

# The Priorities We Need for the Rutgers We Deserve

Our Response to President  
Holloway's Budget Address



RUTGERS  
AAUP-AFT

University Budget and  
Priorities Committee

# Our Takeaways at a Glance

- **The sacrifices demanded of us during the pandemic weren't shared equally—** spending on administration priorities, especially athletics, continued to grow.
- **With enrollment stable, state funding restored from the threat of cuts, an unprecedented flow of emergency COVID relief funding, a booming endowment, and cost savings from job cuts, furloughs, and canceled raises, Rutgers' supposed "fiscal emergency" is long over.**
- **President Holloway's stress on the unique importance of athletics overstates their importance in relation to parts of the university, such as libraries and the humanities, that are central to our mission. The athletics budget shouldn't be three times bigger than the library budget.**
- **The problem with the RCM (Responsibility Center Management) budget system isn't just "semantics." The flood of money RCM takes from academic units comes back, if at all, in trickles.**
- **The administration made a unilateral decision to discontinue a central program for grad funding extensions, claiming that such needs could be addressed on an "individual" basis.**
- **Buildings and stadiums are not the core assets of our university. People are.** Their work must be supported and rewarded fairly.

# The Priorities We Need for the Rutgers We Deserve

In February, President Holloway gave the first of what he promises will be an annual presentation on Rutgers' finances. “Knowing the university better than I did when I arrived, I understand those who felt frustrated by a perceived administrative failure to be open about its finances,” he said. “I am here today to start correcting that oversight.”

We welcome President Holloway’s willingness to be frank about financial decision-making at Rutgers as an invitation to engage in a healthy dialogue about the vision for our university. After two years of the pandemic, our union is prepared to fight for a Rutgers that all of us—our students, staff, grad workers, faculty, and communities—deserve.

A budget is an expression of the priorities of an institution. **For too long, the priorities of our university have been upside down.** In this report, we offer our analysis of Rutgers’ financial situation. We believe President Holloway and his administration needs to match the commitment to what he called a “semantic reorientation” with a real, dollars-and-cents reorientation that turns our university’s priorities right side up.

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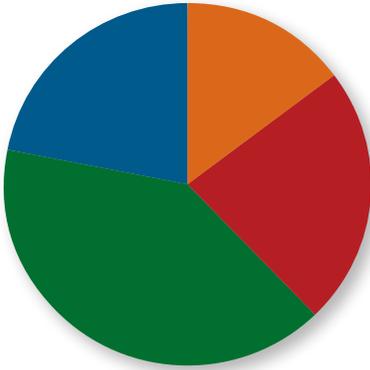
# The Fiscal Emergency Is Over (and It Wasn't Really an Emergency to Begin With)

In his speech, President Holloway said “the budget under my presidency has been under unprecedented financial pressure.” He cited a mid-2020 administration projection of a \$250 million deficit as a consequence of the crisis caused by the COVID pandemic. But [as we wrote at the time](#), this was a worst-case guesstimate if enrollment plummeted and government funding was cut drastically. We know now that the worst case didn't happen:

- We learned in a matter of months that Fall 2020 **enrollment had actually remained relatively steady**. According to administration figures, the size of the incoming class (first-year and transfer students combined) for the Fall 2021 semester *increased* slightly, and commitments from admitted students to attend in Fall 2022 are currently running ahead of Fall 2021.
- In September 2020, **the threatened cuts in state appropriations for Rutgers were fully restored**, [thanks in large part to an organizing campaign](#) led by the Coalition of Rutgers Unions to win full funding from Governor Phil Murphy and the state legislature. While the Rutgers administration accepted the cuts as inevitable, unions, students and their parents, and community partners refused to take austerity for an answer.
- Something else has been “unprecedented” during President Holloway's time in office: **the hundreds of millions of dollars in COVID relief funding** that Rutgers received from the federal and state governments. According to a special report by a team of *Daily Targum* reporters under the direction of veteran investigative journalist Juan Gonzalez, Rutgers received \$365 million in emergency federal and state funding, one of the largest sums awarded to any university in the country. As of June 30, 2021, the *Targum* investigation concluded, Rutgers had not spent even half that amount.

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## Where Rutgers' COVID Relief Funds Came From



- **CARES Act** (March 2020)  
**\$54.2 million**
- **CRRSA Act** (December 2020)  
**\$84 million**
- **American Rescue Plan** (March 2021)  
**\$147.8 million**
- **New Jersey emergency funding**  
**\$79.3 million**

Source: *Daily Targum*, "Rutgers Yet to Spend Most of \$365 Million in Pandemic Aid"

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Of the \$237 million allotted for institutional uses (as opposed to grants for students), Rutgers had spent less than half—leaving “an amount far bigger than the \$97 million deficit the University reported last year,” the *Targum* pointed out.

■ Meanwhile, the university’s endowment climbed to record highs on the back of a booming stock market. According to the Rutgers website, endowment assets jumped from a little over \$1.48 billion as of June 30, 2020 to \$1.98 billion as of December 31, 2021—a 33.8 percent increase in value in a year and a half. While the administration was laying off more than 5 percent of union employees and enforcing austerity on departments and programs across the university, the endowment was getting nearly \$1 million richer every single day.

■ “Unprecedented financial pressure” was the excuse for the former Barchi administration to declare a “fiscal emergency” in June 2020, so it could cancel raises mandated under union contracts. Negotiations in winter 2021 resulted in an agreement that won back the raises for many Rutgers unions on a deferred but not retroactive basis. As of March 1 of this year, salaries for full-time

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# Rutgers' Endowment Bonanza

Assets as  
of 6/30/20

**\$1.48 billion**

Assets as  
of 12/31/21

**\$1.98 billion**

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

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faculty and grad workers have caught up to where they should be under our contract. But **Rutgers saved 20 months' worth of salary increases overall, worth some \$50 million.** Add to that the savings from [the work-sharing program first proposed by our unions](#) that led to furloughs and temporary salary reductions for employees across the university, union and non-aligned alike.

Given all this, we continue to question whether Rutgers ever faced a fiscal emergency. But if it ever did exist, it is surely over now. The difficulties caused by the pandemic were and are real. But they were offset by equally unprecedented sources of financial support for the university. **The fact is that revenue from tuition, state appropriations, federal funding, and investment income are healthy and even expanding.**

Yet the central administration continues to prioritize cost-cutting. At an October 2021 Finance Town Hall, Assistant Vice President and Chief Budget Officer David Moore attributed the university's healthy financial situation to the "overall effort to contain costs and monitor our spending, which all helps with our university financial performance."

We reject the narrative of austerity that has prevailed at our university for years. It imposes a Hunger Games-style competition on academic departments, which must compete for revenue and artificially scarce resources, while the central administration makes

its own spending decisions without accountability or transparency. **The Rutgers budget should be determined based on what is best for the core missions of our university**—education, research, and public service—and reflect meaningful input from faculty, students, and staff in shaping core priorities.

## **Are Athletics More Important Than Libraries?**

One part of Rutgers hasn't had to live with austerity: Rutgers Athletics, which seems to have limitless funds for [helicopters for recruiting trips](#), [napping pods](#), and [fancy lighting in the football stadium tunnel](#).

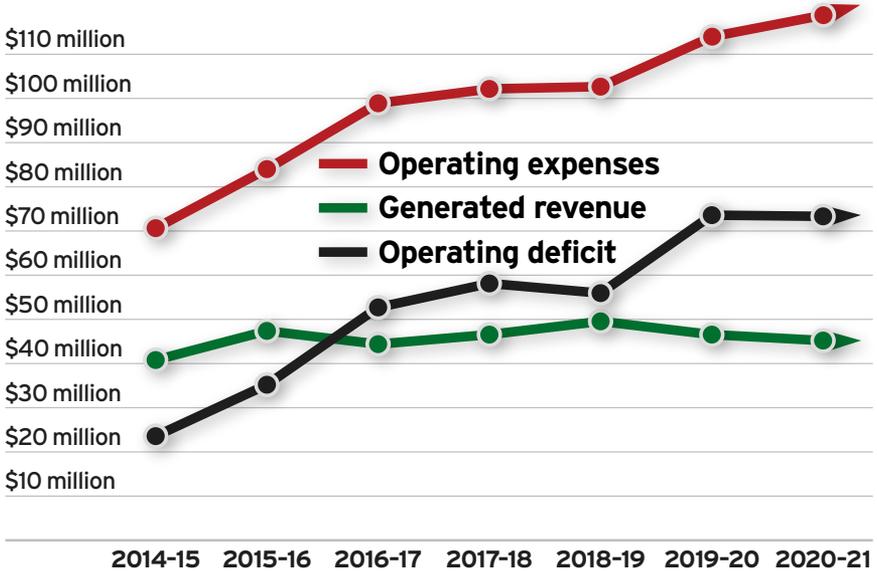
The part of President Holloway's budget speech [that got the most attention](#) was his admission that Rutgers Athletics is "highly unlikely" to ever break even. "For too long," he said, "the entire Rutgers community has been laboring under the illusion that athletics will generate enough revenue to pay for itself and, then, in time turn a profit. Let me disabuse you of that claim."

No one in the administration has ever admitted this before. Rutgers' move to the Big 10 in 2014 has always been justified by the expectation of future profits. But we have to point out that our union has been [illusion-free for a long time](#). We have said many times that the goal of turning Rutgers Athletics into a big-time, revenue-generating college sports program was a pipedream.

Enormous sums of money that could have gone to academics have been funneled into this pipedream. According to [NorthJersey.com's investigation of Rutgers Athletics](#), **over half a billion dollars in tuition and grant revenue, student fees, taxpayer support, and loans have disappeared into the program since Rutgers joined the Big 10**—and the program's deficits have only grown, [reaching \\$73 million in each of the last two years](#).

[According to its report to the NCAA](#), spending by the athletics program reached an all-time high of \$118 million in the 2020–21

# The Financial Drain of Rutgers Athletics



Source: NorthJersey.com, "How Rutgers Athletics Quietly Racked Up \$265M in Debt" and "Rutgers Athletics Rang Up a \$73M Deficit Last Year"

fiscal year, even as every other public school in the Big 10 cut spending on sports. Salaries for Rutgers coaches jumped by 22 percent in a single year to \$22.5 million. NewJersey.com concluded that **the administration funneled more university support to athletics in 2020–21 than any public university in a major conference had in at least a decade and a half.**

Rather than acknowledge this out-of-control spending spree, President Holloway instead made a defense of athletics for its intangible symbolic value, one that can't be measured by budget metrics:

In this regard the story-telling capability of athletics far outstrips any other thing that we do at Rutgers...Despite the brilliance of our faculty, the importance of our impressive research breakthroughs, and the many talents of our students outside of athletics, there are no other activities at the university that can summon tens of thousands of people together in person to support Rutgers.

In making this case, President Holloway grouped libraries and the humanities together as “areas of the university that will simply never be revenue-generating and should not be expected to be.” He proposed a “semantic reorientation” that would view all three as “investments for the university.” This was a key strategic choice. By lumping athletics together with libraries and the humanities, he proposed that if we want to invest in the latter without expectation of financial return, we must extend the same expectation to Rutgers Athletics.

**We reject any “reorientation” that places athletics on par with our learning institutions.** Faculty, staff, and students must resist any attempt to place Big 10 sports on a level with education, research, and public service at our university.

The humanities, like all the fields of knowledge cultivated at Rutgers, are indeed worthy “investments.” But President Holloway offered no evidence that humanities departments and programs, which educate thousands of tuition-paying Rutgers students every year, cost more than they bring in. By contrast, libraries by their nature don’t independently generate enough revenue to cover expenses, but they make possible the work of everyone engaged in the collection, creation, and dissemination of knowledge.

If we removed libraries and humanities programs from Rutgers, we would destroy our ability to educate students and engage in research. The same cannot be said of athletics, no matter what role it plays in building school spirit and bringing in alumni dollars.

In lumping athletics in with libraries and the humanities as critical components of the university, President Holloway invites us to evaluate whether Rutgers is striking the right balance in its “investments.” The sports program’s \$73 million deficit for each of the last two years is far bigger than the budget of the entire Rutgers library system. According to the administration’s summary for the current fiscal year, **the overall budget for athletics is triple the size of the library budget.**

Does this make sense? Even if President Holloway is right

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## Rutgers Athletics' Budget Beats the Libraries

\$120 million

\$100 million

\$80 million

\$60 million

\$40 million

\$20 million



Budget for Rutgers Libraries



Budget for Rutgers Athletics

Source: University Budget Office, [Fiscal Year 2022 Budget](#)

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about the outsized importance of athletics for the university—and we don't think he is—should athletics be free to run huge deficits while the libraries are straining under the effects of fiscal discipline: budget cuts, hiring freezes, and aging facilities that aren't renovated?

Unfortunately, President Holloway employed a familiar misrepresentation when he implied that critics of athletics spending want to dissolve the sports program altogether—which “would not solve our budget challenges,” he said, because “athletics represents only 2 percent of the Rutgers operating budget.”

The actual proportion is 2.8 percent, to be precise, but in any case, we don't think many people want to abolish athletics. We do think people want athletics to not lose more money than the entire library system budget every year. **The \$73 million that went down the athletics program drain last year could have paid for many urgent needs that went unmet** because of budget cuts and austerity in our programs and departments.

Indeed, while President Holloway elevated the symbolic im-

portance of athletics, he continued to use the language of austerity regarding the libraries, in discussing the financial choices he, as an archival historian, would rather not make, but that he will likely be forced to make by necessity. In other words, athletics occupies a privileged position and can't be held accountable or limited in any way—while other areas of our university, like libraries, are subject to market forces that are beyond the control of the administration.

We believe in a different set of priorities. Education, research, and service are at the core of our university's mission, and spending decisions can and should reflect that mission. Rutgers Athletics must be accountable to the rest of the university, and "investments" in Big 10 sports should be based on a balanced perspective that takes into account needs across Rutgers.

## **The Problem with Rutgers Finances Isn't Just Semantics**

We do think it's important that President Holloway acknowledged "areas of the university that will simply never be revenue-generating" according to [the university's budget model](#) (known as RCM, or Responsibility Center Management). We hope his administration embraces the logical conclusion: **our university's departments, programs, and libraries shouldn't be judged on whether they turn a profit** under the confusing and regressive rules of RCM.

Under the RCM budget system, the central administration [takes a cut of the academic units' revenue](#) off the top. After the so-called "cost pool transfer," which generally ranges from 20 to 25 percent of an academic unit's income, our departments and programs scramble to balance their budgets with what's left. Academic units, including the humanities, *do* generate most of Rutgers' revenues, but they end up in the red because of the RCM system.

[Last year's five-year review of RCM](#), written by a committee stacked with personnel from the highest levels of the administration,

was quite sober about the drawbacks of the budget system. “The current budget model appears to discourage desired behaviors or impede mission-critical programs and initiatives, including those that relate to Ph.D. education, arts and humanities, diversity, equity, and inclusion, and those that support students or further the University’s public mission,” the review concluded.

President Holloway’s emphasis on parts of the university that will “never be revenue-generating” deflects attention from a deeper problem with RCM: **the central administration spends the money it siphons off from our departments and programs without accountability or transparency.** The rest of the Rutgers community—students, faculty, staff—has no say about what the administration makes a priority and what it doesn’t.

The University Senate meeting repeatedly showed that priorities are shaped by administrators, without regard to the needs of the faculty, students, and staff who make the work of the university possible. A question from a staff member in Rutgers Biomedical and Health Sciences revealed that union workers employed by Rutgers are being replaced by private-sector employees. At the same time, massive capital and building projects are underway that do not necessarily build our educational mission but favor private-sector health care interests.

Faced with such objections, the administration points to “central strategic initiatives” that direct money back to academic units. In his speech, President Holloway described a recent discussion about plans for \$60 million in central funds to be “directed toward student aid and scholarships, the launch of new academic initiatives and institutes, faculty recruitment and development, strengthening equity and access across Rutgers, critical needs for our academic operations, like the enhancement of technology infrastructures that will help us manage our systems and processes.”

These are certainly healthier priorities than athletics. But \$60 million is a small portion of the money that the central administration gets to spend. At best, **the flood of money that RCM takes**

**from academic units comes back in trickles.** And the experience of these central “strategic initiatives” is that they pit departments and programs against each other in a competition for scarce funding, undermining the spirit of interdisciplinary collaboration.

It’s also telling that the discussion about central initiatives that President Holloway referenced was between “the chancellors, a few other cabinet officers, and I.” As the RCM review made clear, **the budget system has no mechanism for shared governance.** The top administration alone decides what becomes a “central initiative” and what is left to the departments to solve on their own.

This problem was starkly illustrated when President Holloway and Executive Vice President for Academic Affairs Prabhas Moghe responded to a question during the University Senate meeting about the administration’s decision to discontinue any central program for graduate student funding extensions for those who lost time toward completing their degrees due to the pandemic. “What we are seeing,” said EVPAA Moghe, “is that there is capacity possibly at the department or graduate program level, at the graduate school level, in order to address individual cases.”

Grad workers themselves describe a much more urgent need for support: The previous university-wide funding extension program helped some but not all PhD candidates; grads who recently became candidates weren’t eligible. Other grads who did receive additional funding faced further disruptions in their research due to ongoing pandemic-related constraints.

With all of the emergency aid that flowed to Rutgers over the past two years, **the administration could easily afford to extend funding for all graduate students for a year,** as some peer institutions did. Instead, grads will have to hope their departments and programs can find scarce funds to support them—and we know many are not succeeding.

Our graduate students shouldn’t be left in fear that they may not be able to finish their degrees because the disruption they faced isn’t judged to be serious enough. But that is exactly what will

happen without a centralized commitment to funding extensions from the administration.

## Invest in the People Who Make Rutgers Work

In answer to President Holloway’s claims about the unique importance of athletics, we *do* know of “other activities at the university that can summon tens of thousands of people together.” Every day of the semester, some 70,000 students come together, now largely in person, in our university’s classrooms, its laboratories and libraries, its dormitories, dining halls, and common spaces. More than 30,000 faculty, clinicians, staff, grad workers, and more are summoned to do the work of our university.

These people’s work must be supported and rewarded fairly. As a university, we are in the business of creating, collecting, and disseminating knowledge. **Our core assets are people, not buildings or stadiums.** Under the RCM budget system, salaries for faculty, grad workers, and staff of all kinds are considered an operating expense. But these are the real investments—in people—that create a vibrant and healthy world-class research university.

This spring, our unions are coming to the bargaining table to negotiate new contracts with proposals to protect the vulnerable, promote economic security, and provide dignity and a voice for the whole Rutgers community. A lot of people at this university made a lot of sacrifices during the first two years of the pandemic, and we hope this report has shown that there’s no justification for the administration to ask for any more.

Our union has [set out the priorities](#) we need in our next contract, and other unions in the Coalition of Rutgers Unions [have done the same](#). However, we will single out one critical part of our demands: a salary that keeps pace with inflation.

In the past year, the salaries of Rutgers faculty, grad workers, and staff have declined in real terms—if you have been working at

Rutgers for the past few years, your purchasing power is lower today than it was before the pandemic. One obvious reason is that inflation has climbed to levels not seen in four decades. But there are other factors that are unique to Rutgers.

We won back the annual raises in our contract canceled during the fiscal emergency, but employees represented by unions lost 20 months' worth of raises. Because of an effective hiring freeze during the pandemic, everyone still at Rutgers, especially staff, has to do more work for the same pay. Adjunct faculty on semester-to-semester contracts get paid a fraction of what full-time faculty do. Grad workers' salaries are well below [the living wage for our area](#). And the administration has repeatedly failed to address pay inequities on the basis of race, gender, campus and more.

**All this represents a transfer of money from faculty, grad workers, and staff to the central administration.** That needs to end—now. Any attempt to hold our salaries down to the levels of past contracts represents a further redistribution upward of the revenues that should be invested in the people who make our university work.

We need a fair salary increase that keeps up with inflation. Our grad workers need a living wage, to match the [major increases at Princeton and other peer institutions](#) in the wake of [the student workers' strike at Columbia](#). Our faculty need job security for all, across our different ranks, from adjuncts to full-time faculty. Efforts to achieve gender and campus equity need to be redoubled. Our students and our community need housing justice. We need to restore control over our teaching, research, and service.

**This is what we are fighting for: the Rutgers that all of us deserve.**