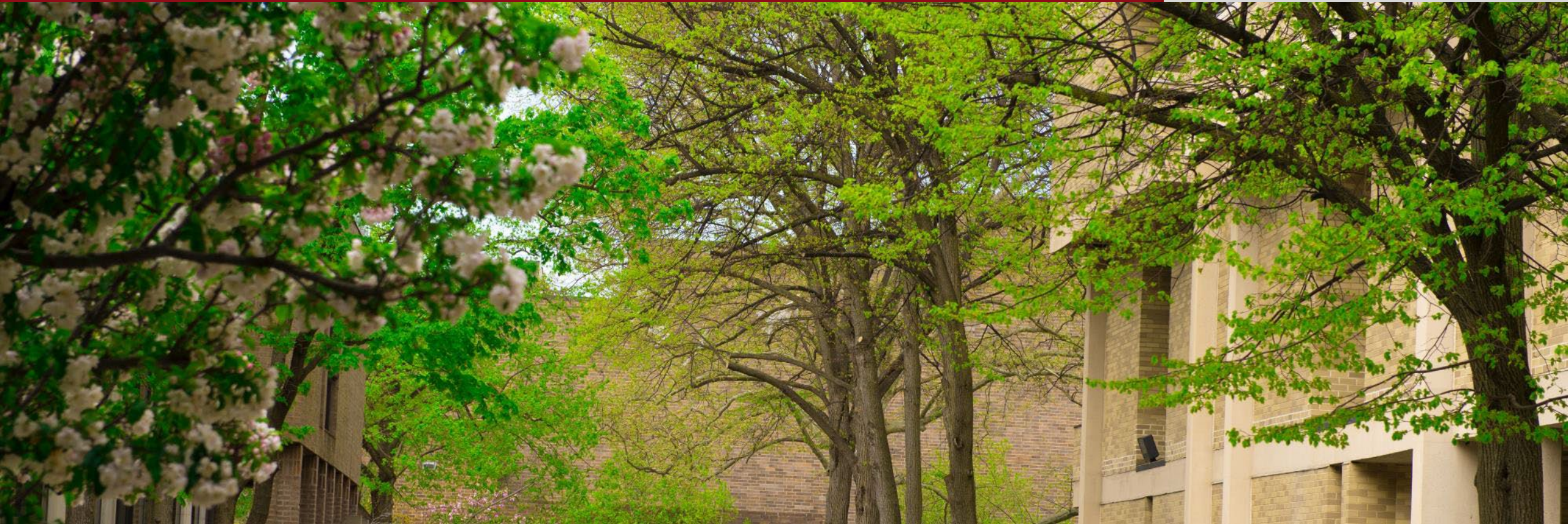


Finance Town Hall



RUTGERS UNIVERSITY
Finance and Administration

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

November 2024



We are recording.



We will address questions at the end of the meeting.

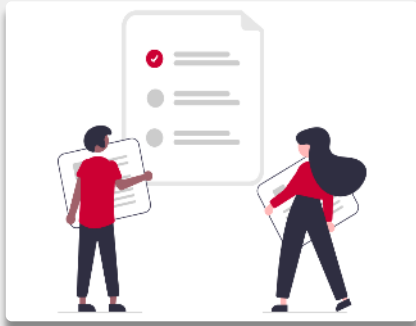


If you have questions for the presenters, please use the Q&A function.

University Finance and Administration

Guiding Principles and Values

3



Support & Collaboration



Understanding & Trust



How We Work



Strategic Alignment



Accountability



Agenda

4

TRENDS IN HIGHER EDUCATION

NACUBO's "Top 5" 2024
Higher Education Business Issues

J. Michael Gower

SPOTLIGHT

Update on the University's
Long-term Investment Pool

Jason MacDonald

BUDGET UPDATE

Fiscal Year 2024 Preliminary &
Fiscal Year 2026 Budget Process

David B. Moore

WRAP UP

Q&A

All presenters



Meet the Presenter

5

Jason MacDonald

Chief Investment Officer

Jason implements the university's Investment Policy under the direction of the Joint Committee on Investments (JCOI) of the Board of Governors and Board of Trustees and of the EVP-CFO and University Treasurer; administers the endowment's activities consistent with the Investment Policy and best practices for public universities and the investment industry; recommends to the JCOI strategies and investment opportunities that will meet allocation strategies for the endowment; and supports the university's mission by collaborating with the Foundation and the university community to increase understanding of the endowment's mission and work.

On the Agenda

Update on the University's Long-Term Investment Pool

The Work of Rutgers Investments

6

Who?

Responsible for investment management of all endowment assets. Rutgers University 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 3,000 (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?

Support the financial health of the university.
Larger endowment → larger annual payout → lower financial pressure

How?

1. Exceptional fundraising
2. Solid risk-adjusted returns

Government Structures



Function	Governing Body / Individual Role
Committee	Joint Committee on Investments – 8 Members
Committee Chair	Gary Chropuvka, Board of Trustees Member
Consultant	FEG
Investment Office Staff	Jason MacDonald, Chief Investment Officer Lou Kish, Director of Investment Operations Keith Zaccaria, Associate Director of Investments Chris Davanzo, Investment Analyst Marjai Bridgeforth, Operations Analyst Mike Macor, Operations Analyst

The Investment Office Team

Investment Office Staff

Jason MacDonald, Chief Investment Officer, July 2016
Lou Kish, Director of Investment Operations, November 2016
Keith Zaccaria, Director of Investments, February 2020
Christopher Davanzo, Investment Analyst, May 2023
Marjai Bridgeforth, Operations Analyst, May 2024
Mike Macor, Operations Analyst, May 2024

Current Interns

Reya Brahmhatt, Class of 2026
Jaideep Boparai, Class of 2025
Sriya Commuri, Class of 2025
Jayden Cruzado, Class of 2025
Sahil Desai, Class of 2026
Kayla Geleta, Class of 2025
Asger Hysi, Class of 2025
Arnav Jain, Class of 2027
Krish Jaiswal, Class of 2026
Harshita Kota, Class of 2026
Prachi Shashidhar, Class of 2026
Goodness Ifesanya, Class of 2025
Nick Quatrochi, Class of 2026
Yafet Yacob, Class of 2026

Intern Program Alumni

Shivank Agrawal, Morgan Stanley
Neilank Avani, Temasek
Thomas Babiak, Neuberger Berman
Sanjana Belthur, Carlyle
Natalia J. Bak, Citigroup
Christopher Davanzo, Investment Office
Larry Livshits, Amtrak
Amol Lotia, AEA Investors
Nam Q. Lu, Baypine
Rayhan Murad, Goldman Sachs
Ritu Patel, Jefferies
Nicole Salas, Deloitte
Misha Nehring, Vista Equity Partners
Shree Raghavan, Harvest Partners
Amira M. Sparks, K-Star
Rishi Mendiratta, Bank of America
Melanie Momjian, Lloyds Bank
Ronak Walia, Deutsche Bank
Aaron Amankwaah, Prudential

The Endowment's time horizon is intended to be infinite.

Therefore, its financial objectives are as follows:

- Support current and future operations of the University
- Preserve purchasing power of the Long-Term Investment Pool

To support these financial objectives, the core investment objectives are two-fold:

- **Absolute (7%+)**: The Endowment should earn a compound annual rate of return in excess of its annual spend, fees & expenses, and inflation over the long-term.
- **Relative**: The Endowment should achieve competitive, long-term returns versus investible alternatives.

- **Long-Term Approach:** The University's infinite time horizon is our competitive advantage. This allows for market volatility to be viewed as an opportunity to capture inefficiencies, not to sell assets.
- **Culture/Reputation:** Integrity, Open-Mindedness, Humility, and Alignment matter not only for the investment staff but for the managers with whom we are entrusting our capital.
- **Flexibility:** Intellectual Curiosity and the commitment to adapt is a fundamental part of individual and organizational development.
- **Diversification:** A proper asset allocation framework is the primary contributor to investment success, expected to generate superior risk-adjusted returns versus more concentrated portfolios.
- **Liquidity:** A large percentage of a well-balanced, diversified portfolio is comprised of illiquid assets. However, ensuring sufficient liquidity in all scenarios is crucial.

Current Portfolio

Asset Allocation	10/17/04	Long-Term Targets	Policy Target Ranges	Over/(Under) From Policy Target
Growth Assets	77.3%	74%	60 - 85%	3.8%
Public Equities	36.3%	38%	30 - 50%	-1.7%
Domestic	21.8%	23%	15 - 30%	-1.2%
International Developed	10.8%	11%	5 - 15%	-0.2%
Emerging Markets	3.7%	4%	0 - 10%	-0.3%
Private Equity	25.1%	20%	10 - 30%	5.1%
Private Oil & Gas Assets*	2.4%	NA	NA	NA
Real Estate	5.6%	7.5%	5 - 15%	-1.9%
Opportunistic Credit	7.8%	8%	5 - 15%	-0.2%
Diversifying Strategies	18.1%	17.5%	10 - 30%	0.6%
Hedged	13.6%	10%	5 - 15%	3.6%
Private	4.5%	7.5%	5 - 10%	-3.0%
Liquidity	4.6%	9%	5 - 20%	-4.4%
Fixed Income	2.6%	9%	5 - 10%	-6.4%
Cash	2.0%	0%	0 - 5%	2.0%
TOTAL	100%	100%		

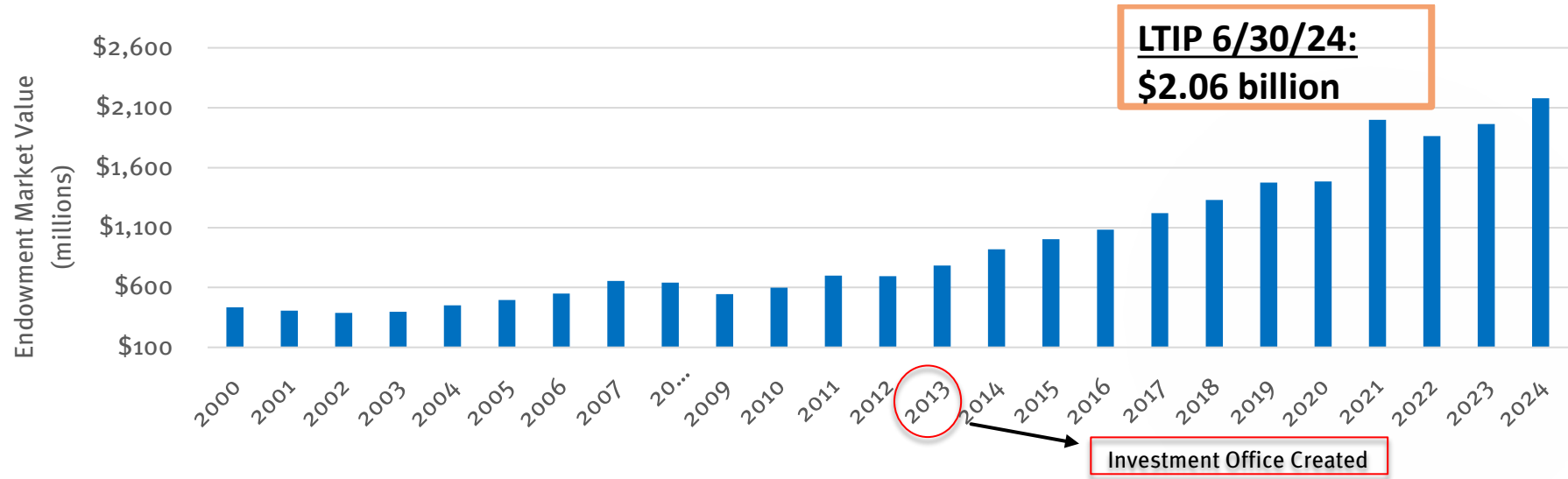
*Currently winding down and no longer actively investing

Total Private Capital **44.4%** **43%**

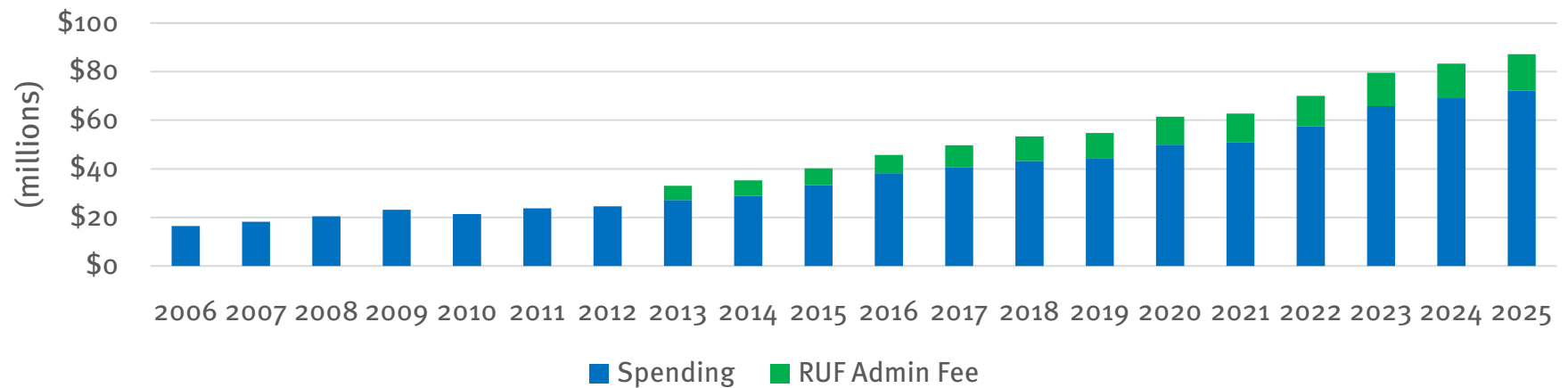
Note: Since allocations within alternative asset classes may differ from targets due to market fluctuations, etc., the total exposure to private capital will be tracked as an important measure of total illiquidity risk.

Assets Under Management and Spend Growth

Endowment Assets Under Management



Annual Spending



	<u>Fiscal Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Rutgers University - LTIP as of 6/30/24	12.3%	2.7%	8.1%	6.9%
Target Weighted Benchmark	10.6%	3.7%	8.7%	7.2%
70/30 Benchmark	13.1%	1.7%	6.6%	5.7%
All E&F (avg.)	10.8%	3.0%	8.3%	6.7%
Peer Survey (avg.)	9.4%	NA	NA	NA

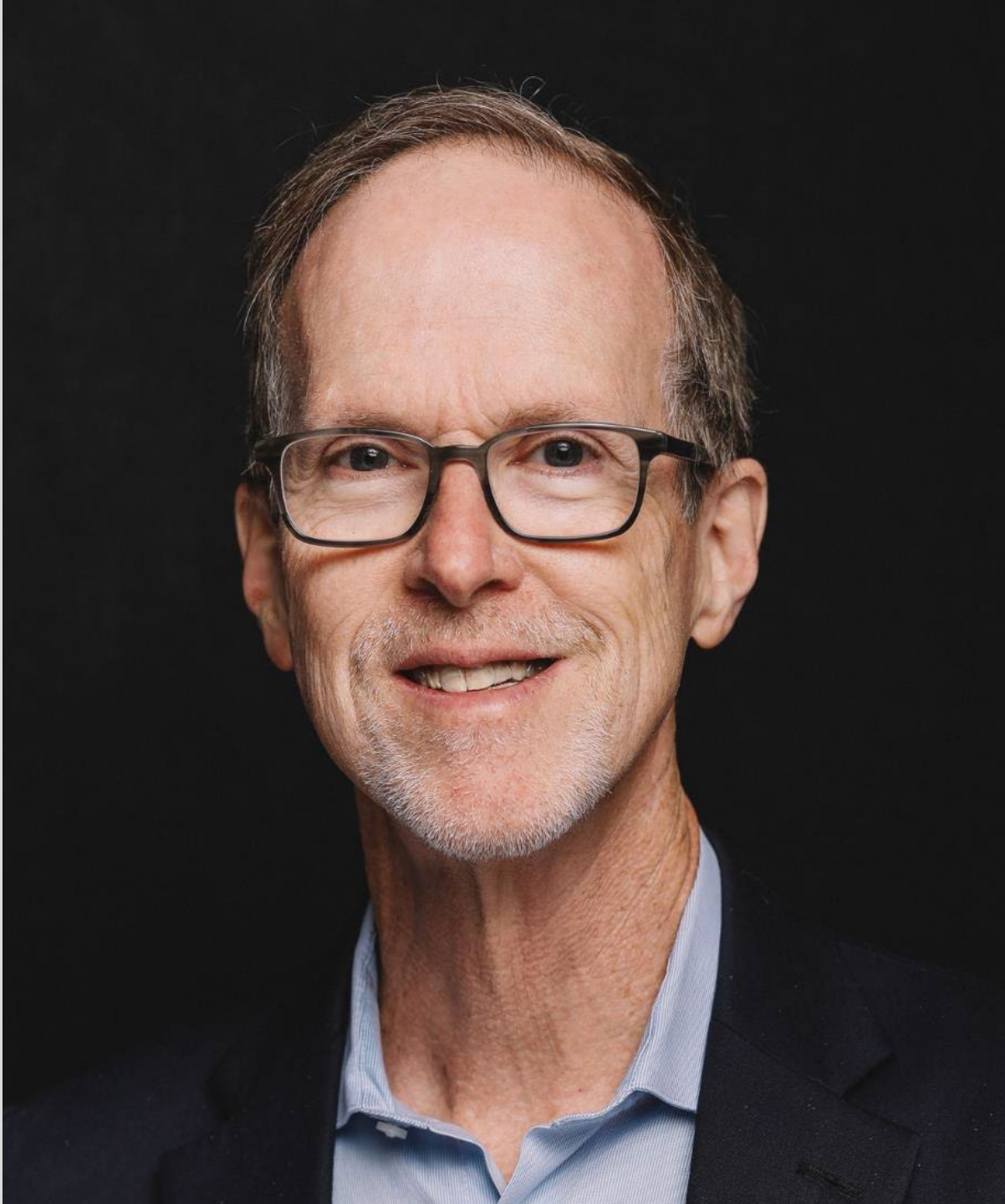
Observations

- Early estimates show Endowments between \$1 - \$5 billion returning 9.4% in FY24
- As expected, institutions with higher allocations to private markets (namely more mature venture capital portfolios) as well as lower public equity exposure (especially U.S. large cap) did not fare as well in FY24



Questions & Comments





Meet the Presenter

15

J. Michael Gower

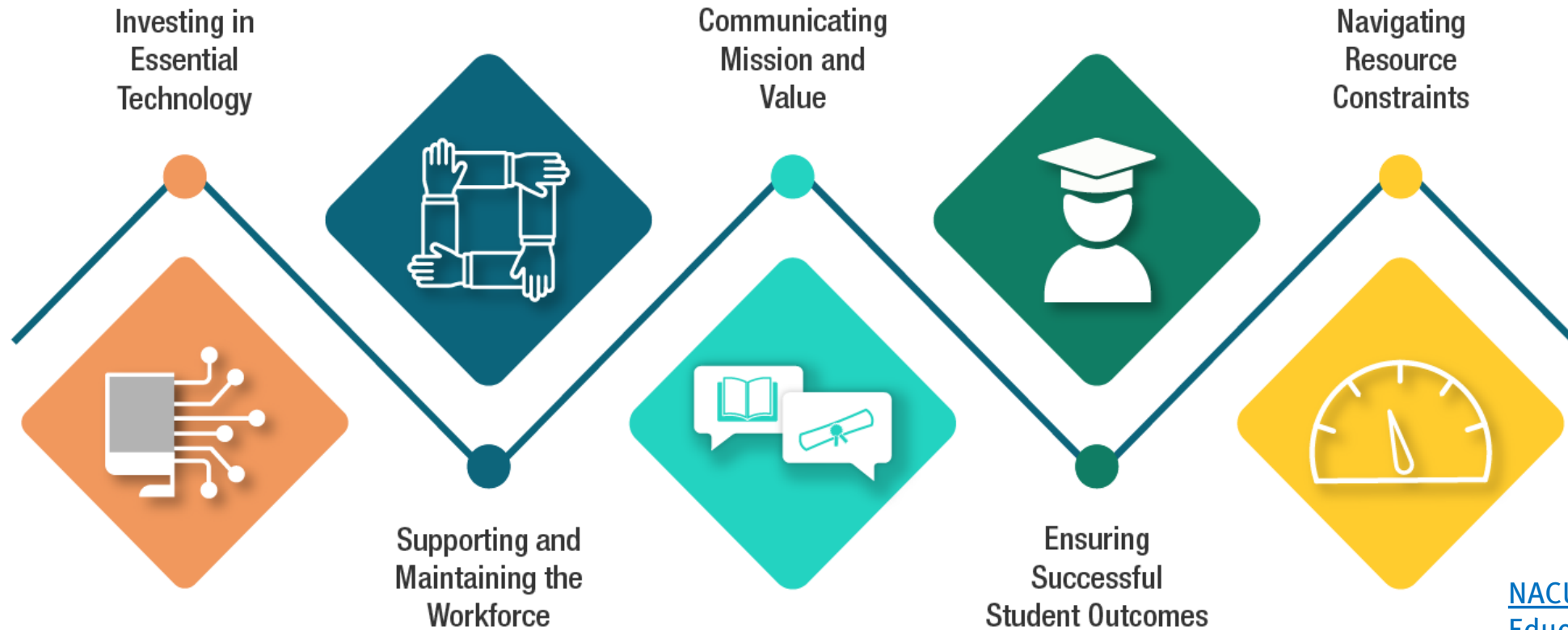
Executive Vice President-Chief Financial Officer
& University Treasurer

Mike is the Executive Vice President - Chief Financial Officer & University Treasurer at Rutgers where he leads financial management and planning, procurement, and strategic administrative system initiatives. As part of his role at Rutgers, Mike 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

Higher Education Trends: Financial Sustainability

TOP 5 Higher Education Business Issues of 2024




[NACUBO's Higher Education's Top 5 Business Issues of 2024 \(nacubo.org\)](https://nacubo.org)

Trends in Higher Education


2025 EDUCAUSE Top 10 Restoring Trust


The 2025 EDUCAUSE Top 10 describes how higher education technology and data leaders and professionals can help to restore trust in the sector by building competent and caring institutions and, through radical collaboration, leverage the fulcrum of leadership to maintain balance between the two.

The Competent Institution



The Caring Institution





The Fulcrum of Leadership

- 1** 

The Data-Empowered Institution

Using data, analytics, and AI to enhance student success in the classroom, improve research findings, and reduce inefficiencies

2 

Administrative Simplification

Streamline and modernizing processes, data, and user interfaces

3 

Smoothing the Student Journey

Using technology and data to improve and personalize student success
- 4** 

A Matter of Trust

Advancing the ethical use of data to safeguard privacy and security with AI and data

5 

The CIO Challenge

Leading digital strategy and technology in a time of financial constraints, inflation, societal unrest, and rapid technology advancements

6 

Institutional Resilience

Continuing to deliver quality education to prepare for and address a growing number and scope of risks
- 7** 

Faster, Better, AND Cheaper

Using technology to optimize services, streamline work, and increase quality

8 

Putting People First

Helping staff build, pivot, and thrive in an era of rapid change and ongoing digital advancements

9 

Taming the Digital Jungle

Building and evolving digital infrastructures and governance to ensure institutions effectively and efficiently
- 10 (tie)** 

Building Bridges, Not Walls

Increasing digital access for students while ensuring safety and rapid privacy and data protection

10 (tie) 

Supportable, Sustainable, and Affordable

Developing an institution's strategy for new technology investments, public policies, and more

<https://www.educause.edu/research-and-publications/research/top-10-it-issues-technologies-and-trends/2025>

Available Membership Benefits

EDUCAUSE



Professional Development
Publications and News
Benchmarking and Research
Networking
Resources and Services



CYBERSECURITY
Information Security
Best Practices
IT Governance,
Risk, and Compliance
Awareness and
Education
Privacy



ENTERPRISE IT
Analytics
Digital Transformation
Technology Strategy
Understanding Costs and
Value
Business Process
Management



**TEACHING AND
LEARNING**
Student Success
Online/Hybrid
Learning
Learning
Environments
Instructional Design



Student Success/Retention
Research and Advisory
Marketing/Enrollment
Data & Analytics
Advancement



Meet the Presenter

19

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. He provides universitywide leadership and broad strategic oversight of financial planning, budgeting, and data analytics.

On the Agenda

FY 2024 Preliminary Information
FY 2026 Budget Development

FY 2024 Preliminary Information

Total University Budget

21

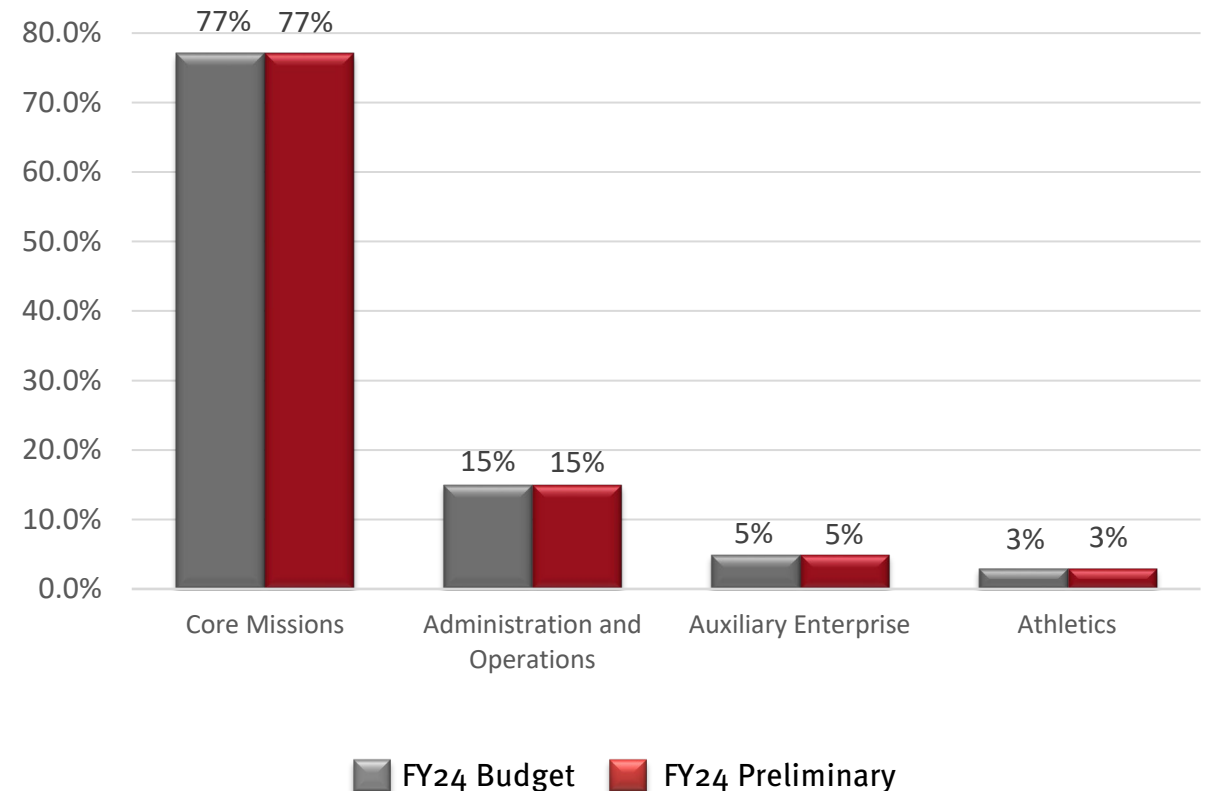
Rutgers' annual budget reflects the values of the university in fulfilling its core priorities of outstanding teaching, research, service, and healthcare, while providing the best academic and research experience for our students.

The University's budget is a statement of our priorities and values that take steps to preserve access and affordability.

Total University Spending

The expenses in FY 2024 were approximately \$5.4 billion.

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



Total University Spending by Expense Function – FY 2024

23

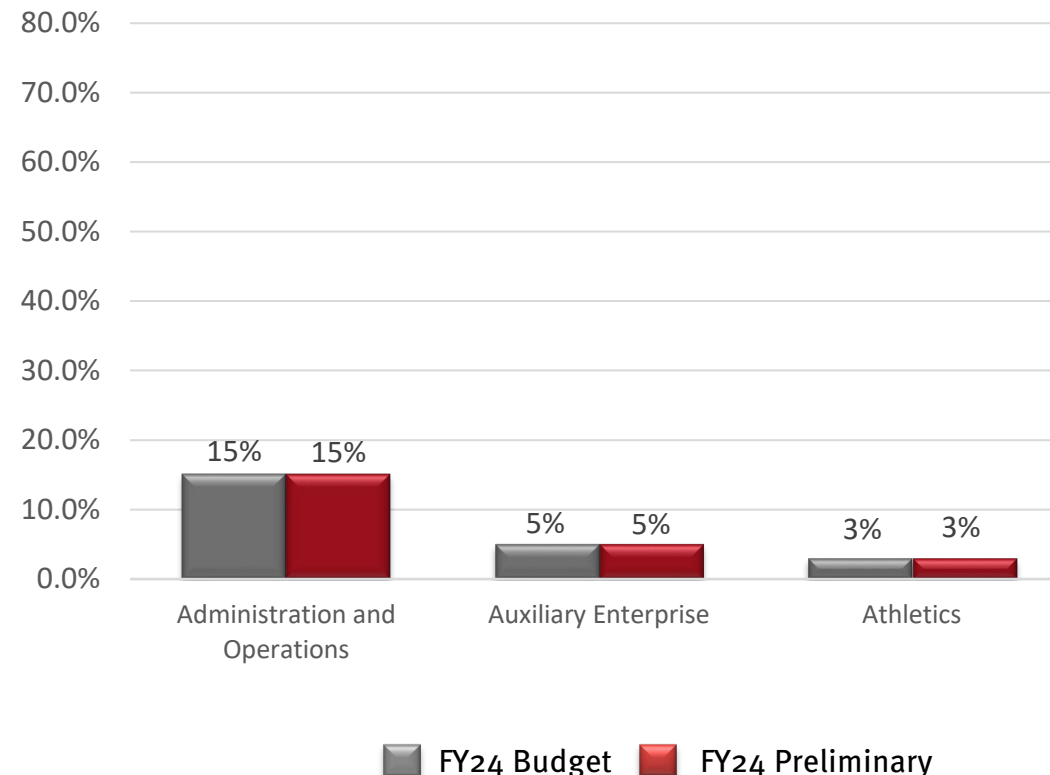
- **Classroom instruction and academic support** includes faculty compensation and staff support for academic units, libraries and deans' offices: Actual was **\$1.7 billion** or **31%**
- **Student services and scholarships** includes financial aid, admissions and social/cultural events: Actual was **\$655 million** or **12%**
- **Sponsored research and other sponsored programs** includes funds spent on research associated with federal, state and nongovernmental grants and contracts: Actual was **\$716 million** or **13%**
- **Public service, extension and healthcare** includes 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%**
- **Total core missions:** Actual was approximately **\$4.2 billion** or **77%**

Total University Spending by Expense Function – FY 2024

This budget supports operations across all campuses of Rutgers University.

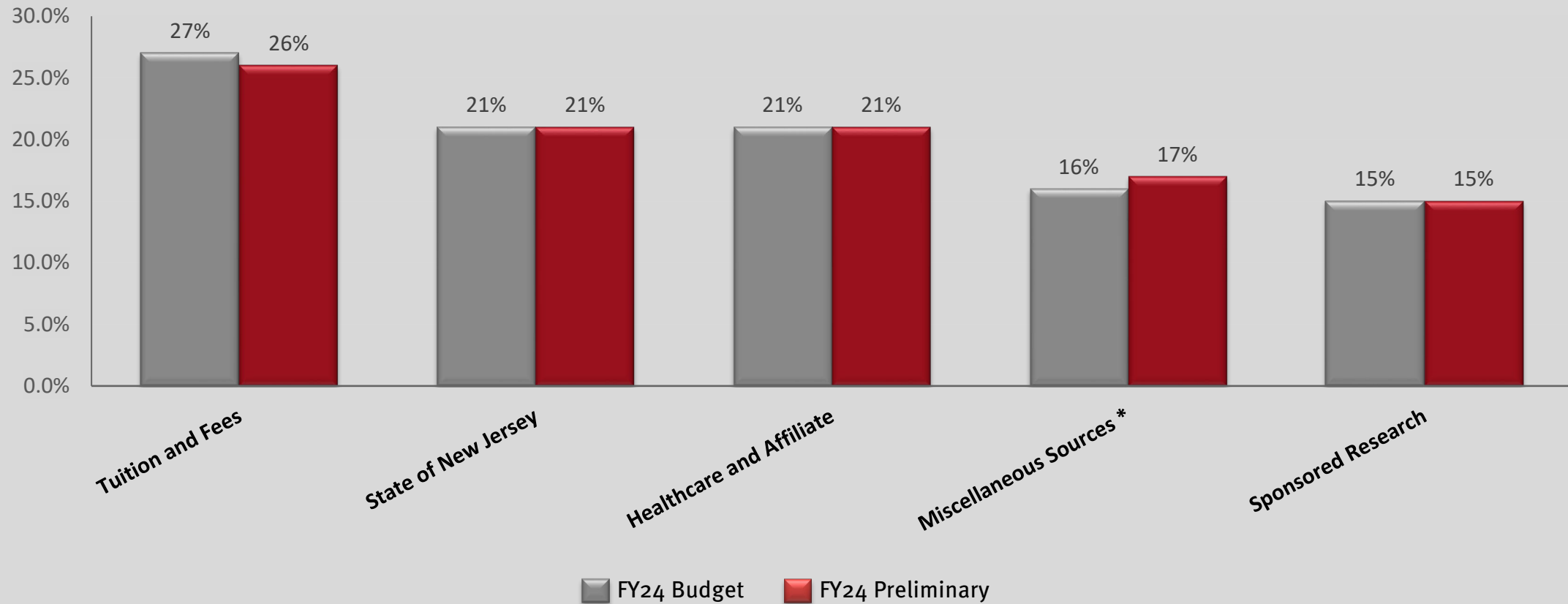
- **Administration and Operations** includes support for central administrative offices such as research administration, finance, human resources, procurement, and legal. In addition, this includes support for all of Rutgers facilities including insurance, fuel, upkeep and utilities costs: Actual was **\$786 million** or **15%**
- **Auxiliary Enterprise** includes housing and dining operations as well as parking and transportation costs: Actual was **\$274 million** or **5%**
- **Athletics** includes the 24 men’s and women’s Division 1 sports programs at RU-New Brunswick: Actual was **\$170 million** or **3%**

It is important to note that nearly three-quarters of this amount is supported through funds generated by the Athletic program



Total University Revenue

Where does the funding come from?

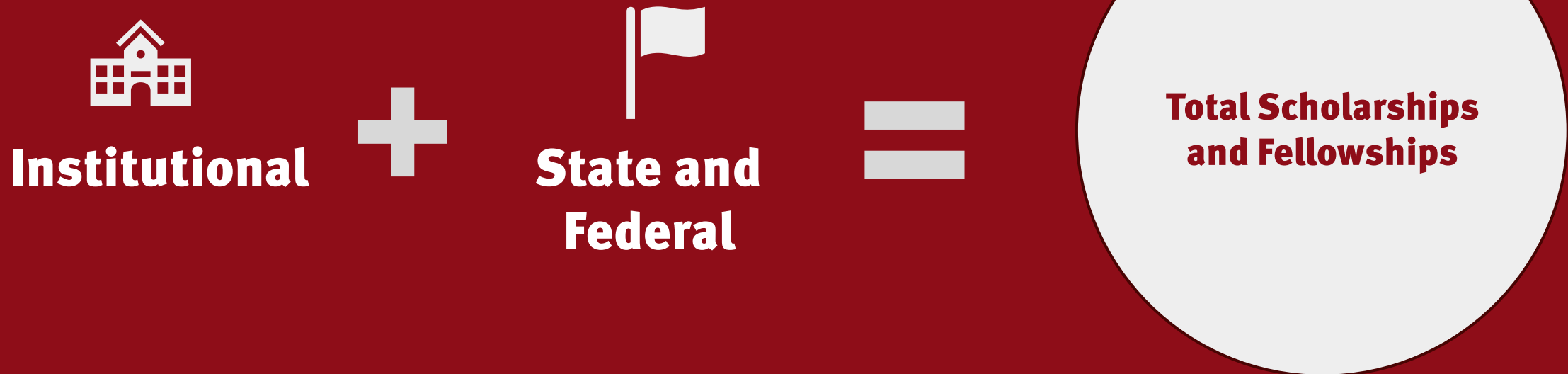


* Miscellaneous Sources primarily includes: Auxiliary Enterprise, Student Aid, Athletics, Gifts and Contribution, and Endowment and Investment Income.

Keeping Rutgers Accessible & Affordable



We put a high priority on keeping Rutgers affordable by providing our students with institutional student aid, qualifying state and federal aid, and grant programs. In the past, approximately 75% of Rutgers undergraduates received some form of student financial aid.



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 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

FY 2026 Budget Development

Budget Planning (July – December)

University Budget Office (UBO) provides guidance to Central and Chancellor unit-level support units

Central and Chancellor unit-level support units begin developing their budgets

Central support unit budgets are reviewed by the Budget Advisory and University Budget Committees

Decisions made; allocation letters sent to Central and Chancellor unit-level support units to complete unit budgets

Budget Development (Jan. – June)

Academic and auxiliary units develop their budgets & prepare for Chancellor meetings

Academic and auxiliary units meet with their Chancellor Offices to review and refine their budget

Chancellor Offices submit their campus budget to UBO and review them with EVP-CFO

Proposed budget for next fiscal year presented to the Board of Governors for approval

The university's process aligns to the State budget process

Budget Development (July – February)

Agency Budget Preparation

Gov. & OMB review priorities, update economic forecast, and set preliminary revenue estimates

Rutgers generates and submits Budget Initiative Form requests

Review and Recommendations

Gov. & OMB review, analyze agency budget requests, and develop recommendations

Governor makes final budget decisions, and introduces budget to Legislature

Budget Deliberation (February – June)

Legislative Action

Review and analyze budget

Review, analyze, and revise revenue estimates

Review, analyze, and refine recommendations for appropriations

Governor's Review

Governor signs, vetoes/returns to Legislature with amendments and then signs the final Appropriation Bill into Law

A large crowd of students, many wearing red clothing, are cheering enthusiastically. Some are holding up white pom-poms, and others have their hands to their mouths as if shouting. The scene is set in what appears to be a stadium or arena during a game or event. The overall atmosphere is one of excitement and support.

Financial sustainability is a strategic imperative, and our best path forward. We strive to provide an affordable, high-quality education for our students and achieve academic and research excellence.

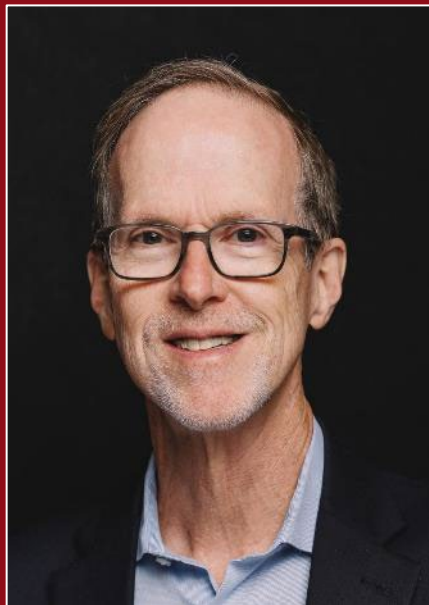


Questions & Comments



University Finance and Administration

Finance Town Hall



J. Michael Gower

michael.gower@rutgers.edu



Jason MacDonald

jason.macdonald@rutgers.edu



David B. Moore

david.b.moore@rutgers.edu

Thank you!



Ask the Experts

35

office hours via Zoom

Purchasing and Accounts Payable
10:30 a.m. to 11:10 a.m.

Travel, Cards, and Expense Reporting
11:15 a.m. to 11:55 a.m.

Budget Office
12:00 p.m. to 12:40 p.m.

Controller's Office: Accounting
2:15 p.m. to 2:55 p.m.

Reporting
3:00 p.m. to 3:40 p.m.