

Budget Town Hall

for Members of the University Senate and the Faculty Councils



RUTGERS UNIVERSITY
Finance and Administration

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

March 2025



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.**



Agenda

3

TOPIC

Understanding the University's Budget Process and Funds Flow

TOPIC

Responses to Pre-submitted Q&A

TOPIC

Additional Q&A



About the Rutgers Budget Process

Rutgers' budget process aligns to the State budget process

Budget Development (July – February)

Agency Budget Preparation

Gov. & OMB review priorities, update economic forecasts and assumptions, set preliminary revenue estimates, and provide a preliminary budget to departments

Dept./Agencies determine ability to provide services within budget and prioritize; Rutgers generates and submits Budget Initiative Form requests

Review and Recommendations

Gov./OMB review, analyze agency budget requests; formulate and review recommendations

Governor makes final budget decisions, introduces budget to Legislature

Budget Deliberation (February – June)

Legislative Action

Review & analyze budget

Review, analyze, revise revenue estimates

Review, analyze, refine recommendations for expenditures and appropriations

Appropriations Act enacted by Legislature

Governor's Review

Governor reviews/analyzes impact of budget changes in appropriations act to legislature. Governor may veto specific appropriations and must "certify" revenue levels. Then Governor signs Final Appropriations Act into law.

The budget process at Rutgers runs throughout the year

Budget Planning (July – December)

Budget team provides guidance to university and Chancellor unit-level support units

Support units at the University level and in Chancellor units begin developing their budgets

University support unit budgets are reviewed by the Budget Advisory and University Budget Committees; Chancellor-unit level support units undergo review by their Chancellors.

Decisions made; allocation letters sent to central to complete budgets

Budget Development (Jan. – June)

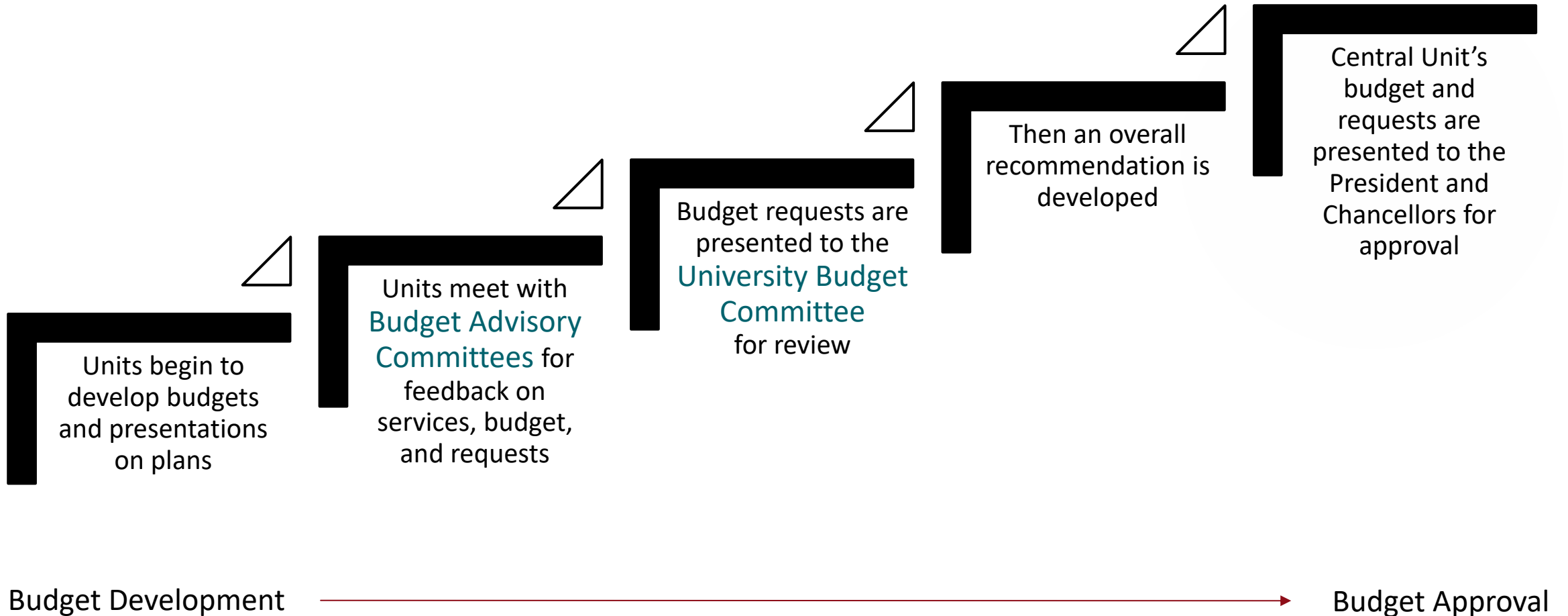
Academic & auxiliary units develop budgets, prepare for Chancellor meetings

Units meet with Chancellors' offices to review, refine budget

Chancellor Offices submit budget to University Budget Office (UBO) and review them with the EVP-CFO

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

For central units, the budget development process includes presentations and review by university committees



The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Enable mission and university priorities, including programs and services that support the common good.



Long-term viability and intergenerational equity.



Resilience



Safeguard assets and maintain fiduciary responsibility.



Prudent and responsible financial management.

The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Enable mission and university priorities, including programs and services that support the common good.

Supports mission critical enterprise-wide costs



Long-term viability and intergenerational equity.



Safeguard assets and maintain fiduciary responsibility.



Prudent and responsible financial management.



Resilience

The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Incentivizing growth aligned to mission and priorities



Long-term viability and intergenerational equity.



Resilience

Enable mission and university priorities, including programs and services that support the common good.



Safeguard assets and maintain fiduciary responsibility.

Supports mission critical enterprise-wide costs



Prudent and responsible financial management.

The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Incentivizing growth aligned to mission and priorities

Enable mission and university priorities, including programs and services that support the common good.

Supports mission critical enterprise-wide costs



Long-term viability and intergenerational equity.

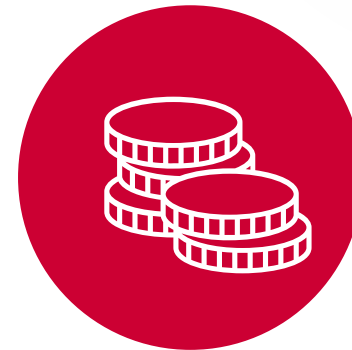


Safeguard assets and maintain fiduciary responsibility.

Minimizing risk, safeguarding assets, maintaining fiduciary responsibility



Resilience



Prudent and responsible financial management.

The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Incentivizing growth aligned to mission and priorities

Enable mission and university priorities, including programs and services that support the common good.

Supports mission critical enterprise-wide costs

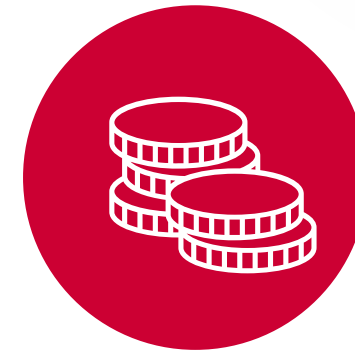


Long-term viability and intergenerational equity.

Minimizing risk, safeguarding assets, maintaining fiduciary responsibility

Safeguard assets and maintain fiduciary responsibility.

Likely return on investment (ROI)



Prudent and responsible financial management.



Resilience

The FY26 Budget Development Process Aligned to Principles Articulated in the University's Financial Strategy policy (40.1.4)



Incentivizing growth aligned to mission and priorities

Enable mission and university priorities, including programs and services that support the common good.

Supports mission critical enterprise-wide costs

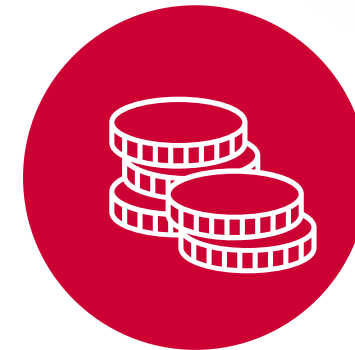


Long-term viability and intergenerational equity.

Minimizing risk, safeguarding assets, maintaining fiduciary responsibility

Safeguard assets and maintain fiduciary responsibility.

Likely return on investment (ROI)



Prudent and responsible financial management.



Resilience

Prior fiscal year budget, rates, and fees

Budget Committee recommendations included:

14

Non-discretionary Mission-Critical increases for central support units

1. Increases in need-based student financial aid
2. Rising costs for utility commodities
3. Contractual increases associated with Library collections
4. Increases related to software and software-related contracts
5. Investments in student- and academic-related experiences
6. Committed incremental debt service
7. Increased payments in benefit costs (direct university payments to retirement matching)

No increases to budgets for local support units beyond 3% growth from the FY 2025 base amount

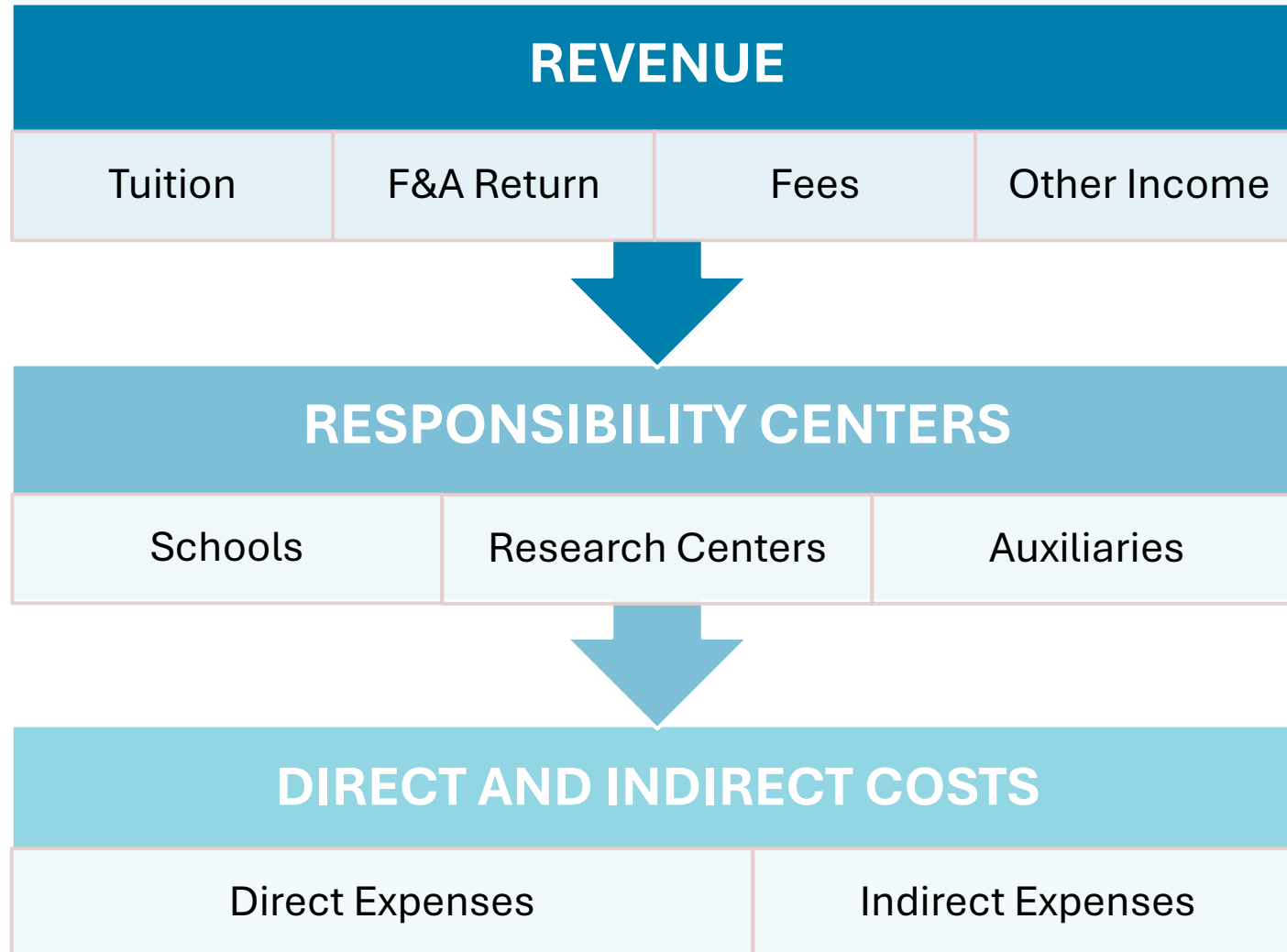
Hold on strategic funds.

1% reduction in Central Administrative Unit costs compared to the FY 2025 budget



The Role of the RCM Tool in the Rutgers Budget Process

In responsibility center management, revenue flows to units that, in turn, have responsibility for their expenses



At Rutgers, these are called "academic & auxiliary units"

Direct expenses include salaries, space, non-salary operating costs, etc.

Indirect expenses typically include shared services, like library, enrollment management, purchasing, etc.)

Rutgers has support units at both the university and chancellor-unit level, in the following categories



General Administration



Academic Support



Libraries



Research



Information Technology



Operations & Maintenance



Public Safety



Utilities



Student Services

The following units are considered central support units

Academic Affairs

Development and Alumni Relations

Division of Continuing Studies

Enterprise-Wide Costs

External Affairs

General Counsel

Institutional Planning and Operations

Office for Research

Office of Information Technology

Office of the President

Rutgers Global

University Enrollment Services

University Equity and Inclusion

University Finance and Administration

University Human Resources

University Libraries

University Secretary

University Senate

Office of University Labor Relations

Office of University Strategy

The following units are considered local support units

New Brunswick

- Office of the Chancellor
- Development
- Enrollment Management
- Marketing and Communications
- Academic Scheduling and Space
- Zimmerli Art Museum
- Office of Research and Innovation
- Douglass Residential College
- Honors College
- School of Graduate Studies
- Undergraduate Education
- Diversity, Inclusion and Community Engagement

Newark

- Office of the Chancellor
- Academic Program and Services
- Technology and Learning Spaces
- Business Services
- Development
- External and Government Affairs
- Public Affairs
- Office of the Provost
- Graduate School
- Research and Collaboration
- Chief Operating Officer
- Student Services

Camden

- Office of the Chancellor
- Development
- Office of the Provost
- Student Academic Success
- Enrollment and Student Academic Success
- International Initiatives Programs and Services
- Research and Collaboration
- Undergraduate Education and Engaged Learning
- Academic Affairs
- Diversity Inclusion and Community Engagement
- Communications and Marketing
- Finance and Administration

Rutgers Health

- Office of the Chancellor
- Academic Affairs
- Educational Affairs
- Health and Clinical Administration

Unit	Metric
Academic Support	Student Headcount (Undergraduate Total, Graduate Total & Total Student Headcount)
Debt Service	Direct – Occupied Space, Indirect – Personnel and Non-Personnel Expenditures (G&A)
General and Administrative (G&A)	Personnel and Non-Personnel Expenditures
Information Technology	Faculty FTE, Staff FTE, Student Headcount (Total)
Operations and Maintenance	Direct – Occupied Space, Indirect – Depends on the service unit pool
Libraries	Faculty FTE, Student Headcount (Total)
Public Safety	Half based on Occupied Space, and half based on Personnel and Non-Personnel Expenditures (G&A)
Research Support	Modified Direct Grant Expenditures
Student Service	Student Headcount (Total)
Utilities	Direct – Occupied Space, Indirect – Depends on the service unit pool
Strategic Funds	Two Year Average Unrestricted Earned Revenue

An example of the RCM tool at work: academic support



Academic Support

The **Academic Support Unit** includes expenses such as enrollment services, financial aid, and continuing studies

A portion of these costs are funded directly by application and acceptance fee revenue and the remainder is allocated to the **academic and auxiliary units**, based on a proportional share related to student headcount (either specific to undergraduate or graduate or total student, depending on the item).

EXAMPLE

School A's student body
(headcount)

10%

undergraduate

5.5%

graduate

School A's share of support cost
(for undergraduate academic support)

10%

of allocated costs

An example of the RCM tool at work: debt service



The **General and Administrative Service** includes expenses from university administration units, including finance and accounting, and human resources.

A portion of these costs are directly funded by a transfer of investment income and the remainder of the cost is shared by academic and auxiliary units, which are each responsible for a proportional share of prior years' total expenses (excluding debt, direct utilities, F&A returns, subcontracts over a certain value, incentive pay, and pass through expenses).

EXAMPLE

School A's operating expense

7%

Of prior operating expenses, after exclusions

School A's share of G&A service

7%

of allocated costs

Q&A

“The priorities of the Rutgers central administration concerning capital investments and facilities opportunities at other campuses, such as Camden and Newark, have not been clearly communicated. Each campus appears to identify potential projects and present funding requests, which are approved or denied by central administration. Could you clarify the financial strategy guidelines that are used to make these decisions to campuses, such as Camden and Newark, which are also productive in research and need further investment to continue enhancing both our undergraduate and graduate education?”

Finance Town Halls

- Recordings available: finance.rutgers.edu
- Next scheduled date: April 10 – 9AM