

Finance Town Hall



RUTGERS
University Finance
and Administration

ACCOUNTABILITY ★ SUPPORT ★ COLLABORATION
UNDERSTANDING ★ TRUST ★ STRATEGIC ALIGNMENT
HOW WE WORK

AUGUST 2023

Before we begin



We are recording. Attendees have been placed on mute.



We will address questions at the end of each presentation.



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



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

Agenda

Meet the Presenter

J. Michael Gower

Trends in Higher Education

Meet the Presenters

Maggie Quinn

Procurement Policy Update

Meet the Presenter

Doug Horr

Embracing Excellence and Empowering Change

Meet the Presenter

David B. Moore

Fiscal Year 2024 Budget

Q&A

Conclude



A portrait of J. Michael Gower, a middle-aged man with short brown hair, wearing black-rimmed glasses, a light blue striped shirt, a dark red tie, and a dark suit jacket. He is smiling slightly and looking towards the camera. A small red and white Rutgers University pin is visible on his left lapel.

Meet the presenter



J. Michael Gower | Executive Vice President- Chief Financial Officer & Treasurer

J. Michael Gower is the Executive Vice President - Chief Financial Officer & University Treasurer at Rutgers, The State University of New Jersey, where he leads financial management and planning, procurement, and strategic administrative system initiatives. As part of his role at Rutgers, Gower was responsible for the financial integration of former units of the University of Medicine and Dentistry of New Jersey (UMDNJ) into the university.

On the Agenda

Trends in Higher Education

Trends in Higher Education





Growing number of US colleges and universities face deficits as revenue and expenses misalign

Low net tuition revenue growth, the end of federal pandemic aid and inflation are among the greatest credit risks for both public and private universities through at least 2024



A portrait of Maggie Quinn, a woman with blonde, wavy hair, wearing a dark blazer over a light-colored button-down shirt. She is smiling slightly and looking towards the camera.

Meet the presenter

Maggie Quinn | Director of Procure-to-Pay Operations

Maggie is the Director of Procure-to-Pay (P2P) Operations, University Procurement Services. Maggie is a member of the Procurement Leadership Team and responsible for leading purchasing, accounts payable and contracting activities across the university. Maggie currently serves as the President of the New Jersey Higher Education Purchasing Association.

On the Agenda

University Procurement and Payment Policy Update
Q&A



University Procurement and Payment Policy 20.1.11 Update

August 2023



Federal Regulation Changes

- ▶ In November 2020, the federal government made changes to Uniform Guidance (UG) which outlines the methods of procurement to be used for the acquisition of goods and services using federal funds.

Key UG changes:

- 1) Micro-purchase threshold (one quote) increased to \$50K
- 2) Formal bid threshold increased to \$250K
- 3) Geographical preferences in evaluation of bids limited (Federal Funds)
- 4) Institutions may self-certify thresholds with cognizant agency



University Procurement Policy is fully aligned with Uniform Guidance thresholds

- Single quote threshold increased from \$10K to \$50K
- Formal bid threshold increased from \$150K to \$250K
- Incorporated guidance to prevent restrictions of competition

Additional changes:

- Eliminated limited delegation of procurement authority for Athletics
- Raised Board of Governors Waiver of Bid approval from \$1M to \$5M
- Included Chief Financial Officer Waiver of Bid approval from \$1M and \$5M
- Included Board of Governors approval for Formal Bid awards over \$10M
- Included Finance & Facilities meeting and annual Board of Governors reporting requirements for waiver of bids between \$1M and \$5M and formal bid awards between \$1M and \$10M





Questions Comments



A portrait of Doug Horr, a middle-aged man with grey hair, wearing a dark blue suit, light blue shirt, and a patterned tie. He is standing outdoors with trees in the background.

Meet the presenter



Doug Horr, CIA, CCEP | Chief Audit Executive

Doug rejoined Rutgers Audit and Advisory Services as the Chief Audit Executive in 2023, having previously served the university from 1988 to 2005. He is an audit, compliance and risk management professional having worked for four institutions and consulted at a number of others. He holds certifications as an Internal Auditor and Compliance & Ethics Professional and is a past-president of the Association of College and University Auditors. Doug holds a BS-Public Finance from Indiana University and an Ed.M. in Higher Ed Administration from Rutgers.

On the Agenda

Embracing Excellence and Empowering Change

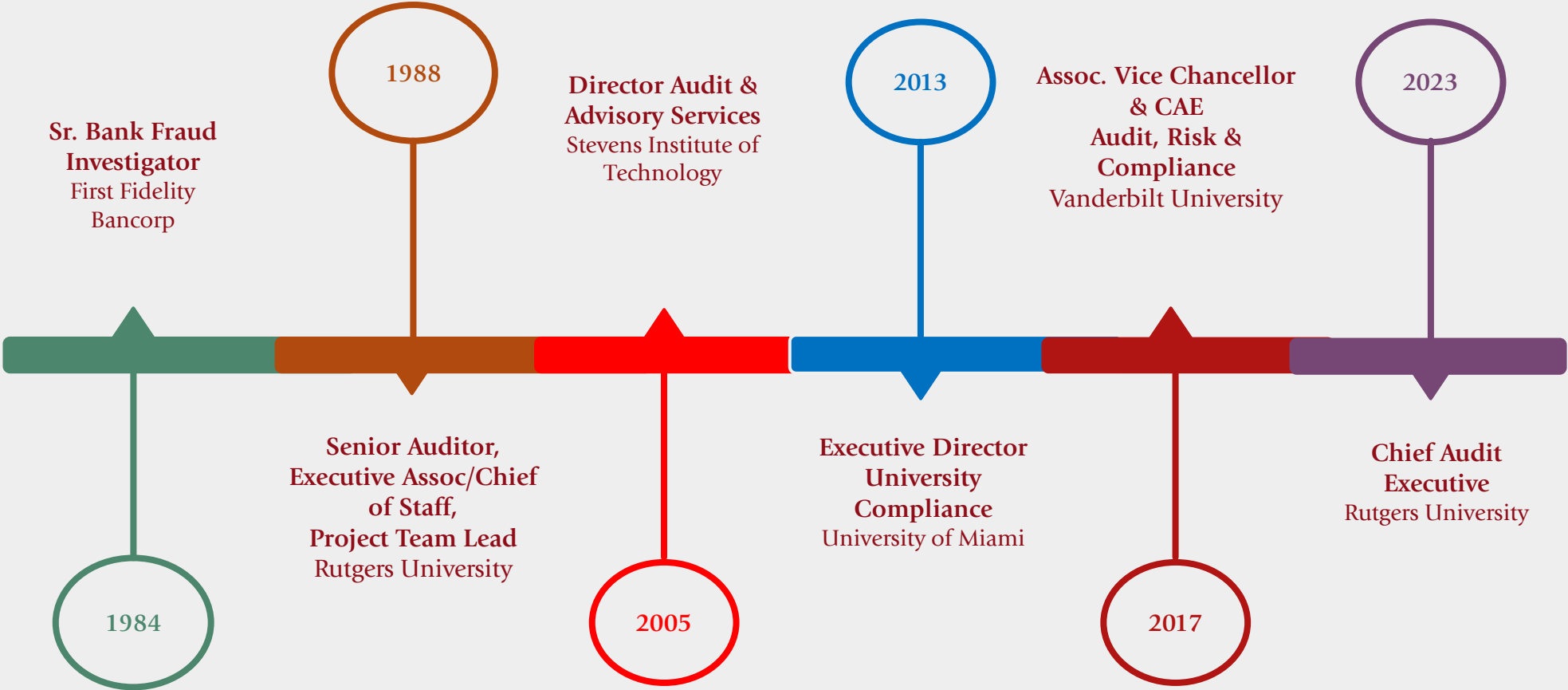
Audit & Advisory Services

Embracing Excellence and Empowering Change

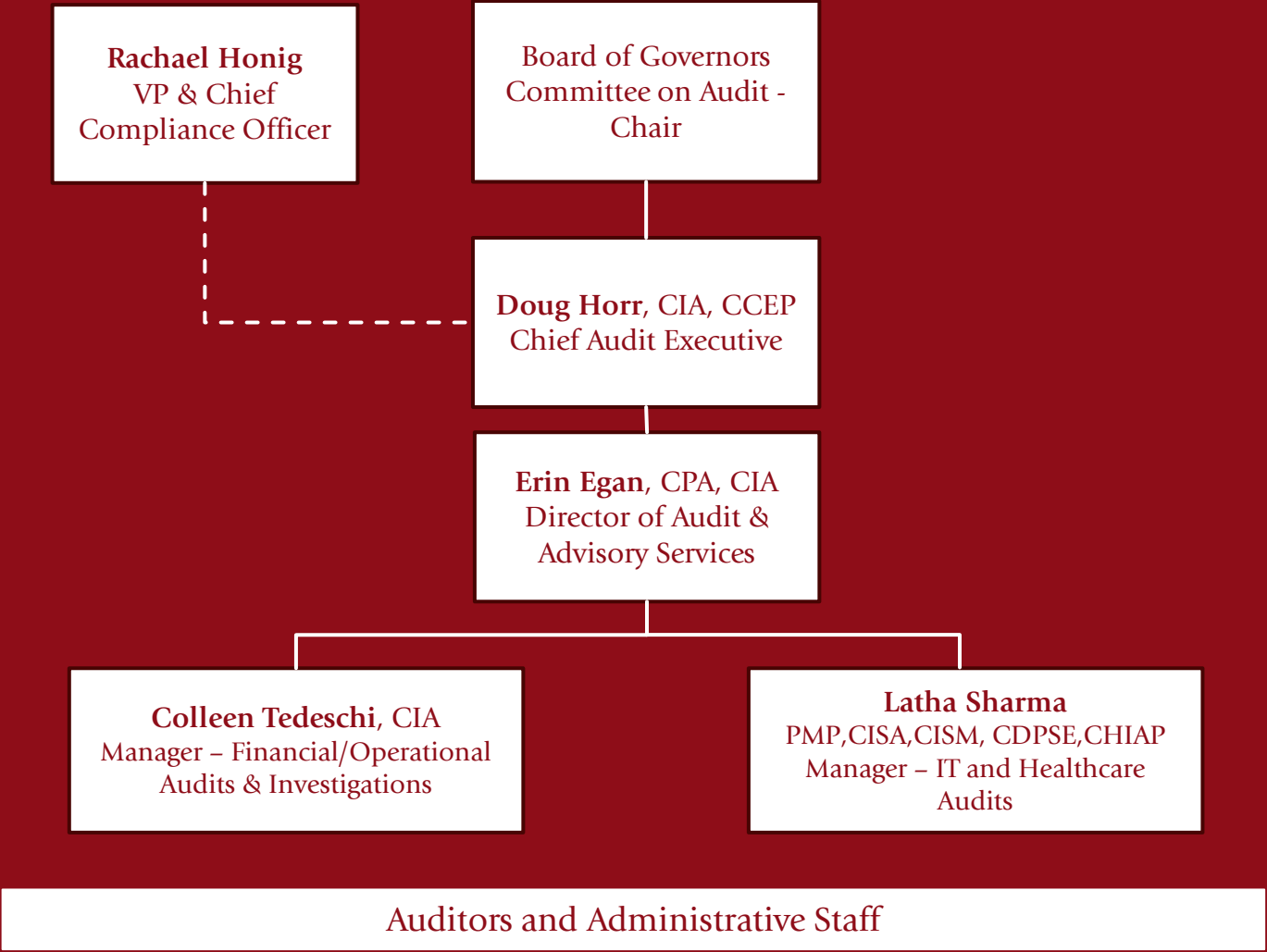


Professional Timeline

Doug Horr, CIA, CCEP



Audit & Advisory Services Structure



The **Board of Governors' Committee on Audit** establishes and authorizes AAS as part of its oversight role

Authority

- Authorized full, free, and unrestricted access to any and all of Rutgers' records, physical properties, systems, and personnel necessary to achieving its goals

Objectivity

- Remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, and report content, to permit maintenance of a necessary independent and objective perspective

Purpose

- Assist University management and the Committee in assessing risks and evaluating both the design and operating effectiveness of controls that address those risks
- Promote effective controls and improved processes in a cost-effective manner

Professionalism

- Practices in accordance with The Institute of Internal Auditors' Professional Practices Framework, which includes the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards)



Our Vision

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To serve as a catalyst for enhancing the University's ability to deliver the highest quality education, promote groundbreaking research and serve our local, national and global communities.

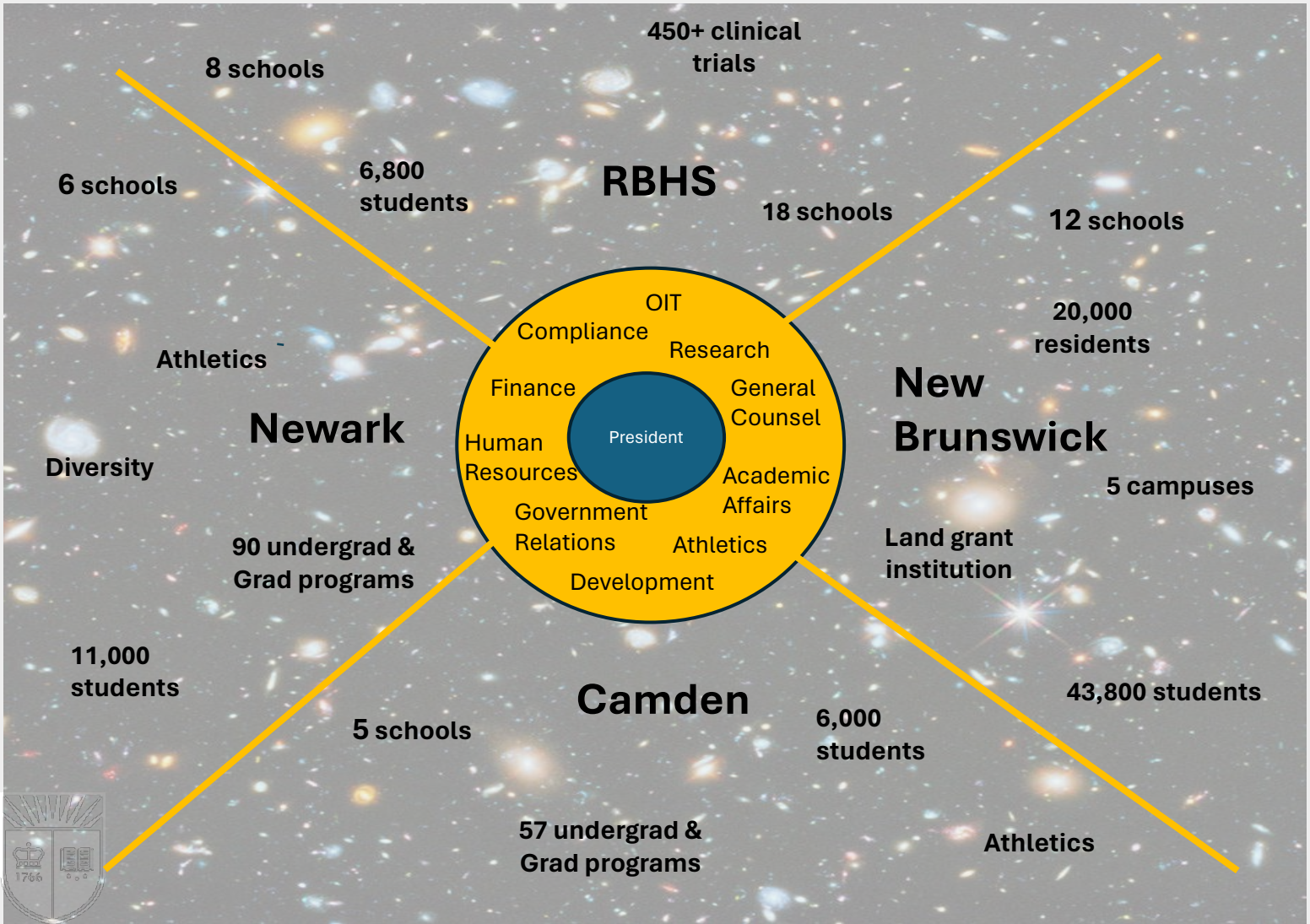


What We Do: What are internal auditing's objectives?

- S**
- C**ompliance with laws, regulations, policies
- A**ccomplishment of objectives
- R**eliability and integrity of information
- E**ffective and efficient use of resources
- S**afeguard assets

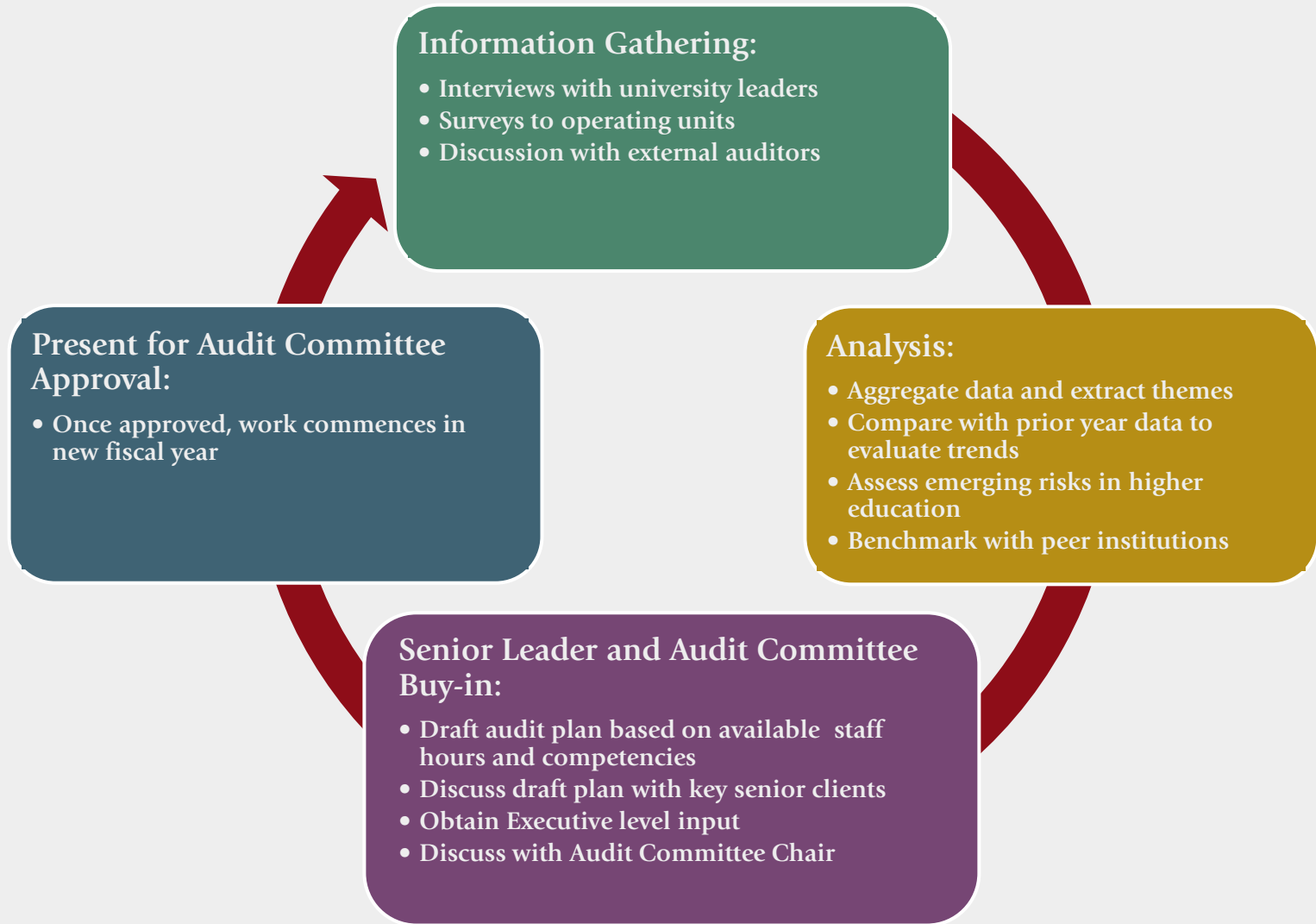


Rutgers Audit Universe



- 29 Schools
- 300+ Centers
- 400+ Graduate programs
- 22,000 Faculty & Staff
- 400+ laws and regulations
- \$875M Research
- 900 Buildings
- 9,000 Int'l Students & Scholars
- 400+ International programs
- 1300+ Clinical professionals
- 2.8M Patient visits

Developing the Annual Plan

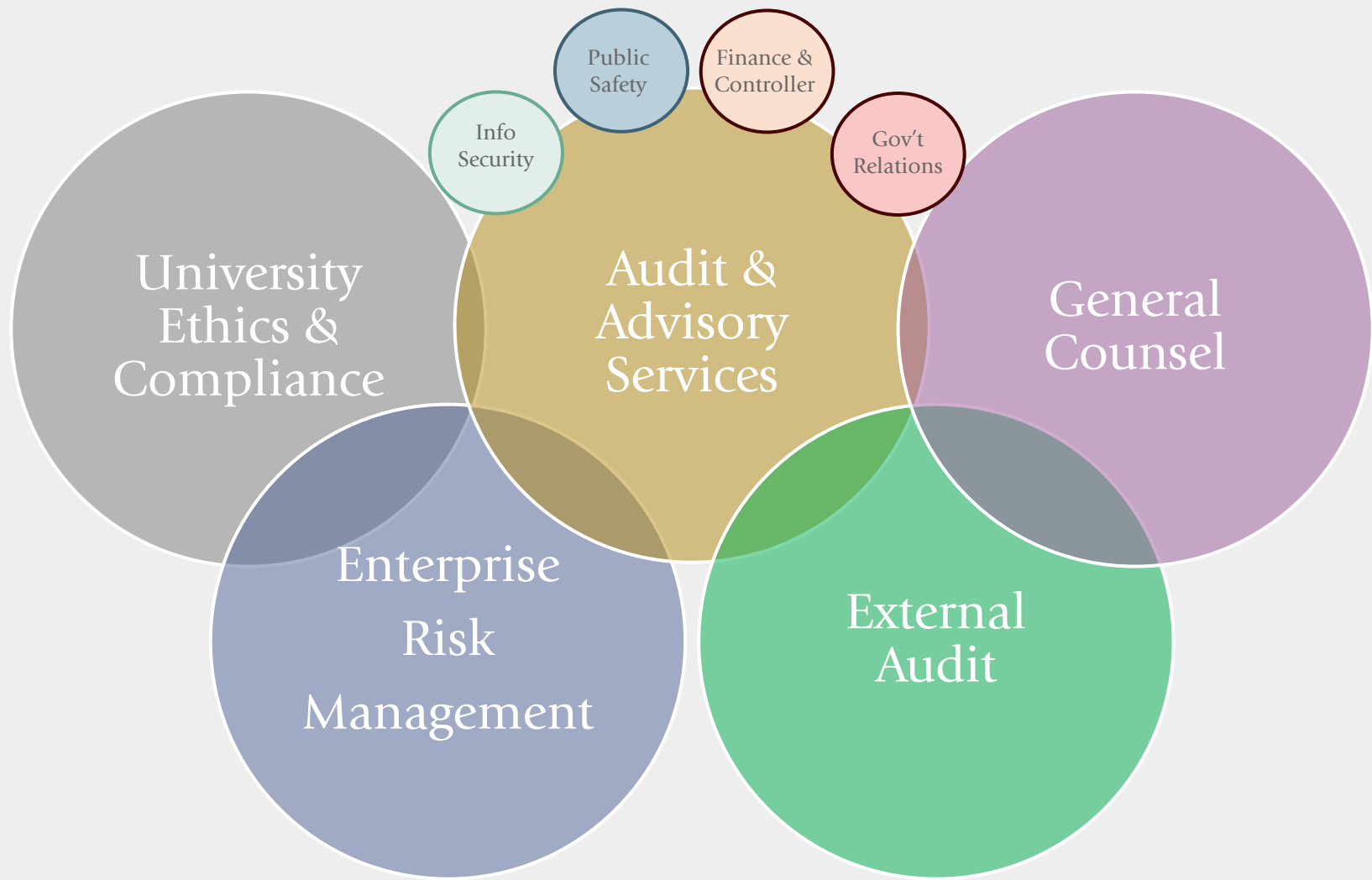


Key to completing the approved audit plan is enhancing our audit processes, including:

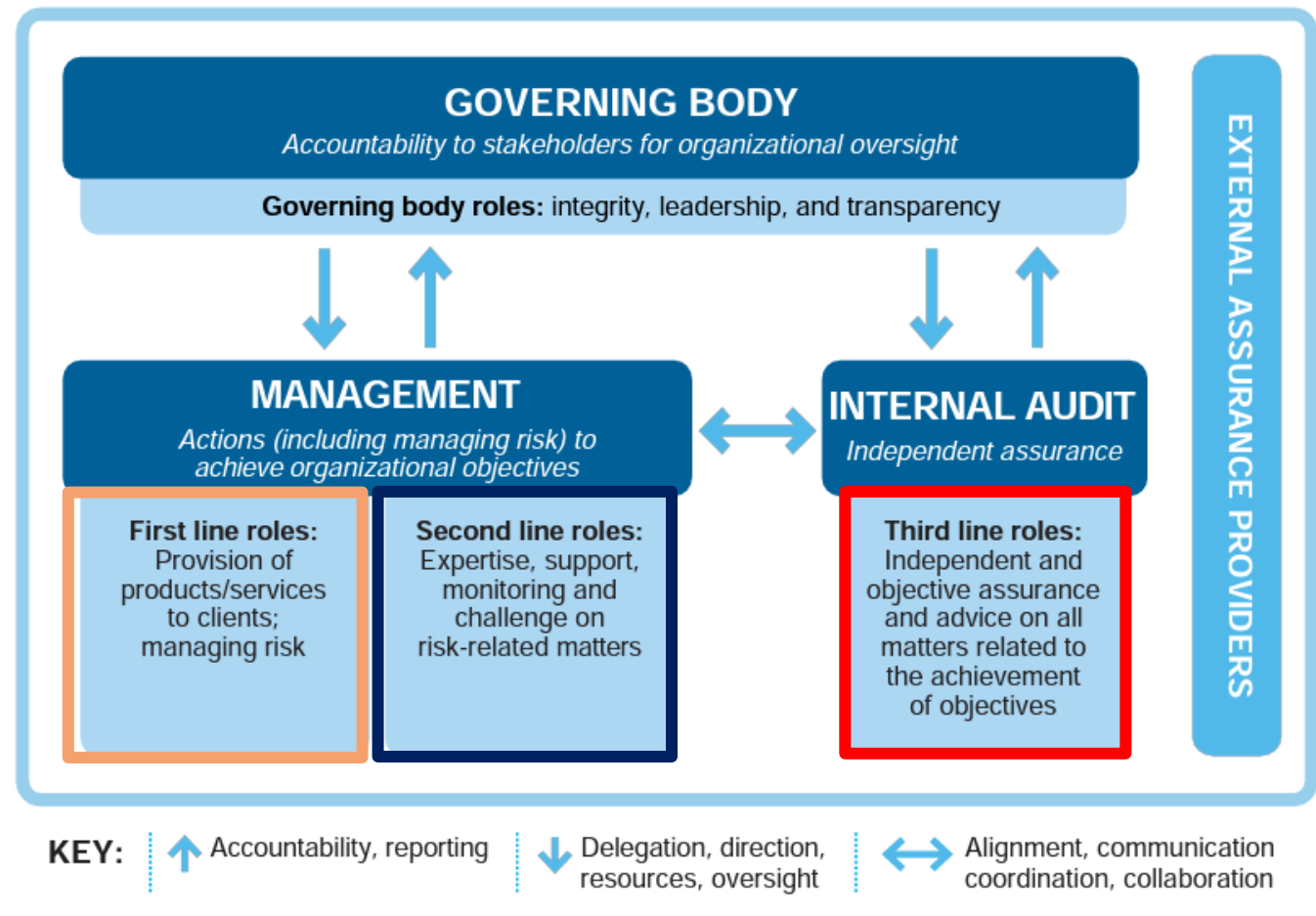
- Simplifying management practices in the department
- Standardizing programs for certain types of audits
- Shortening time spent with clients through smaller, risk-focused audits
- Enhancing client communication throughout audit
- Re-working our audit follow-up process



Key Partnerships

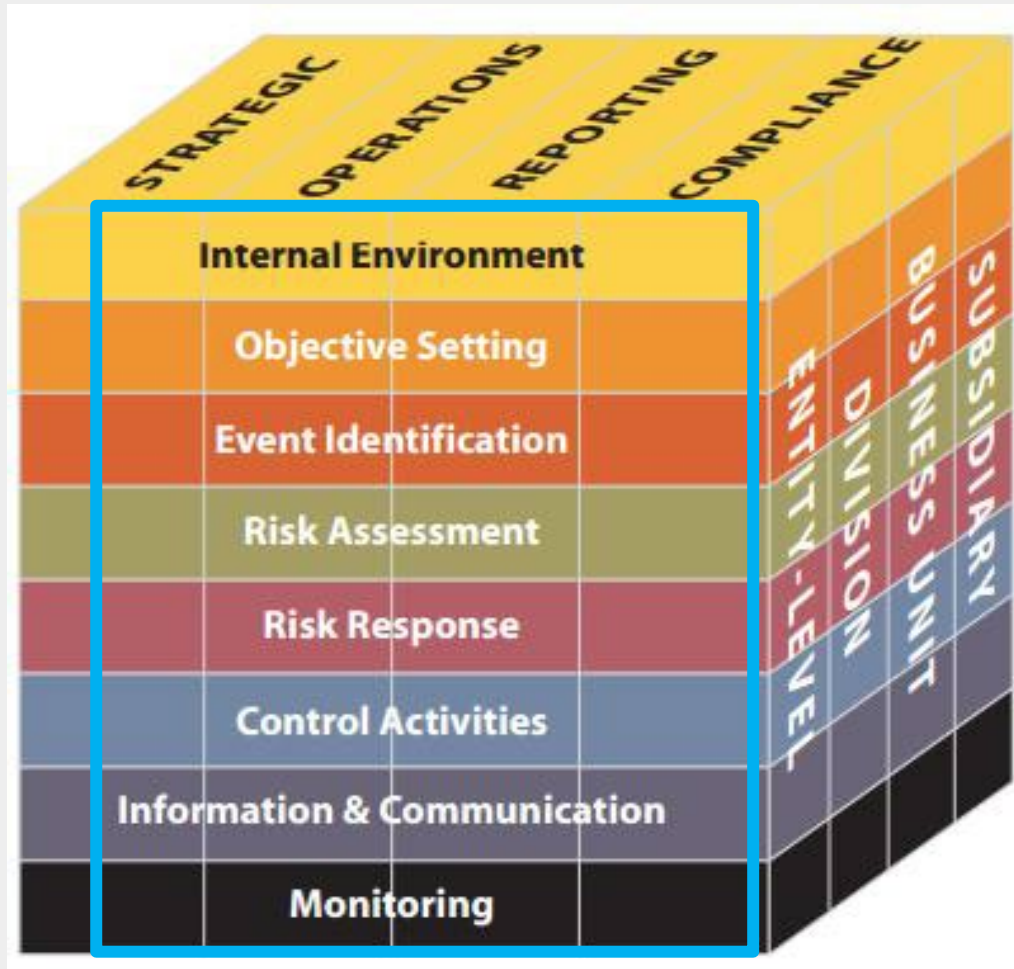


The IIA's Three Lines Model



Audit vs Compliance Differences vs similarities

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Committee of Sponsoring Organizations Enterprise
Risk Management Cube

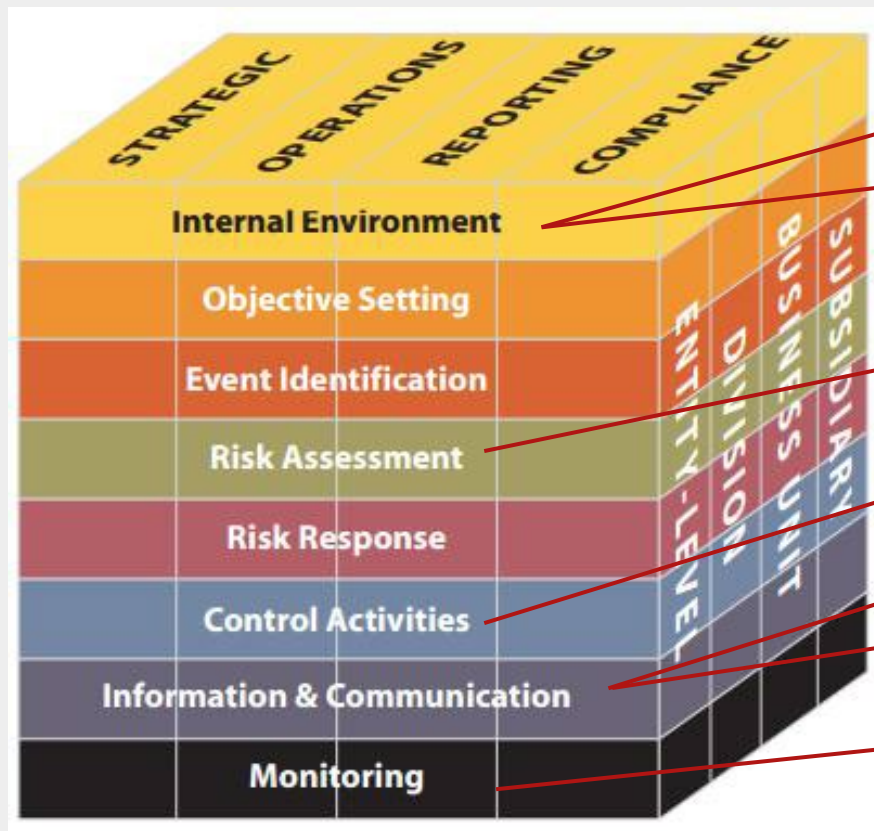
AAS performs audits based on assessments of the University's risks and control systems.

This includes assessments of the controls pertaining to compliance, predominantly at the business unit level and entity (university) level.

The primary components of an effective system of internal controls are also the essential elements of an effective compliance program.



Audit vs Compliance Differences vs similarities



- 1. Implementing written policies and procedures
- 2. Designating a compliance officer and/or compliance committee
- 3. Risk Assessment
- 4. Standards and Controls
- 5. Training and Communication
- 6. Reporting
- 7. Monitoring and Audits



Committee of Sponsoring Organizations Enterprise Risk Management Cube





Questions Comments



David B. Moore | Vice President for Financial Planning and Analytics – Chief Budget Officer

David is responsible for developing and implementing comprehensive financial strategies that support the mission, strategic plan, and core academic and administrative objectives of Rutgers University. David provides universitywide leadership and broad strategic oversight of financial planning, budgeting, and data analytics that will advance the transformation of the university's financial functions, shaping how the university makes decisions, and impacting long-term planning for the university.

On the Agenda

FY 2024 Budget Update

Meet the presenter



FY 2024 Budget Update



Rutgers' annual budget reflects the values of the university in fulfilling its core priorities of outstanding teaching, research, service, and clinical care, while providing the best academic and research experience for our students.

The University's FY 2024 total budget is a statement of our priorities; a statement of our values while taking steps to preserve access and affordability.

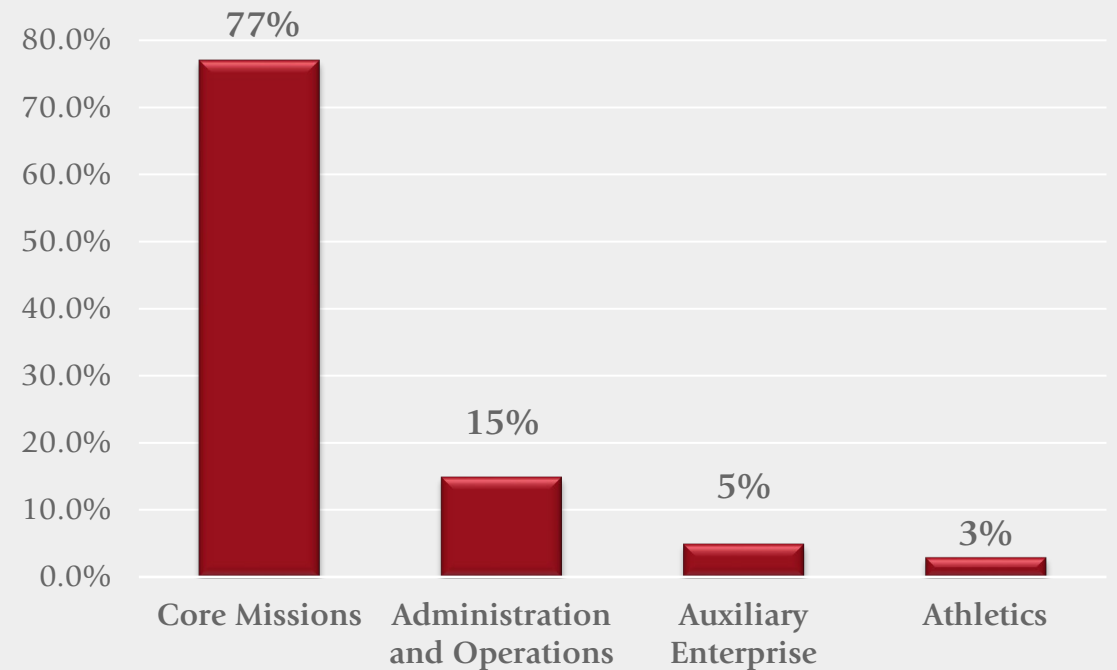


Total University Spending

31

This budget spends \$5.4 billion on the things that are most important to us.

- 77% of the budget is spent on our core missions of student instruction, research, public service and patient care
- 15% is spent on administration, operations and maintenance
- 5% is spent on auxiliary enterprise (housing and dining)
- 3% is spent on Athletics



Total University Spending

This budget spends \$5.4 billion on the things that are most important to us.

- **Classroom instruction and academic support**, which makes up one-third of the total budget, includes faculty compensation and staff support for academic units, libraries and deans' offices comprise 33% of the budget or \$1.77 billion.
- **Student scholarships, financial aid and services, public service, extension and patient care** comprise 32% of the budget, or \$1.69 billion.
- **Sponsored research and other sponsored programs** include funds spent on research associated with federal, state and nongovernmental grants and contracts: \$658.5 million, or 12%.

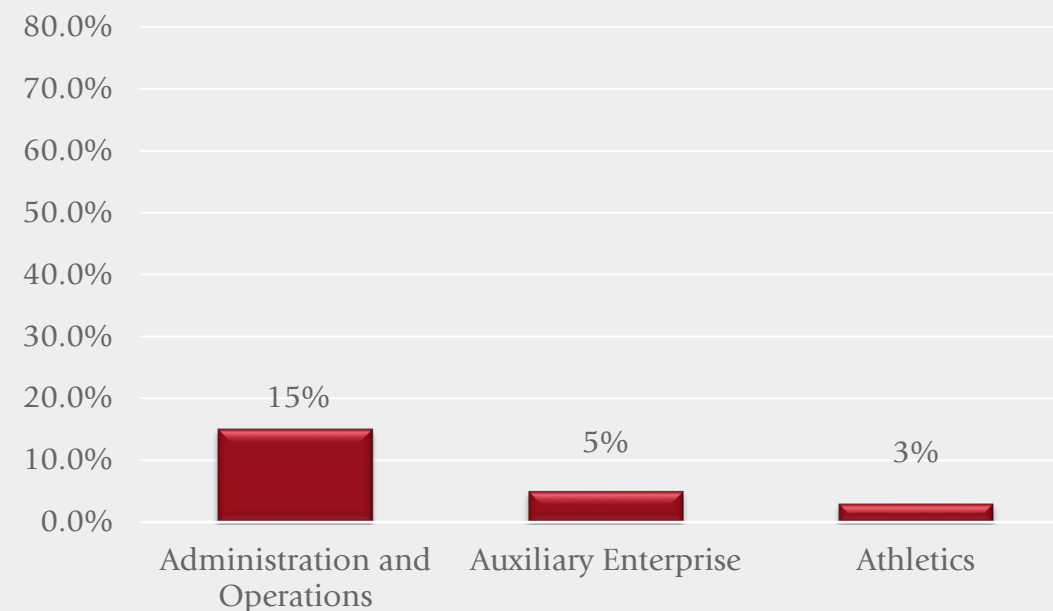


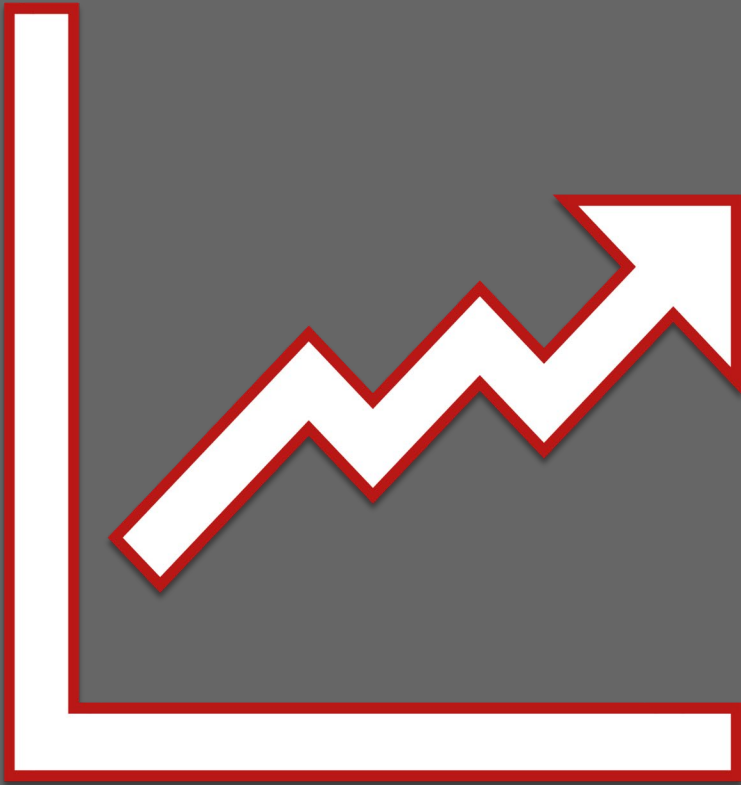
Total University Spending

33

This budget supports operations across all campuses of Rutgers University

- **Administration and Operations** includes support for central administrative offices as well as support for Rutgers facilities including upkeep and utilities costs: \$823 million, or slightly over 15% of total
- **Auxiliary Enterprise** includes housing and dining operations as well as parking and transportation costs: \$251 million, or just under 5% of total
- **Athletics** includes the 24 men's and women's Division 1 sports programs at RU-New Brunswick: \$159 million, or 3% of the total. It is important to note that nearly three-quarters of this amount is supported through funds generated by Athletic program





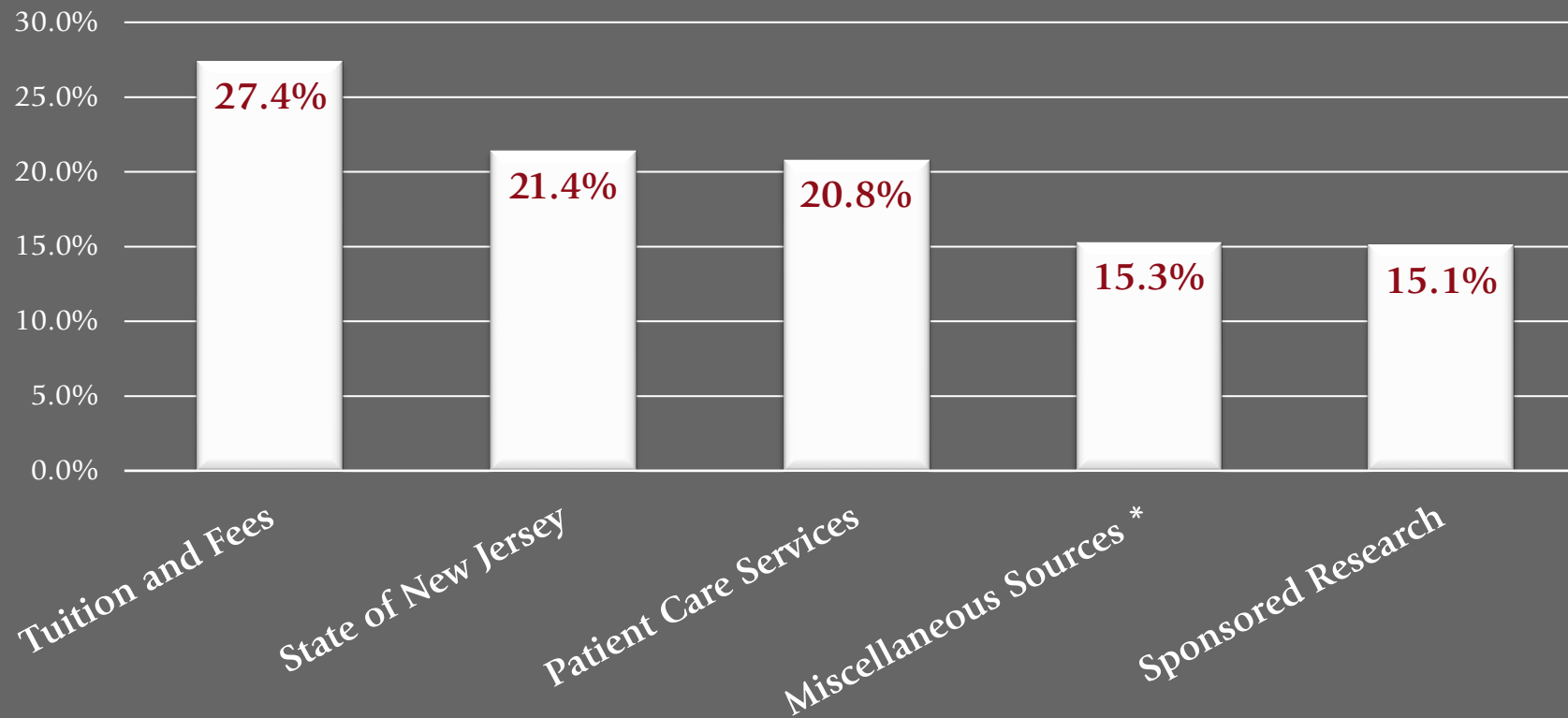
Upward Pressure on Cost

- Student support
- Financial aid
- Negotiated salary increases
- Fringe benefit associated with salary increase
- Fringe benefit increases for rising health care premiums and pension contributions
- Increases due to inflation in energy and other utility commodities
- Increases across all non-personnel categories: Example
 - Supplies, Travel, and Contracted Services

Total University Revenue

35

Where does this funding come from? That, too, is a statement of our values.



* Miscellaneous Sources primarily includes: Auxiliary Enterprise, Student Aid, Athletics, Gifts and Contribution, and Endowment and Investment Income.

Tuition and Fees



Despite actions necessary to address inflationary pressures, Rutgers remains among the most affordable major public research universities in our peer groups.

The FY 2024 budget includes a 6.0% increase in tuition and a 6.0 increase in mandatory fees for most undergraduate and graduate programs. For a typical undergraduate Arts and Sciences student who is a New Jersey resident, that will equate to, on average, \$387 per semester for tuition and \$100 for mandatory fees.



Keeping Rutgers Affordable



SCARLET GUARANTEE

Rutgers New Brunswick

RU-N TO THE TOP

Rutgers Newark

BRIDGING THE GAP

Rutgers Camden

Overview

- Programs designed to make college more accessible and affordable; offering “last dollar” financial aid for students
 - Complements Garden State Guarantee Program from State of New Jersey

Each program consists of three funding tiers:

	Adjusted Gross Income (AGI)	Out-of-Pocket Cost
Tier 1	\$0-\$65,000	\$0
Tier 2	\$65,001-\$80,000	No more than \$3,000
Tier 3	\$80,001-\$100,000	No more than \$5,000



Improvements to Federal and State Financial Aid Programs

40

Garden State
Guarantee
includes
New Tier 3



Adjusted
Gross Income
(AGI)

Out-of-Pocket
Cost

New Tier 3	\$80,001- \$100,000	No more than \$5,000
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Additional NJ
Tuition Aid
Grant (TAG)
Funding



*FY 2024
Additional
Funds*

NEW Base
Amount

\$15 Million	\$493 Million
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Pell Grants
increased in 2023
and there could be
more in 2024



IHE Inside Higher Ed

Pell Grant to increase by \$500



Future Opportunities and Challenges

- Enrollment strategy
- Maximize use of assets
- Revenue diversification
- Cost increases – salary and fringe benefits
- Inflationary pressures
- Decline in traditional high school graduates



Rutgers Budget Development FY 2025

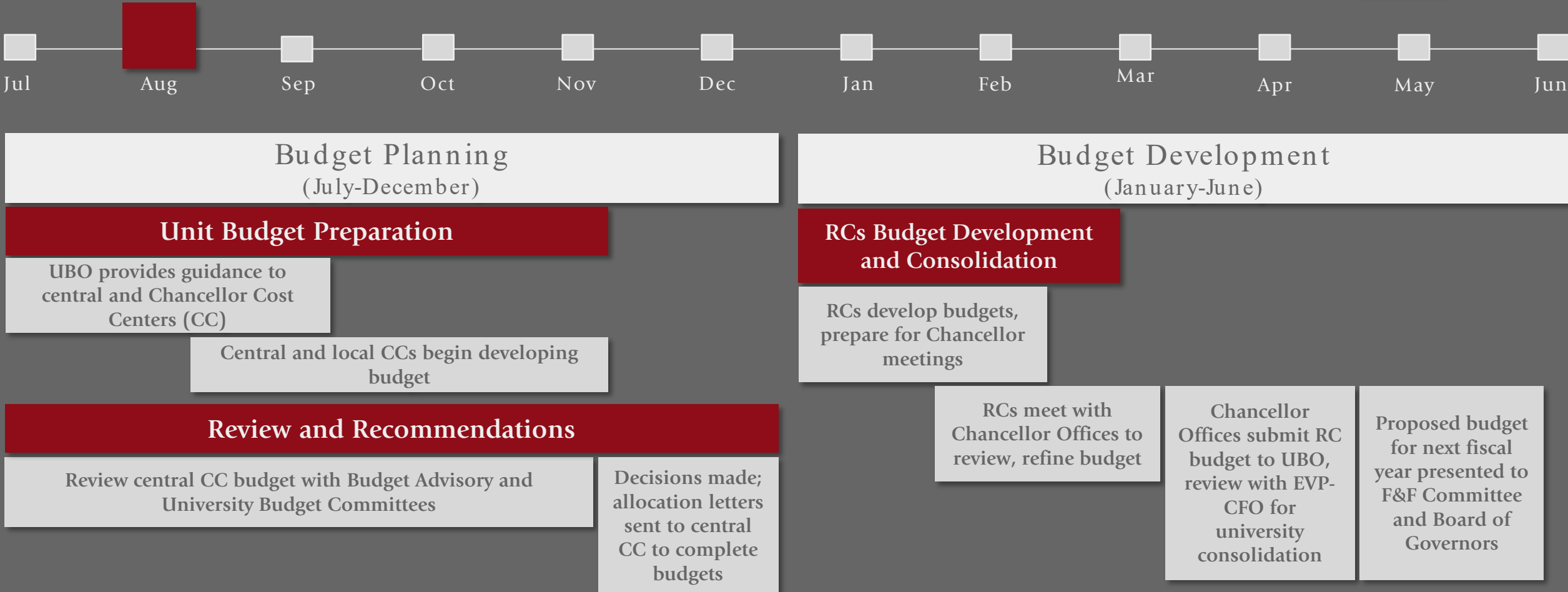


Rutgers University Budget Process

Acronyms

CC – Cost Center
EVP-CFO – Executive Vice President-Chief Financial Officer
F&F – Facilities & Finance
RC – Responsibility Center
UBO – University Budget Office

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State of New Jersey Budget Process



Budget Development

(July-March)

Agency Budget Preparation

Gov/OMB review priorities, update economic forecast, set preliminary revenue estimates

Rutgers generates and submits Budget Initiative Form requests

Review and Recommendations

Gov/OMB review, analyze agency budget requests; develop recommendations

Gov makes final decisions, introduces budget to Legislature

Budget Deliberation

(February-June)

Legislative Action

Review, analyze budget

Review, analyze, revise revenue estimates

Review, analyze, refine recommendations for appropriations

Gov Review

Gov signs, vetoes/returns to Legislature with amendments

Gov signs final Appropriations Bill into Law





Questions Comments



Finance Town Hall

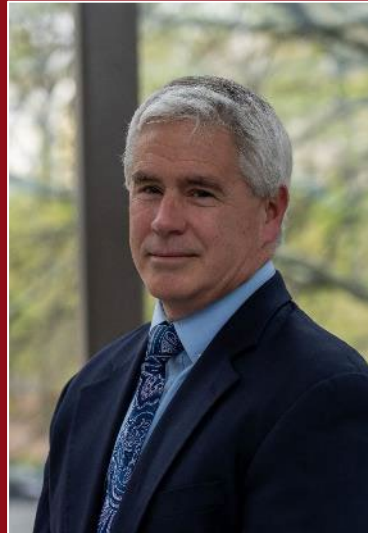
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J. Michael Gower



Maggie Quinn



Doug Horr



David B. Moore

Thank you!



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