

# Finance Town Hall



**RUTGERS**  
University Finance  
and Administration

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

**OCTOBER 2023**



## Before we begin



We are recording. Attendees have been placed on mute.



We will address questions at the end of each presentation.



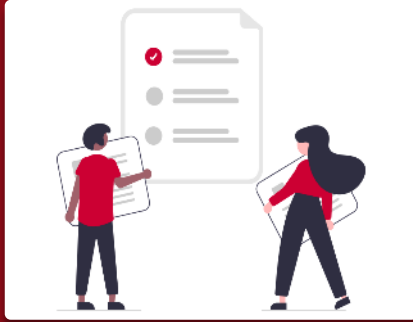
If you have questions for the presenters, use the Q&A function.



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

# UFA Guiding Principles and Values

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**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**

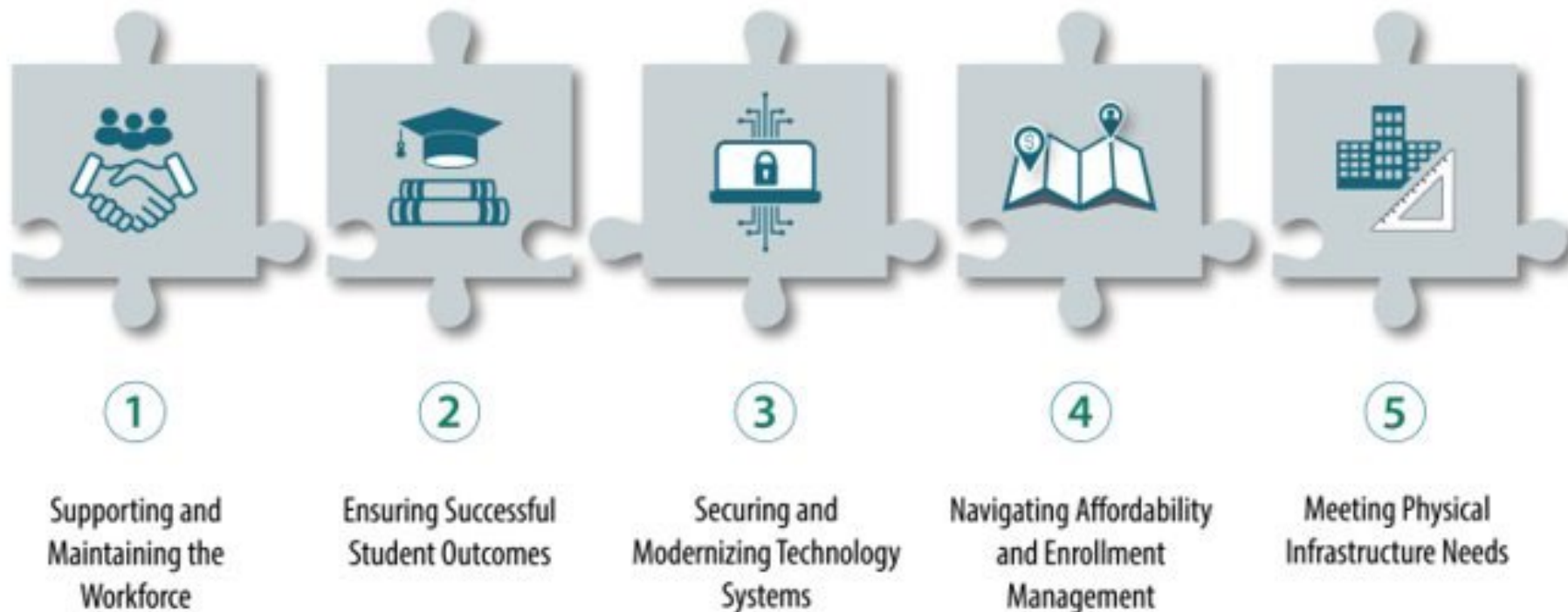
**Trends in Higher Education**

# Trends in Higher Education



## TOP 5

### Higher Education Business Issues of 2023





# Trends in Higher Education

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Deep Dive Opinion Library Events Press Releases

Ed Tech Policy & Legal Leadership Students Enrollment For-Profit Faculty and S

## 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



August 09, 2023

## Americans See College's Value but Question Its Price

A survey by New America shows Americans aren't convinced of the return on investment of a college degree.

By Kathryn Palmer



## Some Colleges Are Teaming Up and Sharing Courses to Survive

Faced with declining enrollment, smaller schools are harnessing innovative ideas — like course sharing — to attract otherwise reluctant...

Oct 6, 2022



News Best Countries Best States Healthiest Communities Opinion Elections

Home / News / The Report / College — Who Needs It?

## Ditch the Degree? Many Employers Are Just Fine With That

In a tight labor market, employers are finding they can make do with workers who lack a sheepskin.

By Susan Milligan and Lauren Camera | Feb. 3, 2023, at 6:05 a.m.

## THE CHRONICLE OF HIGHER EDUCATION

'WE MUST ADVANCE A NEW VISION'

## Citing 'Unprecedented' Financial Challenges, Miami U. Tells Low-Enrollment Majors to Change





By Emma Pettit | SEPTEMBER 26, 2023





# Trends in Higher Education

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reasons to be **cheerful** Categories ▾ Collections About Us    Search anything here...  S

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## 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 UNIVERSITY** News


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HOME NEWS TOPICS ▾ PURDUE TODAY MEDIA INFO ▾ PODCAST STORIES PURDUE IN THE NEWS


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March 13, 2023

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

 **DrexelNEWS**

### Urban Outfitters and Drexel Launch Innovative Fashion Design Apprenticeship Program

 By Emily Storz | JANUARY 31, 2023

## Oregon wants its regional universities to innovate financially. Southern Oregon University is already working on that.

Updated: Jul. 14, 2023, 11:31 a.m. | Published: Jul. 14, 2023, 5:00 a.m.

**ATLANTA BUSINESS CHRONICLE**

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Education

## 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

**UTSA**Today

## Merger of UTSA’s demography and sociology programs to increase access to research opportunities

AUGUST 28, 2023 —



**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

**Meet the presenter**







**Meet the presenter**

## **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**

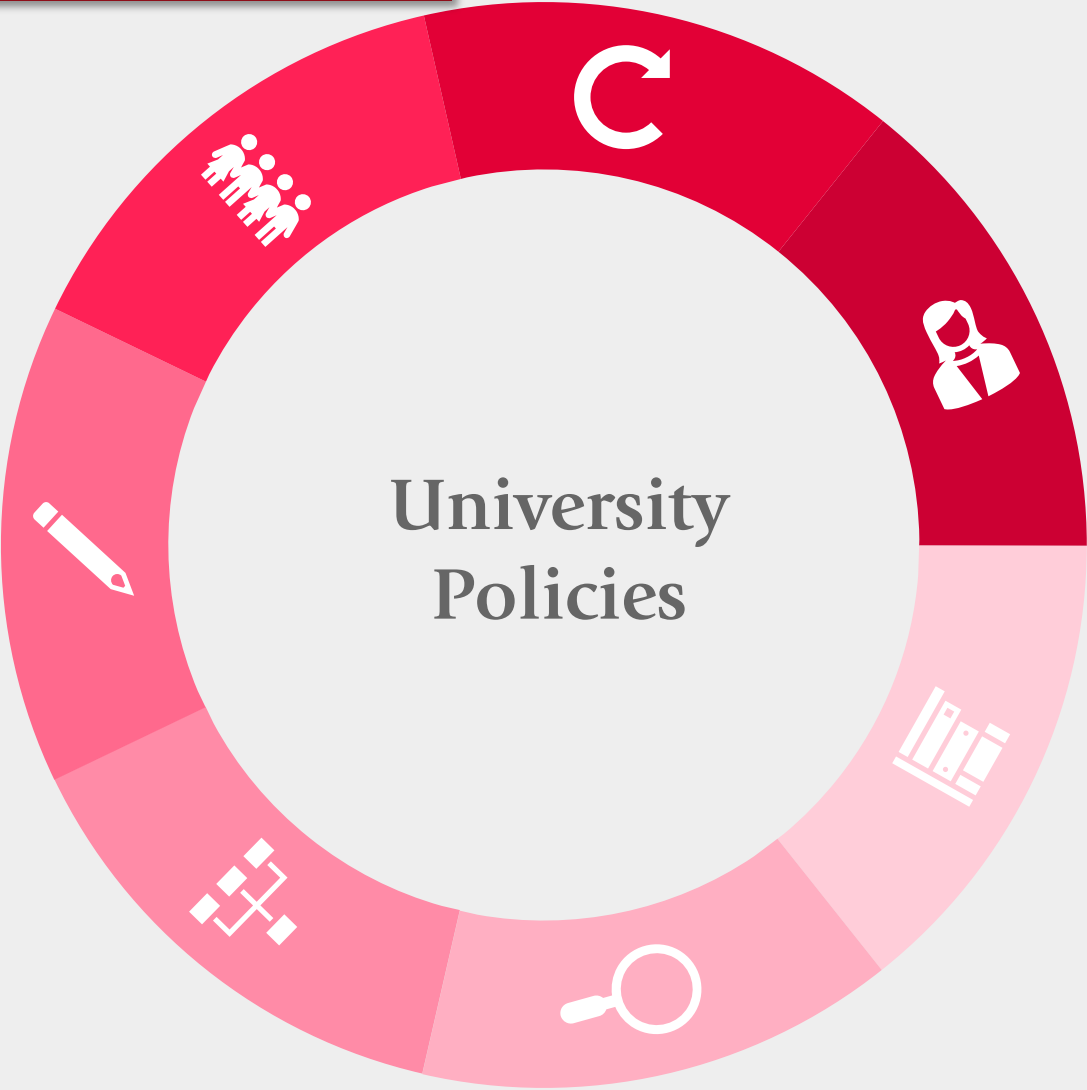
#### **University Policies**



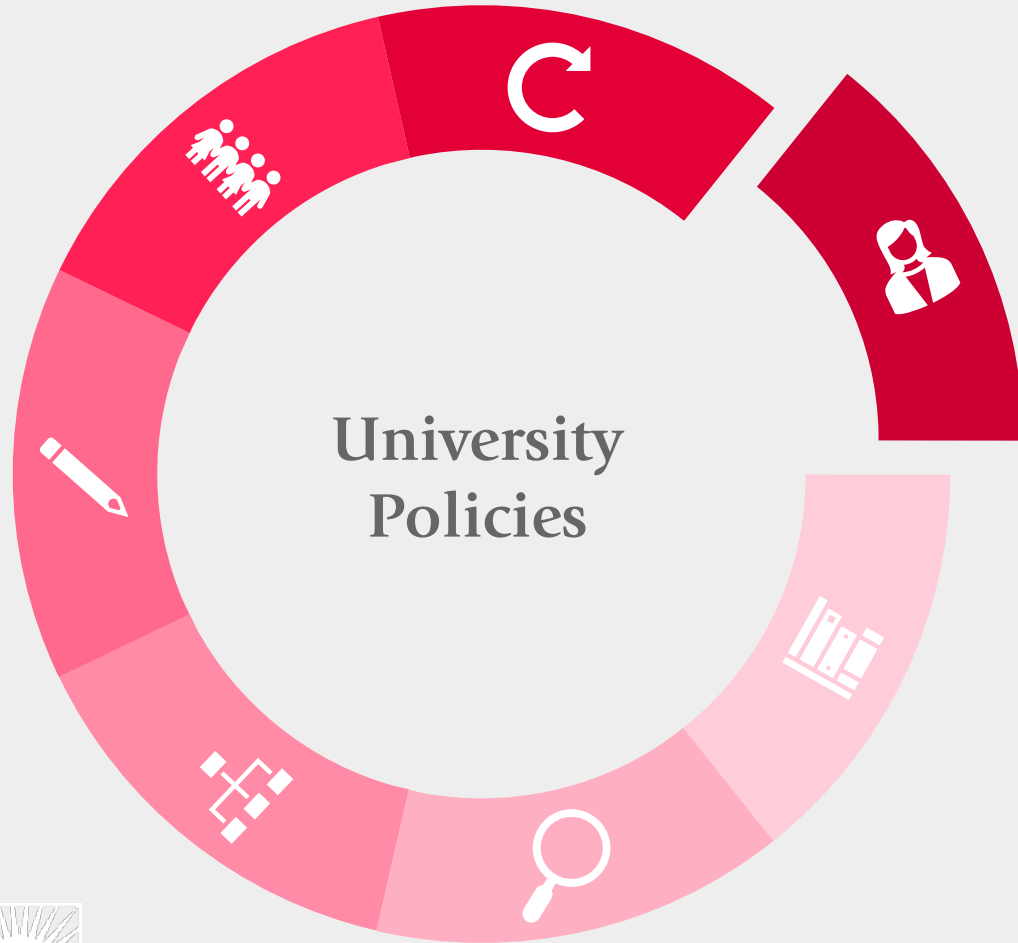
# University Ethics and Compliance

*University Policies*



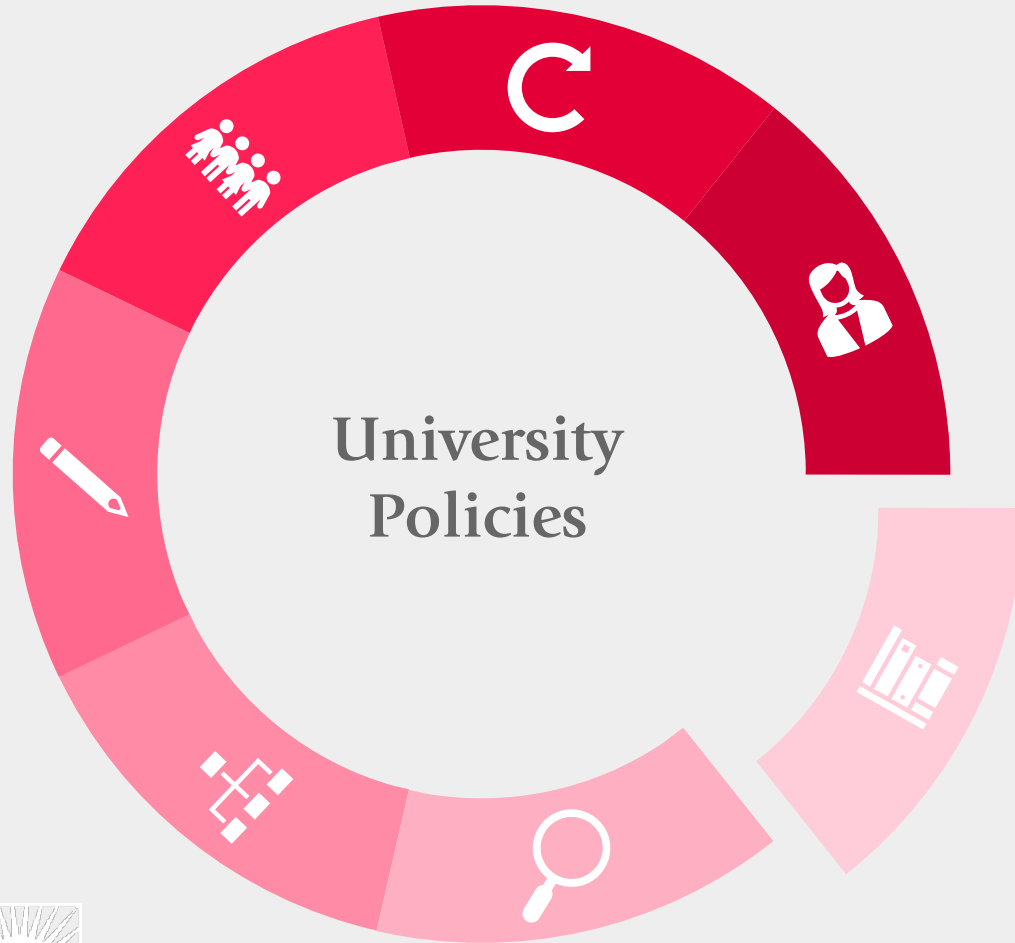






## Policy Manager

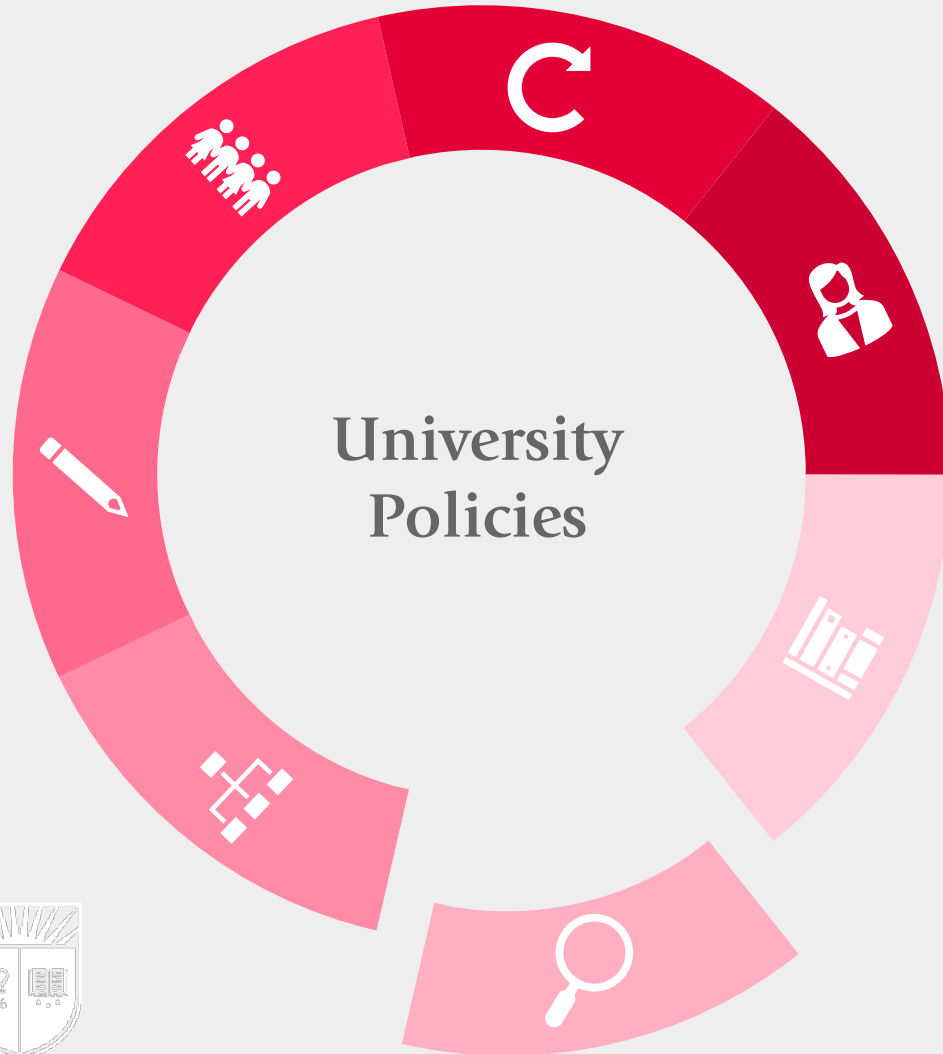
- Audit and Advisory Services audit
- Policy Manager duties and functions
  - Jewell Battle



## 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](mailto:policy@uec.rutgers.edu)

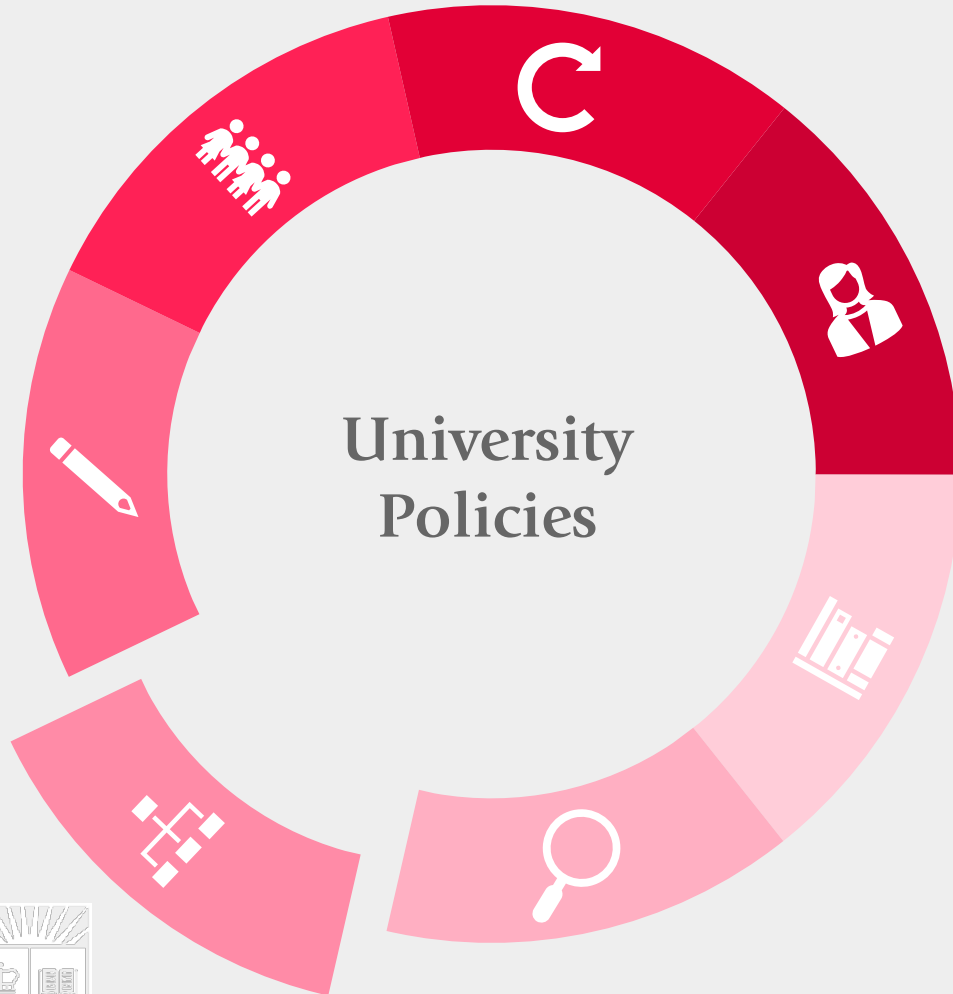




## New Features of the Library

- Better navigation functions
- Easier to search for policies
- All policies in HTML format
- Appendices and exhibits are attachments

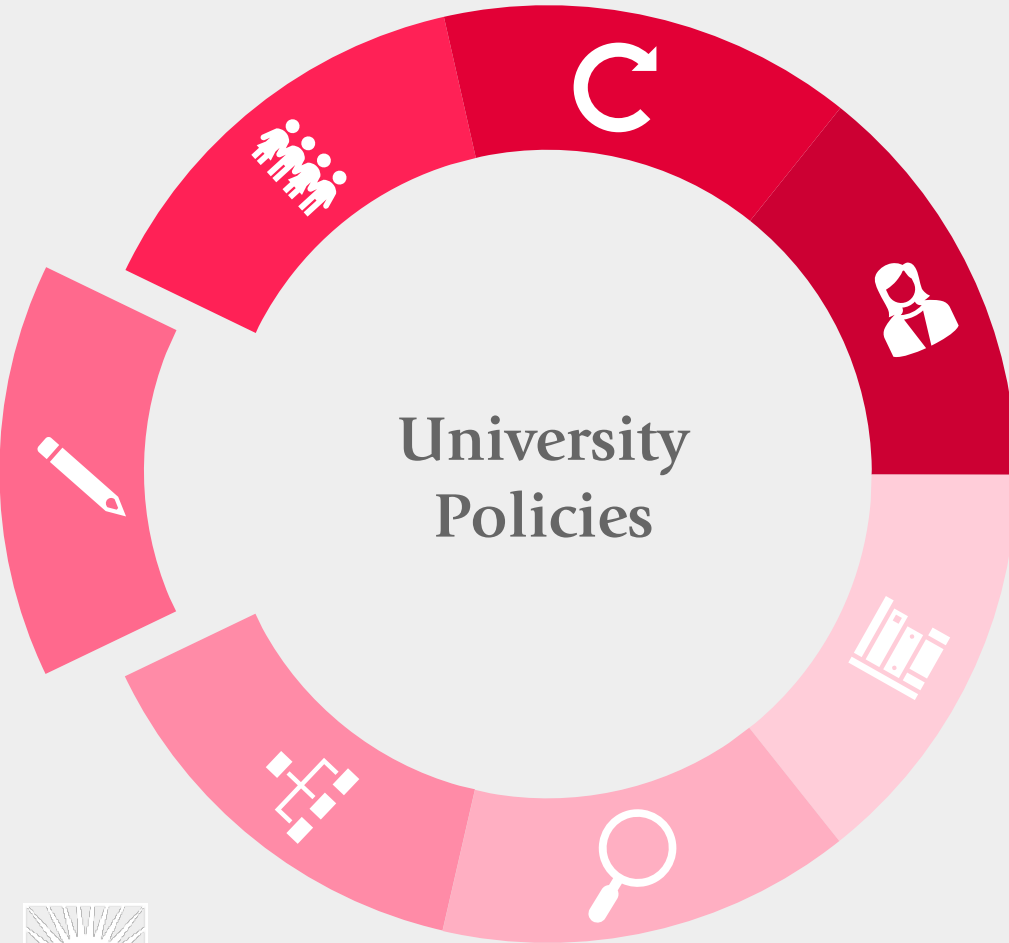




## Same Structure and Hierarchy

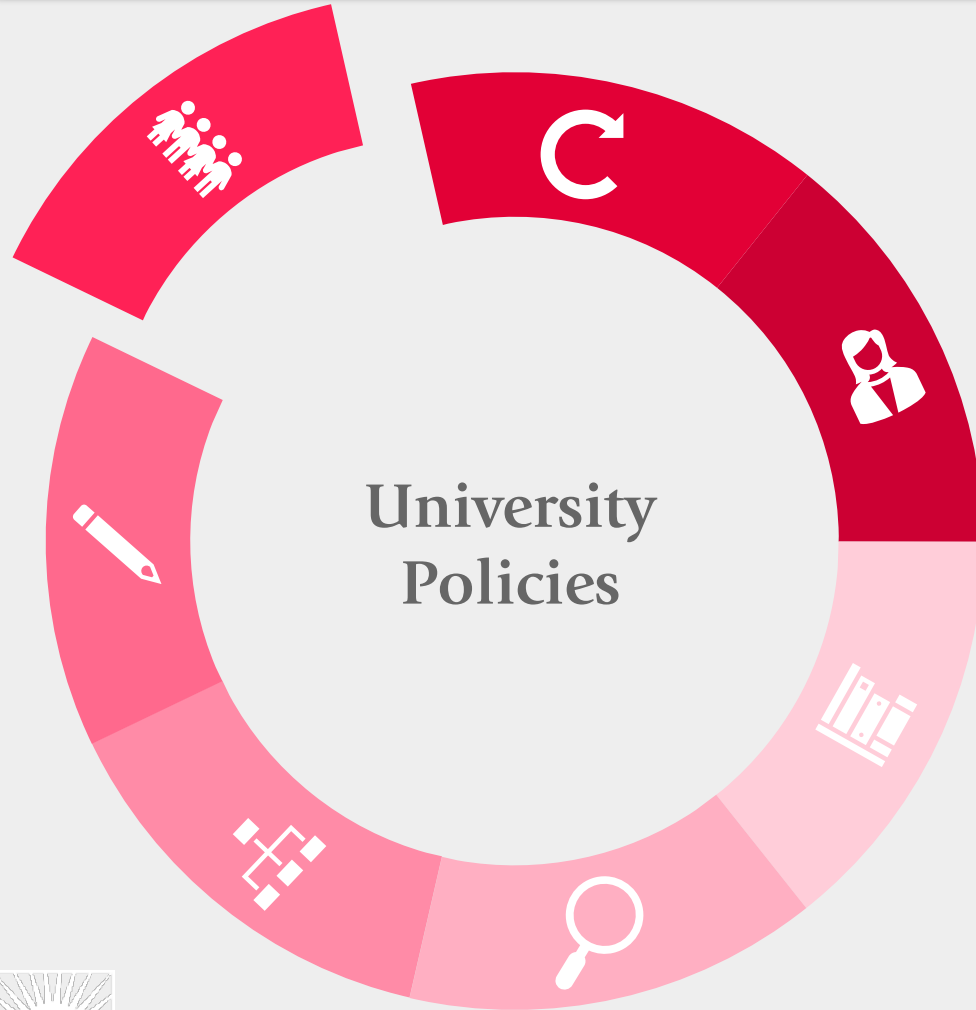
- Hierarchy and structure of the library is still the same
- Everything can be found at [policies.rutgers.edu](https://policies.rutgers.edu)
- The attributes of policies such as responsible executive and office are the same





## Policy on Policies Development

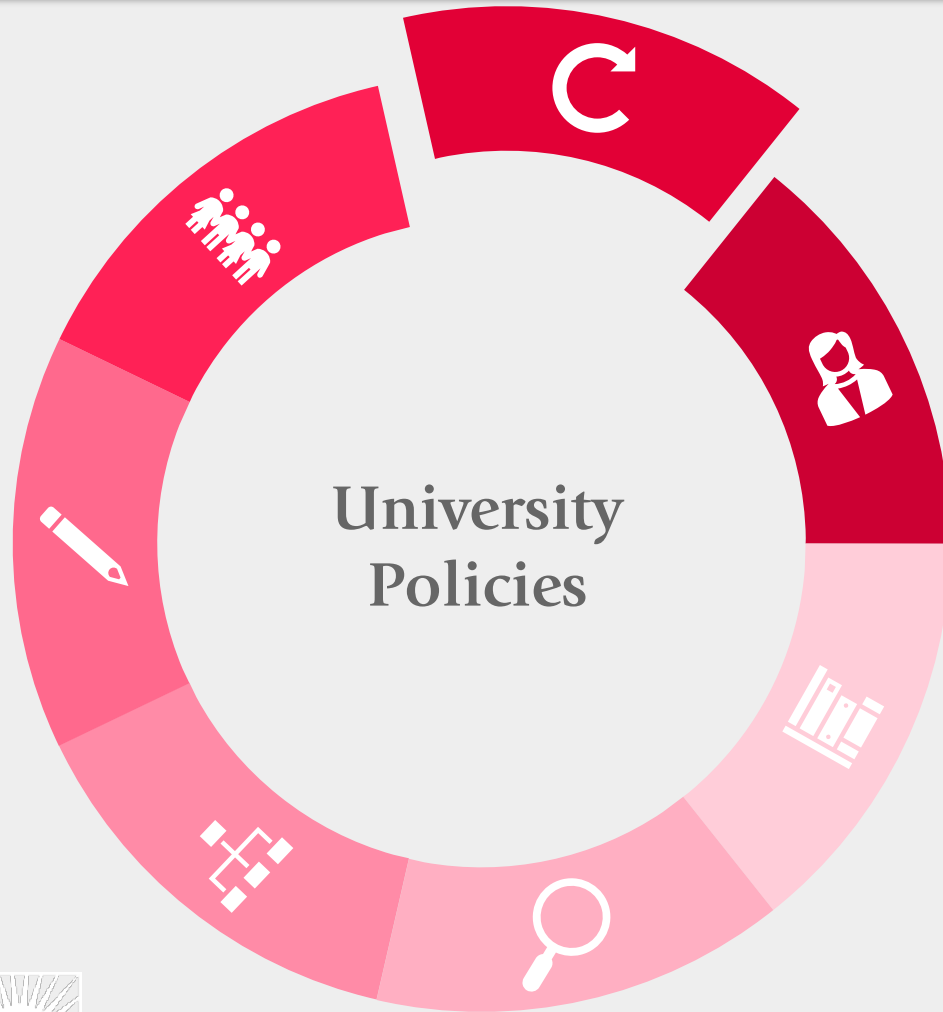
- Developed a new process to streamline the policy process
- Developed the Policy on Policies based on benchmarking other university's policy processes
- Reviewed by key offices at the university



## 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



# Questions Comments



## Meet the presenter



### 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



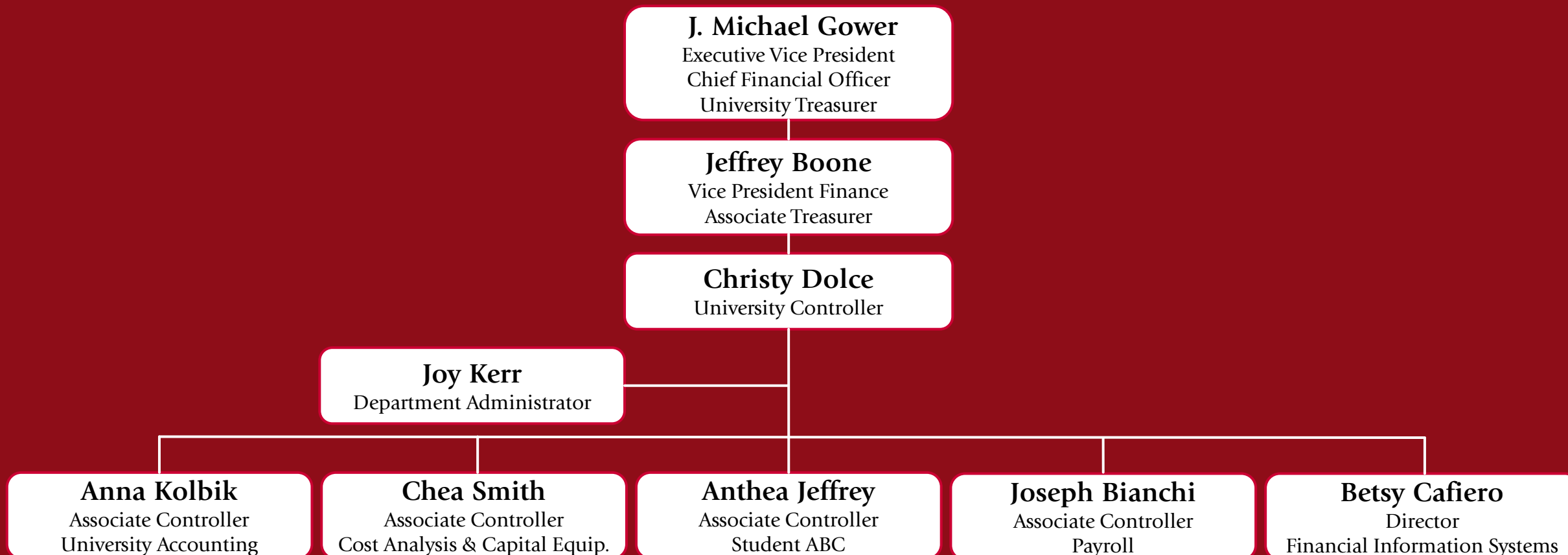
# University Controller's Office





# University Controller's Office

## Direct Reporting Departments



# What do we do?

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## 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



## **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



## 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



## 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



# 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/departments 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



*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.



*Provided to everyone, by everyone*

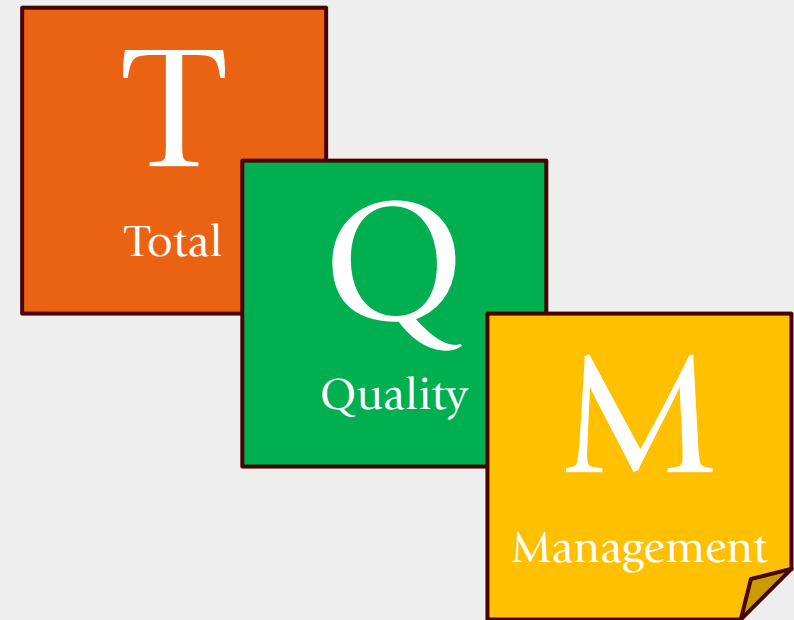
- Provide excellent quality service to internal and external customers
  - Collaborate and building strong relationships
  - Respond timely to customer issues
- Positive impact on students
  - Customer satisfaction and retention
- Competitive advantage
  - Customer referrals – multiplier effect
  - Gain and retain customers
  - Increase revenue and profitability



*Provided to everyone, by everyone*

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.





*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)



*Provided to everyone, by everyone*



- From The State University of New Jersey to *The University of New Jersey*
  - Dollar for dollar/pound for pound
  - 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



## Total FY 2023 Year-End 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**.



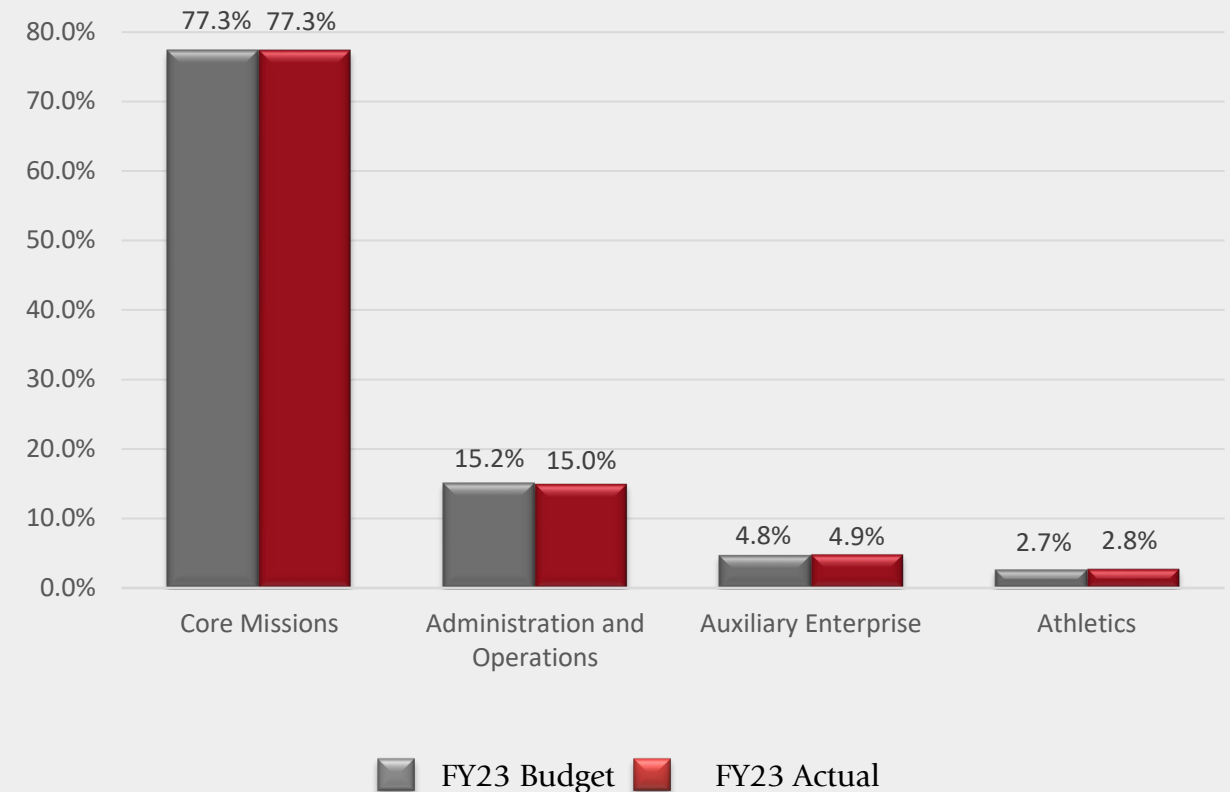


# Total University Spending – FY 2023

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*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



# Total University Spending by Expense Function – FY 2023

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- **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%**



## Total University Spending by Expense Function – FY 2023

55

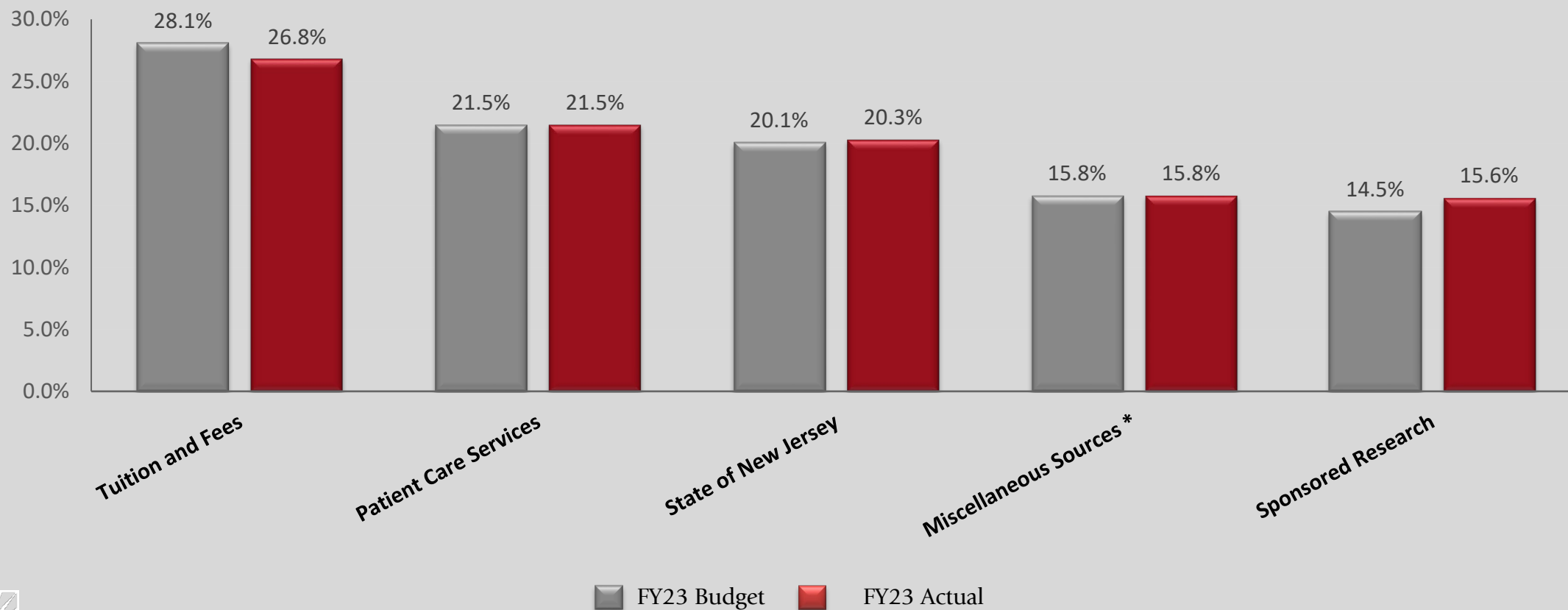
- **General Administration** includes support for central administrative offices such as research administration, finance, human resources, procurement, legal, and the office of the university president: Actual was **\$490.5 million**, or **9.5%**
- **Operations and Maintenance** of all Rutgers buildings 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

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Where does the funding come from?



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

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## Next Steps

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### 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.



# FY 2024 Financial Review





# Revenue Categories

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*Dollars in thousands*

	FY 2021	FY 2022	FY 2023	FY 2024		
	Sept Actual vs Annual Budget	Sept Actual vs Annual Budget	Sept Actual vs Annual Budget	Annual Budget	Sept Actual	Sept Actual vs Annual Budget
1 Student Tuition and Fees	16.32%	16.23%	15.88%	1,443,548	228,628	15.84%
2 Federal and State Student Aid	14.12%	29.66%	12.03%	229,197	46,387	20.24%
3 Federal Appropriation	16.63%	20.75%	25.91%	7,283	2,026	27.82%
4 Allocated University Support	0.00%	0.00%	0.00%	0	0	0.00%
5 NJ State Appropriations	25.25%	27.33%	26.18%	564,332	147,752	26.18%
6 State Paid Fringe	25.27%	25.29%	25.29%	563,928	141,526	25.10%
7 Grants and Contracts	24.42%	20.10%	25.06%	646,963	145,987	22.56%
8 Facilities and Administrative Recoveries	25.56%	25.69%	28.84%	150,312	41,922	27.89%
9 Gift and Contribution Revenue	29.71%	19.23%	18.19%	42,552	7,783	18.29%
10 Endowment and Investment Income	43.35%	27.78%	29.61%	73,030	22,161	30.34%
11 Healthcare Revenue	25.52%	24.08%	23.24%	460,867	105,782	22.95%
12 Affiliated and Housestaff	18.85%	21.87%	23.15%	634,244	149,981	23.65%
13 Other Sources Revenue	8.24%	20.91%	24.07%	103,705	29,986	28.91%
14 Auxiliary Revenue	6.84%	15.31%	15.89%	350,274	62,736	17.91%
<b>15 Total Revenue</b>	<b>20.63%</b>	<b>21.24%</b>	<b>21.07%</b>	<b>5,270,236</b>	<b>1,132,658</b>	<b>21.49%</b>



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# Expense Categories

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*Dollars in thousands*

	FY 2021	FY 2022	FY 2023	FY 2024		
Expense (Uses of Funds)	Sept Actual vs Annual Budget	Sept Actual vs Annual Budget	Sept Actual vs Annual Budget	Annual Budget	Sept Actual	Sept Actual vs Annual Budget
16 Salaries and Wages	24.78%	24.07%	24.32%	2,572,938	639,920	24.87%
17 Fringe Benefits	22.58%	21.30%	21.68%	1,028,432	226,731	22.05%
18 Total Compensation	24.23%	23.32%	23.58%	3,601,370	866,651	24.06%
19 Supplies and Other	22.41%	20.50%	25.31%	262,835	68,210	25.95%
20 Scholarships and Fellowships	12.55%	13.03%	12.88%	478,159	73,746	15.42%
21 Travel	1.86%	7.67%	22.19%	41,680	10,627	25.50%
22 Plant Operation and Maintenance	22.35%	24.13%	28.32%	156,538	41,342	26.41%
23 Debt Service - Principal and Interest	24.89%	25.00%	24.96%	184,922	47,099	25.47%
24 Other Operating Expense	22.77%	22.18%	22.96%	311,451	60,088	19.29%
25 Professional Services	17.92%	17.51%	19.72%	322,837	62,407	19.33%
26 Total Expense	22.27%	21.73%	22.57%	5,359,791	1,230,170	22.95%



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# Budget Development FY 2025

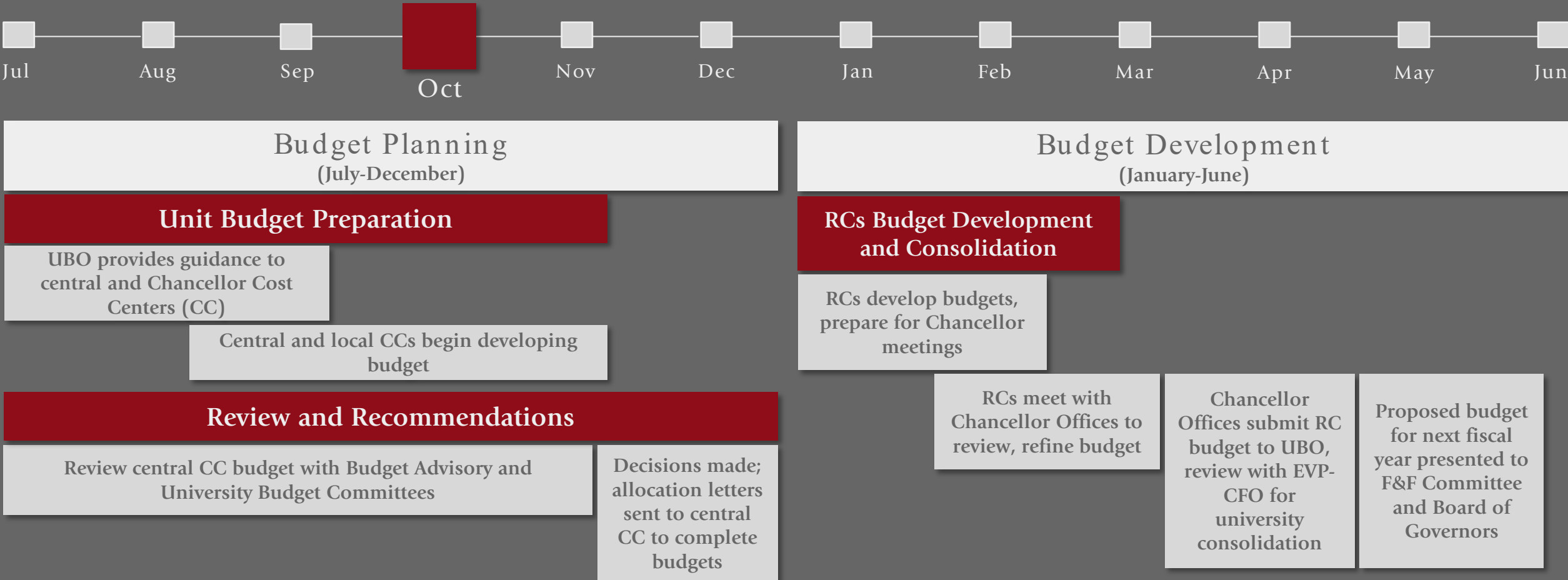


# Rutgers University Budget Process

## 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

### 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





# Questions Comments

# Finance Town Hall

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J. Michael Gower



Jeffrey Boone



Rachael Honig



Jewell Battle



David B. Moore

**Thank you!**



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University Finance  
and Administration

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