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# Budget Overview and Discussion with the University Senate

J. Michael Gower, Chief Financial Officer & University Treasurer

Cathy Brennan, Vice President for Financial Planning and Analytics – Chief Budget Officer

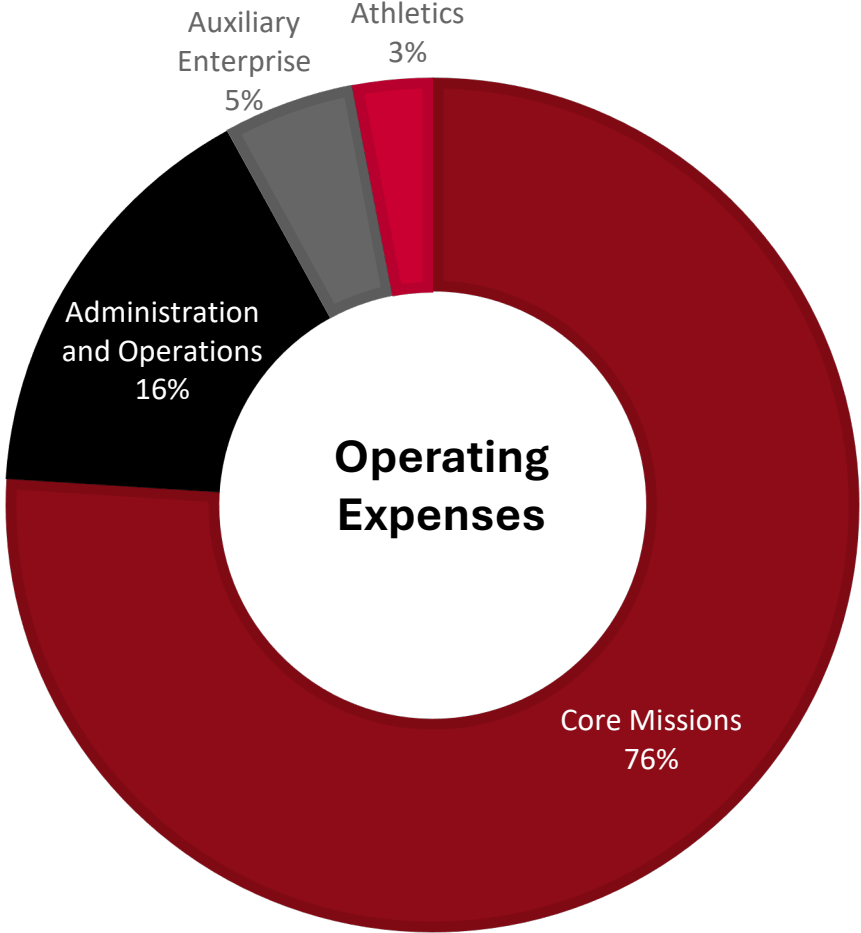
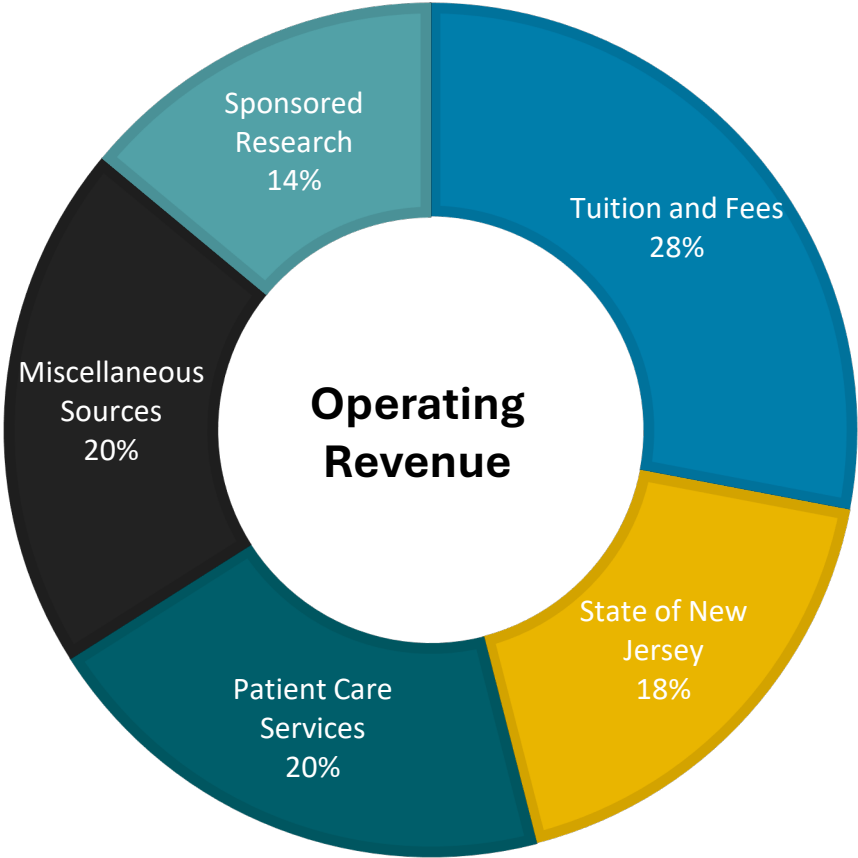
March 2026

# Agenda

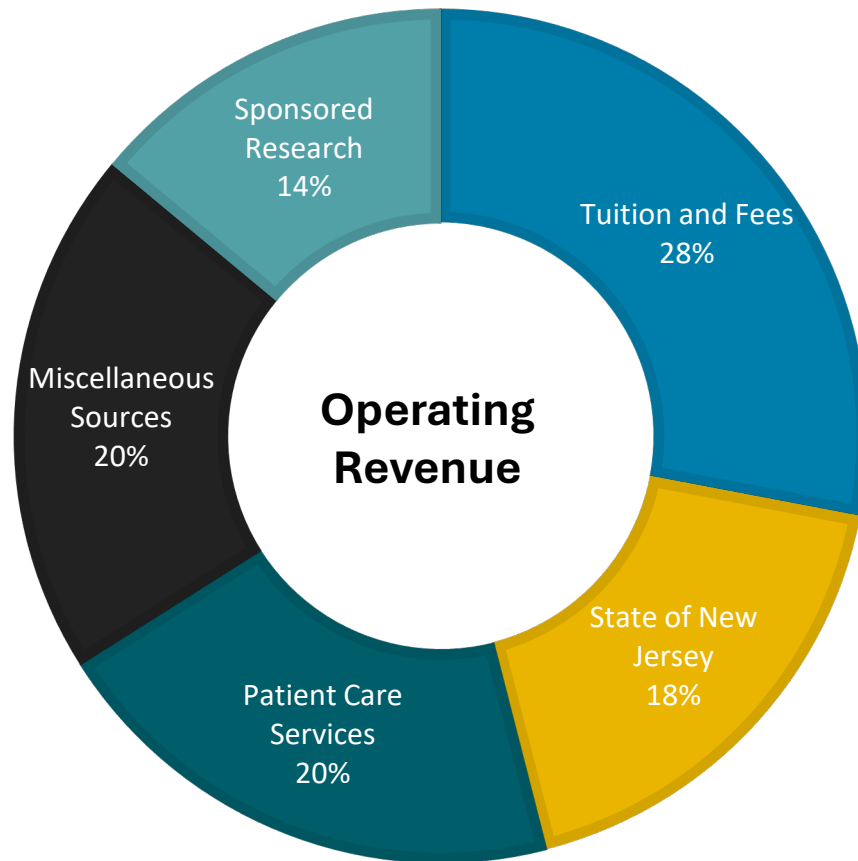
- 1 Budget Overview and FY26 Mid-Year Update
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# Budget Overview and **FY26** Mid-Year Update

# Rutgers has a \$5.9b budget that reflects our priorities and a commitment to our core missions



# Rutgers has a \$5.9b budget that reflects our priorities and a commitment to our core missions



**Tuition and Fees** represents the largest revenue item.

**Patient Care** includes clinical operations, including outpatient visits, specialty care, behavioral health services, and other services delivered to patients statewide.

**State Appropriations** includes both base appropriation, Special Purpose items and fringe support.

**Sponsored research and other sponsored programs** include funds spent on research associated with federal, state and nongovernmental grants and contracts.

**Miscellaneous sources** include student housing and dining services, facility rentals, ticket sales, donor gifts, and endowment income

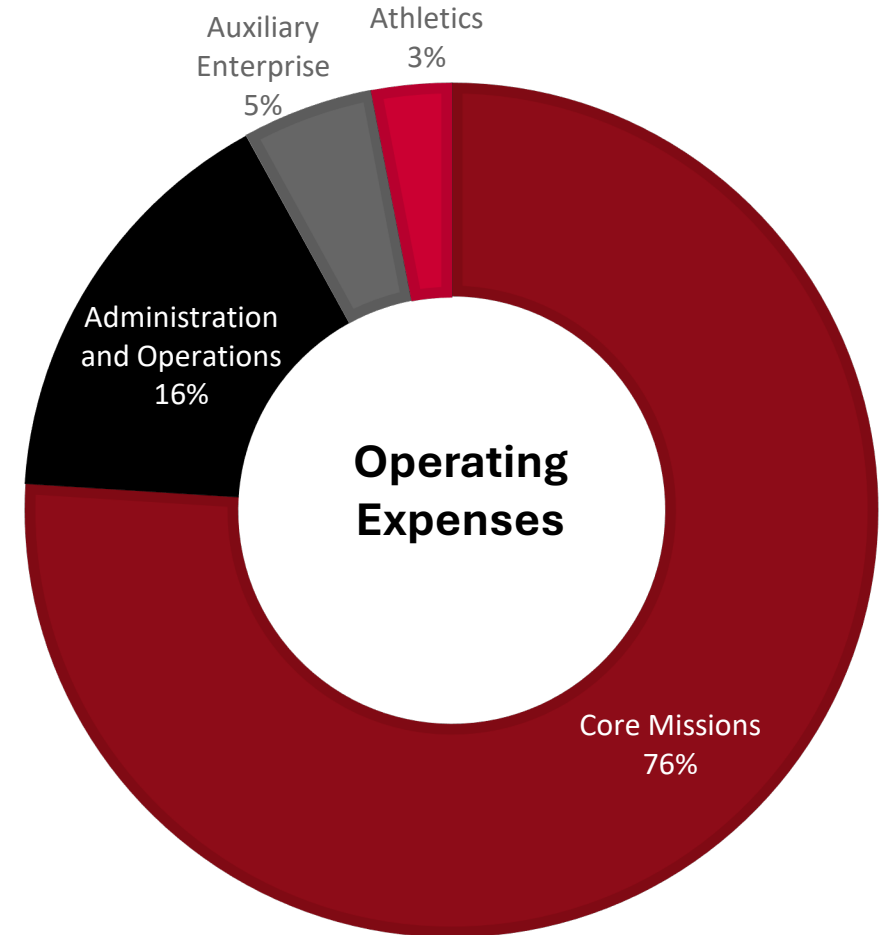
# Rutgers has a \$5.9b budget that reflects our priorities and a commitment to our core missions

**Core Missions:** Instructional activities comprise the largest core mission at 22%, followed by Patient/Health–Clinical (17%), Research & Student Services (11% each), Academic and School Support (10%), and Public Service (5%).

**Administration and Operations** includes support for central administrative offices as well as support for Rutgers facilities including upkeep and utilities costs

**Auxiliary Enterprise** includes housing and dining operations as well as parking and transportation costs

**Athletics** includes the 24 men’s and women’s Division 1 sports programs at RU-New Brunswick. *Nearly three-quarters of this amount is supported through funds generated by the Athletic program*



# At the start of 2026, revenue and expense actuals were aligned with the adopted FY26 budget

Revenues typically outpace expenses early in the year, resulting in a net favorable mid-year balance and, the year-to-date pace of total revenues and expenditures is comparable to previous years.

*Dollars in thousands*

	FY 2024			FY 2025			FY 2026		
	Annual Budget	January YTD Actual	Actual vs Budget	Annual Budget	January YTD Actual	Actual vs Budget	Annual Budget	January YTD Actual	Actual vs Budget
b. Total Revenue	5,270,236	3,075,757	58.36%	5,566,207	3,267,540	58.70%	5,939,799	3,459,050	58.24%
c. Total Expense	5,359,791	3,029,726	56.53%	5,647,514	3,230,927	57.21%	5,931,899	3,400,174	57.32%
<b>d. Current Year Operating Surplus/(Deficit) before Internal Transfers</b> (b minus c)	<b>(89,555)</b>	<b>46,031</b>	<b>151.40%</b>	<b>(81,307)</b>	<b>36,612</b>	<b>145.03%</b>	<b>7,901</b>	<b>58,876</b>	<b>745.18%</b>
e. Total Net Internal Transfers	(35,945)	(18,157)	50.51%	(30,031)	(4,541)	15.12%	(35,533)	(30,110)	84.74%
<b>f. Current Year Operating Surplus/(Deficit) after Internal Transfers</b> (d plus e)	<b>(125,501)</b>	<b>27,873</b>	<b>122.21%</b>	<b>(111,338)</b>	<b>32,071</b>	<b>128.81%</b>	<b>(27,633)</b>	<b>28,766</b>	<b>204.10%</b>

# The FY26 Q2 Forecast shows expected net operations moderately improved over budget

Dollars in thousands

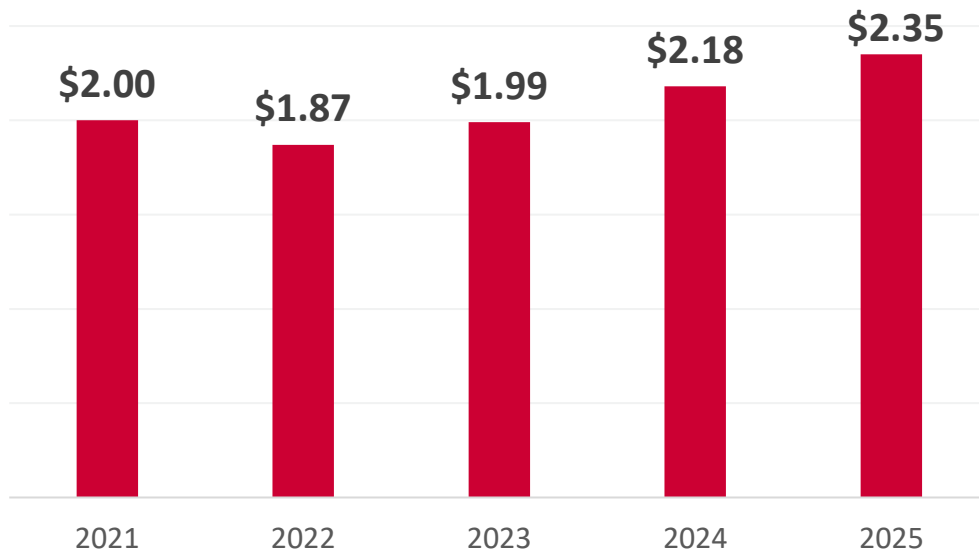
	FY 2025 Actual	FY 2026 Budget	FY 2026 Q2 Forecast	FY26F vs FY26B		FY26F vs FY25A	
				\$ Change	% Change	\$ Change	% Change
a. Transitional Adjustments	12,825	187	(18,546)	(18,733)	(100)	(31,371)	(244.6%)
<b>aa. Prior Year Operating Balances as of July 1</b>	<b>24,543</b>	<b>176,063</b>	<b>176,063</b>	<b>0</b>	<b>0.0%</b>	<b>151,520</b>	<b>617.4%</b>
<b>b. Total Revenue (Source of Funds)</b>	<b>5,970,114</b>	<b>5,939,799</b>	<b>5,989,672</b>	<b>49,873</b>	<b>0.8%</b>	<b>19,558</b>	<b>0.3%</b>
<b>c. Total Expense (Use of Funds)</b>	<b>5,798,583</b>	<b>5,931,899</b>	<b>5,954,433</b>	<b>22,534</b>	<b>0.4%</b>	<b>155,850</b>	<b>2.7%</b>
<b>d. Current Year Operating Surplus/(Deficit) before Internal Transfers (b-c)</b>	<b>171,531</b>	<b>7,901</b>	<b>35,239</b>	<b>27,338</b>	<b>346.0%</b>	<b>(136,292)</b>	<b>(79.5%)</b>
<b>Internal Operating and Non Operating Transfers</b>							
Cost Allocation Funding (Net)	0	0	0	0	n/a	0	n/a
Transfers within Operations	0	0	(3,991)	(3,991)	n/a	(3,991)	n/a
Transfers between Operations, Plant Funds and Non Operating Funds	(32,836)	(35,533)	(49,889)	(14,356)	(40.4%)	(17,053)	(51.9%)
<b>e. Total Net Internal Transfers</b>	<b>(32,836)</b>	<b>(35,533)</b>	<b>(53,880)</b>	<b>(18,347)</b>	<b>(51.6%)</b>	<b>(21,043)</b>	<b>(64.1%)</b>
<b>f. Current Year Operating Surplus/(Deficit) after Internal Transfers (d+e)</b>	<b>138,695</b>	<b>(27,633)</b>	<b>(18,641)</b>	<b>8,992</b>	<b>32.5%</b>	<b>(157,336)</b>	<b>(113.4%)</b>
<b>g. Combined Net Operating Position as of June 30 (a+aa+f)</b>	<b>176,063</b>	<b>148,618</b>	<b>138,876</b>	<b>(9,742)</b>	<b>(6.6%)</b>	<b>(37,187)</b>	<b>(21.1%)</b>

# Aggregate Endowment assets are growing

THESE ASSETS SUPPORT ESSENTIAL ACTIVITIES, BUT ARE RESTRICTED TO SPECIFIC USES

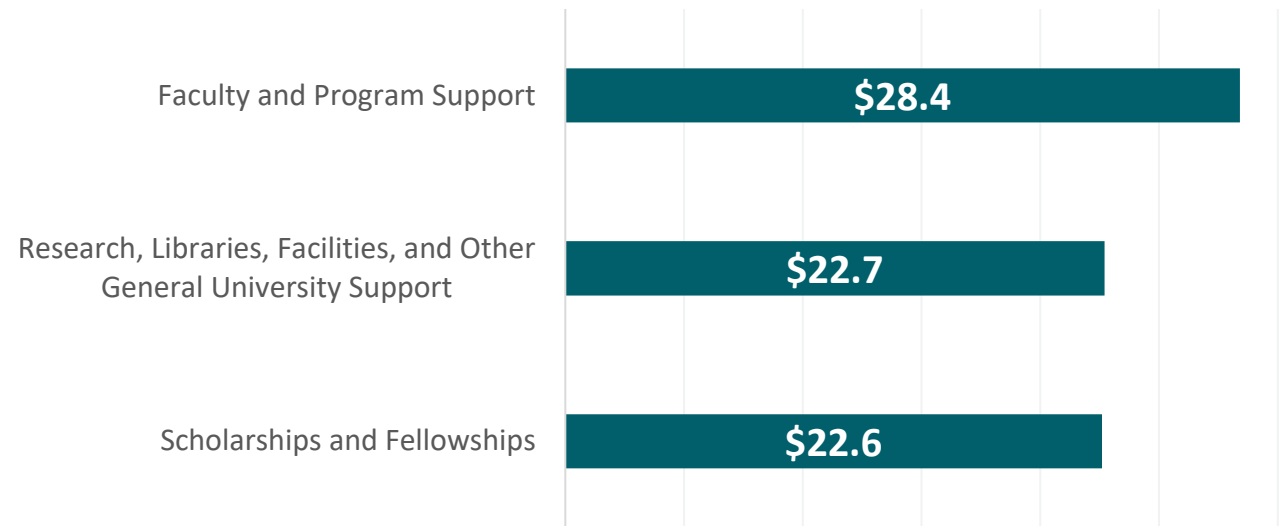
The university's endowment includes more than 3,000 individual funds that are specifically directed to support specific causes and purposes. In fiscal year 2025, Rutgers access to more than \$73.7 million in spendable proceeds, which support scholarship, fellowships, academic programs, and other critical campus needs.

Aggregate Endowment Assets Over Time



(In billions)

Endowment Funds Available for Spending (FY 2025)

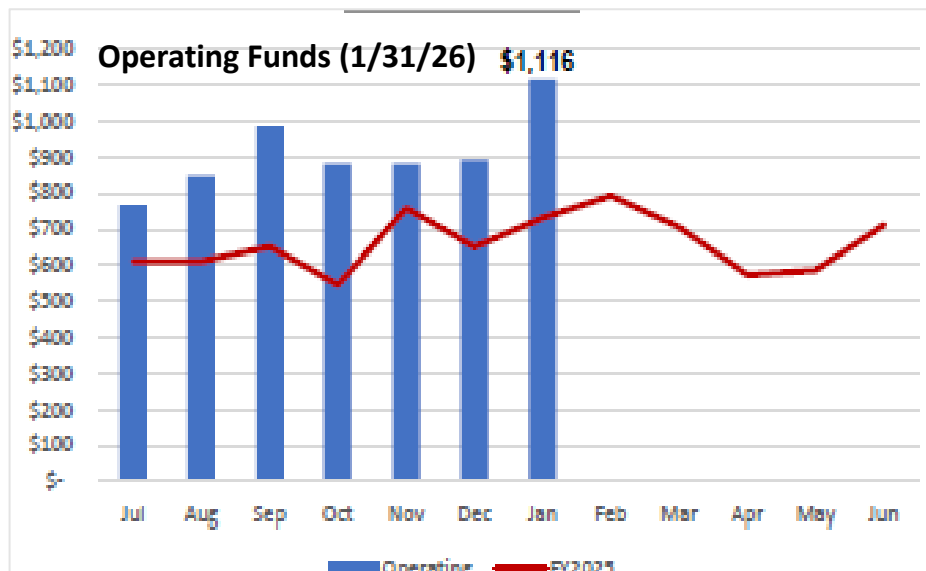


(In millions)

# Key financial metrics help us monitor fiscal health

· **Metrics, including cash position, are an important tool for financial sustainability and stewardship**

Routine monitoring of financial metrics is a critical component of long-term stewardship and financial planning that ensures responsible management of university resources. The university's cash position is a key metric that must be tracked daily. Not all cash can be deployed for all purposes.



1. Includes \$263M invested in the LTIP as a Quasi-Endowment; considered part of Tier 3

(In millions)

Days Cash on Hand (FY24-25) Compared to Peers

Moody's MFRA Data		Monthly Days Cash on Hand (x)	Annual Days Cash on Hand (x)	
FY2024	Aa3 Public University Median	164.0	171.9	
FY2024	<b>Rutgers</b>	<b>73.0</b>	<b>73.3</b>	
Most recent available (2024 / 2025)	Aa3 Public University Median	171.5	178.35	
FY2025	<b>Rutgers</b>	<b>80.0</b>	<b>79.7</b>	

# FY27 Budget Development Process

# Financial strategy is both a practice and a policy

BUILDING LONG-TERM FINANCIAL CAPACITY AND STABILITY TO SUPPORT THE MISSION

Adopted in June 2024, the university's financial strategy policy (40.1.4) provides a framework for ensuring Rutgers operates in a financially sustainable and responsible manner, optimizing resources to secure long-term viability and success. The policy established objectives to reach by 2030. Policy metrics are posted on the UFA website at: <https://go.rutgers.edu/o18b4rao>



UNIVERSITY POLICY

## 40.1.4 Financial Strategy

**Section Title:** Financial Management

### 1. Policy Statement

Rutgers University will operate in a financially sustainable and responsible manner, optimizing resources to secure long-term viability and success.

### 2. Reason for Policy

The Financial Strategy aims to establish a high level of financial capacity and stability for Rutgers University that enables it to fulfill its mission and sustain operations into the future. This requires prudent resource management to ensure long-term financial health and to uphold public accountability. This Strategy lays the groundwork for achieving these goals.

## Financial Objectives in Policy

Operating Margin

Debt Service Coverage

Operating Philanthropic Support

Credit Rating Agency

Days Cash on Hand

Intergenerational Equity for Endowment

Spendable Cash and Investments to Debt

Internal Bank Solvency

Capital Renewal Ratio

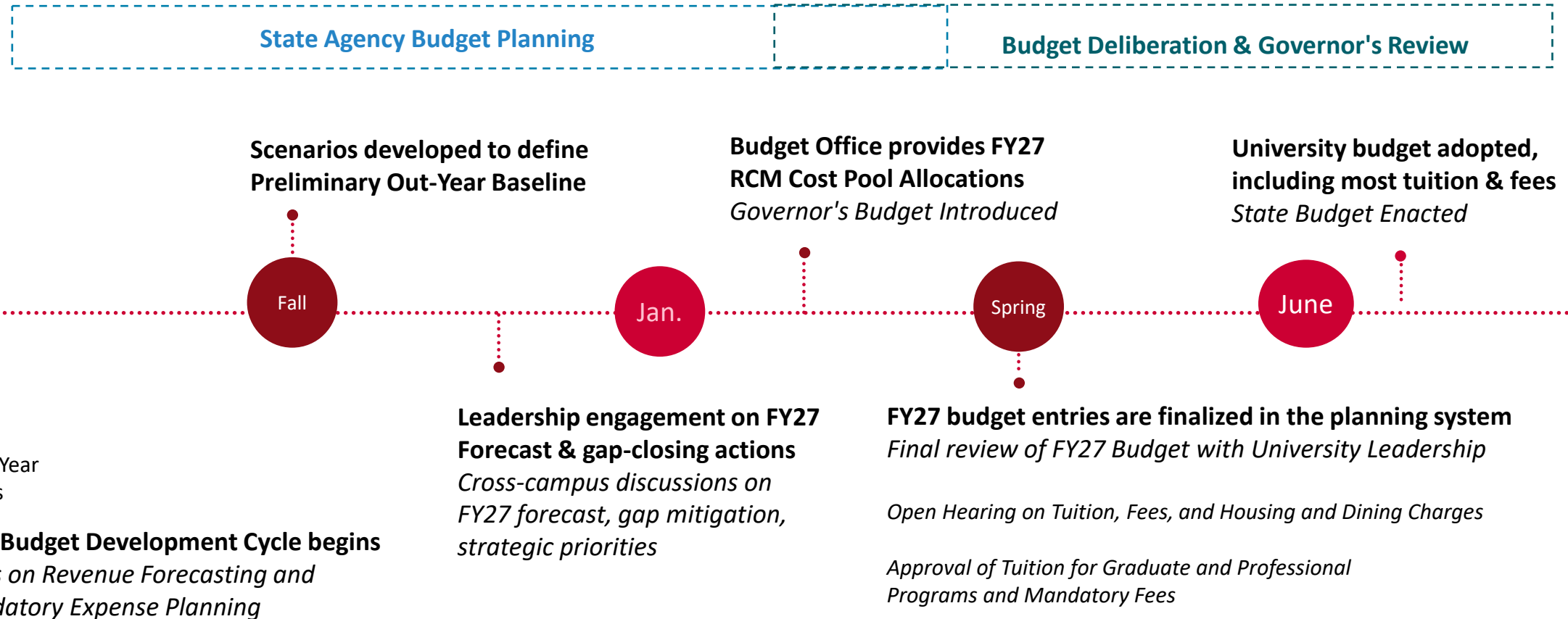
An iceberg floating in the ocean. The tip of the iceberg is visible above the water surface, while the much larger, jagged base is submerged underwater. The sky is blue with scattered white clouds. The water is a deep blue, and the horizon is visible in the distance.

# Operating Deficit

- Organization and program inefficiencies
- Internal and external competition
- Evolving workforce expectations
- Changing market expectations
- Shifting enrollment patterns
- On-going inflation pressure
- Under-optimized assets
- One-time funding
- Cost of benefits
- Compensation
- Duplication

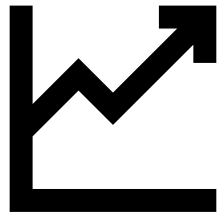
# The university's budget process runs year round

AND IT ALIGNS TO THE STATE BUDGET PROCESS



# The Approach to FY27 Budget Development

A FOCUS ON REVENUE FORECASTING AND MANDATORY EXPENSE PLANNING



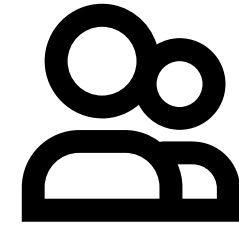
**"Revenue First"  
to ground decisions  
in reality**

Build plans from a clear understanding of available resources



**Disciplined  
spend  
management**

Adopt a standstill posture—limit growth to certain mandatory expense categories only



**Shared  
responsibility  
for margin**

Every unit focused on strengthening operating margins

# The approach to FY27 Budget Development

## GUIDANCE TO CLUS: ADVANCE ONLY MANDATORY EXPENSE INCREASES

*A standstill budget protects the base – It does not stop progress. New funding still occurs through strategic investments, grants, gifts, reallocations, and one-time funds.*

Area	Guidance
Utilities	Rate increases based on signed service agreements
Debt Service	Contractual debt service obligations only
Contractual Obligations	Multi-year contractual increases obligated prior to September 1, 2025
Insurance	Premium increases based on binding coverage agreements
Other	Compliance-related expenses or regulatory fees

# Establishing a FY27 baseline Budget Forecast

SHIFTING TO REVENUE-FIRST MODELING AND BASELINE-DRIVEN PLANNING

## DEVELOPMENT OF TWO SCENARIOS

LINEAR BASE CASE

UNIVERSITY INFORMED  
BASE CASE

RANGE

### Linear Base Case Scenario

Utilizes historical actuals from FY 2023-FY 2025 and FY 2026 forecast, with certain exceptions.

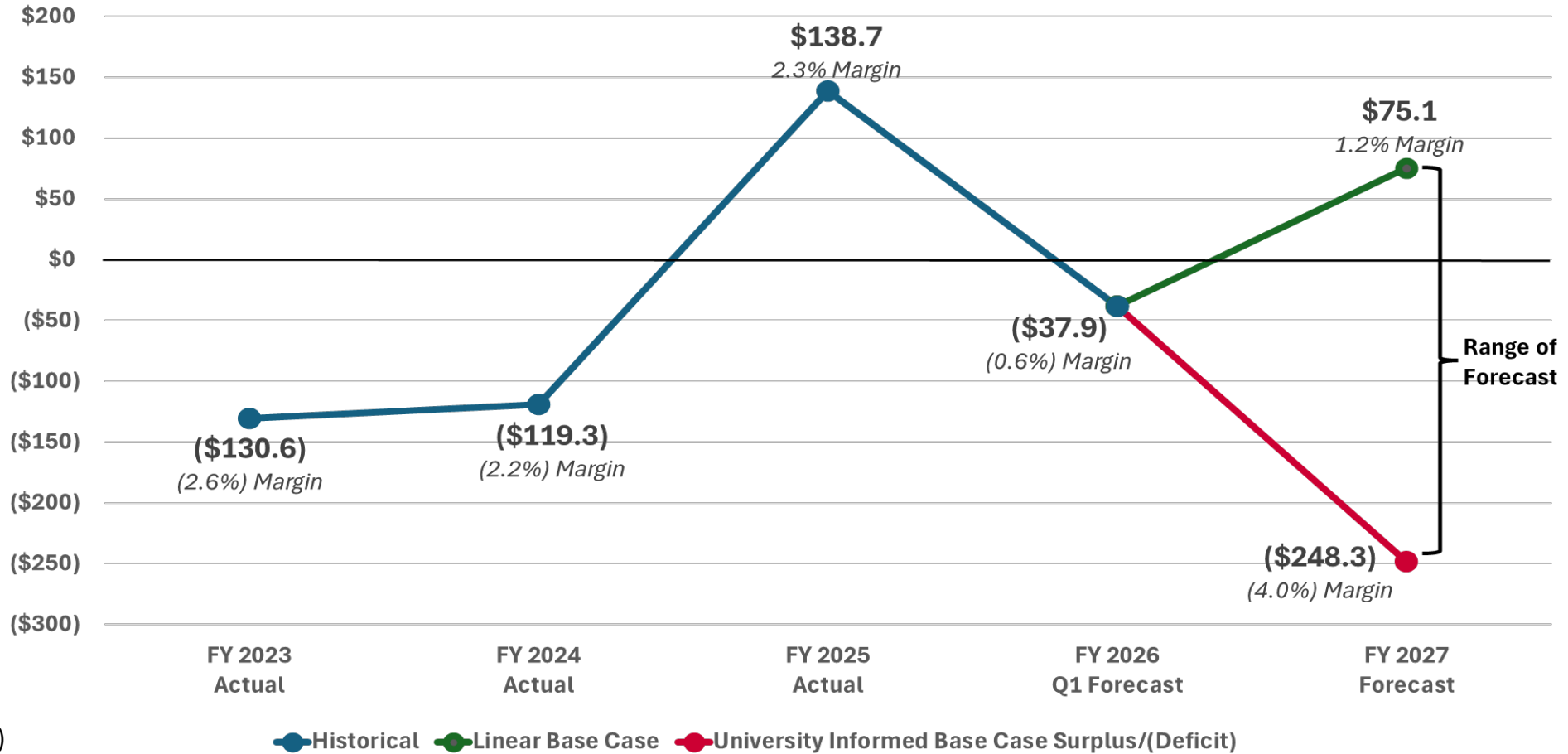
### University-Informed Base Case Scenario

Incorporates input from campuses and administrative units and applies linear trend assumptions where supplemental data is unavailable.

Both models converge to define the **range**, guiding planning and decision-making.

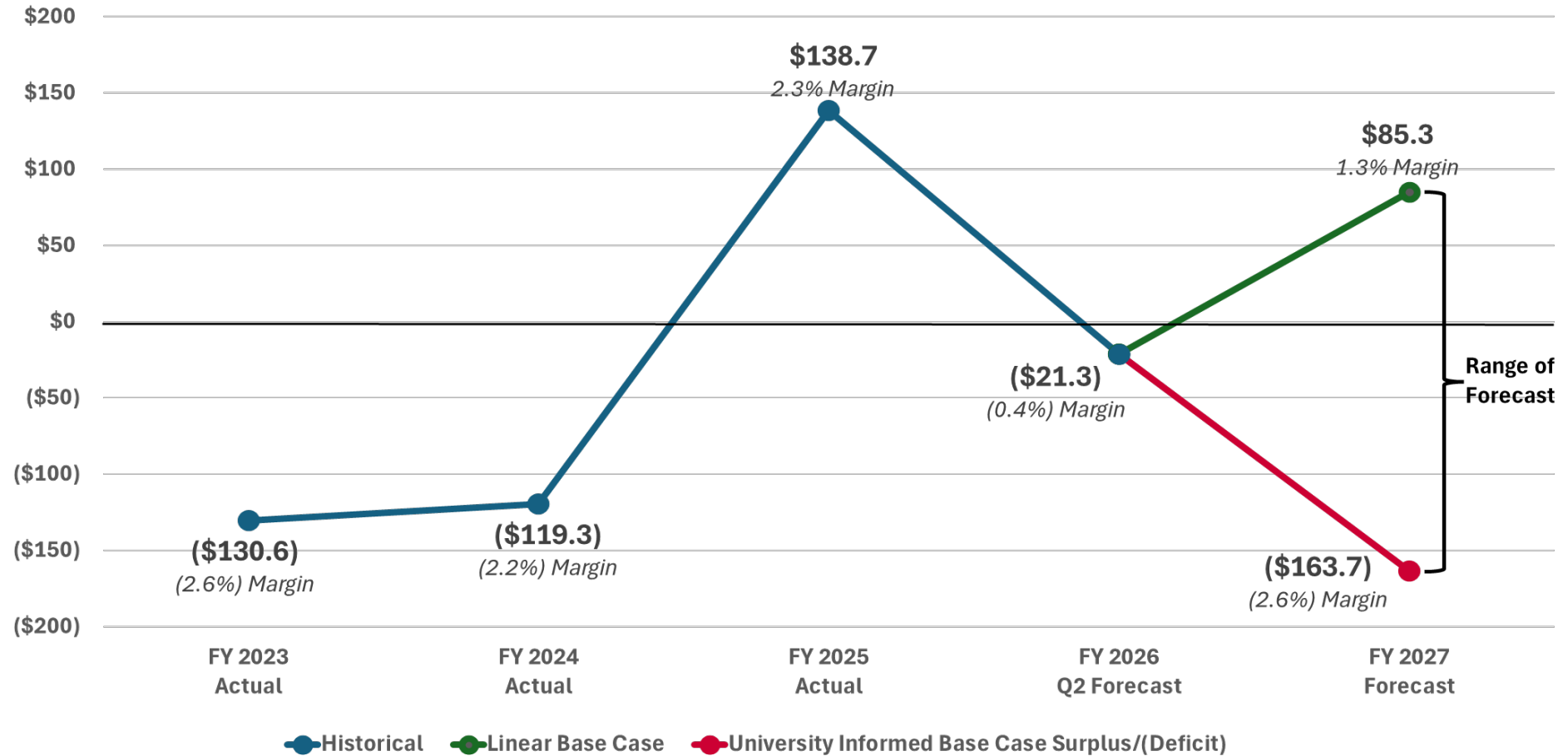
# FY27 Forecast Range

NOVEMBER FORECAST REFLECTED A \$323.4M RANGE OF POTENTIAL OUTCOMES



# FY27 Forecast Range

FEBRUARY FORECAST IMPROVED WITH UPDATED ASSUMPTIONS, NARROWING RANGE TO \$249M.



(In millions)

# Considerations as Budget Development Continues

## Potential Solutions for Resolving the Remaining Gap

- ✓ Tuition & Fees adjustments
- ✓ Workforce Management
- ✓ Enrollment Management
- ✓ Project and Other Balances
- ✓ Cost Containment & Efficiencies
- ✓ Program Review & Academic Portfolio Optimization

## Risks to the Process

- ✓ State Appropriations including Fringe
- ✓ Enrollment Volatility and Demographic Shifts
- ✓ Contract Settlements
- ✓ Externalities, including Political Landscape
- ✓ Research & Other Grant Funding
- ✓ Deferred Maintenance and Emergency Repairs
- ✓ Cybersecurity Threats and IT Infrastructure
- ✓ Student Support Demand
- ✓ Rising Operational Costs – Debt, Insurance, etc.
- ✓ Regulatory and Compliance Requirements
- ✓ Price Elasticity of Tuition & Fee Increases

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# Questions

For more information, visit [finance.rutgers.edu](https://finance.rutgers.edu)