

19 October 2018

Dear Dr. Barchi,

Thank you for your deliberate and thorough response to Senate Charge S-1703. Your response has been carefully reviewed by the RGPEC and has elicited this reply.

Regarding the reply to resolution items #1 and #2, we fully appreciate that the state OMB independently sets fringe rates based on calculations on actual costs to broad pools of state employees. We perhaps erred in suggesting that there was broader room for direct rate negotiation. But as you have noted in your letter, there is fertile ground for negotiating a calculation that considers fringe rates only for institutions of higher education which could better reflect our actual health benefits and pension costs.

Your letter indicates the state has not agreed to consider such an approach, while it seems that – at least with respect to pensions – the state has agreed to this approach for police, fire and state police employees. Which parties from our University have been or would be involved in this negotiation? Can resolution S-1703 be used as leverage to support your negotiation with the state, and how can the Senate FPAC and RGPEC committees constructively participate and/or be advised of progress in these efforts?

We would like to better understand your contention that the recommended 12.8% decrease in fringe rate incurs a cost of \$30 million. Does this mean the University provides \$234 million for fringe rates associated with externally funded grants? Separately, if this 12.8% translated to \$30 million is too high to be supported, what levels of support are possible to bring Rutgers closer to the Big Ten average? Independent of the results of negotiations with the state, this committee recommends the University investigate ways to internally redistribute fringe charges to ameliorate the burden put on externally funded researchers.

We contend that decreasing the net cost of research would strengthen our R1 status within AAU and our Big Ten peer institutions. Has the University analyzed the impact of increasing fringe rates on net research costs? If so, can this be shared with us? We are exploring whether to prepare a proposal to the Big Ten Academic Alliance to fund an economic study of the quantitative relationship between decreasing fringe rates and hypothesized increases in net external funding to the University. We would certainly invite any input that you or your staff could provide.

Regarding your responses to resolution numbers 4, 8 and 9, we will refer your response to the Faculty Advisory Councils so that they may follow up with their respective Chancellors.

Thank you again for your attention.

Sincerely,

RGPEC and EC

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