

Testimony of Robert L. Barchi
President, Rutgers, The State University of New Jersey
April 18, 2013

Good morning Chairman Prieto. I am Bob Barchi, the president of Rutgers University and I want to thank you for inviting me to join you this morning.

Secretary Hendricks has provided you with an overview of the Governor's proposed budget and the administration's priorities for higher education and President Cole has provided you with the view from the President's Council.

Chairman Prieto, you have provided us with specific questions and OLS has forwarded to us a series of discussion points. I would like to very briefly touch on those discussion points in my remarks and amplify those responses in any follow-up questions that you have.

I would like to talk to you about the integration of UMDNJ into Rutgers, how we are addressing the requirements of the Restructuring Act, and some of the challenges that we are confronting to meet the requirements of the Act. Finally, I would like to generally discuss our efforts to build on the long tradition of excellence at Rutgers and how we are attempting to preserve and enhance that tradition at all of our campuses.

A Strategic Vision for Rutgers University

As you may know, among my first acts as president of Rutgers University was to initiate the development of a strategic plan for the university. The plan is intended to lay out a road map to excellence that is developed in consultation with the faculty, staff, students, policymakers and other stakeholders who have an interest in helping the University achieve its mission as a national leader in research, instruction and service.

Each of our campuses contributes to that mission, and each does so in quantifiable and meaningful ways. The strategic plan – the first strategic plan that the university has had in at least 15 years, and possibly longer -- will inform our budgeting and investment decisions for each campus. It will help us to identify our strengths and weaknesses, will recognize the things that differentiate the university and its campuses from our current peers and help us reach the level of our aspirant peers.

The process for developing the strategic plan is only in its intermediate stage. We have surveyed stakeholders in a variety of ways, including online surveys, face-to-face interviews, focus groups and town hall meetings on each campus. More input will be solicited, and only after the input is analyzed will we proceed.

I look forward to sharing the strategic plan with you, and all of the members of the legislature when it is completed later this year.

The Proposed FY 2014 Budget

The charge before your committee is to deal with the proposed FY 2014 budget, so let me quickly focus on what it contains, and what it does not contain, for Rutgers, in the coming year.

The budget proposes \$263 million for operating support for Rutgers. \$22 million of that support is specifically for the Agricultural Extension Service, so that in essence, the operating subsidy for Rutgers General University is \$241million.

While the Restructuring Act requires that separate line items be developed for Rutgers Newark, Rutgers Camden, Rutgers New Brunswick and for the newly created Rutgers Biomedical and Health Sciences, this budget does not include a line item. I understand why, for this first year, it may be appropriate for the Treasurer's Transition Committee to cooperatively and collaboratively develop individual appropriations as the new budget year begins.

Here's why that approach makes sense.

The \$161 million appropriation for UMDNJ and the \$241million appropriation for Rutgers General University total more than \$ 400 million. That combined total will ultimately be parsed in six separate "buckets" for:

- The School of Osteopathic Medicine
- Rutgers Newark
- Rutgers New Brunswick
- Rutgers Camden
- Rutgers Biomedical and Health Sciences, and
- For the ongoing operation of University Hospital

While I have every confidence that the hospital will be a fully functioning and essential community hospital and Level 1 Trauma Center, at this point, the amount of money that will be pulled from the UMDNJ appropriation to support the hospital is unclear. There are similar issues surrounding the management relationships between all of the other units described above.

So, rather than chisel into law specific appropriations for each of those six units before all of those relationships are finalized, it does seem reasonable to allow the Treasurer's Transition Committee, as contained in the legislation that both Houses approved, to make those determinations in this first year.

So you know, our approach to breaking out the appropriation for our three traditional campuses – Newark, New Brunswick and Camden – will recognize each campus' contribution to Rutgers' threefold mission of instruction, research and service. We are currently working on funding models in cooperation with our campuses.

Concurrent with the development of the distribution formula, we are also looking at individual campus budgeting in a manner that is transparent, rational, reasonable and in compliance with the requirements of the Restructuring Act. We plan to move Rutgers to a Responsibility Centered Management (RCM) system, one that has proven successful at many of this country's great research universities.

That campus-specific revenue and spending model will run in tandem with our current system for the coming year and be fully implemented in the following fiscal year.

The Restructuring Act also calls for the creation of several advisory committees, for example for the Newark campus and the New Brunswick campus, as well as the creation of a Rutgers Camden Board of Directors. The advisory boards include a broad array of individuals from within the university and from the community. As I think you know, the legislation establishes an effective date for those boards as of July 1, 2013. We are progressing with identifying internal individuals for those boards and look forward to the input from those who are responsible for external appointments.

Accomplishing the integration has required, and continues to require, an enormous effort and there are still many open issues. Fortunately, there are fewer open issues each day.

The important point to make here is that the costs of integration will not be funded through and increase in tuition. Tuition decisions, as in every previous year, will be based on an objective criteria that include the level of state funding, mandatory costs that must be met like contractual wage increases, other strategic investments that the university should be making, as well as cost savings and efficiencies. The integration of UMDNJ into Rutgers is progressing and is on schedule to meet the July 1 date set in the Restructuring Act.

I want to close by underscoring just how important and historic the integration of our two great institutions is.

- This integration is the only one of its kind in the entire US
- It will add nearly \$1 billion to our \$2 billion budget
- It will add 6,500 students and nearly 10,000 faculty to our ranks

- It will bring two medical schools, an NCI-designated cancer center, a dental school, a school of public health under the same umbrella as the programs that Rutgers now has and that already make us one of America's leading research universities
- The combined research expenditures for our integrated university will rank Rutgers, The State University of New Jersey among the top 25 public research universities in America.

I look forward to the members of this committee joining us as we raise the Rutgers banner on July 1st to mark the beginning of a new future in higher education and medical education in New Jersey

I would be happy to answer any questions that you may have.