

Rutgers **PROSPERED** During the Pandemic

Takeaways from the
University's 2020–21
Financial Statement

A Fact Sheet from the



RUTGERS
AAUP-AFT

University Budget and
Priorities Committee

Rutgers released its fiscal-year-end [financial statement for 2020–21](#) in May. The report shows that Rutgers’ financial position improved dramatically during the worst months of the pandemic. This is a stark contrast to administration claims that Rutgers was suffering a “fiscal emergency,” and there was no choice but to lay off union workers, cut classes for adjuncts, deny funding extensions for many grads, and cancel negotiated raises.

Our union’s University Budget and Priorities Committee analyzed the 2020–21 financial statement. Here are the key takeaways:

- The university’s net financial position—total assets minus total liabilities—**increased by over half a billion dollars to \$2.5 billion, a 26.7 percent rise in a single year.**
- The university’s **unrestricted reserves grew by a whopping 61.9 percent to \$818.6 million**, the highest level ever. Unrestricted reserves are savings that Chief Financial Officer Michael Gower has acknowledged could be used to address financial emergencies,

The following members of the Rutgers AAUP-AFT University Budget and Priorities Committee contributed to this report:

- **Michelle Gittelman**, Associate Professor of Management and Global Business, Newark
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- **Alan Maass**, Communications Staff, Rutgers AAUP-AFT
- **Erin Santana**, PhD Candidate in American Studies, Newark
- **Troy Shinbrot**, Professor of Biomedical Engineering, New Brunswick

Rutgers' Rainy Day Fund Grew by 62 Percent

Net Unrestricted Assets (as of end of fiscal year)



Source: [Annual Comprehensive Financial Report, 2018-19, 2019-20, 2020-21](#)

essentially a “rainy day fund.” This unprecedented increase happened during the worst of the pandemic.

■ The university budget for 2020–21 initially predicted a record operating deficit of \$133.5 million for the fiscal year, which the administration used to justify declaring a “fiscal emergency” and implementing its cost-cutting measures. But by the end of 2020–21, **Rutgers actually had its biggest-ever operating *surplus* for a single year: \$156.1 million.** We argued at the time that the administration’s predictions of a record deficit were inflated. The financial statement proves we were right.

■ Enrollment at Rutgers declined by less than half a percentage point. This small decrease contradicts CFO Gower’s statement in his introductory message to the report that declining enrollment was a “seemingly insurmountable challenge.” Revenue from tuition and fees fell by 3.5 percent over 2020–21, but this follows an increase of 5.3 percent in the prior year. **As of June 2021, tuition revenue was running ahead of pre-pandemic levels in 2018–19.**

■ Rutgers’ endowment had a banner year in 2020–21, with the net value of university investments climbing by \$443.0 million.

A “Record Deficit” Becomes a Huge Surplus

-\$133.5 million

Predicted Operating Deficit
(for fiscal year 2020–21)

Actual Operating Surplus
(for fiscal year 2020–21)

\$156.1 million

Source: Financial Report on the Allocation and Transfer of Resources across Campuses, July 1, 2020 to June 30, 2021

The total annual return of the long-term investment pool was a jaw-dropping 35.1 percent in 2021. Though some of those gains have been erased by the recent stock market slide, **Rutgers’ endowment is in the strongest shape it’s ever been in.**

■ Annual appropriations for Rutgers from the state of New Jersey **increased by 4.3 percent to \$870.0 million in 2020–21**—another contrast with the administration’s narrative of financial duress.

■ **Rutgers received \$365 million in pandemic relief funding** from the federal and state governments, one of the largest sums awarded to any university in the country. In his preface to the financial statement, CFO Gower acknowledges that this “unprecedented financial support” played a big role in Rutgers prospering during the pandemic. Otherwise, the report has little information on how the money was spent. According to [a Daily Targum investigation last fall](#), Rutgers hadn’t spent even half the pandemic aid as of the end of the 2020–21 fiscal year.

■ Spending on instruction dropped by 6.3 percent over the course of 2020–21. **The university spent 1.7 percent less on instruction than it did five years before in 2015–16.** By containing the cost of salaries for teaching, the central administration added to the funds it could spend unaccountably.

Bonanza Year for the Rutgers Endowment

Rutgers Endowment Assets

As of
6/30/20

\$1.48 billion

As of
12/31/21

\$1.98 billion

Source: Rutgers.edu, [Annual Endowment Letter 2020](#) and [Budget Facts](#)

■ The administration expanded its building boom during the pandemic. The 2020–21 financial statement recorded \$334.7 million in “capital asset additions”—which the report defines as replacement, renovation, and new construction of campus facilities and equipment—an increase of 27.2 percent over the previous year.

■ The biggest financial hit for Rutgers during 2020–21 was in “auxiliary enterprises,” which includes campus housing, dining facilities, and other student-related services. Revenue from auxiliary enterprises decreased by 63.4 percent in 2020–21, but **this was partly offset by a 40 percent decline in auxiliary expenses.** According to its Higher Education Emergency Relief Fund filings, the administration used the lion’s share of Rutgers’ federal pandemic relief funds earmarked for institutional use to cover the auxiliary enterprises deficit.

Sources: [“Annual Comprehensive Financial Report, 2020–21”](#) and [“Financial Report on the Allocation and Transfer of Resources across Campuses, July 1, 2020 to June 30, 2021.”](#) Note that Rutgers’ fiscal year runs from July 1 to June 30; all year-over-year comparisons are for this fiscal year.