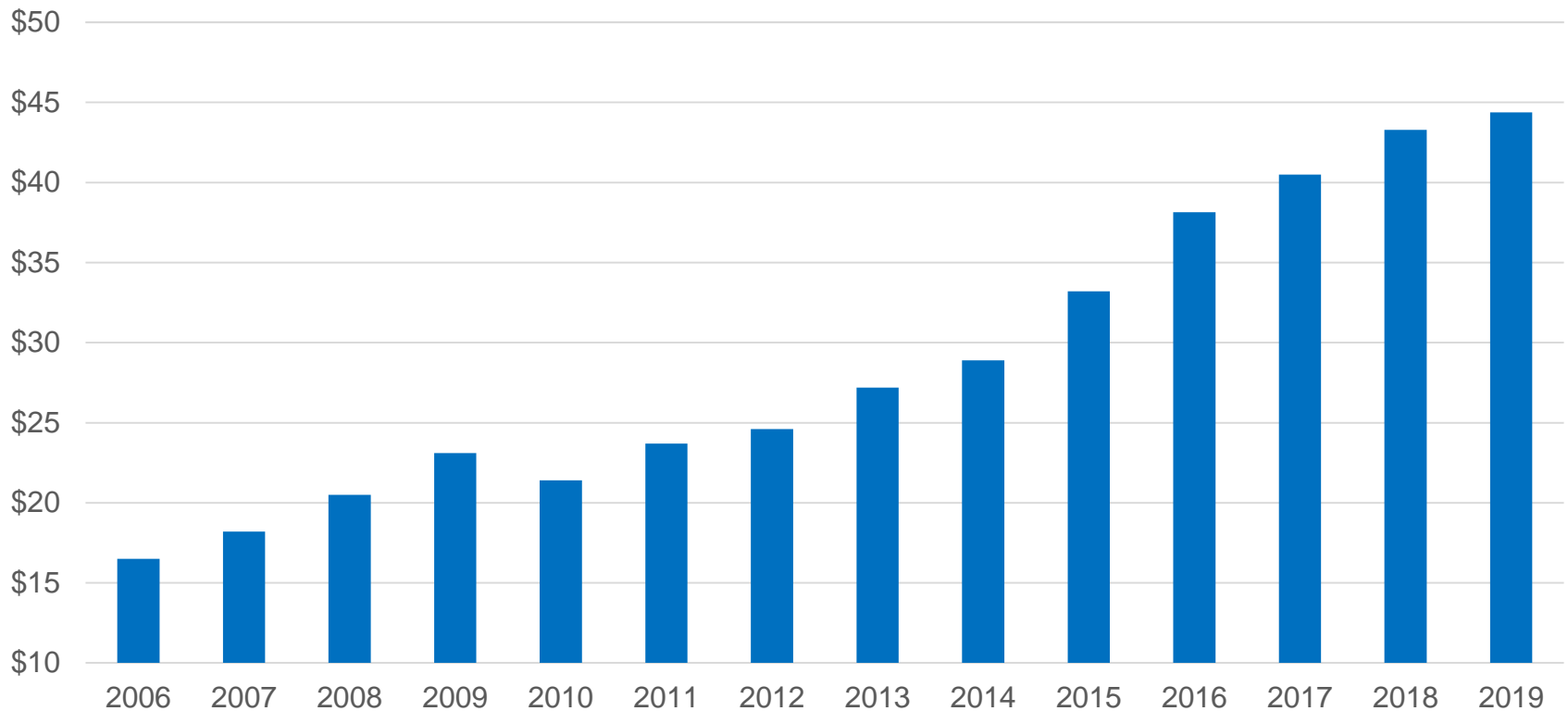


■ In Campaign

	<u>Fiscal Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Rutgers University - LTIP as of 6/30/18	9.3%	7.1%	8.0%	6.2%
Target Weighted Benchmark	9.0%	6.6%	7.7%	5.5%
60/40 Benchmark	7.2%	6.2%	6.2%	4.6%
NACUBO > \$1 billion	9.5%	6.6%	7.9%	5.9%
NACUBO Average	8.2%	6.2%	7.4%	5.8%

## Endowment \$ per FTE Student





As the Endowment has grown, our annual spend has a much more meaningful impact on the University, now accounting for 1% of the operating budget

The Endowment's primary purpose is to achieve a total return averaging at least the spending rate of 4%, plus inflation and costs. Returns experienced in excess of this provide for the long-term growth of the Endowment. The time horizon is considered infinite with a focus on long-term performance.

<b>Components of Return Need</b>	
Spending Rate	4.00%
Inflation Rate	2.20%
Endowment Expenses	0.15%
Foundation Administrative Fee	0.95%
<b>Long-Term Return Need (net of fees)</b>	<b>7.30%</b>

## Asset Allocation

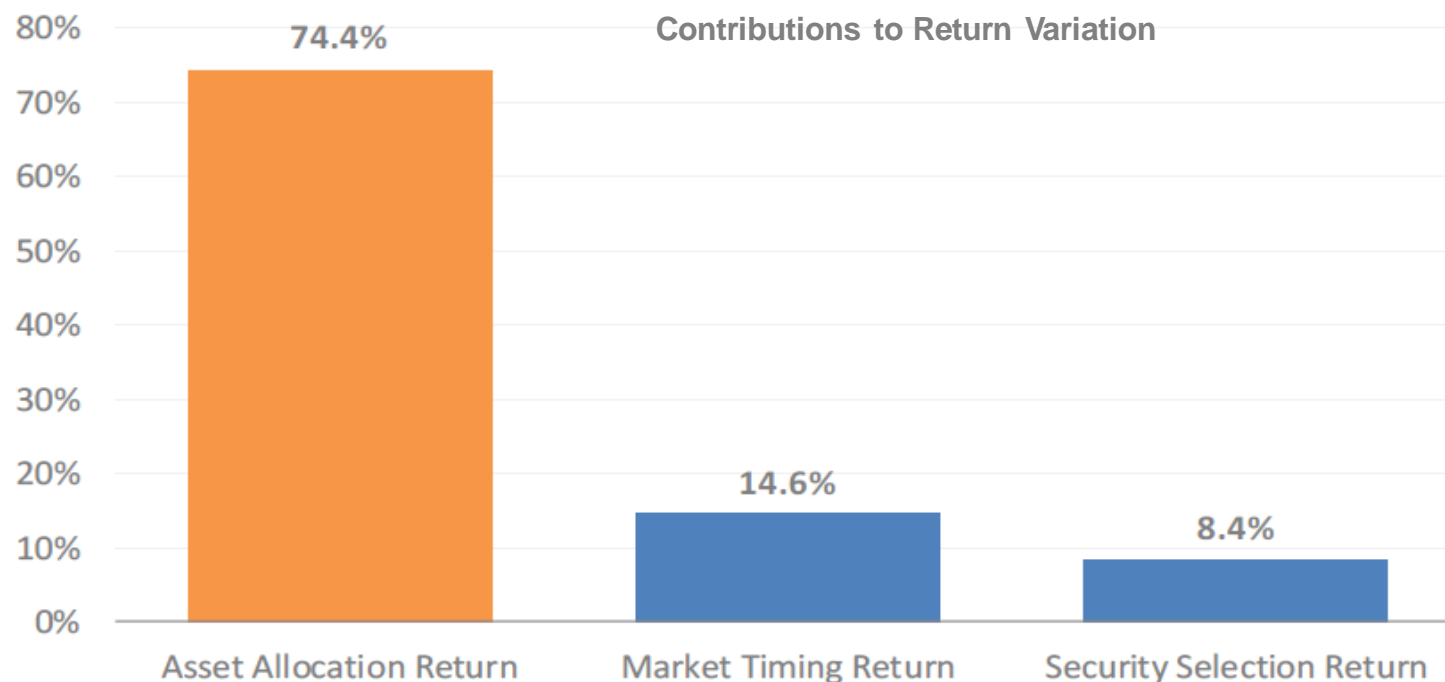
Asset Allocation	6/30/2017	6/30/2018	Long-Term
<b>Growth Assets</b>	<b>56.6%</b>	<b>56.7%</b>	<b>66%</b>
Public Equities	43.6%	42.3%	38%
US Stocks	22.2%	19.9%	15%
International Developed	17.4%	14.8%	8%
Emerging Stocks	4.0%	4.1%	5%
Global Stocks	0.0%	3.5%	10%
Private Equity	9.6%	11.1%	20%
Opportunistic Fixed Income	3.4%	3.3%	8%
<b>Risk Reduction Assets</b>	<b>28.6%</b>	<b>29.0%</b>	<b>19%</b>
Cash	2.0%	4.6%	0%
Traditional Fixed Income	8.1%	7.5%	9%
Absolute Return Hedge Funds	18.5%	16.9%	10%
<b>Real Return</b>	<b>15.0%</b>	<b>14.2%</b>	<b>15%</b>
Real Estate	5.0%	6.2%	10%
Real Assets (Other)	10.0%	8.0%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## **Investment Strategy – Preservation and Growth**

- Focus on long-term performance and partner with the best investment managers in the world
- Understand portfolio and know what you own - continual review and measurement of results and exposures
- Drive fees down where possible
- Create an investment mindset focused on the following:
  - Capital Preservation
  - Flexibility
  - Open-Mindedness
  - Intellectual Curiosity
  - Long-Term Thinking

## The primary contributor to investment success

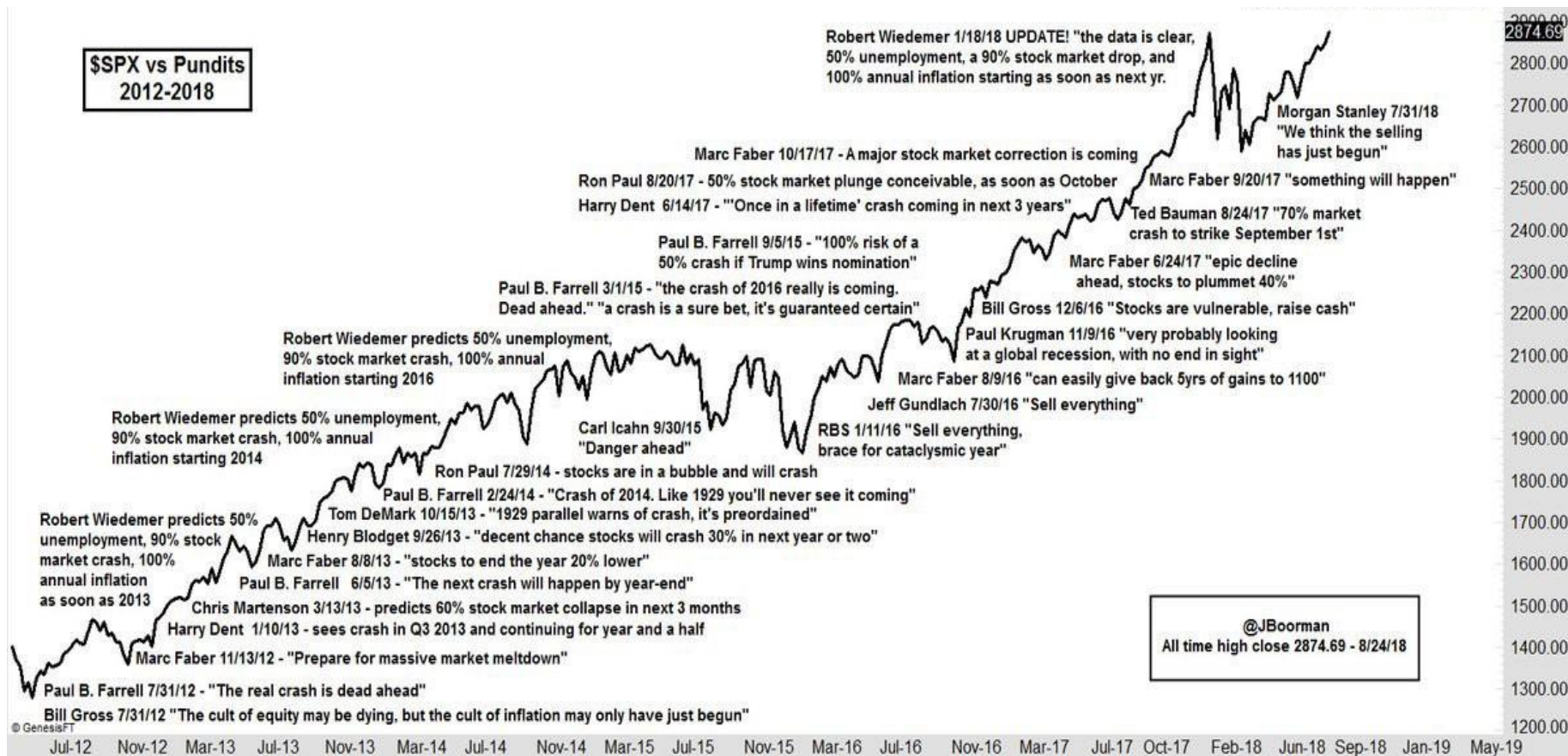
- Asset allocation is most important decision for investor's ability to reach their goals
- Decisions are long-term and impact long-term success
- Allocations are reviewed annually; changes are made when goals change or markets change considerably



Data source: Brown, Garlappi, and Tiu, 2009, "Asset Allocation and Portfolio Performance: Evidence from University Endowment Funds"



**“The road to fresh stock market highs is littered with these awful correction calls”**



Marketwatch.com 8/28/2018

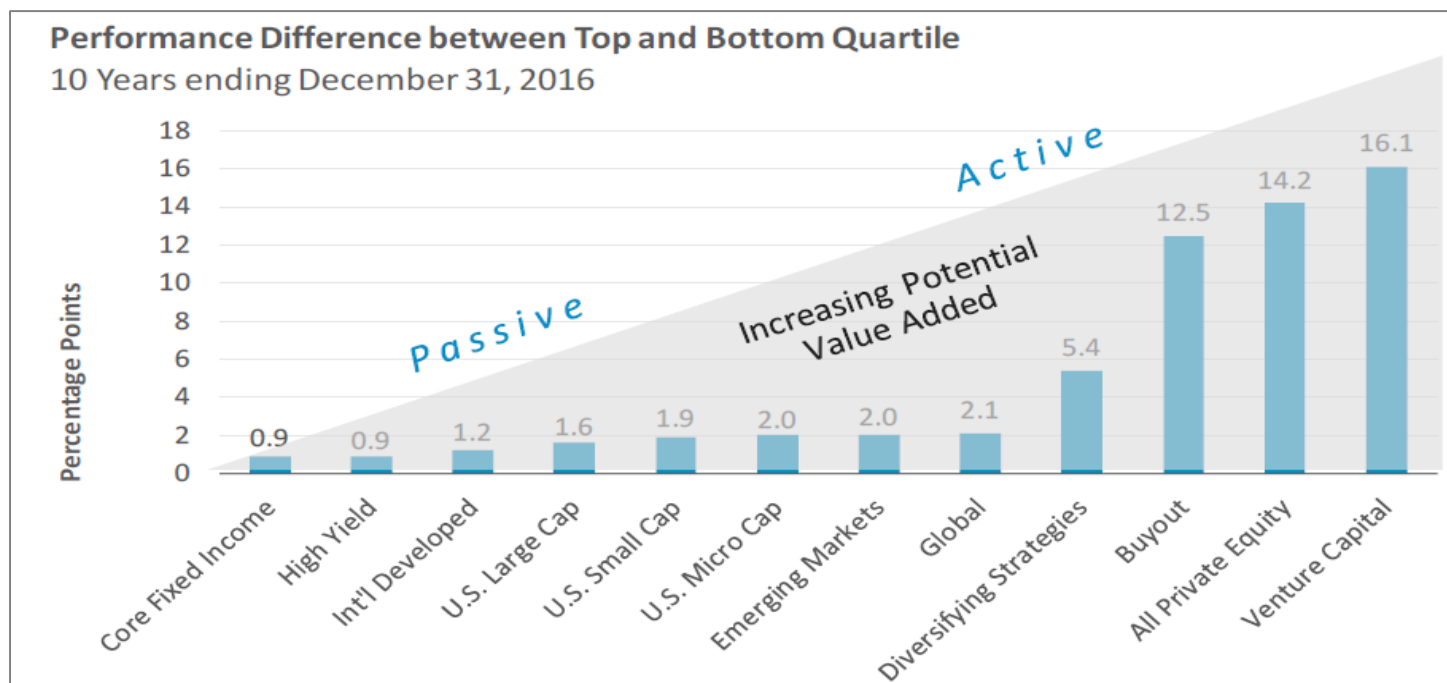


- Investors are best served by building a strong investment process focused on long-term investing and a strong decision-making structure
- Investors cannot control market ebbs and flows, but they can control their investment process
- Investors who are aware of common shortcomings in focus, decision-making, and committee structure have a better opportunity for a good process and deserved success

	GOOD OUTCOME	BAD OUTCOME
GOOD PROCESS	Deserved Success	Bad Break
BAD PROCESS	Dumb Luck	Poetic Justice

Source: Russo and Schoemaker

- Index in efficient asset classes, by market capitalization-weighted or fundamental indexing
- Focus active manager efforts in less efficient asset classes
  - Manager selection is important due to the wide variance of returns between top and bottom quartile performance



Data sources: Lipper, HFRI, Prequin, Pertrac, Thomson One - Screening & Analysis - Private Equity - Fund Performance - Horizon Returns Report - 10 Year Period Ending 5 Years prior current year - VC / BO / All PE (BV + BO). Private Equity data for vintage years 2003 through 2012, performance available through December 31, 2016. All returns are in USD, net of fees. "All Private Equity" includes data on 2,895 funds across Buyout and Venture Capital strategies only. 428 data points were used to obtain results for "Diversifying Strategies", which includes event-driven, macro, relative value, and long/short equities. The number of data points for all other categories are as follows: core fixed income - 204; high yield - 112; international developed - 281; U.S. large cap - 532; U.S. small cap - 419; emerging markets - 81; global equity - 40.

- Disciplined investment, capital allocation, operations and monitoring processes are imperative for long-term success
- Transparency and clear communication with all of Rutgers' stakeholders is essential to maintain trust and confidence
- A long-term and flexible approach coupled with a focus on capital preservation sets Rutgers University on the path to continued successful returns and enjoying a positive impact on its community well into the future

### **Ultimate Goals**



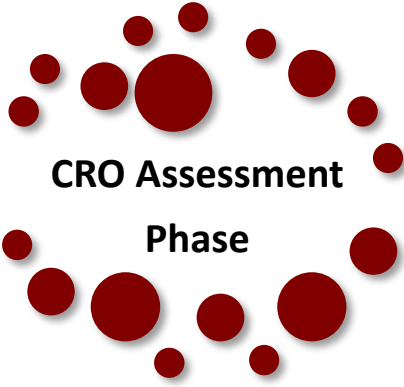


- Attain the best risk-adjusted returns possible
- Create an institutionally sound investment office
- Foster a culture of transparency and respect
- Create a fluid investment process and instill a partnership mentality with the JCOI
- Contribute positively to the broader University community



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***Ernie DiSandro***

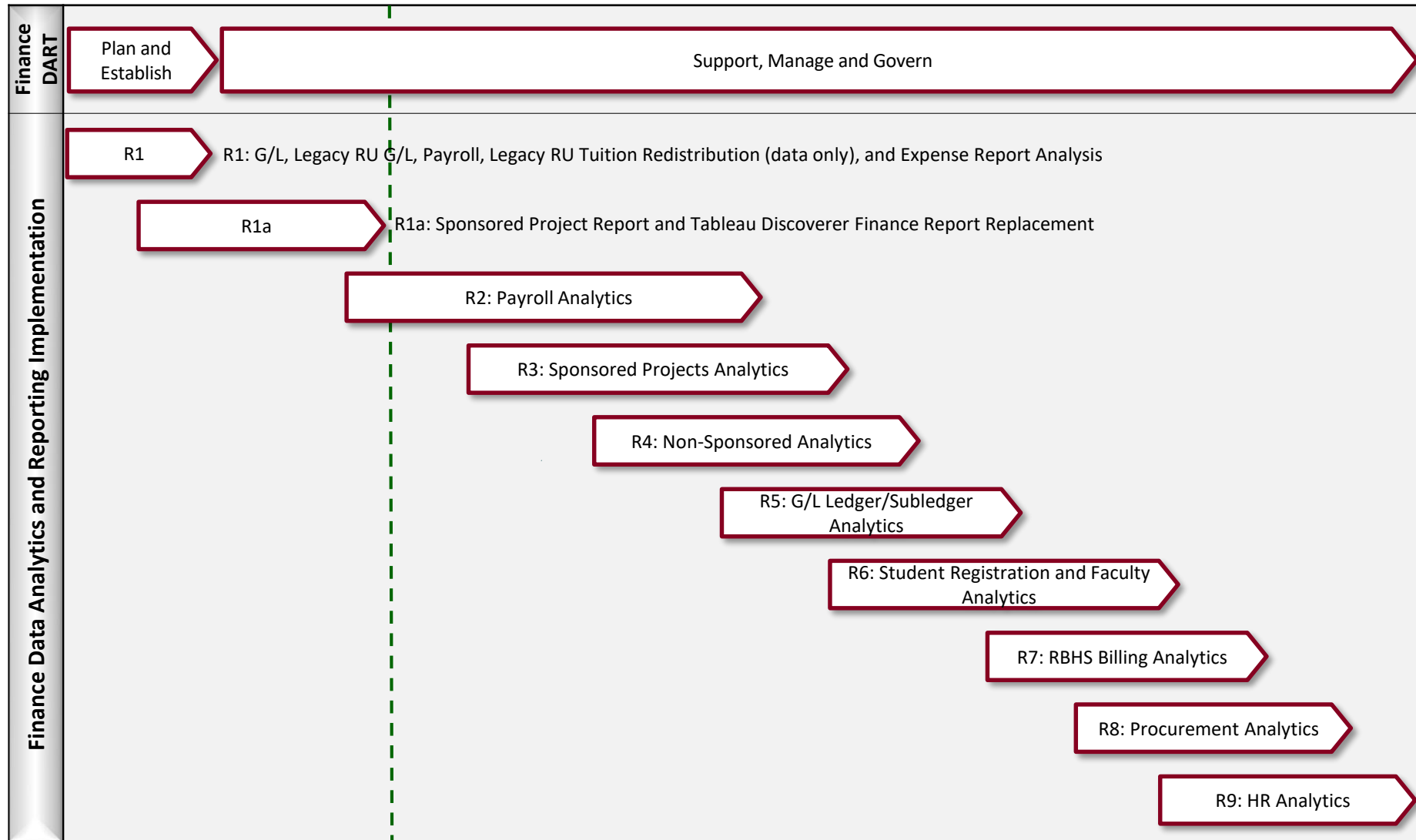
*Interim University Controller*

Oracle Cloud Financial Management System	Oracle Enhanced Reporting Initiative Project	Cornerstone Reporting Optimization (CRO) Project		Finance Data Analytics and Reporting Project
Oct-16	Mar-17 - Ongoing	Jan-18 – May-18	Jun-18 – Aug-18	Sep-18 – Jan-20
 <p><b>Oracle Report Inventory:</b></p> <ul style="list-style-type: none"> <li>•FRS</li> <li>•OTBI</li> <li>•BI Publisher</li> <li>•Smart View</li> <li>•Discoverer</li> </ul> <ul style="list-style-type: none"> <li>✓ Oracle Reporting</li> <li>✓ Oracle Report Library</li> <li>✓ Oracle</li> </ul>	 <p><b>Go-To List:</b></p> <ul style="list-style-type: none"> <li>•General Ledger</li> <li>•Projects</li> <li>•Procure-to-Pay</li> <li>•Expense Report</li> </ul> <ul style="list-style-type: none"> <li>✓ Enhanced Reporting Group (Finance Information System + Campus/Unit Reps)</li> <li>✓ Report Rationalization</li> <li>✓ Go-To reports</li> </ul>	 <p><b>CRO Assessment Phase</b></p> <ul style="list-style-type: none"> <li>✓ Current State Assessment</li> <li>✓ Requirements Gathering Workshops</li> <li>✓ Future State</li> <li>✓ Gap Analysis</li> <li>✓ Solution Design and Roadmap</li> </ul>	 <p><b>CRO Project Planning and Organization</b></p> <ul style="list-style-type: none"> <li>✓ Implementation Plan</li> <li>✓ Stakeholder Analysis</li> <li>✓ Communication Strategy</li> <li>✓ Training Strategy</li> <li>✓ Finance DART operating model</li> <li>✓ Tableau Enterprise Strategy, Architecture, Governance</li> <li>✓ Finance DART and Project Team staffing, resourcing</li> </ul>	 <p><b>Finance Data Analytics and Reporting Project</b></p> <ul style="list-style-type: none"> <li>✓ Tableau Enterprise, incl. Self-Service Analytics and Managed Reporting</li> <li>✓ Operationalize Finance DART</li> <li>✓ Budget Office Tableau Enterprise Migration (300+ users, 4 data sources)</li> <li>✓ Tableau Discoverer Finance Replacement Reports (650+ users)</li> <li>✓ 8 Tableau Finance Reporting and Analytics releases</li> </ul>

## Deliverables based on:

- ✓ **11** report requirements workshops
- ✓ **170** workshop attendees
- ✓ **400+** user defined requirements
- ✓ Representation from **all** Rutgers campuses
- ✓ Primarily **Business Managers and Analysts**

Tableau Project Release	G/L	Grant Proposal	Sponsored Projects	Non-Sponsored Projects	Procurement	AP / Invoice	Travel and Expense	HR	Payroll	Student Accounting	Financial Aid	Registration	RBHS Billing
G/L, RU Legacy G/L, Payroll, and RU Legacy Tuition Redistribution	✓								✓	✓			
Tableau Replacement for Discoverer Finance Reports (20), Sponsored Project Reports	✓		✓		✓				✓				
Payroll Analytics	✓		✓	✓				✓	✓				
Sponsored Project Analytics	✓	✓	✓		✓	✓	✓	✓	✓				
Non-Sponsored Project Analytics	✓			✓	✓	✓	✓	✓	✓				
G/L Ledger/ Subledger Analytics	✓		✓	✓	✓	✓	✓		✓				
Student Registration and Faculty Analytics	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
RBHS Billing Analytics	✓												✓
P2P Analytics	✓		✓	✓	✓	✓	✓						
HR Analytics		✓						✓	✓				





BOG Accou..	BOG Accou..	BOG Grant Re..	BOG Accou..	Account Cd ..	Account Descr (Bog Account Hierarchy)	Project Accoun..	Je Source Key	Spreadsheet	Null	Grand Total
BBB	BB GRANTS	BOG Grant	B FEDERAL	43000	Grants Federal Government	2,426,447.24				2,426,447.24
REVENUE	&	Revenue	GRANTS	Total		2,426,447.24				2,426,447.24
	CONTRACTS		B NONGOVE	43210	Grants Foundations	101,473.01		-50,000.00		51,473.01
			RNMMENTAL ..	Total		101,473.01		-50,000.00		51,473.01
			B STATE &	43100	Grants State Government	318,562.15				318,562.15
			MUNICIPAL ..	Total		318,562.15				318,562.15
			Total			2,846,482.40		-50,000.00		2,796,482.40
	F&A		B F&A ADMI	69200	Facilities & Administrative Costs	-200,279.78				-200,279.78
			NISTRATIV..	Total		-200,279.78				-200,279.78
			Total			-200,279.78				-200,279.78
Grand Total						2,646,202.62		-50,000.00		2,596,202.62

Projects Subledger BOG Revenue 30A

GGP Acc..	GP Account ..	BOG Grant Reve..	Parent Acco..	Child Acco..	Child Account Description	
BBB	BB GRANTS	BOG Grant	B FEDERAL	43000	Grants Federal Government	2,426,447.24
REVENUE	&	Revenue	GRANTS	Total		2,426,447.24
	CONTRACTS		B NONGOVER	43210	Grants Foundations	101,473.01
			NMENTAL G..	Total		101,473.01
			B STATE &	43100	Grants State Government	318,562.15
			MUNICIPAL ..	Total		318,562.15
			Total			2,846,482.40
	F&A		B F&A ADMIN	69200	Facilities & Administrative Costs	-200,279.78
			ISTRATIVE C..	Total		-200,279.78
			Total			-200,279.78
Grand Total						2,646,202.62

Fiscal Year: 2019

Accounting Period: (Multiple values)

Campus: Newark

Unit: 520

Division: (All)

Organization: (All)

Je Source Key: (All)





## Tableau: Sponsored Project G/L Reconciliation Reporting

Summary by Project					Fiscal Year			
Project Nu...	Contract N...	Bill Method Na...	Project Bud...	Revenue	Direct Cost	F&A Expense	Surplus/Deficit	
Grand Total				2,846,482.40	2,521,607.18	200,279.78	124,595.44	
800184	100178	Fixed Fee	420,000.00	0.00		0.00	0.00	
800524	100444	Fixed Fee	473,463.50	0.00		0.00	0.00	
801443	101140	Cost Reimburs...	262,572.34	0.00		0.00	0.00	
801819	101479	Cost Reimburs...	2,848,621...	0.00		0.00	0.00	
801828	101438	Cost Reimburs...	240,000.00	0.00		0.00	0.00	
801847	101479	Cost Reimburs...	77,507.96	0.00		0.00	0.00	
801851	101479	Cost Reimburs...	47,274.42	0.00		0.00	0.00	
801854	101479	Cost Reimburs...	66,574.00	0.00		0.00	0.00	
801859	101479	Cost Reimburs...	195,623.33	0.00		0.00	0.00	
801897	101479	Cost Reimburs...	346,398.96	0.00		0.00	0.00	
801944	101533	Cost Reimburs...	301,678.00	0.00		0.00	0.00	
801947	101529	Cost Reimburs...	180,705.00	7,517.79	5,966.50	1,551.29	0.00	
802826	102156	Cost Reimburs...	508,474.00	48,821.49	31,616.26	17,205.23	0.00	
802920	102267	Fixed Fee	135,000.00	0.00	13,742.40		-13,742.40	
803603	102773	Cost Reimburs...	482,041.00	56,525.38	58,982.43	32,256.68	-34,713.73	
804104	103181	Fixed Fee	200,000.00	0.00	10,412.45	503.89	-10,916.34	
804188	103291	Cost Reimburs...	40,000.00	9,575.50	9,575.50		0.00	
804220	105173	Fixed Fee	93,022.43	0.00	410.00		-410.00	
804281	103319	Cost Reimburs...	684,589.00	1,535.69	1,109.28	426.41	0.00	
805413	105436	Cost Reimburs...	457,072.00	70,276.52	45,339.72	24,936.80	0.00	
805512	105511	Cost Reimburs...	99,933.00	0.00	334.00		-334.00	
820052	120045	Cost Reimburs...	233,334.00	16,234.18	42,400.61		-26,166.43	
820166	120153	Fixed Fee	1,000,000...	0.00	18,606.34	10,233.53	-28,839.87	
820241	120227	Cost Reimburs...	500,000.00	46,187.75	46,187.75		0.00	
820243	120229	Fixed Fee	50,000.00	0.00	8,971.98		-8,971.98	
820602	120561	Fixed Fee	20,000.00	0.00	3,573.51		-3,573.51	
820609	120568	Cost Reimburs...	407,668.00	213,918.40	155,917.23	58,001.17	0.00	
821054	121041	Cost Reimburs...	407,668.00	-1.06	-23,249.35	-8,408.38	31,656.67	
821071	121057	Fixed Fee	100,000.00	77.58	77.58		0.00	
821081	121066	Cost Reimburs...	2,496,300...	70,852.71	70,852.71		0.00	
821083	121066	Cost Reimburs...	264,700.00	66.87			66.87	
821086	121066	Cost Reimburs...	199,200.00	-13,467.46	-32,532.14		19,064.68	
821211	121171	Cost Reimburs...	323,504.00	5,866.56	3,998.49	1,868.07	0.00	

Fiscal Year

2019

Accounting Period

(Multiple values)

Campus

Newark

Unit

520

Division

(All)

Organization

(All)

Contract Number

(All)

Project Number

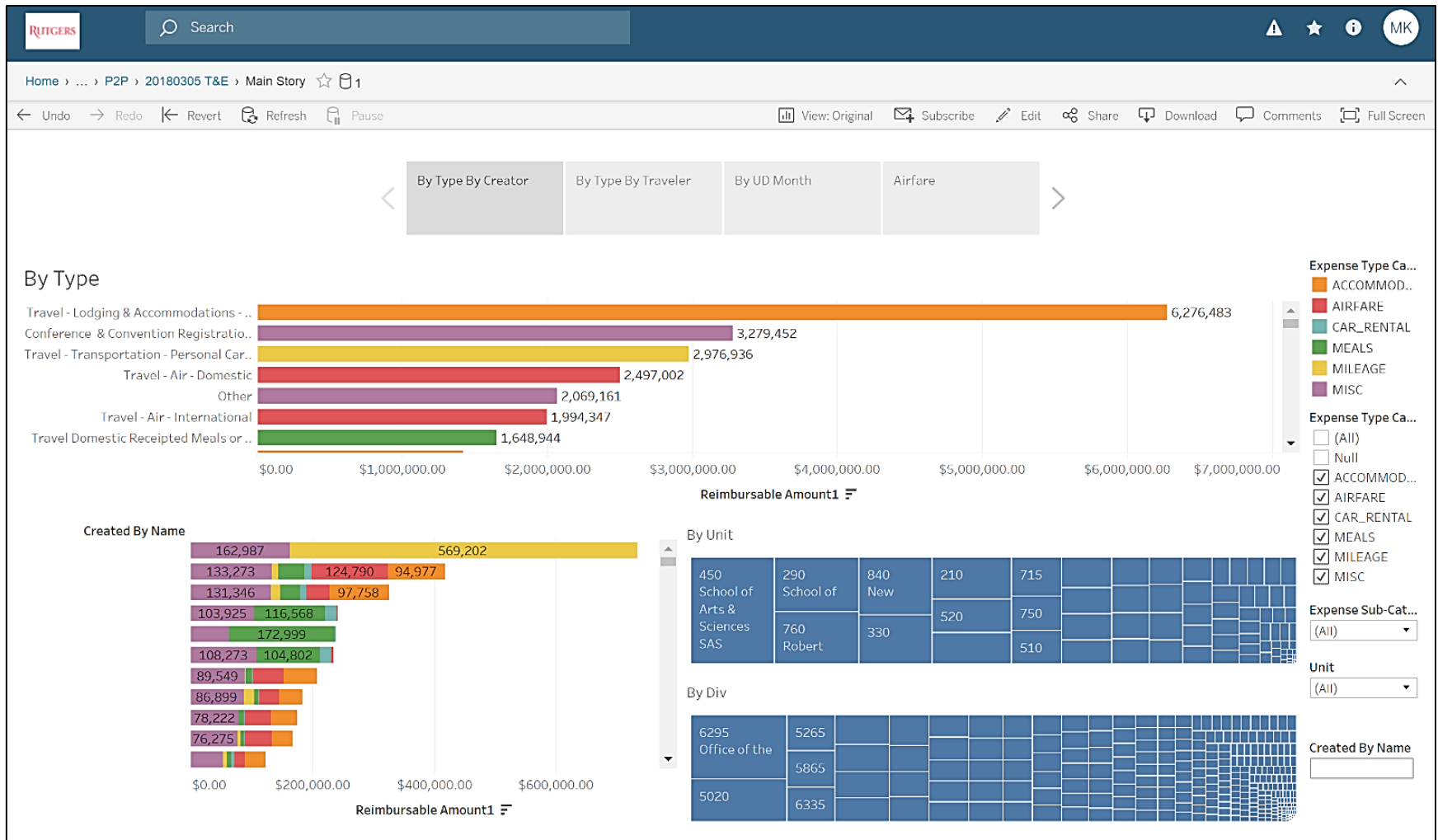
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Parent Fund Type Descri...

A GRANTS SPONSORED

GP Account Description

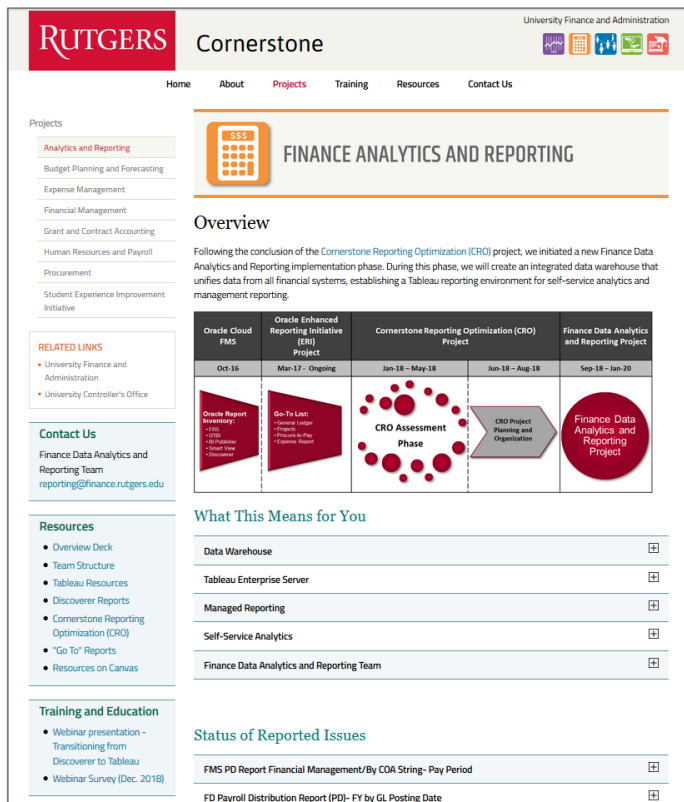
(Multiple values)



- **850+ people enrolled in Tableau Finance Reporting**
  - 300+ enabled for ad-hoc analysis, report creation and sharing
  - 650+ enabled for Tableau Discoverer Finance replacement report access
  - 575+ participated in five webinars on transitioning from Discoverer to Tableau
- **Data sources available for Self-Service Analytics (SSA) ad-hoc analysis**
  - Oracle Cloud GL, RU legacy GL, Payroll Distribution, and Tuition Redistribution
- **70+ reports created by users across multiple campuses/units**
- **67 Discoverer Finance replacement reports**
  - Current Payroll, RU legacy Payroll, RU legacy GL, and RU legacy Procurement data
- **Sponsored Project and G/L Reconciliation Data/Analytics (Pilot)**
- **University Communications and Marketing Business Manager created dashboards/reports with third-party data blended with G/L data**

- **Training**
  - Jan. 2019 Webinars on transition from Discoverer to Tableau
  - Sponsored Project data training for Self-Service Analytics (SSA)
  - Basic training for Tableau navigation and reports
  - Train-the-trainer sessions for campus/unit Tableau content managers
- **Sponsored Project and G/L Reconciliation Data/Analytics**
  - Transition from pilot to Managed Reporting for expanded usage
- **Payroll Analytics**
  - Requirements gathering sessions with Payroll Subject Matter Experts

Functional, data analytics, and finance reporting experts who support the ongoing development, enhancement, maintenance, governance, security, and administration of the finance reporting environment.



The screenshot shows the 'Cornerstone' website for the University Finance and Administration department. The main header includes the Rutgers logo and navigation links: Home, About, Projects, Training, Resources, and Contact Us. A sidebar on the left lists various projects and related links. The main content area features a 'FINANCE ANALYTICS AND REPORTING' section with an 'Overview' paragraph and a project timeline table. Below the timeline is a 'What This Means for You' section with a list of services and a 'Status of Reported Issues' section with a list of current issues.

**Overview**

Following the conclusion of the **Cornerstone Reporting Optimization (CRO)** project, we initiated a new Finance Data Analytics and Reporting implementation phase. During this phase, we will create an integrated data warehouse that unifies data from all financial systems, establishing a Tableau reporting environment for self-service analytics and management reporting.

Oracle Cloud FMS	Oracle Enhanced Reporting Initiative (ERI) Project	Cornerstone Reporting Optimization (CRO) Project		Finance Data Analytics and Reporting Project
Oct-16	Mar-17 - Ongoing	Jan-18 - May-18	Jun-18 - Aug-18	Sep-18 - Jan-20
Oracle Report Inventory: 1,000+ Reports	Go-To-Learn: Oracle Cloud Financials	CRO Assessment Phase	CRO Project Planning and Organization	Finance Data Analytics and Reporting Project

**What This Means for You**

- Data Warehouse
- Tableau Enterprise Server
- Managed Reporting
- Self-Service Analytics
- Finance Data Analytics and Reporting Team

**Status of Reported Issues**

- FMS PD Report Financial Management/By COA String- Pay Period
- FD Payroll Distribution Report (PD)- FY by GL Posting Date

**Visit Finance Data Analytics and Reporting site**

<https://cornerstone.rutgers.edu>

**Questions? Feedback?**

Email us at [reporting@finance.rutgers.edu](mailto:reporting@finance.rutgers.edu)



# RUTGERS

## Treasurer's Town Hall

***J. Michael Gower***

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

January 7, 2019

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