Finance Town Hall

Accountability ★ Support ★ Collaboration ★ Understanding ★ Trust ★ Strategic Alignment

How We Work

OCTOBER 2023
If you want to talk with other participants, please use the chat.

We are recording. Attendees have been placed on mute.

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

We will address questions at the end of each presentation.
UFA Guiding Principles and Values

Support and Collaboration

Understanding and Trust

How We Work

Strategic Alignment

Accountability
Agenda

Meet the Presenter
J. Michael Gower
Trends in Higher Education

Meet the Presenter
Rachael Honig
Jewell Battle
University Policies

Meet the Presenter
Jeffrey Boone
University Treasury
University Controller’s Office
Risk Management and Insurance
Tax
Quality Customer Service

Meet the Presenter
David B. Moore
Fiscal Year 2024 Budget

Q&A

Conclude
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
West Virginia University looks to cut nearly 3 dozen academic programs, including all world languages

WVU will aim to eliminate 169 faculty positions as part of a major academic restructuring, partly to address a $45 million deficit.

Published Aug. 11, 2023
Trends in Higher Education

At On-Campus Retirement Communities, Seniors and ‘Seniors’ Forge Deep Bonds
As housing for senior citizens moves onto college campuses, two generations separated by 50 years are connecting in profound ways that benefit both.

By: Sandra Larson
January 26, 2023 • 5 min read

Purdue, Varcity partner for new alumni-focused residential development in Discovery Park District

March 13, 2023

Spelman College plans to expand eSpelman program after successful 1st year
By Rebecca Grapevine • Staff Reporter, Atlanta Business Chronicle
Aug 18, 2023 • Updated Aug 29, 2023 11:02am EDT

Merger of UTSA’s demography and sociology programs to increase access to research opportunities
AUGUST 28, 2023 —
Trends in Higher Education

Chart of Accounts

Human Capital Management/Payroll Transformation

Data Governance

Definition of structures and terms

Strategic planning

Collaboration and alignment
Rachael Honig | Vice President, Chief University Compliance Officer

Rachael oversees compliance by the university and its employees with respect to relevant federal, state, and international statutes and regulations, codes, and mandates, as well as university policies and protocols, including those pertaining to ethical codes and standards, and unlawful discrimination, harassment, and retaliation. Rachael supervises and manages the department of University Ethics and Compliance, which has the independence and authority necessary to investigate, review, and evaluate compliance issues at all levels within Rutgers.

On the Agenda

University Policies
Jewell Battle | Policy Manager

Jewell manages the university’s Policy Library which houses more than 300 official universitywide policies. Jewell also ensures that the policy development, update, and retirement requirements outlined in the Policy on Policies are implemented. Jewell works closely with teams and departments who have an ownership role over policies to assist them as they navigate drafting and archiving policies. Jewell also manages the policy inbox where she answers questions and concerns that stakeholders have about the university’s policies.

On the Agenda

University Policies
University Ethics and Compliance

University Policies
University Ethics and Compliance

University Policies
University Ethics and Compliance

Policy Manager

- Audit and Advisory Services audit
- Policy Manager duties and functions
  - Jewell Battle
New Policy Library

- Now maintained by University Ethics and Compliance
- All policy functions within UEC except board approval
- Universitywide policies v. local policies
- Direct questions to policy@uec.rutgers.edu
New Features of the Library

• Better navigation functions
• Easier to search for policies
• All policies in HTML format
• Appendices and exhibits are attachments
Same Structure and Hierarchy

- Hierarchy and structure of the library is still the same
- Everything can be found at [policies.rutgers.edu](http://policies.rutgers.edu)
- The attributes of policies such as responsible executive and office are the same
University Ethics and Compliance

Policy on Policies Development

• Developed a new process to streamline the policy process

• Developed the Policy on Policies based on benchmarking other university’s policy processes

• Reviewed by key offices at the university
Committees and Forms

- The new process includes formulation of different committees: Policy Approval and Policy Development committees
- Policy proposal form
- Policy change/review form
Other Key Changes

- Policy review cycle increased from 2-5 years
- Policies created or revised will be subject to a 30-day notice and comment period
Jeffrey Boone | Vice President for Finance and Associate Treasurer

Jeffrey works closely with academic and financial leadership within the four Chancellor-led units, as well as with business officers in other administrative units, to ensure that the finance operations continue to meet the needs of the various stakeholders across the university. Jeffrey provides analytical counsel as well as periodic reporting to Michael Gower, the Board of Governors’ Committee on Finance and Facilities, and Audit Committee.

On the Agenda

University Treasury
University Controller’s Office
Risk Management and Insurance
Tax
Quality Customer Service
University Treasury
Treasury’s job is to chase and collect every dollar.

FINANCIAL SERVICES

On a daily basis, manage $500 million to $1 billion of operating cash and investments.

Banking support for wire transfers, disbursements, collections, payroll, foreign exchange, lockbox, etc.
COLLECTIONS

Treasury makes it easy and convenient for students and patients to make payments.

- Check
- Cash
- ACH
- Wire transfer
- Credit card
- Remote deposits
- Armored courier service
DISBURSEMENTS

Some of the ways that we collect payment, we can make payment to vendors, employees, the government, etc.

- Check – controlled disbursement
- ACH
- Wire transfer
- Virtual payables (ghost card)
- Corporate cards for procurement and travel
DEBT AND INVESTOR RELATIONS

• Manage $2.1 billion debt portfolio and a $750 million commercial paper program
• 96% fixed to variable-rate debt mix with approximately 64% in taxable debt
• Credit rating is Aa3 Stable and A+ Stable from Moody’s and S&P, respectively

INTERNAL BANK

• Established in February 2016 to provide financing for capital projects and other initiatives to the University community
• Units pay level debt service at the current blended rate of 4.75%, which provides greater certainty for capital budgeting
What do we do?

Accounting and Payroll

• Provide accounting services for the Rutgers community
• Prepare external financial reports
• Oversee the chart of accounts
• Manage the month-end calendar
• Provide year-end closing guidance
• Helps units understand the financial accounting system

Payroll provides timely payroll services every week to the Rutgers University community

• Work closely with University Human Resources and Office of University Labor Relations on employee updates in HCM and negotiated pay increases

• Work with the Tax Department to ensure the remittance of your tax and other withholdings

• Issue year-end W2 forms and more
What do we do?

Student Accounting, Billing, and Cashier Services (ABC)

- Student ABC helps resolve any financial issues with students’ accounts
- Oversees charges and credits related to tuition, fees, housing, dining, payments, financial aid credits, etc. for each semester at Rutgers
What do we do?

Cost Analysis

• The Division of Cost Analysis and Capital Equipment Management ensures that Rutgers complies with accounting standards set forth by the federal government

• Capital Equipment Management maintains and manages Rutgers’ capital equipment records and university vehicles
What do we do?

Financial Information Systems

• Educates the Rutgers community regarding financial systems modules used across Rutgers: general ledger, accounts receivable/payable, and inventory

• Work with business units and technical teams to design, develop, test, and implement finance reports and analytics

• Create functional/technical specifications

• Deliver training and communications regarding financial procedures and system concerns
Risk Management and Insurance
WE MANAGE UNCERTAINTY

- Assess the exposures and risks undertaken by students, faculty and staff
- Procure, implement and maintain commercial insurance products and services
- Manage the university’s self-insured claims
- Advise on contractual risk issues pertaining to insurance and indemnification
- Oversee the safety/security of international travelers
PROTECTING THE PEOPLE, ASSETS, AND REPUTATION OF THE UNIVERSITY

- Risk Management and Insurance
- Occupational Health
- Office of Student Health Insurance

For more information on our services visit our website: finance.rutgers.edu/universitywide-risk-management
University Tax
What do we do?

**Tax**

- Income tax compliance
- Maintain tax exemption status
- Tax-exempt financing
- Payments to foreign individuals/entities
- Assist schools/units/department to determine the taxability of revenue sources
- Track income taxation of the university’s endowment investments
- Prepare the university’s federal and state income tax returns
What do we do?

**Tax**

- Income tax compliance
- **Maintain tax exemption status**
- Tax-exempt financing
- Payments to foreign individuals/entities
- Annual filings for business registrations and tax exemptions (income, sales tax, VAT)
- Maintain a repository of exemption certificates
What do we do?

**Tax**

- Income tax compliance
- Maintain tax exemption status
- **Tax-exempt financing**
- Payments to foreign individuals/entities
  
- Issue tax certificates for tax-exempt bonds to fund University infrastructure
- Ensure compliance with tax-exempt finance law
- Ensure covenant compliance as per the university’s bondholders
What do we do?

**Tax**

- Income tax compliance
- Maintain tax exemption status
- Tax-exempt financing
- Payments to foreign individuals/entities
- Assist university departments processing payments
- Issue tax information returns to non-resident aliens
Quality Customer Service
Quality Customer Service

Provided to everyone, by everyone

We are all each other’s customer.

We are all each other’s service provider.

We aim to provide awesome customer service.
Quality Customer Service

Provided to everyone, by everyone

- Provide excellent quality service to internal and external customers
  - Collaborate and building strong relationships
  - Respond timely to customer issues

- Positive impact on students
  - Customer satisfaction and retention

- Competitive advantage
  - Customer referrals – multiplier effect
  - Gain and retain customers
  - Increase revenue and profitability
Obtain long-term success from improving quality service for internal customers that delivers external customer satisfaction for students.

We are all included, as part of a culture of belonging, in the process of providing a quality customer experience to every student.
Quality Customer Service

Provided to everyone, by everyone

- From application to registration
- From registration to graduation
- From graduation to donation
- From donation to first-born application (next generation)
Quality Customer Service

Provided to everyone, by everyone

• From The State University of New Jersey to The University of New Jersey
  o Dollar for dollar/pound for pound
  o What you get for/what you pay

• Rutgers U is the U for You
Questions
Comments
Meet the presenter

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

David and his team develop and implement 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 2023 Preliminary Information
FY 2024 Financial Review
FY 2025 Budget Development
FY 2023 Preliminary Information
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 experience for our students.

The university’s fiscal year (FY) 2023 expense was approximately almost $63 million more than the total budget of $5.1 billion.
The expenses in FY23 were almost $63 million more than the $5.1 billion that was budgeted.

- 77.3% was spent on our core missions of student instruction, research, public service, and patient care
- 15.0% was spent on administration, operations, and maintenance
- 4.9% was spent on auxiliary enterprise
- 2.8% was spent on athletics
• **Classroom instruction and academic support** includes faculty compensation and staff support for academic units, libraries, and deans’ offices: Actual was $1.6 billion, or 30.9%

• **Student services and scholarships** include financial aid admissions and social/cultural events: Actual was $623.0 million, or 12.1%

• **Sponsored research and other sponsored programs** include funds spent on research associated with federal, state, and nongovernmental grants and contracts: Actual was $669.7 million, or 13.0%

• **Public service, extension, and patient care** include agricultural extension programs, delivery of health care, support for health clinics, and community services provided throughout the state: Actual was $1.1 billion, or 21.3%

• **Total core missions**: Actual was approximately $3.9 billion or 77.3%
• **General Administration** includes support for central administrative offices such as research administration, finance, human resources, procurement, legal, and the office of the university president: Actual was $490.5 million, or 9.5%

• **Operations and Maintenance** of all Rutgers buildings include insurance, fuel, upkeep, and utility costs: Actual was $282.9 million, or 5.5%

• **Auxiliary Enterprise** includes housing and dining operations as well as parking and transportation costs: Actual was $248.6 million, or 4.9%

• **Athletics** includes the 24 men’s and women’s Division 1 sports programs at RU-New Brunswick: Actual was $144.5 million, or 2.8%. The Athletics program generated approximately 70% of this amount in program revenues
Total University Revenue

Where does the funding come from?

<table>
<thead>
<tr>
<th>Source</th>
<th>FY23 Budget</th>
<th>FY23 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>28.1%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Patient Care Services</td>
<td>21.5%</td>
<td>20.1%</td>
</tr>
<tr>
<td>State of New Jersey</td>
<td>21.5%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Miscellaneous Sources *</td>
<td>15.8%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>14.5%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

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

Draft: Unaudited Financials for discussion purposes only.
Opportunities *Short & Long Term*

1. Evaluate and develop an enrollment strategy to ensure that we are taking advantage of all opportunities including increasing out-of-state students to at least the pre-pandemic level and maintaining in-state student levels.

2. Develop and implement new programs to meet needs of constituents and employers and provide incremental net income to the University. To build a runway for future initiatives, we must prioritize initiatives that have a shorter time to return on investment to provide resources for new initiatives.

3. Evaluate and develop tuition and fee increases for FY 2025 and beyond, while balancing access with cost of operations.

4. Develop legislative initiatives to support increases in Operating Base appropriation; increase New Jersey Tuition Aid Grant (NJTAG) amounts to help provide increased financial assistance for our in-state students; and continue to ask for relief from the reimbursement for state provided fringe benefits covering non-state supported employee FTE lines. Work with the State of New Jersey to recognize and fund the growth and cost inflation we already experienced to relieve pressure on tuition rates.

5. Evaluate and set revenue targets for Gifts and Contributions, Endowment and Investment Income, and other revenue sources.

6. Evaluate and streamline expense outlays through service and program reviews. Look for ways to repurpose funds to support Rutgers highest priorities.

7. Maximize the use of our facilities and Auxiliary assets for revenue generation opportunities. Evaluate and develop plans for our Auxiliary Enterprises to be self-supporting without internal subsidies.

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FY 2024 Financial Review
<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept Actual vs Annual Budget</td>
<td>Sept Actual vs Annual Budget</td>
<td>Sept Actual vs Annual Budget</td>
<td></td>
</tr>
<tr>
<td>1 Student Tuition and Fees</td>
<td>16.32%</td>
<td>16.23%</td>
<td>15.88%</td>
<td>1443548</td>
</tr>
<tr>
<td>2 Federal and State Student Aid</td>
<td>14.12%</td>
<td>29.66%</td>
<td>12.03%</td>
<td>229197</td>
</tr>
<tr>
<td>3 Federal Appropriation</td>
<td>16.63%</td>
<td>20.75%</td>
<td>25.91%</td>
<td>7283</td>
</tr>
<tr>
<td>4 Allocated University Support</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>5 NJ State Appropriations</td>
<td>25.25%</td>
<td>27.33%</td>
<td>26.18%</td>
<td>564332</td>
</tr>
<tr>
<td>6 State Paid Fringe</td>
<td>25.27%</td>
<td>25.29%</td>
<td>25.29%</td>
<td>563928</td>
</tr>
<tr>
<td>7 Grants and Contracts</td>
<td>24.42%</td>
<td>20.10%</td>
<td>25.06%</td>
<td>646963</td>
</tr>
<tr>
<td>8 Facilities and Administrative Recoveries</td>
<td>25.56%</td>
<td>25.69%</td>
<td>28.84%</td>
<td>150312</td>
</tr>
<tr>
<td>9 Gift and Contribution Revenue</td>
<td>29.71%</td>
<td>19.23%</td>
<td>18.19%</td>
<td>42552</td>
</tr>
<tr>
<td>10 Endowment and Investment Income</td>
<td>43.35%</td>
<td>27.78%</td>
<td>29.61%</td>
<td>73030</td>
</tr>
<tr>
<td>11 Healthcare Revenue</td>
<td>25.52%</td>
<td>24.08%</td>
<td>23.24%</td>
<td>460867</td>
</tr>
<tr>
<td>12 Affiliated and Housestaff</td>
<td>18.85%</td>
<td>21.87%</td>
<td>23.15%</td>
<td>634244</td>
</tr>
<tr>
<td>13 Other Sources Revenue</td>
<td>8.24%</td>
<td>20.91%</td>
<td>24.07%</td>
<td>103705</td>
</tr>
<tr>
<td>14 Auxiliary Revenue</td>
<td>6.84%</td>
<td>15.31%</td>
<td>15.89%</td>
<td>350274</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>20.63%</strong></td>
<td><strong>21.24%</strong></td>
<td><strong>21.07%</strong></td>
<td><strong>5270236</strong></td>
</tr>
</tbody>
</table>
## Expense Categories

**Dollars in thousands**

<table>
<thead>
<tr>
<th>Expense (Uses of Funds)</th>
<th>FY 2021 Sept Actual vs Annual Budget</th>
<th>FY 2022 Sept Actual vs Annual Budget</th>
<th>FY 2023 Sept Actual vs Annual Budget</th>
<th>FY 2024 Sept Actual vs Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Salaries and Wages</td>
<td>24.78%</td>
<td>24.07%</td>
<td>24.32%</td>
<td>2,572,938</td>
</tr>
<tr>
<td>17 Fringe Benefits</td>
<td>22.58%</td>
<td>21.30%</td>
<td>21.68%</td>
<td>1,028,432</td>
</tr>
<tr>
<td>18 Total Compensation</td>
<td>24.23%</td>
<td>23.32%</td>
<td>23.58%</td>
<td>3,601,370</td>
</tr>
<tr>
<td>19 Supplies and Other</td>
<td>22.41%</td>
<td>20.50%</td>
<td>25.31%</td>
<td>262,835</td>
</tr>
<tr>
<td>20 Scholarships and Fellowships</td>
<td>12.55%</td>
<td>13.03%</td>
<td>12.88%</td>
<td>478,159</td>
</tr>
<tr>
<td>21 Travel</td>
<td>1.86%</td>
<td>7.67%</td>
<td>22.19%</td>
<td>41,680</td>
</tr>
<tr>
<td>22 Plant Operation and Maintenance</td>
<td>22.35%</td>
<td>24.13%</td>
<td>28.32%</td>
<td>156,538</td>
</tr>
<tr>
<td>23 Debt Service - Principal and Interest</td>
<td>24.89%</td>
<td>25.00%</td>
<td>24.96%</td>
<td>184,922</td>
</tr>
<tr>
<td>24 Other Operating Expense</td>
<td>22.77%</td>
<td>22.18%</td>
<td>22.96%</td>
<td>311,451</td>
</tr>
<tr>
<td>25 Professional Services</td>
<td>17.92%</td>
<td>17.51%</td>
<td>19.72%</td>
<td>322,837</td>
</tr>
<tr>
<td>26 Total Expense</td>
<td>22.27%</td>
<td>21.73%</td>
<td>22.57%</td>
<td>5,359,791</td>
</tr>
</tbody>
</table>

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Budget Development FY 2025
Rutgers University Budget Process

**Budget Planning** (July-December)

- **Unit Budget Preparation**
  - UBO provides guidance to central and Chancellor Cost Centers (CC)
  - Central and local CCs begin developing budget

**Review and Recommendations**

- Review central CC budget with Budget Advisory and University Budget Committees
  - Decisions made; allocation letters sent to central CC to complete budgets

**Budget Development** (January-June)

- **RCs Budget Development and Consolidation**
  - RCs develop budgets, prepare for Chancellor meetings
  - RCs meet with Chancellor Offices to review, refine budget
  - Chancellor Offices submit RC budget to UBO, review with EVP-CFO for university consolidation

- **Proposed budget for next fiscal year presented to F&F Committee and Board of Governors**
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
Gov Review

Review, analyze budget
Review, analyze, revise revenue estimates
Review, analyze, refine recommendations for appropriations
Gov signs, vetoes/returns to Legislature with amendments
Gov signs final Appropriations Bill into Law

Acronyms
Gov. – Governor
OMB – State of NJ Office of Budget and Management

Gov/OMB review priorities, update economic forecast, set preliminary revenue estimates
Rutgers generates and submits Budget Initiative Form requests
Gov/OMB review, analyze agency budget requests; develop recommendations
Gov makes final decisions, introduces budget to Legislature

Review, analyze budget
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Finance Town Hall

Thank you!

J. Michael Gower  Jeffrey Boone  Rachael Honig  Jewell Battle  David B. Moore