



Jonathan Holloway, President
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Vicki L. Hewitt, Ed.D.
University Senate
Rutgers, The State University of New Jersey
335 George Street, Suite 1250
New Brunswick, NJ 08901

Dear Dr. Hewitt,

I write in response to the University Senate's report on Charge S-2010-1: Evaluation of the RCM Implementation at Rutgers. My leadership team and I share the Senate's commitment to improving clarity and transparency regarding university finances, as demonstrated by the Five-Year Review of responsibility center management (RCM) at Rutgers that I convened during my first year as president and the annual budget address practice I initiated in 2022. It is my hope that the information in this administrative response to S-2010-1 sheds additional light on the ways we have increased transparency about the university's budget process and how we will continue to do so to ensure the Senate is appropriately equipped to serve in its advisory capacity to me and my administrative team.

Increasing transparency and access to information

I appreciate the Budget and Finance Committee's recommendations for how we might continue to improve access to information about the budget and budget processes, and I would like to begin by sharing existing mechanisms through which the University provides information and insight into the budget preparation and reporting. In addition to my annual budget address to the Senate, the University:

- publishes a high-level overview of the budget on Rutgers.edu (<https://www.rutgers.edu/about/budget-facts>)
- shares, via the University Finance and Administration (UFA) website (finance.rutgers.edu), information on the budget and budget development process, reports, information on available trainings, a glossary of acronyms and terms
- posts University and "by unit" budgets and an annual certified financial Report on Rutgers' Allocation and Transfer of Resources Across Campuses

In addition, J. Michael Gower, Executive Vice President-Chief Financial Officer and University Treasurer, hosts quarterly Finance Town Halls for the University community.¹ Of course,

¹ Town Hall presentation slides, recordings, and responses to submitted questions, dating back to October 2020, are accessible on the UFA website (<https://finance.rutgers.edu/inside-ufa/finance-town-halls>)

chancellors, their chief business officers, and deans serve as primary sources of information for specific detail about individual units, including schools and departments, and these leaders have their own ways of engaging members of their respective communities in budget planning and reporting.

Financial system, processes, and structures

The Senate committee's report and recommendations question how central and other non-revenue generating units (or "support units") operate, particularly within the context of RCM. It is important to first clarify that RCM is a tool within the university's budget process that largely impacts the budgets managed by chancellors, deans, and heads of other units designated as "academic and auxiliary units," such as schools, auxiliary units, centers, and institutes.

While use of the RCM tool necessitates that we categorize units at the university as either academic and auxiliary or support units, this does not mean that support units are exempt from responsibility for their revenues and expenses. There are controls and structures in place to ensure the leaders of support units have responsibility and accountability for the budgets they manage just as the leaders of academic and auxiliary units have responsibility and accountability for the budgets they manage. These structures include internal audits, financial management policies, and a set of Budget Advisory Committees (formerly known as Cost Pool Advisory Committees), which meet multiple times each year.

The purview of the Budget Advisory Committee for each unit² is to review and provide advice about proposed support unit services and budgets. The Budget Advisory Committees connect the support unit leaders with the leaders of academic and auxiliary units, who use support unit services and serve as representatives of all those across the university who receive support from support units. The majority of budget decisions made throughout the university rest with the chancellors and deans, hence their involvement in the formation and/or membership of these committees. The Senate committee may also be interested to know that the charge and operating procedures for all Budget Advisory Committees were updated in 2021 in response to the 2021 RCM Review Committee's recommendation to improve the effectiveness of these committees as a way to enable greater transparency of central costs and services.

The Senate committee's recommendation to ensure that RCM "reflects university priorities" already has been received through the 2021 RCM Review Committee, which was made up of faculty and staff members who consulted with the broader university community, including members of the University Senate. That said, I will emphasize that the annual budget address is one of the direct outcomes of the RCM review implementation process that connects the dots between financial and budgetary activities, institutional priorities, and the university mission. I understand that Executive Vice President and Chief Financial Officer J. Michael Gower also has committed to providing statistics and formulae that will be used to calculate RCM allocations to further clarify how the RCM tool is used at Rutgers.

² IP&O, University Human Resources, Office for Research, Office of Information Technology, University Finance and Administration, and the office of the Executive Vice President for Academic Affairs

We can and clearly must continue to work toward improving the understanding of the university budget. EVP Gower has shared the report (S-2010-1) with his team, and they will take your feedback into account as they continue their work. I also have asked EVP Gower and EVPAA Moghe to work together to strengthen communication around budget and finance issues for all relevant members of the university community. Possible avenues for such communications with the Senate could take the form of ensuring Senate members are aware of existing resources, including quarterly Finance Town Halls, and/or introducing additional meetings—one to address the budget process, including the RCM tool, in the Spring semester, and another in the Fall semester to provide a briefing on the university budget.

Again, my thanks to the Budget and Finance Committee for its work on this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Holloway". The signature is fluid and cursive, with the first name "Jonathan" written in a larger, more prominent script than the last name "Holloway".

Jonathan Holloway

c: J. Michael Gower, Executive Vice President-Chief Financial Officer
Prabhas Moghe, Executive Vice President for Academic Affairs